

Central Asia: Decay and Decline
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EXECUTIVE SUMMARY AND RECOMMENDATIONS

Quietly but steadily Central Asia's basic human and physical infrastructure – the roads, power plants, hospitals and schools and the last generation of Soviet-trained specialists who have kept this all running – is disappearing. The equipment is wearing out, the personnel retiring or dying. Post-independence regimes made little effort to maintain or replace either, and funds allocated for this purpose have largely been eaten up by corruption. This collapse has already sparked protests and contributed to the overthrow of a government.

All countries in the region are to some degree affected, but the two poorest, Kyrgyzstan and Tajikistan, are already in dire straits. Their own specialists say that in the next few years, they will have no teachers for their children and no doctors to treat their sick. Power cuts in Tajikistan each winter – twelve hours a day in the countryside, if not more – are already a tradition. Power failures in Kyrgyzstan are becoming increasingly common. Experts in both countries are haunted by the increasingly likely prospect of catastrophic systemic collapse, especially in the energy sector. Barring a turnaround in policies, they face a future of decaying roads, schools and medical institutions staffed by pensioners, or a new generation of teachers, doctors or engineers whose qualifications were purchased rather than earned. These problems will be exacerbated by other deep political vulnerabilities in both countries – the gradual increase of an insurgency and an aging autocrat in Tajikistan, and a dangerously weakened Kyrgyz state.

Uzbekistan and Turkmenistan are heading in the same direction. Exactly how far they have gone is hard to say as reliable data either does not exist or is secret, while extravagantly upbeat public statements bear no resemblance to reality. But Turkmenistan's marble-faced model hospitals and Uzbekistan's mendacious claims of prosperity are no answer to their countries' problems. Even Kazakhstan, the region's only functioning state, will be severely tested by infrastructure deficiencies, particularly in transportation and training of technical cadre. Any dreams of economic diversification and modernisation will have to be put on hold for the indefinite future.

The current predicament has many causes. As part of the Soviet Union, the five countries were tightly woven into a single system, especially in energy and transport. These interdependencies have proven difficult to unravel, and have produced serious imbalances. During the Soviet era, the countries were obliged to work together. Now they no longer have to get along, and usually do not, especially as far as energy is concerned. Education and healthcare suffered with the end of the social safety net. Most importantly, governments across the region seemed to feel their Soviet inheritance would last forever, and the funds earmarked for reforms, education, training and maintenance were often misused and insufficient.

The consequences of this neglect are too dire to ignore. The rapid deterioration of infrastructure will deepen poverty and alienation from the state. The disappearance of basic services will provide Islamic radicals, already a serious force in many Central

Asian states, with further ammunition against regional leaders and openings to establish influential support networks. Economic development and poverty reduction will become a distant dream; the poorest states will become ever more dependent on the export of labour. Anger over a sharp decline in basic services played a significant role in the unrest that led to the overthrow of Kyrgyz President Kurmanbek Bakiyev in April 2010. It could well play a similar role in other countries, notably Tajikistan, in the not too distant future.

Events in one state can quickly have a deleterious effect on its neighbours. A polio outbreak in Tajikistan in 2010 required large-scale immunisation campaigns in neighbouring Kyrgyzstan and Uzbekistan and triggered reports of infection as far away as Russia. Central Asia may also be negatively affected by its neighbours: a further decline in infrastructure is likely to coincide with increasing instability in Afghanistan, and a possible spillover of the insurgency there.

The needs are clear, and solutions to the decline in infrastructure are available. The fundamental problem is that the vital prerequisites are steps that Central Asia's ruling elites are unwilling to take. These amount to nothing less than a total repudiation of regional leaders' values and behaviour. They would need to purge their governments of top-to-bottom systemic corruption; cease using their countries' resources as a source of fabulous wealth for themselves and their families; and create a meritocracy with decent pay that would free officials from the need to depend on corruption to make ends meet. All these changes are so far from current realities that foreign governments and donors may dismiss them as hopelessly idealistic. Yet without organised change from above, there is a growing risk of chaotic change from below.

Donors are doing nothing to prevent such a scenario. Their cautious approach seems driven by the desire not to upset regional leaders, rather than using the financial levers at their disposal to effect real change. Aid is often disbursed to fulfil annual plans or advance broader geopolitical aims. Donors have made no effort to form a united front to push for real reform. Without their involvement, the status quo can stumble along for a few more years, perhaps, but not much longer. Collapsing infrastructure could bring down with it enfeebled regimes, creating enormous uncertainty in one of the most fragile parts of the world.

RECOMMENDATIONS

To the Governments of Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan and Kazakhstan:

Corruption

1. Develop and implement a detailed, long-term plan to eradicate corruption based on successful examples in the post-Soviet space, such as the Baltic countries and Georgia.

