



The Odd Case against Statisticians in Kazakhstan

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Note:

This Working Paper should not be reported as representing the views of the UNECE or Statistics Finland, in which the author has worked during his 15 visits to Kazakhstan. The views expressed are those of the author.

ABSTRACT

The author opens up the background for his engagement for analyzing “The Case against Statisticians” in Kazakhstan. By analyzing Court minutes of the case and taking note of the argumentations and testimonies provided, he arrives to the conclusion that the verdicts of the statisticians were based on seriously incorrect allegations. By actively following up what and how Kazakh media in almost unison published news and articles about alleged embezzlement of state funds by state officials, the author takes note of the extraordinarily active role the Financial Police and the Prosecutor’s office exerted by providing strong and manipulative pressure on both public opinion, media and the Court decisions.

Three top leaders of the Kazakh Agency of Statistics were sentenced to 5, 6 and 7 years of imprisonment and condemned to pay the state over 500 M tenge (the local currency), corresponding today to a sum of over 1,5 M US dollars.

The against the leaders of the NSO directed accusations were by the Financial Police based on incorrect assumptions, according to which the Statistical Agency had artificially inflated the costs of the census materials. Already during the Court processes such allegations were proved wrong by numerous authoritative testimonies. Analytic international comparison materials of the 2010 Round of population censuses, published by the UNECE, also showed that the cost level of the questionnaires used in the Kazakh census were very close to the normal, whereas the cost level the verdicts were based on was impossibly low. The 2009 Population and Housing Census of Kazakhstan was performed successfully and without any embezzlement of state funds by the statisticians.

The author notifies the magnitude of damage imposed on the credibility of the census results and official statistics as well as on the accused. He presents three suggestions for possible reasons, why “The Case against Statisticians” was initiated. In conclusion the author appeals for a reconsideration and acquittal of the wrongly condemned statisticians and provides a number of suggestions how the credibility of both statistics and law enforcement structures in Kazakhstan could be restored.

Keywords: Official Statistics, ARKS, Agency of the Republic of Kazakhstan on Statistics, Population and Housing Census 2009 in Kazakhstan, “Case against Statisticians”, Anar Meshimbayeva, Committee of Statistics of Kazakhstan, FPOS, Fundamental Principles of Official Statistics, UNECE, IAOS

1. Why would a Finn be concerned about so remote problems?

I am a heavy user of statistical information since 1970. I have worked in both national and international statistical organizations since 1992. I have been Marketing Manager and organizer of external training on statistical issues in Statistics Finland. I was for four years Regional Advisor on Statistics of the United Nations Economic Commission of Europe, based in Geneva, in 2006 – 2009. After that, I again took up my work at Statistics Finland.

In the UNECE the focus of the work of the Regional Adviser on Statistics was to assist countries in economic transition in strengthening their statistical capacity. The targets to which UNECE provided support by advisory work, training workshops, conferences and paving the way for experts from countries in transition to participate in international conferences, were mainly the National Statistical Agencies of countries which had belonged to the former Soviet Union or Yugoslavia. Based on the United Nations Special Program for the countries of Central Asia (SPECAs), UNECE had a strong focus on Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan, and to some extent also Azerbaijan and Afghanistan. With Kazakhstan and the Kyrgyz Republic we had the greatest number of training workshops and advisory activities – these two countries were in my time of working as Regional Advisor very keen on cooperation in receiving international advice and assistance, and in hosting training workshops.

With the National Statistical Agency of Kazakhstan (ARKS) a good series of cooperation gained additional speed in spring 2007, now led by the newly appointed Chairperson; Ms Anar Meshimbayeva and her Deputy Director, Mr Birlik Mendybayev. It now became possible to organize in June 2007 three all-European UNECE Conferences, hosted by ARKS, on preparations of the 2010 Round of Population and Housing Censuses in Astana, Kazakhstan's new Capital, to which the Headquarters of the Statistical Agency had recently been relocated from the earlier Capital, Almaty. Based on discussions with the recently appointed and on modernization oriented new leadership of the Agency, UNECE soon received an invitation to perform the first ever Global Assessment on the Statistical System of Kazakhstan. Parallel with the Global Assessment, the top leaders of ARKS worked out a new Statistical Master Plan in autumn 2007 and early 2008 in good cooperation with prominent World Bank hired experts. When the Global Assessment in February 2008 had been performed, the Chairperson of ARKS, Ms Meshimbayeva, differently from earlier Global Assessments performed in the Balkans, agreed to have the in numerous points critical Assessment openly published on the web site of both UNECE and ARKS. Her motivation for supporting openness and publicity was that the critical remarks will put speed into the commenced modernization and renovation work of official statistics in Kazakhstan.

