

Regional Cooperation for Human Development and Human Security in Central Asia

Summary of Preliminary Findings
of the

Central Asia Human Development
Report

Ankara, September 29, 2005

UNDP Regional Bureau for Europe and CIS



Overview of Presentation

Purpose, scope and approach of the Report

Preliminary findings and recommendations

1. Summary
2. Trade, transport and transit
3. Water, energy and environment
4. Natural Disasters, Drugs, Crime and Terrorism
5. The Social Development Challenge

Concluding Remarks

Purpose of Report

- **Analyze** the impacts of regional integration
- **Inform national policy makers** and promote **dialogue among stakeholders**
- Assist **regional institutions**
- Common platform for the **international community**

Scope of Report

- ***Five Central Asian CIS countries:***
 - Kazakhstan, Kyrgyz Rep., Tajikistan, Turkmenistan, Uzbekistan
- Integration with the ***rest of the world***, and especially ***neighbors***
 - including Afghanistan, China, Iran, Russia, Turkey
- The report is “***people centered***”
 - human development and human security defined in terms of broad goals and measures of human welfare (Millennium Declaration, MDGs)
 - “***freedom from want, freedom from fear***”

Approach of the Report

- ***comprehensive***
- ***measures benefits*** (and costs)
- Considers ***obstacles*** (including ***political interests*** and governance constraints)
- Draws on ***national analytical and institutional expertise*** (Country Studies)
- Cooperates with ***multilateral institutions*** (esp. ADB and WB) and other partners

1. Preliminary Findings: Overall

- Central Asia is a pivotal region at core of Eurasia
- Disintegration of Soviet Union left a legacy of difficult human development and human security challenges for Central Asian Republics (CARs), esp. new borders
- CARs are now highly differentiated in terms of size, resource endowment, human development, political orientation, readiness to cooperate and integrate

