



Political, Economic, and Societal

Political, Economic, and Societal Challenges and Opportunities

NEW VOICES FROM CENTRAL ASIA

Political, Economic, and Societal Challenges and Opportunities

Challenges and Opportunities

Marlene Laruelle
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Central Asia Program
Institute for European, Russian
and Eurasian Studies
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**NEW VOICES FROM CENTRAL ASIA:
Political, Economic, and Societal Challenges and Opportunities**

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Marlene Laruelle, editor

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PART I.

POLITICS AND POLICIES: THE STATE-SOCIETY INTERACTIONS

Imagining the Nation: Identity, Nation Building and Foreign Policy in Kazakhstan

Sabina Insebayeva¹ (2016)

The notion of nation-branding has become a permanent feature of the state discourse in Kazakhstan. Since becoming familiar with the idea of the “brand state,”² Kazakhstan has deployed a full panoply of branding strategies to cultivate a positive international image, including wide media exposure,³ “spectacular urbanization,”⁴ and aggressive pursuit of image-building projects (known as *imidzhdik zhobalar* in Kazakh and *imidzhevye proekty* in Russian).

Branding a nation is said to be such a crucial factor for “the economic, political and cultural flourishing of the state”⁵ that no amount of public funds is considered too much to for it. The regular outflow of government funds and resources for image-building projects is the quintessential example of this practice in Kazakhstan. The country arguably spends about US\$50 million annually on various public relations (PR) campaigns. These include the dissemination of information about Kazakhstan’s economic and political achievements through international mass media outlets such as CNN and the BBC, special newspaper editions such as *The New York Times* and *The Economist*, and the distribution

of other information materials such as brochures and posters.⁶ The major expenditures incurred on image-building—mostly through the National Welfare Fund Samruk-Kazyna—are estimated as follows: \$3 billion for the EXPO-2017, \$1.65 billion for the 2011 Asian Winter Games, and \$47 million the Winter Universiade 2017, to name just a few.⁷ In its branding enthusiasm, in 2007 the government even established a special Department of International Information (now known as the Committee of International Information) under the Ministry of Foreign Affairs that was entrusted with the responsibility to build and maintain Kazakhstan’s international image.⁸

Kazakhstan has mounted such a vigorous image-building campaign that at times its efforts are being interpreted as manipulative and propagandistic. The heavy investments in image-building projects, lavish spending on social media and advertising campaigns, and intense cooperation with select branding consultancies that are known for excelling in employing image-building techniques have earned Kazakhstan the reputation of “a PR state.”⁹ Despite this, Kazakhstan continues to devote considerable energy to presenting and promoting the country in a positive light by allocating funds to branding activities, maintaining maximum visibility in various international organizations, and developing a remarkably proactive stance in its foreign policy.¹⁰

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- 1 Sabina Insebayeva is a doctoral candidate in International and Advanced Japanese Studies at the University of Tsukuba, Japan. She obtained a Master’s degree in International Area Studies (Special Program in Japanese and Eurasian Studies) from University of Tsukuba, and an MA in International Relations as well as a BA with Honors in Politics from KIMEP University, Kazakhstan.
 - 2 Ham, P. van “The Rise Of The Brand State,” *Foreign Affairs* 80, no. 5 (2001), <https://www.foreignaffairs.com/articles/2001-09-01/rise-brand-state>.
 - 3 Fullerton, J., Kendrick, A., and Wallis, C. “Brand Borat? Americans’ reaction to a Kazakhstani place branding campaign,” *Place Branding and Public Diplomacy* 4, no. 2 (2008): 159–168.
 - 4 Koch, N. and Valiyev, A. “Urban Boosterism in Closed Contexts: Spectacular Urbanization and Second-Tier Mega-Events in Three Caspian Capitals,” *Eurasian Geography and Economics* 56, no. 5 (2015): 575–598.
 - 5 Varga, S. “The politics of Nation-branding: Collective identity and public sphere in the neoliberal state,” *Philosophy and Social Criticism* 39, no. 8 (2013): 828.
 - 6 “Kazakhstan v god tratit po \$50 mln na ‘stranovoi piar,’” *Kursiv*, December 11, 2014, http://www.kursiv.kz/news/obshestvo/kazakhstan_v_god_tratit_po_50 mln_na_stranovoy_piar/.
 - 7 “2017 zhylygy oysqy universiadanyn byudzhety 17 mlrd tengeni quraidy,” November 23, 2015. <http://almaty2017.com/kk/byudzhety-universiady-2017-v-almaty-sostavi/>; Mukanova, G. “Kazakhstan potratit na EKSP0 \$3 milliarda,” *LS*, July 8, 2014, <http://lsm.kz/kazakhstan-potratit-na-e-kspo-3-mlrd/>; Urmanov, A. “Stoimost’ provedeniya aziady sostavila \$1.65 milliarda,” *KAZTAG*, February 7, 2011, <http://www.nomad.su/?a=4-201102080031>.
 - 8 Ermaganbetova, D. “Pri MID RK sozdan komitet mezhdunarodnoi informatsii,” *Zakon*, February 12, 2007, <http://www.zakon.kz/82457-pri-mid-rk-sozdan-komitet.html>.
 - 9 Fauve, A. “Global Astana: Nation-branding as a Legitimization Tool for Authoritarian Regimes,” *Central Asian Survey* 34, no. 1 (2015): 110–124.
 - 10 See for instance Engvall, J. and Cornell, S. “Asserting Statehood: Kazakhstan’s Role in International Organizations,” *Silk Road Paper*, 2015; and Marat, E. “Nation-branding in Central Asia: A New Campaign to Present Ideas about the State and the Nation,” *Europe-Asia Studies*, 61, no. 7(2009), 1123–1136.
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Nation-Branding for Tourism, FDI and Image-Making?

How can we explain Kazakhstan's continuous engagement in nation-branding exercises? Many commentators point out that a positive international image spurs economic development by promoting tourism, facilitating international trade, and attracting foreign investments.¹¹ From this perspective, the subsequent main goal of these fund allocations and unceasing efforts to practice nation-branding is ultimately wealth accumulation.

In a related vein, others argue that, beyond profit gain, nation-branding is essential for enhancement of national competitiveness in today's "world of images and influences."¹² This view is premised on the assumption that a country's international image determines its relative positioning in the international community.¹³ With this in mind, Kazakhstan uses "the tools of branding,"¹⁴ seeking to change its image in a positive way and "raise its prestige primarily among international businesses and the global community."¹⁵

However, nation-branding is not only an outward-looking endeavor. It also serves a legitimizing function for the rule of those in power; it enhances national pride and generates social cohesion. In the case of Kazakhstan, this reasoning is justified by the fact that the vast majority of the citizenry stand in support of the country's multi-vector foreign policy approach, its ability to project a positive image in the international arena, and its achievement in gaining recognition and status through various international initiatives.¹⁶

All of these explanations are plausible. However, to a certain extent they lose their explanatory power under more detailed scrutiny of the Kazakhstani case.

First, tourism promotion is said to be one of the rationales for Kazakhstan's nation-branding. This kind of

reasoning is certainly logically valid, yet it is not backed up by statistical evidence. At first glance, statistics show a positive tendency of inbound tourism to Kazakhstan. Nevertheless, a large portion of these trips are attributable to foreigners traveling on business or visiting their family and friends, while the number of people traveling to Kazakhstan for holidays, leisure, and recreation remains quite insignificant as a share of the total.¹⁷ The picture looks even less convincing when considering that most of these visitors come from neighboring countries.¹⁸ In this respect, it is also worth noting that, while Uzbekistan and Kyrgyzstan spend much less than Kazakhstan on branding projects, both countries have seen a constant increase in tourists.¹⁹

Second, it has been argued that a country's image and reputation management have become hugely important with advances in new communication technologies, combined with an increase in competition between countries.²⁰ Indeed, Kazakhstan has attracted significant flows of foreign investment into the national economy since its independence and, until recently, demonstrated an upward trend in its trading activity. This was possible, however, "due to the country's massive oil reserves rather than any nation-branding efforts."²¹ Recent studies, for instance, reveal that aggregate foreign direct investment (FDI) inflows to authoritarian countries continues to increase.²² This suggests that the political regime of a particular country does not play a decisive role for investors who are interested in primary commodities; the investors are more concerned that their return on investment is secured. Some studies go so far as to argue that international economic actors—and foreign investors in particular—will maintain an interest in "supporting the regime" as long as "the political authority guarantees stability, subsidies and access to resources."²³ Thus, one

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- 11 Gilmore, G. "A Country—Can It Be Repositioned? Spain—The Success Story of Country Branding," *Journal of Brand Management*, 9, no. 4 (2002): 281–293; Therkelsen, A. "Imagining Places: Image Formation of Tourists And Its Consequences For Destination Promotion," *Scandinavian Journal of Hospitality and Tourism* 3, no. 2 (2003): 134–150; Morgan, N., Pritchard, A., and Pride, R. *Destination-branding: Creating the unique destination proposition* (Oxford: Elsevier Butterworth-Heinemann, 2004); Gould M., and Skinner, H. "Branding on Ambiguity? Place Branding without a National Identity: Marketing Northern Ireland as a Post-Conflict Society in the USA," *Place Branding and Public Diplomacy* 3, no. 1 (2007): 100–113; Gertner, D. "Place Branding: Dilemma or Reconciliation Between Political Ideology and Economic Pragmatism?," *Place Branding and Public Diplomacy* 3, no. 1 (2007): 3–7.
 - 12 Ham, Peter van "The Rise of the Brand State."
 - 13 Gilboa, E. "Diplomacy in the Media Age: Three Models of Uses and Effects," *Diplomacy & Statecraft* 12, no. 2 (2001): 1–28.
 - 14 Gudjonsson, H. "Nation-branding," *Place Branding and Public Diplomacy* 1, no. 3 (2005): 283–298.
 - 15 Marat, E. "Nation-Branding in Central Asia: A New Campaign to Present Ideas about the State and the Nation," *Europe-Asia Studies* 61, no. 7 (2009): 1123–1136.
 - 16 I.e. Kazakhstan's commitment to multilateralism, regional cooperation, and its leadership in nuclear non-proliferation.
 - 17 56,333 tourist visitors out of 6,332 734 in 2014. See: Trubacheva, T. "Pochemu v Kazakhstane plokho prodvigaetsia vnutrennii turizm," *Forbes*, March 31, 2016, http://forbes.kz/finances/markets/zavernite_pojaluysta_1.
 - 18 Russia, Uzbekistan, Kyrgyzstan, Tajikistan and China.
 - 19 Zubov, A. "Smeshnye tsifry vezdnogo turizma v Kazakhstan," *365Info*, August 3, 2016, <http://365info.kz/2016/08/smeshnye-tsifry-vezdnogo-turizma-v-kazakhstane/>.
 - 20 Leonard, M. "Diplomacy by Other Means," *Foreign Policy*, no. 132 (2002), 48; Fan, Y. "Branding the Nation: Towards a Better Understanding," *Place Branding and Public Diplomacy* 6, no. 2 (2010): 97–103.
 - 21 Szondi, G. "Public Diplomacy and Nation-Branding: Conceptual Similarities and Differences," *Clingendael*, January 2008.
 - 22 Bastiaens, I. "The Politics of Foreign Direct Investment in Authoritarian Regimes," *International Interactions* 42, no. 1 (2015): 140–171.
 - 23 Rustemova, A. "Rent Seeking and Authoritarian Consolidation in Kazakhstan and Uzbekistan," in R. Vanderhill and M. Aleprete, eds, *International Dimensions of Authoritarian Persistence: Lessons from Post-Soviet States*, 1st ed. (Lanham: Lexington Books, 2013), 74.
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cannot help but notice that the energy and mineral sectors continue to account for the largest share of FDI and exports still largely consist of primary commodities. Therefore, if the purpose of nation-branding is simply “to stimulate inward investments and boost exports,”²⁴ then the results achieved raise certain doubts about the feasibility and effectiveness of the chosen strategy.

Third, while in theory Kazakhstan carries out image-building projects that are designed to highlight positive cultural aspects and recent achievements in order to build an image of a successful state both at home and abroad, in reality these initiatives come at a price. Not only do Western journalists and analysts tend to frame the country in negative color, they also bring to light the hidden side of the soft authoritarian coin.²⁵ For example, Natalie Koch observes that the capital city Astana—whose urban development is one of Kazakhstan’s main brands—is consistently depicted by Western observers as “Nowheresville,” “Tomorrowland,” or a “Potemkin village.”²⁶ Analogous comments can be made with regard to Kazakhstan’s EXPO 2017, which is being described by Western media as the country’s main “corruption show.” Arguably, very few decision-makers in Kazakhstan can be unaware of this trend.

Along this line, skeptical attitudes toward “image-building projects” are becoming increasingly noticeable among the general population. In times of economic downturn, some see it as an unnecessary luxury, while others regard it merely as a blatant waste of money and resources and yet another example of *raspiliada* (embezzlement of public funds as a result of hosting mega-events). A telling example is Kazakhstan’s bid to host the 2022 Winter Olympic Games. At the end of 2014, an initiative group of Almaty residents gathered together to sign a petition that requested the government to withdraw its bid for hosting the Games due to serious concerns over financial costs and environmental issues. However, while other contenders (including Germany, Sweden, Poland, and Norway) withdrew their 2022 proposals one after another due to lack of public support, no concerns raised at home could stop Kazakhstan from staying in the competition.²⁷ To the great relief of many in Kazakhstan, China ultimately won the

right to host the Games. Aside from ignoring the public’s outcry, it is still hard to imagine that the government has the resources to fund international image-building projects that reap mockery and criticism in the midst of financial crisis, devaluation of the national currency, and falling prices for natural resources.

Thus, considering the previously discussed rationalist approaches to nation-branding as offering insufficient explanations for Kazakhstan’s continuous engagement in nation-branding exercises, this paper joins the flow of studies that advocate for the importance of non-material factors such as culture and identity in the analysis of nation-branding. This paper argues, above all, that Kazakhstan’s branding initiatives should be understood not only as the presentation of a positive image at the international level, but also as part of the government’s nation-building process at home.

To support this argument, the next section addresses the question of how national identity is connected to the concept of nation-branding and the study of Kazakhstan’s foreign policy.

Negotiating Post-Soviet National Identity in Kazakhstan

Kazakhstan was confronted with the challenges of redefining its national identity in the wake of its independence and the Soviet Union’s demise in 1991. The Marxist-Leninist discourse²⁸ that had shaped and sustained the Soviet national identity project over several decades eventually crumbled,²⁹ leaving space for a “re-imagining” of the national identity³⁰ through alternative discourses that existed in the wider discursive field of Kazakhstan. The struggle between these coexisting yet “competing and contradictory discourses with varying degrees of power”³¹ made the process of national identity reconstruction an inherently challenging endeavor for post-Soviet Kazakhstan, where ethnic diversity issues, the language policy dilemma, and intra-Kazakh cleavages were compounded by political uncertainty, severe economic problems, and social tensions.

24 Dinnie, K. *Nation-branding* (Oxford: Butterworth-Heinemann, 2008).

25 For instance, the preparation processes for such big events as the Asian Games 2011 and Expo 2017 were accompanied by a series of major corruption scandals involving high-ranking officials.

26 Koch, N. “Urban ‘Utopias’: The Disney Stigma and Discourses of ‘False Modernity,’” *Environmental Planning* 44, no. 10 (2012): 2445–2462.

27 Norway, in particular, explained its decision to drop out of the contest by two arguments. First, it was the financial part - “most Olympic budgets end up being much more expensive.” Second, it was “the very strange demands from the IOC.” Even though Norway is a rich country, “Norwegian culture is really down to earth; when you get these IOC demands that are quite snobby, Norwegian people cannot be satisfied,” said Ole Berget, a deputy minister in the Finance Minister. For more details see: Lewis, M. “International Olympic Committee Blames Media for Misreporting ‘Crazy Demands’ after Oslo Drops Bid to Host 2022 Winter Games,” *National Post*, 2014.

28 Aligicã, P.D., and Evans, A.J. *The Neoliberal Revolution in Eastern Europe* (Cheltenham, UK: Edward Elgar, 2009); Thompson, J.B. *Studies in the Theory of Ideology* (Berkeley: University of California Press, 1984).

29 Evans, A.B. *Soviet Marxism-Leninism* (Santa Barbara: ABC-CLIO, 1993).

30 Anderson, B. *Imagined Communities: Reflection on the Origin and Spread of Nationalism* (London: Verso, 1983), 15.

31 Weedon, C. *Feminist Practice and Poststructuralist Theory* (Oxford, UK: B. Blackwell, 1987), 35.

Before any further discussion, several issues need to be considered, for the sake of clarity. First, although the scope of discussion on nation-building processes in Kazakhstan is often restricted to a binary, ethnic versus civic discourse, the country's discursive field offers a stock of diverse narratives on national identity that are continuously vying for supremacy.³² Second, power relations among these discourses has been evolving; some attain dominance while others become marginalized and subjugated.³³ While references to the Soviet nationalities policy dominated the public space during Soviet rule, by the mid-1980s, a competing nationalistic Kazakh discourse took shape after decades of silence and became a noticeable factor in the domestic politics of Soviet Kazakhstan. The rising prominence of this ethnic nationalist discourse, however, would not have been possible without a number of socioeconomic and cultural evolutions, such as demographic change in favor of Kazakhs,³⁴ an increase in their education attainment, and rapid urbanization.³⁵

Although the origins of this discourse are rooted at least as far back as the early 1920s,³⁶ it was the December riots of 1986 that demonstrated the power potential of these counter-hegemonic ways of thinking. Already in 1989, in response to pressure from below and as in all other Soviet republics, Kazakhstan adopted the Language Law, making Kazakh the state language; in 1990, the Declaration of Sovereignty unambiguously emphasized the special role of the indigenous nation, the Kazakhs.³⁷ The policies of *glasnost* (openness) and *perestroika* (restructuring) introduced in 1985 by Moscow supported greater freedom of speech, freedom of media, and freedom of assembly.³⁸ This inevitably fueled the rise of alternative discourses and greater contestation of the hegemonic communist discourse informed by the Marxist-Leninist framework.

Since it is impossible to cover all potential alternative discourses, I mention here only the main competing

narratives of national identity promoted by diverse actors in the early years of Kazakhstan's statehood.³⁹

The Islamic nationalists (Pan-Turkists/Pan-Islamists), such as the Alash party, articulated their discourse through a triad of signifiers: "Islam-Turkism-Democracy."⁴⁰ For them, the construction of national identity was to be based on the principles of pan-Turkism (unity of all Turkic-origin peoples) and pan-Islamism (solidarity of all Muslims). They envisioned the creation of a united "Greater Turkestan" encompassing of all the Turkic-speaking peoples and a national revival of Kazakhstan as its historical core. Islam, as a state religion, should become a consolidating force in the nation-building process. Thus, being Muslim should be one of the main criteria in determining identity membership. Hence, Islamic nationalists urged the expulsion of Slavs from Kazakhstani territory, which was expressed through the slogan "Russians get out."⁴¹ The distinctive features of their proposed foreign policy orientation were maintenance of a nuclear arsenal, close cooperation with the Turkic-Islamic world, and struggle against so-called Russian and Western neo-colonialism.

Ethnic nationalists, which included members of the National Democratic Party, the Azat Civil Movement, and the Zheltoksan National Democratic Party, advocated for the exclusivist nature of the national-identity project, i.e. identity is to be based on ethnicity. Within this discourse of exclusivist ethnic nationalism, Kazakhstan was imagined as a sovereign, one-nation (Kazakh), state. Although minorities were supposed to enjoy guaranteed basic human and civil rights, they would be regarded as representatives of diaspora nations.

Republic nationalists—well represented in the Republican Party of Kazakhstan—insisted on a more inclusive national identity, but proposed that members consider themselves to be Kazakh, respect Kazakh culture and traditions, speak the Kazakh language, and contribute

32 Foucault, M. *Discipline and Punish: The Birth of the Prison*, translated by Sheridan, A. (London: Allen Lane, Penguin, 1977), first published in French as *Surveiller et punir* (Paris: Gallimard, 1975).

33 Weedon, C. *Feminist Practice and Poststructuralist Theory*, 35.

34 For instance, in 1959 ethnic Kazakhs constituted 30% of the population (Russians 42.7%); by 1989, this number increased to 39.7%, making Kazakhs the largest ethnic group in the Republic (Russians 37.8%). See Dave, B. *Kazakhstan* (London: Routledge, 2007), 60.

35 The share of urban population in Kazakhstan grew from 43.7% in 1959 to 53.5% in 1979 and 57.1% in 1989. See: *Urbanization in Central Asia: Challenges, Issues and Prospects* (United Nations Economic and Social Commission for Asia and the Pacific: Tashkent, 2013), 3, http://www.unescap.org/sites/default/files/Urbanization%20in%20Central%20Asia_ENG_0.pdf.

36 It is worth noting that at that earlier time, the Kazakh nationalist discourse had developed specifically in opposition to tsarist Russia.

37 "The declaration of state sovereignty of the Kazakh Soviet Socialist Republic from October 25, 1990," *Supreme Court of KazSSR*, 44 (1990), 408.

38 Gibbs, J. *Gorbachev's Glasnost: The Soviet Media in the First Phase of Perestroika* (College Station, Texas: Texas A & M University Press, 1999); Brown, A. *The Gorbachev Factor* (Oxford: Oxford University Press, 1996); Robinson, N. *Ideology and the Collapse of the Soviet System* (Aldershot, Hants, England: Edward Elgar Publishing Limited, 1995).

39 Due to limited space, I do not discuss several discourses articulated by other actors, including Communists, Socialists, and Democrats. Communists held true to the idea of a "laboratory of friendship of people" and reiterated their commitment to the ideological dogmas of Marxism-Leninism. In terms of foreign affairs, they favored preserving the Soviet Union as a Slavic union. Later on, they advocated for the restoration and development of a unified economic space within the boundaries of the Commonwealth of Independent States.

40 Polonskaia, L., and Malashenko, A. "Islam in Central Asia," in *Central Asian Security: The New International Context*, 1st ed. (London: Royal Institute for International Affairs, 1994).

41 Ro'i, Y. "Islam in the FSU - An Inevitable Impediment to Democracy," in Ro'i, Y. *Democracy and Pluralism in Muslim Eurasia*, 1st ed. (London: Frank Cass, 2004), 105.

to the further development of Kazakhstan. For them identity was closely linked to territory.⁴² Therefore, they campaign against land privatization and advocate for the defense of absolute territorial integrity. According to this national identity project, Kazakhstan would become a non-aligned state that accepts principles of nuclear non-proliferation and disarmament.

Largely in opposition to Islamic, ethnic, and republican nationalists, a *Slavist* discourse, advanced by the LAD movement and the Russian Community (*Russkaia obshchina*), opposed the institutionalization of privileges granted on criteria of ethnicity and advanced claims in favor of granting Russian the status of a second state language, protecting Russian culture, and concluding agreements on dual citizenship with Russia.⁴³

A small group of *liberals* advocated for the creation of a democratic civic identity based on democratic and liberal principles that would allow for diversity and equality among all Kazakhstan's citizens.⁴⁴ Liberals insisted that democratic rights should be extended to all members of Kazakhstan society, and that languages and cultures of all ethnicities should be supported and protected by institutions. Growing interaction with the international community provided an understanding of what constituted a legitimate international identity: a peace-loving state that adheres to the principles of "respect for rule of law, democracy and guarantees for minority, ethnic and national rights."⁴⁵

These different strands developed distinctive views on national identity and foreign policy issues. But they all share the notion that democracy was the political future of Kazakhstan.⁴⁶ This can be explained by the widespread "end of history"⁴⁷ thinking and the hegemonic global discourse of liberal democracy. None of these discourses, however, gained state-level dominance in the 1990s.

The only discourse that stood out sharply was that of the *statists*, which was built around ideas of a strong independent state, stability, development, and technocratic rationality. Statists proposed to create a common "Kazakhstani nation" shaped on the matrix of civic nationalism. This discourse was guided by the understanding that the Kazakhstani nation should be constructed with due regard to ethnic differences, but

with the ultimate goal of overcoming these differences through the creation of a common Kazakhstani identity. A primary role in the construction of this civic, albeit authoritarian, national identity was assigned to the state and to the ruling elites.

Imagining the Nation and the State

The statist discourse achieved a dominant status by the mid-1990s, and, for several reasons, it continues to maintain that position to this day.

First, statists were able to win the consent of masses by integrating various social and identity demands, in contrast to major alternative discourses. The latter all contain elements of opposition and differentiation (homogenization/assimilation, marginalization, exclusion) and constructed "in-groups" along ethnic, cultural, or religious lines. As a result, they all "ironed out" the variety of beliefs, practices, and ways of thinking⁴⁸ that existed in Kazakhstan's society.

The statist discourse, however, succeeded in interweaving ethno-cultural, civic, and multicultural threads together. On the one hand, it has built around idea of tolerance of difference,⁴⁹ with multi-nationalism, multi-religionism, multi-lingualism, and multiculturalism as its main pillars. By de-emphasizing the primacy of ethnic, religious, and linguistic criteria in the construction of national identity, statists were able to accommodate the demands of Slavs and other minorities. On the other hand, the statist national identity proposal emphasizes the need to pay special attention to the interests of the titular Kazakhs. Some scholars framed this national identity project as "internationalism with a Kazakh face."⁵⁰ By articulating the interests of the titular Kazakhs, the statists were thus able to neutralize alternative discourses and achieve a fragile, passive consensus among this group of the population. Similarly, in the sphere of language policy, the state promoted the gradual introduction of the Kazakh language in all domains of public life, while guaranteeing protection of minority languages and rejecting calls to ban the Russian language.

Second, the statists' discourse contained "an additional component,"⁵¹ namely an outward-looking

42 Ouali, A.E. *Territorial Integrity in A Globalizing World* (Berlin: Springer-Verlag, 2012), 291.

43 Oka, N. "The 'Triadic Nexus' in Kazakhstan: A Comparative Study of Russians, Uighurs, and Koreans," in Ieda, O., et al., eds, *Beyond Sovereignty: From Status Law to Transnational Citizenship?* (Sapporo: Slavic Research Center, Hokkaido University, 2006): 359–380.

44 Social Democratic Party of Kazakhstan, Socialist Party of Kazakhstan.

45 "United Kingdom Materials on International Law," *British Yearbook of International Law* 62, no. 1 (1991): 561.

46 "Democracy" was not necessarily interpreted in the Western liberal tradition.

47 Fukuyama, F. *The End of History and the Last Man* (New York: Free Press, 1992); Fukuyama, F. "The End of History?" *The National Interest* 16 (Summer 1989).

48 Hjelm, T. *Social Constructionisms. Approaches to the Study of the Human World* (Palgrave Macmillan, 2014): 75.

49 In 1992, the President proposed to create a new social institute, namely, the Kazakhstan Assembly of Interethnic Harmony and Unity, a non-political, non-governmental organization whose main objective was to strengthen the interethnic and inter-confessional peace and harmony in the state.

50 Schatz, E. "Framing Strategies and Non-Conflict in Multi-Ethnic Kazakhstan," *Nationalism and Ethnic Politics* 6, no. 2 (2000): 71–94.

51 Hopf, T. *Social Construction of International Politics* (Ithaca: Cornell University Press, 2002).

focus on imminent threats that eventually facilitated the suppression of alternative discourses. In the early years of Kazakhstan's statehood, liberals posed a significant threat to the statist, as the former could credibly compete for supremacy. Both liberals' and statist's discourses offered similar proposals with regard to a variety of issues (e.g., national identity projects, economic and social policies, and nuclear disarmament). A fundamental difference stood out, however. The liberals' discourse was largely inward-looking, focusing on the state's internal vulnerability, and the Soviet legacy of "totalitarianism." Liberals made democracy the cornerstone of their discursive framework, conceiving it as essential for preventing the abuse of power by the state and creating a society based on values of equality, justice, freedom, and solidarity. In line with this, they argued for the immediate "de-ideologization" of politics, insisting on the limitation of state power.

Statists, however, were predisposed toward preserving power, and their discourse was built around a security-globalization nexus. Within this outward-looking worldview, Kazakhstan is situated in a world system defined by globalization, which entails both challenges and opportunities for the country. On the one hand, asymmetrical interdependence between states poses a threat to developing countries that lack a comparative advantage. As asserted by President Nursultan Nazarbayev in his speech at Columbia University in 1994, in "analyzing the modern world, it is impossible to deny the existence of the hierarchy of relationships along three dimensions: individual, state, and global society."⁵² Yet even though the Charter of the United Nations provides for the sovereign equality of states, "in reality these principles have often had to be defended" by the newly independent states, which are particularly vulnerable to a complex set of threats. Consequently, new security risks force the state to redefine its security agenda. It is worth noting that security here is interpreted by the Kazakhstani state not only in military terms, but also as having environmental, economic, political, and social dimensions. As these dimensions of security are inherently interconnected, a threat to one may affect another.⁵³

Statists thus argued that democratization would weaken the state's capacity to ensure security and peace at both the domestic and the international level. Rapid diffusion of power "would lead to chaos" as society was

not yet ready for it. As a necessary measure, it was thus rational for "the orchestra" to have "only one conductor," as Nazarbayev himself stated.⁵⁴ Hence, the demand for a strong state was justified on peace and security grounds.⁵⁵ Rhetorically, however, the establishment of democracy was not completely dismissed; rather, it was deferred until later. It was argued that "democracy is not an inoculation against totalitarianism,"⁵⁶ neither is it helpful in avoiding colonization and dependency. Therefore, it was accorded a back-seat role.

On the flipside, however, in portraying globalization as a natural and unavoidable phenomenon, the statist discourse posits that Kazakhstan should ensure its security by taking advantage of opportunities offered by global processes.

In this light, building a positive international image, "enhancement of political authority in international society," a multivector foreign policy, and economic development are seen as necessary to ensure the formation of a so-called "belt of good-neighborliness" around the country. The statist share the belief that multilateralism—membership in international organizations identified not only as symbols of internationally recognized statehood (e.g., the United States), but as security assurance (e.g., the Collective Security Treaty Organization, the Shanghai Cooperation Organization)—will dilute, if not totally supplant, traditional security practices that involve the participation of a hegemonic actor. Therefore, the state should be involved in institution-building rather than a military race. Kazakhstan thus needed to adopt an active foreign policy approach, which involved obtaining membership in various international organizations and actively proposing initiatives to tackle global and regional issues.

Importantly, for a country engaged in world politics, a positive image by other states would serve as an indicator of the country's successful work to ensure its survival. This reading of the state sovereignty and security gave statist the grounds to claim legitimacy as "external recognition broadcast inward to domestic audiences."⁵⁷ "Attainment of an authoritative position in the world economy" was deemed impossible without trade liberalization and the transition to a market economy. In the context of a difficult political and socio-economic situation, it was stressed that exiting from the

52 Nazarbayev, N. "Speech of the President of the Republic of Kazakhstan" (speech given at Columbia University, New York, February 16, 1994), http://online.zakon.kz/Document/?doc_id=30007143.

53 Waever, O. *Identity, Migration, and the New Security Agenda in Europe* (New York: St. Martin's Press, 1993).

54 Speech given by N. Nazarbayev at the Second Session of the Assembly of people of Kazakhstan, Almaty, June 30, 1995.

55 Taking into account the developments in neighboring countries (Tajikistan and Afghanistan) as well as the amount of hardship the country was going through after gaining its independence, Kazakhstani elites adopted the discourse about the importance of protection of sovereignty, national unity, and territorial integrity, as well as maintenance of peace and security.

56 Speech given by N. Nazarbayev at the Council on Foreign Relations, New York, May 23, 1992.

57 Schatz, E. "Transnational Image Making and Soft Authoritarian Kazakhstan," *Slavic Review* 67, no. 1 (2008): 50.

post-Soviet crisis would not be achieved through threats and strike actions, but through hard work, patience, discipline, and consolidation for the sake of growth. According to the statist, development would require temporary sacrifice, which people needed to be prepared for, and some failures would be an inevitable part of growth. Adjustment to new global realms would allow Kazakhstan to move from the “zone of backwardness and vulnerability” to the “zone of progress and prosperity.”

The statist’s discourse is thus by essence inherently reform-oriented and forward-looking. Statists hold that the “survival” and integrity of the state are impossible without interethnic stability and unity at the domestic level. Taking into account that the level of ethnic diversity in Kazakhstan impeded the national identity construction processes, they chose a new vision that focused on a common future as the development trajectory for the purpose of distancing the state from its communist past. According to this forward-looking gaze, Kazakhstanis, despite being of different ethnicities, are united by a common ambitious goal, which is to build an independent state that would become a strong international actor.⁵⁸ Official discourse holds that Kazakhstani people comprise “the nation of the unified future;” it should put “the new values of the whole nation, such as the supremacy of law, state traditions, and Kazakhstani values, above their own ethnic behavioral models.”⁵⁹

In short, the ability to articulate the demands of different groups, an outward-looking focus, and a future-oriented gaze allowed the statist to retain power and neutralize alternative discourses.

National Identity and Nation-Branding

The statist’s representation of the nation gained a sufficient degree of consent from the population in the early years of statehood, prevailing over alternative imaginaries of national identity by the mid-1990s. Having become an official discourse, however, does not mean it became everlasting. The dominant discourse is never fixed, and it continues to face challenges and resistance.⁶⁰ To maintain its status, it must be able to continue to silence or discredit alternative proposals on national identity.

Bearing this in mind, and given fierce political contestation with regard to national identity at the domestic level,⁶¹ the domain of nation-branding provides a safe space within which the national identity may be constructed and reconstructed by the ruling elite. In other words, nation-branding remains an elite project that helps “naturalize” the official discourse on national identity. The following examples illustrate the point.

First, the Kazakhstani national identity project portrays Kazakhstan as a unique model of interethnic and inter-confessional concord in which all citizens, regardless of their ethnicity or religion, enjoy equal rights and freedoms. In 1995, the Assembly of People of Kazakhstan was established to ensure national unity on the grounds of civil identity, patriotism, and spiritual and cultural solidarity. In 2003, Kazakhstan initiated the Congress of Leaders of World and Traditional Religions. This “Dialogue of Civilizations” initiative presented Kazakhstan as a responsible international actor that promotes inter-religious and intercultural dialogue on a global scale and, even more importantly, has the authority to do so, due to both its experience in peaceful global conflict resolution and its unique model of interfaith harmony at home. Projected inward, this further sustains the chosen narrative of peace and tolerance, represented by the Palace of Peace and Accord built in Astana in 2006. Furthermore, it portrays Kazakhstan as a meeting point of various cultures and civilizations, reinforcing its image of being “a bridge between the West and the East.” This leads the discussion to another linchpin of the official discourse: Eurasianism.

According to official discourse, Kazakhstan, which is situated in the “heart of Eurasia,”⁶² is a “Eurasian country, which has its own history and its own future.”⁶³ In line with this, “the unifying idea for all Kazakhstanis is the Eurasian idea, which synthesizes in the Kazakhstanis the best qualities of Asians and Europeans.”⁶⁴ One example of nation-branding through which the Eurasian idea consolidated was the 2011 Astana-Almaty Winter Games. The official mascot of the Games was the snow leopard Irby, which embodied Kazakhstan’s Eurasian spirit, while the motto of the event—“Unity of purpose—unity of spirit” (*Maqsaty birdin – ruhy bir* in Kazakh and

58 Speech given by N. Nazarbayev at the Forum of People of Kazakhstan, Astana, December 14, 1994.

59 Nazarbayev, N. “Ult zhospary - qazaqstandyq armanga bastaityn zhol,” *Akorda*, 2016, http://www.akorda.kz/kz/events/akorda_news/press_conferences/memleket-basshysynyn-ult-zhospary-kazakstandyk-armanga-bastaityn-zhol-makalasy.

60 Lazar, M.M. *Feminist Critical Discourse Analysis* (Houndmills, Basingstoke, Hampshire: Palgrave Macmillan, 2005).

61 Beissembayev, S. “Fenomen kazakhskogo natsionalizma v kontekste segodniashnei politiki: ot otritsaniia k ponimaniui,” *Soros.kz*, 2015, http://ru.soros.kz/uploads/user_68/2015_23_09_03_46_44_219.pdf.

62 Nazarbayev, N. *Epitsentr mira* (Almaty: Atamyra, 2003); Nazarbayev, N. *Kazakhstanskii put'* (Karaganda, 2006).

63 Nazarbayev, N. “Prosperity, Security, and Ever Growing Welfare of All the Kazakhstanis. The Address of the President of the Republic of Kazakhstan,” *Akorda*, October 10, 1997, http://www.akorda.kz/en/addresses/addresses_of_president/page_address-of-the-president-of-the-republic-of-kazakhstan-nursultan-nazarbayev-to-the-people-of-kazakhstan-october-10-1997_1343986436.

64 Nazarbayev, N. “100 Steps for Five Institutional Reforms,” *Akorda*, Astana, November 30, 2015, <http://www.akorda.kz/en/addresses/state-of-the-nation-address-by-president-of-kazakhstan-nursultan-nazarbayev-november-30-2015>.

edinstvo tselei –edinstvo dukha in Russian)–symbolized a common goal and the nation’s striving to achieve unity and harmony. The snow leopard brand was used for the first time in 1997 when Kazakhstan announced the prioritization of economic achievements over political developments and its adherence to the promotion of so-called Asian values.

Another example is the OSCE chairmanship, which Kazakhstan obtained in 2010. The chairmanship not only symbolized an appreciation of Kazakhstan’s achievements with regard to modernization and interethnic and interfaith accord on the part of the global community, but it also consolidated the vision of Kazakhstan as a bridge between Europe and Asia and its Eurasian identity.

The 2030 and 2050 Strategies, too, reflect these forward-looking and reform-oriented references. The goal of both strategies is to develop a welfare nation built on the basis of a strong state with a developed economy, and to join the top 30 developed countries of the world. Trilingual development of the Kazakh, Russian, and English languages is a pledge of consolidation of the society and improvement of its competitiveness. However, the success of achieving this new Kazakhstani dream is dependent on the unity of the nation: “Our path is the path of unity and consistent formation of the nation based on the civic identity.”⁶⁵

In May 2016, Nazarbayev called for the creation of a Ministry of Information and Communications to ensure the effective implementation of five institutional reforms that he proposed in 2015. The fourth of them specifically focuses on strengthening Kazakhstani identity. To implement the five reforms, the president introduced the “100 steps” initiative, a plan that includes various measures aimed at strengthening Kazakhstan’s civic identity, namely: the development and implementation of the large-scale project of the Assembly of People of Kazakhstan “Big Country–Big Family;” the national project “Menin Elim” (My Country); the promotion of the notion of the “Society of Common Labor;” and the

national project “Nurly Bolashak” (Bright Future). The ministry of Information and Communications was thus created in part to provide information support to the development of “Kazakhstan’s identity in mass media, the internet, new generation media, and social networks.”⁶⁶

In a similar vein, the international exposition EXPO 2017 is going to be held in Astana under the slogan “Future Energy.” This slogan not only reflects the theme of the exposition (green energy technologies), but also symbolizes the spirit of Kazakhstan: future energy as Kazakhstan’s striving for future progress and future energy as the potential of the Kazakhstani and the country itself.

Conclusion

As shown in this paper, the most widely accepted rationalist explanations for why a country would engage in nation-branding cannot be fully accepted in the Kazakhstani case. On the contrary, to a great extent, Kazakhstan’s branding initiatives should be understood not only as the presentation of a positive image at the international level for the sake of tourism, investment attractions or political aspirations, but also as part of the government’s nation-building process at the domestic level.

The Kazakhstani ruling elite continue to pursue the project of constructing an authoritarian civic national identity, based on the country’s achievements over the years of independence, “imagined” shared values, and common nationality through nation-branding practices. These nation-branding efforts, however, simplify the national identity and disregard alternative discourses about national imagery that are inherently different from the official one. In light of the increasing salience and growing popularity of alternative discourses and the fragile passive consensus on civic national identity that were achieved in the 1990s and the 2000s, the dominant position of the official discourse may be challenged in coming years. It is at this critical juncture that the current regime will be tested for endurance.

65 Nazarbayev, N. “Ult zhospary - qazaqstandyq armanga bastaityn zhol” (2016), http://www.akorda.kz/kz/events/akorda_news/press_conferences/memleket-basshysynyn-ult-zhospary-kazakstandyk-armanga-bastaityn-zhol-makalasy.

66 Nazarbayev, N. “100 Steps for Five Institutional Reforms.”

Azerbaijan's Suspended Democracy: Time for an International Reassessment

Arzu Geybullayeva¹ (2016)

Over their decades of rule, the Aliyev clan has bypassed every opportunity to lay the foundation for democratic norms and procedures in Azerbaijan. After Heydar Aliyev's return to power in 1993, and with the prospect of developing the country's unexploited energy potential, official Baku endeavored to build a system that could navigate the world of international politics without having to develop democratic norms and procedures at home.

Thus, if there was a battle between democracy and the country's untapped potential of energy reserves, the latter definitively won. Political analyst Leila Alieva [unrelated to the ruling family] argues that, in fact, rather than political ideologies, it was the energy reserves that shaped the regime's policies and played a more fundamental role.²

The results of this deliberate choice were catastrophic: without any internal mechanisms of control, the government of Azerbaijan gradually turned into an authoritarian state in which fraudulent elections, corruption, a dismantled legal system, and a systematic crackdown on critics became the norm. International community efforts to introduce support mechanisms for domestic civil society through various partnerships and domestic initiatives largely failed, as the government refused to see the benefits of a healthy community of civil society actors.

The first half of this policy paper is an attempt to understand the factors that prevented Azerbaijan from becoming a full-fledged democracy in the span of the past two decades. The failure of the Western sphere of influence to realize the consequences of its political and diplomatic ignorance in letting official Baku get away with an internal crackdown is the focus of the second part of this paper. The paper is based on a series of interviews conducted at the time of the fellowship between February and May 2016, an overview of the existing literature, and the author's analysis.

Introduction

"It was under the great leader that in 1993, the people of Azerbaijan managed to put an end to the economic, political, and military crisis, and Azerbaijan entered the period of development, and embarked on the course of democracy and market economy."

Ilham Aliyev, May 27, 2008

On August 30, 1991, after 70 years of Soviet rule, Azerbaijan declared its independence from the Soviet Union. These were unquestionably difficult times for the new republic as it faced economic collapse, domestic political chaos, and an ethnic war with Armenia over the territory of Nagorno Karabakh.

Three years later, in Baku's Gulistan Palace, the signing of what became known as the "contract of the century," a production-sharing agreement with a consortium of Western oil companies to tap the deepwater oilfields of Guneshli, Chirag, and Azeri, untouched by Soviet exploitation, seemed to promise a new future for Azerbaijan, with economic growth, new jobs, foreign investments, an anchor for a Western presence, and an opportunity to establish itself as the West's regional partner.

Former U.S. ambassador to Azerbaijan (1994–97) Richard Kauzlarich believes that Heydar Aliyev understood the importance of partnership with the West, and especially with the United States, at the time. He knew he needed the United States as a buffer against Russia, in order to be able to develop the country's energy resources outside of Russia's sphere of influence and to resist pressure from Russian authorities to build pipelines through Moscow-controlled territories.³

But rather than laying the foundations for lasting economic and, in parallel, political development, the Azerbaijani leadership fell victim to the 'resource curse' or 'paradox of plenty.' This is a condition whereby negative economic and political outcomes and misguided interests are able to prevail in the absence of strong domestic institutions and long-term, sustainable growth and development plans.

1 Arzu Geybullayeva is a journalist from Azerbaijan, who received the 2014 Vaclav Havel Journalism Fellowship with *Radio Free Europe/Radio Liberty*. She holds an MSc degree in Global Politics from the London School of Economics and a BA degree in International Relations from the Bilkent University (Turkey). She has spent the past few years writing about the on-going crackdown in Azerbaijan, representing some of the cases of political prisoners at international conferences.

2 Alieva, L. "Azerbaijan: Power in the Petro-State," in M. Emerson and R. Youngs, eds, *Democracy's Plight in the European Neighborhood: Struggling Transitions and Proliferating Dynasties* (Center for European Policy Studies, 2009).

3 Interview with Richard Kauzlarich, George Mason University, April 26, 2016.

It did not take long before Azerbaijan was branded “one of the most corrupt countries in the world,”⁴ where power lay in the hands of one family surrounded by powerful elites occupying key government positions. The appointment of millionaires to influential posts solidified their dependence on the president and his powerful clan. Marginal figures ended up occupying key decision-making positions within the government, many of whom remain there today.⁵

In her research, Azerbaijani scholar Aytan Gahramanova argues that Heydar Aliyev’s state-building strategy was mostly “shaped by the experience of leaders from the nomenklatura,” which meant resorting “to familiar political techniques of power consolidation through command-administrative leverage rather than pursuing further reforms.”⁶ At the time, “obtaining hard currency to ensure economic stability” and “building new transportation routes to world markets while decreasing dependence on Russia” shaped the political agenda and minimized the need for democratic reforms.

In the absence of democratic reforms and framework, it was only a matter of time until Azerbaijan would witness decline with respect to democracy and freedom, despite Heydar Aliyev’s promise “to protect the independence of Azerbaijan and promote the rule of law, democratic pluralism, and the development of a market economy” in the time left to him by God.⁷

Witnessing Decline

Between Aliyev’s tumultuous return to power and election in 1993 (after the 65-year age limit that had been imposed in order to block him was rescinded), his reelection to the presidency in 1998, and his death in December 2003, Azerbaijan approved a new constitution in 1995 establishing a presidential republic, and critical amendments to the constitution in 2002 that further expanded the president’s power. Anyone who stood up to challenge Aliyev faced persecution.⁸ The president appointed the prime minister, members of the Cabinet of Ministers, the prosecutor general, and the judges of the Supreme Court—a system perfectly suited for jailing and prosecuting the government’s critics on bogus charges.⁹

In the year before his death, Heydar Aliyev introduced a number of critical constitutional amendments, including giving the prime minister the power to act as interim president—power that had previously rested with the speaker of the parliament—until a new round of elections. But this was not the most critical change to the constitution. “The most important changes over which the referendum is believed to have been organized were the cancellation of the proportional electoral system, which implied that deputies are to be selected only on the basis of single-member constituencies; the number of votes required for the election of President was reduced to simple majority whereas before two thirds of votes were required; [...] and to transfer authority to ban political parties from the Constitutional Court to public courts.”¹⁰ The day of the referendum was marred by violations and fraud, and the measure passed with 97 percent of the vote.

Azerbaijan under Ilham Aliyev

In October 2003, Heydar Aliyev’s son, Ilham, won election to the presidency with over 75 percent of the vote. The OSCE/ ODIHR mission report concluded that the 2003 presidential election, despite the new Election Code, “which could have formed the basis for a democratic election,” “failed to meet OSCE commitments and other international standards for democratic elections.”¹¹ The organization reported “widespread intimidation in pre-election period,” flawed counting and tabulations, post-election violence, and biased state media. Police crushed protests organized by the opposition parties. Over 600 individuals were arrested and later tried.

Similar trends of fraud and violations in subsequent elections, and another constitutional referendum, held in March 2009, which abolished presidential term limits, demonstrated that Ilham Aliyev had little interest in fostering a free and fair election environment. The last parliamentary elections, in November 2015, took place without the traditional observers from OSCE/ODIHR. For the first time in the country’s 20-year partnership history of OSCE/ODIHR observation mission visits, Azerbaijan issued a statement communicating its request for only a

4 Watson, I. “The Caspian Pipeline: With New Pipeline, Azerbaijan on Verge of Oil Boom,” *NPR*, April 18, 2006, <http://www.npr.org/templates/story/story.php?storyId=5348075>.

5 Ibid.

6 Gahramanova, A. “Internal and External Factors in the Democratization of Azerbaijan,” *Democratization* 16, no. 4 (August 2009): 777–803.

7 “Ex-Kremlin Figure Returns to Power in Azerbaijan,” *New York Times*, June 16, 1993, <http://www.nytimes.com/1993/06/16/world/ex-kremlin-figure-returns-to-power-in-azerbaijan.html>.

8 Human Rights Watch world report, 1997: Events of 1996, Human Rights Watch, <http://bit.ly/1SOBMs2>.

9 Tweyman, H. “The Democratic Facade in Azerbaijan,” *Democracy Lab*, http://www.democracylab.uwo.ca/Publications/opinion_articles/Azerbaijan%20real%20FINAL%20DRAFT.pdf.

10 Valiyev, A. “Referendum in Azerbaijan: Next Victory of Azeri President,” *Central Asia-Caucasus Analyst*, September 11, 2002, <http://www.cacianalyst.org/publications/analytical-articles/item/7016-analytical-articles-caci-analyst-2002-9-11-art-7016.html?tmpl=component&print=1>.

11 “OSCE Office for Democratic Institutions and Human Rights Election (ODIHR) Observation Mission Report,” OSCE, November 12, 2003, <http://www.osce.org/odihr/elections/azerbaijan/13467?download=true>.

limited number of long-term and short-term observers ahead of the parliamentary elections.

Rather than give in to this ploy, ODIHR cancelled its mission all together. “The restrictions on the number of observers taking part would make it impossible for the mission to carry out effective and credible election observation,” said ODIHR director Michael Georg Link on September 11, 2015.¹² Thus, Azerbaijan closed its chapter with ODIHR exactly 20 years after the government of Azerbaijan invited ODIHR to deploy a joint election observation mission with the UN to observe both the parliamentary elections and the constitutional referendum in November 1995.¹³

While each election cycle was marred with criticism abroad and praise at home, corruption thrived, public spheres lacked capacity, and there were no signs of developing the market economy or the non-oil sector,¹⁴ which meant that Azerbaijan was seeing little or no development of either its social or political life since independence. Lack of horizontal accountability made the regime stronger and resistant to working on feasible reforms. Today, there are virtually no social structures that can hold the government accountable.

The Great Crackdown

Azerbaijan’s civil society—once a vibrant community of experts in various fields working on a wide array of democracy, development, gender, and education projects—took years to build, and it was not destroyed overnight. In one criminal investigation after another, its leaders and staff have been persecuted for alleged tax evasion, illegal entrepreneurship, appropriation, and in some cases treason and espionage.

International observers were alarmed by a number of developments ranging from enforcement of restrictive NGO legislation, unfounded criminal charges, abuse of pretrial detention as a preventive measure during investigations, gross violations of the right to a fair trial, holding of defendants in cruel, inhuman, or degrading conditions of detention, and so on.¹⁵

According to Human Rights Watch, “the crackdown started in response to youth groups’ attempts to organize protests in Baku soon after the uprisings broke out in the

Middle East and North Africa in early 2011. It intensified in mid-2012, apparently in anticipation of the October 2013 presidential elections.”¹⁶ Between March and April, 2013, authorities arrested seven members of a youth movement called N!DA, claiming that the organization was involved in a plot to overthrow the government and was financed by foreign organizations.

Along with arrests came legislative amendments such that in February 2013, it was made impossible for unregistered groups to legally receive grants and donations. This was government’s way of retaliating against an online donation campaign that was launched by youth activists to raise funds for the hefty fines that 22 people received for their participation in January 2013 protests calling on the government to end conscript deaths.¹⁷

The government amended the civil offense code, introducing fines as high as 250 to 500 AZN for anyone who donated money to political parties, civil society groups, and international non-governmental organizations. In addition, in case of violation of the prohibition on funding of unregistered groups, the fines were increased fivefold. As a result, “the amendments gave the government greater latitude to exercise control over registered groups while at the same time significantly restrict the ability of unregistered groups to receive donations and grants,” according to a Human Rights Watch report.

This blatant crackdown against local as well as international organizations continued and took on a more extreme turn in the summer of 2014, recalls Michael Hall,¹⁸ of the Open Society Foundation’s (OSF) Eurasia team. As the foundation’s regional director for the Caucasus and Central Asia, he was in Azerbaijan when criminal investigations were launched against the Open Society Institute Assistance Foundation. “In August 2014 Prosecutor’s Office raided our office, confiscating all of our documents, including everything that was in the safe. This was part of the larger criminal investigation that targeted IREX [the International Research & Exchanges Board], NDI [the National Democratic Institute], and all local NGO partners. We were told it was nothing against us, but a general investigation,” says Hall.

Prior to the raid, the Baku office of OSF had complied with all the requirements and occasional visits by men

12 “Restrictions imposed by Azerbaijan compel cancellation of parliamentary election observation mission, says ODIHR Director Link,” OSCE, September 11, 2015, <http://www.osce.org/odihr/elections/azerbaijan/181611>.

13 “OSCE/UN Report of the OSCE/UN Joint Electoral Observation Mission in Azerbaijan,” OSCE, January 1996, <http://www.osce.org/odihr/elections/azerbaijan/14291?download=true>.

14 Gahramanova, “Internal and External Factors in the Democratization of Azerbaijan.”

15 International Partnership for Human Rights (IPHR), “Persecution of Civil Society in Azerbaijan,” December 2015, <http://iphronline.org/wp-content/uploads/2015/12/Azerbaijan-Justice-Behind-Bars-December-2015.pdf>.

16 “Tightening the Screws: Azerbaijan’s Crackdown in Civil Society and Dissent,” Human Rights Watch, September 1, 2013, <https://www.hrw.org/report/2013/09/01/tightening-screws/azerbaijans-crackdown-civil-society-and-dissent>.

17 Sultanova, S. “Azerbaijan Government Worried by Facebook Activism,” *Institute for War and Peace Reporting*, April 2, 2013, <https://iwpr.net/global-voices/azerbaijan-government-worried-facebook-activism>.

18 Interview with Michael Hall, Open Society Foundation, March 22, 2016, Washington, D.C.

who sometimes asked too personal questions. But that did not prevent the authorities from raiding their offices. In the aftermath of the raid, OSF's Baku office was presented with a tax evasion charge, which they appealed and took all the way to the Supreme Court, but lost in the end. The charges were absurd: being a non-profit organization, OSF did not have to pay taxes on profits or register grants, as it was the responsibility of the grantees to register grants.

Once the investigation was launched, a number of international organizations including the OSF realized there was nothing much they could do but leave the country, especially when many of their local partners were either in jail, on trial, or in exile. Many NGOs were de facto shut down. In a statement issued on January 22, 2015, OSF expressed its concern over the "intensifying campaign against civil society in Azerbaijan, including the detention of several prominent human rights activists."¹⁹

At one point virtually all of the country's well-known activists and NGO experts, including rights defenders, were under arrest either on hooliganism, drug possession, or tax evasion charges. Some were charged with espionage.

In May 2014 Anar Mammadli, a leading expert on election monitoring, was sentenced to five and a half years of imprisonment. In April 2015 leading human rights lawyer Intigam Aliyev was sentenced to seven and a half years while human rights defender Rasul Jafarov was sentenced to six and a half years. In August 2015, leading rights activist Leyla Yunus was sentenced together with her husband Arif to eight and a half years and seven years respectively. On September 1, 2015, Azerbaijan's leading investigative journalist and the host of the daily radio show on RFE/RL's Azerbaijan service, Khadija Ismayilova, was sentenced to seven and a half years in jail.²⁰

The waves of crackdowns coincided with events happening outside of Azerbaijan, notably the color revolutions of 2003–2005, the Arab Spring (2011), the Gezi Protests (2013), and finally Euromaidan (2014). It was (and still is) fear of a spillover effect that triggered Ilham Aliyev's paranoia—fear that international organizations were in the country to fund an uprising and eventually overthrow him. In Azerbaijan's immediate neighborhood, Russia's treatment of its civil society community and enforcement of its foreign agent law only raised the levels of paranoia further.

In his paper "In the Shadow of Revolution," Professor Cory Welt wrote, "Since that time [color revolutions in 2003], the regime [has] steadily squeezed out virtually all forms of political protest, dissent and competition, particularly that of a new generation of budding activists [...] that threatens to connect small groups of activists to large audiences."²¹

Similarly, in her 2015 congressional testimony, Professor Audrey Altstadt said, "Fearing a color revolution or 'Euromaidan' threat, the Aliyev regime has greatly increased its repressions during 2014 and accused Western-led international organizations and the US in particular of subverting the Aliyev regime."²²

So while for Western observers, Euromaidan was about "what happens when the screws are too tight," for leaders like Aliyev it meant "what happens when the screws are not tight enough," said Jeff Goldstein, senior policy advisor for Eurasia at the Open Society Foundations in Washington DC.²³

U.S. Interests Couched in Silence

"For years, Azerbaijan has papered over its dismal human rights record by presenting itself to the United States as a loyal partner in the "war on terror," a stalwart friend to Israel, and important energy supplier," wrote Ilya Lozovsky in *Foreign Policy* in 2015.²⁴

America was too busy to pay closer attention. As Azerbaijan's democracy activists fought their demons at home, the United States was preoccupied with external threats across the world, especially after the 9/11 attacks. These priorities played a role in U.S.-Azerbaijani relations, as the United States prioritized security while human rights and democracy came last. The Azerbaijani leadership seized the opportunity skillfully, playing an ally in the war on terror, while solidifying its dismal human rights performance.

The plan worked. Just two months after the controversial election that brought Ilham Aliyev to power, Defense Secretary Donald Rumsfeld visited Azerbaijan but said little about the post-election violence or anything else for that matter. "The unprecedented use of state violence against the protesters, during which one person died and hundreds more were arrested, was met with

19 Statement from Open Society on the Crackdown on Rights in Azerbaijan, January 22, 2015, <https://www.opensocietyfoundations.org/press-releases/statement-open-society-crackdown-rights-azerbaijan>.