Numerous other steps in support of modernizing the structures, methodological approaches and work style were in the years 2007-2009 taking place in the Kazakh Statistical Agency. The obsolete stove-pipe structure of statistical production was renovated to create a structure which paved the way for coherent statistical databases, service databases and publishing most of the statistical information on the internet. A proactive dissemination strategy was worked out. Steps to modernize the legal framework of official statistics were taken and a Statistical Council, headed by the Prime Minister, was created. In numerous ways a good implementation process of the UN Fundamental Principles of Official Statistics was in the focus of the modernization and renovation processes. Preparations for the in February 2009 planned Population and Housing Census were getting speed in 2008. A substantial number of new topics and questions were

included, the Census questionnaires were refined into machine-readable forms with strich-codes, regional offices and enumerators were trained for the big forthcoming Census data collection.

In 2008 and 2009 many successful training workshops were organized by the UNECE and other international organizations in Astana to increase the know-how of ARKS's own staff as well as of Russian speaking experts from NSOs from other Central Asian countries.

2. Nothing seems to be matching

Very unexpectedly, a first blow, disturbing the renovation and modernization work performed in ARKS arrived. The first blow, which I took notice of, arrived in the first summer days of 2009 – On the second day of that year's Conference of European Statisticians in Geneva, Mr Oleksandr Osaulenko, Chairperson of the State Statistical Committee of Ukraine, had from some of his information sources received a strange piece of information: two Deputy Directors of the ARKS had, for reasons unknown, been arrested. This brought about great astonishment to everybody who heard about the news and had some knowledge about the important role of Kazakhstan in Central Asia, me included.

A few months later, during my missions to Astana to UNECE-organized training workshops on statistical issues, I naturally made efforts to find out the reason and background of the strange arrests. However, nobody in the Capital of Kazakhstan could or would provide me with understandable answers. On the contrary – a second blow was awaiting. In October 2009 a new person had been appointed to be in charge of the future development of ARKS instead of Ms Meshimbaeva. Her deputies continued to be jailed.

The forward striving atmosphere I had encountered during my earlier visits among the staff members of ARKS had disappeared. I took notice of fear, unwillingness to discuss any statistical or problematic issues. The new leadership of the Agency encountered me with polite or semi-polite formalities. What I in autumn 2009 met within the ARKS was in sharp contrast to the enthusiasm and drive for modernization I had experienced during and after the Global Assessment. The Assessment had stated the following: "In the Central Asian sub-region the Kazakh National Statistical Office provides an example of good working standards, adherence to the Fundamental Principles of Official Statistics and international networking. New structural changes in the production system, the range and practices of dissemination and the use of modern information and communication technology (ICT) are foreseen to take place in the next few years." http://www.unece.org/fileadmin/DAM/stats/documents/technical_coop/GA_Kazakhstan_EN.pdf , page 9 - First para of the Executive Summary.

During my visits to ARKS in October and November 2009 and later, nothing seemed anymore to match with the positive renovation spirit and efforts to learn more, which I had observed during the previous years among managers and staff of the Kazakh NSO. I received no real responses on my questions in the distorted atmosphere when inquiring about the background for the changes. Neither from the new top leadership of the Kazakh Agency, nor from the managers or staff members, whom I had learned to know in the previous years. Fear, avoidance and despair was in the eyes of the latter. No willingness to speak up.

3. What can an "outsider" do?

Starting from the totally unexpected event of the arrests of the Deputy Directors of ARKS in June 2009, I commenced to follow up, what the Kazakh media wrote about these incidents. It was easy to notice, that the Financial Police's press releases and announcements seemed to dominate news and articles in Kazakh media on this topic. Soon the term "The Case against Statisticians" came into broad use. In unison Kazakh media announced that state funds, reserved for the Population Census, had been embezzled by top leaders of the Agency of Statistics. How strange – At that time I knew that the Kazakh Census had been well prepared and and that the data had been successfully collected in February that same year. And I had during my work in UNECE learned to know the accused top leaders as hard working and clever professionals.

I made efforts to find the materials of the in 2010 commenced juridical process against the Deputy Directors. In the beginning that was not easy – however, I managed to get hold of the voluminous Court minutes in Russian.