Central Asia at Core of Eurasia

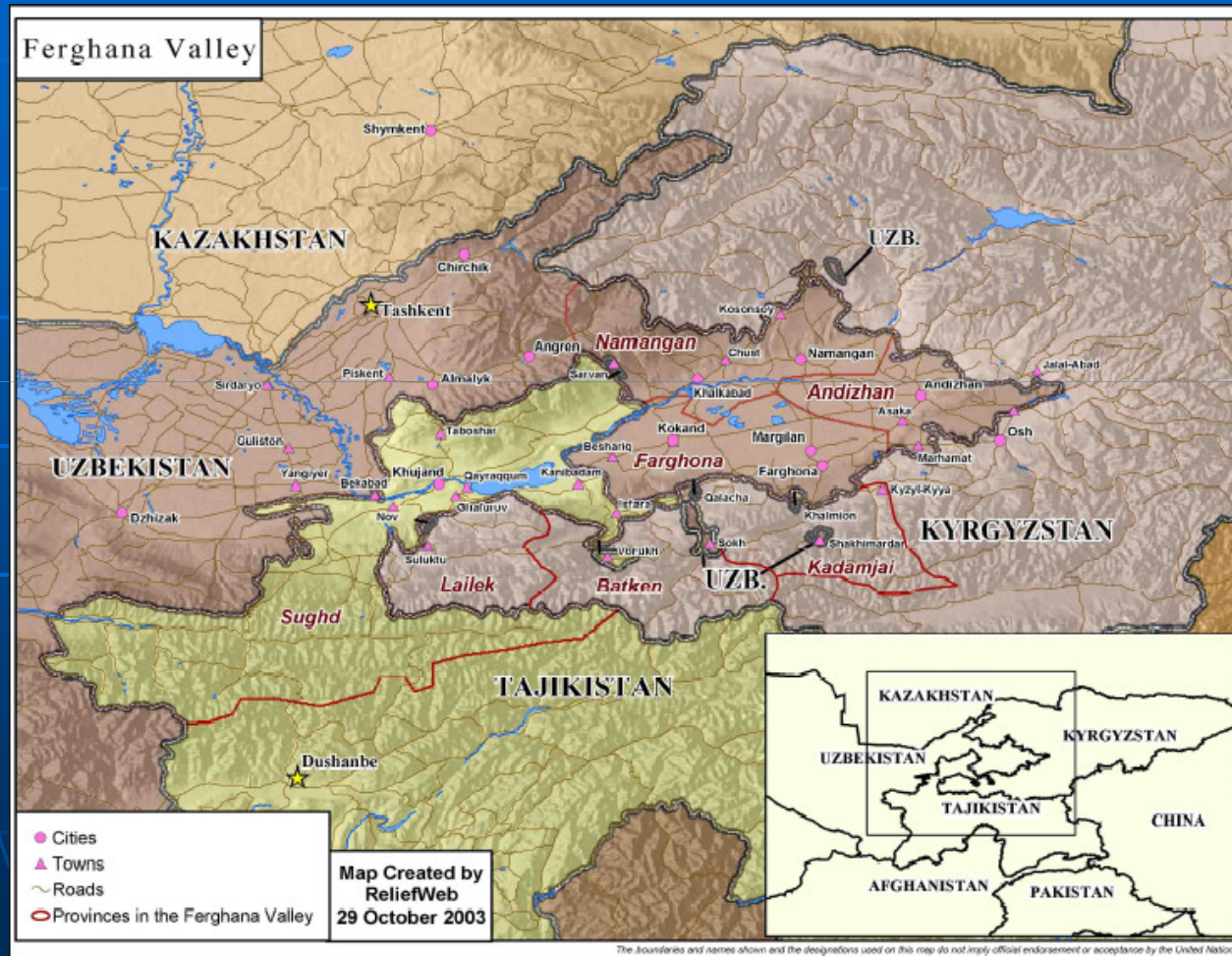


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UNDP Regional Human Development
Report for Central Asia

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Jig-Saw Puzzle Borders Divide Central Asia

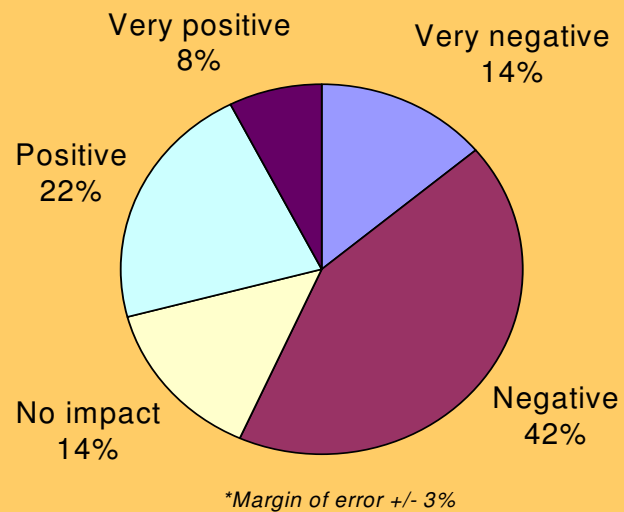


Preliminary Findings: Overall (ctd.)

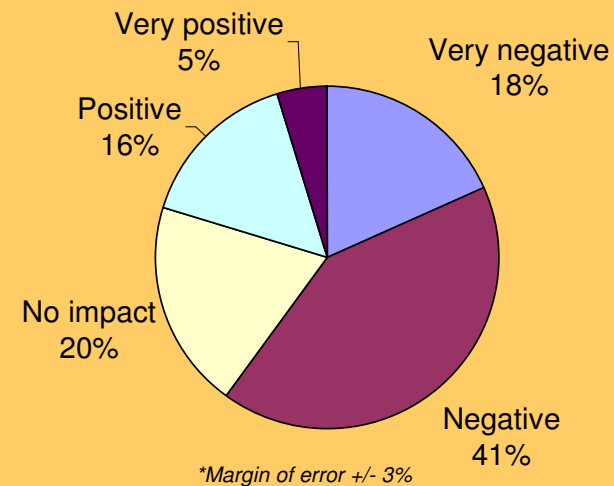
- Surveys and case studies show that people are much affected and care deeply about the barriers created by borders
- Regional cooperation and integration – with each other, neighbors and rest of world – is key factor of future success; could double regional GDP over 10 years, esp. for the poor
- But the politics often not supportive

Survey Results on Borders

What Impact have Borders had in Trade, Transport, Transit?*



What Impact have Borders had on Access to Families, Friends and Business Associates?*



Preliminary Recommendations: Overall

- It's important to move forward with regional cooperation agenda to achieve a key goal:

“Borders with a human face!”

- Cooperation should be promoted in many different areas, using opportunities as they occur
- Domestic reform are an essential complement to regional cooperation
 - especially a supportive trade and investment climate, good governance, and supportive social and environmental policies

Preliminary Recommendations: Overall (continued)

- All countries to participate, for maximum benefit,
 - and if they don't want to risk being left behind
- All actors to (be allowed to) network across borders
 - governments, business, academia, civil society
- Key regional institutions to be strengthened, with clear and expanded mandates (SCO, CACO, CAREC)
- Neighbors and international organizations to support regional cooperation and integration