Human resources

2. Develop a comprehensive set of policies to retain the workforce that would include pay-for-performance, opportunities for in-service training, and more generous social

benefits (eg, pension, additional healthcare insurance, assistance for dependents); and follow up with local authorities to ensure that the existing benefits program for young specialists is properly financed and implemented.

3. Improve the managerial and fiscal capacity of local governments through proper training, staffing and compensation.

4. Stop the use of doctors and teachers for non-related government functions, such as vote mobilisation and provision of social services.

Technical reform

5. Undertake technical reforms in each of the infrastructure sectors by:

a) conducting a systematic study on the extent of decline and the resources needed for modernisation;

b) publicising the results of this study and engaging in an open discussion with local experts, media, donors and the general public on major solutions for each sector;

c) developing technical reform strategies that have pragmatic goals, a realistic timeline and proper financial backing through a combination of domestic and international funding;

d) improving transparency and streamlining procedures in the key infrastructure sectors, especially in procurement for construction and rehabilitation of schools, roads and hospitals, and in energy sales and revenues;

e) engaging public pressure groups that would include civic activists and independent technical experts and that would have access to government data and officials in order to monitor and report on reforms in specific sectors;

f) empowering internal government agencies charged with oversight and fraud investigation through an impartial system of appointments and a clearly defined legal mandate; and

g) establishing independent bodies for quality control – eg, testing and degree certification in education, hospital licensing in healthcare.

Sector-specific reforms

6. In education: concentrate on improving three key issues – textbooks, basic school infrastructure (heating, electricity, indoor toilets) and teacher training and retention.

7. In healthcare: focus on primary healthcare by creating a system of incentives that would attract medical personnel and patients.

8. In education and healthcare: drastically decrease budgetary allocations for narrowly focused, high-end technological initiatives (eg, interactive whiteboards in classrooms or tertiary care hospitals) until basic needs in each sector are satisfied.

9. In energy: open the sector to market reforms by significantly decreasing state control and encouraging competition and external investment. Develop a timeline for bringing tariffs in line with market prices and design a targeted system of assistance for socially vulnerable populations.

10. In transportation: give equal attention to regional and local roads by establishing stable revenue sources for their financing and maintenance.

To the International Donor Community in general:

11. Adopt a fundamentally new strategy of aid provision by:

a) initiating an independent, thorough and critical review of the assistance provided since the countries became independent two decades ago; publicising the results and engaging host governments, civic activists and key opinion-makers in a discussion about improving aid delivery; and

b) re-thinking the fundamental assumptions behind existing assistance programs in light of the strong likelihood of a further general deterioration in Kyr-gyzstan and Tajikistan, the continuation of authoritarian trends in Uzbekistan and Turkmenistan, and the decreased reliance on foreign aid in Kazakhstan; and developing new ways to exert leverage on host governments given these realities.

12. Establish better coordination mechanisms for aid delivery among donors by:

a) holding regular consultations to ensure that key vulnerabilities in the infrastructure sectors are addressed in a timely manner; and

b) engaging at the highest political level with key regional actors like Russia and China, which may be adversely affected by infrastructure failures in Central Asia, on issues of mutual interest (eg, child vaccination, teaching Russian as a foreign language) and pushing for a joint early response.

13. Identify joint criteria or conditionalities and ensure that foreign funding is not mismanaged by:

a) providing financial assistance on the condition that a host government meets specific reform targets and that the progress can be independently verified;

b) establishing an independent monitoring mechanism to verify that foreign aid is used for its intended purpose;

c) being prepared to provide direct support to the population (eg, food supply, power generators, basic literacy courses) if financial mismanagement of aid by a host government persists;

d) offering technical aid (such as training and capacity building programs) only upon securing a high-level official commitment that participants will have the medium-term job security sufficient to implement the reforms for which they were trained; and

e) insisting on, in matters of fundamental public health (eg, HIV/AIDS, polio, swine flu), unimpeded access to information by all citizens and the availability of preventative and diagnostic measures.

14. Institute a policy of complete transparency by:

a) making publicly available key documents, such as internal and external evaluations, financial audits of programs and government progress reports;

b) engaging civil society, the media and the general public in regular discussions about key projects and their impact at a local level; and

c) indicating whether the data provided in your publications has been independently corroborated and offering alternative information based on fieldwork when official data is unavailable or unreliable.

To Russia and China in particular:

15. Recognise that the stability and security of Central Asia is of interest to the entire international community.

16. Bring bilateral aid programs into line with an international aid strategy that is explicitly aimed at removing the risks to the survival of highly vulnerable states in a geopolitically crucial part of the world.

17. Coordinate aid programs and regularly consult with other donors with the aim of exerting the maximum pressure for reform, and depriving any single regime of the opportunity to play one donor off against another.

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