In 2012 I again started to have regular visits to Kazakhstan, now as one of the Key Experts in the finally commenced World Bank financed big Statistical Capacity Building project – the same project which back in 2007-2008 had been initiated by Chairperson Meshimbayeva. This project was now being implemented under a very different leadership on the Kazakh side. Statistics Finland was co-implementer of this big by the German Destatis led consultation and training project, and I soon became responsible for the project's component on training and human resource management. That made it possible for me to continue the support to the development of statistical activities in Kazakhstan as well as to receive a good insight into the present work structures and atmosphere of the Kazakh Agency of Statistics.

I had, as mentioned, managed to get hold of the voluminous Court material of the "Case against Statisticians", where the Deputy Directors had been declared guilty and received sentences of 5 and 6 years in prison. In the summer months of 2013, I read the whole Court minutes, 700 pages of text in Russian – the argumentations of both the accusing and defending parties, the numerous testimonies and cross-examinations in the Court process. On the base of this, I produced a 20-pages summarizing analysis of what in my understanding probably had happened. I also tried to understand, which could possibly be the reasons and background for the frequently ongoing slandering campaigns in Kazakh media around "The Case against Statisticians".

Step by step, I came to the conclusion that the whole case was some sort of strange power struggle within the different Kazakh elite groups and had very little to do with the professionals who in the years 2007-2009 were the leaders of the Kazakh Agency of Statistics and who became victims of this process.

Based on the available materials and my conclusions, I produced a Letter of Support for the in February 2013 in Moscow arrested Chairperson, Dr. Meshimbayeva, who later in that same year was to stand trial in Astana. In autumn 2013 I circulated this Letter of Support among prominent experts on statistics and persons who had some insight in the situation of Kazakh statistics. This letter, signed by 10 statistical professionals from 9 different countries, was delivered to President Nazarbayev and to the Court where Dr. Meshimbaeva was on trial.

4. Peculiarities of "The Case against Statisticians" in Kazakhstan

The Financial Police and the Prosecutor's office of Kazakhstan built their accusations against the leading Directors of the Statistical Agency on the assumptions that they had artificially inflated the cost of the Census materials with the aim to place the difference between the inflated and what the Financial Police considered to be the real production costs into their own pockets.

Already during the preliminary investigations, the Financial Police was active in publishing press releases and in giving interviews to the Kazakh media about how huge amounts of state funds for the Census had been embezzled. At the same time the Deputy Directors of ARKS, now in police custody, were interrogated by forced methods. The arrested were demanded, even by torturing, to put the blame of the alleged enrichment plot on the Chairperson of the Statistical Agency and also on the Prime Minister, who some two years earlier had nominated her.

In the course of the ongoing interrogations of the Deputy Directors and staff members of ARKS, the Financial Police was very active in providing the media with detailed materials about its assumptions. In advance of and during the Court sessions, the publicity pressure for building up an image, that the leaders of the Statistical Agency were culprits and the Financial Police the heroes, was extremely strong.

During summer and early autumn 2009, Chairperson Meshimbayeva had stayed in her position, protected by her membership in the Kazakh Government's outer circle. Neither she, nor her Deputies, belonged to any of the power struggling clans of the Kazakh elite. They were mere professionals, not politicians, so there was no "high level protection" for what the future might bring about. Chairperson Meshimbayeva's working and private life started to be filled with interrogations at the Financial Police, surveillance of daily doings on a 24/7 basis and increasing media slanders. In September she resigned from her position as Chairperson of the Statistical Agency and left Kazakhstan together with her 13 years old daughter. First to Turkey for a two weeks "vacation", then into illegal exile to Moscow.

5. "By deliberately inflating the cost of the Census material..."

The Court process, where the Deputy Directors stood trial, commenced in January 2010. It provided a huge amount of testimonial materials, most of which was in favour of the accused. Numerous authoritative testimonies showed, that the assumption of the very low unit cost of the Census questionnaires the Financial Police and the Prosecutor had based their accusations on, was wrong. The Prosecutor maintained that the Census questionnaires had been provided to the Statistical Agency at a cost even lower than simple and one-sided black-and-white questionnaires and that the ARKS had artificially inflated the price to be more than doubled and that this difference in prices was the source of the state funds, illegally placed into private pockets.

During the Court process it was in details shown and testified that the Census questionnaires needed to be in numerous aspects of substantially higher quality than simple black-and-white prints and also that their delivery situation took place under strict time constraints.