2. Trade, Transport and Transit

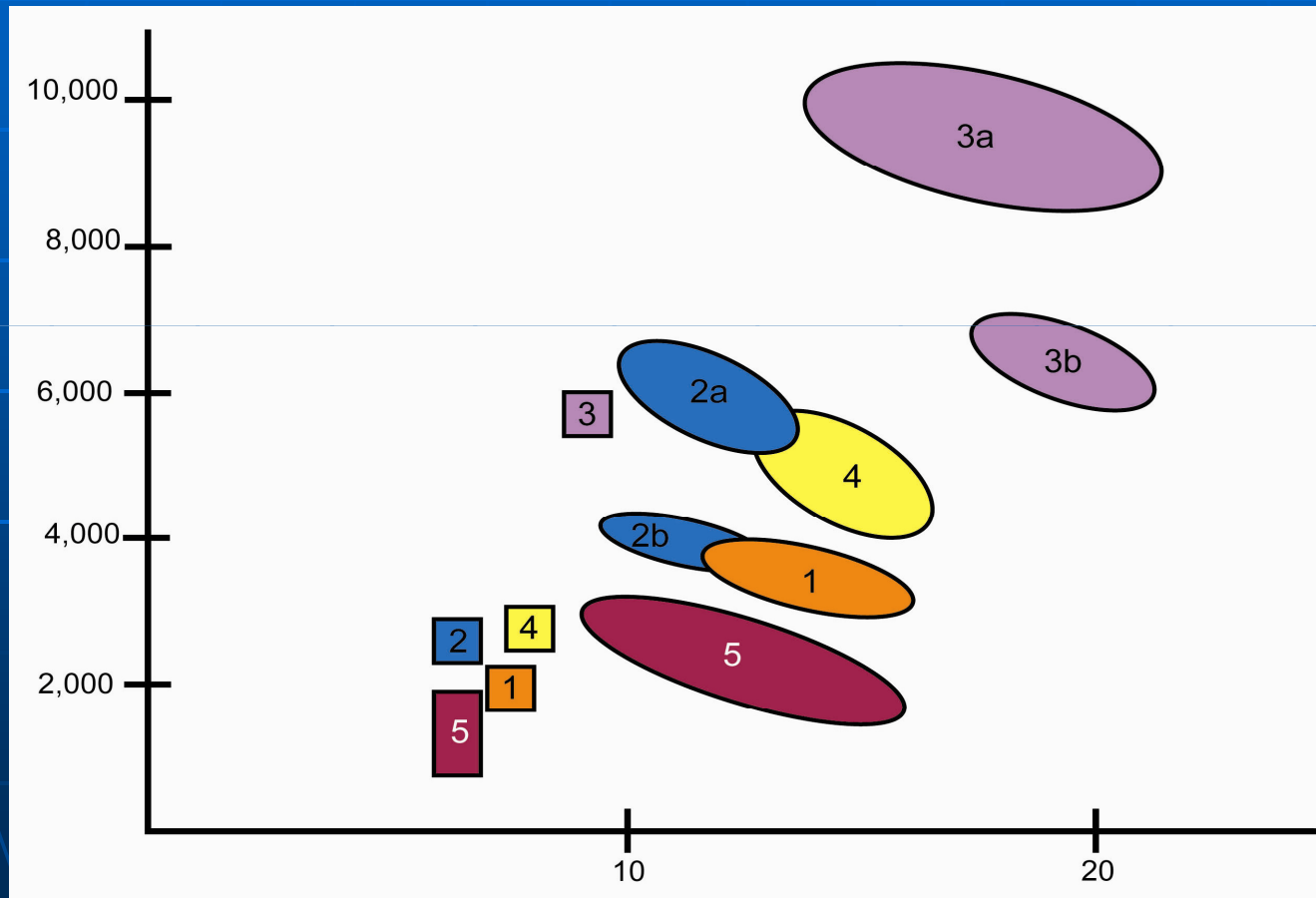
- Trade of CARs could be much expanded
- Trade barriers/costs are high in Central Asia
 - opaque trading rules
 - high border and behind-border transit costs
 - poor transport networks and services
 - distances to markets
- Lowering trade costs significantly increases incomes, employment and consumption in the region (conservative estimate: 20-55%)
- Domestic supply response is weakened by poor investment climate and lack of financial services
- Trade integration will bypass closed countries.