20 Anar Mammadli, Intigam Aliyev, Rasul Jafarov, Leyla and Arif Yunus, and Khadija Ismayilova were released at the time of writing this policy paper.

21 Welt, C. "In the Shadow of Revolution: A Decade of Authoritarian Hardening in Azerbaijan," *Working Paper*, George Washington University, July 2014, http://home.gwu.edu/~cwelt/In_the_Shadow_of_Revolution.pdf.

22 Altstadt, A.L. "Azerbaijan: US Energy, Security and Human Rights Interests," Testimony, Europe, Eurasia, and Emerging Threats Subcommittee House Foreign Affairs Committee, February 12, 2015, <http://docs.house.gov/meetings/FA/FA14/20150212/102956/HHRG-114-FA14-Wstate-AltstadtA-20150212.pdf>.

23 Interview with Jeff Goldstein, Open Society Foundation, May 18, 2016.

24 Lozovsky, I. "How Azerbaijan and Its Lobbyists Spin Congress," *Foreign Policy*, June 11, 2015, <http://foreignpolicy.com/2015/06/11/how-azerbaijan-and-its-lobbyists-spin-congress/>.

silence from the EU and the US, both of which recognized the election results,” wrote Leila Alieva.²⁵ Further calls on Bush administration to support democratic movements in Azerbaijan – such as the one made by Isa Gambar, chairman of Musavat party, in 2005–fell on deaf ears, having little if any effect in Azerbaijan.²⁶

But there was more to international neglect, like the overall unawareness of what was really happening in Azerbaijan. Miriam Lansky, Senior Director of the Russia and Eurasia division at the National Endowment for Democracy, says that at the time, there was hope that new technocrats would replace the old leaders. “We thought Soviet vestiges will die,” said Lansky. Only gradually did these experts realize that they were wrong. They had been very slow to catch on to what was going on in Azerbaijan, as there was a “lack of overall assessment” says Lansky.²⁷

That was not always the case, however. At the onset of relations between the two countries, there was engagement and comfort in dealing with each other. “I could go and have tea with editors of *Azadliq* newspaper when there were threats against the paper; I would attend religious sermons—we complained vigorously,” recalls former U.S. ambassador to Azerbaijan, Richard Kauzlarich.²⁸

The signing of a series of production-sharing agreements between U.S. companies and SOCAR (Azerbaijan’s state oil company) during a visit by President Heydar Aliyev to the White House in 1997 was, if not the peak of the relations, then surely the moment of mutual perception of the partnership that formed between the two countries. Azerbaijan’s further support in the war on terror after 9/11, the symbolic deployment of Azerbaijani troops in Afghanistan, and the use of the country’s airspace by the American military en route to Afghanistan—all played a role in building the partnership between the two countries.

Lobbying

“Azerbaijan has made major efforts over the last two decades to buy what it couldn’t build, which is respect and support in the United States.”

*Richard Kauzlarich, former U.S.
Ambassador to Azerbaijan*

Today, the relations between the two countries are somewhat different. The government of Azerbaijan deploys a number of lobbying initiatives in America’s capital city—from lobbying firms such as the Podesta Group or Fabiani & Company, to the Friends of Azerbaijan caucus in the Congress, to ties with Israeli lobby initiatives and more. As a result, Azerbaijani leadership has managed to convince some of America’s decision makers that Aliyev’s successful leadership is ensuring stability in Azerbaijan and keeping it out of the “problem country” category.

“Azerbaijan is among the top 10 foreign governments buying influence in Washington,” wrote Ilya Lozovsky in his piece investigating Azerbaijan’s lobbying ventures in the United States. “In addition to traditional diplomacy, it has advanced these messages through aggressive lobbying in the think-tank world, in state legislatures, and in the halls of Congress.”²⁹

Until November 2015, the “Azerbaijan America Alliance” (AAA), an organization set up by Anar Mammadov, son of the Minister of Transportation in Azerbaijan, was engaged in lobbying work together with Fabiani & Company under the leadership of former U.S. representative Dan Burton.

Burton wrote op-eds in support of Azerbaijan, highlighting the usual sentiments between the two countries—the friendships, strategic partnership, stable Azerbaijan-Israel relationship, and undeniable importance to the United States. “Azerbaijan is a valuable and tested ally for the United States. From counterterrorism and non-proliferation of weapons of mass destruction to serving as a stabilizing force in Afghanistan, Azerbaijan is among America’s best friends. Few if any Muslim majority countries enjoy as close and friendly a relation with Israel as Azerbaijan,” wrote Burton. “Azerbaijan is also a vital link in the global energy-security chain. ... The Azerbaijani government is often criticized over its human rights record. However, considering that Azerbaijan—like other former Soviet republics—has scant experience with democracy, its human rights record is better than most. In fact, Azerbaijan’s religious tolerance, inclusiveness and protection of women’s rights should be recognized,” according to Burton.³⁰

Burton’s partnership with the AAA lasted until March 2016, when the former congressman resigned as chairman

25 Alieva, L. “Azerbaijan: Power in the Petro-State,” in M. Emerson and R. Youngs, eds, *Democracy’s plight in the European Neighborhood: Struggling Transitions and Proliferating Dynasties* (Center for European Policy Studies, 2009).

26 Gahramanova, A. “Internal and external factors in the democratization of Azerbaijan in Democracy Promotion and the “Color Revolutions,” *Democratization*, August 2009.

27 Interview with Miriam Lansky, National Endowment for Democracy, April 4, 2016.

28 Interview with Richard Kauzlarich, George Mason University, April 25, 2016.

29 Lozovsky, “How Azerbaijan and Its Lobbyists Spin Congress.”

30 Burton, D. “The Peril of Stiffing a Rare Friend in the Caucasus,” *Washington Times*, June 26, 2013, <http://www.washingtontimes.com/news/2013/jun/26/the-peril-of-stiffing-a-rare-friend-in-the-caucasu/>.

saying he had not been paid for the services in over a year.³¹ But while Azerbaijan may have lost one friend, it still has plenty of others who seem ready to replace Burton's stories in the *Washington Times* and elsewhere.

Brenda Shaffer is an Azerbaijan specialist who happens to be staunch supporter of the regime. She is also political science professor at the University of Haifa in Israel, visiting researcher and professor at Georgetown University, and fellow with the Atlantic Council. She would often warn U.S. lawmakers of Iran's destabilizing role in the region as well as Azerbaijan's growing importance for the West, and in particular for the United States, as a strategic buffer. She never mentioned her ties to the SOCAR as an advisor "for strategic affairs" until it became public in a Radio Free Europe/Radio Liberty story published in September 2014.³²

Under the Azerbaijan-Israel partnership lies yet another form of lobbying. "How I Accidentally Became a Lobbyist for Azerbaijan," a story written for *Foreign Policy* by Bethany Allen-Ebrahimian, breaks down the relationship the two countries have and how the Israeli lobby in Washington skillfully uses it to promote the country's interests in the capital. The author tells a story of her participation in a lunch that was originally packaged as an attempt to "express appreciation to Azerbaijan for its pioneering work in Muslim-Jewish relations." It was not until the author was on her way to meet with three House representatives that afternoon that she realized the event was not at all about appreciation to Azerbaijan but "about Azerbaijan's relationship with Israel and U.S. Jewish organizations. In the lead up to Azerbaijani President Ilham Aliyev's visit to Washington this week, it seems Azerbaijan was trying to win over members of Congress concerned about the country's dismal human rights record by touting its strong relationship with Israel," wrote the author.³³

Lobbying congressional representatives has been a long-time engagement of Azerbaijan's attempts to polish its image. Aside from the Podesta Group, which partners closely with the Embassy of Azerbaijan in Washington

DC (in addition to the Azerbaijan America Alliance), and through financial resources from the state oil company SOCAR, Azerbaijan has worked with the Houston-based Turquoise Council of Americans and Eurasians and the Assembly of Friends of Azerbaijan, and with the Turkic-American Alliance, which has helped official Baku to host American lawmakers on all-expenses-paid trips to Azerbaijan. In 2013, ten members of Congress and 32 staffers took a trip to Baku to attend a conference "Azerbaijan-US: Vision for Future."³⁴ "Lawmakers and their staff members received hundreds of thousands of dollars' worth of travel expenses, silk scarves, crystal tea sets, and Azerbaijani rugs valued at \$2,500 to \$10,000, according to the ethics report. Airfare for the lawmakers and some of their spouses cost \$112,899, travel invoices show," reported the *Washington Post*.³⁵

"It was quite a gathering," wrote Casey Michel in the most recent investigation into Azerbaijan's lobbying activities in the United States. "Sumptuous dinners, fireworks displays, gifts of hand-woven carpets, crystal tea sets, silk scarves, and DVDs praising the country's president—all free of charge and costing well in excess of the permissible limits of gifts to Congress."³⁶

The "Friends of Azerbaijan" caucus on the Hill consists of some 60 members of congress who manage to sponsor a series of resolutions and statements praising the country.³⁷

But not everyone is receptive to Azerbaijan's lobbying ventures. Richard Kauzlarich says that despite Azerbaijan's efforts to buy respect and support in the United States, "it all had very little impact." "Why is it important that a legislative assembly in Nevada passes a resolution on Khojaly or some other issue? I am not even sure if the people in the legislature in Nevada know, and the people of Nevada certainly have no interest," adds the former ambassador.

David Kramer, Senior Director for Human Rights and Democracy at the McCain Institute, agrees that such successes in state legislatures are of little if any impact. If anything, both Kauzlarich and Kramer agree that

31 Geybullayeva, A. "To Trump the Tower or Not, That Is the Question: How Trump Tower Almost Opened in Azerbaijan," *Europe Without Political Prisoners*, April 15, 2016, <http://nopoliticalprisoners.org/en/report-and-news/news/772-to-trump-the-tower-or-not,-that-is-the-question-how-trump-tower-almost-opened-in-azerbaijan.html>.

32 Coalson, R. "Azerbaijan's Opinion-shaping Campaign Reaches 'The New York Times,'" *RFE/RL*, September 18, 2014, <http://www.rferl.org/content/azerbaijan-lobbying-western-media-brenda-shaffer/26592287.html>.

33 Allen-Ebrahimian, B. "How I Accidentally Became a Lobbyist for Azerbaijan," *Foreign Policy*, April 1, 2016, <http://foreignpolicy.com/2016/04/01/how-i-accidentally-became-a-lobbyist-for-azerbaijan-human-rights-religion-israel/>.

34 "Baku Hosts 'Azerbaijan-US: Vision for Future' Convention," Turkic American Alliance, May 29, 2013, <http://turkicamericanalliance.org/baku-hosts-azerbaijan-us-vision-for-future-convention/>.

35 Higham, S., Rich, S., and Crites, A. "10 Members of Congress Took Trip Secretly Funded by Foreign Government," *The Washington Post*, May 13, 2015, https://www.washingtonpost.com/investigations/10-members-of-congress-took-trip-secretly-funded-by-foreign-government/2015/05/13/76b55332-f720-11e4-9030-b4732caefe81_story.html.

36 Michel, C. "US/Azerbaijan: Lobbyists Continue to Flout Travel Rules," OCCRP, April 24, 2016, <https://www.occrp.org/en/corruptistan/azerbaijan/2016/04/24/us-azerbaijan-lobbyists-continue-to-flout-travel-rules.html>.

37 Congressional Azerbaijan Caucus, 113th Congress, <https://web.archive.org/web/20150912033044/http://azerbaijanamericaalliance.org/uploads/files/pdf/Congressional%20Azerbaijan%20Caucus%2010.8.14.pdf>.

such statements are simply used by the regime in Baku to showcase its alleged importance in the United States. “States have no influence over how foreign policy is done. It doesn’t affect public opinion or what the Congress says,” adds Kauzlarich.

But while they may have little effect on public opinion in the United States, in Azerbaijan such statements help the government to boast about its blossoming relations with the United States and the support it receives.

Security and “Brazen Energy Imperialism”

On February 25 1998, speaking at the Senate Foreign Relations Subcommittee on International Economic Policy, Export and Trade Promotion, Jan Kalicki, the Commerce Department counselor and Administration ombudsman for energy and commercial cooperation with the New Independent States of the Former Soviet Union, said, “The Caspian region is important to us not just for its abundant energy resources. In fact, and important as energy is, our goals go beyond earning money for the producing countries and profits for US companies. Our engagement involves a wide range of issues, including working to resolve regional conflicts, providing economic and humanitarian assistance, achieving the removal of nuclear weapons, and promoting democracy and the rule-of-law.”³⁸

But many of these promises and interests have remained largely untapped while energy and security continue to dominate the relations to the present day. Contrary to what Kalicki said, and aside from Western efforts to build a vibrant civil society in Azerbaijan and encourage the government of Azerbaijan to establish internal checks and balances through programs, training, and workshops, the overall goal was to develop Azerbaijan’s energy and security reserves as an alternative to Russia.

Echoing these sentiments, Jeff Goldstein, senior policy advisor for Eurasia at the Open Society Foundations in Washington DC, commenting about U.S. policy in the region, noted that it wasn’t so much about the region but rather “the desire that Europe not be dependent on Russia for gas,” especially as gas from two other major regional providers—Turkmenistan and Kazakhstan—could reach Europe only through Russia.³⁹ Having strong and independent Europe, not subject to any whims of a single supplier (that is, Russia), was in the U.S. interest, and that continued to play a significant role with respect to the relations between Azerbaijan and United States and its strategic importance in the region.⁴⁰

As a result, what Kalicki said about democracy promotion vis-à-vis brazen energy imperialism made democracy-related reforms in many of the above-mentioned countries seem as likely as an addict forcing a “pusher to change his criminal activities,” wrote Lutz Klevevan in *The New Great Game: Blood and Oil in Central Asia*.

Following the signing of the “contract of the century” and the production-sharing agreements, in 2003 Azerbaijan expressed interest in joining EITI—the Extractive Industry Transparency Initiative—“a global standard to promote open and accountable management of natural resources.” While membership in EITI was a sign that the government was conscious of its energy resources and how revenues were distributed, no one mistook these steps as a sign that Azerbaijan was a democracy.⁴¹

“EITI was a way for Azerbaijan to show they were a European/ Western style oil-rich country—that they were not going to be Nigeria. And this played into the U.S. narrative wanting to portray Azerbaijan as a reliable and eligible energy partner, and the BTC [Baku-Tblisi-Ceyhan] pipeline was certainly a way for the U.S. to help bring about greater diversity of energy supplies to Europe, rather than America,” says Shelly Han formerly of the U.S. Helsinki Commission.

But as is the case with any signed international agreement or joining of an institution, there are obligations to fulfill, which Azerbaijan failed to do (see Appendix 1). As a result of this failure, Azerbaijan was downgraded from “compliant” to “candidate” status by EITI on April 14, 2015, following a report published by the organization where Azerbaijan was the first country to be invalidated against the 2013 EITI Standard.⁴²

And on May 4, 2016, the Open Government Partnership (OGP), consisting of 22 members, decided to lower Azerbaijan’s status from a full member to an inactive country due to “unresolved constraints on the operating environment for Non-Governmental Organizations.”⁴³ Azerbaijan had joined OGP in 2011.

The downgrading of Azerbaijan by these institutions highlights the depth of the pressing issues that prevent Azerbaijan from moving forward in the realm of transparency, accountability, and openness. What remains to be seen is the reaction of decision makers and policy makers in the United States and in Europe and any shift in their approach toward Azerbaijan. It is certainly time for an international reassessment.

38 Kalicki details US policies, interests in Caspian Oil, February 25, 1998, <https://www.mtholyoke.edu/acad/intrel/kalicki.htm>.

39 Interview with Jeff Goldstein, Open Society Foundation, May 18, 2016.

40 Interview with former Ambassador Richard Morningstar, Atlantic Council, May 19, 2016.

41 Interview with Jeff Goldstein, Open Society Foundation, May 18, 2016.

42 “Azerbaijan downgraded to candidate country,” EITI, April 15, 2015, <https://eiti.org/news/azerbaijan-downgraded-candidate-country>.

43 “Media Briefing: Azerbaijan made inactive in open government partnership,” Open Government Partnership, May 4, 2016, <http://www.opengovpartnership.org/blog/anonymous/2016/05/04/media-briefing-azerbaijan-made-inactive-open-government-partnership>.

Conclusion

In the last two decades, under the leadership of Aliyev clan, we have observed how the government of Azerbaijan gradually pushed democratic reforms out of sight and out of mind as the government secured international ties vis-à-vis its role as a strategic regional partner for energy supply route diversification and an ally in the fight against illegal drugs, the arms trade, and human trafficking, and in the war on terror.

At home, without any internal checks and balances and with abundant energy reserves (then oil, now gas), the ruling elites established a monopoly of power. The mechanisms for a separation of powers that would support transparency and accountability were neglected, and over time they got lost in a complicated web of clan-based relations and power dynamics.

Not one election since 1993 has been described as free and fair by independent international observers as OSCE/ODIHR. The country's media scene has been decapitated. The same fate has befallen the non-governmental organizations, as a result of draconian laws and criminal investigations that have landed some of the leaders of these NGOs in jail, while others have had to cease their work completely. Deliberate targeting of international organizations within the country, as was done earlier in Russia, did little to step up the pressure.

As long as energy and security interests prevailed, and democracy and human rights were secondary, the confident ruling regime silenced critics at home, while navigating through the world of international politics without the need to have established democratic norms and procedures.

Abroad, Azerbaijani leadership managed to convince some of the America's and Europe's decision makers that Aliyev's successful leadership was about ensuring stability in Azerbaijan, thus placing the country outside of the "problem country" spectrum. Meanwhile, the regime, often hidden behind cultural and economic facades, spent billions of dollars on image-branding activities at home and abroad, from hosting international conferences and mega sporting and cultural events, to wooing international policy makers with feasts and in-kind donations. It also used its ties with Israel to lobby Israeli groups in Washington DC to promote Azerbaijan's interests in the capital.

It is clear that there is a need for an international reassessment to the 'business as usual' framework of relations with Azerbaijan. Below is a list of recommendations under this reassessment.

Recommendations

In addition to maintaining an open dialogue with the Government of Azerbaijan (GoA) the United States Administration should:

During all high-level delegation meetings:

- Urge the GoA to drop all criminal charges against local non-governmental organizations in Azerbaijan;
- Urge the GoA to amend the legislation on NGOs, removing recently introduced limits on funding, registration, and operations;
- Urge the GoA to restore frozen bank accounts of NGOs and recently released political prisoners, in order for them to be able to carry on their work;
- Urge the GoA to welcome back international organizations that were forced to leave Azerbaijan, dropping all criminal charges and creating a safe environment for their work and the work of their partners on the ground;
- Demand reopening of the Azerbaijan service for Radio Free Europe in Baku;
- Urge the GoA to reinstate FM radio waves for RFE/RL, Voice of America, and BBC;
- Urge the GoA to extend an invitation to the OSCE/ODIHR mission for the next presidential elections welcoming the mission's both long-term and short-term observers.

In addition:

- Disclose all Azerbaijan government-funded projects, initiatives, and lobbying activities in the United States and elsewhere and hold U.S. government officials accountable for accepting gifts and all-expenses-paid trips to Azerbaijan; demand that ethics committees follow through on each of those cases;
- Continue assistance to Azerbaijan's domestic reformers committed to making their governments more transparent and accountable.

In addition, all international organizations that have had a presence in Azerbaijan but were forced to leave, should reevaluate their strategies on the ground, developing emergency plans for their staff on the ground that would ensure their safety, create safe passage if necessary, and develop alternative sources of funding and project implementation.

Index 1: Chronology⁴⁴

1991

- Azerbaijan parliament votes to restore independence
- Heydar Aliyev becomes leader of Nakhchivan exclave

⁴⁴ "Azerbaijan Country Profile," *BBC*, <http://www.bbc.com/news/world-europe-17043424>.

- Leadership in Karabakh declares Karabakh independence and hostilities escalate
- 1992
 - Azerbaijan ratifies International Covenant on Civil and Political Rights (ICCPR)
 - Hostilities in Karabakh escalate into a full-scale war.
 - First contested elections: Abulfaz Elchibey of the Popular Front is elected
- 1993
 - Renewal of violence in Karabakh
 - Surat Huseynov, colonel of a rebel army, takes control of Ganja, Azerbaijan's second largest city, en route to Baku
 - Aliyev wins presidency in a referendum indicating loss of support for Elchibey
- 1994
 - Azerbaijan, Armenia, and Nagorno Karabakh sign ceasefire agreement.
 - Azerbaijan signs "contract of the century"
- 1995
 - Rovshan Javado, head of special police, killed following an attempted rebellion
 - Karabakh elects Robert Kocharian as president
 - First multi-party elections, with the New Azerbaijan Party winning a majority of seats in parliament
 - Constitution of Republic of Azerbaijan approved in a referendum (amended in 2002 by Heydar Aliyev to facilitate his son's succession to power and in 2009 by Ilham Aliyev to stay in power indefinitely)
- 1996
 - Azerbaijan ratifies Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- 1997
 - Surat Huseynov extradited from Russia and sentenced to life imprisonment in Azerbaijan
 - Heydar Aliyev and Levon Ter-Petrosian (Armenia's president at the time) agree to OSCE proposal on Karabakh solution. Ter-Petrosian resigns after being criticized for making too many concessions
 - The first oil is produced as a result of the "contract of the century"
- 1998
 - The Law on Grants
 - Heydar Aliyev is re-elected while international observers report election irregularities
 - Opposition activists arrested
- 2000
 - Azerbaijan adopts Law on Non-Governmental Organizations (Public Associations and Foundations)
- 2001
 - Azerbaijan becomes member of the Council of Europe
 - US lifts aid ban
 - Azerbaijan provides US use of airspace and intelligence following 9/11 attacks
 - Azerbaijan, Georgia, and Turkey sign BTC pipeline agreement
 - Azerbaijan ratifies Optional Protocol to ICCPR
 - Azerbaijan ratifies European Convention for the Protection of Human Rights and Fundamental Freedoms
 - Azerbaijan ratifies European Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment
- 2002
 - Construction for BTC pipeline begins
 - Heydar Aliyev amends the Constitution
- 2003
 - Azerbaijan ratifies Convention on Legal and Civil Liability for Corruption
 - Azerbaijan ratifies European Convention on Criminal Liability for Corruption
 - Ilham Aliyev appointed prime minister (August)
 - Ilham Aliyev wins presidential elections (October) while observers criticize the results
 - Opposition protests; hundreds are arrested
 - Heydar Aliyev dies at the Cleveland Clinic at the age of 80
- 2005
 - Azerbaijan adopts Law on Obtaining Information
 - Journalist Elmar Huseynov murdered in front of his home in Baku
 - Ruling party wins parliamentary elections while international observers criticize election results
- 2006
 - BTC pipeline formally opens in Turkey
- 2007
 - Azerbaijan state oil company SOCAR stops pumping oil to Russia over energy prices dispute
- 2008
 - Clashes erupt on the frontline
 - Ilham Aliyev re-elected for a second presidential term. International observers say that, despite some improvement, elections fail to meet democratic standards
 - Joint agreement is signed between Armenia and Azerbaijan to intensify efforts in resolving the Karabakh conflict
- 2009
 - Referendum abolishes presidential term limits
 - BBC, VOA, and RFE are prevented from broadcasting on local FM airwaves

- Talks between Armenia and Azerbaijan end with no major achievements or progress
- 2010
- Ruling party wins majority in parliamentary elections; observers say voting was flawed
 - BP says new gas pipeline in the making that would bypass Russia
- 2011
- Azerbaijan wins Eurovision song contest
- 2012
- Azerbaijan hosts Eurovision song contest
 - Clashes on the frontline kill soldiers on both sides
 - Azerbaijan pardons Azerbaijani army officer as he returns from Hungary where he was convicted for the 2004 murder of his Armenian colleague
- 2013
- January, the draft resolution on “The follow-up to the issue of political prisoners in Azerbaijan” was defeated in the Parliamentary Assembly of the Council of Europe (PACE) by a vote of 125 to 79
 - January, protests erupt in northern region Ismayilli. Police resorts to tear gas, beating, and mass arrests
 - Musavat deputy chairman and journalist Tofiq Yagublu arrested
 - Ilgar Mammadov head of the Republican Alternative (ReAL) political movement arrested
 - March/April, police uses water cannons and rubber bullets against demonstrators in Baku; 7 youth activists from N!DA civic movement arrested⁴⁵
 - May, journalist Parviz Hashimli sentenced to 8 years⁴⁶
 - October, rights groups publish a report documenting 142 cases of political prisoners⁴⁷
 - October, Ilham Aliyev wins re-election for a third presidential term; observers contest election results
 - November, *Yeni Musavat* newspaper suspends print publication
 - December, Anar Mammadli, founder of the Election Monitoring and Democracy Center arrested⁴⁸
- 2014
- Azerbaijan ratifies European Convention on Human Rights Protocol no. 15
- January, Azerbaijan downgrades the Baku mission of the Organisation for Security and Co-operation in Europe (OSCE) to a “project coordinator” status before ordering it to close entirely in the summer of 2015
 - March Ilgar Mammadov sentenced to 7 years (remains in jail despite European Court of Human Rights [ECHR] decision that ruled Mammadov “had been arrested and detained without any evidence to reasonably suspect him of having committed the offense with which he was charged” and that “the actual purpose of his detention had been to silence or punish him for criticizing the government”)
 - Baku headquarters of Popular Front blown up
 - Tofiq Yagublu sentenced to 5 years (pardoned in March 2016)⁴⁹
 - N!DA activists⁵⁰ together with Ilkin Rustamzade, an activist from Free Youth movement, sentenced from 6 to 8 years
 - May, Azerbaijan assumes rotating chairmanship of the Committee of Ministers of the Council of Europe
 - Between July and August, four rights defenders arrested: Leyla and Arif Yunus,⁵¹ Rasul Jafarov,⁵² Intigam Aliyev⁵³
 - August, clashes between Armenia and Azerbaijan erupt
 - September, Southern Gas Corridor construction plans announced by BP
 - European Parliament adopts a resolution on Human Rights Defenders in Azerbaijan
 - December, Khadija Ismayilova, journalist, arrested⁵⁴
 - December, the office of U.S.-funded Radio Free Europe/Radio liberty raided, sealed off
- 2015
- Azerbaijan hosts European Games
 - September, European Parliament adopts a resolution on Azerbaijan
 - Parliamentary elections end with victory of the ruling party; opposition parties boycotted elections and OSCE/ ODIHR declined to send observers after its mission in Azerbaijan was downgraded

45 At the time of writing of this policy paper, all members of N!DA movement have been released after spending more than two to three years behind bars.

46 Pardoned March 2016.

47 “Azerbaijan: an updated list of political prisoners,” Civic Solidarity Platform, October 2013, <http://www.civicsolidarity.org/article/800/azerbaijan-updated-list-political-prisoners>

48 Pardoned March 2016

49 Pardoned March 2016.

50 All seven members of N!DA movement were pardoned by March 2016.

51 Sentence suspended in March 2016.

52 Pardoned March 2016.

53 Sentence suspended in March 2016.

54 Sentence suspended in May 2016.

2016

- June, Formula1 Race
- May, 3 N!DA members and one journalist detained
- March, Release of 14 political prisoners and suspended sentence for journalist Rauf Mirkadirov and rights defender Intigam Aliyev

2017

- Islamic Solidarity games

Index 2: Azerbaijan in International Rankings

Table 1. Azerbaijan: Transparency International Corruption Index⁵⁵

Years	Ranking	Total Number of Countries Ranked That Year
1999	96	99
2000	87	90
2001	84	91
2002	95	102
2003	124	133
2004	140	145
2005	137	158
2006	130	163
2007	150	179
2008	158	180
2009	143	180
2010	134	178
2011	143	182
2012	139	174
2013	127	177
2014	126	175
2015	119	168

Table 2. Azerbaijan: Freedom in the World, Press Freedom (Freedom House)

	Freedom in the World	Press Freedom
1998	Partly Free	
2000		
2002		Not Free
2003	Partly Free	Not Free
2005	Not Free	Not Free
2008	Not Free	Not Free
2010	Not Free	Not Free
2013	Not Free	Not Free
2014		
2015	Not Free	Not Free
2016	Not Free	

Table 3. "Freedom in the World 2016,"⁵⁶ and Ranking of Other Former Soviet Republics

Belarus	Not Free
Ukraine	Partly free
Georgia	Partly free
Azerbaijan	Not free
Armenia	Partly free
Tajikistan	Not free
Kazakhstan	Not free
Kyrgyzstan	Partly free
Uzbekistan	Not free
Turkmenistan	Not free
Lithuania	Free
Latvia	Free
Estonia	Free
Moldova	Partly free
Russia	Not free

55 "Corruption Perception Index 2001–2013," Transparency International Azerbaijan, http://transparency.az/httptransparency-aznewpage_id26/.

56 "Freedom in the World 2016," Freedom House, <https://freedomhouse.org/report/freedom-world/freedom-world-2016>.

Table 4. Azerbaijan: Nations in Transit Score (Freedom House)

Countries are ranked from 1 to 7
(1 representing the highest and 7 the lowest level of democratic progress)

	Democracy Score	Governance Score	Electoral Process	Independent Media
2003	5.46	5.75	5.75	5.50
2004	5.00	5.75	6.00	5.75
2005	5.86	6.25	6.25	6.00
2008	6.00	6.00	6.50	6.25
2010*	6.39	6.50	6.75	6.75
2013	6.64	6.75	7.00	6.75
2014	6.68	6.75	7.00	6.75
2015	6.75	6.75	7.00	6.75
2016	6.86	6.75	7.00	7.00

In 2009 Azerbaijan's ranking on Nations in Transit shifted toward "Consolidated Authoritarian Regime."⁵⁷

Table 5. Azerbaijan: Reporters Without Borders

Years	Ranking	Score
2002	101	34.50
2003	113	34.50
2004	136	49.67
2005	141	51.00
2006	135	47.00
2007	139	55.40
2008	150	53.63
2009	146	53.50
2010	152	56.38
2011/2012	162	?
2013	156	47.73
2014	160	52.87
2015	162	58.41
2016	163	57.89

57 "Nations in Transit 2009," Freedom House, <https://freedomhouse.org/report/nations-transit/2009/azerbaijan>.

Propiska as a Tool of Discrimination in Central Asia

Malika Tukmadiyeva¹ (2016)

This paper discusses the residency registration system (better known as *propiska*) in post-Soviet Central Asia as a barrier to basic human rights and equal access to social welfare benefits. Although the Central Asian states justify the existence of *propiska* as a means to ensure social justice, this paper argues that it is mainly a means of discrimination because it excludes a large part of population from the welfare system. *Propiska* is a major issue for Central Asian citizens. Access to the most basic human rights depends on *propiska*, including political (voting), social (access to medical care, housing, and education), and economic (employment) rights. Yet this issue has garnered scarce attention from the international community.

The paper aims to spur international discussion about the tangle of problems that the *propiska* system creates for ordinary citizens, and to serve as an instrument for the international human rights community to understand the issue and advance realistic solutions. The study is based on previous research, media sources, and statistical data generated by state authorities and international organizations. In addition to secondary sources, I conducted interviews with local and foreign experts, NGO staff, activists, and representatives of the relevant state bodies in the five Central Asian states. A series of 124 semi-structured interviews with internal migrants were also conducted in Astana, Kazakhstan, in November-December 2014, within the framework of a survey that tried to supplement two larger surveys conducted in 2009² and 2011³ about the causes of mass violations of registration procedure by the population.⁴

This paper looks at the five Central Asian countries (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and

Turkmenistan) due to their similar historical and cultural backgrounds. It does not cover issues of registration of foreign citizens. The first part discusses the distinctiveness of the *propiska* from other forms of residence registration adopted around the world, thus defining the importance of the issue for the international community's agenda, and briefly examines transformations and particularities of the registration system in each of the five states. In the second part, I outline the barriers that *propiska* poses to the everyday lives of citizens, while the third section demonstrates how people find ways to bypass the system. Finally, the paper offers some recommendations to international human rights institutions and states for reforming the system.

Historical Overview

Origins of Propiska

Propiska has its roots in the internal passport system, which was an integral part of serfdom (*krepostnichestvo*) in the Tsarist Empire, and was meant to keep control over peasants by preventing them from moving to cities.⁵ Similarly, internal passports were widely used in feudal Western Europe but had been abolished practically everywhere by the beginning of the 20th century.⁶ Before the 1917 Revolution the most vocal critics of repressive Tsarist police measures, including the passport system, were Bolsheviks. For example, in his address "To the Rural Poor" Vladimir Lenin wrote:

Social-democrats demand complete freedom of movement and enterprise for the people. But what does "freedom of movement" mean? [...] It means that passports must also be eliminated in Russia (in other states, passports have long since disappeared), [...] that no policemen, no *zemstvo*

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2 *Vnutrenniia migratsiia v Kazakhstane v period ekonomicheskogo krizisa* (Almaty: Republican Public Association "Shanyrak," 2009).

3 Makhmutova, M. *Vnutrenniia migratsiia molodezhi v Kazakhstane: na primere goroda Almaty* (Almaty: Center for Analysis of Social Problems, 2012).

4 For instance, a survey conducted in Almaty (Makhmutova, 2012) indicated that more than half of respondents were unregistered. Respondents were selected by availability sampling, a door-to-door survey was conducted in single-room occupancies (so-called *malosemeykas*), in the poorest urban areas, where migrants rent cheap rooms (Zhangeldin and Asan-kaigy streets), as well as in markets ("Artyom" and "Shanghai" bazars) and train and bus stations. If possible, we carried out detailed unstructured interviews with respondents. Prior to the questionnaire, the respondents were informed that the survey was conducted on an anonymous basis and commissioned by an international NGO, "Soros Foundation Kazakhstan".

5 For a detailed historical analysis of the passport system in Tsarist and Soviet times see Mervyn Matthews, *The Passport Society: Controlling Movement in Russia and the USSR* (Boulder: Westview Press, 1993).

6 Ivanov, S. Vichnevski, A., and Zakharov, S. "Population Policy in Russia," in G. Caselli, J.V. Allin, and G. Wunsch, eds, *Demography: Analysis and Synthesis*, vol. IV, 424, accessed October 14, 2015, <https://www.hse.ru/data/345/987/1234/PDF.pdf>.

civil servant will have the power to stop people from living and working wherever they see fit. [...] Isn't this a case of feudal serfdom? Isn't it insulting people?⁷

The passport system was abolished shortly after the 1917 Revolution. However, the construction of a Stalinist society was incompatible with freedom of movement, and in a few years, the passport system was restored in a partly altered form, giving rise to the institution of residence registration or *propiska*, which was introduced in the Soviet Union in 1932 for the purposes of:

Maintaining population records of the cities, workers' settlements and buildings and liberating these places from persons who are not engaged in socially useful work, and clearing *kulak*, criminal and anti-social elements in order to strengthen the dictatorship of the proletariat.⁸

Some analysts of the *propiska* system argue that "the passport system had from the very outset been meant in the first place as an instrument of repression and police control, and in the short run even more crudely as a purging tool" for the emerging Stalinist regime and subsequent repressions.⁹ Eventually, a policy of managing migration became a part of an overall policy for the transition to firm central control and planning. The planned economy required a stable and predictable distribution of the population, thus migration was to be an orderly process where administrative control would replace inefficient or absent market signals.¹⁰

Propiska was a part of a "seamless web of repression and inducement"¹¹ that involved numerous agencies administering each aspect of the everyday life of an ordinary Soviet citizen. In the Soviet Union, the state exercised a virtual monopoly over housing, especially in major cities. Most housing was obtained through employment, which also was exclusively public. Large enterprises were responsible for providing housing for their employees, as

well as social and welfare services, food, cultural, sporting, and leisure activities, child care, education and training, primary health care, public transport and infrastructure for the local community.¹² Moreover, "the state's control of housing promoted the surveillance of residents. Residential building managers (known in Russian as *upravdomy*) were required to report illegal activities in their buildings to the police, including unauthorized residence."¹³

With the disappearance of the Soviet system of distribution of social benefits and rights, as well as the need for strict control over movement of citizens within the country, the existence of *propiska* was no longer necessary, at least in principle.¹⁴ In October 1991, the Soviet Constitutional Review Committee recognized the authorization procedure for registration as unconstitutional and contradictory to the international obligations of the Soviet Union.¹⁵

The Propiska System in Central Asian States after Independence

After the dissolution of the Soviet Union, some post-Soviet countries abolished the *propiska* regime. It was eliminated in Georgia and Moldova. Notification registration was adopted in the Baltic states. Russia, Ukraine, Belarus and the Central Asian republics formally abolished the *propiska* and replaced it with residence registration. However, in practice, all of the Central Asian states preserved modified *propiska* to varying degrees, often changing only the name.¹⁶ *Propiska* status is inscribed in the passports of all Central Asian citizens, with the exception only of Kazakhstan.

Kazakhstan

In the first years after independence, there was a trend towards liberalizing internal migration policies. Due to the weakening of the state role in the country's economic life and the collapse of the public welfare system, the practice of requesting residence registration at places of employment, medical institutions, and schools had been gradually diminishing.

7 Lenin, V. *Polnoe sobranie sochinenii*, 5th ed., vol. 7 (Moscow: Izdatel'stvo politicheskoi literatury, 1967).

8 Decree of the All-Russian Central Executive Committee and People's Commissars Council, *On the Establishment of a Common Passport System in the USSR and Mandatory Registration of Passports*, 1932.

9 Kessler, G. "The Passport System and State Control over Population Flows in the Soviet Union, 1932–1940," *Cahiers du monde russe* 42, no. 2/4 (2001): 478.

10 Buckley, C. "The Myth of Managed Migration: Migration Control and Market in the Soviet Period," *Slavic Review* 54, no. 4 (1995): 905.

11 Light, M.A. "What Does It Mean to Control Migration? Soviet Mobility Policies in Comparative Perspective," *Law and Social Inquiry* 37, no. 2 (2012): 409.

12 Clarke, S. *The Formation of Labour Market in Russia* (Cheltenham, UK: Edward Elgar, 1999), 57.

13 Light, *op. cit.*, 409.

14 Asanova, D., Ni, V., Kaliyev, A., and Mussabekov, M. *Sistema registratsii grazhdan Respubliki Kazakhstan* (Almaty: Public Association "Association of Women "Moldii," 2010), <http://mognovse.ru/huz-otchet-po-rezulestatam-issledovaniya-obshchestvennoe-obedinenie-stranica-1.html>.

15 Conclusion of the Constitutional Review Committee of the USSR on "Permissive Nature of Citizens' Propiska," 1991.

16 In Tajikistan, Uzbekistan, and Turkmenistan "rebranding" did not happen. Propiska is still an official term used for registration system. See *Analiz sistemy registratsii grazhdan Kyrgyzskoi Respubliki po mestu zhitel'stva i mestu prebyvaniia* (Bishkek: Social Fund "Legal Clinic Adilet," 2013), <http://adilet.kg/ru/news/full/30>.

Overall, the government had long been quite liberal towards the mass movement of population from rural to urban areas, as it allowed for the reduction of social tensions associated with poverty and a lack of employment opportunities. Moreover, until 2015, the state territorial development strategy supported managed rural-urban migration as a fundamental approach to population resettlement.¹⁷ With an improving economic situation and developing public welfare system, which the municipal authorities were not interested in extending to migrants, the question of providing social services and employment according to place of registration returned to the administrative agenda.

At the same time, due to an increase in birth rates, the demand for kindergartens and schools increased sharply, and with it the interest of local authorities to limit these services to the locally registered population.¹⁸ As a result of the gradual tightening of the registration system, some urban centers introduced quotas on registration for incoming populations. For example, in Almaty, registration is tied to living conditions and sanitary standards, according to which at least 15 square meters of floor area per person must be allowed. Members of parliament regularly support introducing similar restrictions in other regions.¹⁹ Imangali Tasmagambetov, then the mayor of Astana, also suggested restrictions on registration in the capital.²⁰

The introduction of modern information and communication technologies to public administration practices (in particular, the principle of ‘one window’ and the e-government portal) significantly optimized the registration process in recent years. The automation of state administration procedures has eliminated the practice of withdrawing from the previous place of registration (*vyypiska*) and the issuance to citizens of a registration book (the so-called house book or *domovaya kniga*). Furthermore, citizens are now allowed to choose public outpatient hospitals within the locality in which they are registered.²¹ Although this reform helped to improve the quality of public medical services, it has left out citizens residing in a locality other than the one indicated in

their registration document. The reform also allowed for registration at the place of work, however only in cases where one is living at one’s place of work.²² In addition, from January 1, 2013, every citizen of Kazakhstan was assigned an individual identification number, which replaced the current tax account and individual social code.

Kyrgyzstan

In Kyrgyzstan, similar to Kazakhstan, the *propiska* system was legally replaced by residence registration. An analysis of Kyrgyz legislation on registration shows that *propiska* was preserved in a somewhat liberalized form.²³ Some experts argue that this “rebranding” was largely under pressure from international organizations, which demanded the government respect the right to freedom of movement.

Overall, despite active public discussions around this problem since 2012 (involving more than 40 international and local NGOs, ministerial-level hearings, and involvement of the ombudsman), the registration situation in Kyrgyzstan is currently not very different from Kazakhstan.²⁴ Legislative provisions are designed in such a way that a significant portion of population does not have the possibility to register. Most often citizens violate the registration regime because they cannot provide documents certifying their legitimate stay in the residential premises (rental contracts, written consent of the housing owner, certificates of property ownership).²⁵

Given the lack of economic opportunities in rural areas, a significant portion of the population leaves their homes for Russia and Kazakhstan, but even more go to domestic urban centers (mainly Bishkek). The state position towards such phenomenon can be found in the Concept of State Migration Policy of the Kyrgyz Republic until 2010: “spontaneous” migration is said to deteriorate the socio-economic situation in rural areas, destroy demographic regional balance and “rational” distribution of population, “reduce the number and composition of the population in strategically important border regions”, lead to overpopulation and social tensions, and put pressure on urban infrastructure and labor markets.²⁶

17 Asanova, *op. cit.*

18 *Ibid.*

19 See “V Kazakhstane khotiat ogranichit’ propisku v Astane i Almaty,” *TengriNews*, July 12, 2012, http://tengrinews.kz/kazakhstan_news/v-kazahstane-hotyat-ogranichit-propisku-v-astane-i-almaty-224794/ and “Ogranichit’ propisku v odnom pomeschenii po primeru Almaty predlozhit mazhilismen,” *Zakon.kz*, January 15, 2014, <http://www.zakon.kz/4596463-ogranichivat-propisku-v-odnom.html>.

20 “Akim Astany vvedet ogranichenie na propisku v stolitse,” *Nur.kz*, January 27, 2014, <http://news.nur.kz/299899.html>.

21 *Code on Public Health and Health Care System of the Republic of Kazakhstan*, vol. 193– IV, 2009.

22 For example, watchmen or some construction workers who live at the construction sites.

23 Social Fund “Legal Clinic Adilet,” *op. cit.*

24 De-registration (or *vyypiska*) is a procedure reverse to *propiska*, i.e. an official procedure of annulment of one’s registration, which results in a “departure slip” (*listok ubytiya*), a certificate of de-registration. Such certificate is a required part of the application package for a *propiska* in Central Asia (except in Kazakhstan).

25 Azimov, U., and Azimov, T. *Discrimination Against Internal Migrants in the Kyrgyz Republic: Analysis and Recommendations* (Bishkek: Social Research Centre, 2009), https://www.auca.kg/uploads/Migration_Database/Discrimination%20of%20internal%20migrants%20in%20KR,%20eng.pdf.

26 *Concept of State Migration Policy of the Kyrgyz Republic until 2010*, 30 April 2004.

Nevertheless, Kyrgyzstan, like Kazakhstan, is actively working on introducing modern information technologies to administrative practices. However, the objectives behind introducing such systems are different in the only democratic state of Central Asia. In 2014, President Atambayev articulated the need to establish a comprehensive Unified State Register of the Population²⁷ “based on the biometric data of citizens, which could be the basis for reliable population statistics and a systematic approach to preventing violations of the electoral process.”²⁸ The population register would function based on biometric data and personal identification numbers assigned to each citizen. The registry should allow for the simplification and optimization of bureaucratic processes related to monitoring population data and providing public services. In fact, such a registry has a great potential to facilitating *propiska* reform, gathering population statistics, taxing and budgeting, as well as being an intermediary in distributing public services.

Tajikistan

Partially due to the civil war (1992–1997), Tajikistan has a large number of people living without identification documents. According to the head of the UNHCR office in Tajikistan, Kevin J. Allen, the number of stateless people in the border regions is around 40,000 persons.²⁹ Most of them are de-facto citizens of Tajikistan. Some had no financial or physical way to renew their Soviet passports or lost their documents and have been living without them for two decades.³⁰

Although this issue is much wider than an absence of registration, statelessness and *propiska* issues are closely interdependent. Identification documents in Tajikistan (as well as in the rest of the Central Asian states) are issued by territorial subdivisions of the Ministry of Internal Affairs, according to the place of registration.³¹ However, registration is only performed upon submission of identification documents.³² People without them cannot register. Internally displaced people and returning refugees are especially affected, as they often lose their documents due to conflict and thus have difficulties registering in their new place of residence.³³

Overly complex bureaucratic procedures for registration further complicate the situation. To register, a citizen of Tajikistan has to submit a written consent of not only the owner of the property, but also of all the adult dwellers of it.³⁴ As *propiska* status is indicated in the passport, it creates an additional set of problems associated with renewing the passport every time a citizen’s place of registration changes.³⁵ On the more positive side, the “Concept of Establishing E-Government in the Republic of Tajikistan until 2020” envisions the introduction of information and communication technologies in the public administration. This includes the development of a database of persons, the primary function of which would be to generate and assign identification numbers to individuals. Moreover, it includes addresses standardization, which would allow for the development of a single address register with the assignment of an identification number to each address.³⁶ Those measures, at least in principle, should “simplify registration procedures, facilitate targeted electronic services, coordinate the establishment and development of information systems, and improve cooperation among the departmental information systems based on the use of common identification numbers.”³⁷

Uzbekistan

While some liberalization happened in Kazakhstan and Kyrgyzstan, Uzbekistan’s *propiska* system has significantly tightened since the collapse of the Soviet state, at least in the country’s capital, Tashkent, and in the Tashkent region. Population flows into Tashkent became firmly controlled after the 1999 terrorist acts. On February 26, 1999 president Islam Karimov signed a decree on improving the passport system of the Republic of Uzbekistan, according to which the Ministry of the Interior would develop guidelines and introduce permanent residence in Tashkent on the basis of the conclusions of the special commission on registration, created with the district administrations (*khokimiyats*).³⁸

Tashkent became a virtually closed city, where only public servants, personnel of the Ministry of Interior

27 *Regulation on the Unified State Register of the Kyrgyz Republic*, 2013, <http://cbd.minjust.gov.kg/act/view/ru-ru/7270?cl=ru-ru>.

28 “Report on Monitoring of the Process of Biometric Registration in the Kyrgyz Republic” (Bishkek: “Taza Shailoo” Association, 2015), <http://www.tazashailoo.kg/web/documents/materials/241.pdf>.

29 Gaisina, L. “LGB-soobshchestvo v Tadjikistane. Kakovo eto zhit’ bez dokumentov?”, *Asia-Plus*, <http://news.tj/ru/news/lbg-soobshchestvo-v-tadjikistane-kakovo-eto-zhit-bez-dokumentov>.

30 *Ibid.*

31 *Rules for Issuing Passports of Citizens of Republic of Tajikistan*, Article 5, paragraph 49, 2014.

32 *Ibid.*

33 See for example Recommendation 1544 (2001) of the Parliamentary Assembly of the Council of Europe; “The Propiska System Applied to Migrants, Asylum-seekers and Refugees in Council of Europe Member States: Effects and Remedies.”

34 *Regulations on the Passport System in the Republic of Tajikistan*, Article 23, 1997, http://base.spinform.ru/show_doc.fwx?rgn=20469.

35 *Ibid.*, Article 3, paragraph 9.

36 *The Concept of Establishing E-Government in the Republic of Tajikistan*, 2011, <http://medialaw.asia/posts/13-03-2013/69915.html>.

37 *Ibid.*, Section 4.2, paragraph 19.

38 Benoure, A. “Tashkentskaia propiska: mechta ne stanet iav’iu,” *FerganaNews.com*, March 5, 2012, <http://www.fergananews.com/articles/7302>.

Affairs (MVD), and the families of citizens already residing there are permitted to move legally. Notaries were prohibited from registering sales or purchases of property in Tashkent if the buyer did not have a permanent *propiska* in the capital. In 2011, a new law on the categories of citizens subject to permanent residence in the city of Tashkent and the Tashkent region was introduced, expanding the closed area to the Tashkent region (*oblast*).³⁹

It is also not as easy to “buy” a *propiska* in Uzbekistan as it is in Kazakhstan or Kyrgyzstan. The *mahalla* institute of community self-government has “semi-policing”⁴⁰ functions and works at identifying every newcomer and reporting him or her scrupulously to the state authorities. However, non-resident citizens found ways to work around the rules. For example, buying an apartment and registering it to relatives with a Tashkent *propiska*, who then would “gift” the apartment back and thus make those from the provinces full citizens of the capital.⁴¹ Another common practice is to register parents or grandparents as owners of the apartment, which would allow all members of the extended family to be registered – children and grandchildren. But even provided a place to register, there are cases when people wait up to six years for the official approval of their *propiska* in Tashkent.⁴²

Like its neighbors, Uzbekistan is developing a system of electronic government, including the creation of unified population databases,⁴³ which through the generation and assignment of personal identification numbers should assist in gathering and easing access to population statistics, facilitate the conduct of election campaigns, as well as “provide the necessary assistance to law enforcement and supervisory authorities in maintaining law and order and ensure the effectiveness of interagency cooperation of departmental information systems.”⁴⁴

Turkmenistan

Although Turkmenistan’s migration law guarantees that the absence of *propiska* or registration cannot serve as grounds for restricting the rights and freedoms of citizens of Turkmenistan,⁴⁵ it is a highly debatable statement. The Turkmen system of *propiska* is probably the most restrictive of Central Asia.

It was nearly impossible for a newcomer (even a close relative) to obtain registration in the capital, Ashgabat, in the period between 1998 and 2012. Today a person trying to obtain a *propiska* in Ashgabat must submit the application plus written consent from all persons living in the private house or apartment. Further, the written consent of the tenants is submitted to housing management (*domoupravlenie*), then to the appropriate District Housing Trust, and then to the Housing Department of the city of Ashgabat.⁴⁶ In practice, it looks like this: the whole family, even if they are ten or more people, and the citizen wishing to be registered must visit all of these institutions, passports in hand, and each time sign to convey their consent to register an additional person; “As a result, huge queues accumulate at the entrance to the Housing Department, with people starting to gather at two o’clock in the morning in order to get a chance to be admitted during the working day.”⁴⁷

Case 1⁴⁸

... I am registered in my apartment in another town. I cannot sell that apartment until I de-register from there; no one would buy an apartment with people registered there. But I have no place to register in Ashgabat, where I live, as my husband refuses to register me in his apartment.

I have my mother living in Ashgabat in her own apartment, but it is not allowed to register new people in Ashgabat, even close relatives, except for spouses.

I would buy my own apartment, if I could sell my old one. However, while I have no *propiska*, I am not allowed to perform any manipulations with real estate – I cannot be gifted one, cannot purchase, sell or be involved in fractional ownership.

I am pregnant, and without *propiska* I cannot register at a hospital or get any certificates for my baby, including a birth certificate. I will have to go to my hometown for every service I need.

Anonymous online forum participant, Ashgabat,
2013

39 Ibid.

40 An interview with anonymous human rights activist from Uzbekistan.

41 Benoune, *op. cit.*

42 Anonymous human rights activist, *supra*.

43 *On Measures for Further Development of National Information and Communication System of the Republic of Uzbekistan*, 2013.

44 “Databases as a Fundamental Aspect in the Development of E-Government,” May 27, 2015, http://www.egovernment.uz/ru/press_center/performance/bazy-dannykh-kak-osnovopolagayushchiy-aspekt-v-razviti-elektronno-go-pravitelstva/?sphrase_id=7022.

45 *Law “On Migration” of the Republic of Turkmenistan*, 2012, <http://turkmenistan.gov.tm/?id=1174>.

46 “Stolichnaia propiska,” *Khronika Turkmenistana*, November 14, 2015, <http://www.chrono-tm.org/2012/11/stolichnaya-propiska/>.

47 Ibid.

48 Anonymous, “Propiska... bud’ ona neladna!” September 27, 2013, https://deti.mail.ru/forum/semeynye_otnosheniya/semja_i_osejnyye_otnosheniya/propiska_bud_ona_neladna/?page=3.

Maintenance of the Unified Population Register is included in the Turkmen migration law as one of its main objectives.⁴⁹ Although the description of the register is quite vague in the law itself and additional information is scarce, one can assume that the register is similar to those in other Central Asian states (as well as worldwide). Development of such systems might simplify the monitoring of population movements and facilitate the distribution of social welfare services – thus it could assist, at least in theory, in reforming obsolete, opaque, and heavyweight Soviet-style registration systems. However, these systems will not be able to control the movement of population as *propiska* has.

Defining Propiska: Why Discuss It?

Propiska has a Control Function at Its Core

Residence registration is a widely accepted practice and *per se* does not contradict international standards of administrative regulations, as it provides the administrative apparatus with essential information about its population and allows for the effective management of resources.⁵⁰ However, in most countries residence registration systems are notification-based and aimed at collecting statistical information about the population and its movements; planning and budgeting (taxation and distribution of social benefits); and enabling communication between state and citizens through their registered addresses.

But the system of registration adopted in Central Asia differs by adding two more functions, which give the institute of *propiska* its control character: managing population movements and ensuring law and order. Thus, *propiska* is a form of residency registration, but it is distinct in the objectives the state pursues in adopting it.⁵¹ While most of registration systems around the world are designed to collect information, *propiska* has a security function at its core. Arguably, the Soviet *propiska* was “in the core of the means by which the MVD controlled the Soviet population”⁵², “in the heart of police power.”⁵³

Some experts attribute tightening of *propiska* to the approaching transfer of power in some of the Central Asian countries: the presence of large numbers of young, uneducated, disgruntled citizens in the capital cities is considered an undesirable risk factor for social instability.⁵⁴ Police ‘clean up’ campaigns are not rare in capitals and suburbs, especially before national celebrations or important international events. Recent celebrations of the Day of Neutrality of Turkmenistan were, for instance, accompanied by large-scale *propiska*-checking operations on the streets, bus stops, bazaars, construction sites, and roads to Ashgabat; the campaign engaged employers and communal, transport, and housing authorities. Citizens without *propiska* were evicted from rented houses and flats, and nonresident cars entering the capital were turned back.⁵⁵

The *propiska* system is designed in a way that deliberately deprives a significant part of population the very possibility to follow the law and register legally. According to a survey of young internal migrants in Almaty, only one-tenth live at their place of official registration and half of the migrants are registered in the city itself.⁵⁶ Similarly, in Kyrgyzstan, according to some calculations, about 20% of Bishkek residents lack *propiska*.⁵⁷ In Uzbekistan, according to estimates there are more than one million itinerant laborers from the provinces without registration in Tashkent.⁵⁸

This leads to the question of what the most common reasons of such a widespread violation of the law on registration are. Seventy-nine percent of the respondents to a survey of internal migrants in Astana explained their non-registration by absence of their own housing, as did 52% of the respondents in Almaty.⁵⁹ Registration is only possible if a citizen is able to present evidence of the legitimacy of his or her residence (property, consent of the landlord/employer, etc.), which is not always feasible. It is not a secret that the housing problem remains one of the most acute social issues in all of the Central Asian countries. For example, according to statistics from the National Analytical Center Samruk-Kazyna, 29% of Kazakhstani people do not have their own homes.⁶⁰

49 Law “On Migration” of the Republic of Turkmenistan, *supra*, Articles 4 and 44.

50 “The Issue of Internal Registration (Propiska),” *Background Paper* No. 2. OSCE Human Dimension Implementation Meeting Warsaw, October 1998, <http://www.osce.org/odihr/16646?download=true>.

51 Tukmadiyeva, M. *Puti reformirovaniia sistemy registratsii naseleniia po mestu prozhivaniia v Respublike Kazakhstan* (Almaty: Soros Foundation Kazakhstan, 2015), 21, <http://caa-network.org/archives/4363>.

52 Pipko, S. and Pucciarelli, A. “The Soviet Passport System,” *The International Lawyer* 19, no. 3 (1985): 917.

53 Torpey, J. “Revolutions and Freedom of Movement: An Analysis of Passport Controls in the French, Russian, And Chinese Revolutions,” *Theory and Society* 26, no. 6 (1997): 852.

54 Benoure, *op. cit.*

55 “Ashkhabat ‘zashchishchait ot priezhhikh,” *Khronika Turkmenistana*, December 8, 2015, <https://habartm.org/archives/4114>.

56 Makhmutova, *op. cit.*, 36.

57 “Bez bumazhki ty bukashka. Grazhdanskoe obshchestvo Kyrgyzstana prizyvaet otmenit’ institut propiski,” *FerganaNews.com*, October 17, 2011, <http://www.fergananeews.com/articles/7134>.

