

Kyrgyzstan 2014



Total: 46.73

Quick facts

Population:	5.7 million
Unemployment rate:	7.56 %
GDP:	7.4 billion \$
GDP growth rate:	3.6 %
GDP per capita:	1300 \$

Political Freedom

Free and Fair Elections : 4.29

After ousting President Kurmanbek Bakiyev in 2010 the country has moved on a path towards democracy. A new electoral law was adopted and the unicameral parliament expanded from 90 to 120 deputies. Between 2010 and 2012 the country held three elections.

The presidential elections in 2011 were remarkably free and competitive, as the OSCE pointed out in its 2011 report. However, these recent gains are far from secure – the overall assessment of the country's democratic institutions by Freedom House is still only "partly free". Almazbek Atambayev, president since 2012, strives to widen his powers and might follow the precedent set by the other long standing Central Asian Republics' heads of state.

Absence of Unconstitutional Veto Players : 3.33

Organised crime and business tycoons are able to push their agendas largely unopposed, despite the fact that state institutions managed to regain control over political decision making processes after 2010. This is confirmed by the Bertelsmann Transformation Index. The high level of corruption – Kyrgyzstan ranks 136 out of 174 countries – shows that most power is held either by an elite oligarchy or external players.

The Institute for War and Peace has reported that the country's secret service, the SNB, spies on opposition politicians and human rights activists. This indicates the lack of oversight and regulation of state institutions.

Freedom of Press : 3.4

Among the four Central Asian Republics, Kyrgyzstan gets the best mark when it comes to freedom of the press – although this is not a particularly difficult achievement. It is ranked “not free” by Freedom House as the media is largely owned and controlled by the state and self-censorship is widespread. Reporters Without Borders cites fear of widespread organised crime as a major reason for the lack of free media, with so few press protections reporting on issues such as drug and human trafficking could put journalists' lives at risk. Although freedom of speech is – as in Tajikistan – guaranteed by law, media deemed critical of the government routinely faces prosecution. Repression of free speech is particularly evident in the Northern part of the country, which is populated by a significant Uzbek minority. In spring 2013 the state communications agency took the positive step of granting rights to the Russian online media Fergana News.

Rule of Law

Independence of the Judiciary : 2.34

Eight in nine citizens consider Kyrgyz courts to be corrupt. Equally grave problems in the judiciary are political influence, nepotism, lack of professionalism and political or ethnic bias. Lawyers and civic activists who advocate equal legal protection for ethnic minorities themselves face judicial arbitrariness. The 2010 deadly ethnic clashes between Uzbeks and Kyrgyz in the south are still far from a fair and professional legal epilogue. Some convicted organized crime bosses were abruptly released from prison, raising suspicion of a political backing and pressure on judiciary. The post-2010 institution rebuilding was particularly slow regarding the Constitutional Chamber of the Supreme Court, which became functional only in July 2013, with the task to interpret the 2010 Constitution. Meanwhile, constitutionality of a number of laws was questioned. A number of them were regarded as restrictive towards various human rights.

Corruption : 2.4

Before the revolution of 2010, Kyrgyzstan was a country of almost total corruption, which radiated from the top of the state to the bottom. Presidents, who changed violently, established their own clanship networks and together with their relatives and closely related cronies possessed and controlled virtually all the most lucrative businesses in the main walks of life. Since then, situation has been improving. A major anti-corruption campaign was launched by President Atambayev, himself freely elected in 2011. Not least that the new authorities aggressively chased (at home and abroad) the cronies of the former President Bakiyev on corruption charges, but they also purged their own ranks. The financial police was first disbanded and then newly founded. In 2012, a huge criminal network dealing with trans-national child adoptions was uncovered, followed by the dismissal and arrest of a government minister and his deputy. A number of high level organized criminals were arrested. In 2013, the campaign spread to other government ministers, city mayors

or former officials now in opposition. The same year, OECD noted in its report certain improvements in Kyrgyzstan. The main obstacle to a cleaning of the lower tiers of government was its ad hoc nature, i.e. the lack of strategy. In most portfolios, less corruption is present in government ministries, but further down it is still widespread. Local authorities still collaborate with organized crime. Even some central government detachments outside the capital were refilled with people charged for corruption in the past. Businesses face less outright extortion, yet they frequently encounter small-scale corruption while dealing with state bureaucracy. Collecting custom duties is an important field of corruption. As compared to 2012 (when it ranked 154, with the score of 24), Kyrgyzstan slightly advanced in the Transparency International's CPI ranking for 2013 (coming to the place 150, again scoring 24). Perception by citizens hereby obviously lagged behind the small changes and positive trends on the ground. Likewise, Global Corruption Barometer 2013 pointed out at civil servants (by 90%), police (90%), judiciary (89%) and education (82%) as the most corruption-struck walks of public life.