Trade, Transport and Transit: Special Issues

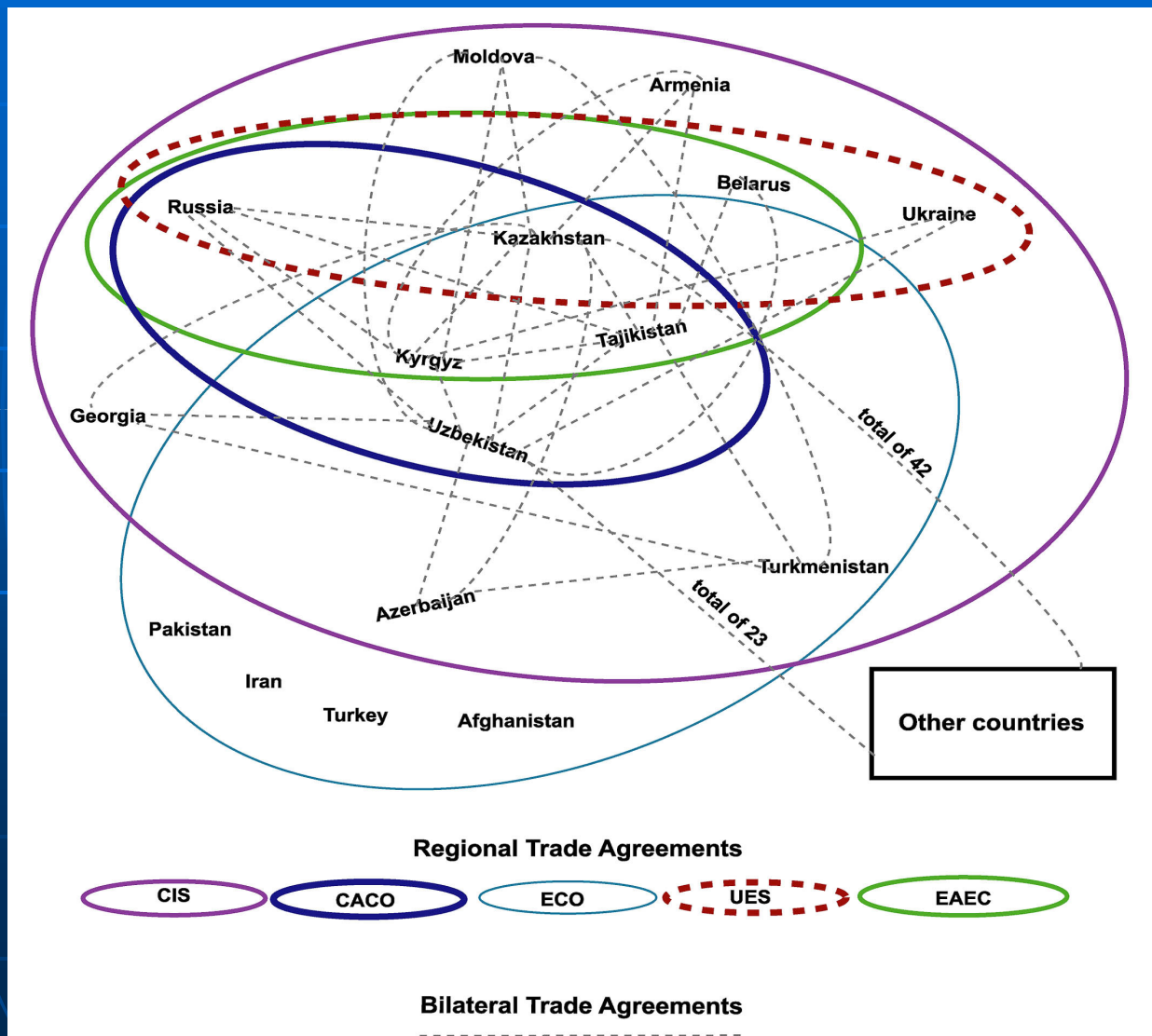
- Borders are difficult/expensive/time consuming/dangerous
 - for trucks, cars, carts, people;
 - visa requirements are burdensome;
 - customs are arbitrary and corrupt
- Regional trade agreements are overlapping, complex, unworkable “spaghetti bowls”
- Substantial investment and maintenance costs due to road and rail projects to circumvent borders
- Air transport is underdeveloped, within region and with rest of world

Cost of Freight and Transit Time for Shipment from/to Central Asia 2004: Actual v. Potential

US\$



Spaghetti Bowl of Regional Trade Agreements



Trade, Transport and Transit: Special Issues (ctd)

- Shuttle traders (esp. women) face restrictions

"If there were no such obstacles and additional expenses, the goods would have been way cheaper. We wouldn't have seen the sad eyes of the parents, who cannot afford an expensive piece of clothing for their child." (Interview with shuttle trader)
- Reforms of trade, transit, business climate require "good governance" reforms
 - anti-corruption, civil service, transparency, accountability
- BOMCA (EU/UNDP) program
 - as an example of what can be done to make borders have a more "human face"

Preliminary Recommendations: Trade, Transport and Transit

For Governments of Central Asia:

- Pursue multilateral trade liberalization with WTO membership
- Bilateral and regional trade cooperation agreements should focus on facilitating transit (customs, police, visas)
- Avoid costly investments in detours
- Liberalize air traffic/access for air lines
- Reduce interference with shuttle trade
- Introduce “good governance” reforms