58 “On the Laws and Practices of the Republic of Uzbekistan Regarding the Rights of Citizens to Free Movement and Choice of Residence,” *Uzbek-German Forum for Human Rights*, 5.

59 Makhmutova, *op. cit.*, 36.

60 “Vo skol’ko oboidetsia arendnoe zhil’e v RK,” *Kn.kz*, September 16, 2013, <http://www.kn.kz/news/44839/>.

Owners of rental housing often refuse to register their tenants for different reasons – often to avoid taxes and utility fees (which are charged per registered person in a given apartment) or simply due to the red tape involved. A survey conducted in Bishkek confirms that another widespread reason for citizens' non-registration is a lack of necessary documents: passports, certificates of departure (*listok ubytiya*), or documents for housing (especially relevant for dwellers of “illegal” settlements).⁶¹

How Is Propiska an Impediment to Social Rights?

Some experts explain the rationale behind preserving propiska as “no man – no problem”.⁶² Some of the strongest proponents of preserving propiska are

indeed municipal governments, which are interested in avoiding some parts of the population to access social services. As a result, *propiska* generates a whole stratum of “illegal” citizens in their own country. Such situations contribute to discrimination, abuses, and exploitation of unregistered citizens by public authorities, private entities, and employers; it deprives citizens from the social protection of the state and induces marginalization.⁶³

Today, for citizens in any of the Central Asian states, it is illegal to reside in a place different from the one indicated in the registration certificate, as well as impossible (at least legally) to qualify for a whole set of political, economic, and social rights (See Table 1).

Table 1. Social Welfare Benefits Unavailable without Proper Registration

Service/State	Kazakhstan ⁶⁴	Kyrgyzstan ⁶⁵	Tajikistan	Turkmenistan	Uzbekistan
Apply for identification documents (passport, birth or death certificates, residency permit, driving license etc.)	X	X	X	X ⁶⁶	X
Register marriage	X	X	X	X ⁶⁷	X
Obtain basic social benefits, including pensions, maternity benefits, unemployment/disability, and/or other allowances	X	X	X ⁶⁸	X ⁶⁹	X
Qualify for public housing	X	X	X	X ⁷⁰	X
Purchase housing property				X	X ⁷¹
Get a bank loan/ open a bank account	X	X		No information	No information
Obtain education in public schools, kindergartens, and/or colleges/ universities	X	X	X	X	X
Qualify for public healthcare	X	X	X	X	X
Participate in elections	X	X	X	X	X
Be legally employed	X	X	X	X	X ⁷²
Register a business	X	X		X	X
Obtain vehicle registration and/or a driver's license	X	X	X	X	X
Access to justice	X	X		No information	X

61 *FerganaNews.com*, 2011, *op. cit.*

62 Damir, A. “Propiska porozhdaet rabstvo i korrupsiiu,” *Radio Azattyk*, October 28, 2011, http://rus.azattyk.org/content/kyrgyzstan_blog_propiska/24374050.html.

63 Tukmadiyeva, *op. cit.* For a detailed discussion on the role of *propiska* in producing homelessness and inciting marginalization see Stephenson, S. *Crossing the Line: Vagrancy, Homelessness and Social Displacement in Russia* (Hampshire: Ashgate, 2006).

64 Tarara, N., et al., *Otchet o monitoringe realizatsii prava na svobodu peredvizheniia v chasti obiazatel'noi registratsii po mestu zhitelstva* (Almaty: Soros Foundation Kazakhstan, 2015).

65 Social Fund “Legal Clinic ‘Adilet,’” *supra*.

66 *The List of Documents Required to Obtain (replace) Passport of a Citizen of Turkmenistan for Exit from and Entry to Turkmenistan*, Section 5, 2013, <http://migration.gov.tm/ru/pages/67>.

67 *Family Code of the Republic of Turkmenistan*, Article 17, 2012, <http://www.turkmenistan.gov.tm/?id=779>.

68 *Law of the Republic of Tajikistan “On Pension Provision of Citizens of the Republic of Tajikistan*, 1993, http://www.mehnat.tj/pdf_doc/37pensionnoe_obespechenie.pdf.

69 Code “On Social Security” of the Republic of Turkmenistan, Articles 32, 58, 59, 73, 76, 78, 80, 114, 135. 2012, <http://www.parahat.info/law/kodeks-turkmenistana-o-socialnom-obespechenii>.

70 *Housing Code of the Republic of Turkmenistan*, Article 72, 2013, <http://www.turkmenistan.gov.tm/?id=3540>.

71 A local permanent “propiska” is needed for a citizen to be able to register a property in Tashkent. See “Propiska v Tashkente: mozhno li kupit' kvartiru v Tashkente, ne imeia stolichnoi propiski?,” *UyBor.uz*, April 2, 2015, <http://uybor.uz/blog/ru/content/propiska-v-tashkente-mozhno-li-kupit-kvartiru-v-tashkente-ne-imeya-stolichnoy-propiski>.

72 Moreover, a permanent propiska is required for legal employment, while citizens with temporary registration are qualified for a temporary employment contract limited by the period of registration's validity (6 months) with the possibility of extension.

The system of distribution of social benefits and services is tied to the place of registration of the beneficiary, which causes logistical problems and increases the costs of services for obtaining or changing identification documents, receiving pensions and other payments, or getting inquiry papers (spravka), which are often required in order to obtain services or payments (See Case 3).

Case 2⁷³

... I did not receive a summons to the court because it was sent to my residence address, where I have not lived for five years. As a result, I learned about the hearing a few minutes before it started.

Vera, 35 years old, Astana, 2014.

Moreover, the system is prone to forming vicious cycles, for instance, it is impossible to obtain propiska without having a proper identification document (a passport or national ID), whereas, propiska is required in order to apply for a passport or ID (See Case 4).⁷⁴

Case 3⁷⁵

Adilet came to Bishkek from Jalal-Abad. He said that two years ago, when he had appendicitis, he appealed to city hospital №4, but due to lack of registration it was not accepted. The same thing happened in the republican hospital. In the end, he was able to get treatment through family Case connections.

Due to the imperfections of the registration system, instead of being a means of distribution of social benefits, *propiska* restricts access for certain parts of the population to those benefits. Therefore, the inadvertent violators of the registration procedure are typically the most vulnerable, low-income groups in a population: migrants from rural areas, refugees, internally displaced persons, young families, orphanage graduates, former inmates, large families, people with disabilities, and homeless people. Buying a house in the city for those groups is an impossible task, but the lack of registration does not allow

them to claim municipal, so-called “affordable housing” or arrange a mortgage.

Case 4⁷⁶

... I wanted to apply for a public housing program, but without a residence permit, according to the law I could not do that. They said I should register somewhere temporarily. I twice “bought” registration, but after expiry of the agreed period, the owners of apartments de-registered (vypisyvali) us, thus we lost our place in the akimat queue for housing, and with it the right to get an apartment through public housing program. A vicious circle.

... Since 2002, we had to move 28 times, moving to different rented apartments, which is getting more expensive with every year. My kids cannot start a family, get higher education, get a permanent job, borrow from banks, or apply for public housing. They [children] all work for private individuals to pay for someone else’s (rented) apartment and survive in our native Kazakhstan.

Appeal to the President of the Republic of Kazakhstan Nursultan Nazarbayev from Director of ‘Anshi Balapan’ Foundation, A.K. Izembaeva, 10 September 2013..

Coping Strategies: Ways to Bypass the System

Citizens who are unable to register legally have two options: 1) An inclusive method – acquiring a fictitious urban registration or, if there is such a possibility, registering with relatives/ friends; 2) An exclusive method – deciding not to register, thereby falling out of the state distributional networks and social security system (See Scheme 1).

Propiska also serves as a means for extortion for officials at various levels of the state hierarchy: from policemen and officials at the passport offices to schools and hospital administrators. In the aforementioned survey in Astana, 22% of respondents said that they had an experience paying for a fictitious registration. Callboards in Kazakhstan and Kyrgyzstan are full of advertisements with offers of “100% reliable *propiska*”. An average price for a temporary *propiska* in Astana is 6,000 tenge (around \$20), in Almaty – 15,000 tenge (\$53).⁷⁷

73 A series of anonymous interviews with internal migrants in Astana, Kazakhstan, November 11- December 11, 2014.

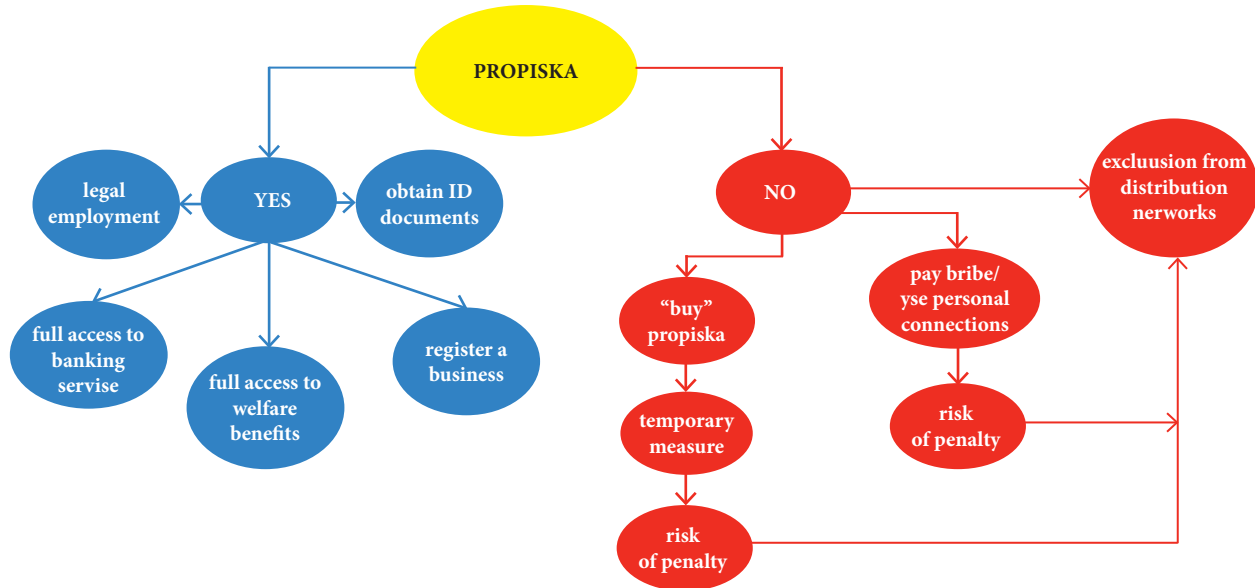
74 Tukmadiyeva, *op. cit.*, 27.

75 *FerganaNews.com*, 2011, *op. cit.*

76 Izembaeva, A.K. “Pros’ba o pomoshchi ili ob izmenenii v zakone o propiske grazhdan RK,” Open Letter to the President of the Republic of Kazakhstan, September 10, 2013, <http://forpresident.ru/prosba-o-pomoshhi-ili-o-izmenenij-v-zakone-o-propiske-grazhdan-rk.html>.

77 Tukmadiyeva, *op. cit.*, 19.

Scheme 1. Coping Strategies: Ways to Bypass Propiska



Case 5⁷⁸

...Not everyone can buy propiska... not everyone can afford it. Especially if the family is not small. Here I am, for example, with my 11-year-old daughter - it's been already three years that we are citizens without propiska. Fines do not scare me - I have no money to pay them.

Anonymous, Astana, 2014.

Case 6⁸¹

... As I failed to register at home, I went to the head of a housing cooperative (KSK) and gave him a gift to get a permanent resident there.

Moldir Women's Public Association survey, Almaty, Kazakhstan, 2010.

Usually, after an agreed period of time, the owner of the residence annuls the *propiska* through a simple procedure of de-registration (*vypiska*), which does not require the presence or consent of the registered. The new owner can also annul a *propiska* when the property is sold.

According to the interviewed internal migrants in Astana, neighborhood officials – most often employees of the Centers of Population Service (CONS) and migration police officers – are involved in the business of selling fake *propiskas*.⁷⁹ Sometimes they register a “client” into a random apartment without informing the owner, who might never learn about a new resident. In Tashkent and Ashgabat, where it is almost unrealistic for citizens from other regions to obtain a *propiska* legally, bribing an official can cost up to \$8,000.⁸⁰

According to the coordinator of the Kazakhstan-based European Commission Project ‘Shanyrak – our common home,’ Mahambet Abzhan, the system is not conducive to the effective control of migration, but only increases the “corruption potential of the whole sphere. For internal migrants it is much easier to give a policeman a bribe of 1,500–2,000 tenge (\$7–10) than to pay a fine of about 40,000 tenge (\$142).”⁸²

Case 7⁸³

Like others, I occasionally give money to policemen. But there were times when I had no money. Then, the policemen, unable to get money from me, forced me to work in their homes or at their friends' homes, doing various types of work.

Dilbar Nazarova, a mother of two children from Kashkadarya province, Tashkent.

78 A series of anonymous interviews with internal migrants in Astana, Kazakhstan, November 11- December 11, 2014.

79 Ibid.

80 “\$7,000 zaprosil chinovnik za propisku v Turkmenskoi stolitse,” *Khronika Turkmenistana*, April 28, 2013, <http://www.chrono-tm.org/2013/04/7000-zaprosil-chinovnik-za-propisku-v-turkmenskoy-stolitse/>.

81 Asanova, *op. cit.*

82 “V Kazakhstane uzhestochat nakazanie za otsutstvie propiski,” *Nur.kz*, April 1, 2010, <http://www.nur.kz/147635.html>.

83 “On the Laws and Practices of the Republic of Uzbekistan Regarding the Rights of Citizens to Free Movement and Choice of Residence,” Uzbek-German Forum for Human Rights, n.d.

According to the survey conducted by the Uzbek-German Forum for Human Rights, 98% of the surveyed internal migrants in Tashkent said that they were constantly paying bribes in order to be able to live and work in the capital: “The local authorities regularly carry out checks and raids to apprehend persons without residency permits and registrations. Also, unwitting violators of the residency regime have to pay bribes to the police inspectors, who are mostly neighborhood policemen (*uchastkovyi inspektor militsii*), and live ‘under their protection,’ that is they pay bribes on a regular basis as ‘dues’ in exchange for a peaceful life.”⁸⁴

Case 8⁸⁵

The four of us live in a rented apartment. A district police officer takes 10,000 soums [equivalent to \$8–10 – ed.] from each of us every month. He comes every month on a certain date.

Anvar T. from Kashkadarya, age 32,
historian by training, Tashkent.

Arguably, propiska in the major cities of Central Asia is limited to those citizens who have financial means to either pay bribes or buy property, leaving behind the most impoverished parts of the population.⁸⁶

Connections through family and friends are arguably the most reliable and widespread method of obtaining propiska “even during the most limiting of times.”⁸⁷ In Tashkent, where only limited categories of citizens are eligible for propiska, arranged marriages between Tashkent legal residents and potential migrants are said to be commonplace (See Case 9). Fictive marriage arrangements are not uncommon in Ashgabat either. *Fergananeews.com* reported a court case where a woman and her daughter were stripped of their propiska by a court decision after getting divorced: “The Deputy Chairman of the Supreme Court Cherkezov stated confidently that she married without intent to create a family, but for the purpose of registration.”⁸⁸ The woman acquired a disability during the court process and without propiska was unable to get health insurance and formalize her disability status.⁸⁹

Case 9⁹⁰

You enter into a sham marriage with a man with a Tashkent propiska, and a year later he registers you in his apartment without the right to property. Later you get divorced. No children are necessary. And here you have a propiska. I have relatives who did so.

Anonymous online forum participant,
Potrebiteli.uz.

Conclusions

Registration systems in Central Asian states are contradictory not only to adopted international obligations,⁹¹ but also to the countries’ own constitutions, which guarantee freedom of movement and choice of residence. The registration systems entail serious restrictions leading to the unequal access of citizens to rights such as voting and being elected, recognition before the law, working, creating a family, accessing education or health care, professional development, and freedom of labor. Excluding large groups of the population from the formal life of society contributes to their marginalization and in some cases, criminalization. These restrictions further create fertile ground for corruption by civil servants and law enforcement officials, encouraging bribery and extortion in their daily services. Such conditions are ideal ground for the development of shadow economies outside of state control.

In its current state, the propiska system creates more problems than it solves. The functions for which propiska was designed are not fulfilled: it does not provide social protection and is not effective in controlling population flows. As long as motivations for migration persist, methods for bypassing administrative restrictions develop. Propiska does not provide reliable statistical information; it is not effective in ensuring security, as criminals easily avoid the system. It does not ensure better communication between the state and citizens.

There is a need to develop an alternative, more effective, transparent and fair procedure of residence registration. Such a system should take into account the

84 Ibid.

85 Ibid.

86 Schaible, D.S. “Life in Russia’s ‘Closed City’: Moscow’s Movement Restrictions and the Rule of Law,” *New York University Law Review* 76 (2001), 356.

87 Buckley, *op. cit.*, 908.

88 Shabuntz, N. “Beskonechnii beg po krugu. Sud, kotorogo v Turkmenistane net,” *FerganaNews.com*, February 28, 2013, <http://www.fergananews.com/articles/7641>.

89 Ibid.

90 “Propiska v Tashkente,” *Potrebiteli.uz*, January 25, 2015, <http://potrebiteli.uz/potrebiteli/navigator-po-lente/detail.php?ID=3600>.

91 E.g. the Universal Declaration of Human Rights, UN International Covenant on Civil and Political Rights, the principles of freedom of movement recorded in OSCE commitments, etc.

interests of the state without compromising basic human rights. It should be less burdensome for states and citizens, and able to provide reliable vital information for effective public administration. New systems of population databases and individual ID numbers can help, but they might also threaten citizens' personal information and facilitate state surveillance. Keeping in mind high levels of corruption in Central Asia, the creation of such systems requires special attention to the protection of privacy and data security. Cases where entire databases of Ministries of the Interior were available for purchase on the black market are notorious. Thus, the authorized state agencies should not have access to all the information on a given citizen; the agencies only should have access to the information that is related to its direct tasks.⁹²

Recommendations

For State Agencies

- “Un-tie” social benefits from residency: citizenship should be the only requirement for access to social services.
- Fully embrace possibilities offered by modern technologies. The experience of the Baltic States in reforming their registration systems might be useful. If done correctly, competent public authorities with access to a common database using a unique identification number at any time would be able to get accurate information about the residence of citizens. The reform would not require additional financial investment, as all of the central Asian states already have, to different extents, introduced electronic population registries and assigned individual identification numbers to their citizens.
- In the development of such databases, particular attention must be given to the privacy and personal data protection of citizens.
- Minimize the administrative obstacles to the registration of all groups of the population. the possibility of registering at municipal offices is one of the most effective and simple ways to ensure registration of homeless people, for example.

- The burden of checking the reliability of information submitted by citizens must be borne by the state apparatus, e.g., by the institution of district inspectors (*uchastkovye inspektory*).
- Over-centralization of resources and opportunities is at the core of the issue of “spontaneous and irregular migration”⁹³ and resulting pressures on urban infrastructure. Creation of employment, educational, social-cultural and other opportunities outside of the capital cities is an essential element of preventing out-migration from regions to the centers. For example, surveys show that graduates of universities tend to stay in the cities where they studied. The establishment of quality universities outside of capital cities might be an effective way of diversifying migration routes, at least among younger, educated populations.⁹⁴

For NGOs and International Organizations

- Conduct awareness-raising work targeted at government agencies as well as with communities. The myth of the necessity and usefulness of *propiska* is widespread not only among government officials, but also among populations.
- Contribute to the provision of technical expertise and financial assistance in developing information systems and population databases to promote administrative reforms.
- Provide technical expertise on fiscal reform in order to decrease the resistance of host cities to accept newcomers, thus promoting more positive attitudes toward abolishing *propiska* systems in large urban centers.
- Conduct consistent monitoring of the compliance of states on the international obligations they have undertaken regarding freedom of movement and other rights limited by the *propiska* system.
- Facilitate effective distribution of job information among populations, especially in rural areas. Provision of information on social protections, legal counseling for internal migrant workers is essential in preventing violations of their rights by law enforcement personnel as well as employers.

92 “Guidelines on Population Registration,” OSCE. Organization for Security and Co-operation in Europe, Warsaw, 2009.

93 Law of the Kyrgyz Republic “On Internal Migration,” 2002, <http://demoscope.ru/weekly/knigi/zakon/zakon092.html>.

94 Makhmutova, *op. cit.*

The Visa Regime in Uzbekistan: A Failed Attempt at Balancing Regime Interests and Freedom of Individuals

Yevgenia Pak¹ (2014)

The concept of ‘national security’ extends beyond the traditional concerns of military security.² It also involves “the ability to navigate safely through the global commons” such as the oceans, the atmosphere, outer space and cyberspace.³ Human security implies the free movement of individuals—inside their own states, when crossing state borders, and when migrating to other countries.

On paper, Eurasia is a liberal region in terms of freedom of movement, mostly due to post-Soviet agreements that allow for a unified space for the movement of people. However, in practice, crossing state borders remains challenging for a large part of the population both in terms of logistics and in terms of formal procedures. Turkmenistan and Uzbekistan are especially problematic in this regard. Uzbekistan is one of the few countries in the world that requires those wanting to travel abroad to obtain an exit visa—that is, travelers need to get a “passport sticker,” from the Ministry of Internal Affairs. The Uzbek authorities have offered little in the way of explanation for the exit visa. In the 1990s, they claimed the introduction of the exit visa was a measure to ensure security and order. In the 2010s, Uzbek officials argued that the exit visa was necessary to help prevent human trafficking.

This paper examines to what extent the exit visa has helped maintain public order and prevent human trafficking. It begins by investigating the issue of foreign travel from a historical perspective by exploring rules and regulations in both the Soviet and immediate post-Soviet eras. In the latter era I distinguish two periods—a first wave of travel restrictions instituted in 1995 that were said to be necessary to protect public order and a second wave of travel restrictions instituted since 2011 that were said to be necessary to prevent human trafficking.

I critically examine these justifications and argue that the first wave of restrictions had more to do with controlling

the domestic political opposition and ensuring the security of the regime. The second wave of restrictions was less politically motivated and spurred by the desire to stop the expansion of transnational criminal groups. Unfortunately, these restrictions have not stopped human trafficking and have had the unintended consequence of increasing undocumented labor migration to the Commonwealth of Independent States (CIS) states. The third part of this paper argues in favor of the abolishment of the visa regime and provides recommendations to Uzbekistan and international actors on how to move forward.

Travel Restrictions: A Long History for Uzbekistan

The Soviet Era

1) Controlling Mobility inside the Country

The Soviet Union introduced the need for travel documentation in 1932 the Central Executive Committee of the Council of People’s Commissars adopted a resolution establishing a single passport system in the USSR and a compulsory residential permit.⁴ The newly established regime restricted the movement of citizens within the country through the *propiska*, that is, mandatory registration of residency and the use of internal passports.⁵ The introduction of the passport system was justified as a measure: “to ensure better control of people in cities and towns, and to remove from these localities refugees, i.e. kulaks, criminals, and other antisocial elements.”⁶

The very wording of the resolution clearly emphasizes the police function of the Soviet passport system. Kulaks (a rich peasants classified in the Soviet ideology as bourgeois and anti-regime elements) seeking refuge in cities were fleeing the social violence following the collectivization that began at the end of the 1920s. The removal of people in cities and towns not involved in the production process or “community service” meant forced relocation of those people to places in distant regions in need of laborers.⁷ The

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2 Flournoy, F., and Brimley, S. “The Contested Commons,” *Proceedings Magazine* 135 (2009), 7.

3 Murphy, T. “Security Challenges in the 21st Century Global Commons,” *Yale Journal of International Affairs* 5, no. 2 (2010).

4 Resolution of the Central Executive Committee of the USSR and Council of People’s Commissars “On establishing single passport system in the USSR and compulsory residential permit of passports” No. 1917 (December 27, 1932).

5 Rubins, N. “The Demise and Resurrection of the *Propiska*: Freedom of Movement in the Russian Federation,” *Harvard International Law Journal* 39 (1998), 546.

6 Resolution of the Central Executive Committee of the USSR and Council of People’s Commissars “On establishing single passport system in the USSR and compulsory residential permit of passports” No. 1917 (December 27, 1932).

7 Matthews, M. *The Passport Society: Controlling Movement in Russia and the USSR* (Boulder: Westview Press, 1993).

restrictive residence permit, or *propiska*, was used by the Soviet government to restrict migration to the country's most livable regions: cities, towns, and urban workers' settlements. It also restricted migration to settlements within 100 kilometers of Moscow and Leningrad, within 50 kilometers of Kharkov, Kiev, Minsk, Rostov-on-Don, and Vladivostok, and within a 100-kilometer zone along the western border of the Soviet Union. Residence permits were generally not available for "undesirable elements" and ex-convicts, who were prevented from making their homes in Russia's largest cities. Without a *propiska*, citizens could not work, rent an apartment, marry, or send their children to school.⁸

One of the main features of the 1932 system was that only residents of cities, workers settlements, state farms, and new building sites were given passports. The collective farmers were denied passports, and therefore bound to remain on their farms.⁹ They could not move to a city and reside without passport, which would incur a fine up to 100 rubles, and repeated violations would lead to a criminal charge.¹⁰ In 1953, rural residents were finally allowed to get a "temporary *propiska*," but for no more than thirty days. Even then they needed to also obtain a separate permit from the local administration. Farmers had to wait until 1969 to be able to obtain passports, and it was not until 1974 that they were able to freely travel inside the country. Between 1974 and 1980 over 50 million passports were issued to residents of rural areas.¹¹

2) Controlling Travel Abroad

To travel abroad, all citizens of the Soviet Union had to obtain special permission to cross the Soviet border—i.e., an exit visa and a permission from a foreign country to enter its territory,—i.e., an entry visa.

While largely closed to the outside world during the Stalinist decades, the Soviet Union significantly expanded its connections with the outside world in the 1960s. The Soviet Union entered into multiple agreements regarding visa-free travel (including private business trips) with other socialist and Eastern Bloc countries (Bulgaria, Hungary, East Germany, Czechoslovakia, Poland, Mongolia, Romania, and North Korea). Given the increased demands to allow some categories of citizens to travel abroad, legislation became more complex. In 1959, the Soviet Council of Ministers issued a number of regulations and departmental instructions to control movement across the Soviet border. These new regulations

preserved the old rules, but were supplemented by a list of persons who were given diplomatic and service passports and also allowed entry and exit with documents other than passport, such as certificates and internal passports. Henceforth, overseas business or private trips to member countries were regulated through special identity documents (the AB or NJ serial number), and inserts in the Soviet internal passports.¹²

Trade with foreign countries played an important role in reshaping Soviet visa policy. Despite the relatively limited nature of trade between the United States and the Soviet Union in the early 1970s, the Jackson-Vanik amendment, which the US Congress adopted as a part of the Trade Act of 1972, curtailed trade even more by linking trade relations to a country's emigration policy. Jackson-Vanik essentially stated that if a country denied its citizens the right or opportunity to emigrate, imposed more than a nominal tax on emigration or emigration documents, or imposed more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizen to emigrate, then that country was ineligible under U.S. law for Most Favored Nation (MFN) trade status.

The Jackson-Vanik amendment was originally aimed at penalizing the Soviet Union for its restrictions on Jewish emigration and was intended to encourage Moscow to lift these limits. The Soviet authorities denounced Jackson-Vanik as "a flagrant attempt by the United States to interfere in the Soviet Union's domestic affairs."¹³ Despite these tensions U.S.-Soviet trade rebounded in 1975 and expanded over the next few years. U.S.-Soviet trade and Jewish emigration from the Soviet Union peaked in 1979, and Congress adopted a new Export Administration act which loosened U.S. trade and export restrictions.

Soviet citizens who campaigned for their right to emigrate in 1970s were known as *refuzniks*, or *otkazniki*. In addition, according to the Soviet Criminal Code, a refusal to return from abroad was treason, punishable by imprisonment for a term of 10–15 years or death with confiscation of property.¹⁴

Despite the loosening of travel regulations in 1988 and 1990, the *propiska* and exit visa systems remained in place and continued to tightly restrict Soviet citizens' right to move for more than six decades. No significant changes were made to this system until 1991 and the collapse of the Soviet Union. The Jackson-Vanik amendment was repealed in December 2012.

8 Rubins, N. "The Demise and Resurrection of the *Propiska*: Freedom of Movement in the Russian Federation."

9 Ibid.

10 Article 192a of the Criminal Code of the RSFSR envisages up to two year imprisonment.

11 Lyubarsky, K. "The Abolition of Serfdom," *New Times International*, October 6, 1993, 10.

12 De Boer, S.P., Driessen, E.J., and Verhaar, H.L. *Biographical Dictionary of Dissidents in the Soviet Union: 1956 - 1975* (Leiden: Brill, 1982), 652.

13 Cowan, K.M. "Cold War Trade Statutes. Is Jackson-Vanik still relevant?" *University of Kansas Law Review* 42 (1994), 742–743.

14 De Boer, Driessen, Verhaar, *Biographical Dictionary of Dissidents in the Soviet Union: 1956 - 1975*.

1991–1995: Free Movement of People

After the collapse of the Soviet Union, a range of measures were undertaken to ensure freedom of movement in the newly established Republic of Uzbekistan. They included the abolition of restrictions on the movement of people and their choice of domicile. The new draft laws were developed and finalized in 1992.^{15,16}

The constitution of the newly established independent Republic of Uzbekistan solemnly declared that “any citizen of the Republic of Uzbekistan shall have the right to freedom of movement on the territory of the Republic, as well as a free entry to and exit from it, except in the events specified by law.”¹⁷ Other resolutions further elaborated that citizens “shall enjoy the right to freedom of travelling abroad for private purposes, common purposes, for permanent residence, as tourists, to study, to work, to receive medical treatment, [and] for business purposes” and that documents needed to travel abroad should be limited to the possession of an entry visa for the targeted state.¹⁸

The new regulations clearly stated that the new order applied to travel to all states with the exception of the CIS member states, where no visa documents were necessary.¹⁹ Indeed “open borders and freedom of movement of citizens” were guaranteed by Article 5 of the Agreement on Creation of CIS, signed on December 8, 1991. In order to implement it in 1992, the majority of newly independent states (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, and Uzbekistan, with Georgia joining in August 1995) signed the Bishkek Agreement on Free Movement of Citizens of CIS States, which guaranteed the freedom to move to all cosignatories’ territories, provided a person was a citizen of one of the parties to the agreement.²⁰

However, economic crises and political instability started to compromise CIS freedom of movement. CIS leaders tried to contain these forces in January 1993 by adopting the Charter of the CIS, with Article 2 encouraging the “Member States’ assistance to the citizens of the CIS states with regard to free movement within the Commonwealth.” The charter also states that “questions of social and migration policy lie in spheres of joint activity

of the Member States, in accordance with obligations undertaken by the Member States under the framework of the Commonwealth” (Art. 4) and that member states “shall exercise a joint activity in the formation of common economic space on the basis of market relations and free movement of goods, services, capital and labor” (Art. 19). The charter thus became the first document of its kind to unequivocally stress the importance of freedom of movement in the post-Soviet economic and social contexts.

1995–2011: A First Wave of Restrictions

Legislation on freedom of movement within the CIS began to lose its momentum in the second half the 1990s. In 1995, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, “On establishing the procedure of exit for citizens of the Republic of Uzbekistan,” No. 8 dated February 6, 1995, approved and launched the so-called exit visa. This resolution was accompanied by several other documents, “On additional measures to improve the passport system in the Republic of Uzbekistan,” “Statutes on the passport system in the Republic of Uzbekistan,” “Instructions on the implementation of the passport system in the Republic of Uzbekistan,” and “On measures to further improve the passport system in the Republic of Uzbekistan,” which introduced a new order affecting Uzbekistanis’ freedom of movement.

According to the above-mentioned resolution, citizens of Uzbekistan wanting to travel abroad needed to obtain an exit visa, that is, a permit sticker in their passports (hereinafter, the sticker). The sticker was valid for a period of two years, and grants multiple exits. The sticker validity period was limited to the passport validity.²¹ Uzbeks who wanted to travel abroad, (except to CIS states which do not require an exit visa) were forced to apply to the local OVIR offices (Local Departments of Exit, Entry, Citizenship) according to their place of registration of residency (*propiska*). The applicant had to provide a passport and pay the state a fee (about US\$20). According to the law, OVIR had to consider the application within 15 business days, and “grant the sticker in the absence of grounds to refuse the right to travel abroad” (Section 2). According to the resolution, the right of a citizen of

15 Law of the Republic of *Uzbekistan*, “On citizenship of the Republic of Uzbekistan” No. 632-XII (July 2, 1992).

16 Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, “On measures on introduction of the passport of the citizen of the Republic of Uzbekistan” No. 533 (November 13, 1992).

17 Article 28 of the Constitution of the Republic of Uzbekistan.

18 Resolution of the Cabinet of Minister, “On order of travelling abroad of citizens of the Republic of Uzbekistan” No. 141 (March 17, 1994). Decree of the President of the Republic of Uzbekistan, “On measures on further strengthening of economic reforms, protection of private property and entrepreneurship development” No. UP-745 (January 21, 1994).

19 Resolution of the Cabinet of Ministers “On order of travelling abroad of citizens of the Republic of Uzbekistan” No. 141 (March 17, 1994).

20 “Soglashenie o bezvizovom peredvizhenii grazhdan gosudarstv SNG po territorii ego uchastnikov ot 9 octiabria 1992 goda” (Agreement on Visa-free Movement of Citizens of the CIS Members within the CIS, October 9, 1992).

21 Para 2. Section 2 of Appendix 1 to Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On the establishment of procedure for exit of citizens of the Republic of Uzbekistan and regulations on diplomatic passports of the Republic of Uzbekistan” No.8 (January, 6 1995).

Uzbekistan to leave the country was to be provisionally restricted if he/she:

- a. Has access to especially important data or top secret data constituting a state secret and concluded a labor agreement (contract) stipulating a provisional restriction of the right to leave, until expiration of the period of restriction established by the labor agreement (contract);
- b. Has been detained on suspicion of having committed a crime or has been accused, until the court's decision on the case;
- c. Has been ruled by the court as an especially dangerous recidivist or is presently under administrative supervision of militia, until the sentence has been served or lifted or the termination of the administrative supervision;
- d. Evades the fulfillment of obligations imposed on him/her by a court of law until the obligations have been fulfilled or the sides have reached an agreement;
- e. Has presented deliberately false information when legalizing documents for exit from Uzbekistan;
- f. If a civil claim has been instigated against this person, until the court makes a decision on the case;
- g. In accordance with the Republic of Uzbekistan's legislation, has been called up to the military service, until the termination of the military service or on the grounds of the law. (Section 3).

Moreover, Article 223 of the Criminal Code of the Republic of Uzbekistan clearly stated "exit from or entry in the Republic of Uzbekistan, or crossing the state border, which violates the duly set procedures shall be punished with a fine from fifty to one hundred minimum monthly wages, or imprisonment from three to five years." Violation of set procedures to exit from or enter into the Uzbekistan should be interpreted as:

- a. Crossing the border with an invalid or void passport.
- b. Illegally crossing the border, or
- c. Crossing the border without proper documents.

Laws against crossing the border with an invalid or void passport aim to prevent criminals and other violators, along with persons indebted to the state or any other legal or natural persons, from leaving Uzbekistan.

2011: A Second Wave of Restrictions

In 2011, a new resolution of the government of Uzbekistan, No. 200 dated July 7, 2011, introduced a new procedure, "On the establishment of procedure for exit of citizens of the Republic of Uzbekistan and regulations on diplomatic passports of the Republic of Uzbekistan." According to it, restrictions to exit the country now included the following:

If certain information has been received by the Ministry of Internal Affairs or the Ministry of Foreign Affairs from competent authorities that the applicant, while abroad, violated the law of the host country (list of offenses defined by the relevant authorities), or if certain information has been received indicating non-expediency of granting permission to exit from Uzbekistan—until the termination of a two year period since the registration of this person.²²

The law fails to provide an explicit definition of "relevant authorities" who are to define the list of "offenses" that might be used by the Ministry of Internal Affairs and the Ministry of Foreign Affairs to refuse the right to exit. It also introduces a very broad and confusing term—"non-expediency"—that might cover a multitude of undefined violations. The blurry nature of this terminology allows overly expansive leeway as to the interpretation of what can be deemed non-expedient by the above-mentioned ministries. Therefore, this ground for refusal leaves open a great deal of room for local administrative discretion. The regulations do provide for appeal of refusal of the exit visa through the courts or superior administrative bodies. However, should this restriction of the right to exit be imposed privy to Clause H, the amended Resolution No. 8 denies the applicant the right to appeal against such a decision.²³

In addition, in 2012 President Islam Karimov approved amendments to the Criminal Code aimed at strengthening the legal ramifications for illegal entry and exit from the state. According to the amendments to Article 223 of the Criminal Code, exit from or entry into the Republic of Uzbekistan, or crossing the state border, in violation of the duly set procedures is punishable with 5–10 years imprisonment²⁴ if committed by state officials, persons that require special approval to travel abroad, or if committed repeatedly. This measure also applies to foreigners, whose right of entry into Uzbekistan is limited

22 Para h. Section 3 Appendix 1, Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On the establishment of procedure for exit of citizens of the Republic of Uzbekistan and regulations on diplomatic passports of the Republic of Uzbekistan" No. 8 (January 6, 1995) amended by new Resolution of the government of Uzbekistan No. 200 (July 7, 2011).

23 Ibid.

24 Disposition of Article 223 as amended by the Law of the Republic of Uzbekistan No. ZRU-345 (December 29, 2012).

in accordance with the procedure for entry and exit from Uzbekistan of foreign citizens and stateless persons, approved by the Cabinet of Ministers. The law took effect on January 4, 2013.

Rationales of the Visa Regime: Two Hypotheses

The Uzbek authorities have offered little in the way of explanation for the visa regime. However, two major hypotheses can be put forward.

Hypothesis 1. To Ensure Domestic Security... and Eradicate Opposition

The 1995 law introducing the permit sticker affirms that the new order was introduced “to ensure the protection of rights, freedoms, and lawful interests of citizens, as well as to ensure security and order.” It is therefore crucial to analyze the political and social environment in Uzbekistan in the mid-1990s in order to understand the reasons behind this decision.

In the transition to independence, the Uzbek government adopted a set of domestic policies built upon the twin pillars of stability and consolidation of the country’s independence. In numerous speeches, President of Uzbekistan, Islam Karimov argued that, given Uzbekistan’s domestic and international circumstances, the country’s first priority should be stability.²⁵ The result was a set of domestic initiatives designed to forge a strong centralized state, promote Uzbek national self-identity and suppress all potential sources of opposition (particularly those inspired by political Islam).²⁶ The attempts to eradicate any potential opposition movements, especially those that emerged in 1988–1992, during the *glasnost* and *perestroika* years, resulted in Soviet-style tactics of using fear and coercion. Political activists were denied the right to assemble, advance their views, meet with foreign journalists, and distribute publications.²⁷ The main independent organizations were the Birlik (Unity) People’s Movement and the associated Birlik Party, which promoted principles of independence and national rebirth.²⁸ The Birlik movement was officially recognized in 1991, but denied registration as a party. Several activists, notably Muhammad Salih, left Birlik and formed the Erk party as the “official opposition” in April 1990.

In 1993, the government issued a decree requiring all officially recognized public organizations and political parties to re-register or face suspension. On October 1, 1993, the government used technical pretexts to prevent both Birlik and Erk from registering with the Ministry of Justice, which resulted in the permanent ban of both parties.²⁹ The government began to actively persecute members of the Birlik party, and a number of opposition leaders disappeared or were assaulted or imprisoned.³⁰ The Members of both parties, including the Birlik chairman, fled the country. As a part of a political crackdown, conspiracy charges were issued against five Erk leaders who had been living in exile since 1993. In June 1994, Uzbek security services seized dissidents Murod Zurayev and Erkin Ashurov from exile in Almaty and took them to Uzbekistan to stand trial along with other dissidents. The Supreme Court found the seven dissidents guilty of “participating in a conspiracy to forcibly overthrow the constitutional government.” The government used this trial as a part of an ongoing effort to discredit opposition groups by linking them with extremism.³¹

It is hardly a coincidence that the exit visa was launched in a time of political repression, when many opposition figures fled to Russia, Turkey, and the United States, and continued to be active abroad. In 1995, the Uzbek authorities closed seven major newspapers on the grounds that they were “disloyal to the current regime.”³² Some publications were banned outright, such as *Mustaqil Haftalik* and *Erk*, the newspapers of the *Birlik* and *Erk* opposition groups respectively. Individuals have been imprisoned for merely possessing one of these newspapers.³³ However, both movements continued to operate from abroad. In addition to the new law on the media, a law on political parties introduced in January 1997 imposed further obstacles for political party registration and “justified” the government’s full control over political life.³⁴

The introduction of a visa exit regime in 1995 can therefore be understood in the context of the political struggle between the Karimov regime and its first generation opposition. The authorities were afraid of the possibility of opposition leaders creating dissident cells abroad, and being able to travel freely to and from Uzbekistan. Subsequent years have shown evidence of the

25 Melvin, N. *Uzbekistan. Transition to authoritarianism on the Silk Road* (Amsterdam, Netherlands: Harwood Academic Publishers, 2000), 29.

26 Critchlow, J. *Nationalism in Uzbekistan: A soviet republic’s road to sovereignty* (Boulder: Westview Press, 1991), 17.

27 Bohr, A. *Uzbekistan Politics and Foreign Policy* (London: the Royal Institute of International Affairs, 1998), 10.

28 Melvin, *Uzbekistan. Transition to authoritarianism on the Silk Road*, 35.

29 *Ibid.*, 35.

30 *Ibid.*, 36.

31 Melvin, *Uzbekistan. Transition to authoritarianism on the Silk Road*, 36.

32 Bohr, *Uzbekistan Politics and Foreign Policy*, 15.

33 *Ibid.*

34 Melvin, *Uzbekistan. Transition to authoritarianism on the Silk Road*, 38.

regime's attempts to prevent activists and independent journalists from traveling abroad and developing contacts with foreign groups and institutions that could provide support. In the second half of the 1990s, the Government also restricted cross-border travel with some of its Central Asian neighbors.

Hypothesis 2. To Prevent Human Trafficking... and Make Labor Migration More Difficult

The second round of restrictions, in the early 2010s, seems more of a response to new social dynamics than to any change in the political agenda of the authorities.

Although the Uzbek authorities remain discreet on the topic, the idea that the exit visa prevents human trafficking is widespread among Uzbek experts and official circles. Human trafficking has increased immensely since the collapse of Soviet Union.³⁵ Due to its declining economy and rising poverty, Uzbekistan, as Central Asia's most populous state, has become a growing source country for human trafficking and the sex industry. Uzbek women and children are subjected to sex trafficking, often through fraudulent offers of employment in the United Arab Emirates, India, Kazakhstan, Russia, Turkey, Thailand, Malaysia, the Republic of Korea, Japan, China, Indonesia, and also within Uzbekistan.³⁶ Small numbers of victims from Uzbekistan were identified in the United States, Turkmenistan, Tajikistan, Belarus, and Georgia.

The government of Uzbekistan has raised awareness of this issue and ostensibly taken measures for its prevention, such as the introduction of the law of the Republic of Uzbekistan, "On Combating Human Trafficking," and the presidential decree, "On measures to improve the efficiency of the fight against human trafficking," on July 8, 2008. The same year the country ratified the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime. It should be noted that prior to adoption of the law, the only provision to entail criminal responsibility for human trafficking was Article 135 of the Criminal Code of the Republic of Uzbekistan, stating that "engagement of people for sexual or any other exploitation by deceit," as well as "with a purpose of traffic

of such persons outside the Republic of Uzbekistan" shall be punished with imprisonment from five to eight years.

However, the expansion of transnational criminal groups and the emergence of new global strategies to combat trafficking in humans encouraged the Uzbek government to develop more targeted legal instruments.

It is also safe to assume that Uzbekistan's domestic and international policy at that time was heavily influenced by its preoccupation with relations with the United States. After September 11, 2001, the United States was sometimes seen an ideal international partner, not only as an ally against the Islamist threat but also as a source of financial aid and investment.³⁷ The establishment of close ties between the United States and Uzbekistan, however, proved to be more challenging than Tashkent expected. Despite the importance of the security agenda, the Clinton and both Bush administrations were concerned with human rights and democracy as determining factors in relations between Washington and Tashkent, and human rights violations could be sufficient to merit a cut-off of US assistance.³⁸ As of the FY2003 foreign operations appropriation, Congress has prohibited foreign assistance to the government of Uzbekistan unless the Secretary of State determines that Uzbekistan is making substantial progress in meeting commitments to respect human rights.³⁹

After the US Department of State gave the lowest possible grade (Tier 3: country does not fully comply and is not making significant efforts to do so) to Uzbekistan on the trafficking of people in its 2003, 2006, and 2007 Trafficking in Persons (TIP) country reports, Uzbekistan became very keen to gain US approval and change its image as one of the worst human rights violators.⁴⁰ Tashkent developed a special National Work Plan to increase efficiency in combating human trafficking for 2008–2010.⁴¹ In all regions of Uzbekistan, interdepartmental commissions were set up to prevent the threat.⁴² As a result, Uzbekistan's rating was moved to Tier 2 (Tier 2: country does not fully comply with the minimum standards for the elimination of trafficking but is making significant efforts to comply).⁴³ In 2008, an official US Department of State communication acknowledged that "[the Uzbek authorities have] a written plan that, if implemented, would constitute making significant efforts to meet the minimum standards for the elimination of trafficking."⁴⁴

35 "Anti-trafficking Activities in Central Asia Financed by SIDA." SIDA evaluation 06/30, SIDA, Stockholm, 2006.

36 "Case Data on Human Trafficking: Global Figures and Trends," IOM, 2012, <http://www.humantrafficking.org/uploads/publications/IOM-Global-Trafficking-Data-on-Assisted-Cases-2012.pdf>.

37 Akbarzadeh, S. *Uzbekistan and the United States: Authoritarianism, Islamism and Washington's Security Agenda* (New York: Palgrave Macmillan, 2005), 56.

38 *Ibid.*, 68.

39 Nichol, J. *Uzbekistan: Recent Developments and U.S. Interests* (Washington, D.C.: Congressional Research Service, 2013), 3.

40 "Trafficking in Persons 2013 Report: Country Narratives," US Department of State, <http://www.state.gov/j/tip/rls/tiprpt/countries/2013/215647.htm>.

41 Decree of the President "On measures to improve the efficiency of the fight against human trafficking" No. PP-911 (July 8, 2008).

42 "Human trafficking issues considered in Muynak," *Uzbekistan National News Agency*, January 3, 2011, <http://uza.uz/en/society/1747/>.

43 "Trafficking in Persons 2013 Report."

44 *Ibid.*

The national Work Plan imposed responsibility upon and granted additional discretion to the National Security Service and the Ministry of Internal Affairs, to “strengthen border control against persons [who could] become potential victims of human trafficking.”⁴⁵ The obvious link between this provision and the aforementioned restrictions (i.e., the amendments to the exit visa introduced in 2011) indicates that the government of Uzbekistan saw the exit visa as the first and most effective tool to prevent human trafficking.

Although Tashkent seems ready to discuss human trafficking and is implementing new laws, travel restrictions have also major consequences with regard to labor migration. This unfortunately is an issue the Government is not keen to address. Unlike its Kyrgyz and Tajik neighbors, which recognize the numerical importance of labor migration and its key role in sustaining households through remittances, Uzbekistan seems to ignore that there is a problem.

Estimates of labor migration from Uzbekistan to Russia between 2004 and 2008 vary widely. Official figures estimate that 250,000 Uzbek migrants traveled abroad in that period, while more realistic estimates put those numbers at about three million. According to the official statistics published in December 28, 2012, by the Federal Migration Service of the Russian Federation, Uzbekistan is now the primary source of labor migration to Russia with approximately 2.3 million people.⁴⁶ In other words, every fourth labor migrant in Russia is a citizen of Uzbekistan.⁴⁷ However, the regime refuses to recognize the large numbers of this emigrating workforce and President Karimov has been very negative about them, stating “I call lazy those people who disgrace all of us by wanting to make a lot of money faster there.”⁴⁸ Labor migration shines a harsh light on the growing difficulties of Uzbekistan’s rural population and accentuates the country’s dependency on Russia. In 2013, Russia’s Central Bank calculated that \$5.7 billion in remittances were sent to Uzbekistan, the equivalent of 16.3 percent of Uzbekistan’s GDP at the black-market exchange rate.

Even if the exit visa does not apply to Russia, which does not require an entry visa for the majority of CIS countries, the structures created to supervise cross-border flows and criminalize them is part of the Uzbek state’s strategy to hamper labor migration.

Rationales for the Abolishment of the Exit Visa

The Exit Visa Is Going against a Basic Human Right, the Freedom of Movement

The exit visa is a violation of the right to freedom of movement. In visa regulations are at odds not only with Uzbekistan’s international obligations, such as the Universal Declaration of Human Rights (1948), and the International Covenant on Civil and Political Rights, but also with its own constitution, whose Article 28 states that “a citizen of the Republic of Uzbekistan has the right to freedom of movement across the state, to enter the Republic of Uzbekistan and exit from it, except for in cases restricted by law.”

The Exit Visa Is a Political Tool Against Human Right Activists

The exit visa is also used to prevent human rights activists from engaging in international activity or, simply, going abroad. At the end of 2013, for instance, Surat Ikramov, the leader of the Independent Human Rights Workers Initiative (IGNPU), was prevented from leaving the country for an Organization for Security and Cooperation in Europe (OSCE) conference.⁴⁹ He told Uznews.net that he was not allowed to board his flight to Istanbul because he did not have an extension for his exit visa for Uzbekistan.⁵⁰

The Exit Visa Fails to Combat Human Trafficking

The exit visa has not helped in the fight against human trafficking. According to the International Migration Organization (IMO), in 2011, Uzbekistan was ranked fifth in countries of origin for victims of human trafficking. It had 292 recorded victims (the undocumented numbers are probably at least of several thousand more), falling behind only Ukraine (835), Haiti (709), Yemen (378), and Laos (359).⁵¹ The most immigrants falling under the trafficking category are women who travel to the CIS states (Russia, Kyrgyzstan, and Kazakhstan) and to Turkey, Thailand, UAE, and Israel.⁵² Most of them are recruited by private tour agencies or bridal agencies, and are taken abroad illegally under the promise of highly paid jobs as bartenders, dancers, babysitters, etc. The overly optimistic numbers reported by Uzbek law enforcement agencies say they conducted 1,013 trafficking investigations and 531

45 Appendix 1 to Decree of the President “On measures to improve the efficiency of the fight against human trafficking” under No. PP-911 (July 8, 2008).

46 “Data on migration situation in the Russian Federation in 2012,” Federal Migration Service of the Russian Federation, <http://www.fms.gov.ru/about/statistics/data/>.

47 “International Migration 2013: Migrants by Origin and Destination,” UN Department of Social and Economic Affairs, Population Division, http://www.un.org/en/ga/68/meetings/migration/pdf/International%20Migration%202013_Migrants%20by%20origin%20and%20destination.pdf.

48 Trilling, D. “Uzbekistan’s President Attacks ‘Lazy’ Labor Migrants,” *Eurasianet*, January 21, 2013, <http://www.eurasianet.org/node/67157>.

49 “Surat Ikramov prevented from leaving the country to attend OSCE conference,” *UzNews*, October 24, 2013, accessed at http://www.uznews.net/news_single.php?lng=en&cid=38&nid=24166.

50 Ibid.

51 “Case Data on Human Trafficking: Global Figures and Trends,” IOM.

52 Ibid.

trafficking cases in 2012 (compared with 951 investigations and 444 cases in 2011).⁵³

However, the State Department's annual Global Trafficking in Persons report for 2012 downgraded Uzbekistan to the lowest category, Tier 3. Although in 2008, Uzbekistan presented a written plan to bring itself into compliance with the minimum standards for the elimination of trafficking, it failed to attain the standard set by Congress in the Trafficking Victims Protection Act (TVPA).⁵⁴ In the 2011 and 2012 TIP reports, Uzbekistan was granted consecutive waivers from an otherwise required downgrade to Tier 3 based on the 2008 plan. TVPA authorizes a maximum of two consecutive waivers. A waiver is no longer available to Uzbekistan, which is therefore deemed to be not making significant efforts to comply with minimum standards.⁵⁵

The Exit Visa Is a Discriminatory Instrument Used against Women

Various reliable sources have also documented the use of the exit visa as a discriminatory measure targeting women. Under the guise of curtailing prostitution and "criminality" and ostensibly in an effort to combat trafficking in persons, the government introduced regulations in 2011 that require male relatives of women between the ages of 18 and 35 to submit a statement pledging that the women would not engage in illegal behavior, including prostitution, while abroad.⁵⁶ These measures are obviously discriminatory because they do not target prostitution per se, or criminality, but women as a class (or at least women between the ages of 18–35). Even though the above mentioned regulations concerning the exit visa have never been officially codified and exist only at the level of "confidential" internal regulations and instructions for law enforcement bodies, they have, in fact, turned into a common practice. A clear illustration of this is the case of Yelena Bondar, a 22 year old journalist who was denied an exit visa on the grounds of age and insufficient proof of non-criminal intent.⁵⁷

It is worth noting that it is not the only discriminatory provision found in the legislation of the Republic of Uzbekistan. Since the beginning of 2004, women's NGOs working for women's equality and empowerment have come under increasing pressure from the Uzbekistan

government with the proclamation of decrees and the issuing of secret directives to banks that have obstructed the activities of women's NGOs and at times made their work impossible.

The example of such regulations is the decree issued on May, 25 2004 requiring all women's NGOs to apply for re-registration and that only those that are recommended by the Women's Committee of the Republic of Uzbekistan can be re-registered. The mere existence of such discriminatory regulations contradicts both national legislation and numerous international agreements. Indeed, Uzbekistan has signed and adopted several international instruments that condemn discrimination and protect the rights of women. Amongst these are the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and most importantly the UN Committee on the Elimination of Discrimination against Women (CEDAW).

Like many other Muslim countries and most Central Asian states, Uzbekistan is a male-dominated society. Gender discrimination is common practice in all facets of life, especially in relation to family and gender issues. In the name of protecting women from human trafficking—a more than legitimate concern—the exit visa regime is also a way to institutionalize the refusal of empowering young women in their professional and personal autonomy. High proportions of women, especially those at the grass roots level, face negative traditional beliefs that put them in disadvantaged position on a daily basis. Furthermore the nature and extent of discrimination against women in Uzbekistan varies considerably from other parts of the world, in that it is legally sanctioned and reinforced by existing practices.

The Exit Visa Fosters Undocumented Migration to CIS States

In refusing to recognize the significance of labor migration, Uzbekistan is doing its own citizens no favors. Although Uzbek migrants can enter Russia and Kazakhstan without entry visas, and thus without an exit visa from Uzbekistan, they then must find the means to legalize their status. Getting a work permit remains challenging. Tashkent cannot just put pressure on these two neighbors and demand legislation that would force them to respect

53 "Trafficking in Persons 2013 Report."

54 Ibid.

55 International Labor Rights Forum, "Testimony by Brian Campbell, Director of Policy and Legal Programs before the United States House of Representatives, Committee on Foreign Affairs, Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations; Hearing *Tier Rankings in the Fight Against Human Trafficking* and the government of Uzbekistan, April 16, 2013, <http://docs.house.gov/meetings/FA/FA16/20130418/100697/HHRG-113-FA16-Wstate-CampbellB-20130418.pdf>.

56 "Country Reports on Human Rights Practices for 2012," United States Department of State, <http://www.state.gov/documents/organization/204629.pdf>.

57 "Uzbekistan restricts women's freedom of movement amid concerns over prostitution," *Uznews*, May 4, 2011, http://www.uznews.net/news_single.php?lng=en&cid=3&nid=17106.

the rights of Uzbek migrants (legal work permits, health insurance, housing, pensions, and fair work contracts). Uzbekistan's denial thus indirectly contributes to fostering undocumented migration and puts migrants in a permanent state of fear, increasing the likelihood that they will resort to engaging in illegal activities. Moreover, this permanent status of illegality has a financial counterpart, which is that the supervision of labor migration feeds the rent-seeking mechanisms of the Uzbek security services in charge of borders.

Recommendations

- *Uzbekistan must sign interstate agreements with Russia and Kazakhstan protecting the interests of its citizens abroad.* One of the first steps would be to send specialized diplomats representing the Ministry of Labor and Social Protection of the Population to Uzbekistan's embassies in Moscow and Astana. A second step would be to work closely with both countries to ensure the rights of Uzbek migrants in terms of work permits and conditions. Specific documents need to be

signed, as Uzbekistan is not part of the Customs Union and suspended its membership in the Eurasian Economic Community (EurAsEc), which warrants freedom of movement among member states.

- *The World Bank and the IMF should initiate a cost analysis of the exit visa regime's economic ramifications.* Both institutions should assess the cost of the current visa regulations and their impact on domestic situations, the investment environment, and international trade. The research should include detailed statistics on the number of people applying for an exit visa, and should be disaggregated in terms of gender. The endemic corruption of the services in charge of migration should be included in this cost analysis in order to explore one of the least known financial aspects of the exit visa regime.