In 2013, UNECE published an analytic summary report on the experience, accumulated by the 2010 round of Censuses in its member countries. In Attachment 1 of my presentation, comparison material, based on the median cost of the Census questionnaires in the UNECE member countries, as well as the cost level of

the Kazakh Statistical Agency's Census materials, are provided. One can, based on the mentioned UN source material find out, that the median unit cost for printing of Census materials (USD 0,46) was very close to the cost the paid by the Kazakh Agency of Statistics (USD 0,49). So – how come the unit cost level, which the Financial Police and the Prosecutor maintained to be the correct one, (USD 0,20, by part of their argumentation only USD 0,09) was so much lower than the median cost?

The verdicts were, however, based on those extraordinarily low price assumptions of the Prosecutor. Reflecting post-Soviet juridical structures, the outcome of the Court process was in harmony with the accusations, which the Financial Police had for already 12 months been feeding to the Kazakh media.

There were numerous facts, which should have been taken into account, but which in the verdicts were left outside consideration.

- (1) the needed stronger and thicker quality of paper,
- (2) the generally higher quality needed for the forthcoming scanning process,
- (3) the enumerating of the Census blanks for keeping track,
- (4) the need to have different sorts of Census blanks of one interviewed household to be interlinked with each other,
- (5) the colour print of the blanks as contradicted to the normal data collection blanks of the ARKS,
- (6) the very exact and specific design and layout needed for the scanning process and also concerning the use of the Kazakh language with its specific fonts,
- (7) the by time very pressed period of having the print work done on time and
- (8) the by time very pressed period of having all the logistical transmission of the blanks from the place(s) of printing to the Regional Offices of the ARKS.

6. Immeasurable damages on the independence of the Statistical Agency

“The Case against Statisticians” brought immeasurable damage to the credibility of the Census results and to statistical information in general in Kazakhstan. It distorted for a long time the reputation of official statistics as an important source for evidence-based decision making.

“The Case against Statisticians” halted for quite a while the successful modernization process of the Agency. The earlier in 2007-2008 prepared World Bank funded project was finally implemented in 2012-2016, and somewhat helped the modernization process to speed up again.

“The Case against Statisticians” brought serious harm and suffering to the convicted Directors of the Agency of Statistics and their families. A number of bright and professionally competent managers and staff members resigned, left the Agency and found work opportunities elsewhere.

“The Case against Statisticians” raised serious questions about the way law enforcement structures work in Kazakhstan. The communication machinery of pre-condemnation by the Financial Police had been very active in blowing its horns for five long years against the statistical professionals who led the ARKS in 2007-2009. The phrase “The Financial Police cannot be wrong” brought heavy pressure on the Court proceedings

and resulted in verdicts, where important testimonies, which showed the innocence of the accused, were put aside.

Hopefully soon the time will ripen for a fact-based reconsiderance of what happened. An acquittal of the wrongly condemned “mere professionals” would certainly be needed.

7. Contemplations about the reasons and the background for the false accusations

Kazakhstan is a fairly prosperous Central Asian country, which in many ways makes efforts to find its way to be a developed and seriously taken member of the international community. In support of these efforts reliable and largely used statistical information has an important role to play. Due to this, it is difficult to understand, why the able and dedicated drivers of modernization of the National Statistical System were so brutally shovelled aside?

I have 3 + 1 guesses about the reasons, why the whole case came into existence. Possibly archive materials of the Financial Police will later provide us with more.

7.a. “The old guard” of state functionaries was becoming nervous about the clearly activated role of the Statistical Agency under Ms Meshimbayeva, the independent and energetic first female leader of an Agency, which in a longer perspective could have a role on monitoring and influencing role on developments in the country. As different clans in Kazakhstan have strong networks and as the Directors of the Agency of Statistics were “mere professionals”, it was maybe considered not to be difficult to force them out from their positions.

7.b. The Financial Police had a need to show off its importance, because the president had in 2009 announced the need of fighting corruption. If it managed to reveal that state officials are pocketing state funds from such an extremely well known event as the Population and Housing Census was, its reputation would soar. To secure the by the Financial Police expected outcome in “The Case against Statisticians”, it made active use of feeding the the media with statements about alleged wrongdoings of the accused.

7.c. The main target of the accusations was possibly not at all the Directors of the Statistical Agency; the main target was possibly higher. The appointment of Ms Meshimbayeva to become Head of ARKS had been done by the Prime Minister. If it could be proven that Ms Meshimbayeva is grabbing state funds into her pockets, that would certainly discredit the person who had appointed Ms Meshimbayeva to her by the Census well known position. This possible effort against the that time Prime Minister, who belonged to a different clan than the Director of the Financial Police, finally had no success. But in Kazakh political life different manoeuvrings behind the visible scenes of the power structures are quite frequent. And it happens that persons having no affiliation to the real power structures fall as victims in those battles.