Preliminary Recommendations: Trade, Transport and Transit

For Regional Organizations (esp. CACO, SCO, CAREC):

- Take on the trade agenda frontally
- Focus on transit facilitation
- Create benchmarks/monitoring and enforcement/arbitration mechanisms
- Create regional forums for business/NGOs/communities to raise concerns
- Develop long-term regional transport/transit strategies linked with big neighbors and Afghanistan

Preliminary Recommendations: Trade, Transport and Transit

For the International Community:

- Support CARs in pursuing WTO membership
- Support/finance initiatives of regional organizations
- Link support for transport with improvements in transit
- Support investment climate, financial sector and “good governance” reforms
- Support research, surveys, documentation of economic and human impact of reform

3. Water, Energy, Environment

- Water, energy, environment are tightly linked in Central Asia
 - through geography and Soviet legacy
- Countries are inseparably connected with each other through water, energy and environmental links,
 - but each country has very specific priorities.
- Goal of self-sufficiency in water and energy resources for national security drives many of the policies of non-cooperation.

Water, Energy, Environment (ctd.)

- Uncoordinated up-stream and down-stream water use wastes water and energy, causes
 - conflict at the community and regional level
 - suboptimal investments (e.g., storage)
 - downstream environmental problems
- Many “hot spots” need urgent resolution
- Regional solutions produce large common benefits,
 - but require compromise on principles and priorities and mutual trust among countries