Embassies operating in the Republic of Uzbekistan should not base their decisions on granting/refusing entry visas on the status of the exit visa. *Only the US and German embassies currently do not do so.*

Causes and Consequences of the Dysfunctionalities of the Housing Market in Dushanbe

Xeniya Mironova¹ (2016)

In the beginning of 2015, the UN Committee on Economic, Social and Cultural Rights (CESCR) examined the implementation of the corresponding treaty in Tajikistan. The committee assessed the progress made by the country in regards to the protection of economic, social and cultural rights in Tajikistan: it put on record the progress Tajikistan made and expressed concern and recommendations with respect to different disadvantaged and vulnerable groups.² The next country review will be in 2020; again, it will be a critical moment for the Tajik authorities to show some commitment toward the most pressing economic, social and cultural issues the country faces. The housing market, as a part of the right to adequate housing, will be one of them.

According to international human rights law, everyone has the right to an adequate standard of living, including the right to adequate housing, which the United Nations describes as “the right to live somewhere in security, peace and dignity.”³ This right covers a number of defined freedoms and entitlements, such as: protection against forced evictions and the arbitrary destruction and demolition of one’s home; the right to be free from arbitrary interference with one’s home, privacy and family; the right to choose one’s residence, to determine where to live and to freedom of movement; security of tenure; housing, land and property restitution; equal and non-discriminatory access to adequate housing; participation in housing-related decision-making at the national and community levels.⁴

Offering an adequate standard of living to its citizens is among the most important challenges for Tajikistan and its capital city, Dushanbe, in particular. The city’s housing market is severely ineffective: it lacks general

housing-related infrastructure, has an inadequate supply of social housing, excessive real estate prices compared to significantly low wages, dependence of real estate prices on remittances sent by labor migrants, and gives preference to the construction of luxury estate, and to patronal relations.

How is it possible to account for these dysfunctions? Are they structural or conjectural, political, economic, social, or purely technical and logistical? The dysfunction of Tajikistan’s housing market has not been studied before. The statistical data provided by the Agency of Statistics of the Republic of Tajikistan is incomplete and therefore unreliable, and thus information has to be collected from other sources. To offer a first take on this issue, I collected and analyzed real estate and rental prices in the capital city, interviewed local experts on micro-credit, another expert on legislation in Tajikistan, and a Social Service Centre worker, and looked at social media discussions around this issue and at cases of expropriation.

After a short history of the capital city and its population, I explore several causes and consequences of the housing market’s dysfunction, such as population growth, civil war, internal migration, privatization, homelessness, the mortgage system, social housing, infrastructure, luxury housing, rental and real estate prices and remittances. Eventually, I conclude with some policy recommendations, which governments, civil society and international organizations may consider for the improvement of the housing market in Dushanbe.

A Short History of the Capital City and Its Population

Tajikistan is a landlocked country with a territory of 143,100 km², 93% of which is covered by high mountains.⁵ Because of this challenging geography, the country is complex for urban design; most of its cities, towns and villages are located in valleys, canyons and plateaus.

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2 “Concluding observations on the combined second and third periodic reports of Tajikistan,” UN Committee on Economic, Social and Cultural Rights (CESCR), March, 2015, <http://www.refworld.org/publisher/CESCR,TJK,555205734,0.html>.

3 “The Right to Adequate Housing,” Office of the United Nations High Commissioner for Human Rights, May, 2014, http://www.ohchr.org/Documents/Publications/FS21_rev_1_Housing_en.pdf.

4 Ibid.

5 “FAO Corporate Document Repository,” Food and Agriculture Organization, <http://www.fao.org/docrep/w6240e/w6240e17.htm>.

Dushanbe is located in the Hissar Valley in the south of Tajikistan. Some archeological evidence confirms the first human settlement as early as the 5th century BC. However, Dushanbe is a young city. It was only in 1924 that the Soviet regime decided to transform the small village of Dushanbe into the capital of the new Tajik Republic, then called Autonomous Soviet Socialist Republic. The village was known for its Monday market that gives its name to the city, and marked by “one-storied, clay, red and raw-brick houses with crooked back streets.”⁶

Dushanbe is the embodiment of a Soviet city. Its main urban features—governmental buildings, initial housing, factories, and municipal infrastructure—were built during the Stalin era. This fact is symbolized by the change of name of the city, which was named Stalinabad from 1929 to 1961. The railway reached the city in 1929, and a first hydroelectric power station, located at Varzob, provided it with electric power. The style of Dushanbe in the late 1930s and early 1940s “was characterized by European neoclassicism in accordance with the directives of the then-current Soviet architectural theory,”⁷ built by architects and designers coming from Leningrad, Moscow, Kiev and Odessa. The main city street, Rudaki Prospekt, reflected this neoclassic style with its Presidential Palace, Parliament Building, Avicenna Tajik State Medical University, Sadriiddin Ayni State Academic Opera and Ballet Theatre, Chaihona Rahat (Tea House), “Vatan” Cinema and other Stalinist style buildings.

Without any major historical cities located on its territory,⁸ Dushanbe embodies and highlights Tajikistan’s urbanization. At the Soviet census of 1926, only 10 percent of Tajikistan’s inhabitants lived in cities, and Dushanbe was hosting only 5,600 people. In 1959, the urban population rose to 33%, and in Dushanbe it constituted 224,242 people.⁹ As Glenn E. Curtis noted, “Between the 1959 and 1979 censuses, Tajikistan’s urban population more than doubled, while the rural population increased almost as rapidly. However, by the 1970s the rate of rural population growth had begun to outstrip that of urban areas. After reaching a peak of 35% in the 1979 census, the proportion of the urban population declined.”¹⁰

Picture 1. Soviet Architecture Icons: Sadriiddin Ayni State Academic Opera and Ballet Theatre



Source: Asia-Plus News Agency

Table 1: Dushanbe Population Growth, from 1926 to the Present

Year	Population
1926	5,600 ¹¹
1939	82,597
1959	224,242
1970	375,744
1979	493,528
1989	595,820 ¹²
1993	528,600
2010	728,844 ¹³
2014	788,700 ¹⁴

Dushanbe’s population evolved dramatically during Soviet decades, both in terms of numbers but also in terms of its ethnic composition. The city was truly cosmopolitan. According to the Soviet census of 1970, the number of urban ethnic Tajiks was only 99,184, compared with 157,527 ethnic Russians, out of a total of 375,744 people.¹⁵ Ethnic Germans alone numbered 50,000.¹⁶ Tajiks, Russians and Ukrainians resided all across Dushanbe, but some groups tended to live within

6 Pirov, T.T., Nazarshoev, N.M. *Dushanbe* (Moscow: International Relations, 2003).

7 Kadoi, Y., Szanto, Y., eds. *The Shaping of Persian Art: Collections and Interpretations of the Art of Islamic Iran and Central Asia* (Newcastle, UK: Cambridge Scholars Publishing, 2014).

8 Bukhara and Samarkand, the two main historical cities of the region, with a bilingual Uzbek and Tajik speaking population, have been attributed to the neighboring republic of Uzbekistan.

9 “Vsesoiuznaia perepis’ naseleniia 1959 goda,” Demoscop Weekly, http://demoscope.ru/weekly/ssp/sng_nac_59.php?reg=14.

10 Curtis, G.E. *Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan: Country Studies* (Washington, D.C.: Library of Congress, 1996).

11 “Dushanbe, Capital and Most Populous City of Tajikistan,” Encyclopaedia Iranica, <http://www.iranicaonline.org/articles/dushanbe>.

12 “Vsesoiuznaia perepis’ naseleniia 1939 goda,” “Vsesoiuznaia perepis’ naseleniia 1959 goda,” “Vsesoiuznaia perepis’ naseleniia 1970 goda,” “Vsesoiuznaia perepis’ naseleniia 1979 goda,” Demoscop Weekly, <http://demoscope.ru/weekly/ssp/census.php?cy=6>.

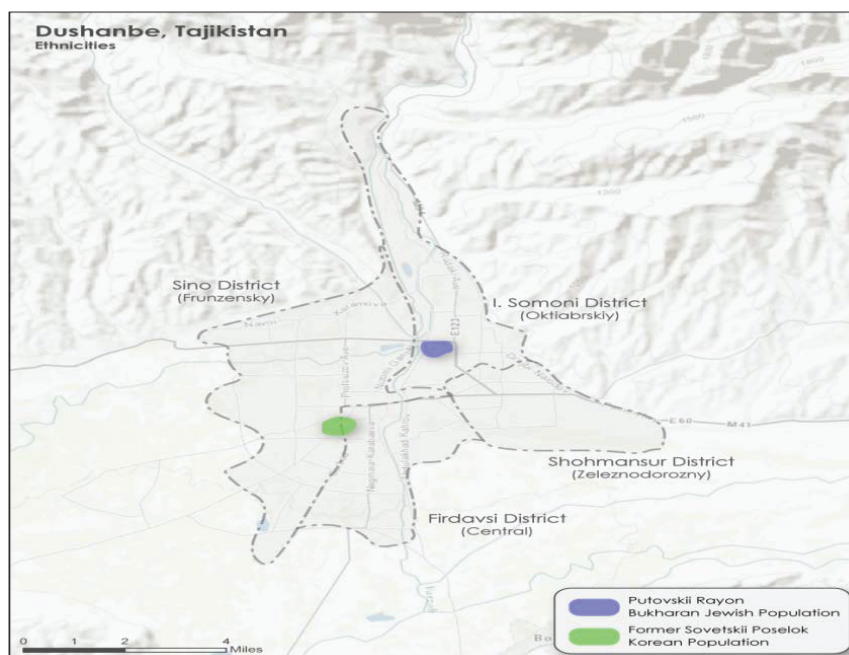
13 Numbers provided by the United Nations Data Retrieval System, <http://data.un.org/Data.aspx?d=POP&f=tableCode%3A240>.

14 Number provided by the Agency of Statistics under the president of the Republic of Tajikistan <http://www.stat.tj/en/database/socio-demographic-sector/>.

15 “Vsesoiuznaia perepis’ naseleniia 1970 goda,” Demoscop Weekly, http://demoscope.ru/weekly/ssp/resp_nac_70.php?reg=80.

16 Ibbotson, S., Lovell-Hoare, M. *Tajikistan* (UK: Bradt Travel Guides Ltd, 2013).

Map 1. Dushanbe's 'Ethnic' Districts at the Soviet Period



Sources: Information compiled by the author. ©Rhys Young and Xeniya Mironova

their own communities; for instance, Koreans lived in the *Sovetskii poselok* (former central district and now, the Firdavsi district) and Bukharan Jews lived in the *Putovskii rayon* (now the central district).

Like all Soviet cities, Dushanbe experienced a new trend of housing construction in the 1960s and 1970s, when the Khrushchev and Brezhnev regimes decided to solve the lack of individual housing with massive construction programs. Communal apartments (*kommunalki*) began to be replaced by small-scale, five-story buildings with high ceilings (*khrushchevki*), panel buildings (*panel'nye doma*), brick houses (*kirpichnye doma*) and cast-in-place concrete buildings (*monolitnye doma*). This new housing emerged in the neighborhoods around the main street Lenina (now Rudaki) and Aini Street, which were the first streets in Dushanbe connected to the railroad.

Housing has always been a critical social issue for the population. One of the factors leading to the civil war was a rumor about providing new housing to Armenians who arrived in Dushanbe in 1989, after the 1988 earthquake in Armenia. "Moscow was trying to accommodate thousands of homeless Armenians throughout the Soviet Union. Thus, the Armenian refugees were intruding on the rights of the native inhabitants [Tajik residents – X.M.] who had been waiting for their turn."¹⁷ The disintegration of the Soviet Union and Tajikistan's independence at the end of

1991 dramatically impacted the future of the country and its capital. The entry into a bloody civil war, which began in Dushanbe in 1992 before moving to the rural regions, effected population flows. People fled the regions at the outset of the war and emigrated to neighboring countries, especially Uzbekistan. The civil war thus accelerated what would become a critical feature of Central Asia's population mobility—labor migrations in the direction of Russia. The number of migrants has been steadily growing

Picture 2. Cast-In-Place Concrete Buildings (*Monolitnye Doma*) in Dushanbe, 1974



Source: Asia-Plus News Agency

17 Mehrotra-Khanna, M. "Causes for the Civil War in Tajikistan," *Mansi Mehrotra*, July 5, 2011, <http://mansimehrotra.blogspot.com/2011/07/causes-for-civil-war-in-tajikistan.html>.

after the civil war, and in 2014 it reached the official number of 834,000 people.¹⁸

In a quarter century of independence, Dushanbe's population has evolved dramatically. It stagnated in the 1990s at around 500,000 people, but hosted 300,000 more people in the 2010s, reaching almost 800,000 people. This dynamic demography is an element of concern for housing. "The 1989 census recorded that the average family size was 6.1 persons, which was the largest in the Soviet Union. The average Tajik woman gave birth to between seven and nine children, with higher birth rates in rural areas. The 2000 census recorded a slight decrease in family size, down to an average of 5.8 persons. The MICS 2005 data indicate that 59.4 per cent of households have between four and seven members. One-member households remain extremely rare at 3 percent. At the other extreme, 10.9 percent of households have more than 10 members."¹⁹

The rapid growth of Dushanbe's population in the last decade was due not only to demographic factors. It can be also explained because the capital city works like a magnet. When labor migrants come back to their home country, some of them do not want to return to difficult rural conditions but hope for building a new life for their family in the capital city. There they can find new temporary jobs during the months when they are not in migration, in the markets and bazaars, cafes and small restaurants, shops and car washes of the capital, or work as taxi drivers.

Moreover, there is still a significant flow of rural migrants coming to Dushanbe in search of a better life. If they have enough money, they rent apartments for themselves and/or their families, mostly in the suburbs of the city. If not, they share apartment with relatives or extended family. "The newcomers should obtain *propiska*—a record of their official place of residence—at their local police station. The *propiska* is stamped in passports and is essential to accessing legal employment, schooling children, and accessing social services. The lucky ones can re-register if they have relatives in town prepared to offer them a permanent home, or if they can afford to buy a property. But many others live and work in town while their *propiska* shows them as residents of some faraway village. Failure to have the right *propiska* counts as an offence, and police are authorized to conduct ID checks to identify people with the wrong residence papers, or none at all."²⁰

Last but not least, some key elements to understand the current dysfunction of the housing market are not social or economic, but political. The privatization process, which was launched at the end of the civil war, did not create a so-awaited free market that would have resulted in "property rights ... [to be – X.M.] respected and ... [to – X.M.] be freely transferred through sales."²¹ In Tajikistan, the whole process of privatization was not transparent, as "when donor engagement began in 1996, no semblance of accountability and transparency existed over the distribution and redistribution of resources in Tajikistan. Yet the IMF and World Bank loans—US\$22 million and US\$50 million respectively—set out to de-regulate and privatize state-owned enterprises, many of which were already controlled by wartime elites, and therefore legalized their ownership of these assets. Commanders of armed groups and district authorities took agricultural farms by force and used profits from cotton production to buy properties made available through privatization, such as apartments, shopping centers and restaurants."²² Moreover, a deeply embedded patronage culture contributed to accentuate the distortion of the housing market, as demonstrated below.

All the above-mentioned issues resulted in a deep transformation of the city's social landscape and the relationship between its inhabitants and the evolution of its urban design. I will now discuss several consequences of the dysfunction of the real estate market in Dushanbe.

Unrecognized Homelessness

There is no single, legal definition of homelessness in Tajikistan, no official data or statistics on the number of homeless people, and no special shelters for homeless people.

Homelessness became obvious after the beginning of the privatization process in the 1990s and early 2000s. Some vulnerable populations—mostly old, single people—lost their houses because they were cheated by acquaintances who made them sign documents to register someone else in their apartment. Others were kicked out by their relatives. Some homeless people do not have internal passports or IDs; the lack of these official documents prevents them from solving their housing problems.²³ According to the head of one of the agencies

18 Kimer, J. "Spurned by Russia, Tajik Labour Migrants Return Home to Build Rogun," *Silk Road Reporters*, January 13, 2015, <http://www.silkroadreporters.com/2015/01/13/spurned-russia-tajik-labour-migrants-return-home-build-rogun/>.

19 "Tajikistan Country Study," United Nations Children's Fund, December, 2013, <http://allinschool.org/wp-content/uploads/2014/08/Tajikistan-OOSCI-Country-Report-En.pdf>.

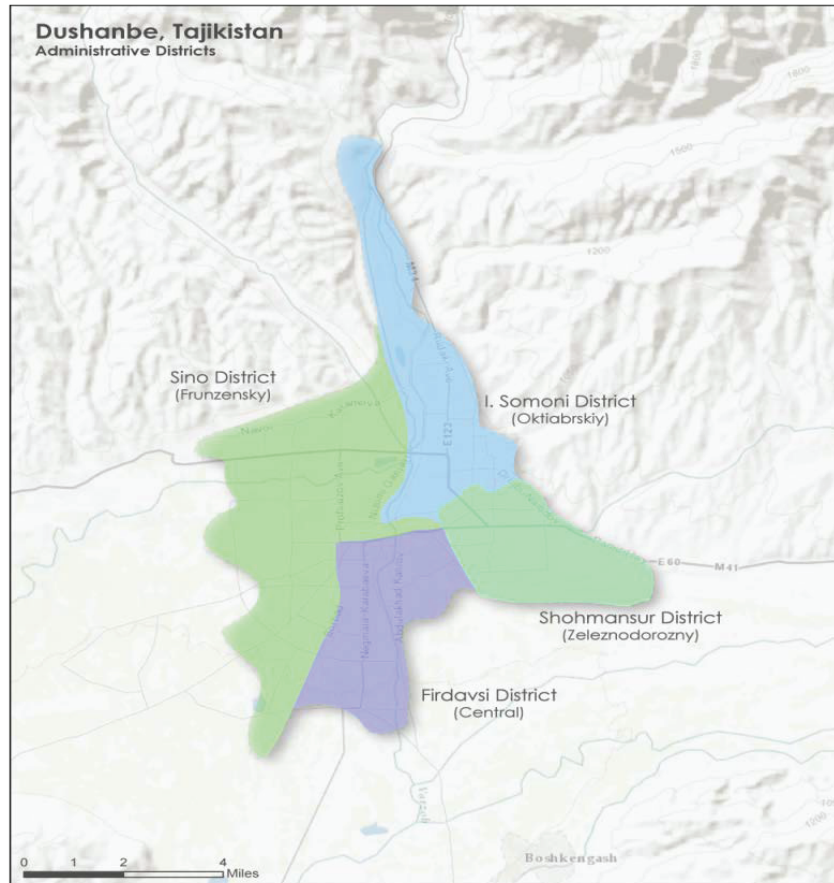
20 "Abolish Residence Controls, Say Tajik Rights Groups: Critics believe Soviet-style system should be scrapped," *IWPR*, January 9, 2010, <https://iwpr.net/global-voices/abolish-residence-controls-say-tajik-rights>.

21 Åslund, A. *How Capitalism Was Built. Transformation of Central and Eastern Europe, Russia, the Caucasus, and Central Asia*, 2nd edition (NY: Cambridge University Press, 2013).

22 Nakaya, S. "Aid and Transition from a War Economy to an Oligarchy in Post-War Tajikistan," *Central Asian Survey* 28, no. 3 (2009): 259–273.

23 Sarkorova, A. "Mnogonatsional'noe soobshchestvo bezdomnyh na ulitsah Dushanbe," *BBC*, November 28, 2014, http://www.bbc.com/russian/international/2014/11/141127_tajikistan_homeless.

Map 2. Dushanbe's Four Main Districts



Sources: Information compiled by the author. ©Rhys Young and Xeniya Mironova

of the Ministry of Internal Affairs, there are more than 500 beggars in the capital city and the half of them are not residents of Dushanbe.²⁴

Another side of homelessness in Dushanbe, which can be associated with “hidden homelessness,” is when people come from rural areas and stay in Dushanbe in the houses of their relatives or friends. They live packed in small spaces, which are often devoid of infrastructure such as access to clean water or heating systems. The Rom people—known in Central Asia as *lyuli* or *djugi*—is perceived by general population as homeless, but they often live in the Hissar Valley, not far from Dushanbe, and have houses in their community of origin while continuing their traditional mobility.²⁵

In 2010, the City Territorial Social Service Center for Older People and Adults with Disabilities started functioning in Dushanbe within the framework of the European Union program of Technical Assistance to Sector Policy Support Program in the Social Protection

Sector. Now the center is managed by the Ministry of Labor and Social Protection and financed by the local administration, the *khukumat*. Homeless people are among the beneficiaries, but according to one of the center’s workers, in 2015 only a small number of them (not exceeding 20 people) received support services there. Many do not know about the center or are afraid of going there, as they do not want to be sent to the homes for elderly people located outside Dushanbe, or they do not have passports or pensioner IDs, which are obligatory to benefit from the center. According to the same worker, the center can help homeless people with passports by preparing a covering letter and providing required forms for an official request. However, he indicated that often homeless people fail to answer correctly their last place of residence registration (*propiska*). Those who do not benefit from the center can be sent by force to a detention center (*spetspriemnik*), where the living conditions are very difficult.

24 “Nishchie Dushanbe, po poriadku rasschitaites!” *Asia-Plus*, September 27, 2014, <http://news.tj/ru/news/nishchie-dushanbe-po-poryadku-rasschitais>.

25 “Tadzhikskie tsygane “Djugi,” *Vsemirnyi islamskii sait musulman*, September 22, 2015, <http://www.muslim-info.com/tadzhikskie-tygane-dzhugi.html>.

Insufficient Social Housing

Insufficient social housing is another consequence of the dysfunction of the housing market. During Soviet times, the state provided social housing to the most vulnerable groups of the population. The public administration remained the owner of the housing, and the tenant cannot sell it or transfer it by succession. The state was also responsible for providing cheaper municipal services and free repair works for such types of housing. The government of Tajikistan stopped providing social housing at the collapse of the Soviet Union and the country's entry into civil war, and re-addressed the issue only in 2008.

Now social housing differs from the Soviet era. The state provides it not for renting, but for purchasing at below-market prices. Dushanbe's khukumat only recently has restarted the construction of social housing. In 2012, the mayor's office created a state enterprise for the construction of affordable housing (*Stroitel'stvo dostupnogo zhil'ia*), to which the state granted some land in order to decrease the cost per square meter. Because of the suspicion of mismanagement and tax evasion,²⁶ the construction of social housing was frozen for some time and began again in 2015, offering square meters ranging from \$330 to \$600²⁷ in all four districts of the capital: Ismoili Somoni, Shohmansur, Firdavsi and Sino.

Yet, this price is still high for a large part of the population. In September 2015, the average official salary for a Dushanbe resident was TJS878 (\$137)²⁸ and the price of a one-room apartment of 35 square meters in a distant micro-district of Dushanbe was about \$12,000, meaning that one would need seven years of full salary to afford social housing. In comparison, the affordability of housing in other countries differs tremendously. According to the Deloitte overview of European residential markets, the most affordable housing is in Belgium, "where a person needs to on average to save only 3.2 years to buy a new dwelling.

Belgium is closely followed by its neighbors Germany and Denmark. Relatively affordable housing can be found in the Netherlands, Spain, Ireland, Sweden, and Austria. Housing in Italy, the Czech Republic, Poland, Hungary, and France falls into a less affordable category. Citizens of these countries need to on average to save for 6–8 years to buy a new dwelling. The least affordable housing is in Russia, the United Kingdom, and Israel."²⁹ It might take citizens of Russia, the UK and Israel from 8 to 14 years to save their salaries in order to buy housing in their respective countries.

Social housing in Tajikistan is therefore more expensive, compared to average salaries, that in many more developed countries. Moreover, Dushanbe's social housing's "cheapness" is synonymous with a very low quality of infrastructure (cheap cement and lime) and complete lack of internal plumbing. Apartments are limited to the walls and the ceiling, without bathtubs and sinks.³⁰ This means that inhabitants of social housing need to come up with a significant additional sum to make the apartment inhabitable. Few people are therefore interested in investing in an unfinished product. The activity of several project sites in Dushanbe was recently stopped because of the lack of financing and absence of demand of social housing. The head of the enterprise for the construction of affordable housing reported to the Tajik media about the lack of financing and that monthly payments from investors are not received on time.³¹

Social housing also faces a severe lack of transparency. Several cases of fraud have been revealed in the Tajik press, with private subcontractors from the state agency for the construction of affordable housing stealing the funds given by future owners.³² Patronage networks dominate this state-funded market: influential figures place their spouses as heads of the subcontracting firms³³ and several engineers and builders have been able to buy apartments in buildings constructed by their own enterprises.³⁴

26 The government helped the enterprise with providing the land to build, which allowed the enterprise to decrease the prime costs for a square meter. However, in 2014 the Tax Committee of the Republic of Tajikistan made its decision to recover back taxes from the enterprise representing TJS 7,6 billion. That decision was based on the audit of the enterprise's accounting reports made by the Tax Committee, which revealed that the enterprise had demonstrated low income, but in fact it had gained more (see: Ergasheva, Z. "Stroitel'stvo dostupnogo zhil'ia" ne mozhet vyplatit' nalogovuiu zadolzhennost," *GUP*, July 21, 2014, <http://news.tj/ru/news/gup-stroitelstvo-dostupnogo-zhilya-ne-mozhet-vyplatit-nalogovuyu-zadolzhennost>).

27 Pastorova, E. "Pochemu zhile v stolitse stalo dostupnym?," *TOJNEWS*, April 17, 2015, <http://tojnews.org/ru/news/pochemu-zhile-v-stolice-stalo-dostupnym>.

28 Tajikistan's average monthly wage in Tajik Somoni is presented by Trading Economics: <http://www.tradingeconomics.com/tajikistan/wages>. The calculation was made in accordance with the USD rate presented by the National Bank of Tajikistan in September: <http://nbt.tj/ru/kurs/kurs.php?date=18.09.2015>.

29 "Property Index Overview of European Residential Markets," *Deloitte*, June, 2015, http://www2.deloitte.com/content/dam/Deloitte/it/Documents/mergers-acquisitions/be_fa_Deloitte-Property-index-2015.pdf.

30 Kasymbekova, V. "Pochemu v Dushanbe takoe dorogoe zhile?," *Centrasia*, August 8, 2013, <http://www.centrasia.ru/newsA.php?st=1375984500>.

31 Amirov, T. "Podvizhnaya nedvizhimost," *Asia Plus*, November 1, 2015, <http://news.tj/ru/news/podvizhnaya-nedvizhimost-stoit-li-pokupat-seichas-kvartiru>.

32 "Nebesa obetovannye: opyat' ob obmanutykh vkladchikah," *Asia-Plus*, November 20, 2015, <http://web.news.tj/ru/news/nebesa-obetovannye-opyat-ob-obmanutykh-vkladchikakh>.

33 Ibid.

34 Umarzoda, F. "Stolichnoe zhile po \$280 za kvadrat: v chem podvoh?," *ASIA-Plus*, October 24, 2013, <http://news.tj/ru/newspaper/article/stolichnoe-zhile-po-280-za-kvadrat-v-chem-podvokh>.

Taking into consideration the number of years required to purchase social housing, one could assume that the mortgage system could help, but Tajikistan's banking system is structurally dysfunctional. The law on mortgages, adopted in 2008, is hardly sufficient. The main banks such as Amonatbank, Orientbank and Agroinvestbank do not provide mortgages for housing to the population, and deal only with more profitable banking products. Two banks provide mortgages, Eskhata and Tojiksodirobank, but their high interest rates make their mortgages unaffordable. Bank Eskhata provides mortgage for 10 years (for payment in US dollars) and three years (for payment in Tajik somoni). In this case the mortgage is issued under the pledge of the acquired or existing property at 20% per year in US dollars or under 28% per annum in Tajik somoni. Tojiksodirobank issues mortgage at 25% per year for up to five years, but it does not provide mortgages for newly built houses, only for those which are being built with the help of bank financing.³⁵

Urban Infrastructure Issues

The housing market cannot be assessed without taking into consideration the broader city infrastructure, especially the water supply, electrical grid, heating and transportation.

Dushanbe lacks functional electric power infrastructure despite the fact that the country received several loans from different international financial institutions for developing its electric power infrastructure.³⁶ In 2008, the whole country suffered tremendously from lack of electricity.³⁷ The World Bank noted that “in the cities of Dushanbe and Khujand, for example, it is estimated that as much as 20–30% of residential and public heating demands are not met during winter months due to insufficient heat and electricity supplies.”³⁸

Energy blackouts periodically occur in Dushanbe, most of them in the winter period. Only the central districts do not experience many shortages, while suburbs, like rural regions, face regular power outages. Natural gas is not provided in every house in Dushanbe, but mostly downtown. In winter Dushanbe residents have to heat their houses using electricity, natural gas, gas-cylinders purchased at the market, and sometimes during total

blackouts they have no other choice but to stay without any heat at all. In 2015, after having no central heating at their houses in the suburbs for a long period of time, and after getting central heating unexpectedly, people faced a problem of broken water pipes due to the unpreparedness of the utilities for the winter season.

Compared to the difficulties of accessing water in rural regions, Dushanbe is relatively well endowed in terms of water supply and sanitation, but the situation is deteriorating. Across Tajikistan access to water services has 90% coverage in urban areas,³⁹ even if “16% of water is in a system of urban water supply from the river [Dushanbinka – X.M.] without cleaning.”⁴⁰ However, the construction of new buildings in the city is not complemented by new infrastructure construction. The authorities, lacking public budgets, do not take into consideration that “the water and sewage systems were built in the 1970s and 1980s and are worn-out. They are unlikely to cope with dozens of new buildings (...) residents report decreased water pressure in older buildings near the new high-rises.”⁴¹

As for the transportation system in Dushanbe, it is covered mostly by private motor vehicles (taxis), state and private minivans, and some buses and trolleybuses. Public transportation functions more or less efficiently downtown, but it is difficult for micro-districts' inhabitants to reach the center. Minivans can be overcrowded and run not according to their schedule. The number of buses and trolleybuses in the city is limited, and the renovated ones function, mostly, only downtown. At night, only private taxis are available. This situation has an impact on the prices of the real estate market, as more prestigious districts are considered to be the ones where public transportation runs more efficiently.

Destroying Historical Dushanbe and Building Luxury Real Estate

Since 2011, a new trend has emerged in Dushanbe, wherein historically unique buildings are being demolished and replaced by new ones. The Tajik authorities seem determined to remodel the face of the capital city and to get rid of the Soviet look of the city center, thus following the path blazed by the Turkmen and Uzbek authorities in their remodeling of Ashgabat, Tashkent and Samarkand.

35 Amirov, T. “V poiskakh ipotechnogo kredita.” *Asia-Plus*, October 29, 2015, 7.

36 International Monetary Fund. *Republic of Tajikistan: 2006 Article IV Consultation - Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for the Republic of Tajikistan*. International Monetary Fund, Washington D.C., 2007.

37 “Zhitelei Dushanbe ostaviat noch'iu bez sveta,” *Lenta.Ru*, February 7, 2008, <http://lenta.ru/news/2008/02/07/blackout/>.

38 “Reliable and Affordable Heating is Essential to Everyday Life in Tajikistan,” The World Bank, 2015.

39 “Improving Water and Sanitation in Tajikistan,” Global Partnership for Social Accountability, 2013, <https://www.thegpsa.org/sa/project/improving-water-and-sanitation-tajikistan>.

40 Normatov, I. S., Karomatulloeva, N., Rakhimov, I. M. “Current Situation of Water Supply and Improvement of Sanitary Conditions in Republic of Tajikistan,” *International Archives of the Photogrammetry, Remote Sensing and Spatial Information Science*, vol. xxxviii, part 8, 2010, http://www.isprs.org/proceedings/XXXVIII/part8/pdf/W02O02_20091223172216.pdf.

41 Parshin, K. “Tajikistan: Dushanbe Building Boom Blocks Out Economic Concerns,” *Eurasianet.org*, May 1, 2012, <http://www.eurasianet.org/node/65340>.

At stake here is not only an image issue, but also a financial one. Real estate developers prefer to demolish Soviet-era houses downtown. After buying the land, they do not have to invest into new infrastructure, especially new sewer systems, which therefore make these real estate operations very profitable. They continue to use ageing Soviet-era infrastructure in order to construct high-rises they will sell at high prices. Owners of Soviet-era houses are evicted, offered mediocre financial compensation, or are relocated to the suburbs. This city reconstruction is decided by the municipal authorities, with no public discussion. However, decisions on demolitions created tensions in Dushanbe in 2015, with vivid discussions on social media about the planned destruction of the Presidential Administration Office, Maiakovskii Theatre, Lohuti Theatre, Rokhat Teahouse and others.⁴²

Picture 3. High Fences of Gated Communities in the Vodonassosnaia Street



Source: Asia-Plus News Agency

This planned destruction of Soviet-era Dushanbe goes hand in hand with the development of luxury real estate in the city center. New gated communities, with expensive private villas over two floors protected by high fences, emerged in the main streets of Dushanbe, for instance in Rudaky, Vodonassosnaia, Ainy, Staryi Aeroport, etc.

Another pattern that shapes housing dysfunction in Dushanbe is the construction of luxury real estate. In 2011, Tajikistan and Qatar jointly launched the Diar Dushanbe project, planned to offer a mix of residential and commercial properties in five luxury buildings located at N. Ganjavi St. (Sino district), not far from downtown and near the Hyatt Regency Dushanbe, a luxury five star hotel.⁴³ The construction project was still ongoing in 2015

and officially stopped, depending on the source, by lack of funding and/or lack of customers.⁴⁴

That real estate is tailored to the needs of wealthy people. The price for one square meter at Diar Dushanbe ranges from \$2,640 till \$2,900, meaning that an average citizen will need his or her full monthly salary of \$137 invested for fifteen years to buy the smallest three-bedroom apartment of 115 square meters at a price of \$303,000. Sandzhar Karimov, the head of the sales department of Diar Dushanbe, recognized that ordinary citizens cannot access this kind of housing and that future owners are well-known businessmen, entrepreneurs and government officials.⁴⁵ Still, this luxury estate project could not get enough clients. The Tajik authorities therefore granted the owners of Diar Dushanbe an exclusive right to sell apartments to foreigners, even though officially, foreigners can only buy property after five years of residence in Tajikistan.⁴⁶

The Housing Market's Remittances Bubble

Another key challenge of Dushanbe's housing market is that real estate prices are intrinsically dependent on remittances sent from almost one million labor migrants. Therefore, the market functions as a bubble. Prices rise excessively when remittances sent from Russia are high, and collapse rapidly when remittances slow down, as they currently are with the Russian economic crisis.

"In January-June of this year, prices for one square meter of dwelling space in Dushanbe have declined on average by \$300," Nourali Saidzoda, the deputy head of the Committee for Construction and Development under the Government of Tajikistan, told reporters on July 15. According to him, prices [by square meter in the suburbs of Dushanbe – X.M.] have declined from \$500-\$1,200 in 2014 to \$450-\$800 this year... Meanwhile, prices for one square meter for dwelling space in downtown Dushanbe have not changed. Thus, prices for one square meter in residential buildings in the TsUM (Central Universal Department Store) fluctuate from \$1,400 to \$1,800, Saidzoda noted. Current prices for one square meter for dwelling space in the airport area reportedly fluctuate from \$600 to \$800.⁴⁷

With the exception of a few downtown districts of Dushanbe, where the prices still fluctuate, the rest of the housing market underwent a decline in prices due to the reduction of remittances sent from Russia. The prices

42 Mironova, X. "My uidem bez sleda..." *Central Asian Analytical Network*, October 20, 2015, <http://caa-network.org/archives/5737>.

43 "Project Overview," *Diar Dushanbe*, 2014, <http://www.diardushanbe.com/en/project/project-overview/>.

44 "KRIZIS: katarskaia stroika v Dushanbe priostanovlena," *TojNews*, August 3, 2015, <http://tojnews.org/ru/news/krizis-katarskaya-stroyka-v-dushanbe-priostanovlena>.

45 Kholzoda, N. "Diar Dushanbe prodadut inostrantsam," *Radio Ozodi*, November 20, 2014, <http://rus.ozodi.org/content/article/26701326.html>.

46 Olamafruz, F. "Tajikistan Tightens Marriage Rules," *IWPR*, March 3, 2011, <https://iwpr.net/global-voices/tajikistan-tightens-marriage-rules>.

47 Abdullojeva, M. "Prices for one sq m of dwelling space in Dushanbe decline by \$300," *Asia-Plus*, July 15, 2015, from: <http://www.asiaplus.tj/en/news/prices-one-sq-m-dwelling-space-dushanbe-decline-300>.

Table 2: Examples of Real Estate Prices in Dushanbe in 2014 and 2015

Year and Name of the District	Number of Rooms		
	2	3	4
2014 Ispechak-2 district (suburbs)	\$40,000 ⁴⁹		
2015 Ispechak-2 district (suburbs)	\$35,000 ⁵⁰		
2014 Zarafshon (suburbs)			\$55,000 ⁵¹
2015 Zarafshon (suburbs)			\$45,000 ⁵²
2014 33 micro-district (suburbs)		\$52,000 ⁵³	
2015 Mayakovskiy, not far from the 33 micro-district (suburbs)		\$38,000 ⁵⁴	
2014 Downtown	No data		
2015 Downtown	\$95,000 ⁵⁵		

Sources: Information compiled by the author

declined not only for the new buildings, but also for the secondary housing market. Compared to 2014, the prices for one square meter declined from \$800–1,000 to \$350–650; and now the average price for the one-room apartment is \$20,000, and not \$30,000, as it was a year ago.⁴⁸

However, even successful migrants experience difficulties in buying in Dushanbe. A migrant earning \$1,000–\$1,200 per month in Russia—a relatively good salary, possible only in the construction sector—who needs a house for a medium-sized family, has to buy land outside Dushanbe, for instance in Hissar, approximately 30 km away, to build a house large enough for the whole family.⁵⁶

Many inhabitants of Dushanbe coming from rural regions cannot afford to buy, and therefore have to rent. This is often seen as a temporary solution to find a way to stay in Dushanbe for a longer period. Renting is a widespread option, in particular in the suburbs, which offer lower prices that can vary from \$180 (1-room) per month to \$200 (2-rooms) and \$250 (3-rooms) per month. Renting prices in the center are more expensive: \$250 for a one-room apartment in an old building, \$500 for a one-room apartment in a new building, up to \$1,000 for a four-room apartment⁵⁷. Renting downtown is a niche occupied mostly by expatriates or international organizations' employees.

Conclusion

Over the last 25 years, Dushanbe has been constantly under the influence of internal and external factors that explain the housing market's multiple dysfunctions. The housing market in Dushanbe is thus a reflection of Tajik society: it was shaped by rapid population growth, internal migration from rural areas to the city, labor migration to Russia and growing social inequity between the rich and poor.

Contemporary Dushanbe is not able to absorb and integrate all rural migrants, and cannot provide all of them with jobs and affordable housing. The risk of growing urban poverty, which exists in many developing countries, is a steady tendency in modern Dushanbe, causing larger gaps between social classes. Dushanbe experiences "inequality, continuously declining living standards, and a sharp increase in the number of households living in slum conditions,"⁵⁸ and this situation will continue to deteriorate. Moreover, housing market is affected by the same problems that exist in other post-Soviet states, such as corruption and patronage relationships. My findings confirm that these trends of urban development are similar to those in other transitional countries, for instance, Armenia or Kyrgyzstan.

The creation of additional employment opportunities in the rural areas might decrease the flow of internal migrants to the capital city. Migrants based

48 "Zhil'e v Tadjikistane desheveet," *Avesta.tj*, September 9, 2015, <http://www.avesta.tj/business/35665-zhile-v-tadjikistane-desheveet.html>.

49 Reklama #33(693), August 14, 2014, 13/B.

50 Reklama #43 (755), October 29, 2015, B/10.

51 Asia Plus #47(930), June 19, 2014, 15.

52 Reklama #33(693), August 14, 2014, 13/B.

53 Reklama #33(693), August 14, 2014, 13/B.

54 Reklama #43 (755), October 29, 2015, B/13.

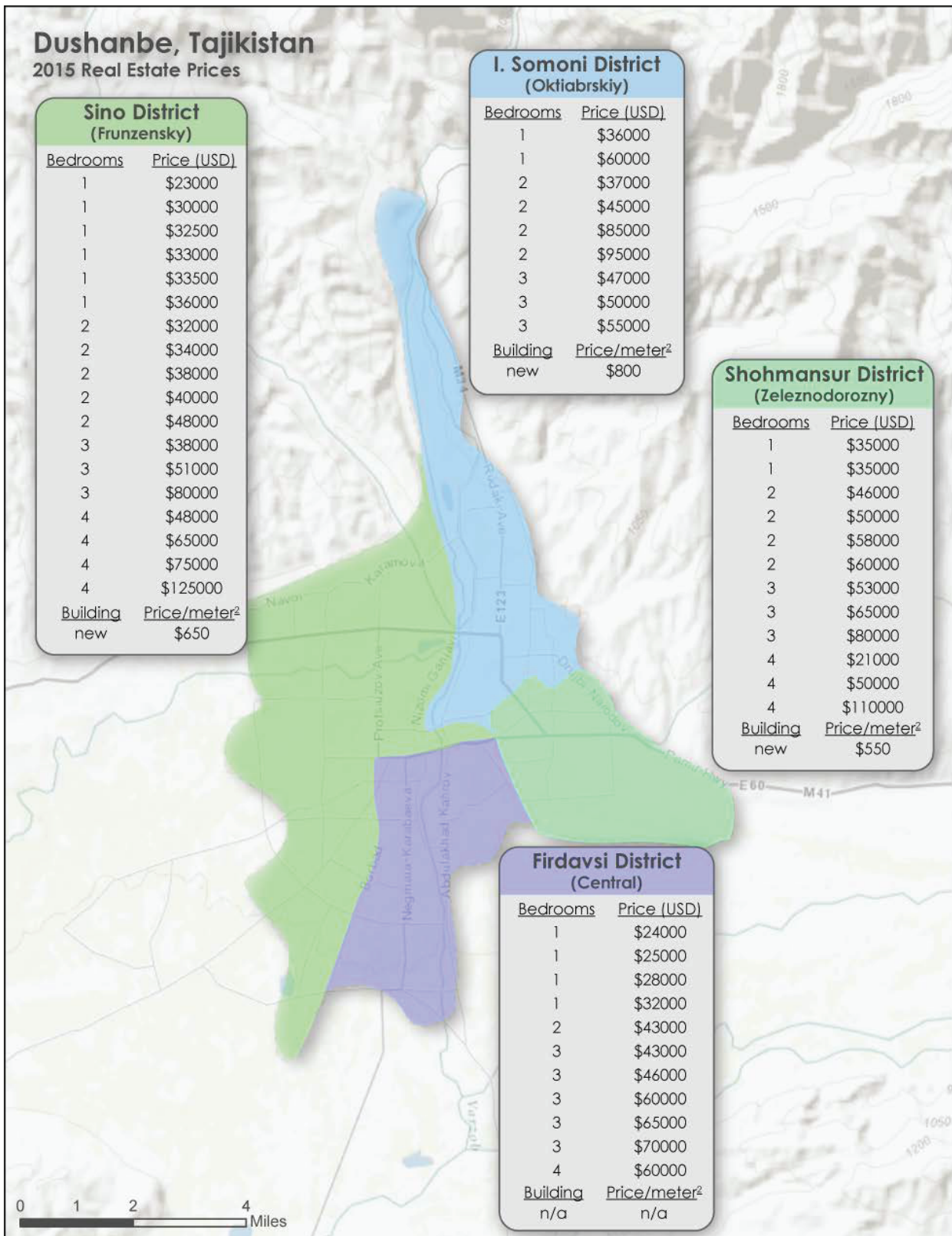
55 Reklama #33(745), August 20, 2015, B/5.

56 Oripov, A. "Krizis ostanovil stroitel'stvo v Dushanbe," *Radio Azattyk*, November 2, 2015, <http://rus.azattyk.org/media/video/27342596.html?z=0&zp=1>.

57 Source for the renting prices: Reklama #43 (755), October 29, 2015.

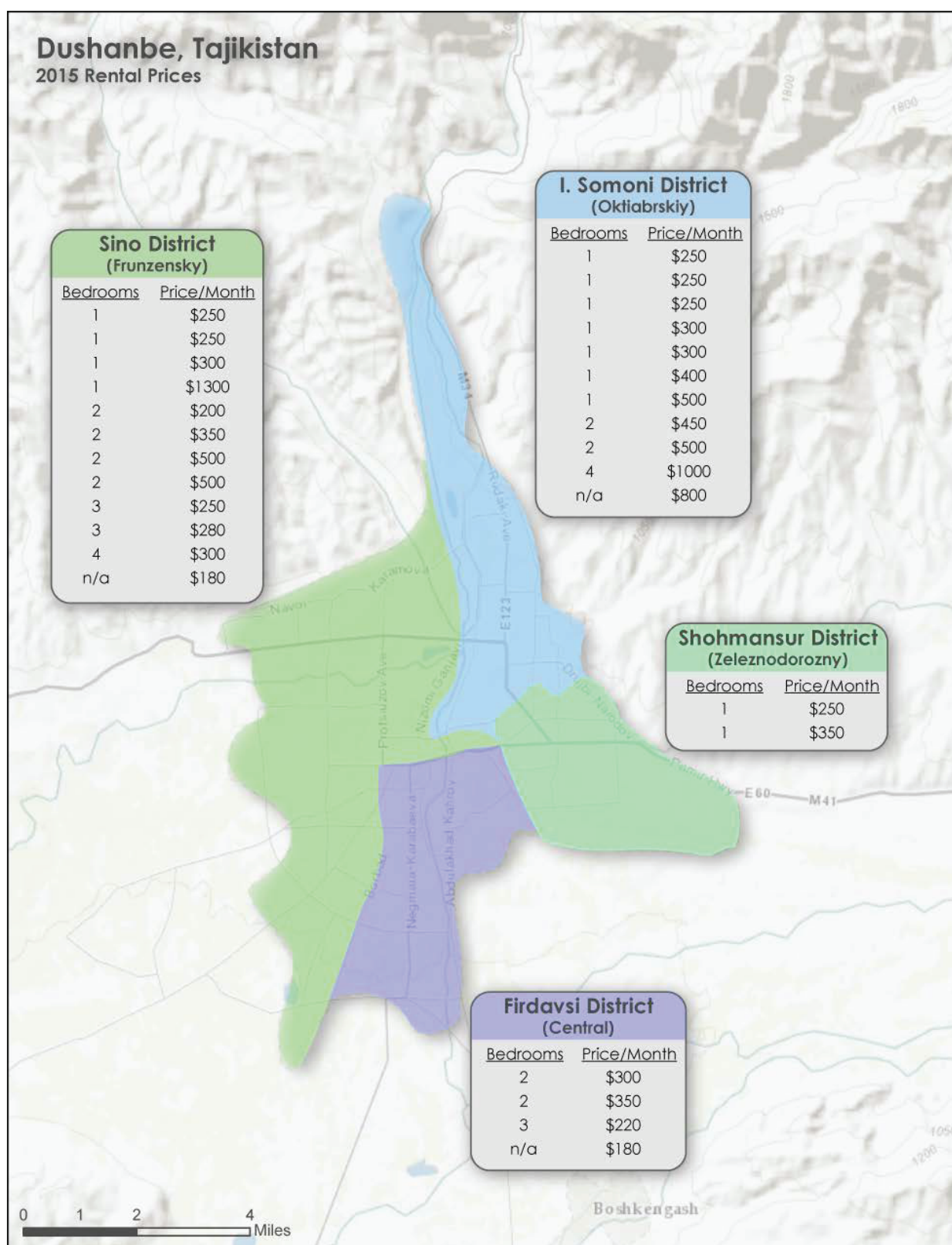
58 Sonia, H., and Stanilov K. "Revisiting Urban Planning in the Transitional Countries," UNHabitat, 2009, <http://unhabitat.org/wp-content/uploads/2010/07/GRHS2009RegionalTransitionalCountries.pdf>.

Map 3. 2015 Average Prices for Buying Apartments in Dushanbe's Main Districts



Sources: Information compiled by the author. ©Rhys Young and Xeniya Mironova

Map 4. 2015 Average Prices for Renting Apartments in Dushanbe's Main Districts



Sources: Information compiled by the author. ©Rhys Young and Xeniya Mironova

in Russia could also potentially go back to their villages and not to Dushanbe if they were offered employment opportunities or invited to invest into their own small enterprises. Offering more public funds to provincial cities, not only to Dushanbe, would help rural populations look toward their regions' administrative centers, not the capital city, and advance a more balanced development for the country.

Recommendations

For the Tajik Government

- *Invest in infrastructure.* Investing in public transportation and utilities will improve the quality of housing on offer in Dushanbe.
- *Involve civil society in urban planning.* Involving civil society in policy discussions on urban planning will sensitize urban planners and construction companies to the concerns and proposals of residents.
- *Launch long-term micro-credits.* Improving the mortgage system by offering longer-term micro-credits for housing to prospective buyers with lower interest rates would allow citizens to become sustainable owner.

For International Organizations and Civil Society

- *Improve social housing system in the capital.* International financial institutions could assist the Tajik government in constructing affordable housing in Dushanbe by providing grants for building social housing. The grantees might be local NGOs that are already working in the sphere of social justice. Social housing monitoring groups could include representatives from civil society and local NGOs. Additionally, international and local NGOs could assist in the registration and vetting of those who are eligible for social housing; awareness raising campaigns could be conducted in order to provide the greater population with information about affordable housing.
- *Monitor homelessness.* Local and international NGOs could assist in building a census of homeless people in Dushanbe, and helping them to obtain official documents (passports or IDs). Large educational billboards on the streets of Dushanbe could contain contact information for local NGOs that appeal to homeless people to approach them for further assistance. International NGOs could provide grants for building special shelters for homeless people.

Ensuring Freedom from State Violence in the Kyrgyz Republic

Sardarbek Bagishbekov¹ (2014)

Kyrgyzstan is typically portrayed as the most democratic country in Central Asia and the only one with a political environment structured around parliamentary institutions. Despite this positive image, the country still ranks almost as low as its neighbors in terms of democratic governance, particularly in having an independent judiciary and law enforcement. State violence is widespread, ultimately reducing claims of state legitimacy. The foremost issue is state sanctioned torture, which symbolizes the state's failure to guarantee security for its citizens. This paper focuses on state violence in Kyrgyzstan, particularly the acts of torture committed by law enforcement agencies, and proposes ways to curtail its use. I argue that the only way to reduce state institutions' tendency toward violence is to inform and educate the public so that they can become a strong voice calling for government agencies to respect the rule of law and adopt more effective crime prevention policies.

Cascading Challenges

In Kyrgyzstan, like in many other Central Asian states, the deteriorating human rights situation is a result of three cascading and negatively reinforcing challenges.

The first challenge has to do with regime stability, which has become a priority for the political authorities. Ensuring political stability and control over resources is considered more important than promoting human rights and democratic transformations. The focus on stability has made the political authorities neglect reform of the judiciary and law enforcement.

The second challenge has to do with high levels of corruption, particularly in law enforcement agencies and the judiciary, and the reluctance to introduce and implement real reforms. The political authorities have repeatedly issued assurances of Kyrgyzstan's commitment to human rights and democratic principles, and pointed to its ratification of the International Covenant on Civil and Political Rights

and Convention against Torture in 1997. It has also attracted foreign funding for the implementation of appropriate police reforms. However, the strong statements of commitment to democratic principles and the primacy of human rights at the higher levels of the state are not supported at lower levels of government. Put differently, the state's advocacy for human rights and freedoms, formal legal procedures and mechanisms, and an independent judiciary are not translated in practice. Corruption amongst judges and members of law enforcement agencies (especially the police and the national security service) is rampant. Many civil and criminal cases do not respect due process. The roughly 98% of criminal cases that result in convictions is suspicious.²

In addition, an OSCE study has shown that half of Kyrgyzstani citizens believe that the police normally use violence to obtain information from detainees and defendants.³ It is likely that the high rate of convictions is obtained through testimonies given under duress. A study by an independent expert about torture in Kyrgyzstan shows that 88% of all documented cases of torture are committed by internal security agencies.⁴ Torture practices include: threats, beating of the legs with batons, near suffocation with plastic bags, electric shocks, sexual violence, rape and threats of rape, withholding of toilet and other facilities, and sustained stress positions. In 2012, out of 371 total torture allegations submitted to the prosecutor's office, only 31 cases were investigated. It is unclear what happened to the remaining 340 cases.

The third challenge is that violence has become a common tool to address social problems in Kyrgyzstan. Indeed, when citizens are unable to find justice through legal channels, they resort to self-help, including political riots and radicalization. Ineffective state responses to violent incidents have become common place. The history of social unrest is startling. The country's first two presidents were violently overthrown in revolutions in March 2005 and April 2010. We have also seen numerous inter-ethnic conflicts: between Kyrgyz and Dzungars in the village of Iskra in 2006; between Kyrgyz and Russians on one side and Kurds on the other in the village of Petrovka in 2009; and between Kyrgyz and Turks in the village of Mayevka near Bishkek in 2010.

1 Sardar Bagishbekov is an executive director of the Kyrgyzstani human rights NGO *Golos Svobody* (Voice of Freedom, www.vof.kg). The organization aims to protect people from torture, and illegal detentions, to monitor police detention facilities and prisons, and to promote rights of margin groups on national and international levels. Sardar has been the Chairperson of the Association of Young Lawyers in Kyrgyzstan, worked with the UNHCR project on refugees, for the Freedom House, Human Rights Defender Support Project in Kyrgyzstan and as a regional coordinator for the Central Asian anti-torture network. He has published on topics including universality of human rights and freedom from violence and torture in Kyrgyzstan. Sardar earned his bachelor's degree in jurisprudence from the Kyrgyz National University in Bishkek.

2 "Kyrgyzstan: The Challenge of Judicial Reform," *Asia Report* No. 150, International Crisis Group, April 2008, <http://www.crisisgroup.org/en/regions/asia/central-asia/kyrgyzstan/150-kyrgyzstan-the-challenge-of-judicial-reform.aspx>.

3 "Obshchestvennoe mnenie: reforma organov vnutrennikh del Kyrgyzskoi Respubliki," SIAR, <http://siar-consult.com/news/reform-of-mvd/>.

4 Pavlova, I. "In Kyrgyzstan, 88 percent of all cases of torture fall on internal affairs agencies," *24.kg*, May 21, 2012, <http://eng.24.kg/community/2012/05/21/24335.html>.

The most violent and widespread inter-ethnic clashes between Kyrgyz and Uzbeks occurred in June 2010 in Osh (southern Kyrgyzstan) and killed more than 400 people. The government has failed to adequately address abuses, in particular against ethnic minorities, and this has undermined long-term efforts to promote stability and reconciliation. Despite an uneasy calm in southern Kyrgyzstan, ethnic Uzbeks are still subjected to arbitrary detention, torture, and extortion, without means of redress.⁵ These ethnic clashes were not properly addressed or effectively investigated by the state authorities, and they have served as a signal of impunity and acceptance of violence.

In sum, a legitimate concern with stability is being undermined by the neglect of basic principles of democratic and good governance and respect for the rule of law. The social contract between state authorities and citizens must be based on trust in the rule of law. When such trust is no longer available and replaced by violence, states may regain temporary stability, but ultimately become more unstable and invite ever more violence.

This paper examines state violence in Kyrgyzstan, particularly acts of torture committed by law enforcement agencies, and proposes ways to curtail its use.

Torture as the Most Serious Form of State Violence

Officially, Kyrgyzstan has banned torture. Article 22 of the constitution has underscored the state's obligations to prevent, detect and combat torture, stating that "no one shall be subjected to torture or other cruel, inhuman or degrading treatment or punishment."⁶ It also has ratified the UN Convention against torture and other cruel, inhuman or degrading treatment or punishment (CAT).⁷

However, despite some positive developments, torture in Kyrgyzstan continues to be widespread. Punitive-repressive police actions, stemming back to Soviet era notions of protecting the state from the people, did not disappear with independence. Numerous human rights NGOs and international organizations⁸ and experts have collected evidence of torture and ill-treatment in detention centers.⁹ During his visit to Kyrgyzstan in 2011, the UN Special Rapporteur on torture and other cruel, inhuman or degrading treatment or punishment, Mr. Juan Méndez, noted that the use of torture and ill-treatment is a widespread phenomenon.¹⁰ Civil society groups reached

the same conclusion when they monitored 47 temporary detention facilities throughout the country in 2011 and 2012. Seventy percent of 193 respondents made allegations of torture and ill-treatment by law enforcement officials, with torture being used in 83.3% of those cases to obtain confessions, and in 13.3% as a form of punishment.¹¹

Some of the most severe forms of police brutality are targeted at disadvantaged or marginalized populations such as drug users, the mentally disabled, and religious minorities, people who do not enjoy much support in the community and have limited access to justice. Ethnic minorities such as Uzbeks are specifically targeted. For example, after the interethnic clashes in 2010 only two criminal cases were investigated, despite the massive police violence against ethnic minorities in southern Kyrgyzstan. Torture is also used on young people. According to the data collected by the NGO Coalition against Torture, in more than 75% cases of torture in Kyrgyzstan, the victims were between 19 and 34 years old.¹²

Unfortunately, the state – despite its declaratory statements – has not cracked down on torture committed by its law enforcement bodies and institutions. Rapid and effective investigation of allegations of torture in Kyrgyzstan is far from guaranteed. Several factors impede access to justice and legal redress including: the lack of effective channels to file a complaint application; the difficulty of the practical application of Article 305-1 of the Criminal Code; the lack of a proper investigation agency able to conduct rapid and effective investigations into allegations of torture; and the lack of effective medical forensic examinations. Furthermore, there is a corresponding sentiment among the public at large that the police have a moral right to use torture against people who violate the law. Few citizens think critically about the problem or believe in the presumption of innocence. In public discussions about torture, one often hears both citizens and government representatives arguing about the various social and economic problems that have to be addressed before considering the moral implications of torture. Some people blame the victims of torture themselves, and others agree that while the problem exists, they do not consider it to be a priority. In both cases, what is not seen is a demonstration of the civic position, or some kind of a social censure and disapproval of the unlawful and violent acts of police. Citizens' social disapproval of

5 "World report 2013 – Kyrgyzstan," Human Rights Watch, <http://www.hrw.org/world-report/2013/country-chapters/kyrgyzstan>.