Protection of Human Rights : 4.01

Kyrgyzstan looks less bad in the protection of human rights than in other aspects of rule of law. The main factor behind this is a strong civil sector. Attempts by some MPs, during 2013, to move for more restrictive laws on NGOs, similar to those in Russia, failed due to the opposition by the President. A number of NGOs in various fields operate relatively freely, although mainly from the capital Bishkek while less in the South of the country. In spite of distrust, they cooperate with authorities in advancing human rights in various fields, from inter-ethnic relations to gender equality, by promoting reforms, lobbying for legislation, or participating in the civic control over security forces. In some areas the situation is nevertheless deteriorating. In others, huge improvements are necessary. The rising of Kyrgyz majority's ethnic nationalism is a problem that worries both Uzbek and Russian ethnic minorities. In some ethnic enclaves, parallel to discrimination of minorities by local governments, counter-nationalism persists against ethnic Kyrgyz. Even when motivated, government officials lack training and capacity to secure equal rights in inter-ethnic relations. Banning events or publications on grounds of protection of national/ethnic identity or fighting extremism is frequent. Religious freedom is especially limited for small or dissenting cults. Main gender-related issues for concern are domestic violence and bride abduction. As for the latter, a slight improvement has been achieved both in legislation and in practice through cooperation between NGOs and authorities. During 2013, there were several violent attacks against LGBT activists of both sexes, while from the start of 2014 there were even more worrisome legislative initiatives to restrict LGBT activism or even completely ban homosexuality.

Economic Freedom

Security of Property Rights : 4.77

Private property is not secure enough in Kyrgyzstan. Members of the economic and political elite abuse their powers to acquire private property of the less protected. The courts are neither partial nor independent, and corruption within the judiciary is evident. Political influence of the elite can be an important factor in court rulings. Legal processes may be lengthy, especially in the appealing process. One of big problems is wide authority of the state in nationalization and acquisition of private property for public interest, which is used for political and economic gains of the elite.

Furthermore, the weak implementation of laws through rule-of-law institutions give sway to widespread clientelism and informal patronage connections.

Size of Government: Expenditures, Taxes, and Enterprises : 7.74

The government in Kyrgyzstan consumes 35% of GDP, which is mostly in line with other ex-USSSR countries and lower than in European welfare states. Still, this is an increase compared to the pre-2008 crisis level of 30%. The government consumption spiked in order to boost the economy in the wake of the crisis, which led to sizeable budget deficits. The implemented austerity measures and robust economic growth has stopped the rise of the high public debt which stabilized at 53%, and is expected to decline because of the budget surplus which was detected in 2014. However, these developments will be reviewed due to negative economic shock in the region, most notably due to the declining economy in the Russian Federation of which Kyrgyzstan is highly dependent. There are still many state owned enterprises (SOEs) in the country, the most important of which operate in the field of electricity, natural gas and transportation. These companies are considered inefficient and operate with losses which are covered by the government via subsidies or taking over of their debts, but some of them are successful (Alpha Telecom, Manas transit centre).

Regulation of Credit, Labour, and Business : 6.93

The business environment in the country is much more entrepreneurial oriented than in other countries in the region. While it is favorable to start new business it is however far from favorable to conducting it. While at the early stages of a company's development the low enforcement of administrative requirements benefit the newcomer, yet the same burdens become enforced in case companies become economically successful. The process of licensing and providing permits is not transparent and can easily be manipulated. Complicated bureaucracy with a multitude of inconsistent regulations leads mainly to high levels of corruption which poses significant costs to rising businesses. The regulations in starting a business continue to be low and cheap, quite contrary to the conduct of regular business operations. Construction permits are cheap and easy to get. At the same time, getting connected to the electricity grid is slow and very expensive. The further reforms in the tax system are envisaged to make paying taxes easier. Foreign entities are forbidden from owning lands, but they can lease it for a period of up to 99 years. Labour regulations are not overly stringent, but the mandatory military conscription poses significant burden to private enterprises. The minimum wage is low, and is not a strong obstacle to economic development, unlike in some neighbouring countries.

Freedom to Trade Internationally : 7.52

Kyrgyzstan was the first Commonwealth of Independent States (CIS) to join the World Trade Organization (WTO) in 1997, which substantially lowered tariffs which remain low. However, trade barriers are still present in the form of certificates for import operations that slow the process (15 – 30 days on average) and standardization requirements whose technical regulation is often underdeveloped or incomplete. This state is further aggravated by the weak enforcement of rule in the custom bodies, inconsistent enforcement and interpretation of regulations, complemented by informal payments and bribes in order to obtain necessary documents. Another important issue is the poor state of transportation infrastructure, which considerably inflates the prices of commodities in international trade. The Kyrgyz Republic used to be the most open and trade

friendly country in the region, yet entering the Eurasian Economic Union will severely restrict the trade with China – the most important trading partner – the same as with Western countries.