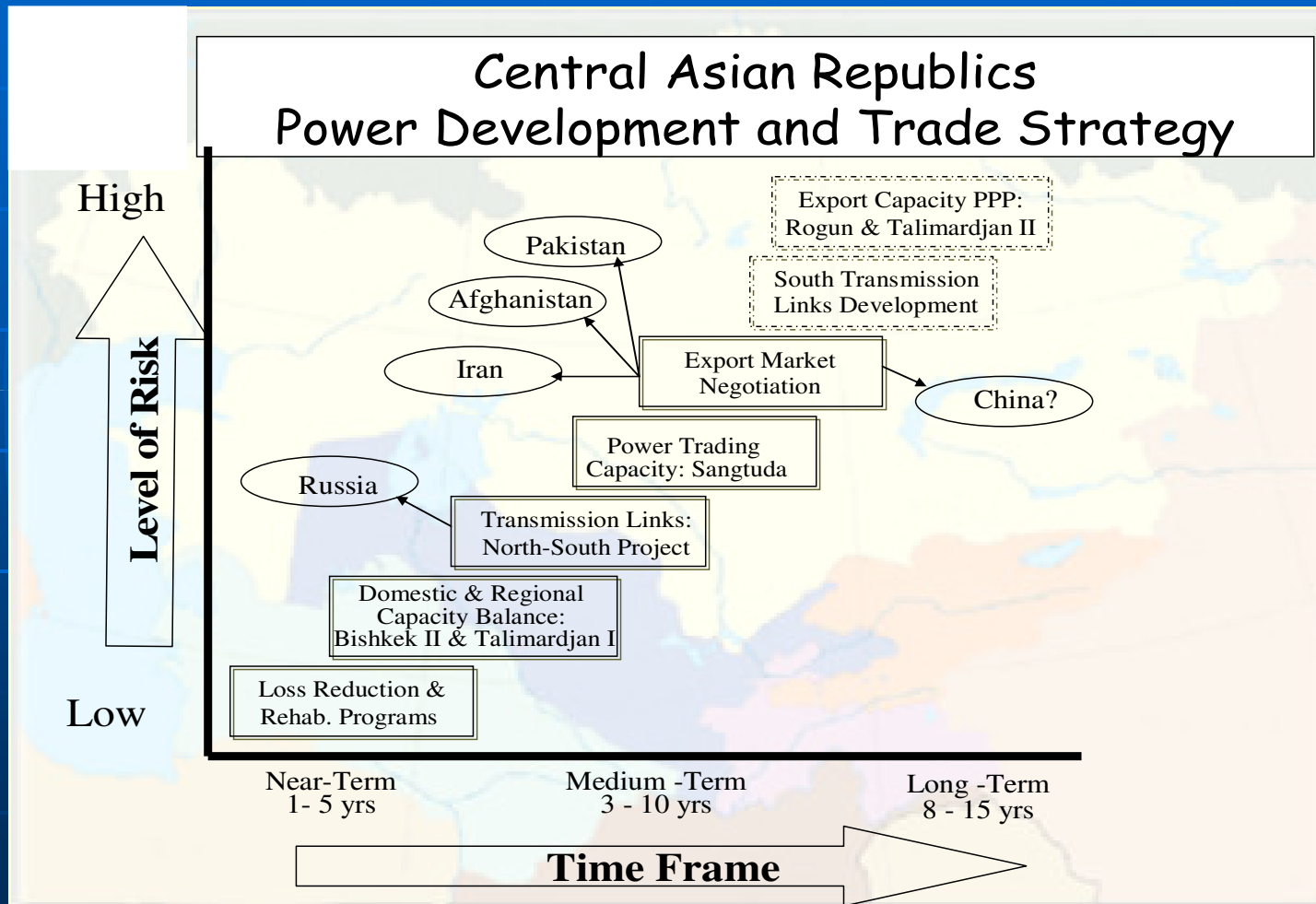
Special Issues: Water

- Inefficient agricultural/irrigation policies cause
 - water shortage
 - \$ 1.7 billion p.a. in foregone yields
 - major environmental and social problems (e.g., Aral Sea)
- Afghanistan revival will add to competition
- China use of Irtysh and Iltu rivers will need to be considered
- Regional hot spots:
 - Karshi Pumps
 - Lake Sarez

Special Issues: Energy

- There is long-term electric power export potential from Central Asia,
 - but it faces high hurdles and risks, and requires cooperation among riparians
- Oil/gas-rich countries depend on neighbors outside region (esp. Russia) for transit
 - alternative transit routes feasible over the long term, but subject to political and financing risks

Electricity Export Prospects



Special Issues: Environment

- Central Asia scores poorly on environmental rankings,
 - due to weak institutional capacity both at the country and at the regional levels
- Environmental problems spill over boundaries and require regional solutions
- Proliferation of environmental hot spots with region-wide risks
 - uranium tailings of Mayлуу Suu, TADAZ pollution, Vozrozhdeniye Island, etc.
- Caspian Sea environmental issues require regional approach

Radioactive, Chemical and Biological Hazards in Central Asia



Preliminary Recommendations: Water, Energy, Environment

For Governments of Central Asia:

- Need to improve national management of natural resources
- Look for region-wide cooperative solutions, but accept bi- or trilateral ones if need be
- Support communities to solve cross-border water/energy/environmental problems and avoid conflict – borders with a human face also needed here
- Strengthen environmental institutions nationally and regionally
- Support civil society in its work in these issues
- Focus on cooperative solutions for hot-spots

Preliminary Recommendations: Water, Energy, Environment (ctd.)

For Regional Organizations (esp. CACO, SCO, CAREC, IFAS, etc.):

- Develop clear mandate and long-term vision for solutions of key issues
- Focus on major hot-spots
- Support regional solutions, but accept bi- and trilateral ones where necessary
- Support regional academic and CSO networks
- CACO to develop its role in Water-Energy Consortium

Preliminary Recommendations: Water, Energy, Environment (ctd.)

For the International Community:

- Intensify regional perspective when supporting national programs (and vice versa)
- Support Water-Energy Consortium in CACO
- Help develop private/public partnerships for infrastructure investment and financing solutions
- Support adoption of global environmental conventions and help build government and CSO capacity to implement and monitor progress
- Support research and monitoring on long-term regional water, energy and environment issues (glaciers, river flows, etc.)