6 The constitution of the Kyrgyz Republic was adopted on July 27, 2010, <http://www.wipo.int/wipolex/en/details.jsp?id=10576>.

7 The UN Convention Against Torture was ratified by Kyrgyzstan on July 26, 1997.

8 "Kyrgyzstan: Reports of Torture, Extortion by Police," Human Rights Watch, November 23, 2013, <http://www.hrw.org/news/2013/11/22/kyrgyzstan-reports-torture-extortion-police>.

9 "Torture prevention in temporary detention centers under the Ministry of Internal Affairs of the KR," *Golos Svobody*, December 15, 2011, <http://golossvobody.kloop.kg/archives/717>.

10 "Kyrgyzstan must do more to prevent torture, end impunity for abuses," *UN News Center*, December 14, 2011, http://www.un.org/apps/news/story.asp/html/story.asp?NewsID=40726&Cr=torture&Cr1=#.Uok_LIPWuDU.

11 "Torture prevention in temporary detention centers under the Ministry of Internal Affairs of the KR."

12 Ibid.

such phenomena should become a key component in the reduction of state violence.

Post-Osh State Violence

The problem of torture most acutely manifested itself in the course of investigations into offenses related to events in the south of the country in June 2010. An inquiry by the Kylym Shamy Centre for Human Rights Protection found that as of December 1, 2010 5,158 criminal cases were put forward. However, only 169 cases that involved 305 defendants and 446 victims were referred to the courts for consideration. According to Human Rights Watch, these criminal investigations were accompanied by massive human rights violations, including torture, unlawful detention, and ill-treatment of detainees.¹³

Criminal prosecution targeted mainly ethnic Uzbeks – indeed, 85% of detainees were ethnic Uzbeks. According to a report by the International Independent Commission for Investigating the Events in the South of the Kyrgyz Republic, mistreatment of prisoners in the first hours of detention took place in almost every case, regardless of the place of detention.¹⁴ Detainees were subjected to various methods of torture and ill-treatment, including beatings with fists, batons, metal rods, and rifle butts, use of electric shock devices, asphyxiation with gas masks or plastic bags, and burning with cigarettes.¹⁵ Investigations of criminal cases were conducted in conditions of moral unpreparedness for impartial investigations, by law enforcement agencies composed of over 95% ethnic Kyrgyz, and under conditions of massive popular pressure.

Despite serious violations and gaps at the investigation stage, the June cases were referred to the court, within 2–3 months. Within another 2–3 months, court trials took place in which the attorneys were beaten in the court rooms. More than 34 people were condemned to maximum sentences. This includes Azimjan Askarov, the only journalist in the world currently sentenced to life imprisonment.¹⁶ His case is a leading example of the judiciary in Kyrgyzstan, not only as an incidence of interethnic discrimination, but also as an illustration of how the system ignores complaints of police brutality. The public prosecutor's office and the courts, including the Supreme Court, ignored his complaints about violence and torture. In spite of statements from dozens

of international organizations, official representatives of the UN and OSCE, deputies of the European Parliament, German Chancellor Angela Merkel, George Soros and many others, the case was not reopened and an appropriate investigation was not carried out.

One year later in 2011, police violence continued. Police detained and allegedly tortured Usmonzhon Kholmiraev, a Russian citizen and an ethnic Uzbek, in Bazar Korgon (southern Kyrgyzstan). He died on August 9, 2011, two days after he was released from police custody. The policemen allegedly tortured him for several hours, trying to extort money in exchange for his release. As soon as he was taken into the station, the police put a gas mask on him and started punching him. When he fell down, one of the officers jumped on Kholmiraev's chest two or three times before he lost consciousness. He told his wife before he died that the police threatened to press charges against him in connection with the June 2010 interethnic violence.¹⁷ No one was charged in his death.

In most cases, perpetrators of torture have impunity from prosecution and punishment. Prosecutor's offices are initiating investigations in only 10% of received complaints. The lack of convictions for torture as defined in Article 305-1 of the Criminal Code indicates either that the most severe form of ill-treatment by the authorities does not occur or, more likely, that there is a lack of proper investigation and legal proceedings when it does.

In October 2013, members of the Parliamentary Assembly of the Council of Europe made a statement that allegations of torture are not properly investigated in Kyrgyzstan and perpetrators are not being punished.¹⁸ The statement declared that government of Kyrgyzstan must “restart the process” to provide real justice for the violence that happened in 2010 and its aftermath. As a first step, the Supreme Court must revise judgments of convictions which are discredited by complaints of torture or other obvious violations of international standards of fair trial.

Police as a Main Source of Torture

The police represent the first level of the criminal justice system. The police are supervised by the Office of the Prosecutor General. Much of police activity is indicative of whether the state is observing its international obligations to protect and ensure individual rights and freedoms.

13 “Where is the Justice? Interethnic Violence in Southern Kyrgyzstan and its Aftermath, 2010,” *HRW report. Human Rights Watch*, August 16, 2010, 49.

14 Report of the Independent International Commission of Inquiry into the events into the southern Kyrgyzstan in June 2010, para 278.

15 *Ibid.*

16 “Azimjan Askarov - 2012 CPJ International Press Freedom Awardee,” Committee to protect journalists, 2012, <http://www.cpj.org/awards/2012/azimjon-askarov-kyrgyzstan.php>.

17 “Kyrgyzstan: A Death Follows Police Torture,” *Human Rights Watch*, August 11, 2011, <http://www.hrw.org/news/2011/08/11/kyrgyzstan-death-follows-police-torture>.

18 Baktybaev, Z. “V Kyrgyzstane ne uluchshaetsia situatsiia s pytkami,” *Rusazattyk.kg*, November 2, 2013, <http://rus.azattyk.org/content/kyrgyzstan-human-rights-/25154767.html>.

Although not required by law, in practice confessions are generally required to obtain a conviction. Torture is the primary means for obtaining confessions involuntarily. Policemen are often promoted based on the number of cases they solve, which puts them under further pressure to obtain confessions.

The causes of police abuse and human rights violations are quite diverse: impunity, corrupt law enforcement bodies, the practice of extortion in the judiciary sector, low levels of professionalism among officers, and a lack of basic moral principles. Additional reasons for the use of violence, as reported by the police themselves are: serious institutional weaknesses, low salaries, inadequate numbers of police officers, disproportionate case burdens, and a lack of proper controls over the activities of the operating units.¹⁹

On October 30, 2013, the Kyrgyz minister of internal affairs, General Suranchiev, admitted the existence of police torture and condemned it as shameful in an interview with journalists. General Suranchiev believes that “the reason behind the torture is a race after high performance indices, meaning that policemen try to obtain confessions from detainees in order to increase the percentage of the criminal cases solved.”²⁰

According to a study by John W. Schiemann from Fairleigh Dickinson University, information gleaned from interrogational torture is very likely unreliable, and when torture techniques are employed, they are likely used too frequently and harshly. For torture to generate even small amounts of valuable information, the state must make the rational calculation to torture innocent detainees for telling the truth in order to maintain torture as a threat against those who withhold information.²¹ Many experienced interrogators in the United States believe that torture is counterproductive—it produces so much unreliable information that it is difficult to tell what is true and what is false. These experts believe that non-coercive techniques are far more effective because when the subject does begin to talk, more truths emerge.²²

Similar arguments are applicable to Kyrgyzstan, as well, where in 75% of all cases the goal of the torture is to obtain a confession of guilt from a detainee. Police violence may lead to a conviction and/or punishment of innocent individuals, and in such cases it may mean that the actual perpetrators remain unpunished and may

continue to be a danger to society. Eliciting information by means of torture also reduces the capacity of the police officers to find, study, and apply new techniques and tactics of investigation and criminology.

Moving Forward

There is a public demand for police reform, including the improvement of services provided, better security and crime prevention, increased police transparency, and the reduction of corruption. Respect for human rights and freedoms should be the mainstay of police reform. In pursuing reform, the values of presumed innocence and rule of law should be paramount. Any police activities, including special operations which achieve results through illegal or inhumane actions, negate the purposes, principles, and the role of the police. The state's criminal policy should be corrected by reducing the role of repressive approaches in law enforcement training, prioritizing crime prevention, enhancing public scrutiny and accountability, and giving the public access to the maximum amount of information.²³

Although many of these changes have already been codified in both national legislation and in international agreements on human rights, there has not been much success in translating them into everyday realities. However, progressive legislation remains a crucial part of the solution to these problems, so long as it is also supported by political will, well-trained police professionals, and evidence of reduced levels of corruption.

History has shown that political will is absolutely necessary when pursuing institutional reforms – police reform is no different. In the case of Kyrgyzstan, with its vertical power structure and politicized law enforcement, leadership and political will are key components for reform. However, it is unlikely that major institutions will force the police to reform, since it is also the main institution that ensures security for the regime. Hence the importance of a scenario where the public generates political will by directing demands for more effective crime prevention and improved police services directly to the police. The role of the public can be multidimensional. It may include declarations of disagreement and social disapproval, the signing of petitions, the monitoring of police activity, and the advocacy for better police services.

19 Donis, I. “V Kirgizii sotrudniki otdeleniia militsii, v kotorom byl do smerti izbit grazhdanin Rossii, otdelalis' vygovorami i uvol'neniem,” *News Asia*, August 12, 2011, <http://www.news-asia.ru/view/1547>.

20 Tokatanaliev, R. “Glavnyi militsioner Kirgizstana v pervye priznal nalichie pytok,” *Voice of freedom Central Asia*, October 31, 2013, <http://vof.kg/?p=12346>.

21 Schiemann, J.W. “Interrogational Torture: Or How Good Guys Get Bad Information with Ugly Methods,” *Political Research Quarterly* 65, no. 1 (2012): 3–19.

22 Robinson, E. “Torture is still torture,” *The Buffalo News*, May 10, 2011.

23 “The Working Group of human rights organizations on Strategy of interaction with the internal affairs agencies and promoting the reform of the MIA,” Public Foundation Verdict, <http://eng.publicverdict.ru/>.

That is why it is very important to continue monitoring, documenting, and reporting all cases of rights violations in police settings and to continue public discussions about these problems.

Another cornerstone of police reform must address the processes of recruiting and educating police personnel. This process is monopolized by the Academy of the Ministry of Internal Affairs (MIA), which is currently the only educational institution certified to train professionals for internal affairs agencies. There have been a number of times when young students of the MIA Academy were involved in various acts of criminal and violent behavior towards civilians. Reported hooliganism²⁴ at the academy's graduation parties in 2011 and 2012 has also tarnished its reputation of professionalism. Today the academy is known for being a den of graft,²⁵ notably illustrated by the arrest of the chief of the academy and his deputy in March 2013 on the charge of accepting bribes.²⁶

Police personnel selection should be conducted on a competitive basis and be accessible to specialists from other universities and ethnic minorities, which will help avoid isolation and development of police sub-cultures. These sub-cultures are typically hostile to human rights and the rule of law and can easily rationalize the notion of violating the law for the purposes of "law enforcement." Unchecked, this professional culture tends to promote a sense of mission, pessimism towards social justice, positions of permanent suspicion, isolated social life, strong codes of solidarity, political conservatism, ethnic prejudice, sexism, categorization of people by types, and a willingness to conceal professional misconduct. The MIA should become an institution for training specialists, and it should strive to become a center of research for the study and implementation of new police approaches and skills.

Finally, the role of Ministry of Internal Affairs in leading reform efforts should be removed. International organizations and donors that occasionally allocate financial and technical support to the police are partially responsible for this inefficiency.

Opacity and lack of communication between donors and civil society are the main complaints against the OSCE police program in Kyrgyzstan, which has been performing a series of operations supporting police reform since 2003. In this context, the donors should not only demonstrate transparency, but they also should motivate and persuade state agencies to be open and ready to communicate with

civil society. The evaluation of these programs should also include studies of public opinion on reform outcomes.

Recommendations

The following steps are essential elements for ensuring freedom from state violence:

Government of Kyrgyzstan

- Establish a centralized inter-agency body with institutionalized civil society consultations for the systematic coordination and implementation of Kyrgyzstan's international human rights commitments and obligations, and the provision of the human and other resources necessary for the timely preparation of state reports to UN treaty bodies, the Universal Periodic Review, and other appropriate mechanisms.
- Publicly recognize the competence of the UN Committee against Torture to consider individual complaints of victims of torture and reports of the member-states on infringements of obligations under the convention by other member-states, according to Articles 21 and 22 of the convention.
- The Office of the Prosecutor General should establish a separate investigatory committee for police crimes with its own operative group and forensic service, and within this committee establish a special division for the investigation of torture.
- Develop an effective mechanism to receive and consider torture complaints at places of detention, with full respect for confidentiality.
- The Ministry of Internal Affairs should publicly articulate new criteria for the evaluation of the police officers' activities, including significant reductions of the weight of quantitative indicators, inclusion of public polls in police evaluations, involvement of independent institutions and civil society actors in the process of evaluations, and the development of modern integrated indicators for the assessment of the police, such as citizens' sense of security (total assessments, satisfaction with the results of work, satisfaction with communication).
- Publicly declare a zero policy stance regarding torture and condemn its use, publicizing specific

24 Saralaeva, L. "Derzhis' strana! V polku militsii pribylo," *Delo*, June 28, 2012, http://delo.kg/index.php?option=com_content&view=article&id=4014:2012-06-28-07-51-39&catid=54:2011-05-19-20-40-00&Itemid=121.

25 Rickelton, C. "Kyrgyzstan: Distrust in Police Means Privatization of Law and Order," *Eurasianet.org*, November 5, 2012, <http://www.eurasianet.org/node/66143>.

26 "Kyrgyz Interior Ministry Academy Leaders Arrested On Bribery Charges," *Radio Free Europe*, March 14, 2013, <http://www.rferl.org/content/kyrgyzstan-bribery-interior-ministry/24928308.html>.

- examples of the crime by employees of law enforcement agency and the subsequent sanctions.
- Allocate sufficient funds in the state budget for the recently established National Center of the Kyrgyz Republic for the Prevention of Torture.
 - Call upon the Ministry of Health to revise its existing internal instructions on how to comply with the Istanbul Protocol standards and issue a special decree for a timely and thorough examination of all detainees and adopt appropriate responses.
 - Develop mechanisms of implementation for the victim/witness protection law, including the demand for the temporary withdrawal of suspected officials from their jobs.

- Call upon the Supreme Court to issue a normative ruling for judges on how cases of torture should be handled, including issues of qualification of evidence.

International Community

- Continue to support human rights defenders in their monitoring, reporting, litigation, and education efforts.
- When providing financial and technical support for the judicial sector, take into account human rights concerns as described in the reports of local and international NGOs.

PART II. SOCIETIES ON THE MOVE: YOUTH, MIGRANTS, WOMEN

Economic Smart Power: Utilizing the Untapped Asset of Turkmen Youth

Dursunjemal Halimova¹ (2016)

The recent decline in world's commodity prices and the ensuing economic crisis in resource-exporting countries has renewed the interest of academics and policy makers in the importance of economic reforms. As the natural resource literature points out, resources can be both a blessing and a curse. The 'resource curse,' a term coined by Richard Auty, refers to countries with an abundance of natural resources that tend to have low levels of development outcomes compared to those that lack these resources. Turkmenistan is one such resource-dependent country, which for the past 25 years of its independence failed to diversify its economy and thus has been experiencing economic recession. The resource curse is not only about economic growth, however; it is also about human development. While Turkmenistan is running out of its nonrenewable resources and spending its generated revenues in unsustainable ways, the country's human capital is also deteriorating.

Resource-rich countries decide to develop their extractive sector because, unlike manufacturing, for example, it requires little initial investment and human capital. As a result, natural capital becomes their most important source of income.² These countries underestimate the importance of human capital and thus allocate insufficient funding and attention to the

education sector.³ In fact, research shows that countries with natural endowments spend less on education than those without them.⁴ This is also partly because talented people in these countries give up building their skills and implementing business ideas and instead become rent seekers to acquire faster wealth.⁵ However, in the absence of human capital, resource-dependent countries will fail to innovate, diversify their economies, and achieve sustainable growth. Resource-poor countries like Japan, China, and Malaysia are perfect examples of innovation-led economies. These countries decided to develop their human capital to ensure their competitiveness in the international market. By developing skill-intensive sectors such as manufacturing and services, they have continued to enjoy high profits and return to skills. This has also encouraged the general public to invest in education to meet the needs of local employers.⁶

Turkmenistan needs to invest in human capital to boost innovation, diversify its economy, and develop without relying on natural resources. To resist the negative consequences of resource dependence, Turkmenistan adopted the National Program for Socio-Economic Development for 2011–2030.⁷ It aims to raise the population's standards of living to the level of developed countries and to promote economic diversification by increasing the share of the private sector up to 70 percent of GDP by 2030. Yet, the government has not identified a clear path to this goal. According to the World Bank, Turkmenistan's economy still remains dominated by

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2 Behbudi, D., Mamipour, S., and Karami, A. "Natural Resource Abundance, Human Capital and Economic Growth in the Petroleum Exporting Countries," *Journal of Economic Development* 35, no. 3 (September 2010): 81-102.

3 Gylfason, T. "Natural Resources, Education, and Economic Development," *European Economic Review* 45: 847–859.

4 Birdsall, N., Pinckney, T., and Sabot, R. "Natural Resources, Human Capital, and Growth," in R.M. Auty, ed., *Resource Abundance and Economic Growth* (Oxford University Press, 2001).

5 Araj, S.M., and Mohtadi, H. "Natural Resources and Human Capital: The Dilemma of the Riches and Disincentives," paper prepared for the 10th Midwest International Development Conference, University of Wisconsin, April 5–6, 2013, http://www.aae.wisc.edu/mwiedc/papers/2013/Araj_Salim.pdf.

6 Gylfason, T. "Natural Resources and Economic Growth: From Dependence to Diversification," paper prepared for a workshop on Sustainable Economic Liberalization and Integration Policy: Options for Eastern Europe and Russia, Brussels, Germany, organized by the European Institute for International Economic Relations, Brussels, April 24–26, 2004, <https://www.ethz.ch/content/dam/ethz/special-interest/mtec/cer-eth/resource-econ-dam/documents/research/ws-and-conf/sags-2005/029.pdf>.

7 "Information submitted by the Government of Turkmenistan concerning General Assembly resolution 65/182 of December 2010 on follow-up to the Second World Assembly on Ageing," United Nations Human Rights Council, <http://www.ohchr.org/Documents/Issues/OlderPersons/TurkmenistanOfficialTranslation.pdf>.

hydrocarbons, which in 2014 accounted for 94 percent of the country's exports. While industry's share rose from 39 percent of GDP in 2003 to almost 50 percent in 2013, it still employs only 14 percent of the labor force. In contrast, the share of the agricultural sector declined from 20 percent to 9 percent of GDP, with 46 percent of workers still employed there.⁸ The extractive sector is capital-intensive but it does not generate much employment. This is primarily due to weak linkages between the resource sector and the rest of the economy such as services, supply chain, and subcontracting.⁹

Similarly, Turkmenistan's traditional economic growth policy, which is resource extraction, is no longer a viable option. Currently, the country faces a double challenge due to declines in both gas prices and sales volumes. For instance, Turkmenistan lost its traditional customer, Russia, which decreased its import of Turkmen gas from 40 billion cubic meters (bcm) in 2009 to none by January 2016.¹⁰ At the same time, the barter exchange with Iran and debt repayment to China limit the country's ability to raise hard currency from its sales of natural gas to these countries. Similarly, resource dependency makes it vulnerable to price shocks. For example, due to the recent decline in world oil and gas prices, the local currency depreciated by 18.6 percent in January 2015.¹¹ Finally, natural resources are finite and therefore those revenues are finite. One day it may happen that 80 percent of Turkmenistan's fiscal revenues, which come from resource extraction, might be simply gone.

Human capital should become a key component of economic growth policy, as it is the most valuable resource in any given country. While both financial and natural resources are passive factors of production, humans are the ones who can turn these resources into economic benefits.¹² For example, a study conducted by the World Bank found that education was the most crucial factor in ending poverty while higher education increased

household income by more than 200 percent.¹³ Human capital has the greatest impact on income compared to physical and natural capital.¹⁴ India is a perfect example, where owing to knowledge-based industries such as computer software, call centers, pharmaceuticals, chemicals, and biotechnology, it was able to double its economic growth. From 1990 to 2006, India's foreign exchange reserves surged from \$300 million to over \$140 billion.¹⁵ Therefore, to offset the declining nonrenewable resources and to maintain and improve the standards of living of its population, Turkmenistan should reinvest its resource revenues into human capital.

Policy Problem

The natural resource sector not only limited economic diversification in Turkmenistan; it also expanded at the expense of human development. As the resource literature suggested, natural capital crowded out human capital by reducing the public spending on education.¹⁶ Low human capital in social sectors and the lack of a strategy for developing modern human resources are the major implementation bottlenecks for UNICEF in Turkmenistan.¹⁷ Similarly, youth in Turkmenistan are described by survey respondents as wanting to study and work abroad, disinterested and disengaged in social issues, uneducated and narrow-minded, interested in economic well-being, self-interested, and unskilled and inexperienced in their respective fields (Figure 1). These negative views of youth hint at the problem of poor human capital in Turkmenistan, which is partly due to the policies of former president Saparmarat Niyazov. Changes included closure of the Academy of Sciences for almost a decade, dismissal of 12,000 teachers, decreasing the university quota by 75 percent, reducing the length of secondary education to 9 years and universities to 2 years, and rejecting foreign degrees.¹⁸ These policies damaged not only human development but also the long-term

8 "EBRD, IFC and MIGA Joint Country Engagement Note for Turkmenistan for the Period FY16FY17," World Bank, http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2015/10/12/090224b08313a6a9/1_0/Rendered/PDF/Turkmenistan000the0period0FY2016017.pdf.

9 "Economic Diversification and Nonextractive Growth," World Bank, http://ieg.worldbank.org/Data/reports/chapters/ccpe-synthesis_ch4.pdf.

10 Putz, C. "Russia's Gazprom Stops Buying Gas from Turkmenistan," *The Diplomat*, January 6, 2016, <http://thediplomat.com/2016/01/russias-gazprom-stops-buying-gas-from-turkmenistan/>.

11 "Central Asian Currencies Likely to Fall Further," *The Economist Intelligence Unit*, August 21, 2015, <http://country.eiu.com/article.aspx?articleid=303448014&Country=Uzbekistan&topic=Economy&subtopic=Forecast&subsubtopic=Exchange+rates>.

12 Harbison, F. H. *Human Resources as the Wealth of Nations* (Oxford: Oxford University Press, 1973).

13 Goldin, I., Rogers, H., and Stern, N. "The Role and Effectiveness of Development Assistance: Lessons from World Bank Experience," *A Research Paper from the Development Economics Vice Presidency of the World Bank*. World Bank, Washington, D.C., <http://siteresources.worldbank.org/DEC/Resources/roleofdevelopment.pdf>.

14 Philippot, L.-M. "Are Natural Resources a Curse for Human Capital Accumulation?," *Centre d'Etudes et de Recherches sur le Développement International*, May 2010, <http://cerdi.org/uploads/sfCmsContent/html/333/Philippot.pdf>.

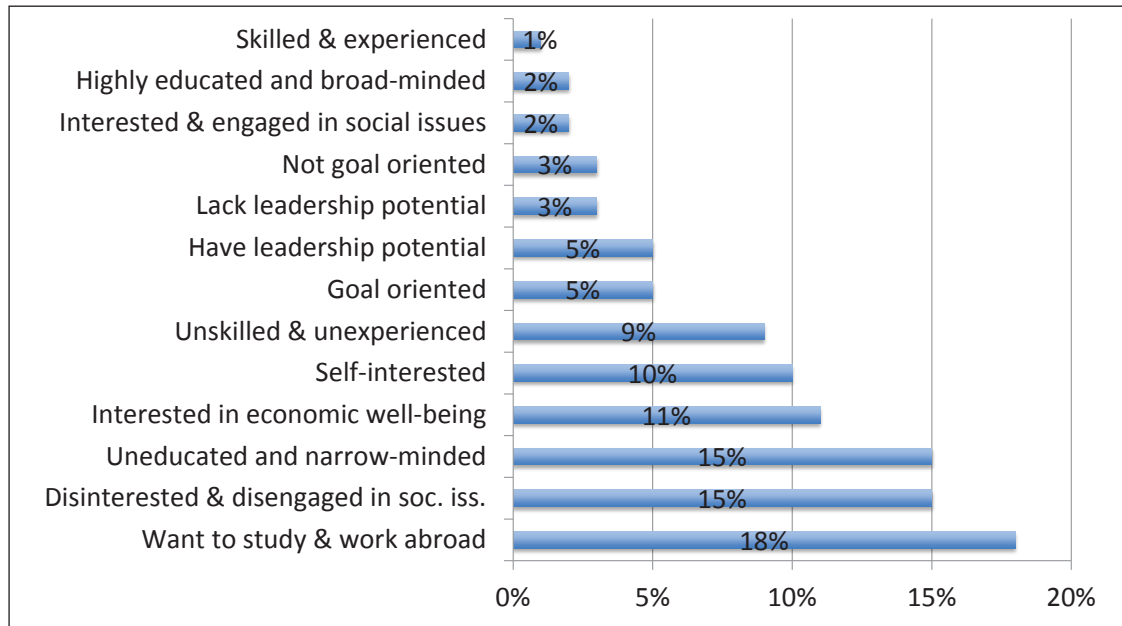
15 Vinod, H.D., and Kaushek, S.K., "Human Capital and Economic Growth: Evidence from Developing Countries," *The American Economist*, 51 (1) (March 2007).

16 Philippot, "Are Natural Resources a Curse for Human Capital Accumulation?"

17 "UNICEF in Turkmenistan," *UNICEF*, <http://www.unicef.org/turkmenistan/overview.html>.

18 Bohr, A. "Turkmenistan: Power, Politics and Petro-Authoritarianism," *Chatham House*, March 2016, <https://www.chathamhouse.org/publication/turkmenistan-power-politics-and-petro-authoritarianism>.

Figure 1. Characteristics of Young People Aged 15–25 in Turkmenistan



Source: Author's survey

socioeconomic development of the country. Suddenly, those with foreign diplomas lost their job prospects at home, while only a few managed to enter local universities and fresh graduates lacked adequate expertise.

Moreover, Turkmenistan did not make enough investment in human development. To illustrate, on the Human Development Index, which measures key human development dimensions—health, education attainment, and standard of living—Turkmenistan scored 0.688 points out of 1. At first glance, Turkmenistan seems to do relatively well on the index compared to other developing countries. However, the index is artificially raised by high GDP growth due to high gas prices in the past and by a high literacy rate driven by the Soviet legacy of mandatory secondary education. The disaggregated index shows a disturbing picture. For instance, the expected years of schooling in Turkmenistan are just 10.8 years while in Kazakhstan this number is 15.¹⁹ Since secondary education in Turkmenistan is 12 years, this means the majority of Turkmen youth never continue to higher education while some do not even complete their secondary schooling. When comparing attendance at primary and secondary schools, it falls from 97 to 85 percent.²⁰ Even though this is the highest rate in the region, incomplete secondary education also impacts young people's higher education attainment. To demonstrate, only 8 percent of the tertiary-

school-aged population actually continues to university and vocational training.²¹ This is by far the lowest number among Central Asian countries.

Although this figure might not take into account those who are studying abroad, it still hints at the inability of the Turkmen education system to meet the needs of its youthful population. Of 100,000 yearly school graduates in Turkmenistan, only 7,128 (7 percent) enroll at local universities while 42,000 (42 percent) attend foreign universities. The Turkmen government funds only 2,000 students while the rest finance their foreign education on their own.²² So, for every one student at a Turkmen university there are roughly six students attending university abroad. However, even after adding these two numbers together, there are still half of high school graduates who are unable to pursue higher education. According to surveyed youth, the two major reasons for this include corruption during university entrance exams and limited quotas at local universities (Figure 2).

Similarly, public expenditure on education in Turkmenistan is just 3 percent of GDP while in countries with high to very high human development the spending is 4.5 percent and 5.3 percent of GDP, respectively.²³ Meanwhile, the Turkmen government overspends on physical capital such as infrastructure and modern technology. For instance, in 2010 and 2011 it spent about

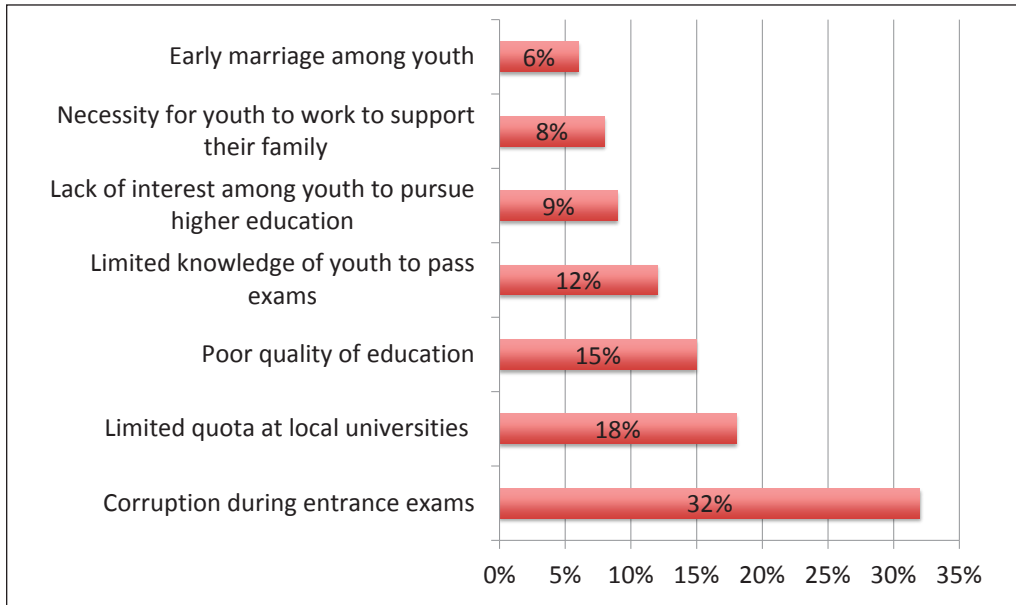
19 "Human Development Reports: Turkmenistan," *United Nations Development Program*, <http://hdr.undp.org/en/countries/profiles/TKM>.

20 "Education in Turkmenistan," *UNICEF*, <http://www.unicef.org/ceecis/Turkmenistan.pdf>.

21 "Human Development Reports: Turkmenistan."

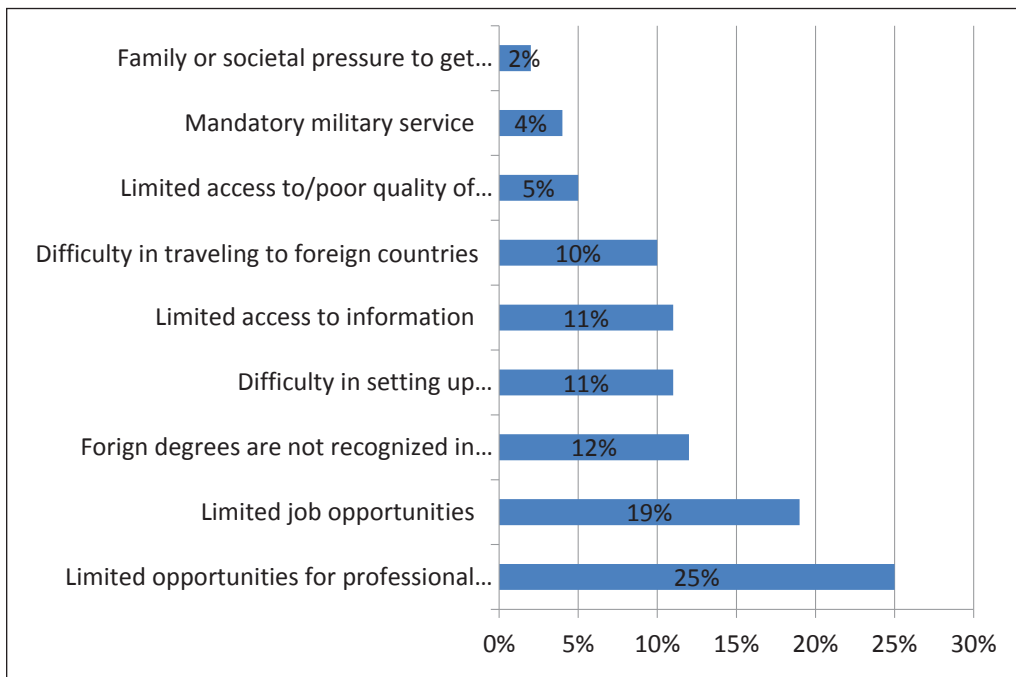
22 Jardine, B. "In Turkmenistan, Border Woes Trump Education," *The Diplomat*, July 23, 2015, <http://thediplomat.com/2015/07/in-turkmenistan-border-woes-trump-education/>.

Figure 2. Top Factors Limiting Young People's Ability to Pursue Higher Education in Turkmenistan



Source: Author's survey

Figure 3. What Are the Top Factors in Turkmenistan That Made You Choose to Stay Abroad?



Source: Author's survey

\$23.6 billion on constructing new buildings. When comparing this number to the GDP of the respective years, it turns out that the country spent roughly 23 percent of its GDP each year on construction. The country is spending 7.6 times more on buildings than on education. A lot of resources are now being channeled to organizing the 2017 Asian Indoor and Martial Art Games in Turkmenistan. For example, the cost of a single Olympic Village in Ashgabat

is estimated at \$5 billion, 3.5 times more than the annual spending on education. This investment will bring very limited future benefits because, as it usually happens with Olympic buildings, they get abandoned immediately after the games. Instead of constructing costly buildings with minimal economic benefit or practical use, Turkmenistan would be better off accumulating human capital, which has high future returns.

Furthermore, Turkmenistan is not fully utilizing its youthful workforce in productive ways. Youth unemployment is 20 percent, which is twice as much as for other labor categories.²⁴ On the one hand, many young people do not qualify for the existing jobs. As one foreign government official shared, out of a hundred applications they receive for one job vacancy, only a few have the necessary qualifications. In most cases, these include graduates of foreign universities. The local education system is failing to train qualified personnel to meet the needs of the local labor market. On the other hand, graduates of foreign universities are often overqualified for local positions and they feel underutilized. Since young people are more mobile compared to the adult population, they decide to take their skills and expertise elsewhere. In the survey, wanting to study and work abroad was the most cited characteristic of youth in Turkmenistan. As Figure 3 illustrates, top reasons for youth to stay abroad include limited opportunities for professional growth, limited jobs, nonrecognition of foreign degrees, or difficulty in setting up one's own organization or business. While some unemployed youth might simply decide to migrate, others look for alternative forms of expression, some of which might involve risky behavior. Dissatisfied youth become an easy target for peer pressure, criminal gangs, or even extremist groups. This can bring a halt to a country's progress and lead to political, social, and economic instability. So, given the urgency of this policy challenge, *how could Turkmenistan enable its youth to thrive and contribute positively to the country's long-term socioeconomic development?*

Changing Global Approach to Youth Development

After early childhood development, adolescence is the second critical development period in the lifecycle of an individual. It emerged as a distinct development stage toward the end of twentieth century.²⁵ During this period, young people experience significant biological, neurological, psychological, social, emotional, and cognitive development and become vulnerable to internal and external risks. Adults have come to recognize the importance of providing special support to youth to help them transition into adulthood successfully.

In the early 1950s, the approach to youth development was based on a reactive-deficit model that aimed at solving youth problems. It focused on issues such as juvenile crime

and school absenteeism while favoring punishment over prevention.²⁶ In 1955 the Kauai Longitudinal Study was conducted in Hawaii, where the research team monitored the development of 700 children from prenatal stages to age 40.²⁷ Of this group, some 30 percent was classified as "at-risk" due to poverty, trauma, and parents with mental disorders or substance abuse. Two-thirds of this troubled group developed serious deficits while one-third of them developed into competent adults.²⁸ For the first time, researchers decided not to focus on the causes of failure but rather to examine the factors that helped some children succeed despite high risks and pressures.

Gradually, the youth services community began to realize that any adolescent can experience a challenge and might potentially be at risk. It was necessary to support all youth during their developmental process. Hence, the idea of Positive Youth Development (PYD) came about.²⁹ While it focuses on developing resiliency to risks, it emphasizes universalism (all youth), building on youth assets, and seeing youth as an opportunity rather than a problem to be fixed. Unlike the previous practice of focusing on a single problem, PYD is cross-sectoral. Since youth develop in various areas, it requires engagement and collaboration of multiple sectors. For instance, programs promoting youth employment should also consider their physical and mental health or education attainment, because these aspects of youth development will also influence their employability and workplace success. PYD considers youth able to take ownership of their own development path instead of being passive receivers of programs.

The key components of PYD are forming positive relationships with caring adults, building skills, exercising leadership, and contributing to their communities.³⁰ Ensuring successful transition of youth to adulthood requires more than preventing a juvenile crime, substance abuse, or teenage pregnancy. In the words of Karen Pittman, "Preventing high-risk behaviors, however, is not the same as preparation for the future. Indeed, an adolescent who attends school, obeys laws, and avoids drugs, is not necessarily equipped to meet the difficult demands of adulthood. Problem-free does not mean fully prepared."³¹ Instead of thinking that absence of problems would help youth to develop, one should look at youth development as the best way to prevent problems. Hence, supporting youth's cognitive, social, emotional, and behavioral development can prevent occurrence of risky behavior in the first place.

23 "Human Development Reports: Expenditure on Education," United Nations Development Program, <http://hdr.undp.org/en/content/expenditure-education-public-gdp>.

24 "Unemployment in Turkmenistan," World Bank, <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=TM&view=chart>.

25 Khanna, N., et al. "Youth That Thrive: A Review of Critical Factors and Effective Programs for 12–25 Year Olds," *Social Program Evaluation Group*, Queen's University, [http://educ.queensu.ca/sites/webpublish.queensu.ca/educwww/files/files/Youth-that-Thrive-Report\(1\).pdf](http://educ.queensu.ca/sites/webpublish.queensu.ca/educwww/files/files/Youth-that-Thrive-Report(1).pdf).

26 Ibid.

27 Werner, E. E., and Smith, R. S. *Vulnerable but Invincible: A Longitudinal Study of Resilient Children and Youth* (New York, NY: McGraw Hill, 1982).

28 Werner, E. E. "Vulnerable but Invincible: High Risk Children from Birth to Adulthood," *Acta Paediatrica* 56 (422): 103–105.

State of Youth Development in Turkmenistan: National Initiatives

In recent years, under the leadership of President Gurbanguly Berdimuhamedov, the government has implemented reforms in the education sector. For example, under the Law on Education of May 2013, Turkmenistan guarantees universal and free access to school education. Turkmenistan has reinforced high and stable school enrollment, retention, and completion, accompanied by high national literacy, which is 99.6 percent. Similarly, the secondary education system was extended from nine years to 12 years to meet international standards. This allowed many Turkmen youth to pursue their higher education abroad. The university education was also extended to five years, allowing students to learn their respective fields in greater depth. Furthermore, government formalized and simplified the process of foreign diploma recognition, which allowed many foreign university graduates to apply for domestic jobs. In the long run, this can help boost innovation and entrepreneurship.

Moreover, in 2013 the government revised the Law on State Youth Policy to ensure the constitutional rights and freedoms of youth and to create civic and socioeconomic opportunities for them.³² In March 2015 Turkmenistan adopted the State Program on Youth Policy for 2015–2020 in cooperation with the United Nations Population Fund (UNFPA). Within this program, the two have agreed to boost investment in sexual and reproductive health education and take advantage of the demographic dividend.³³ Turkmenistan contributed \$1 million toward this initiative.³⁴ However, the youth policy lacks clear action steps, measurable goals, and specific timeline.

In addition, the president emphasized the importance of the Magtymguly Youth Organization (MYO) in contributing to the country's development. He also encouraged the organization to cooperate with public institutions and government agencies dealing with education, science, and culture.³⁵ Established in November 1991, MYO is the only nationwide youth group in Turkmenistan. It has over 900,000 members, coming from

all five regions.³⁶ The organization actively participates in various events such as the International Youth Forum of the Millennium Development Goals.³⁷ Nevertheless, it is unclear how exactly MYO will contribute and what specific role it will play in implementing the country's socioeconomic development plan.

State of Youth Development in Turkmenistan: International Initiatives

European Union

The European Union (EU) is actively involved in human development in Turkmenistan through education sector reform. Since 1997 its TEMPUS program has promoted the modernization of higher education by promoting cooperation between Turkmen and European universities. This collaboration has resulted in the establishment of a simultaneous interpretation laboratory, the Translation Center, a library on new methodologies, and translation with audio and visual aids.³⁸ The TEMPUS program also promotes university-enterprise cooperation. To illustrate, the new Euro-Turkmen Center for inter-branch Professional Qualifications in the Oil and Gas sector established in 2005 provides additional training to Turkmen Oil and Gas industry staff. It covers areas such as transport, logistics, economy, management, specialized language training, and information technologies.³⁹ Moreover, the ERASMUS+ program for 2014–2020 supports the modernization and development of the education sector, skills training, youth employment, and sports. Some of the initiatives here include professional exchange programs, the Erasmus Mundus Joint Master Degree, Erasmus+ Master Degree loans, a knowledge alliance between universities and firms, transnational strategic partnerships between educational institutions, joint vocational program development, and analytical work on the education sector.⁴⁰

Another EU initiative includes UNIWORK, which is a three-year project that runs from December 2013 to November 2016. It aims to build the capacity of career centers at higher education institutions, to promote

29 Khanna, et al.

30 "Best Practices: Positive Youth Development," Midwest Equity Assistance Center, <http://www.meac.org/emotionalsecure/positive%20youth%20development.pdf>.

31 Pittman, K. and Fleming, W. E. "A New Vision: Promoting Youth Development," House Select Committee on Children, Youth and Families, Washington, D.C., September 1991.

32 "Turkmenistan's National Youth Policy," *YouthPolicy.org*, <http://www.youthpolicy.org/factsheets/country/turkmenistan/>.

33 "UNFPA Executive Director Visits Turkmenistan," *UNFPA*, August 27, 2015, <http://eeca.unfpa.org/news/unfpa-executive-director-visits-turkmenistan>.

34 "Turkmenistan Contributes \$1 Million to UNFPA Country Programme," UNFPA, December 22, 2015, <http://eeca.unfpa.org/news/turkmenistan-contributes-1-million-unfpa-country-programme>.

35 See the State News Agency of Turkmenistan report on the Fifth Congress of the Youth Organization of Turkmenistan named after Magtymguly in *Turkmenistan: The Golden Age*, April 6, 2016, http://www.turkmenistan.gov.tm/_eng/?id=5729.

36 <http://www.turkmenistan.ru/en/articles/18080.html>.

37 State News Agency of Turkmenistan report on the Fifth Congress of the Youth Organization of Turkmenistan.

38 "Higher Education in Turkmenistan," European Commission, http://eacea.ec.europa.eu/tempus/participating_countries/reviews/Turkmenistan.pdf.

39 *Ibid.*

40 Erasmus+, <http://www.erasmusplus.org.tm/en/about/>.

employability and entrepreneurship among students, and to strengthen university-enterprise relationships where firms are closely involved in career centers. The program was designed to address high unemployment, lack of entrepreneurship culture, low rates of job creation, and the shortage of quality employment for university graduates in Central Asian countries. University students in these countries also lack technical support and practical training, while career centers lack qualified staff, methods, and networks to link graduates with employers.⁴¹ Under this project, Turkmenistan hosted the first-ever “National Forum on Youth Employment and Entrepreneurship” on February 26, 2016. It discussed important issues for youth employment, including the competencies necessary for entrepreneurship, student internships, career center development, and networking.⁴²

United States of America

US Embassy: The Information Resource Center (IRC) of the U.S. Embassy provides free access to an English-language library, movies, and tablets with electronic books and games and Internet access. The center also provides individualized assistance for using these supplies.⁴³ Similarly, the IRC provides a space for English-language learners to practice their language skills, including with the U.S. Embassy staff. The U.S. Embassy also sponsors various exchange programs targeted at secondary school and university students, educators, researchers, mid-level professionals, agricultural specialists, young civic and political leaders, and women in science.⁴⁴

USAID: One of the projects funded by the U.S. Agency for International Development (USAID) was the Promotion of Information Communication Technology project launched in 2008. It was implemented by IREX (International Research and Exchanges Board) in collaboration with the National Academy of Science. The program aimed at improving computer literacy among university students and teachers, incorporating information and communications technology into the higher education system, fostering virtual networking among various university students, faculty, and staff within Turkmenistan and the Central Asia region, and promoting technological development and access to free

information. As part of this program, an Internet Center for Interactive and Multimedia Learning was established at the Magtymguly Institute of Language and Literature. The center provided access to the Internet, peer networking, training, pedagogical materials, technical assistance, and an e-library for educators and public officials.⁴⁵

Moreover, in collaboration with Chevron Nebitgaz, the Ministry of Health and Medical Industry, Magtymguly Youth Organization, the Ministry of Education, and UNFPA, the USAID established two youth centers in the cities of Ashgabat and Mary in 2009. The centers provide a safe space to keep youth away from risky activities such as crime, drug use, and risky sexual behavior. Youth visitors can also network, learn new skills, attend workshops, learn the English language, and improve their health education.⁴⁶ Moreover, the centers offer individualized assistance to people struggling with drug addiction by providing psychosocial support, counseling services, and medical referrals.⁴⁷ For instance, from May to July 2011 centers organized four-day peer-education training sessions on healthy lifestyles in five major cities where 125 youth peer educators took part. Topics included sexual and reproductive health, drug abuse, alcoholism, smoking, and the benefits of physical exercise and healthy diet.⁴⁸

Another initiative targeting youth is the Junior Achievement (JA) program, which has been implemented as a public-private partnership between USAID and Chevron Nebitgaz since 2009. The program educates and trains youth in economics, entrepreneurship, and tourism.⁴⁹ For example, after participating in an economics course and attending national and international JA competitions that test the participants’ business skills, Eziz Muradov was offered a banking operator position at the Presidentbank, Ashgabat.⁵⁰ Such initiatives not only improve the technical skills of young Turkmens but also increase their chances of finding employment.

American Councils for International Education: Thus organization is an international nonprofit that serves as the main contractor and implementer of U.S. government-sponsored education and exchange programs in Turkmenistan. The American Corners are information and resource centers of the U.S. embassy that have been set up in three of the five regions of Turkmenistan.⁵¹ They

41 “About UNIWORK,” UNIWORK, <http://www.uniwork-project.eu/content/about-uniwork>.

42 “Turkmenistan National Forum on Youth Employment and Entrepreneurship,” UNIWORK, http://www.uniwork-project.eu/content/TM_national_forum.

43 “Resources: IRC,” *Embassy of the United States*, <http://turkmenistan.usembassy.gov/irc.html>.

44 “U.S. Government Sponsored Exchange Programs in Turkmenistan,” *Embassy of the United States*, http://turkmenistan.usembassy.gov/educational_exchange.html.

45 “The Condition of Higher Education in Turkmenistan,” *The Silk Project*, <http://www.silkproject.org/highereducationinturkmenistan.htm>.

46 “Youth Centers in Turkmenistan,” *DevexImpact*, <https://www.devex.com/impact/partnerships/youth-centers-in-turkmenistan-904>.

47 “Support Services and Centers Help Turkmenistan Adults and Youth Lead Healthier, Happier Lives,” *JSI Research and Training Institute*, <http://jsi.com/JSIInternet/Results/article/display.cfm?thisSection=Features&thisSectionTitle=Features&thisPage=stories&ctid=na&cid=na&tid=20&id=330>.

48 “Youth Peer Trainings,” *Embassy of the United States*, <http://turkmenistan.usembassy.gov/usaidd20110719f.html>.

also host education advising centers that provide open and free access to an English library, books on standardized tests, Internet access, and advice on U.S. universities and the application process, preparation for tests, and scholarships. Similarly, to help promising Turkmen youth successfully enroll in U.S. universities, a U.S. college and university preparation program provides comprehensive preparation for TOEFL/SAT tests and academic reading and writing. Moreover, the Future Leaders Exchange Program (FLEX) allows high school students to spend a year in an American family and attend an American high school. Upon completion of their program, most alumni continue their higher education at American universities.

United Nations Children's Emergency Fund

Since 1992 UNICEF has provided technical assistance to Turkmenistan to improve laws, policies, and public spending targeted at children.⁵² The organization provides technical assistance to implement the National Program on Early Childhood Development (ECD), School Readiness, and Child-Friendly Schools programs. The ECD program aims at raising preschool enrollment, especially in rural areas where only 1 in 10 children attend preschools. The program aims to prepare children for school, develop early childhood standards, and improve parents' knowledge of ECD. For instance, the Turkmen government and UNICEF co-financed pilot EDC centers for children with developmental difficulties. Under Child-Friendly Schools, UNICEF aims to provide an enabling learning environment and promote the rights and the needs of children in Turkmenistan. As part of this program, 20 pilot schools were selected across the country to receive teacher training, teaching materials, and resource centers containing computers, dictionaries, games, and puzzles for students.⁵³ Moreover, UNICEF provides life-skills training for adolescents in areas such as nutrition, hygiene, stress management, and sports to prevent behaviors leading to drug abuse or HIV/AIDS. This training is now part of the formal education system. UNICEF has also assisted in designing and developing necessary course curricula, books, and communication materials.⁵⁴

United Nations Population Fund

UNFPA has been working in Turkmenistan since 1992, targeting areas such as maternal health, rights

of adolescents and youth, gender equality, women's empowerment, and population dynamics. UNFPA has been critical in providing youth with sexual and reproductive health education, including on family planning, maternal health, and HIV. The major projects implemented in this area include Y-PEER, TEEN Hotline, Youth Centers, and the Yashlyk website. Y-PEER, which was established in Turkmenistan in 2007, is a network of young people from 48 countries worldwide. Using peer-to-peer education, the initiative aims to provide access to information and skills related to sexual and reproductive health and rights. Youth are more willing to discuss reproductive-health-related issues with their peers. Relatedly, TEEN Hotline was implemented as a result of collaborative work between the Health Information Center of the Ministry of Health and Medical Industry and the UNFPA. The hotline centers are located in the cities of Ashgabat, Mary, and Dashoguz. They aim to serve youth and their parents. The popularity of the hotlines has gone up significantly in recent years.⁵⁵

Furthermore, UNFPA is also actively engaged in the youth centers by providing youth-friendly health education. Peer-to-peer education is a crucial approach to preventing social problems among youth. Hence, Y-PEER's experienced trainers and volunteers provide training at the centers. The centers' visitors also benefit from personal consultations with gynecologists and psychologists.⁵⁶ Furthermore, in 2014 UNFPA launched Yashlyk, which is a website and android application for young people to access information on sexual and reproductive health in the Turkmen language. The site provides facts, tests, information, and guidance for boys and girls on topics such as feelings, body, personal hygiene, stress management, and puberty. Moreover, young people can anonymously ask questions about sensitive topics and consult with psychologists and gynecologists to receive professional advice.⁵⁷

These national and international initiatives are tremendously helpful for youth development in Turkmenistan. Nevertheless, some of them are limited to university students and do not take into account those who are not part of the formal education system. For instance, the Magtymguly Youth Organization only engages university students. It is also often criticized for being a government-run institution as opposed to being

49 "Turkmenistan," USAID, <https://www.usaid.gov/turkmenistan>.

50 "Success Story: Business Knowledge and Skills," *Embassy of the United States*, 2016, <http://turkmenistan.usembassy.gov/usaid20110719.html>.

51 American Councils for International Education in Turkmenistan, <http://americancouncilstm.org/>.

52 "UNICEF in Turkmenistan," *UNICEF*, <http://www.unicef.org/turkmenistan/overview.html>.

53 *Ibid.*

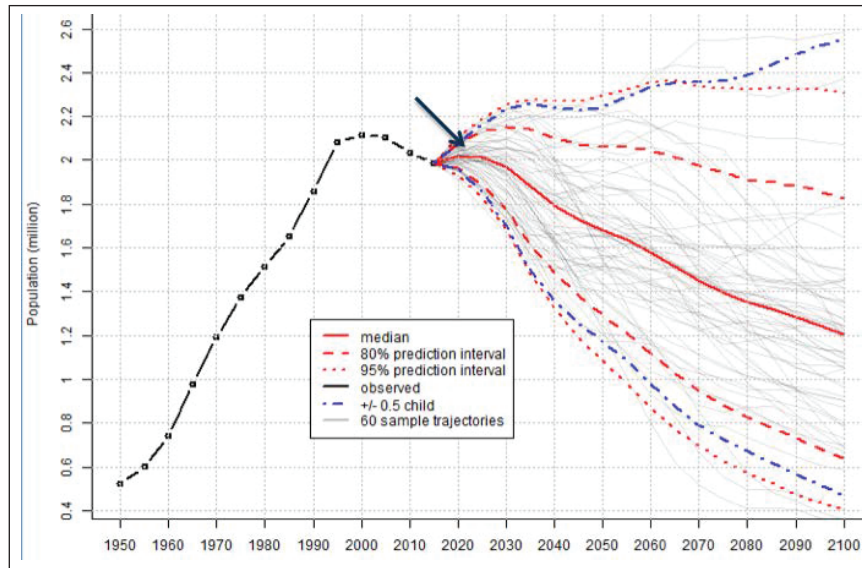
54 *Ibid.*

55 "Two Youth Centers Were Launched in Ashgabat and Mary," *UNFPA*, October 18, 2011, <http://www.unfpa.org/tm/en/pressroom/news/local-news/two-youth-centers-were-launched-in-ashgabat-and-mary/>.

56 *Ibid.*

57 Yashlyk, accessed May 7, 2016, <http://yashlyk.info/tm/>.

Figure 4. Turkmenistan: Probabilistic Projections of Population Aged 0–19



Source: United Nations, Department of Economic and Social Affairs, Population Division (2015)

a youth-led initiative. National and international actors still perceive youth as at risk and are trying to solve youth problems or prevent risky behaviors. However, there is an urgent need to reform the current approach to youth development by targeting all youth and perceiving them as assets to be developed.

Why Do Youth Matter for Socioeconomic Development?

Since Turkmenistan's natural resources are exhaustible, the country should reinvest its proceeds in developing its youth capital. While youth development is a desirable end in itself, it would also contribute to the country's sustainable socioeconomic development. First of all, young people are vital source of income due to their sheer number. People under 25 make up more than half of Turkmenistan's population,⁵⁸ and they constitute a large share of the labor force. If this mass is educated and skilled, they can lead the way to future economic growth and stability. Second, young people are the source of innovation and positive change. If provided with the right expertise, resources, and enabling environment, their energy, enthusiasm, creative ideas, and technological know-how can be a long-term solution to the country's social and economic challenges. Compared to adults, for example, young people learn

faster, adapt to changes quicker, and absorb new ideas and technologies more easily.⁵⁹ Moreover, the transition from childhood to adulthood is a very crucial period that can determine the future of an individual and of a whole society. Investing early can result in increased productivity, lower health expenses, improved social capital, and greater resilience to risks.⁶⁰ For instance, in countries of Latin America and the Caribbean, risky behavior of youth reduces economic growth by 2 percent per year.⁶¹ Thus, by bringing up healthy and educated young adults and providing opportunities for their self-realization, Turkmenistan could tap into its largest human source.