7.d. The accusations against the Directors of ARKS had along the interrogations and later during the Court testimonies turned out to be built on incorrect assumptions. However, the need to hold up the image, that “The Financial Police cannot be wrong”, made it difficult for the law enforcement structures to admit the grave mistake of putting incorrect blames on innocent professionals.

8. What can be done to prevent corresponding cases in the future?

“The Case against Statisticians” rings a bell: normal rules of law need to be strengthened within the law enforcement structures of Kazakhstan. The guilt declaring activity of the Financial Police and the institution of the Prosecutor as well as their public opinion creating activities vis à vis the media are incompatible with the rule of law. They are incompatible also with the existing Kazakh Constitution.

The UN Fundamental Principles of Official Statistics highlight the need have an institutionally strong and independent position of the Chief Statistician of the NSO. This has already become a basic fact, endorsed by legislation, in numerous developed countries. In Kazakhstan the opposite has taken place. In 2014 the independence of Kazakh National Statistics was curtailed by an administrative change: the Kazakh NSO’s existence as an independent Agency was discontinued and its structure was changed to be a Committee of Statistics under one of the Ministries, the Ministry of National Economy.

The Conference of European Statisticians adopted in 2016 a document under the headline “Generic Law on Official Statistics for Eastern Europe, Caucasus and Central Asia”. The position, nomination process and professionalism of the Chief Statistician are also in this document highlighted as important features in safeguarding the independence of official statistics. The strong position of the Chief Statistician is an important safeguarding element. With the words of the explanatory notes to the Generic Law mentioned: “The Chief Statistician’s appointment should be non-political and based on professional competence only. Deciding on issues of professional independence, such as data sources and statistical methods, requires specific professional experience and knowledge. The Chief Statistician’s position should be filled following a published vacancy announcement with professional requirements and an open competition among applicants. The position should not be part of regular mobility schemes in the public administration where such a system may be otherwise applicable at this level.

The Chief Statistician should be appointed for a term of office fixed in the statistical law; for underlining professional independence the term of office should be different from the term of the government. The Law provides the possibility to renew the term of office once and an option for renewing it further exclusively on the basis of a new publicly announced vacancy and an open competition.”

http://www.unece.org/fileadmin/DAM/stats/publications/2016/ECECESSTAT20163_E.pdf , Available at this UNECE web site also in French and Russian.

Concerning the dismissal of the Chief Statistician, paragraph 6.2 of the document states very strict conditions:

“The term of office of the Chief Statistician cannot be terminated before its expiry for any reasons compromising statistical principles. The term of office may be terminated only for the following reasons:

- (a) Own resignation of the Chief Statistician;
- (b) Termination of citizenship;
- (c) A court decision declaring the Chief Statistician incapable or of limited capacity to work;
- (d) A lawful sentence of the court for intentional crime, or imprisonment according to the lawful sentence of the court;
- (e) Death of the Chief Statistician, in which case the duties shall be considered terminated.”

Would these principles have been adhered to, there would probably not have been any “Case against Statisticians” in Kazakhstan.

We know, that Chief Statisticians, Directors and staff of NSOs can be objects of external pressure, however well and frankly their nomination process has taken place. We also know, that the evaluations of the state of adherence to the UN Fundamental Principles of Official Statistics and in Europe the Code of Practice are performed based to a great extent on self-evaluations and peer reviews. The Global Assessment brings highly professional external experts to do the assessment work, but also in this case much of the preparatory work is done, based on the agencies own self-evaluations.

With this background Mr Andreas Georgiou gave a very interesting presentation at the 15th IAOS Conference in Abu Dhabi. He envisaged that in very problematic situations an international intervention from a United Nations –based organ, consisting of high-level experts in statistical structures and in auditing, could have a role in sorting out problematic cases on an ad-hoc basis. The best option would be that such an organ would have a regular rotating activity in securing the quality of national statistical services, which form the basis of the, as he expressed, “Global Public Good” in the form of internationally available statistical information.

I wish to end my presentation by a bridge to the wise and forward-looking words Mr Andreas Georgiou provided to the previous IAOS Conference two years ago. He said in his video presentation to the 15th Conference of the IAOS: “Effective compliance of the implementation of the United Nations Fundamental Principles of Official Statistics through regular evaluation, verification, follow-up and published reports in the form of audits by an independent institution at the global level is essential for rigorous, timely and harmonized implementation of the Fundamental Principles in the long run”.