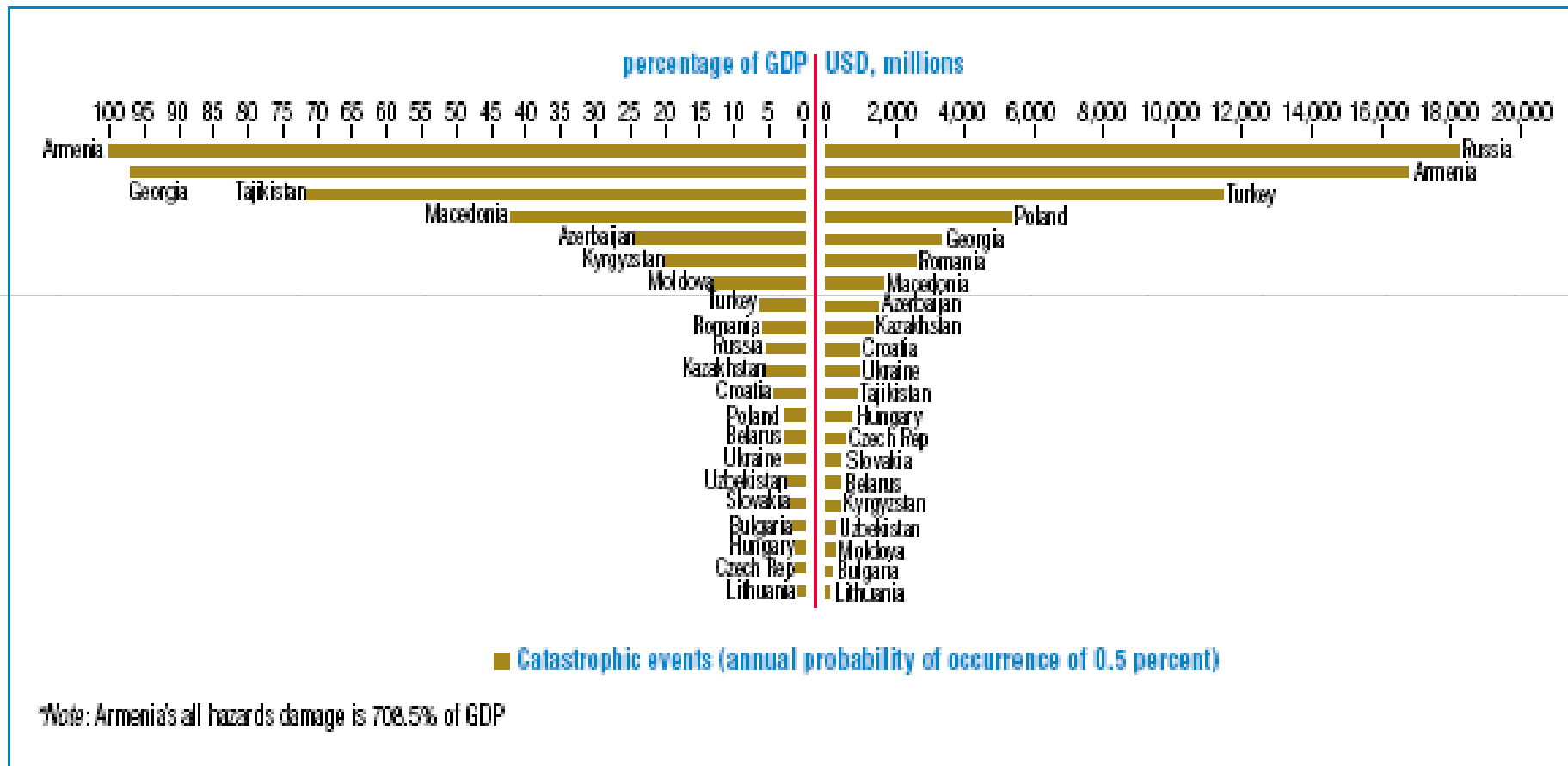
4. Natural Disasters, Drugs, Crime and Terrorism

- Natural and man-made disasters have serious impact on human development and human security in Central Asia
- They have potential to lead to conflict at regional/national/community levels
- Most require regional approaches in addition to national solutions.

Special Issues: Natural Disasters

- High economic and human risks
 - esp. earthquakes
 - Other risks: floods, landslides, radio-active tailings, etc.
- Natural and regional institutions exist for disaster preparedness and response
 - but they lack adequate capacity/budget for risk assessment, management, prevention, preparedness and response
- Community involvement critical (e.g., Lake Sarez)
- Examples elsewhere show that risks can be reduced and regional response is essential

Economic Loss Potential from Catastrophic Events in Europe and Central Asia



Seismic Hazard Areas in Central Asia



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Source: **Global Seismic Hazard Assessment Program**
UNDP Regional Human Development Report for Central Asia

Preliminary Recommendations: Natural Disasters

At national level:

- Legislation, capacity building, involvement of civil societies and communities; adequate finance

At regional level:

- Assign overall responsibility to one entity (e.g., CACO)
- Regional disaster vulnerability assessment and disaster preparedness plan needed
- Regional early warning center to be set up