Furthermore, youth population creates a window of opportunity for Turkmenistan's economic growth, known as a 'demographic dividend.' This is when the rates of infant mortality and fertility decrease while the ratio of the non-working-age to the working-age population declines. As the dependency rate decreases, excess resources become available to invest in the family and the economy.⁶² This high number of young people can be both an opportunity and a challenge for a country's development. To illustrate, the red line in Figure 4 is the median for young population in Turkmenistan. It is expected to rise between 2015 and 2025, and then steadily decline. The country has roughly ten years to develop as much human capital as possible because this is going to be the largest youth cohort it

58 Ibid.

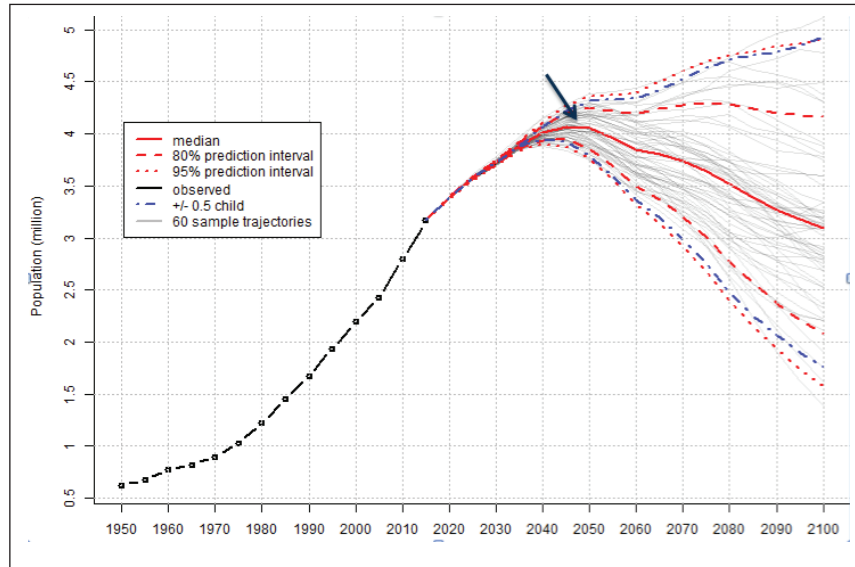
59 Perezniato, P., and Harding, J.H. "Youth and International Development Policy: The Case for Investing in Young People," *Overseas Development Institute*, May 2013, <https://www.odi.org/publications/7457-youth-international-development-policy-case-investing-young-people>.

60 Ibid.

61 "Youth as a Smart Investment," *United Nations*, <http://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-smart-investment.pdf>.

62 "Demographic Dividend," *UNFPA*, <http://www.unfpa.org/demographic-dividend#>.

Figure 5. Turkmenistan: Probabilistic Projections of Population Aged 20–64



Source: United Nations, Department of Economic and Social Affairs, Population Division (2015)

will ever have. It is not a guarantee of economic growth; rather, it is a one-time opportunity that can be exploited if effective policies are in place.

On the flip side, frustrated youth who fail to find employment might become a ‘demographic bomb’ and potential source of social and political instability.⁶³ Similarly, in the years to come, this demographic group will eventually become a dependent population and Turkmenistan will have to spend a lot of resources to support it. To demonstrate, Figure 5 shows projections for the working-age population, which is expected to grow until 2045 and then gradually decline. So, for the next 30 years, Turkmenistan has to ensure its workforce is trained and productive, because with a progressively aging populace and growing dependency, it will suffer an economic slowdown.

Highlights of the Survey Findings

For many development agencies, including those working on youth development in Turkmenistan, the major challenge is the lack of reliable data. According to UNFPA, gender-disaggregated and age-specific data are essential for making better-informed policy decisions.⁶⁴ Working without data is like maneuvering in the dark where one does not know one’s starting point, the direction one needs to take, and how to get there. Hence, to address this shortcoming, the author

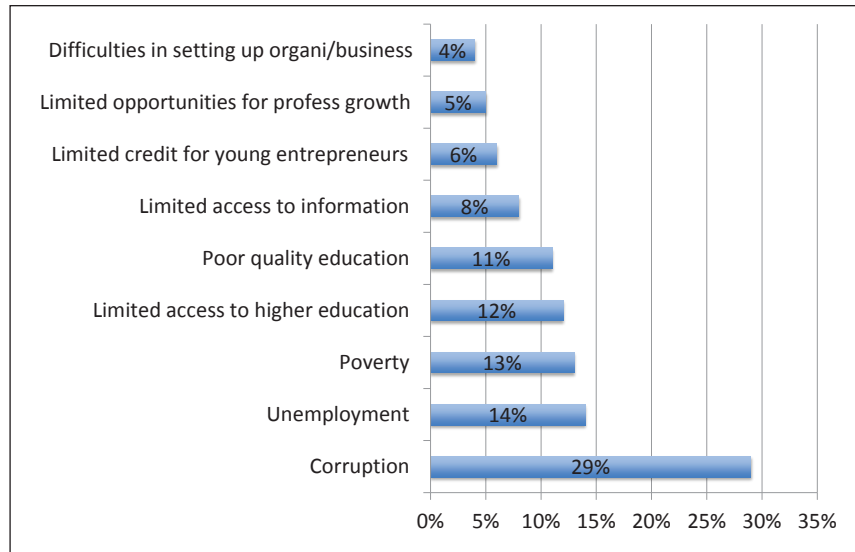
collected empirical data by conducting semi-structured interviews with youth experts working in the United States and internationally. The main objective of the interviews was to consult with youth experts on global youth development trends and identify relevant actors and their programs, including in Turkmenistan. Respondents came from organizations such as the U.S. State Department, USAID, the World Bank, IREX, American Councils for International Education, CSIS (Center for Strategic and International Studies), International Youth Foundation, Creative International, Education Development Center, and FHI 360. Findings from interviews were essential in informing the policy recommendations in this paper.

Likewise, to find out how youth perceive themselves—whether they are successful and what helps them to be successful or impedes their ability to succeed—the author conducted an online survey among 17–30 year-old youth from Turkmenistan. Since the survey aimed to capture the experiences of those who are currently attending high schools, applying or studying at universities, and working, this age group was determined to be the most appropriate. The survey was centered around four main themes: characteristics of youth in Turkmenistan, the learning environment and social engagement of youth, youth’s perception of development in Turkmenistan, and skills and opportunities essential for youth to succeed. The survey used snowball sampling whereby existing

63 Lin, J.Y. “Youth Bulge: A Demographic Dividend or a Demographic Bomb in Developing Countries?,” World Bank, January 5, 2012, <http://blogs.worldbank.org/developmenttalk/youth-bulge-a-demographic-dividend-or-a-demographic-bomb-in-developing-countries>.

64 “United Nations Population Fund: Country Programme Document for Turkmenistan,” UNFPA, March 30, 2015, http://www.unfpa.org/sites/default/files/portal-document/DP.FPA_CPD_TKM_4.-CPD%20Turkmenistan-LF-HR-FINAL-30Mar15.pdf.

Figure 6. The Most Important Challenges to Youth Development in Turkmenistan



Source: Author's survey

respondents shared the survey with their acquaintances and through social media outlets such as Facebook and Vkontakte. This method was the most appropriate in the context of Turkmenistan, where it is difficult to access the youth population. Turkmens are not used to the culture of public surveys, and people are generally reluctant to share their views on sensitive issues, even on an anonymous basis. Hence, trust in the researcher was crucial in collecting the survey data. Overall, 114 people filled out the questionnaire, one-third of whom were based in Turkmenistan. The gender of respondents was relatively balanced, with 54.4 percent males and 45.6 percent females. The three main regions where they came from are Ashgabat, Lebap, and Mary, in order of magnitude. Almost 90 percent of respondents have BA and MA degrees, mainly earned from universities in Europe, the Commonwealth of Independent States, and Turkey.

Although this survey is not representative of all youth in Turkmenistan and its findings are not generalizable, it still provides good food for thought. It offers a snapshot of what challenges young people face, what opportunities they lack, and what outcomes they would like to see in their country. For instance, when asked to choose the top three challenges to youth development in Turkmenistan, respondents selected corruption, limited access to higher education, and poor quality of education. Figure 6 summarizes these findings in percentage terms. Young people perceive corruption as the major challenge to youth development primarily because it limits their ability to pursue higher education.

However, many of those who manage to receive higher education abroad decide to stay there. According

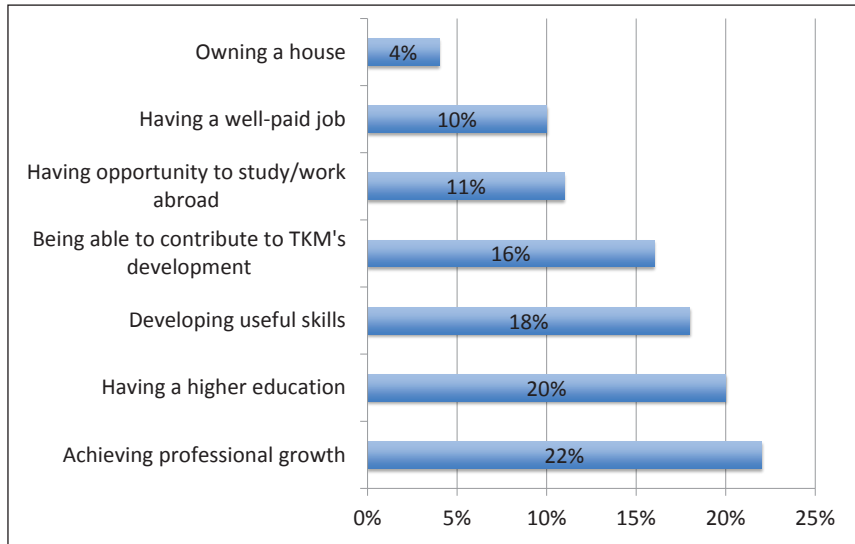
to survey respondents, two-thirds of whom reside overseas, the major reasons for this include limited opportunities for professional growth, limited jobs, nonrecognition of foreign degrees, and difficulty in setting up one's own organization or business (Figure 7). Thus, limited opportunities to find employment and pursue their own initiatives restrain youth from coming back.

Likewise, youth in Turkmenistan seem to relate success to building professional expertise rather than accumulating assets. As illustrated in Figure 8, the top signifiers of personal success for youth include having professional growth, higher education, and useful skills. Moreover, youth value contributing to Turkmenistan's progress more than having monetary benefits such as working abroad, having a well-paid job, or even owning a house. So, for youth to be able to advance their country's development, they first need to boost their own competence.

Conclusion

The current economic crisis in Turkmenistan is the result of prioritizing and depending on a single sector. High oil prices and lucrative gas deals with foreign companies generated reserves that could have helped jump-start economic diversification. Instead of making long-term and profitable investments, however, most of those revenues were spent buying goods, constructing buildings, or hosting big events such as the Asian Games. Now, natural resources are failing not only the country's economy but also its youthful population. Spending and attention to the developing assets of young people is insignificant. Youth in Turkmenistan

Figure 7. Top Signifiers of Personal Success to Youth



Source: Author's survey

struggle with limited access to higher education, low spending on education, and lack of employment. Some of those who have the resources to study abroad never come back due to these reasons. This is highly costly for the local economy, which struggles with shortages of qualified staff, creative ideas, technological know-how, and privately led initiatives. Thus, Turkmenistan should prioritize and channel enough resources to developing its youth potential.

Youth capital cannot only be an alternative to natural capital, it can also be a solution to the country's current economic difficulties. Young people are the present and the future of Turkmenistan. Hence, by educating and building their expertise, the country will foster human capital able to trigger, drive, and maintain sustainable development. Applying the framework of Positive Youth Development would allow Turkmenistan to see its youth as assets that can be leveraged. The policy recommendations below suggest a multidimensional and cross-sectoral approach to youth development in Turkmenistan. They prioritize the development of noncognitive skills, cultivating relations with caring adults, and providing safe environments. This policy paper believes that aligning the strengths of youth with the community's ecological assets through positive relationships in schools, families, and society can really help youth to thrive.

Policy Recommendations

Supporting Youth to Thrive through Soft Skills Training

To ensure Turkmenistan can take advantage of its demographic dividend, this policy paper suggests developing young people's soft skills, strengthening relations with caring adults, and providing supportive environments. Reforming the education system is a time- and money-intensive process. It will be challenging to provide every young person with access to quality university or vocational training. While education is clearly important, it is not sufficient for youth to thrive. Therefore, including skills training in formal and informal education can help develop young people's soft skills, which are equally as important as academic skills. In today's fast-changing economies that are mainly driven by intellectual and technological advancements, soft skills have become known as twenty-first-century skills. They are known as noncognitive, social-emotional, or soft skills. While cognitive skills refer to intellectual ability to think, reason, or remember, noncognitive skills relate to one's personality, motivation, attitudes, and interpersonal skills.⁶⁵ According to students, teachers, parents, and Fortune 1000 executives, higher-order thinking and performance skills are much more important in preparing youth for college and a job than the ability to critically examine content.⁶⁶

65 "Key Facts: Cognitive and Noncognitive Skills," ACT, <http://www.act.org/content/act/en/products-and-services/workforce-solutions.html>.

66 "The Metlife Survey of the American Teacher: Preparing Students for College and Careers," *Metlife*, www.metlife.com/about/corporate-profile/citizenship/metlife-foundation/metlife-survey-of-the-american-teacher.html?WT.mc_id=vu1101.

Moreover, there is an ongoing criticism of IQ or cognitive tests as illustrations of one's ability to succeed in an academic or professional setting. The recent studies reveal that the combination of cognitive and noncognitive skills influences decisions regarding schooling, employment, occupation, and on-the-job experience. Youth with soft skills are less likely to drop out of high school and more likely to pursue higher education, finish university, and earn higher wages.⁶⁷ Although both cognitive and noncognitive skills are important predictors of troublesome behavior, noncognitive ability is the dominant factor in explaining an individual's likelihood to smoke, commit a crime, or engage in illegal activities. Similarly, the noncognitive factor has greater influence on females' likelihood of getting pregnant before 18 years of age.⁶⁸ Noncognitive skills influence development of cognitive skills, but not the other way around.⁶⁹

Likewise, soft skills affect young people's professional achievements. A recent study conducted by Child Trends identified key soft skills that foster workforce success among 15–29 year olds. These skills include higher-order thinking, communication, positive self-concept, self-control, and social skills.⁷⁰ As the research showed, young people who possess these skills are likely to be successful in their job search, in interviews, and in getting hired. Since these skills also make young workers more productive, they are more likely to be retained, promoted, and offered a competitive salary compared to those without these skills. In addition, among youth who had limited educational opportunities, soft skills can balance their inadequate training and increase their chances of getting and retaining a job. Because these skills are malleable, any young person can develop them given internal drive and external support.⁷¹ Since soft skills are crucial for youth to do well in academics, social life, personal relationships, and professional setting, they should be explicit pillars of the education policy in Turkmenistan.

Cross-Sectoral Approach to Positive Youth Development

As young people develop in different areas, it is crucial to engage various sectors and have a holistic approach to youth development. First of all, when designing and implementing youth development strategy, the Turkmen government should take a collaborative approach and

engage relevant line ministries, donor agencies, regional and local governments, and educational institutions. Some of the relevant institutions include the Ministries of Education, Health, Economy and Development, Labor and Social Protection, and donors such as UNICEF, UNFPA, EU, USAID, and the U.S. Embassy. Second, the Turkmen government should designate a focal point within the Ministry of Education (MoE) responsible for coordinating activities of various actors and overseeing the implementation of PYD. Similarly, it is crucial that the government allocates clear responsibilities, authority, and necessary funding to this institution to ensure its effectiveness in promoting the development of youth.

While noncognitive skills can be developed before and during school years, nurturing such skills depends on the family, school, community and country at large. Together with the above-mentioned actors and the school staff, the MoE should determine specific skills to be included in pre-, primary-, and secondary-school education. Table 1 lists some important soft skills cited in the literature and youth survey. However, the MoE should choose those skills that are the most relevant and needed in the local labor market. Similarly, as the youth development literature suggests, it is crucial to start early. Thus, MoE should focus on youth who are 0 to 19 year old since this is when individuals form their selves, their personalities, and build their skills and set future goals.

Multidimensional Approach to Positive Youth Development

1. Developing Personal Assets and External Support through Formal and Informal Education

While the structure of local economy and employment has changed over time, the education sector has failed to change fast enough to reflect the needs of today's labor market. Turkmenistan could implement a PYD approach without necessarily implementing radical education-sector reforms. First of all, it is crucial to change teachers' mindset and practices by raising their awareness of PYD and its long-term impact in helping youth to thrive. As educators, with whom young people spend most of their time, teachers can play a crucial role as caring adults and role models. They can motivate youth to believe in themselves, build on their strengths, and set and pursue goals. A simple regression, illustrated in Table 2, shows that teacher motivation

67 Heckman, J.J., Stixrud, J., and Urzua, S. "The Effects of Cognitive and Noncognitive Abilities on Labor Market Outcomes and Social Behavior," *Journal of Labor Economics* 24, no. 3 (2006): 411–82.

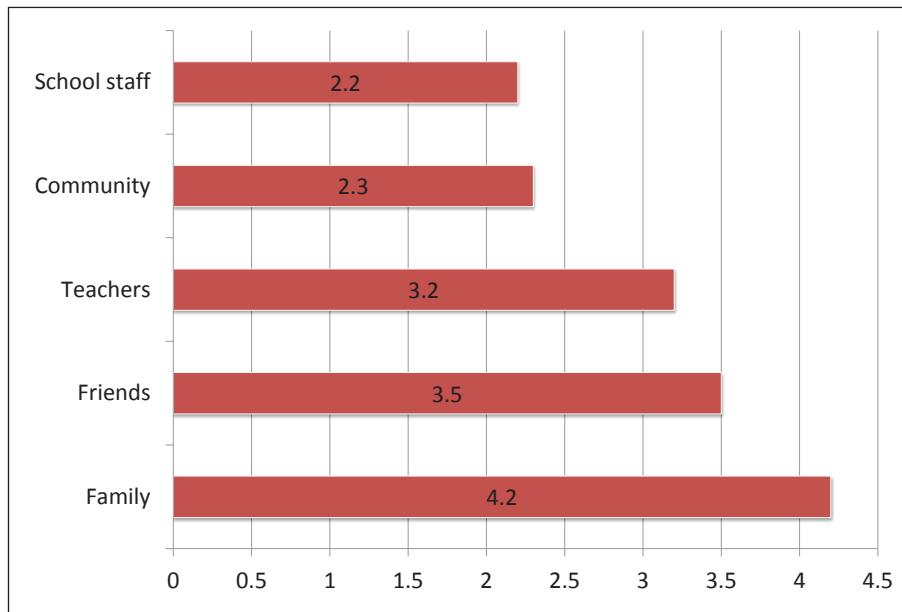
68 Ibid.

69 Flávio, C., and Heckman J.J. "Formulating, Identifying and Estimating the Technology of Cognitive and Noncognitive Skill Formation," *Journal of Human Resources* 43, no. 4 (2008): 738–82.

70 Lippman, L., et al. "Workforce Connections: Key 'Soft Skills' that Foster Youth Workforce Success: Toward a Consensus Across Fields," June 2015, <http://www.childtrends.org/wp-content/uploads/2015/06/2015-24WFCSOftSkills1.pdf>.

71 Ibid.

Figure 8. How Often Did Each of the Following People Help or Encourage You to Develop Your Interests and Talents and Believe in Yourself? (1 – Never, 5 – Always)



Source: Author's survey

impacts young people's satisfaction with school. However, as Figure 8 demonstrates, teachers and the school administration in Turkmenistan are doing poorly when it comes to encouraging students to develop their interests and talents and believe in themselves. Teachers' responsibility is not simply to teach students but rather help them develop into self-motivated learners. Thus, in the short-term, it is important to support and train current teachers to effectively nurture soft skills among students. In particular, teachers should be encouraged to set clear goals about what skills to harness and how, ways to monitor and measure their success, record their challenges, and constantly improve their approach through collaboration with students and teachers. In the long run, soft-skills training and adolescent development should be included in training future teachers.

Second, the teaching curriculum at pre-, primary, and secondary schools should be complemented with interactive methods of learning and skills training. According to social learning theory, a key component in individual learning is human connections. People learn best by observing others and getting support and feedback from others.⁷² Therefore, classroom learning should be collaborative, so that students can interact and learn from each other. Not surprisingly, survey respondents also suggested that an interactive approach would be the most beneficial

way for learning. Studies show that having students work in teams can cultivate collaboration, critical thinking, and communication.⁷³ Thus, in addition to independent homework, teachers could assign group projects where students will have to work in teams and present their assignment in front of the class. Another way to incorporate soft skills into daily class activities is through Expeditionary Learning. Here, students examine existing problems in their community and develop innovative, actionable solutions by collaborating with their peers and adults.

Third, teachers should aim to develop individualized education plans to support the development of both cognitive and noncognitive skills. Since adolescents undergo cognitive development at different rates, such a plan would help educators to determine a student's unique needs and capacities and design an appropriate teaching program that makes the best use of the teacher's time and resources. Teachers could also contribute to the long-term academic and career development of their students by helping them decide and prepare for university or employment. When asked, what more could the secondary school have done to better prepare youth for a university and a workplace, the top three responses included: encourage students to set goals and be goal-oriented, prepare for university exams, and teach critical thinking.

72 Bandura, A. "Social Learning Theory," http://www.esludwig.com/uploads/2/6/1/0/26105457/bandura_sociallearningtheory.pdf.

73 Friedlaender, D., et al. "Student-Centered Schools: Closing the Opportunity Gap," Stanford Center for Opportunity Policy in Education, 2014, <https://edpolicy.stanford.edu/publications/pubs/1200>.

Furthermore, schools should develop afterschool programs and/or extracurricular activities that would help students develop and practice these soft skills. Afterschool programs can play an important role in shaping the personality of youth and strengthening relationships with peers and adults. As the literature shows, afterschool programs not only improve students' attitudes toward school, but also their social skills while reducing risky behaviors.⁷⁴ They can focus on tutoring, mentoring, helping with homework, music, arts, drama, and sports. Moreover, out-of-school programs could help adolescents gain hands-on experience through project-based activities and engagement with the local community. For instance, through volunteer activities, students could help the elderly in the community, teach children at the orphanage, or pair up with socially excluded children such as the disabled. This would not only develop the social and emotional skills of adolescents but also teach them the importance of caring for others and contributing to their society.

2. *Developing Personal Assets and External Support Through Family Education*

Another institution where youth spend most of their time includes family. Parents influence the formation of both noncognitive and cognitive skills. The study examining the formation of skills found that family investment has greater impact on developing the noncognitive skills of children. Parents' efforts to develop cognitive skills are more effective at earlier ages, and for noncognitive skills at later ages.⁷⁵ Thus, the Ministry of Education, in collaboration with local authorities and schools, should educate parents to the importance of a positive approach to adolescent development and training in soft skills from early ages. Since parents are aware of their children's strength and interests, they need to build on those assets. Parents should be engaged and stay abreast of their children's academic performance, achievements, and challenges by conversing with children, teachers, and school staff on a regular basis. They should not only help their children with their homework but also provide opportunities to apply their knowledge on daily basis. Parents should encourage their children to read, learn new things, attend extracurricular activities, volunteer in their community, and gain practical experience.

Such practices can help youth improve their social and emotional skills, discover themselves, prepare for adult life, and set future goals. Parents also need to discuss the professional goals of their children on a regular basis to help them set and accomplish career goals.

3. *Developing Personal Assets and External Support through Safe Environments*

Upgrading School Medical Centers: Adolescence is a time when individuals are the most vulnerable and emotionally unstable as they undergo physical, mental, and emotional changes. As research shows, quality school medical centers can promote student mental health and trusting relationships with caring adults.⁷⁶ Thus, it is important to upgrade the school medical centers in Turkmenistan and provide youth development professionals and psychologists who can offer need-based assistance. The school and medical staff have to make sure that students feel comfortable enough to approach and seek help by keeping their meetings anonymous and voluntary. Also, to avoid stigmatization of youth who visit such centers, it is essential to educate students and their parents about the availability and importance of such services.

Upgrading Turkmenistan Youth Centers (TYC): The Turkmen government, in collaboration with the U.S. Embassy, UNICEF, and UNFPA, should improve the existing youth centers to make them more attractive for youth. They can offer skills training, health education, and volunteer experience where youth could engage and interact with their local communities. Centers should not solely focus on preventing negative behaviors among youth but also stress the positive and build on youth assets. Providing a safe and friendly environment is not only about keeping youth busy and away from problems; it is also about providing a meaningful experience where youth feel that they belong and are welcome. Environments and experiences starting from prenatal to early childhood influence the early stages of human development.⁷⁷ In addition, it would be beneficial to expand the network of actors and engage other line ministries such as the Ministry of Economy and Development and the Ministry of Labor and Social Protection. They could help identify and train youth in specific soft and technical skills that are in demand in the local labor market and needed for the country's long-term economic growth. Moreover, the Ministry of Education should develop and provide

74 Durlak, J.A., and Weissberg, R.P. "Afterschool Programs That Follow Evidence-Based Practices to Promote Social and Emotional Development Are Effective," in T.K. Peterson, ed., *Expanding Minds and Opportunities: Leveraging the Power of Afterschool and Summer Learning for Student Success* (Washington, D.C.: Collaborate Communications Group, 2013).

75 Cunha and Heckman, "Formulating, Identifying and Estimating the Technology of Cognitive and Noncognitive Skill Formation."

76 Anyon, Y., et al., "Health Risks, Race, and Adolescents' Use of School-Based Health Centers: Policy and Service Recommendations," *Journal of Behavioral Health Services & Research* 40, no. 4 (2013): 457-468.

77 Shonkoff, J.P., and Phillips, D.A. *From Neurons to Neighborhoods: The Science of Early Childhood Development* (Washington, D.C.: National Academies Press, 2000).

university preparatory programs to help the center's visitors prepare for entrance exams. For instance, in the survey, young people's limited knowledge of how to pass university entrance exams was among the top four explanations for low university enrollment in Turkmenistan. In addition, TYC should examine and learn from successful cases such as the Latin American Youth Center, which has decades of

experience in promoting positive youth development in the United States (Case Study 1). Although working in a U.S. context may be different, youth centers in Turkmenistan could adopt important practices such as engaging parents, employing former youth center participants as staff, and attracting staff who are genuinely committed to youth development.

Case Study 1: Latin American Youth Center (LAYC)

Established in 1968, the Latin American Youth Center initially served immigrant Latino youth in Washington, D.C., USA, who were at risk, but eventually extended its work to all youth from diverse backgrounds and neighborhoods.

Multi-Lingual and Culturally Sensitive Programs:

- *Educational Programs* – year-round tutoring and homework assistance, health and fitness, computer literacy, and college preparation;
- *Community Wellness* – education, outreach, and leadership development programs promoting physical and mental health and community peace-building;
- *Social Services* – reinforcing family's role in youth development through counseling, prevention, child placement, and residential housing;
- *Workforce Investment* – supporting out-of-school youth to build the skills necessary to get and maintain employment through job readiness, life skills training, job placement services;
- *Art and Media* – encouraging youth to express themselves and to address community issues through fine arts, photography, video, radio, and media production, music and creative writing;
- *Advocacy* – influencing public policies, social structures affecting low-income/minority youth.

In the Words of LAYC Youth:

- Center provides a nurturing, caring, and safe environment that focuses on the positive;
- Staff encourages and provides opportunities for youth to build on their strengths, to develop new skills, abilities, and talents, and to build self-confidence and pride;
- Staff serves as role models by listening to youth and giving them positive direction, encouraging to try new things, challenging them to grow, giving them responsibility.

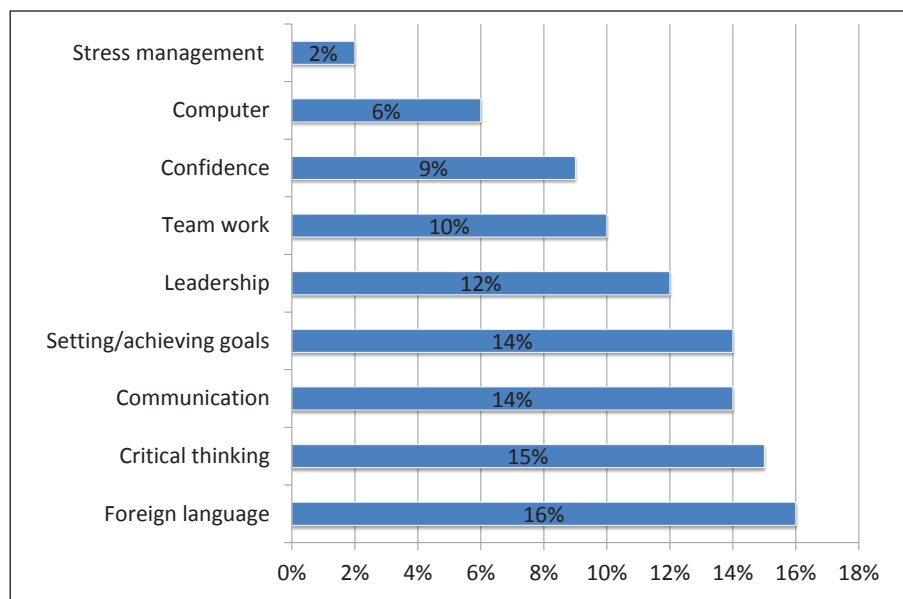
Lessons for Turkmenistan Youth Centers:

- Make young people a priority; adjust programs to changing needs of youth;
- Attract and keep qualified staff who are committed to youth success and serve as role models;
- Promote leadership and advocacy among youth;
- Set high expectations for youth;
- Engage parents;
- Attract former youth participants as staff.

*Source: Latin American Youth Center,
<http://www.layc-dc.org/index.php/home.html>*

Appendix

Figure 9. The Types of Skills That Would Have Helped Youth in Turkmenistan to Be More Successful as Professionals



Source: Author's survey

Table 1. Noncognitive Skills That Are Essential for Holistic Youth Development

• Critical thinking	• Self-regulation
• Problem solving	• Persistence
• Communication	• Academic confidence
• Emotional health	• Teamwork
• Social	• Organizational
• Work ethic	• Creativity
• Community responsibility	• Foreign language
• Stress management	• Computer literacy
• Leadership	• Ambition
• Self-control	• Goal setting
• Higher-order thinking	• Performance

Source: Developed by the author using findings from the survey and literature review

Table 2. Youth's Satisfaction with School and Encouragement by the School Administration, Teachers, Family, Friends, and Community

Source	SS	df	MS	Number of obs = 114		
Model	336.974859	5	67.3949719	F(5, 108) =	14.59	
Residual	498.779526	108	4.61832895	Prob > F =	0.0000	
Total	835.754386	113	7.39605651	R-squared =	0.4032	
				Adj R-squared =	0.3756	
				Root MSE =	2.149	
Q13_schsat~f	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Q12_Schadmin	.1836136	.2330081	0.79	0.432	-.2782488	.645476
Q12_Teachers	.838116	.2252123	3.72	0.000	.3917062	1.284526
Q12_Family	.4054359	.2135676	1.90	0.060	-.0178921	.828764
Q12_Friends	.0304003	.2202703	0.14	0.890	-.4062137	.4670142
Q12_Communications	.3992184	.2085677	1.91	0.058	-.0141989	.8126357
_cons	.0562827	.9087689	0.06	0.951	-1.745055	1.85762

Source: Developed by author by conducting a simple regression on STATA using survey findings

* On a scale from 1 to 10 (1 – very unsatisfied, 10 – very satisfied), youth had to rate how satisfied they were with their overall learning experience at the secondary school. Those who said they were encouraged by their teachers to develop their interests and talents and believe in themselves were, on average, 0.83 points more satisfied with their school experience.

Understanding Illiberal Sentiments of Kyrgyz Youth

Gulzhigit Ermatov¹ (2016)

Setting the Ground

Backlash against liberal values has been among the most visible features of the current political processes in Kyrgyzstan. Local political activists have been successful in promoting laws against NGO “foreign agents” and LGBTQ rights. Commentaries on domestic and foreign affairs usually build on anti-liberal conspiracy-theory arguments that blame civil society and international assistance for subverting national security and local morality. This backlash often comes from an unexpected part of the society: youth.

Young people’s interest and broad participation in politics often arises from the mentality of a constructed ethnic “purity” and misogyny blended with Salafi-inspired Islam. Paradoxically, over the past two decades the country has seen a wave of locally and externally driven programs mainly aiming to shape young people as agents of change for democracy and peace. This paper will examine why and how young people are leading the current tide against liberalism in an environment that arguably has favored a broad and liberal outlook.

Neither the prevalence of youth-led illiberalism nor its causal link to democracy assistance has been gauged through rigorous perception studies. This paper builds on reports in traditional media and on widely cited social media debates featuring claims and views cast by young opinion leaders and political and civic activists. The paper refers to interviews and personal insights shared with me on various occasions by individuals claiming political and public space under the rubric of youth. This paper is also driven by my personal experience as a development worker closely involved in governance and peace building initiatives that stress youth empowerment and participation.

Loaded Terms

Youth

A common scholarly leitmotif in defining youth, to which I subscribe, holds it to be a socially constructed identity

that is not biologically given or determined. Depending on time, place, and situation, its duration may be shorter or longer and the social, cultural, and political importance of youth may be stronger or weaker. A big array of social actors and institutions shape the meaning of youth based on prevailing political agendas and ever-changing social interactions. For example, young people may be ascribed an agency for driving protests to change political regimes, but at the same time be regarded as amateur and unruly when it comes to deciding on vital daily and resource-bound policies and actions that concern them.

In the development literature, a common thread in definitions of youth is its transitional nature. Transitional stages are delineated between dependent childhood and independent adulthood and from school to employment as well as stages of becoming an informed member of an interdependent community.² The United Nations and its affiliate institutions have set age limits for different youth categories from ages 10 to 35 that they use for statistical purposes. Thus, for UNICEF, the “adolescent” category falls within the 10–18 year-old range; those between 10 and 24 are “young people;” and “youth” belong to the age bracket of 15–24. UN Habitat stretches youth from ages 15 to 32 and the African Union uses the highest formal age, raising it to 35.³ Most referrals to youth are skewed toward the 15–24 age bracket.

The boundaries of youth in Kyrgyzstan as in many other contexts are fluid and multidimensional. Although the official youth age in Kyrgyzstan is considered to be between 14 and 28, it may move upward and downward depending on place, time, social conditions and relations, and institutional context. Public and media discourse keeps the youth concept relevant and salient up to the ages of 35–40.⁴ Most of the so-called youth wings of the mainstream political parties in the country are led by individuals who are in their 30s or at least their late 20s. What is important is that this participation takes place under the rubric of youth. In my analysis of youth participation, I will be referring to cases that involve people up to their mid-30s in age.

Liberalism

It is worth briefly explaining what liberalism connotes in this paper, as it is usually the first thing people react to

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2 See <http://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-definition.pdf>. Also see <http://www.youthindex.org/full-report/>.

3 <http://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-definition.pdf>.

4 For instance see: <http://kg.akipress.org/news:629946>.

when they hear the topic. Generally, the term *liberalism* bears a genuine ambiguity and imprecision that this paper is not intended to resolve. Its usage here derives from the following excerpts of the widely cited broad definition:

Liberalism ... is ... a doctrine upholding the independence and supreme value of the individual person as a free agent who bears fundamental rights that exist prior to and independently of government... Understanding of liberalism may also extend to encompass a high degree of social tolerance, religious disestablishment, pluralism, individualism, and the like.⁵

Recognition of civil and political liberties and, more generally, the fundamental rights of every individual—or the rejection thereof—is what makes the agenda of those participating in local politics and social affairs liberal or illiberal. In addition, a willingness to tolerate views and attitudes outside of the mainstream as well as the ability to compromise with political opponents denote liberal views.

Civic Education, Civic Engagement, and Participation

Civic education provides the skills and values for participation in a democracy with a corresponding set of institutions, relations, and values. Broadly speaking, its purpose is to develop the ability of youth to recognize, appreciate, and exercise the main attributes of democracy, such as voting, rule of law, individual rights and freedoms as well as human rights, and so forth—in other words, civic engagement and participation.⁶

In the context of schools, civic education has two elements that are often debated—one dubbed as mainstream, knowledge-based, and the other as progressive, participatory-based. The former focuses on in-class teaching about legal-political democratic structures and processes and citizen's rights and duties. The latter recognizes the value of this knowledge base but insists on its practical application in public life, encouraging a participatory, democratic culture through open discussion, expression of opinions, and participation in school governance as well as community affairs.⁷ Some authors may also loosely term them formal and informal education, respectively.⁸

Different understandings of participation are behind the debate between the two approaches outlined

above. One may draw a spectrum delineating types of participation from very liberal, restrained engagement to a highly politically engaged citizenship. On the liberal extreme is the type of active citizenship of an informed observer, who knows how the system functions and whose participation falls within the established institutional and procedural scope of the polity, including voting and paying taxes.

On the opposite extreme is participation that seeks to influence political decisions, for example by engaging in public debates over governance or structural inequities in education, health care, and so forth, by means of media or even public protests. In between we may place citizenship manifesting in charitable actions for the good of the community, such as environmental campaigns, community donations, and so forth.⁹

Linking Youth Participation to Liberal Democracy

The literature establishes that civic education and participation above all help to enhance democracy and liberal values. It is worth noting, though, some divergence in construing the outcomes of civic education for established democracies and for those defined as emerging ones. Scholars reporting on civic education in the former suggest that it is not the sole means of achieving greater political socialization and stronger liberal attitudes among youth (“With democracy all around them, students will absorb the necessary knowledge and appropriate views without explicit teaching or discussion”).¹⁰ The main concern in this context is the declining level of youth participation in democratic institutions, electoral processes, and public and media debates on issues of common concern, rather than an imminent risk of authoritarian and particularistic backlash.

In the newer democracies, evaluations of development assistance show that the impact of civic education ranges from better civic competence to appreciation of liberal values and increased participation.¹¹ Civic competence here often stands for political knowledge, civic skills, and perceived ability to have an influence on political outcomes—that is, efficacy. Acquisition of liberal values and ability to participate, which are of greater value in that range, arguably emerge with more frequent exposure to formal civics training coupled with interactive types of dramatization and collective decision-making exercises. The challenge here is that the environment outside of the

5 McClay, W.M. “Liberalism after Liberalism,” *First Things* (May 2012), 26.

6 Huddy, L., Sears, D.O., and Levy, J.S., eds. *The Oxford Handbook of Political Psychology* (Oxford: Oxford University Press, 2013), 64.

7 Nenga, S.K., and Taft, J.K., eds. *Youth Engagement: The Civic-Political Lives of Children and Youth* (Bingley, UK: Emerald, 2013).

8 Print, M., and Milner, H., eds. *Civic Education and Youth Political Participation* (Rotterdam/Boston/Taipei: Sense Publishers, 2009).

9 Nenga, and Taft, eds. *Youth Engagement*.

10 Morduchovicz, R., Catterberg, E., Niemi, R.G., and Bell, F. “Teaching Political Information and Democratic Values in a New Democracy: An Argentine Experiment,” *Comparative Politics* 28, no. 4 (1996): 465.

11 Finkel, S.E. “Can Democracy Be Taught?” *Journal of Democracy* 14 (2003): 138–39.

civics classroom is often not conducive to upholding and promoting these attitudes. There is also little information on the long-term effect of civics training in fledgling democracies.

Applying Civic Engagement and Participation on Kyrgyz Soil

As in many other transitioning countries, teaching liberal democracy with the emphasis on youth has been among the major strategies of the international community's development assistance in Kyrgyzstan. The main premise was that young people's political and value orientations are more malleable and open to acquiring liberal views via civic education. It has been presumed that youth are more cognitively and normatively flexible and receptive, and more venturesome and broad-minded than their older compatriots.

There is also a more subtle reason for paying special attention to youth. Kyrgyzstan, as a landlocked, impoverished, and resourceless country, must place its hopes in a youthful population that is well-educated and empowered. As a more proximate reason, youth have drawn attention for reportedly active participation in frequent episodes of political violence, especially as related to the two Kyrgyz revolutions of 2005 and 2010 and a major interethnic conflict in the south of the country in June 2010. Rough estimation of international aid to "youth empowerment" gives an amount of over USD 20 million in the last seven years. The examples of civic education and youth empowerment programs implemented with the support of international development agencies and briefly described below are not an exhaustive list of the whole variety of interventions; yet they give an overview of what has been seen as relevant in the field.

School Civics

A course called "Individual and Society" first appeared in the secondary school curriculum around the time of independence in 1991. Georges Soros's Open Society Foundation, the International Committee of the Red Cross (ICRC), and the International Foundation for Electoral Systems (IFES) are among the most frequently mentioned organizations to have been active in developing and introducing civic education. They provided textbooks and trained teachers to work with students both in class and in extracurricular settings, dubbed as formal and informal components, respectively. By the early 2000s, almost every school in Kyrgyzstan had been supplied with textbooks and teaching materials; however, not every teacher had been a beneficiary of teacher-training projects.

The repertoire of formal civics classes and informal extracurricular exercises has been rich in terms of both

content and delivery instruments. School students were exposed to knowledge and understanding of human rights, law, the legal and institutional foundations of the state, economic rights, parties and elections, media and public opinion. The civics curriculum developers put special emphasis on the values of tolerance and diversity as well as some knowledge of corruption and corruption control, in an attempt to tailor the course to the local context.

Delivery instruments also varied, from lectures on a single topic to inclusion of such components as debate clubs, school self- and co-governance, and social partnership within the wider community. The programs stressed the teaching of "skills" or ways of acting in and coping with various social settings and conditions, thus being oriented toward practical application rather than theory. The purpose was to encourage students to reflect on and apply the knowledge of civics that they had learned in their classes.

Youth camps, normally operating during longer summer and winter breaks, are another important component of civic education, often considered a follow-up to in-school formal and informal learning. The camp participants are taken from their families and home settings to stay in resorts (usually on the shore of Lake Issyk-Kul) or in Bishkek, the capital city (and only rarely in other big towns). The camp program is designed to provide hands-on knowledge about the legal-institutional aspects of a democratic system, often through master-class talks by experts, politicians, and other opinion leaders.

Young people in the camp program have the opportunity to learn and apply skills through participating in the political processes of mock politics or interactive drama performances that simulate real-life complexities of governance, rule of law, and human rights in liberal democracies. While there is a little doubt about the long-term knowledge, skill, and value benefits of the youth camps, they have been questioned for being a costly, unsustainable, and elitist exercise.

By the second half of the 2000s, most of the international donor support for civics classes in the schools had started to phase out, leaving more responsibility on the local education sector to institutionalize the subject further. Reportedly, by 2005 the supply of teachers' books and study aids on civics had ended. There is little evidence that local ownership over the civics curriculum had been genuine enough to ensure further sustainability without the support of donors. Most of the school classes on the subject had been delivered in a conservative, one-way, teacher-to-pupil manner, with a lot of rote memorization and little room for interactive and innovative methods that could induce a real demand among students and make the subject attractive.

Civic Education and Empowerment for Peace-Building

The political crises around the violent overthrow of Kurmanbek Bakiyev's regime in 2010 and the ethnic conflict that followed shortly thereafter in the south of the country—described as a compound crisis by the UN at the time—gave another impetus to the proponents of civic education in the civil society and the international development agencies. Empowerment of young people to become “agents of peaceful democratic change” was embraced as a remedy for interethnic strife and a way to prevent the country from relapsing into authoritarianism.

This approach is another facet of the “positive youth development” concept, widely popularized since the early 2000s. In a nutshell, it is about viewing young people as assets and a resource who should have a say, particularly on issues that concern them, and whose contribution is essential for the development of their communities. This is opposite to a conservative, pathologizing attitude that treats youth as trouble-makers and as a social group at risk that needs to “be dealt with and managed” through a “keep them busy” strategy.

The International Youth Foundation's Jasa.kg youth empowerment program, funded by USAID, the “Perspectives for Youth” program of the German Society for International Collaboration, UNICEF's Youth Centers project, and the UN Development Program's local youth plans exemplify the types of youth empowerment embraced by a wide variety of international development donors in the years after the 2010 political crisis and ethnic violence. Usually these projects included running young people through the donor's own training packages, often as a part of school extracurricular learning, that aim to develop soft social skills of communication, critical thinking, collaborative action, conflict prevention, and so forth.

The training curriculum is normally blended with information on human rights, democracy, and diversity values. The project may also provide an opportunity for young people to practice their skills and knowledge through implementation of small community-service initiatives, in a manner that promotes collaboration across ethnic groups and gender equality. While doing so they are encouraged to learn to interact with their diverse communities, the authorities, and media.

This youth-empowerment response to the 2010 compound crisis and its repercussions largely ignored the secondary school, particularly for the civic-education

component, albeit with a few exceptions. Those few are patchy initiatives to revitalize school self-governance, civics classes, and in-school exercises aimed at addressing juvenile delinquency and violence, “piloted” in a statistically insignificant number of communities and schools across the country. Most of the activities were aimed at reaching a larger number of youth to benefit from the empowerment programs, who at best become better informed about democracy, human rights, and diversity values. In a smaller number of cases, the programs reported changes in attitudes and values among youth, as well as an increase in their efficacy and participation in the community. However, there is little evidence that this empowerment has become entrenched into the mainstream services provided by the state both locally and nationally.

In fact, civic education is a good example of a youth-empowerment intervention based on the presumption of liberal democratic values that is fully donor-driven, with little detectable incentive to take it over locally. There is no widely recognized and formally endorsed concept of civic education that can provide ideological direction and methodological guidance. Nor was there a strong effort to bring the variety of approaches to civics under a uniform standard and produce universally accepted learning materials. Civic training and retraining for teachers has not been fully institutionalized through, for example, higher pedagogical education or national and local retraining institutions. As one of the evaluation reports laments, under “civics,” teachers are actually teaching history, geography, and even physical training.¹²

Donors' enthusiasm for school-based civics decreased as they saw their limited effect on long-term learning outcomes, especially in terms of changing attitudes and values.¹³ More of a “piloting” approach has been taken, to support civics in a limited number of schools and communities. This is not to suggest that civic education has ended altogether; it has continued in one form or another in many schools thanks to inertia, enthusiasm, and some sporadic support from international development donors.

Data Discussion and Analysis

Comparing with Other Transitions

As the section above exemplifies, international organizations' contribution to youth empowerment was tremendous and in fact largely substituted for state functions focusing on civics and rights education. Piles

12 See the “Civic Education in the Kyrgyz Republic: Achievements, Problems and Prospects for Development,” *Agha-Khan Development Network's final report*, 2007, 26, <http://archnet.org/collections/371/publications/8973>.

13 No formal assessment or evaluation has been conducted to measure attitudinal or value change as a result of civic education. However, the interview respondents from the donor organizations and the Ministry of Education and Science suggest that civics mainly yields a better awareness of the legal and institutional aspects of democracy.

of donor reports on youth empowerment convincingly demonstrate the intended change in knowledge that was expected to contribute to the emergence of a new generation of citizens capable of building a democratic society. And yet, after 25 years of independence, the most widespread youth activism noticeable in Kyrgyzstan is directed under ethno-nationalist or Islamist slogans.

Kyrgyzstan has not been unique in its troubled experience of youth empowerment focused on teaching democratic and liberal citizenship. Political scientists have been concerned about the outcomes of democracy instruction across the so-called transitioning countries, especially those falling into the orbit of the “third wave of democratization.” What follows below is a condensed outline of the findings of academic impact evaluations conducted through the 1990s–2000s in Poland, the Dominican Republic, Kenya, the Democratic Republic of Congo, Zambia, and South Africa. The researchers sought to gauge civic-education outcomes such as an ability to embrace democratic values, awareness, and willingness to engage effectively in politics.

All of these countries have had decades of experience under one-party or personal rule, often with a long history of political and social violence. All have gone through drastic societal transitions as a result of the disintegration of those old, unfree regimes. Socio-economic hardships and in many cases political instability associated with these transitions have profoundly affected people’s attitudes—from ambivalent to openly hostile—toward democracy and the values and norms it entails. The outcomes of political transitions in these countries have varied from a fragile or outright oppressive environment, at times even worse than it used to be, to a relatively consolidated democracy.

As in Kyrgyzstan, development and political assistance presumed a decisive role for civic education and empowerment of youth in building a pro-democratic political culture. It has been a common view that young people’s political orientations are more malleable, as they had not experienced the old regime to the same extent as their older fellow countrymen. Similarly, however, youth are influenced by their families, peers, religious institutions, and the mass media—the “other agents” of political socialization—whose attitudes toward democracy have also been affected, not to say shaped, often adversely, by radical societal transition. Young people have been learning about liberal democracy and human rights under the circumstances of that radical change.

The outcomes of the evaluation studies for civics training were rather typical across the countries for which Steven E. Finkel provides an excellent summary: “civic education has meaningful and relatively long-lasting effects in terms of increasing political information, feelings of empowerment, and political engagement and participation, but [such programs] are much less likely to affect more ‘deep-seated’ democratic values such as political tolerance, support and trust.”¹⁴ Poland, however, provides an example of a slightly detectable change in values such that those with extreme pro-democratic or anti-democratic views shifted toward more moderate attitudes after attending civics programs.¹⁵

Literature on advanced experimental or quasi-experimental research gauging the outcomes of civics and empowerment programs in Kyrgyzstan is not available, but introducing a comparative perspective from multiple countries that have a lot in common in terms of the mode and context of political transition can be helpful, especially for extrapolating some important findings to Kyrgyzstan. Based on the personal experiences and professional knowledge of the context, as well as from interviews with development practitioners, I observe that Kyrgyzstan’s civic outcomes are not far different from those described above. The programs have generated a meaningful public awareness and appreciation of the political institutions and processes associated with democracy, and boosted political engagement and participation.

Institutionalized Illiberalism

The increase in political awareness and participation has been characterized by a high level of young people’s attention to politics through mushrooming voluntary organizations¹⁶ and quasi-political groups and individuals. Youth-run political activism increased in connection with the two upheavals that resulted in regime change in 2005 and 2010. The government resorted to the creation of a ministry specifically dedicated to youth at the national level as well as various quasi-representative bodies often called youth councils and committees on the local level. The purpose of these institutions was to capture and harness the energy of politically socializing young people.

International organizations and NGOs enthusiastically lent support to the establishment and capacity building of these bodies, training staff and helping to develop strategies and laws with the expectation that they would play an important role in promoting the well-being of youth and their active citizenship. Initial, modest concerns about the risk of investing into youth institutions

14 Finkel, S.E. “The Impact of Adult Civic Education Programmes in Developing Democracies,” *Public Administration and Development* 34 (2014): 177.

15 Slomczynski, M.K., and Shabad, G. “Can Support for Democracy and the Market Be Learned in School? A Natural Experiment in Post-Communist Poland,” *Political Psychology* 4 (1998): 772.

16 Using the term “civil” for youth institutions that advocate against liberal democracy creates both semantic and philosophical difficulties that this paper cannot resolve, so for the purpose of simplicity I will here use the term “voluntary.”

with vague terms of reference and poor capacity gradually shifted into overt disappointment. The disappointment was not so much about the ministry's initiatives to organize mass weddings and mixed martial arts tournaments that had nothing to do with building systems for youth well-being; rather, it was about the controversial conservative, traditionalist, and at times illiberal agenda that the ministry was pursuing.

Kyrgyzstan's Ministry of Youth in its early days provides a vivid example of an institutionalized far-right populism blended with Islamism. It does so by advocating for young people sharing the values of religiousness/spirituality, ethnocentric patriotism, masculinity, and anti-elitism, while antagonizing those upholding liberal modernity and the values of diversity and rights. The ministry, for instance, has consistently pushed for keeping the Kyrgyz ethnicity as the backbone of the nation and the one responsible for other ethnic groups inhabiting the country, a dubious proposition that is supposed to be at the core of national youth policies. It has also obstinately kept sexual and reproductive health and a rights agenda away from formal and informal education, on the grounds that these contradict what they call the "traditional values" of the Kyrgyz nation. Sexuality and reproduction, they hold, need to be dealt with through religious and traditional norms, whatever that might mean.

Illiberal Youth, "Civil Society"

A voluntary grouping called "Kyrgyz-Choroloru," frequently dubbed as "Kyrk-Choroloru" (the Forty Knights), exemplifies well the non-state dimension of youth participation occurring under conservative traditionalist and anti-liberal slogans. "Kyrk-Choro" is the local historical vernacular that refers to the Epic of Manas, a major identity-shaping cultural legacy of the Kyrgyz people that is said to date back to a millennium ago. The "Forty Knights" were Manas's companions in his deeds.

Today's "Knights" have been noisy and provocative, at times acting outside the bounds of the criminal code with violent raids against foreign businesses, sex-workers, and the LGBT community. The first political move that brought the "Knights" into the public space was their demand to vacate the shops of Uyghurs in the local Madina market so they could be taken over by ethnic Kyrgyz.¹⁷ They also claimed a watchdog role over what they consider illegal migration of Chinese citizens. They reproduce widely stereotyped fears about creeping Chinese economic influence that will gradually transform

into cultural and political capture as they penetrate the social fabric and political elites.¹⁸

The "Knights" have gained notoriety among civil society organizations and the community of human rights defenders with their raids against sex workers, or those they consider as such. They burst into gathering places associated with foreigners to search for women allegedly involved in commercial sex. The "Knights" intrude into large crowds where they push and jostle women while lining them up and filming them, and then they post the images online in order to ignite public condemnation. They vilify and harangue the women for "committing indecency and perverting Kyrgyz values."¹⁹

The LGBT community has also increasingly become a target for rampant attacks by the "Knights" and their like-minded allies. Their homophobic stance has emerged very loudly ever since they violently disrupted the LGBT community's attempt to privately celebrate the Day Against Homophobia and Transphobia on May 17, 2015, in Bishkek. Any attempt to bring up LGBT rights in a media domain or any other public platform is met with very aggressive resistance from these groups. The backlash is usually accompanied with blunt intimidation of LGBTs and calls to take violent actions against them and the activists advocating for their rights.²⁰

There is a little credible information as to the specific political allegiances and loyalties of the "Knights" and similar groups. Of course, one cannot expect that they would disclose the source of funding for their campaigns. Nor is there much information about the sociological composition of these groups. The "Knights" and their ilk can be considered ethno-nationalists by their actions and by the messages and symbols that accompany their acts. They grotesquely accompany their campaigns with emblems of Kyrgyz culture such as the felt kalpak (the traditional Kyrgyz hat) and they appeal to Kyrgyz history, values, and "mentality" in their external communication and messaging.

In connection with the "Knights" it is worth mentioning a group of young people self-proclaimed on the Internet as "Patriots" (they paradoxically use the Russian or Western term patriot, not its Kyrgyz equivalent, *Mekenchil*). They have been making headlines in the country and beyond by putting online footage of their savage assaults against young women of Kyrgyz ethnicity. The violence has usually taken place abroad, mainly in Russia, against female labor migrants accused of dating men of the "wrong" ethnicity—that is, non-Kyrgyz.²¹

17 Leilik, A. "Kyrgyzstan: Nationalist Vice Squad Stirs Controversy," *Eurasianet.org*, February 10, 2015, <http://www.eurasianet.org/node/71996>.

18 See, among many others, "Pretsedent: vo chto mozhет pererasti Kyirk Choro," *Knews.kg*, February 3, 2015, <http://knews.kg/2015/02/03/pretsedent-vo-chto-mojet-pererasti-kyirk-choro/>.

19 Leilik, "Kyrgyzstan: Nationalist Vice Squad Stirs Controversy."

20 North, A. "Kyrgyzstan's Beacon of Tolerance under Threat from Manufactured Kremlin Homophobia," *Eurasianet.org*, May 4, 2016, <http://www.eurasianet.org/node/78631>.

21 "Kyrgyzskie 'patrioty' zastavliaiut zhenshchin liubit' 'svoikh' ugrozami I poboiami," *Azattyk*, February 16, 2016, <http://rus.azattyk.org/media/video/27556905.html>.

Some of these “patriotic” assaults are also reported to have taken place in Kyrgyzstan. They apparently were inspired by the Kyrgyz migrant “Patriots” in Russia and the general discourse about “true Kyrgyz values” holding women as lacking rights and as the man’s submissive property. This discourse is the primary connection between the “Knights” and the “Patriots,” as both publicly condone violence against women who dare to interact with men of different ethnicity.

Some Tentative Conclusions

These illiberal strains of youth participation and activism in Kyrgyzstan have been largely of an indigenous nature. Experience and available data suggest that the international backlash against liberal democracy has not had a decisive effect. What Alexander Cooley calls authoritarian counter-norms and counter-practices²² have not determinatively shaped young people’s values and attitudes, nor have they motivated young people’s actions to counter liberalism. One caveat, though, is that the external factor may have helped to put this illiberal pushback into particular semantic frames, bringing the categories of “traditional values” or “national sovereignty” saliently into the rhetoric.

The illiberal sentiments of young people are closely linked to the rise of supposedly primordial traditional identities in conjunction with religious conservatism. In some recent surveys (one funded by USAID, another by Safer World), when asked about their values, young people most often mention Islam, family, health, and patriotism. What is worrying are how these values are operationalized by young people—that is, by violating the rights of women and other vulnerable social categories. Bride-kidnapping is still celebrated by some as a “beautiful old Kyrgyz tradition.”²³ It has also come to be considered decent for a Kyrgyz male who is supposedly a good Muslim to keep his wife or bride in submission and domestic service to his extended family, especially the elders. The level of tolerance among women for husbands’ hitting or beating their wives for not complying with certain gender norms reaches almost 33 percent.²⁴ Some young activists build their political agenda around denying sex education for

adolescents, especially girls, on the grounds of its alleged incompatibility with traditional values and religious norms.

Surveys also show that young people’s attitudes toward those with different communal identities are negative.²⁵ The notion of the Kyrgyz as the country’s titular nation has gained greater weight as opposed to the one framed as “Kyrgyzstan is our common home,” a concept popularized in the 1990s by Askar Akayev’s regime. Local languages other than Kyrgyz are less and less tolerated in the public space. These trends have inevitably depreciated the liberal ideas of granting equal rights to each and every individual irrespective of his or her ethnic or religious background.

Illiberalism justified by traditional values and religious norms is often based on rational calculations and considerations. Young people, especially young males of the titular ethnicity, see that advancing a women’s or minority rights agenda in the context of liberal democracy would undermine their perceived power base. They navigate accordingly within the traditionalist mindset, deliberately constructing a conceptual framework and blending it with religious messages that sanctify the power of majorities and vilify liberal values as being alien and hostile, meant to subvert the very existence of the nation.

On the other hand, in their quest for meaningful participation and access to resources, young people emulate the patterns of their adult counterparts in politics. Young people are well aware that their constituency is most receptive to traditionalist messages, as they are inherently more appealing and culturally autochthonous than liberal values of human rights and diversity. Liberalism has been discredited in practice, being associated with rampant poverty, pervasive corruption, and all sorts of violent injustices. Liberalism is also blamed for “moral decay and degeneration” in the society. An even more profound yet subtle challenge to liberalism is the insincerity of those who deliver and receive liberal messages. Liberal empowerment has been elite-focused and incentive-driven. Strong, genuine political platforms of an indigenous nature that would entail commitments to individual rights and liberties on the part of actual decision-makers are limited.²⁶ Thus, to quote Dowson and

22 Cooley, A. “Authoritarianism Goes Global: Countering Democratic Norms,” *Journal of Democracy* 26 (2015): 49.

23 According to frequently cited accounts of human rights activists, around 12,000 young girls annually are kidnapped for forced marriage. See <http://www.rferl.org/content/bride-kidnapping-in-kyrgyzstan/25403604.html>.

24 “United Nations Children’s Funds and United Nations Population Fund’s Multiple Indicator Cluster Survey,” *United Nations*, 2014, 177.

25 See “Nobody has ever asked about young people’s opinions,” *Young People’s Perspectives on Identity, Exclusion and the Prospects for a Peaceful Future in Central Asia*, Safer World, 2012, <http://www.saferworld.org.uk/resources/view-resource/640-nobody-has-ever-asked-about-young-peoples-opinions>, 4, 12; “Youth of the Kyrgyz Republic: Values, Social Mood and Conflict Behavior,” USAID, 2014, <https://www.usaid.gov/documents/1861/youth-kyrgyz-republic-values-social-moods-and-conflict-behavior-report-research>, 17; “Kyrgyzstan: Successful Youth—Successful Country,” *UNDP National Human Development Report*, 2009, <http://hdr.undp.org/sites/default/files/kyrgyzstan-nhdr-2010-en.pdf>, 2; “Youth Kyrgyzstan: Bridging Tradition and Modernity,” Sinus Institute, 2015, <http://www.sinus-institut.de/en/publications/whats-new/detail-en/news/youth-in-kyrgyzstan-bridging-tradition-and-modernity-2015/news-a/show/news-c/NewsItem/news-from/13/>, 17–18.

26 Dawson, J., and Hanley, S. “What’s Wrong with East-Central Europe? The Fading Mirage of the ‘Liberal Consensus,’” *Journal of Democracy* 27 (2016): 21.

Hanley, “citizens are left unexposed to the philosophical rationale for liberal-democratic institutions.”²⁷

Liberalism has been gospel mainly within an isolated upper-class social category often referred to as the *intelligentsia*, whose main characteristics are to be urban and Russian-speaking, with a legacy of connections to the Communist *nomenklatura* and its welfare benefits. This group has rarely been strongly tied to the countryside, which makes up around three-quarters of the country’s population. Liberalism has thus actually deepened the fracture between the shrinking Soviet *intelligentsia* elites and the post-Soviet, often profoundly traditionalist, rural communities.

Recommendations

Those involved in youth development activities should not expect that empowerment, especially through so-called civic participation, will make youth receptive to liberal democracy. There has not been any strong indication or evidence that connecting youth to knowledge and practices of liberal democracy will turn them into proponents of those values in the longer term. Those “empowered” by the development and human rights community may have little reason not to go against the value-sets that their principals tried to indoctrinate them in, if incentives to do so persist in the society at the structural level.

Civil society and the development community should thus take a more careful stance in promoting “institutionalized participation and empowerment,” that is, in supporting national bodies dedicated specifically to youth, as complaints about their poor capacity and their propensity to promote privileged groups has been well evidenced. The same is true for “youth governance” bodies at the lower levels of local governments and public service bodies that are often not devoid of a strongly manipulative and cooptive effort by elites to capture the energy of youth

for their own goals, often having nothing in common with liberal values.

Both civil society and the development community should be ready to engage in a frank and at times blunt debate with the key “spoilers,” those outspoken and influential opinion leaders and decision makers of the young generation who represent the illiberal camp. The current strategy of shying away from confrontation is not conducive in the long term. The primary content and the purpose of such debates would be to address and deconstruct attitudes based on conspiracy theories, accusations of double standards, fear of a fifth column, and so forth.

Liberal messaging also needs to be adapted to local languages and cultural values as well as to historical legacies—real or constructed. That will help establish a “buy-in” and feeling of ownership that could, in the medium term, hinder attempts to marginalize liberal values. Messaging strategies should also be contextualized by embedding them in traditional media and information dissemination channels to ensure better outreach. Those promoting liberalism and any other humanitarian and development ends need to be less obsessed with visibility and more concerned about knowledge- and value-related outcomes.

It is also important to address the structural causes of this growing youth illiberalism. Detecting a few strategic bottlenecks as entry points is the way to go. The education sector has been the catch-all field that will require assertiveness and patience to reform. More investment is needed to entrench training in soft and life skills such as critical thinking, communication, leadership, collaborative action, and so forth, with the purpose of developing the ability to make independent, informed, and responsible decisions about participation, even if this may not necessarily produce immediate liberal outcomes.

27 Ibid.

Youth Radicalization in Tajikistan: Causes, Consequences, and Challenges to Address

Safovudin Jaborov¹ (2013)

There are different factors that serve to make Tajikistan's security vulnerable, not least the challenges in the wake of the international coalition's withdrawal from Afghanistan in 2014. However, this paper argues that more attention needs to be paid to domestic issues, and in particular youth unemployment. Rather than considering youth as a threat to stability in Tajikistan, this paper focuses on how youth mobilization could be of economic, political, and social benefit to the country through the creation of employment opportunities.

A young person should be able to get a decent job according to his or her individual human capital. Indeed, society should be able to provide adequate and equal opportunities for youth to find suitable employment according to their potentials and skills. Failure to provide such opportunities runs the risk of radicalizing a generation, and fueling instability.

While factors such as promotion of social justice and income equality, civil society and family, particularly the role of women, are important for stability, this paper emphasizes employment-based solutions to prevent so-called "youth radicalization." It also highlights the importance of the provision of freedom of religious expression and adequate opportunities for religious education within the country as measures that could mitigate the alleged religious radicalization among the youth.

Research shows that while a large cohort of youth effectively engaged in the economic and political life of society is considered an advantage, if neglected and discriminated against, youth can become a source of instability and fuel insurgency under conditions of political fragility.²

This paper aims to demonstrate the following:

- Contrary to the narrative about spillovers from Afghanistan, domestic issues are the most pressing

elements to be addressed by the Tajik authorities and international donors;

- Alleged youth radicalization is a complex phenomenon that cannot be analyzed solely from a religious angle: "radicalization" can also be secular, in the form of participating in criminal activities or street violence;
- The youth bulge is a key issue for the future of the country;
- Youth unemployment and lack of opportunities to receive a moderate religious education are the main drivers of youth radicalization.

Tajikistan's Socio-Economic Woes

Whilst many countries around the world, particularly developed nations, are facing the problem of a quickly aging population, 70 percent of the population of Tajikistan are under the age of 30. The average Tajik citizen is 25 years old; and about 2.7 million people, or 35 percent of the population, are between 14 and 30 years old.³

Economic decline linked to the dissolution of the Soviet Union, the subsequent civil war, the collapse of the labor market, and the high population growth rate during the 1990s have all considerably contributed to rising poverty levels. According to the World Bank, in 1999 the national poverty rate⁴ in Tajikistan was 96 percent of the population. Since the early 2000s the economy of the country has recovered somewhat and has started to show a positive growth rate. Indeed, by the end of 2012 the poverty rate had dropped to 40 percent of the population.⁵ Despite these improvements, the country still has very limited economic resources. Most of the textile, food, and other heavy and light industries did not recover after the decline of the 1990s, while the only industrial giant in the country, the Tajik Aluminum Company, has very limited employment capacity—around 10,000 employees.⁶ The agricultural sector, where more than half of the country's workforce is employed,⁷ does not have the capacity to create enough jobs to meet fast

1 Russian-Tajik (Slavic) University, Dushanbe.

2 Urdal, H. "The Devil in the Demographics: The Effect of Youth Bulges on Domestic Armed Conflict, 1950–2000," *The World Bank Social Development Papers*, Paper No. 14, July 2004.

3 National Program on Social Development of Youth in the Republic of Tajikistan for the period 2013–2015.

4 According to the World Bank's Global Poverty Working Group: "National poverty rate is the percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys." Data are based on World Bank's country poverty assessments and country Poverty Reduction Strategies. <http://data.worldbank.org/indicator/SI.POV.NAHC/countries/TJ?display=graph>.

5 "Tajikistan: Sustaining Growth, Sharing Prosperity," *Tajikistan Economic Report*, No. 3. World Bank, April 2013.

6 "Osnovnye napravleniia razvitiia proizvodstvenno-ekonomicheskoi i finansovoi deiatel'nosti GUP Tadjhikiskaia Aluminievaia Kompaniia za 9-mesiatshev 2010 goda, v sravnenii s 9-mesiatsami 2009 goda," *Tajik Aluminium Company*, http://www.talco.com.tj/UserFiles/ru_2009.pdf

7 Coulialy, S. "Shifting Comparative Advantages in Tajikistan: Implications for Growth Strategy," *The World Bank Policy Research Working Paper 6125*, July 2012.

growing labor supply and is in any case unattractive on account of the very low wages.

Thus, despite Tajikistan's steady growth over the last decade, the country is not creating sufficient jobs for its population. This is contrary to appearances. Indeed in 2012, officially registered unemployment⁸ in Tajikistan stood at only 2.5 percent,⁹ ostensibly one of the lowest in the world, while most developed countries such as the United States, Germany, and Japan, and the majority of middle income countries, for example Russia, China, and Kazakhstan, have a much higher unemployment rate. Official unemployment is low because only a very small fraction of unemployed persons undergo the official registration process, a real administrative burden.

Registration does not help to find a decent job; many simply do not know that there is an unemployment benefit package available; and, in any case, the amount of money is so low as to be considered worthless by the majority of people concerned. In fact, as of May 2013, out of 56,700 officially registered unemployed people in the country, only 1,500 had received unemployment benefits.¹⁰ In sum, the official statistics on unemployment do not describe the reality, which consists of hundreds of thousands of unemployed and underemployed people seeking jobs.

The other limitation of employment data is that official statistics do not take into consideration underemployment, which is a key dimension of Tajikistan's socio-economic environment. This underemployment manifests itself in two different ways. First, tens of thousands of doctors, teachers, engineers, and others with secondary technical or tertiary education, are overqualified for the more menial jobs they are employed in. This category, which may feel humiliated by a lack of social recognition, has been among the first to emigrate, in the hope that another country would offer better prospects for social promotion. The second group of underemployed people is comprised of the rural population working in the agricultural sector. They do not possess specific diplomas that could be useful on the job market, but the wages generated by the harvests are largely insufficient to live decently.

In most countries unemployment is greater among the younger than older generations. This is also true for Tajikistan where the unemployment rate among the youth

is extremely high. According to the National Program on Social Development of Youth in the Republic of Tajikistan for the period of 2013–2015, 55 percent of the youth in Tajikistan are considered as unemployed. This figure clearly suggests that there is a large gap between the officially registered unemployment rate (2.5 percent) and reality. This state program highlights the importance of promoting youth employment as a measure for preventing youth radicalization. Nonetheless, it fails to envisage concrete activities to address this issue, and does not offer realistic strategies to redress the following: the lack of opportunities available for preferential business loans; the absence of access to mortgage loans; the shortage of employment opportunities; and the lack of entrepreneurial capacity among the youth.¹¹

The socio-economic conditions afflicting the country have affected the majority of households. The only safety valve available for Tajik households has been found in emigration. Today, according to Tajik statistics, around 500,000 Tajiks work as labor migrants abroad;¹² however, independent sources put this figure as high as one million, which would mean that between a quarter and half of the male workforce, with some regional variation and depending on methods of calculation, are abroad for several months a year, or even several consecutive years. Tajik migrants predominantly head for Russia, where they face a difficult social situation, a lack of support from the authorities and the administration, and even violent xenophobia.¹³ Migrant workers can earn at least four times as much in Russia as back home, but also are often victims of racist attacks, police brutality, unsafe work conditions, and contracts made on false premises.¹⁴ According to the World Bank, the value of remittances received by Tajikistan in 2011 was around US\$ 3 billion, which is equal to 47 percent of the country's GDP. This figure as a ratio of remittances to GDP is the highest in the world.¹⁵

Labor migration thus plays a key role in poverty reduction and social and macroeconomic stability. However, underemployment is also part of the migration pattern, as many of the migrants work in jobs they are not qualified for, or only on a seasonal basis.¹⁶ Some migrants come back to Tajikistan with new skills acquired whilst abroad; such

8 According to the Agency on Statistics under the President of the Republic of Tajikistan: "an unemployed [person], registered by the state employment services is a person out of work, looking for work, and according to the existing procedures has received the official status of being unemployed issued by the state employment agencies."

9 Agency on Statistics under the President of the Republic of Tajikistan, 2013; "Tajikistan: Sustaining Growth, Sharing Prosperity," *Tajikistan Economic Report* No. 3. World Bank, Washington, D.C., April 2013.

10 Agency on Statistics under the President of the Republic of Tajikistan, 2013.

11 National Program on Social Development of Youth in the Republic of Tajikistan for the period of 2013–2015.

12 Agency of Statistics under the President of the Republic Tajikistan, 2012.

13 Chioyenda, M.K. "Tajik Labour Migration to Russia: Tajik Responses to Migrant Vulnerability and Russian State Policies," *The Eurasia Studies Society Journal* 2, no. 1 (February 2013): 1–16.

14 Keevil, G. "Tajikistan: Migrant Laborers Dying to Work in Russia," *Eurasianet*, February 26, 2013, <http://www.eurasianet.org/node/66602>.

15 "Migration and Development Brief No. 20," World Bank, Washington, D.C., April 19, 2013.

16 Betti, G., and Lundgren, L. "The impact of remittances and equivalence scales on poverty in Tajikistan," *Central Asian Survey* 31, no. 4 (2012): 395–408.

migrants are still only in the minority, however.¹⁷ Young people are more inclined to migrate as they have invested less in their home country, and have fewer family obligations.¹⁸ Building a life back home, including purchasing a house and raising a family, necessitate the acquiring of preliminary capital. Thus, migration is now considered almost as a rite of initiation to adulthood. Indeed, around two-thirds of Tajik migrants are between 20 and 39 years of age.¹⁹

The youth in Tajikistan are worse off than their parents. They exhibit higher rates of illiteracy, unemployment, and poorer health—and they are more likely to be victims or perpetrators of violence. The national average school enrolment rate was only 61.1 percent in 2001, compared to nearly 100 percent before 1991. Many students enroll but fail to attend school for the majority of the school year. Measuring attendance is difficult, but in some areas as many as 45 percent of pupils fail to regularly attend school. Experts suggest that there has been a large, albeit unrecorded, surge in illiteracy.²⁰ This directly impacts young people's employability at home, and decreases their skills on the job market abroad.

Youth Radicalization: Religion and Beyond

While the socio-economic situation of the youth should be the Tajik authorities' main concern, the official narrative prefers to focus on the risk of spillovers from Afghanistan and on so-called religious radicalization.

These fears are based on several incidents of extremist action that have occurred over the last 15 years—ranging from the incursions of the Islamic Movement of Uzbekistan in the summers of 1999 and 2000, to the violence witnessed in the Rasht Valley in 2008–2010. There have also been some isolated terrorist activities, which have added to the picture of ongoing radicalization. In September 3, 2010, a car bomb was detonated at a garrison of the Ministry of Internal Affairs in Khujand; this was the first confirmed suicide attack in the country, killing one police officer and injuring a further 25.²¹ On January 19, 2013, a terrorist suspect carried out a suicide attack in Istaravshan, also in the north of the country.²²

Another recent development pointing to Islamic radicalism in Tajikistan is related to the emergence of the hitherto unknown radical group “Jamoati Ansorulloh,” which seems to have links with graduates from Pakistani madrasas who have returned to Tajikistan. If previously only two main radical groups, namely Hizb ut-Tahrir and the Islamic Movement of Uzbekistan, were known, now Ansorulloh. The three groups call for *jihad* against the current government.²³

To deal with the alleged expansion of religious radicalism the authorities have adopted questionable policies that actually serve to exacerbate popular resentment. The 2009 Religion Law establishes onerous and intrusive registration requirements for all religious groups; criminalizes unregistered religious activity as well as private religious education; and sets strict limits on the number and size of mosques.²⁴ A state license is now required to conduct religious instruction, and both parents must give written permission for children aged between 7 and 18 to receive such instruction. Only registered central mosques can set up basic educational groups, but local mosques cannot.²⁵ These measures therefore restrict accessibility of religious education for the majority of youths not living in proximity to a central mosque, particularly in rural areas. Furthermore, a 2011 Law on Parental Responsibility banned minors from any organized religious activity except in official religious institutions.²⁶ All women, young men under the age of 18 are now forbidden to attend mosques.

These measures are intended to prevent youth radicalism; however, they result in pushing youth underground and turning them toward the Internet and other information spheres, where they can be embraced by radical groups.²⁷ A lack of opportunities to obtain a religious education within the country also pushes young Tajiks to seek such education abroad. Schools with free religious education and board in Pakistan, where teaching is mostly Salafi, are attractive for those who cannot afford payment for their education. They train future *mujahideen* from not only Pakistan and Afghanistan, but also from Uzbekistan, Tajikistan, southern Russia, and Turkey.²⁸

17 Olimova, S. “To Stay or not to Stay. The Global Economic Crisis and Return Migration to Tajikistan,” in Marlene Laruelle, ed., *Migration and Social Upheaval as the Face of Globalization in Central Asia* (London: Brill, 2013), 65–86.

18 Danzer, A.M., and Ivaschenko, O. “Migration patterns in a remittances dependent economy: Evidence from Tajikistan during the global financial crisis,” *Migration Letters* 7, no. 2 (2010): 190–202.

19 Olcott, M.B. *Tajikistan's Difficult Development Path* (Washington, D.C.: Carnegie Endowment for International Peace, 2012).

20 “Youth in Central Asia: Losing the New Generation,” *Asia Report* No. 66. International Crisis Group, October 2003.

21 Swift, C. “Militant Pathways: Local Radicalization and Regional Migration in Central Asia,” *CTC Sentinel* 4, no. 11–12 (2011).

22 “Na severe Tadjikistana podozrevaemyi v terrorizme sovershil samopodryv,” *Newtj.ru*, January 26, 2013, <http://news.tj/ru/news/na-severe-tadjikistana-podozrevaemyi-v-terrorizme-sovershil-samopodryv>.

23 Yuldoshev, A. “Jamoati ansorullo tojikonro ba jihod-davat mekunad,” *Asia-Plus*, September 16, 2011, <http://news.tj/tj/news/amoati-ansorullo-ikonro-ba-i-od-davat-mekunad>.

24 “Annual Report 2013,” *United States Commission on International Religious Freedom*, 158.

25 *Ibid.*, 193.

26 *Ibid.*, 158.

27 Transcript of Mr. Kabiri's speech and discussion at the Central Asia Program, George Washington University. *Voices from Central Asia* No. 8, November 2012.

28 Stern, J. *Terror in the Name of God: Why Religious Militants Kill* (New York: HarperCollins, 2003), 224.

However, while denouncing and flagging up the risk of the religious radicalization of the country's youth, the authorities omit to give a precise definition of this so-called radicalization. Indeed, terrorist violence is very rare in the country and does not have the support of the vast majority of the population. Pursuing an underground religious education is considered by the authorities as a sign of "radicalization," which means that the definition is very broad, blurred, and used as a political category.

However, there are more cases of what could be called "secular radicalism." Particular attention should indeed be paid to other forms of discontent expressed by Tajikistan's youth. In September 2006, for instance, a planned concert in Dushanbe by the popular Iranian-Swedish singer Arash failed to go ahead, which resulted in a small group of young men spontaneously walking toward the presidential palace to demonstrate their discontent, while others started rioting in the stadium and later vandalized buses and shops and got into skirmishes with the police.²⁹ Another vivid case of youth discontent and rioting relates to the fans of the Kulob-based "Ravshan" football team. In June 14, 2011, after losing a game to the Dushanbe-based "Istiklol" club, Ravshan fans invaded the pitch and clashed with police, players, and officials; shortly thereafter in another incident in Dushanbe on June 23, Ravshan fans again took to the streets.³⁰

Violence at events—whether sport or music related—is not specific to Tajikistan and is frequent in some

European countries. It does reveal, however, a venting of frustration among certain elements of youth and a certain acceptance of collective violence. Youth violence should therefore be understood as more of a global phenomenon, one that could contribute to destabilizing regimes and calls for political changes through street activism.

Is the "Youth Bulge" Theory Applicable to Tajikistan?

The "youth bulge" theory refers to a combination of a sizeable male youth population with a lack of regular employment opportunities. Since the mid-1990s, a large body of research has confirmed the close statistical correlation between the likelihood of conflict, especially civil strife, and the size of a society's youth bulge.³¹ According to Richard Cincotta, from the 1970s through the 1990s, more than 90 percent of all societal conflicts broke out in countries whose populations displayed a "youthful" age structure with a median age of 25 years or less. And wherever civil and ethnic wars emerged, they tended to persist.³² Henrik Urdal has also explored possible links between youth bulges and violent conflict through empirical tests, which attempt to model under what conditions and what kinds of contexts youth bulges can cause armed conflict. He posits that youth bulges increase the risk of domestic armed conflict, especially under conditions of economic stagnation.³³

Table 1. Selected Social Indicators with Relevance Concerning the Potential for Unrest

	Total Population (Millions)	The "Youth Bulge"		Share of Population Engaged in Labor Migration (% of the Population)	Access to Information and Communications Technology (% of the Population)	
		Population Share ≤14 Yrs. Old (%)	Share of Adolescents (10–19 Yrs. Old, %)		Internet Penetration	Mobile Phones
Azerbaijan	8.411	25.8	18	15.9	35.99	99.4
Uzbekistan	26.593	33.2	22	8.1	20	76.34
Tajikistan	7.53	39	24	11.8	11.55	86.37
Tunisia	10.102	25.9	18	10.2	35.99	106.04
Syria	19.043	36.9	21	15	20.7	57.3
Egypt	74.033	33.6	20	3.7-5	26.74	87.11

Source: Bruno De Cordier, "Can an Arab Uprising Scenario also Happen in Southern Eurasia? A Cross-cutting Look at Azerbaijan, Uzbekistan, and Tajikistan," *Central Asia Research Papers*, no. 2, October 2012

29 Roche, S. "From Youth Bulge to Conflict: The Case of Tajikistan," *Central Asian Survey* 29, no. 4 (2010): 405–419.

30 "Tajikistan: Football Furor Opens Window on Political Discontent," *Eurasianet's Weekly Digest*, August 15, 2011, <http://www.eurasianet.org/node/64044>.

31 Howe, N., and Jackson, R. "Battle of the (Youth) Bulge," *The National Interest*, July/August 2008, 33.

32 Cincotta, R. "Youth Bulges and Societal Conflicts: Have Peace Support Operations Made a Difference?," *Stimson.org*, August 16, 2011, <http://www.stimson.org/spotlight/youth-bulges-and-societal-conflicts-have-peace-support-operations-made-a-difference/>

33 Urdal, "The Devil in the Demographics."

The youth bulge theory seems to have been validated by the Arab Uprising of 2011. Some researchers point to the roots of discontent in those countries which experienced unrest in their levels of poverty.³⁴ Others emphasize the high fertility rate and ratio of youths as a proportion of the population.³⁵ While some analysts suggest that the lack of democracy and opportunities for social mobility is a threat to social and political stability, others suggest that specifically youth un(under)employment is a main threat—not only to authoritarian regimes, but also democratic governments.³⁶

What, therefore, are the possibilities of similar unrest occurring in Central Asian countries? This would be not so much a direct chain reaction from the Arab Uprising, but rather following a similar model stemming from an expression of discontent. Some advocate cultural and political differences, and argue that Arab Islam is portrayed in Central Asia as extreme, and any fundamentalist activity in the name of a literal reading of Islam as retrograde and dangerous.³⁷ However, there are close socio-economic parallels between these regions. For instance, Tunisia and Jordan, on the one hand, and Tajikistan on the other, heavily depend on labor migration and associated remittances, and all three are experiencing a high population growth rate as well as a high level of unemployment.

Although in his paper De Cordier did not analyze specifically the effect of youth unemployment and its relation to possible unrest in Azerbaijan, Uzbekistan, and Tajikistan, he has identified the pattern of youth bulge, a lack of employment and entrepreneurial opportunities, and associated labor migration in these countries as similar to several countries of the Arab Uprising (see the table above).

The Youth Radicalization/Unemployment Correlation and Its Mitigating Factors

Several factors help us to gain a more nuanced understanding of the relationship between the official narrative on youth radicalization and Tajikistan's socio-economic situation.

First, youth radicalization is a convenient term used by the authorities to denounce what is seen as a possible threat to the regime's stability. However, younger

generations born after the fall of the Soviet Union will take over the reins of power within the next one or two decades. The youthfulness of the population is thus a source of political hope, of social change, and of technological and intellectual innovation in a globalized world. The country's youth should also be seen as a positive harbinger of social change, not a challenge to security.

Youth's capacity to revolutionize the current social order can be a constructive element in the future of Tajikistan as a whole, and be disruptive only for the ruling elites.

Second, alleged religious radicalization is a complex phenomenon, which includes very diverse elements that are not necessarily linked to any kind of use of violence, for instance the adoption of more conservative mores, especially in gender relations and the status of women, or a more literal but apolitical reading of Islam. That Islam will, in one way or another, become a more prominent cultural element in everyday life and the public space in Tajikistan is not linked to any "radicalization": it may also arrive peacefully at the behest of the majority of the population. Statistically only a very small minority of youth are interested in using religious arguments as the basis for an ideological legitimacy that challenges the current social order through espousal of violence.

Third, the lack of job prospects for the majority of Tajiks is a key issue for the future of the country, but it is not necessarily linked to any religious radicalization. A rise in unemployment makes it easier for "malleable" young people to be recruited to various causes.³⁸ In the case of Tajikistan, this could include criminalized activities related to drug-trafficking and participating in private militias in the employ of local power brokers, rather than flocking to extremist religious groups as such.

Fourth, even if the memory of the civil war is a mitigating factor serving as a reminder of the dangers of collective violence, the youngest generation does not remember the extreme hardships and difficulties endured.³⁹ Many "older" people remember the impact of violence on their everyday life and are ready to avoid new instabilities at any price—the specter of which the government plays to its advantage. But Tajikistan's youth have no direct, personal experience of violence, and therefore are more prone to use recourse to violence as a way of expressing social discontent, as evidenced by riots at football stadiums and music events.

34 Acemoglu, D., and Robinson, J.A. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (London: Profile Books Ltd., 2012).

35 Howe, and Jackson, "Battle of the (Youth) Bulge," 33.

36 Taiwo, O., and Moyo, N. "The Crisis in Tunisia: Africa's Youth Unemployment Time-Bomb," *The Brookings Institution*, January 26, 2011, <http://www.brookings.edu/research/opinions/2011/01/26-tunisia-youth-taiwo>.

37 Radnitz, S. "Yawning Through the Arab Spring: Resilient Regimes in Central Asia and the Caucasus," *PONARS Eurasia Memo* No. 179, September 2011.

38 Hvistendahl, M. "Young and Restless Can Be a Volatile Mix: A new theory proposes that swelling groups of young people, or 'youth bulges,' lead to conflict," *The American Association for the Advancement of Science* 333 (2011): 552–554.

39 Olcott, *Tajikistan's Difficult Development Path*.

And last but not least, labor migration is considered as a safety valve for youth discontentment.⁴⁰ However, the argument that large-scale emigration serves to dampen political discontent is false, as is shown by the case of Tunisia. Its large immigrant population in Europe, especially France, did not prevent resentment at home from spilling over into violence. In any case, there are clear links between emigration and “radicalization,” as demonstrated by those young Muslims who become terrorists despite having lived or even grown up in Europe or the United States.

Even if information is scarce, it seems that religious groups such as Tablighi Jamaat and Hizb ut-Tahrir, which espouses non-violence, are influential among Central Asian migrant networks in Russia. The way Russian politicians use anti-migrant rhetoric for their own electoral purposes by playing the xenophobia card, as shown recently in the Moscow municipal campaign⁴¹ fosters resentment among migrants, who may then resort to street violence (riots between young Russian nationalists and North Caucasians are recurrent, albeit not-yet-involving Central Asians). While this may feed into anti-Russian nationalist sentiment, it may also spur an interest in Islamic rhetoric. Youth can therefore be “radicalized” politically and/or religiously during migration.

Conclusions

Tajikistan faces a broad range of security threats, of which several are linked to underdevelopment and poverty. The country has a huge youth bulge that represents a “demographic gift” because a high number of young people offers a solid human capital base on which economies can grow and prosper—provided that there is a positive enabling institutional and economic environment in place.⁴² Neglected, youth may become a main source of political change, for better or worse. What is sure, is that the lack of educational and employment opportunities for Tajikistan’s youth can lead to instability, whether secular or religious in nature.⁴³

While the Arab Uprising has had no direct influence or impact on Tajikistan per se, the country’s political, social, and economic developments nonetheless require the serious attention of government officials, the research community, non-governmental organizations, and international organizations. Youth bulge and youth un(under)employment are definitely significant issues

facing the country. In addition, existing policy toward religious activity should be revised—, at present, it suffers from “overregulation.” The combination of both political and economic causes, such as unemployment and restriction of freedom of religious expression, could push part of the youth to be more receptive to movements that present Islam as an alternative political solution.

Recommendations

Consequently, based on the established argument that a well-educated and employed youth is less likely to join radical groups or to promote political change by force, this paper suggests that job creation and establishment of a sound system of employment security within Tajikistan is the main tool to prevent the country from collapsing economically, and, in the future, from religious or secular ideologies promoting instability. Accordingly:

1. The responsible government authority for youth affairs, namely the Committee for Youth Affairs, Sport, and Tourism under the Government of the Republic of Tajikistan, should develop a comprehensive long-term “National Youth Employment Promotion Program” which:

- Focuses on improving the skills of youth, including literacy and vocational skills;
- Promotes youth entrepreneurship by launching systems of public business incubators to encourage and assist young businesses established by youth, including special funds to finance start-ups by young entrepreneurs and subsidized credit provision programs for youth; and, further, which promotes self-employment and small businesses, which should be backed up by adequate training and financial support;
- Establishes a system through which all state-owned businesses and government agencies provide internship programs for young professionals about to graduate from educational institutions, including setting up a mandatory percentage of youth to be hired during their recruitment processes.

2. The “National Youth Employment Promotion Program” should be properly integrated with the existing National Development Strategy and other macroeconomic and sectoral policies in order to avoid treating youth employment problems in isolation and

40 Urdal, “The Devil in the Demographics.”

41 “Kandidaty v mery vyskazalis’ po voprosu migratsionnoi politiki,” *Moskva-24*, August 16, 2013, <http://news.mail.ru/inregions/moscow/90/politics/14364468/>.

42 Dhillon, N., and Yousef, T. *Generation in Waiting: The Unfulfilled Promise of Young People in the Middle East* (Washington, D.C.: The Brookings Institution Press, 2009).

43 Boonstra, J., and Shapovalova, N. “Thinking security, doing development? The security-development nexus in European policies towards Tajikistan,” *EUCAM Working Paper* No. 12, December 2012.

thus neglecting the influence of national socio-economic framework conditions. This Program could be developed with the assistance of development agencies such as the International Labor Organization, which has very valuable experience in this field, and supported by other donor agencies and countries. The Program should be publicly discussed and developed through participatory methods engaging the government, public and private sector, as well as NGOs and international donor organizations;

3. International donor and financial institution policies, programs, and projects should not be revenue centered, as they tend to create a rent which is captured by the ruling elites; rather this must be job-centered.

4. Taking into account the magnitude and significance of labor migration, the government and international development agencies should expend special efforts at establishing safer labor migration procedures and conditions for the country's youth.

5. In order to mitigate religious tension and avoid religious radicalization, the government should

drastically revise its religious policy. In this regard, the Committee on Religious Affairs of Tajikistan should work on:

- Abolishing the recently adopted regulations that forbid private religious practice and ban youths under the age of 18 from visiting mosques;
- Increasing the number of officially registered religious schools in each region (Sogd, Kulyab, Kurgantyube, Khorog, and Rasht) as this will prevent youths from looking for the opportunity of religious study abroad;
- Creating/Assisting in the creation of additional Islamic Institutes (or branches of the Dushanbe Islamic Institute) with at least one in each major regional center (Sogd and Khatlon oblasts);
- Facilitating the revision and abolishment of the ban on women from attending mosques by the Council of Ulama (Supreme Islamic Council) of Tajikistan.

Labor Migrant Households in Uzbekistan: Remittances as a Challenge or Blessing?

Farrukh Irnazarov¹ (2015)

Uzbekistan tops the list of both the number of migrants in Russia in absolute terms and volume of remittances sent from Russia. The majority of Uzbek labor migrants state that the ultimate goal of their migration campaigns is to earn enough money to open up their own business back home. However, very few can reach that goal, for several reasons I will discuss below. One of them is the expectation for celebrating lavish cultural ceremonies, among other weddings, that reinforce social bonds and belonging to the group. Cognizant of the fact that it takes at least 2–3 years of hard work in Russia (as well as in other popular destinations) to earn the amount required for arranging a wedding back home, it comes as a surprise that wedding costs have been increasing during the last decade without local populations showing any sign of cutting expenses on such events. Ironically, people keep complaining about the expensive wedding rituals, but nevertheless try to meet the so-called ‘wedding standards’ within their communities.

The major goal of this study is to explore the possibility of transforming parts of this “unproductive” (from an economic perspective) spending into a more “productive” one. Here I examine the issue from an economic standpoint and do not consider the anthropological standpoint, which may have different definitions of the productive/unproductive dilemma. This study is based on 1,500 household surveys and a series of focus group discussions in Uzbekistan that were conducted within the framework of GIZ project “Impact of Remittances on Poverty in Central Asia” in 2013–2014. It is important to note that the surveys had been completed before the Russian economic crisis and, therefore, this study does not explicitly account for it. The paper starts with a general debate and analysis of literature on remittances and economic growth. It then

introduces the country-specific background, research questions, and hypothesis. The empirical part of the study portrays key characteristics of Uzbek labor migrants, remittances, and spending patterns. The study ends with conclusions and policy recommendations.

Remittances and Economic Growth

Due to the increasing volume of remittances sent in the world since the end of 1990s, the issue of labor migrants sending money back to their home countries has been studied with renewed interest. Remittances are an important and growing source of foreign funds for several developing countries. In 2010, officially recorded remittances to developing countries reached \$334 billion.² In 2009, in some developing countries economic remittances had “become as large as foreign direct investment” and represented a resource inflow that often exceeded a variety of other balance of payments flows.³

A wide range of empirical evidence shows positive impact of remittances on economic development. In particular, remittances provide financial resources for poor households, decrease poverty and increase welfare through indirect multiplier effects, and facilitate macroeconomic growth.⁴ Remittances also complement national savings to form a larger pool of resources available for investments. Additionally, remittances have been associated with higher and more quality consumption, increased household investments in education, health, and entrepreneurship—all of which have a high social return in most circumstances. Findings by Vargas-Silva indicate that a 10 percent increase in remittances as a portion of GDP should lead to about a 0.9 to 1.2 percent increase in growth of output in an economy.

However, scholars argue that the outflow of migrants can create long-lasting negative effects in the country of origin, including continuing a culture of dependence on remittances by both the beneficiary families and the

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2 “Global Migration and Remittances,” *World Bank*, Washington D.C., 2012.

3 Barajas, A., Chami, R., Fullenkamp, C., Gapen, M., and Montiel, P. “Do Workers’ Remittances Promote Economic Growth?” *IMF Working Papers*, Washington D.C., 2009.

4 See: Rapoport, H. and Docquier, F. “The Economics of Migrants’ Remittances,” in S.C. Kolm and J.M. Ythier, eds, *Handbook of the Economics of Giving, Altruism and Reciprocity: Volume 2* (North-Holland: Amsterdam, 2006); Republic of Uzbekistan. Public Expenditure Review,” Report No. 31014-UZ. World Bank, Washington D.C., 2005; Ratha, D. and Mohapatra, S. “Increasing the Macroeconomic Impact of Remittances on Development,” *Development Prospects Group*. World Bank, Washington D.C., November 26, 2007.

country itself. Remittances create a moral hazard or dependency syndrome that could impede economic growth as receiving countries reduce their participation in productive activities. The large-scale outflow of highly educated workers from developing to developed countries can also create brain drain, taking away some of the best and brightest workers from the countries of origin. Such a situation can undermine domestic service delivery and reduce the countries' capacity for long-term growth and human development. From a fiscal standpoint, the availability of foreign exchange incomes from remittances might postpone government induced reforms, while at the family level migration can create social disruptions.

Many researchers, however, argue that the way migrants and household recipients spend their money is what determines economic growth. In the 1970s until the late 1980s, the economic literature had not found a positive relationship between remittances and development, arguing that remittances were mainly used for subsistence consumption (food, clothing...), nonproductive investments, repayment of debts, and that these kinds of expenditures tend to have little positive impact on local economies' development. Rempel and Lobdell note that remittances are mainly devoted to daily consumption needs. Lipton⁵ estimates that purchases of consumer goods related to daily needs absorb sometimes about 90 percent of remittances received. For Massey et al., 68 to 86 percent of the Mexican migrants' remittances are used for consumption. A number of studies in Bangladesh also claim that migrants spend most of their remittances on consumption of goods and that such a pattern of expenditure is believed to have little positive effect on local economies. After surveying Egyptian migrant families, the International Organization of Migration (IOM) revealed that 79 percent of migrant-sending families do not invest for a variety of reasons. The largest proportion (28 percent) of answers indicated financial difficulties or economic constraints which households face. A further 20 percent of responses reflect the previously stated desire for safety, arguing that investment in Egypt is too risky, 11 percent related to having no access to cash or credit, 10 percent had no idea how or where to start the process, 7 percent said they were too busy with their daily duties and activities.

After investigating the available literature, Chami et al.⁶ revealed three "stylized facts" pertaining to the end use of remittances. The first 'stylized fact' is that a significant proportion, and often the majority, of remittances are spent on consumption that is status-oriented. The second one refers to the remittance funds, although a smaller

portion, which go into savings or investment. The third fact constitutes the end uses of remittances which go into housing and land purchase or even jewelry. As many researchers put it, such investments can be referred to as "unproductive" or "consumption-oriented" since they do not absorb much labor for employment.⁷ Barai classified the use of remittances as productive and non-productive. Productive uses are those that have been used on assets that "increase productive capacity and bring income to the households." As non-productive uses the researcher defines the remittances that do not help accumulate capital or generate further income for households.

Nonetheless, recent studies conducted in most cases for Latin America and Asia found that migrants and households spend a share of remittances on investment goods (i.e. education, housing, and small business), and that these types of expenses may strengthen the human and physical capital of the recipient countries. Adams et al. found that households in Ghana treat remittances as any other source of income and there is no disproportionate tendency to spend them on consumption. Mesnard finds that migration, through enrichment of some Tunisian workers abroad, allows for investment in more productive activities in their home country. Tests conducted by Leon-Ledesma and Piracha for 11 countries of Central and Eastern Europe and Drinkwater et al. on 20 developing countries show that remittances contribute significantly to increasing the level of investment in migrants' home countries.

As the literature review shows, there is an abundance of remittance-relevant research taking place in developing and low-income countries. However, the locus mainly revolves around the following research areas:

- Causal effects of remittances on economic development and poverty reduction (and the opposite);
- Remittances general trends, inflows, channels, migrants characteristics, banking sector;
- Remittances and associated household consumption patterns/productive use;
- Remittances and their impact on savings, investments, and capital formation.

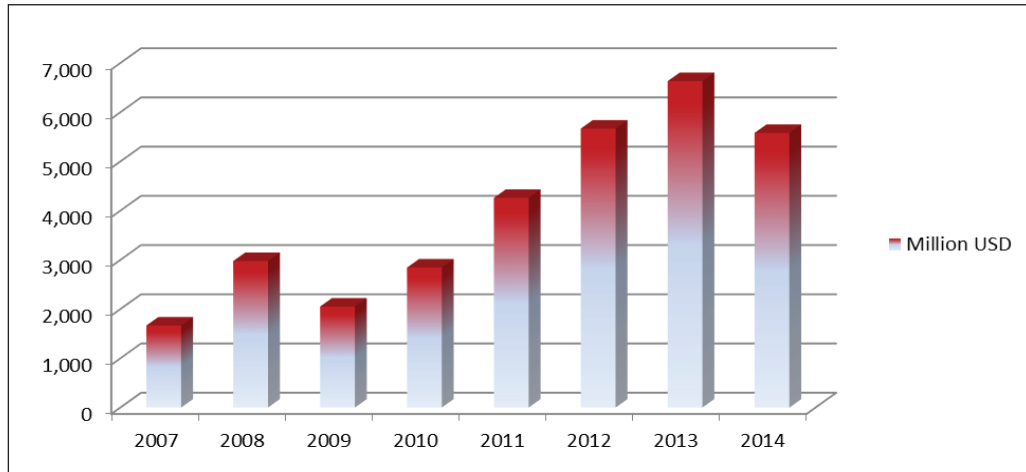
Although practically all remittance-receiving countries were extensively studied by scholars investigating how migrants and their respective families make use of remittances, the individual focus on the items in the consumption list was largely overlooked. In particular, the literature fails to concentrate on expenditures of

5 Lipton, M. "Migration from Rural Areas of Poor Countries: The Impact on Rural Productivity and Income Distribution," *World Development* 8 (1980): 1-24.

6 Chami, R., Fullenkamp, C. and Jahjah, S. "Are Immigrant Remittance Flows a Source of Capital for Development?," *IMF Staff Papers* 51, no. 1. International Monetary Fund, Washington, D.C., 2005.

7 Ibid.

Figure 1. Remittances from Russia to Uzbekistan, 2007–2014



Source: Central Bank of Russia, http://www.cbr.ru/eng/statistics/crossborder/print.asp?file=Rem_countries_14_e.htm

remittance funds on traditional and cultural ceremonies and status-oriented activities. Such kinds of expenditures do not create any jobs or generate income for households and therefore could be referred to as “unproductive” investment in economic terms. Nonetheless, excessive expenditure on, for instance, wedding ceremonies that are deemed “unproductive” in economic terms can be perceived “productive” from a socio-cultural perspective since families can, through them, cultivate their social networks.

Hypothesis and Research Questions

As the largest labor migrant exporting country in Central Asia, Uzbekistan enjoys a significant inflow of remittances. Taking into account the informal nature of most of them, it is hard to quantify the exact amount of remittances, as well as the exact number of migrants. According to various estimates there are 3–5 million Uzbek migrants worldwide, mostly in Russia. According to the Central Bank of Russia, Uzbekistan is ranked first among all CIS and non-CIS countries in terms of the volume of received remittances from Russia. In 2014 the total amount of remittances constituted \$5.6 billion (Central Bank of Russia, 2015). The volume of remittances has been growing since 2009, reaching its peak in 2013 (\$6.6 billion), and slightly slowing down in 2014 due to the Russian rouble crisis. Currently, remittances make up 11.7 percent of Uzbek GDP (World Bank, 2014).

This study aims at focusing on households with and without labor migrants in order to define the true scope of remittances and their impact on poverty in the country. While Uzbekistan is not represented in top ten remittance receiving countries in the world, the dependence on

remittances, especially in rural areas, is rather high. It is therefore interesting to consider the impact of remittances on labor supply and income inequality which might translate into further changes within the economy and household structures. Last but not least, the remittance pattern may help elicit the consumption and investment behavior of households. For instance, remittances spent on consumption may represent the bulk of all received remittances, leaving little room for investment and savings. This, in turn, would depict the long-term prospects of poverty within the country. Thus, this research is guided by the following questions:

- How do remittances shape the behavior of private households vis-à-vis households without labor migrants in Uzbekistan?
- Apart from socio-cultural factors, what influences households’ decision-making and make them reluctant to search for “productive” investment opportunities for their remittances?
- How can “unproductive” remittance spending be transformed into “productive” spending to facilitate economic growth in Uzbekistan?

The major hypothesis is that there are important cultural factors that should be identified and addressed in order to transform the pattern of unproductive to productive spending.

Migration, Remittances and Spending Rational

The geography of migrants in Uzbekistan’s regions is demonstrated in Table 1. The highest number of migrants can be observed in the Samarkand and Kashkadarya regions, the smallest number in the capital city, Tashkent, and in the main industrial city, Navoi, where the mineral

Table 1. Number of Migrants per Viloyat (Region), in Thousand People

Region	Migrants	Percentage of Migrants % Total Population	Total Population	Urban Population
Samarkand	140	16,9	3365,3	1309,3
Kashkadarya	137	16,5	2813,8	1218
Khorezm	96	11,6	1645,3	547
Andijan	84	10,1	2744,8	1448,3
Ferghana	79	9,5	3316,8	1897,4
Surhandarya	73	8,8	2248,3	816,5
Bukhara	51	6,2	1723,5	650,7
Namangan	47	5,7	2448,8	1565,2
Karakalpakstan	40	4,8	1704,4	843
Jizzakh	29	3,5	1200,2	572,4
Tashkent region	17	2,1	2689,7	1325,9
Syrdarya	15	1,8	747,6	308
Tashkent city	11	1,3	2339,6	2339,6
Navoi	10	1,2	886,5	428,1
Total	829	100	29874,6	15269,4

Source: GIZ 2013 Survey

Table 2. Remittances per Household and Household Member

Province/Region	In Thousand Soums		In USD	
	Remittances per Hh	Remittances per Hh Member	Remittances per Hh	Remittances per Hh Member
Syrdariya	1676,771	162,0208	798,46	77,15
Samarkand	1616,367	190,2294	769,70	90,59
Ferghana	1563,831	262,7748	744,68	125,13
Khorezm	1295,047	200,6184	616,69	95,53
Surhandarya	1238,288	202,3423	589,66	96,35
Navoi	1041,818	124,0909	496,10	59,09
Andijan	929,015	136,647	442,39	65,07
Kashkadarya	855,6858	122,6245	407,47	58,39
Namangan	733,7933	121,7644	349,43	57,98
Tashkent city	695,145	99,306	331,02	47,29
Bukhara	638,263	105,849	303,93	50,40
Jizzakh	460,600	71,133	219,33	33,87
Karakalpakstan	207,449	36,487	98,79	17,37
Tashkent region	76,56566	14,34343	36,46	6,83

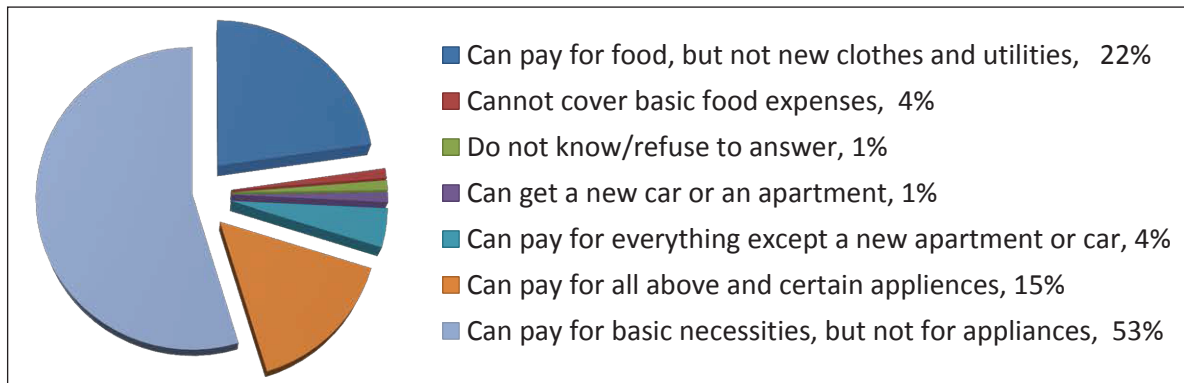
Source: GIZ 2013 Survey

extraction industry still guarantees tens of thousands of jobs. Most remittances are sent to the Syrdarya and Samarkand regions, while Tashkent and the autonomous province of Karakalpakstan have the smallest numbers.

According to the survey, about 4 percent of households cannot cover basic food expenses, while 22

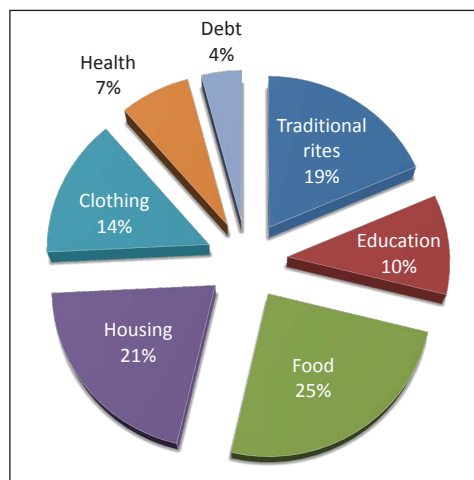
percent cannot afford new clothing and utilities. The largest chunk represents those households that can cover basic necessities but not appliances—about 53 percent. Only 1 percent of households can be defined as 'rich' in the sense they can afford a new house and automobile.

Figure 2. Subjective Assessment of Current Financial Situation of Households



Source: GIZ 2013 Survey

Figure 3. Expense Items of Migrants as a Percent of Their Total Earnings



Source: GIZ 2013 Survey

In Uzbekistan the percent of the population living below the poverty line is still significant: About 16 percent, 75 percent of whom live in rural areas.⁸ Therefore, the productive and rational spending of received remittances is crucial both for the economic development at macro and household welfare at micro levels. However, as we can see in Figure 3, after food and housing the main spending category pertains to traditional rites, even before clothing, education, and health.

Traditional ceremonies include—but are not limited to—weddings. Knowing the average cost of a wedding in Uzbekistan (about \$10,000) and applying simple math, we can conclude that an average labor migrant should work six years to pay for a wedding of a member of his household. Two family members working abroad can arrange to fund a wedding in three years. However, as experience shows, households at the threshold of a wedding change their

spending patterns (spending less on housing, clothing, and even food) and borrow the missing amount from their extended families, neighbors, and friends. Weddings are thus very costly acts for a household, accelerate the debt process, and seem unproductive from the perspective of a market economy. The following table intends to describe the above-mentioned claim in a comparative perspective.

Compared to other Asian countries, Uzbekistan is doing relatively well. The average wedding costs in Uzbekistan are higher than in Tajikistan and lower than in Kyrgyzstan—two other remittance-dependent countries in Central Asia. However, the time required to save up money for a wedding ceremony is lower in Uzbekistan than in Kyrgyzstan and Tajikistan. The difference is not as striking as compared to other remittance-dependent countries in Asia such as Bangladesh and Nepal: it takes 14.2 and 23 years to save up money for a wedding ceremony in Bangladesh and Nepal, respectively, and only 2.26 years in Uzbekistan.

8 "Uzbekistan," *United Nations Development Program*, 2014, <http://www.undp.org/content/uzbekistan/en/home/countryinfo.html>.

Table 3. Comparison of Costs on Wedding Ceremonies in the Developed and Developing World

Country	GDP per Capita in USD (IMF)	Pop. Living Below Poverty Line Percent (WB, 2012)	Average Income of Labor Migrant (USD) per Year*	Average Income of Native Population (USD) per Year**	Average Wedding Costs (USD)	Average Time Required to Save up (Costs/Income)
Bangladesh	700	31.5	3,120–3,600 ⁹	1000 ¹⁰	14,290 ¹¹	14.2 years
Nepal	623	25.2	3,000–3,360 ¹²	930	21,500 ¹³	23.0 years
Kyrgyzstan	1,070	33.7	5,600–7,560 ¹⁴	2,088 ¹⁵	12,250 ^{16,17}	5.8 years
Tajikistan	831	46.7	5,600–7,560 ¹⁸	1,236 ¹⁹	5,000 ²⁰	4.04 years
Uzbekistan	3500	17	5,600–7,560	4,418	10,000	2.26 years
UK	38,591	-	-	33,500 ²¹	33,800 ²²	1 year
USA	48,386	-	-	42,000 ²³	27,000 ²⁴	0.4 year

Source: Author's own compilation

However, the spending magnitude on traditional ceremonies in the developing countries is more vivid if compared to that of the developed world. While their average salaries are times higher than salaries in the developing world, the British on average spend around GBP 21,000 (or \$33 800) (Guardian, 2010), and their American counterparts spend around \$27,000 (Reuters, 2012). According to Mir24 (2012), around \$1 billion is spend in Kyrgyzstan on weddings and traditional ceremonies yearly (the same figure for the United States would equal \$72 billion).

Conclusions

High expenses for weddings and other traditional ceremonies in the developing world should raise concerns over the roots and causes of such behavior not only for the migrant families but also their societies and respective governments. First of all, this issue is crucial to understand since there is much at stake for a labor migrant including social and economic costs; secondly, from the market economy point of view the research world refers to this kind of “lavish” spending as “unproductive investment” due to its inability to generate profit, increase welfare, or create

additional jobs; thirdly, unproductive use of remittances can hardly impact economic growth. Addressing research questions, this study has not found any correlation between spending patterns on cultural ceremonies, such as weddings, in households with labor migrants (remittances) a vis-à-vis households without labor migrants. In other words, households without labor migrants spend almost the same amount on weddings as households with labor migrants. This could explain the rationale behind the desire to become a labor migrant for those households that cannot otherwise afford lavish weddings.

Certainly, so-called unproductive (from the economic perspective) investment behavior of households does not occur in a vacuum, but is influenced rather by cultural and social factors. In particular, families feel pressured by the communities they belong to, and quite often have to stick to their traditions and celebrate expensive weddings to demonstrate their belongingness. However, “unproductive” spending is also shaped by:

- *Unfavorable financial infrastructure.* Households are reluctant to make bank deposits as there is a lack of trust in financial institutions. Uzbek banks

9 “Bangladesh Household Remittance Survey, 2009,” *International Organization for Migration*, 2009.

10 Bangladesh Bureau of Statistics, 2010.

11 Global Voices, 2012, <http://globalvoicesonline.org/2008/07/14/bangladesh-an-expensive-wedding/>.

12 Himalayan Times, 2011, <http://www.thehimalayantimes.com/fullNews.php?headline=Nepali+migrants+earn+over+Rs+400+billion&NewsID=293800>.

13 <http://sajha.com/sajha/html/index.cfm?StartRow=21&PageNum=2&forum=1&threadid=88611>.

14 www.migrant.ru.

15 <http://eng.24.kg/business/2011/08/10/19663.html>.

16 Mir24, 2012; <http://mir24.tv/news/society/4840764>.

17 Polit, 2012; <http://www.polit.kg/newskg/246>.

18 www.migrant.ru.

19 <http://news.tj/en/news/average-monthly-wage-tajikistan-stands-nearly-us103>.

20 <http://www.bashkoda.com/articles/traditsii/psn/>.

21 OECD, 2012; <http://www.oecd.org/dataoecd/32/50/43948033.pdf>.

22 <http://www.guardian.co.uk/money/2010/aug/08/wedding-day-costs-savings>.

23 OECD, 2012; <http://www.oecd.org/dataoecd/32/50/43948033.pdf>.

24 <http://www.reuters.com/article/2012/03/23/us-wedding-costs-idUSBRE82M11O20120323>.

do not produce any financial packages for labor migrants, especially in rural areas.

- *Lack of knowledge/awareness.* Households are ill-informed of existing investment opportunities. They also do not have a tradition of planning their expenses and are driven by short-term rationale.
- *Lack of experience/credibility regarding the environment in which to set up a business.* Without having any prior experience in business and aware of the problems businessmen face, households give a second thought before getting involved in business activities.
- *Weak law enforcement and public institutions.* As many businessmen praise legislation, to the same extent they complain about law enforcement. Selective law enforcement and different interpretations of the tax code by tax inspectors also prevent households from setting up businesses.
- *Lack of government interventions/control to mitigate or discontinue “unproductive” investment practices.* The Uzbek government tries to influence the spending pattern on traditional ceremonies, such as weddings, by limiting the number of people (250 per wedding) attending the ceremony. However, the initiative is often stuck to weak law enforcement. Moreover, the government tries to fight consequences rather than causes of the issue.
- *Sense of fatalism or satisfaction with the status quo.* Many Uzbek people believe that they cannot change the existing pattern, transform their routine and, therefore, continue following the footsteps of what is said to be ‘the national customs’.

Policy Recommendations

Based on the obtained findings the policy recommendations should be distinguished into short-term and long-term solutions. The short-term solutions are those solutions that could be arranged rather quickly without requiring capital-intensive projects. The long-term solutions require a more systematic way and more attention from the government.

Short-term recommendations are as follows:

- *Banks in Uzbekistan have to create special financial packages in rural areas, where most labor migrants*

originate from. These packages should be widely available, easy to understand and the deposits should be guaranteed by the government, which has to be unequivocally communicated to people.