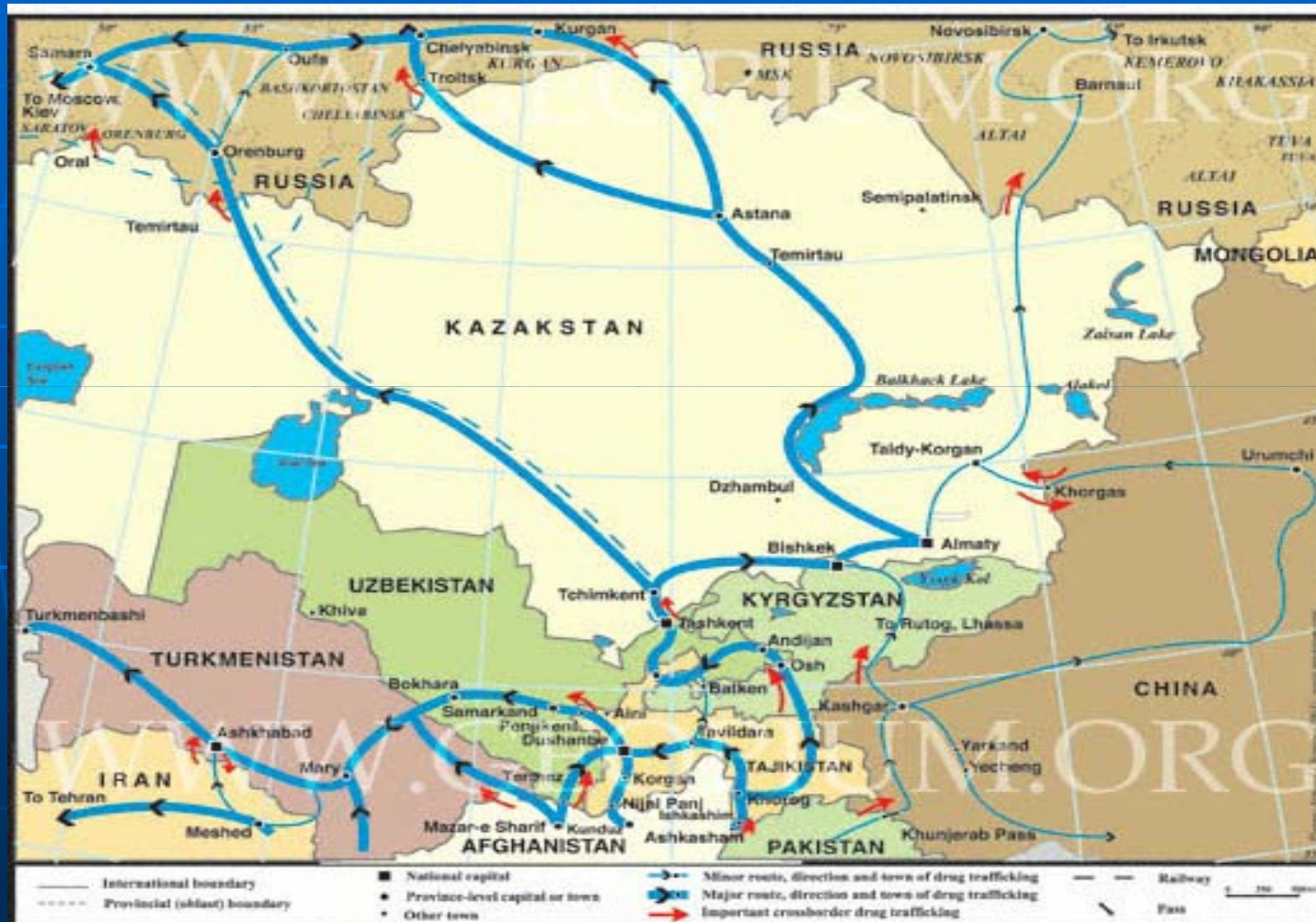
At international level:

- Coordinated support from donors

Special Issues: Drugs, Crime and Terrorism

- Central Asia a major transit corridor for illicit drugs from Afghanistan
 - with growing risk of national production and use
- Links to HIV/AIDs, crime and terrorism
 - with great human costs
- Two-way link to weak institutions and poor governance
 - including border management
- Solutions to drug problems largely outside Central Asia

Principal Illicit Drug Trafficking Routes through Central Asia



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Source: http://www.unodc.org/pdf/2009/11/20091111_1101.pdf

Preliminary Recommendations: Drugs, Crime and Terrorism

At national level:

- Acknowledge gravity and difficulty of problems
- look for developmental solution, not purely repression
- link to governance reform
- involve communities, civil society

At regional level:

- Build cooperation on mutual interest in greater security
- allocate clear responsibility to regional organization
- work for “borders with a human face”

At international level:

- Recognize need to control/manage drug supply and demand in principal hubs
- coordinate and fund assistance better

5. Education and Health: Preliminary Recommendations:

A regional agenda:

- Allocate clear mandate to regional organization (e.g., CACO)
- Promote regional project(s) for HIV/AIDS, TB and possibly other communicable diseases
- support regional civil society networks
- Foster regional diploma recognition, cross-border support for minority education, maintenance of Russia as lingua franca
- Foster cross-border access to health and education services for border communities
- Improve regional health and education statistics

Concluding Remarks

- Regional links in Central Asia are pervasive and critical
- Regional cooperation in any of the areas could be supported for its own benefits and to build trust for others.
- The key regional institutions (CACO, SCO, CAREC) deserve clear mandates and strengthened capacities.
- National policies, and especially good governance, are an essential for effective regional cooperation.
- The neighbors and international community should support Central Asian regional cooperation.