- *The Chamber of Commerce and Industry has to play a more active role in rural areas* by providing business related information on opportunities, trainings, etc. The Chamber will also have to clarify to the people how to receive a loan, write a basic business plan, and other basics of business conduct.
- *The Uzbek television has to produce and broadcast programs that will focus on rationalizing spending patterns and creating business opportunities* within their communities. It also has to depict success stories of entrepreneurs who created employment opportunities within their communities.

The long-term recommendations should embrace the following initiatives:

- *Introduction of basic financial education at schools.* Basic financial education will include budgeting, planning, and monitoring of expenses. In this regard, a curriculum should be developed which will match the grade of the student.
- *Strengthening law-enforcement mechanisms.* If there is legislation stipulating the number of attending guests at a wedding, this has to be strictly observed without exceptions by organizations arranging weddings at their premises. Otherwise, they have to be subject to fees and penalties. These penalties should be adequate enough to prevent a payment of the fee by the wealthier members of communities.
- *Identification of one or two regions for a pilot initiative* (for instance Kashkadarya and Navoi regions) on expanding business opportunities and decreasing wedding costs. Successful results should be extensively broadcast on major Uzbek channels to provoke a spillover effect. Certainly, using the role-model image of one region in Uzbekistan is not an easy task and may not yield anticipated results at the expected pace. However, it may trigger other regions to learn from success cases and adopt a similar pattern of behavior within their own communities.

Emigration of “Crème de la Crème” in Uzbekistan. A Gender Perspective

Marina Kayumova¹ (2015)

International migration displays two interesting tendencies: the increasing migration of the highly skilled workforce and the growing feminization of migration flows.² This type of human capital flight mostly affects developing and low-income countries.³ It is also an important challenge faced by Central Asian states. The World Bank estimates that the total number of emigrants from Uzbekistan since 1991 is 2 million people.⁴ However, exact statistics are not available, and there is speculation that the real number of migrants is closer to 6 million. Data for the level of education of emigrants is similarly unreliable. The World Bank has estimated that one in three Uzbeks living abroad has a tertiary education degree. This would mean that around 1 million Uzbeks with higher education live outside the country.⁵ That said, Docquier and Rapoport⁶ report that between 1990 and 2000 the highly skilled emigration rate more than doubled in eight post-Soviet countries, with Uzbekistan displaying one of the highest rates (59.5%), of highly skilled emigrants of the total emigration stock.⁷

The gender aspect of highly skilled emigration has only recently started to receive attention.⁸ Since the 1990s, experts have witnessed a steady increase of women emigrating. The literature explains this in terms of the transformation of labor, changing gender roles, including increased gender equality.⁹ That said, the study of highly skilled female migration is complicated because of the lack of reliable statistics and harmonized gender-disaggregated data on emigrants' educational background.¹⁰

This paper examines the consequences of the emigration of the “crème de la crème” from Uzbekistan. I use the “brain drain/brain gain” debate as my analytical framework. The first section of this paper describes the methodology of my study. The second section explains why it is important to examine highly skilled female emigration in Uzbekistan. Drawing on the empirical data, I collected through a series of in-depth interviews, I examine both negative and positive consequences of the emigration of highly skilled professionals. The final section concludes with recommendations on how to turn “brain drain” into “brain gain.”

Methodology

This study is based on 18 in-depth interviews with emigrants from Uzbekistan holding PhD degrees in natural (physics, chemistry, biology), social (economics, education, law, political science) and applied sciences (medicine, engineering, computer science).¹¹ The pool of respondents have the following characteristics:

- They have resided outside of Uzbekistan for 4 to 19 years.
- The majority of them left Uzbekistan, on their own, without their family members.
- All of them still have family members in Uzbekistan.
- Most of the respondents got their undergraduate education in Uzbekistan and their Master and PhD degrees abroad.
- Most of the respondents' current occupation is directly relevant to the areas of expertise obtained in the course of their studies.

1 Marina Kayumova (Uzbekistan) has considerable international work experience, during which she was exposed to a variety of projects within public and private sectors. Her previous assignments include work in GSM Association, European Parliament and Patent Office. She has also worked as a strategy consultant for SMEs. Marina holds MPhil degree in Innovation, Strategy and Organization from the University of Cambridge and BA from the University of Westminster. She also received Masters in International Relations from the European Institute, where she explored EU-Russia and Central Asia relations in the domain of energy cooperation.

2 Dumont, J., Martin, J., and Spielvogel, G. “Women on the Move: The Neglected Gender Dimension of the Brain Drain,” *IZA Discussion Paper No. 2920*. Institute for the Study of Labour (IZA), Bonn, 2007.

3 Kuznetsov Y., Sabel C. “International Migration of Talent, Diaspora Networks, and Development: Overview of Main Issues,” in Y. Kuznetsov, ed., *Diaspora Networks and the International Migration of Skills, How Countries can Draw on Their Talent Abroad* (Washington, D.C.: The International Bank for Reconstruction and Development/The World Bank, 2006), 3–19; Docquier F., Rapoport H. “Quantifying the Impact of Highly Skilled Emigration on Developing Countries,” in T. Boeri, H. Brucker, F. Docquier, and H. Rapoport, eds, *Brain Drain and Brain Gain: The Global Competition to Attract High-Skilled Migrants* (Oxford: Oxford University Press, 2002), 209–302.

4 World Bank. “Country Partnership Strategy for the Republic of Uzbekistan,” *Report No. 65028-UZ*. World Bank, Washington, D.C., 2011.

5 World Bank. “Uzbekistan. Modernizing Tertiary Education,” *Report No. 88606-UZ*. World Bank: Washington, D.C., 2014.

6 Docquier and Rapoport, “Quantifying the Impact of Highly Skilled Emigration on Developing Countries.”

7 Docquier F., Marfouk A. “International Migration by Educational Attainment, 1990–2000,” in Ç. Özden, and M. Schiff, eds, *International Migration, Remittances and the Brain Drain* (Washington, D.C.: World Bank and Palgrave Macmillan, 2006), 151–199.

8 Nejad, N.M., and Young A.T. “Female Brain Drains and Women's Rights Gaps: A Gravity Model Analysis of Bilateral Migration Flows,” *IZA Discussion Paper No. 8067*. Institute for the Study of Labour (IZA), Bonn, March 2014, <http://ftp.iza.org/dp8067.pdf>.

9 Beneria L., Deere C., and Kabeeb N. “Gender and International Migration: Globalization, Development and Governance,” in L. Oso, and N. Ribas-Mateos, eds, *The International Handbook on Gender, Migration and Transnationalism: Global and Development Perspectives* (Cheltenham, UK; Northampton, MA: Edward Elgar Publishing Limited, 2013), 45–66.

10 Dumont, J., Martin, J., and Spielvogel, G. “Women on the Move: The Neglected Gender Dimension of the Brain Drain,” *IZA Discussion Paper No. 2920*. Institute for the Study of Labour (IZA), Bonn, 2007; Beneria, Deere, and Kabeeb, “Gender and International Migration: Globalization, Development and Governance”; Docquier and Marfouk, “International Migration by Educational Attainment, 1990–2000.”

11 Because of the lack of reliable and comprehensive statistics on the share of female and male emigrants with tertiary degrees, the present study is based on in-depth interviews.

The respondents were selected through the use of stratified snowball sampling and through the online network of Uzbek professionals abroad. First contacts were made through personal networks within immigrant communities in the UK, Belgium, Germany, France, Switzerland, the United States, Canada, and Japan.

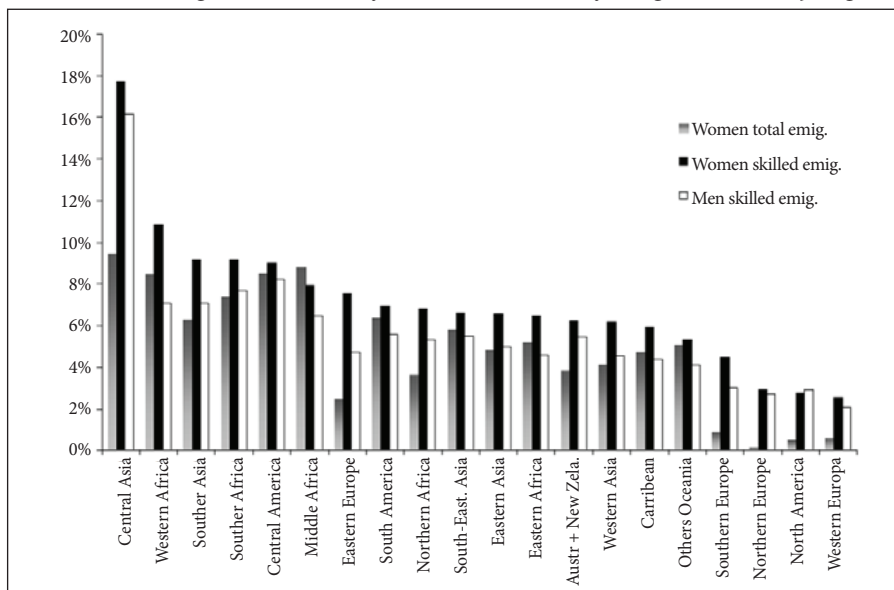
To control for gender differences, the sample was composed of an equal number of female and male respondents. The interviews lasted on average for about one hour. Although interviews followed a semi-structured guide with predetermined themes that uncovered the behavior and intentions of the emigrants, we also allowed for a free-flowing discussion. In order to minimize gender biases, we initially did not tell the respondents that we focused on the question of highly skilled female migration in Uzbekistan. Respondents were informed only at the very end of the interview. In the interviews we asked female respondents to reflect on their gender roles. Our male respondents were also asked to reflect on their gender roles. In addition, we asked whether if they had been a woman their situation and motivations would have been different. This study is to be seen as a probe that offers some promising avenues for more in-depth research.

Feminization of Highly Skilled Migration

The increasing number of women emigrating, including highly skilled women, has generated a growing interest by scholars and policymakers in the gender dimension of migration flows. According to the United Nations, between 1960 and 2005, the share of women in international migration increased from 46.8% to 49.6% and outnumbered the number of male emigrants from developing countries.¹² This trend is particularly noticeable for highly skilled women from developing countries.¹³ Dumont¹⁴ found that the average emigration rate of tertiary-educated women from non-OECD countries exceeded that of men by 4.5%, whereas there was no gender gap in emigration rates of men and women with primary and secondary education.¹⁵

Those worldwide tendencies also hold true for the post-Soviet space. The proportion of women emigrants from the former Soviet Union increased dramatically over the past 25 years.¹⁶ Docquier et al.¹⁷ found that in 2000 the share of skilled female emigrants from Central Asia stood at 50.2% as opposed to 46.5% for their male counterparts. In Central Asia, the increase of the rate of skilled women emigrating as compared to the number of skilled men emigrating or the total number of women emigrating is particularly high.¹⁸

Figure 1. Annual Average Growth Rate of Total/Skilled Stock of Emigrants. Data by Region (1990–2000)



Source: Adapted from Docquier et al.¹⁹

12 See: Nejad and Young “Female Brain Drains and Women’s Rights Gaps”; Spadavecchia C. “Migration of Women from Sub-Saharan Africa to Europe: The Role of Highly Skilled Women,” *Sociología y tecnología/Sociology and Technoscience* 3, no. 3 (2013): 96–116; Bang J., and Mitra A. “Gender bias and the female brain drain,” *Applied Economics Letters* 18, no. 9 (2011): 829–833; Özden, Ç., and Neagu I. “Immigrant Women’s Participation and Performance in the US Labor Market,” in A. Morrison, M. Schiff, and M. Sjoblom, eds, *The International Migration of Women* (Washington, D.C.: World Bank and Palgrave Macmillan, 2008), 153–183; Docquier F., Marfouk A., Salomone S., and Sekkat K. “Are skilled women more migratory than skilled men?,” *World Development* 40, no. 2 (2010): 251–265.

13 Docquier, Marfouk, Salomone, and Sekkat “Are skilled women more migratory than skilled men?!”

14 Dumont, Martin, and Spielvogel “Women on the Move: The Neglected Gender Dimension of the Brain Drain.”

15 Beneria, Deere, and Kabeer “Gender and International Migration: Globalization, Development and Governance.”

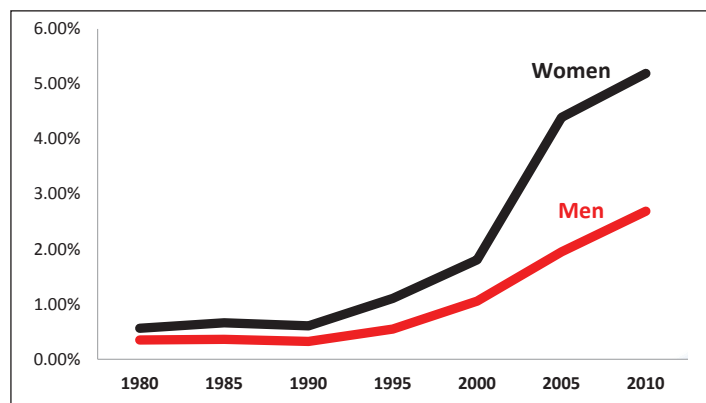
16 Morrison A., Schiff M., and Sjoblom M. “Overview,” in A. Morrison, M. Schiff, and M. Sjoblom, eds, *The International Migration of Women* (Washington, D.C.: World Bank and Palgrave Macmillan, 2008), 1–10.

17 Docquier, Marfouk, Salomone, and Sekkat “Are skilled women more migratory than skilled men?!”

18 Docquier F., Lowell L., Marfouk A. “A Gendered Assessment of the Brain Drain,” *IZA Discussion Paper* No. 3235. Institute for the Study of Labour (IZA), Bonn, 2007.

19 *Ibid.*, 15.

Figure 2. Emigration of Highly-Skilled Labor as a Percentage of Total Emigration Stock for Uzbekistan



Source: Graph constructed based on data developed by Brücker, Capuano, and Marfouk²¹

Based on the data of Brücker, Capuano, and Marfouk I constructed a graph depicting the emigration of highly skilled labour as a percentage of total emigrants of Uzbekistan.²⁰

The graph clearly depicts the growing number of women emigrating and the widening gap between highly skilled female and male emigrants from Uzbekistan. These statistics suggest the need for an in-depth analysis of the gendered aspects of highly skilled emigration in Uzbekistan.

The literature points to two major motivations for highly skilled women to emigrate:

- Traditional and conservative gender roles,
- The lack of professional opportunities resulting from gender inequalities.

Gender differences in migration patterns are most likely to emerge from gender discrimination in the country of origin.²² Uzbekistan is a country and society with very traditional gender roles. Such traditional gender roles are also part of a new “nationalistic” narrative and a response to “westernization” be it in a Russian or global variant.²³ Independent female migration is not encouraged and is not in tune with the image of a “traditional woman.”²⁴ Most female respondents who took part in this study, while being supported by their families in their decision to independently move away from Uzbekistan, were

also subject to many negative reactions from distant relatives, friends and acquaintances. To quote one female participant of the study: “They were trying to convince me that for a girl from Uzbekistan it is very important to get married and give birth to a child. If I left the country, the chances of me getting married would decrease.” Similarly, another woman explained: “Some of my relatives were telling my parents: “How come? You went crazy... How can you allow your unmarried daughter to go somewhere abroad to study?” “If she goes abroad she may fall in love, she may never return, when she comes back to Uzbekistan, it will be difficult to arrange her marriage because a groom’s family would not want a bride who is much more educated than their son.” Even married women were subject to such opprobrium: “There were too many accusing remarks when I was leaving... According to our traditional cultural belief system, a daughter does not abandon her mother and a wife does not abandon her husband; it was against the flow. My mother in law is very traditional they simply do not understand...And I know what people are saying about me in Uzbekistan.”

In sum, there are strong cultural pressures on women in Uzbek society to stay put. For many highly educated women the decision to emigrate is motivated by a desire to escape those conservative social norms. These norms dictate that women have children soon after marriage and that the dominance of husbands in a household is a given.²⁵

20 In 2013, Brücker, Capuano, and Marfouk constructed a dataset of international emigration by origin, gender and education level for the years 1980–2010. The data was compiled through harmonizing national censuses and population registers statistics from 20 OECD receiving countries. Pre-1991 data for Uzbekistan was derived from the estimation of the immigrant stock from each origin by multiplying the total migration stock of the Soviet Republic by the gender and skill-specific share of the independent country population over the total Soviet country migration stock. The database covers only adults over 25 to exclude students.

21 Brücker H., Capuano, S., and Marfouk, A. “Education, Gender and International Migration: Insights from a Panel-Dataset 1980–2010,” mimeo, IAB, Nuremberg, 2013.

22 Nejad and Young “Female Brain Drains and Women’s Rights Gaps.”

23 Fayzullaeva, E. “Labor Migration in Central Asia: Gender Challenges,” in Racioppi, L., and See, K.O. *Gender Politics in Post-communist Eurasia* (East Lansing, MI: Michigan State University Press, 2009), 237–261; Tlostanova M. *Gender Epistemologies and Eurasian Borderlands* (NY: Palgrave Macmillan, 2010).

24 Cieslik A. “Transnational Mobility and Family-Building Decisions: A Case Study of Skilled Polish Migrant Women in the UK,” in Oso and Ribas-Mateos, eds, *The International Handbook on Gender, Migration and Transnationalism*, 453–468.

25 Ibid.

In addition, in Uzbekistan, like in many other post-Soviet Central Asian states, we also see a return to very traditional, and conservative views with regard to the roles of men and women in society. One female participant of the study explained: *“Life in Uzbekistan is satisfactory for men, because the whole society is created for men... For many men, here I should say traditional Uzbek men, it is difficult to accept knowledgeable women or independent women. Such a woman can be an intimidating factor for a man. The space for women is restrictive and that’s why women leave the country.”*

Another woman told us: *“In life there are always gender dynamics. Even in more liberal thinking groups life is constrained; a woman can’t do this and that because people will think this and that...people were asking how my husband was reacting to my career development...So my husband became a frame of reference, they were nurturing a sense of guilt: But it is not a choice of either career or family—my children never suffered. I think they win when they see both parents working. I do not see that they suffer.”*

These traditional and unequal cultural gender norms also translate into unequal economic gender norms. Indeed, another major reason why highly qualified women decide to emigrate is the lack of professional opportunities. The literature shows that developing countries, including countries with higher levels of gender inequalities, are more affected by highly skilled female emigration. Such countries have fewer professional opportunities for educated women.²⁶ Studies also show that countries with high fertility rates, restricted access to education for women, and strong labor market bias towards women face higher rates of female highly skilled emigration.²⁷ Many Uzbek female participants of the study are convinced that a woman can succeed in Uzbekistan professionally, but they also agree that she faces many obstacles. They acknowledged that *“Everything is very difficult for women in Uzbekistan. It is very difficult for women to succeed in Uzbekistan. Women will not be promoted...If you are a woman you will need the support and patronage of a man (husband, father, brother).”*

Many men seemed to concur. The male respondents who took part in the study all recognized the unequal position of women in Uzbek society. All male respondents were asked what they believed would have happened to them if they had been a woman. They all agreed that their

projected life scenarios would not be the same: *“I think I would not be able to achieve what I achieved in life as a man. This is one of the problems of our society. I know the environment in Tashkent; as a woman she must have a family. After she has a family, it is not her decision: it is up to the family and husband to decide. I know for sure that if I were born as a girl, I would not be able to do what I did.”*

In a similar vein, another male respondent elaborated: *“I never thought I would be answering such a question. I don’t know how my career would develop in this case. In our patriarchal, very conservative society, of course it is much more difficult for a woman career-wise. Many husbands do not favor a situation when their wife works. For a woman it all depends on her partner and his position. In many cases a woman just cannot decide and does not have the freedom of choice. Family plays a huge role in our society of course, and it influences women’s career choices.”* Some of the responses were sharp: *“If I were a woman there would be no career plan in Uzbekistan for me.”*

Hence, if policymakers want to counter the emigration of highly skilled women they would do well to pay attention to gender discrimination not only in the domestic labor market,²⁸ but also in society at large. The increase of highly skilled female emigration should be a warning signal for policymakers.

Brain Drain or Brain Gain

There is an ongoing debate in the literature on the consequences of highly skilled emigration on the country of origin. There are two schools of thought. One highlights the negative consequences also known as “brain drain” The other emphasizes the possible positive outcomes and “brain gain.”²⁹ When examining the consequences of highly skilled emigration five main factors have to be taken into consideration. These factors include: (1) remittances; (2) diaspora networks; (3) investments; (4) return migration; and (5) occupational shortages.³⁰

Remittances

Many experts argue that the negative effects of emigration may be offset by remittances sent by migrants.³¹ According to a UNDP report³² in many developing countries remittances exceed the level of direct foreign assistance and positively influence economic development. Indeed,

26 Dumont, Martin, and Spielvogel “Women on the Move.”

27 Bang and Mitra “Gender bias and the female brain drain.”

28 Docquier F., Rapoport H. “Documenting the Brain Drain of “La Crème de la Crème”: Three Case-Studies on International Migration at the Upper Tail of the Education,” *IRES Discussion Papers* No. 2009031. Institut de Recherches Economiques et Sociales, Université Catholique de Louvain, 2009.

29 Spadavecchia “Migration of Women from Sub-Saharan Africa to Europe.”

30 During the course of my primary data collection no significant gender differences were displayed with respect to those factors. Hence, the findings presented below are not gender disaggregated.

31 Spadavecchia “Migration of Women from Sub-Saharan Africa to Europe.”

32 “Human Development Report 2009: Overcoming Barriers: Human Mobility and Development,” UNDP, New York, 2009.

remittances are a direct source of foreign exchange. They provide investment funds and contribute to GDP growth. They also allow for increased consumption as they are received directly by households.³³ It is generally believed that the more qualified migrants will remit more as they are expected to earn more.

However, my study reveals that the extent of remittances coming from highly skilled migrants from Uzbekistan is quite insignificant. While these findings cannot be generalized due to the small sample size and the qualitative nature of the present research, this finding might call into question some of the conventional wisdom and theories with regard to remittances. My respondents, when asked if they send money to support their families or relatives in Uzbekistan, explained: *"I have a big family and many siblings who take care of my parents. All of them are in Uzbekistan, so there is no pressure on me to send money to Uzbekistan."*

Most respondents expressed similar opinions. They explained that they would send money back home if there is an emergency or a special need in their family. But their remittances do not have a systematic character and are rather ad-hoc. The reason why the higher skilled migrants remit less than the lower skilled ones may be because highly qualified Uzbek emigrants come from families with higher social status. Unlike labor emigrants, they are driven to immigrate for reasons other than the desire to financially help their families left in Uzbekistan³⁴ in relying on statistically significant econometric analyses across 82 countries, found that the growth in the share of highly skilled migrants negatively influences total and per capita remittances. In sum, it seems that the negative consequences of highly skilled emigration cannot be offset by the fact that qualified emigrants remit more than labor emigrants.

Diaspora Networks

There is a widely held view that emigrants positively influence their home countries through diaspora networks that generate flows of goods, capital and ideas. Emigrant diasporas abroad strengthen investment linkages, technology transfers and knowledge circulation, thus fostering productivity growth in sending countries.³⁵

Uzbek diasporas abroad are relatively young since the history of Uzbek emigration started only in the beginning of the 1990s and intensified in the 2000s. My research revealed that most of the highly qualified respondents from Uzbekistan do not belong to any formal or informal Uzbek communities, networks or organizations in their

new countries of residence. Many of them do not even communicate with other fellow Uzbeks. This disconnect from fellow Uzbeks can be explained by the fact that highly qualified people are capable to integrate well into new societies, they speak foreign languages, hold good positions and easily make friends with citizens of the host population and hence they do not feel a strong need to connect with a "home" community.

There even seems to be a tendency not to look for contacts with other Uzbeks abroad and distance themselves from fellow Uzbeks. For instance, one female respondent explains: *"At this moment, I have little contacts with Uzbeks... When I was a student, I met some fellow Uzbek students almost every day. They were from different regions of Uzbekistan and had a different mentality; they were thinking differently and it was a culture shock for me. Sometimes, you do not want to communicate with fellow Uzbeks."* Another woman elaborates about the reasons why she keeps her distance with other Uzbeks abroad: *"I try to keep distance. I have burned my fingers already... When you meet people from your country there is a tendency of exaggerated familiarity. Sometimes there are judgments and controlling aspects, especially from the side of men from Uzbekistan, and it wasn't pleasant. Even my brothers and my father didn't have this tendency to tell me what's right and what's wrong and how I should behave."* Male respondents have the same attitude towards fellow Uzbeks: *"I am not looking for them (Uzbeks) specifically. I do not see a need to look for fellow Uzbeks and communicate with them."*

When probed about communities, networks or organizations uniting Uzbeks abroad, many respondents were not even aware of their existence: *I never heard that someone unites Uzbeks," "No, no, I have not heard about networks or organizations."* *"I do not know, to be honest, I do not have many contacts, only a few close friends."* *"I don't know, I've never looked for them. Maybe there are some."* At the same time many respondents mentioned different social initiatives and activities they heard about or took part in. These initiatives can be described as purely social gatherings to celebrate traditional holidays such as Navruz³⁶ or Eid³⁷: *"On Navruz and Eid we gather to make plov. But it happens from time to time, not often."*

The embassies of Uzbekistan play a role in uniting Uzbek communities abroad. Several respondents mentioned that the only Uzbek events they attend are organized by the embassies. To quote one female participant: *"We gather only at specific big events organized by the embassy of Uzbekistan, such as the Independence Day, Navruz."*

33 Beneria, Deere, and Kabeer "Gender and International Migration"

34 Niimi Y., Özden, Ç., and Schiff M. "Remittances and the Brain Drain: Skilled Migrants Do Remit Less," *IZA Discussion Paper No. 3393*. Institute for the Study of Labour (IZA), Bonn, 2008.

35 Docquier and Rapoport "Documenting the Brain Drain of "La Crème de la Crème."

36 The spring "New Year" public holiday in Uzbekistan.

In sum, highly qualified Uzbeks tend not to unite in the form of diasporas. Hence there is no critical mass of people and, therefore, at present the positive effect of diasporas on Uzbekistan is negligible.

Investments

Experts also point to the possible positive aspect of highly skilled emigration, namely the potential for investments into the country of origin by people residing abroad. Many highly qualified respondents would like to contribute to Uzbekistan in the future. When asked, “Are you thinking about investing into Uzbekistan in the future?” one male respondent said: “I’m already doing that... I’m not getting any profit perhaps other than getting a prosperous country in which I would like to retire one day... Everyone who is out of Uzbekistan for a long time, like me, has families there, has memories, and is still emotionally connected to Uzbekistan.”

Education is an area of particular interest for highly qualified emigrants. Many of them would like to improve the quality of education in Uzbekistan, to ensure that their co-citizens can become more competitive in the international arena. One female respondent suggested she “would (happily) develop educational programs in science and academia, develop science in universities, launch exchange programs and contribute to professional development.”

Other respondents mentioned the possibilities of creating community-based businesses or encouraging social entrepreneurship. One female participant stressed: “I wanted something that is community based, something that can move people somewhere. And I, for example, have an idea to open something that can bring together several entrepreneurs that would also link farmers to market, have some societal impact...a social entrepreneurship, something that can sustain itself economically, but also have a social impact.” Other sectors in which highly qualified emigrants want to invest are real estate, healthcare, R&D and renewable energy.

There are certain doubts about the current investment climate in Uzbekistan, which make highly skilled emigrants wary of investing or launching a business in their home country. To quote one female respondent: “... too many barriers... All emigrants are homesick and they would invest with pleasure considering that many of them still have relatives there. Uzbeks like to help...but it is difficult to have business there.”

Another area of uncertainty concerns the desire and demand coming from Uzbekistan. Although many

respondents believe that Uzbek emigrants would like to invest into Uzbekistan, they doubt that such investments will be welcomed. One female respondent questioned the current situation: “You can’t impose help. You help when people need it, when you see an aspiration...I would help. Why not? I know many people would and I would encourage it. There should be the need and demand from Uzbekistan, though.” Thus, it seems that highly qualified emigrants are more likely to make nonmonetary contributions rather than direct financial investments in the current environment.

Return Migration

The literature suggests that because of the restrictive immigration policies of developed countries and other factors such as family, social relationships and emotional ties, the emigration of highly skilled labor is often temporary.³⁸ Hence, human capital acquired abroad is readily transferred to the country of origin through return or circular migration, also known as “brain circulation.”³⁹ Some of the brightest professionals are willing to move back after successful careers and education abroad in order to launch businesses and boost local economies.⁴⁰ In developing countries, return migration can also lead to the formation of elites.⁴¹

Many respondents who have taken part in the present study continue to display very strong emotional and cultural ties to Uzbekistan, which inform their thoughts about moving back permanently to their country of origin. For example, as one of the female respondents observed: “Everyone wants to come back to his/her home country. This wish is always present.” “You know the thought of no return is very scary for me. I haven’t given up on my country and on myself, I think I can contribute, I think I should contribute and I hope I will have all the courage soon enough to go back.”

The question arises, how realistic are those intentions of return? When probed further, it turns out that the issue of return to Uzbekistan is conditional upon many different factors for both men and women. Employment perspectives are one of the most important conditions of moving back to Uzbekistan. A male respondent explains: “I simply need employment... Why I am here? Because I have a place, a job, and that’s why I’m paying their tax and contribute to their science. If I had the same opportunity in Uzbekistan, I would go just like that and live near my family. It would save me so much money, because I won’t have to travel each time to see them. It will save me nerves.

37 Muslim holiday.

38 Cieslik “Transnational Mobility and Family-Building Decisions: A Case Study of Skilled Polish Migrant Women in the UK.”

39 Boeri, Brucker, Docquier, and Rapoport, eds, *Brain Drain and Brain Gain*.

40 Evans, J. “Watch out for the reverse brain drain,” *Euromoney*, April 2014, <http://www.euromoney.com/Article/1001871/Watch-out-for-the-reverse-brain-drain.html?copyrightInfo=true>.

41 Boeri, Brucker, Docquier, and Rapoport, eds, *Brain Drain and Brain Gain*.

There is a huge assumption that people abroad are enjoying themselves. Probably they are. However, it's still has its own minuses. If I had a job in Uzbekistan, I would go back." Similarly, another woman respondent argues: "I always tell if they [Uzbek employers] call, I'll come. As soon as our country needs 'cadre', they will find a way to find me, to make a job offer and I go immediately as soon as it happens. If I am offered a job and they invite, I'll come back."

Some of the respondents also talked about the difficulties of reintegration into academia after studies abroad and in particular about the need to validate foreign degrees. For some of the respondents, the process of foreign degree validation took a long time and turned out to be complicated and difficult. "There was a need for degree validation, which was very difficult. Career progression was not possible without it. My foreign PhD degree was not automatically valid in Uzbekistan in order for me to work in academia."

When asked further if the respondents believed their knowledge, skills and expertise could be valued by potential employers in Uzbekistan upon their return, they expressed some doubts. To quote one female respondent: "I doubt that my skills will be valued by local employers. They always tell 'you have spent so much time abroad; you do not have any idea of what is happening in Uzbekistan and the peculiarities of the local market. You do not know our reality.'" Respondents who are deeply involved into scientific fields and research and development express even more hesitation: "My skills will be demanded; some parts of my expertise, but not the scientific side. There are very few people who understand it. Employers will underestimate my skills...My scientific skills will not be valued in Uzbekistan, they will not be understood."

The above analysis shows that the issue is more complicated than a mere job offer in Uzbekistan. Conventional wisdom suggests that economic and financial factors are the main determinants of Uzbek emigrants working abroad. Many emigrants, however, cite the intellectual environment as a primary motivator. Highly skilled people are motivated by self-esteem and the ability to contribute and work in a stimulating environment. One male participant of the study explains: "It's not about the salary and it has never been... It's about environment. Fresh ideas should be welcomed. In Uzbekistan sometimes they are not. They tell you: 'your initiative will be punished' or 'you are too young to make a judgement.'" People also matter. "Here, although I remain a foreigner, (it is not an

easy country to live in, there are many disadvantages, it's completely different culture), I feel valued for my ideas and as professional."

Respondents realize that the same level of salaries cannot be expected in developing countries such as Uzbekistan and they are willing to accept that. "Now it is very difficult to come back, you can't work in a golden cage, environment is very important. Even if I am offered a good salary, there are no smart people to discuss my research with." Such a discouraging work environment, especially for scientists, is amplified by the fact that more and more highly qualified people are leaving Uzbekistan. Respondents also pointed to favoritism based on kinship during hiring processes.

While many respondents have a strong desire to return and recognize nostalgic feelings and homesickness, over time it becomes more difficult to go back. Indeed, their children who often are born in the new country of residence have little or no attachments to Uzbekistan.

Some women mentioned gender aspects while elaborating on a possible return to Uzbekistan: "Realistically, nobody needs me there [in Uzbekistan], I won't be feeling myself there. There were times when I was dreaming about returning. As a woman I can only realize myself in Uzbekistan through giving birth to children, having a family. A single, strong, independent woman who is almost 40 years old is not acceptable there."

Return and circular migration are conditional upon many factors and may or may not happen depending on future developments in Uzbekistan.

Occupational Shortages

The literature on "brain drain" argues that sending countries lose valuable human capital and experience negative effects in terms of economic development.⁴² Indeed, because of the exodus of talent, highly skilled labor becomes scarce,⁴³ and a lack of highly skilled professionals hinders productivity growth.⁴⁴

Highly skilled emigration is particularly negative for sending countries in the short term when it involves a large group of people of a specific profession.⁴⁵ Human capital flight adversely affects sending countries when professionals, who are either a key input for the human capital sector (e.g. teachers, physicians) or essential for technology adoption (e.g. engineers, scientists), decide to leave. R&D and innovation are key to productivity growth. Therefore, losing scientists can be particularly

42 Bhagwati, J., and Hamada, K. "The Brain Drain International Integration of Markets for Professionals and Unemployment: A Theoretical Analysis," *Journal of Development Economics* 1 (1974): 19–24.

43 Docquier and Rapoport "Documenting the Brain Drain of 'La Crème de la Crème.'"

44 Nakamuro, M., and Ogawa K. "Mobility of Skilled Labor in Transition Economies: The Perspectives from Brain-Drain, Brain-Waste, Brain-Circulation and Brain-Gain," *Journal of International Cooperation Studies* 18, no.1 (2010): 71–83; Beneria, Deere, and Kaber "Gender and International Migration."

45 Spadavecchia "Migration of Women from Sub-Saharan Africa to Europe."

detrimental.⁴⁶ Over time “brain drain” may increase the risks of becoming poor, this is particularly true for resource-exporting, and developing countries, such as the Central Asian states. Brain drain denies them the chance to develop competitive skill-intensive industries. In addition, relying on the export of natural resources and remittances in the absence of highly skilled professionals undermines a country’s competitive advantage. Consequently, there is a significant risk of becoming dependent on foreign experts to address domestic issues.⁴⁷ This risk is aggravated when a state is in the process of developing competitive skill-intensive economic sectors and lacks a pool of highly educated professionals.

Uzbekistan has already started to experience a mismatch between skills on the labor market and occupational shortages. In 2014, the World Bank commissioned a survey of 232 employers in Uzbekistan to learn more about the skills deficits in the labor market. They found that 35% of all employers, including 49% of industrial enterprises, had difficulties in hiring sufficient numbers of qualified professionals with tertiary degrees, because of the lack of specialists in the labor market.⁴⁸

Conclusions and Recommendations

Uzbekistan is experiencing some of the negative consequences of the emigration of its elite—the “creme de la creme.” There is no doubt that it hampers the state’s economic and social development. Thus far little thought has been given to the fact that more highly educated women are leaving the country than highly educated men. The implications in terms of future human development challenges for Uzbekistan have been understudied.⁴⁹

A key element of the economic and social development of a country is women’s human capital.⁵⁰ Female education influences the human capital formation of future generations. Promoting the education of women improves their ability to raise more educated and competitive children. They also contribute additional income to the household, which may be invested in children’s education. Indeed, female “brain drain” has specific negative effects on sending countries.⁵¹ The absence of highly skilled women impacts remaining family members and communities.⁵²

In addition, highly skilled female emigration negatively affects human capital indicators, such as infant mortality and secondary school enrolment rate. The fact that more and more highly qualified women are leaving Uzbekistan may have serious negative social impacts on the society and its future development.

These immediate drawbacks are off-set by the more general longer term positive consequences of highly skilled emigration. Greater mobility provides more opportunities for citizens of Uzbekistan in terms of education, skills development, and living standards. People constitute the greatest asset for any country. When the citizens of Uzbekistan prosper and develop individually, so does the country. Undeniably, more highly skilled migrants abroad constitute a soft power potential for Uzbekistan and help promote the state and its culture globally. Moreover, there are many avenues for policy makers to benefit from the fact that highly qualified people work abroad. In the long run, highly skilled emigration can transform into “brain gain” for Uzbekistan, and it should not be viewed as entirely detrimental to the country. To make sure that the brain drain is turned into a brain gain I recommend the following:

To the Government

Gender mainstreaming – strengthen the implementation mechanisms of policies directed towards women empowerment within the existing legal framework on gender equality and the Women’s Committee of Uzbekistan.

Increase research investments – emphasize R&D and science in order to increase competitiveness in the international arena. Financial flows into these spheres might stimulate brain circulation and consequently lead to “brain gain” from highly skilled professionals who leave Uzbekistan.

Support scientific collaboration – set up scientific collaboration mechanisms, including research grants, guest-professorships, and cross-national research projects between Uzbekistan and Uzbek scientists/researchers abroad to stimulate brain circulation.

Provide incentive grants – support the most talented and brightest returning professionals by introducing incentive grants directed for the delivery of specific projects, that are critical for the economic development of Uzbekistan.

46 Docquier F, and Rapoport H. “Quantifying the Impact of Highly Skilled Emigration on Developing Countries,” in Boeri, Brucker, Docquier, and Rapoport, eds, *Brain Drain and Brain Gain*, 209–302.

47 Abazov, R. “Central Asia’s Skilled Migrants: Brain Drain Or Brain Gain?,” *CACI Analyst*, 2010, <http://old.cacianalyst.org/?q=node/5372>.

48 World Bank. “Uzbekistan. Modernizing Tertiary Education,” *Report No. 88606-UZ*. World Bank: Washington, D.C., 2014.

49 Highly skilled female emigration can be particularly damaging for the economic and social development of sending countries (Docquier and Rapoport, 2012). In contrast, scholars have not found the same relationship between economic/social development and emigration for women with lower levels of education (Dumont et al., 2007).

50 Docquier, Marfouk, Salomone, and Sekkat “Are skilled women more migratory than skilled men?!”

51 Docquier, Lowell, and Marfouk “A Gendered Assessment of the Brain Drain.”

52 Dumont, Martin, and Spielvogel “Women on the Move.”

Reintegration of professionals – simplify the procedure of degree validation and the recognition of professional qualifications obtained abroad to stimulate “brain gain.” Foreign expertise has a potential to advance Uzbek economy through the implementation of best and most innovative practices from other countries.

Creation of centers of excellence – these centers will attract the most talented and brightest professionals providing them with a standard of quality and environment similar to those which they would be able to find in developed countries.

Internationalization of curricula – national education needs to be more competitive in the international arena. There is some progress with the launch of universities with foreign partners, such as Westminster International University in Tashkent. However more attention should be given to local universities.

Creation of public-private partnerships – strengthen the local labor market by promoting collaboration between universities, academies of sciences, governmental institutions and industry and the private sector. Public-private partnerships encourage the quest for the most qualified professionals and increase competition based on merit and market needs.

Streamlining visa procedures and citizenship – promote the mobility of highly skilled emigrants residing abroad

to facilitate their desire to invest in Uzbekistan in both monetary and nonmonetary terms. At the same time, exit visas regulations pose a limitation on the ability of professionals residing abroad to move back and forth to Uzbekistan. The circulation of highly skilled human capital can be facilitated by the introduction of fast-tracking procedures for exit visas and exit visas issuance in the consulates of Uzbekistan when a resident is registered with the embassy.

To the Embassies of Uzbekistan Abroad

Strengthen the Uzbek diasporas-Uzbekistan’s embassies abroad have a big role to play in reinforcing the links among highly skilled emigrants in host countries and their ties with the country of origin. This may be achieved through the organization of social events related to main Uzbek holidays, thematic workshops, conferences, and networking events targeted at specific scientific fields or professions. Embassies of the Republic of Uzbekistan should serve as a catalyst of building stronger diasporas, which could contribute to Uzbekistan.

To International Organizations and Donors

Gender mainstreaming – emphasize capacity building programs directed towards the empowerment of women in Uzbekistan and their professional development.

Quotes on Quotas? Political Representation of Women in Kyrgyzstan in the 2007 and 2010 Convocations

Natalia Zakharchenko¹ (2015)

The participation of women in politics is widely recognized by international actors as important. The 1995 Beijing Declaration and Platform for Action made women in power and decision making one critical area of concern and called on states to take measures “to ensure women’s equal access to and full participation in power structures and decision-making.” The promotion of gender equality and women’s empowerment was also part of the Millennium Development Goals.² That said, in both developed and developing countries women remain underrepresented in government and national elective positions.

Very few countries have achieved gender equality when it comes to legislative bodies.³ On average there are only 22% women in national parliaments (single or lower house) worldwide (IPU-website).⁴ Gender quotas have become a popular tool to address this imbalance. Countries as diverse as Bosnia, Uganda, and Sweden, introduced mandatory or voluntary quotas for parliamentary elections.⁵ Much of the literature these days is focused on the question “How effective are these quotas?”. According to some experts, the introduction of a quota system in “traditional” societies has created new, and perhaps even greater, challenges for women empowerment and in some cases contributed to women’s marginalization and stigmatization.⁶

Kyrgyzstan, a traditionally male-dominated society, introduced a 30% gender quota in 2007 and is hence a

good test case to examine whether quotas have helped or hurt women’s empowerment. I have found that quotas (even in very traditional societies—like Kyrgyzstan) strengthen women’s empowerment. While quotas are not a panacea, they do help to increase the number of women in policy-making bodies and they do change the agenda of issues being considered.

In Kyrgyzstan, the movement toward women’s empowerment and gender equality has been a slow process, full of obstacles and challenges. In the late 1990s, Kyrgyzstan, was Central Asia’s model of democracy.⁷ It had female representatives in all parliaments since independence in 1991. However, the 2005 elections resulted in not one single woman being elected to the Jogorku Kenesh, that is, the National Assembly. This unprecedented situation got the attention of national and international activists, experts, and policy-makers, who called for legislation to ensure women participation in the any future parliament. It resulted in the introduction of a 30% gender quota in 2007, and women representatives increasing their share from 0% to 26.6% in the 2007 parliament.⁸

In this article, I examine who are the women that have been elected. I compare the professional backgrounds of the female parliamentarians in the 2007 and 2010 parliaments and their legislative activity.

While the 2007 and 2010 elections took place under very different circumstances—with the 2007 elections basically being a plebiscite for President Bakiyev, and the 2010 elections seeing fierce competition with no less than 29 political parties—the comparison of the 2007 and

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2 Krook, M. L. “Gender Quotas and Women’s Political Empowerment,” *E-International Relations*, 2010, <http://www.e-ir.info/2010/06/18/gender-quotas-and-women%E2%80%99s-political-empowerment/>.

3 Rwanda’s parliament is made up of 64% of women and ranks first in terms of women parliamentarians. It has a 30% legislative quota for women; Bolivia ranks second has 53% women in Parliament and a 50% electoral quota for women. Andorra ranks third with 50% women and no quota. Bosnia ranks 62nd and has a mandatory electoral gender quota of 40% quota but only 21% if its Parliamentarian are women. Uganda ranks 24 and 35% of its Parliamentarians are women. It has an electoral quota system. Sweden ranks sixth and 44% of its Parliamentarians are women. Sweden has a voluntary party quota system.

4 <http://www.ipu.org/wmn-e/world.htm>.

5 It is difficult to estimate the number of countries that have introduced quotas. The quota project estimated the number of countries with legislative quotas around 40 (in 2006). In addition, it reported over 50 countries in which political parties voluntarily adopted a quota system. See <http://www.quotaproject.org/>. Bosnia has 21% of women after the 2011 elections, Sweden after the 2014 has 42% of women in parliament, Uganda after the 2011 elections has 35% women in its Parliament.

6 Dahlerup, D. “Comparative Studies of Electoral Gender Quota. The Implementation of Quotas: Latin American Experiences.” *International IDEA workshop*. Institute for Democracy and Electoral Assistance, 2003.

7 Anderson, J. *Kyrgyzstan: Central Asia’s island of Democracy?* (Amsterdam: Harwood Academic Publishers, 1999).

8 Bedelbaeva A., and Kuvatova J., “Widening women’s political representation in Kyrgyzstan,” *UNDP Newsroom*, August 11, 2010, <http://content.undp.org/go/newsroom/2010/july/20100716-women-kyrgyzstan.en>. The 2010 elections saw a slight decrease to 23%.

2010 legislature remains valuable particularly in terms of women's participation.⁹

I argue that while some of the traditional barriers to enter politics remain, gender quotas have introduced new recruitment mechanisms for women and brought in new categories of female parliamentarians. This has also resulted in the diversification of their legislative activity. In sum, the gender quota has been successful in raising the number of women and diversifying legislative activity.

Introducing a Gender Quota: Formula for Success

The quota adopted in Kyrgyzstan in 2007 was gender-neutral and set a minimum representation for both sexes at 30%. Although neutral in wording, the law was adopted to address the issue that no women were elected in the 2005 parliamentary elections.

The gender quota was the result of a meeting in 2007 between the Kyrgyz President, Kurmanbek Bakiyev and representatives of the national women's forum. The latter was created by several women NGOs with the support of international organizations. The quota also known as a 'candidate quota', stipulates that party lists for elections must have one out of three seats reserved for the underrepresented sex.¹⁰ The new electoral rules were first adopted by referendum in 2007 and written into the Constitution in July 2011. In addition to the gender quota, the law also set a 15 % quotas for minorities and youth (under the age of 35).

As a result of the quota the number of women in the parliament went from 0% in 2005 to 26.6% in 2007. The pro-presidential party, Ak Zhol, which was established right before the elections, won 71 out of 90 (79%) seats in the parliament in 2007. Out of the 23 women elected, 18 represented Ak-Zhol.¹¹ The percentage of elected women stood at 23% after the 2010 parliamentary elections. All parties running for elections had fulfilled the candidate quota, but several female parliamentarians withdrew from their seats after the elections and were then replaced by

men. This led to a drop of the overall percentage of women parliamentarians to 21% by September 2012.

The female representation in the 2010 Kyrgyz Parliament varies greatly from party to party. Ata Jurt, the party with the most deputies (total of 28), has only 4 female deputies, representing 14% of the party's deputies and far below the required 30% quota. The Social Democratic Party (SDPK) comes closest to 30%, with 7 out of 26 deputies being women. The resignation of some parliamentarians and the non-replacement of the resigning candidates with candidates of the same sex in both convocations has led to underrepresentation of women and challenged the spirit of the gender quota.

Professional Background of Women Members of Parliament

In this section I examine how and whether the quotas changed the professional background of women and whether there were any changes in terms of age and ethnicity. I also examine whether women are re-elected.

Civil Society

The role of civil society in the process of introduction of gender quotas was very important. However, traditionally action within civil society would not lead to positions into parliament. This changed in 2007, when four women previously working for NGOs and international organizations, gained seats. Although the four were not reelected in 2010, the number of seats occupied by members of civil society organizations stayed the same. Two of them are considered to be amongst the most influential women in Kyrgyzstan. They are Asiya Sasykbayeva, director of the International Centre 'Interbilim', and Jyldyzkan Dzholdosheva, head of the Kurmanzhan Datka Charity Fund.¹² In sum, the gender quota opened space for civil society both under a very authoritarian regime and under a more liberal regime. In other words the civil society positions and the status which women enjoyed in the 1990s have been translated into political positions and power today.

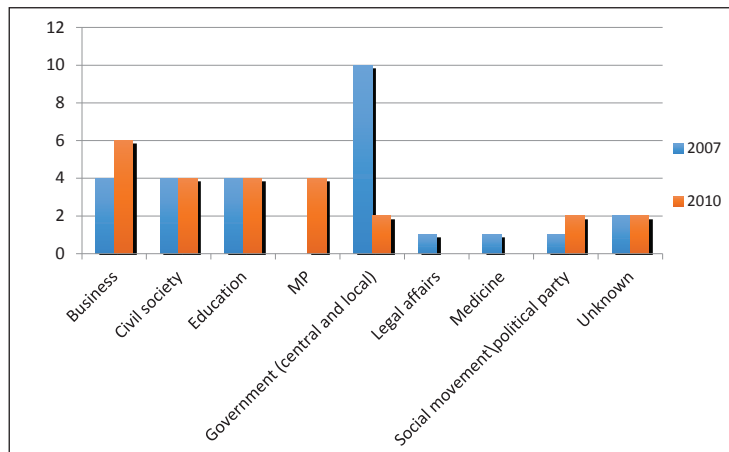
9 The 2007 and 2010 parliamentary elections in Kyrgyzstan took place under very different conditions. The 2007 elections were neither free nor fair. The OSCE Election Observation Mission reported that there were "delayed and non-transparent announcements of nationwide turnout figures and preliminary party totals by the Central Election Commission (CEC), as well as inconsistencies between preliminary and final totals" ("Kyrgyz Republic Pre-Term Parliamentary Elections," *Election Observation Final Report*. OSCE/ODIHR, 2008, <http://www.osce.org/odihr/elections/kyrgyzstan/31607?download=true>; Dzhuhaev, S. "Governance Challenges in Post-Soviet Kyrgyzstan: The Externalization and Parochialization of Political Legitimacy," *Norwegian Institute of International Affairs Working Paper* No. 5, 2012). As Shairbek Dzhuhaev (Dzhuhaev, "Governance Challenges in Post-Soviet Kyrgyzstan," 5) notes, the elections took place in a situation of little or no competition and most of the parliamentary seats were filled according to the level of support given to the president and his party Ak-Zhol. Interview with M. Tiulegenov, Head of the Department of International and Comparative Politics Department of the American University of Central Asia, August 5, 2012. In addition, a law had been adopted that limited any political party controlling more than 65 seats in the 120-seat parliament (Dzhuhaev, S. "Is Kyrgyzstan's New Political System Sustainable?," *PONARS Eurasia Policy Memo 210*. George Washington University, 2012, <http://www.gwu.edu/~ieresgwu/assets/docs/ponars/pepm210.pdf>).

10 Electoral Code of the Kyrgyz Republic. 2007, <http://aceproject.org/ero-en/regions/asia/KG/kyrgyzstan-election-code-1999-2007/view>.

11 "Kyrgyz Republic Pre-Term Parliamentary Elections."

12 "Roza Otunbayeva i Aida Salyanova samye vliiatel'nye zhenshchiny Kyrgyzstana," *Information Agency "Ozodagon,"* 2013, <http://catoday.org/centrasia/kg/7421-roza-otunbaeva-i-aida-salyanova-samye-vliyatelnye-zhenshchiny-kyrgyzstana.html>.

Figure 1. Career of Female MPs Prior to Parliamentary Elections: 2007 and 2010



Professional Background of Women Members of Parliament

An analysis of the professional background of the female deputies shows a number of differences between those elected in 2007 and those in 2010. These differences are in part explained by the non-competitive nature of the 2007 elections and the highly competitive nature of the 2010 elections

In the 2007 parliament a larger number of seats were occupied by women previously working in the central government. Indeed, the majority of female representatives in the 2007 parliament previously occupied political positions in both the central and the local government. Through their positions, these women had access to administrative resources. This confirmed the development of Bakiyev's patronage, in which power positions were occupied by candidates loyal to his regime. As a result, the parliament of 2007 played a limited or no role in checking and balancing power. The pro-presidential party occupied 71 out of 90 seats and was easily controlled by the President.¹³

The 2010 parliament is different. Indeed, for the first time it saw a large number of women coming from the commercial sector competing for seats. Indeed, because of the competitive nature of the 2010 parliamentary elections, the political parties had to attract candidates with their own financial and social resources. Whereas candidates in 2007 could rely on resources from the party, the 2010 candidates had to find their own resources for their campaigns and reach out to different parts of the population.

As can be seen from Figure 1, the majority of women elected in 2010 occupied high managerial positions in commercial companies prior to the elections. We also

see a remarkable drop of women formerly occupying government positions. Women from educational institutions remained at the same level, as did women from civil society.

Evidence from other countries suggests that gender quotas tend to promote younger women in politics.¹⁴ However, in Kyrgyzstan a reverse trend is observed.

Table 1. Age of Women Deputies at the Point of Election: 2007 and 2010

Age	2007	2010
Under 30	4 (14.8%)	1 (4%)
30-39	5 (18.5%)	2 (8%)
40-49	7 (25.9%)	10 (40%)
50-59	9 (33.3%)	12 (48%)
60-69	2 (7.4%)	0 (0%)
Total (n)	27 (100%)	25 (100%)

As shown in Table 1, the mean age of women deputies has actually increased from 44 (without outlier = 66 and M= 45, 14 with outlier) to 47.2 years. The 2010 parliament is also older and more homogeneous in terms of age than the 2007.

According to a report from Saferworld, young people feel largely excluded from politics in many Central Asian states. They also see the attitudes of older generations as a barrier to their participation in politics. The participation of young women in 'any form of government', is seen by the older generation, particularly in rural areas as 'culturally unacceptable'.¹⁵ To counter this bias towards youngsters the 2007 law also included a 15% youth quota. However, the cultural barrier proved too high for many potential young female parliamentarians.

13 Dzshuraev "Governance Challenges in Post-Soviet Kyrgyzstan," 4-7.

14 Murray, R. "Second among unequals? A study of whether France's 'quota women' are up to the job," *Politics and Gender* 6 (2010): 93-118; Britton, H. *Women in the South African parliament* (Boulder: Lynne Rienner, 2005); and Burness, C. "Young Swedish Members of Parliament: Changing the World?," *NORA: Nordic Journal of Women's Studies* 8, no. 2 (2000): 93-106.

15 "Nobody has ever asked about young people's opinions." *Saferworld Report*, 2012, iii, <http://www.saferworld.org.uk/downloads/pubdocs/037%20CAsia%20web.pdf>.

Ethnicity

Ethnicity did not change significantly among the female parliamentarians from 2007 to 2010. Whereas the 2007 parliament included six (22.2%) women out of 27 of non-titular ethnicity (Kyrgyz), in 2010 five (20%) women out of 25 were not Kyrgyz. An interesting issue, however, is that the only other minority represented by women in the Kyrgyz parliament is Russian. The number of ethnically Russian female parliamentarians was 6 in 2007 and 5 after the 2010 parliamentary elections. While the Uzbeks constitute around 14% of population in Kyrgyzstan, they only occupied 11% of the seats in the 2005 parliament¹⁶ but had never had a female parliamentarian. This can be explained, first, by the general political underrepresentation of Uzbeks in Kyrgyzstan. As explained by Scholz, the political representation of the Uzbek minority is limited by “institutionalized barriers to political success, official disregard of citizen’s demands, and self-imposed political exclusion out of fear of reprisals.”¹⁷ Political instability in foreign relations with neighboring Uzbekistan only worsens the situation of the largest minority in the country. As argued by one of activist representative of the Uzbek minority,

Why should we get involved in politics? Uzbek problems should be solved within the community. People are afraid that by becoming active in politics, political struggles become a matter of ‘us against them’, of Uzbeks against Kyrgyz (As quoted in M. Fumagalli¹⁸).

Besides the general underrepresentation of the Uzbek minority in politics, the lack of political involvement of Uzbek women can be further explained by more conservative ideas about gender roles in Uzbek communities. Charrad¹⁹ argues that although women’s rights are suppressed across Central Asia, there are certain variations among the countries. Thus, Turkmenistan, Tajikistan, and Uzbekistan are more conservative than Kyrgyzstan and Kazakhstan. For example, the low female labor and divorce rates, and the increase of female school dropouts studied by Gunes-Ayata and Ergun²⁰

are more prevalent in Uzbekistan than in Kyrgyzstan. Although little research has been carried out to explore the role of women in Uzbek communities, specifically in Kyrgyzstan, studies show that people’s identity in such communities is based on national identity rather than state identity.²¹

Despite the fact that the 2007 and 2010 parliaments are not diverse ethnically, a comparative overview of previous parliaments shows that the last two parliaments (with had minority quota) have the greatest percentage of ethnic minority representation among women (the parliament of 1990 is hardly representative due to its non-democratic recruitment). Among male parliamentarians, the number of minority representatives dropped from 16 in 2007 to 9 in 2010. The minority quota of 15%, which was introduced at the same time as the gender quota, was filled after the 2007 elections (22 out of 90 deputies, 24.5%), but not after the 2010 elections (14 out of 120, 11.7%).

Re-Election

Re-election of women MPs is relatively rare when compared to the male MPs. Only two female representatives got successfully elected twice before 2007 and 2010 and no female deputies have ever been re-elected three times whereas as many as 33 males have been reelected more than three times since 1991. That said four women deputies were re-elected from the 2007 parliament (two out of four are ethnic Russians).

According to Medet Tiulegenov, an expert on Kyrgyz politics, this fact demonstrates some signs for institutionalization of women’s presence in political parties, meaning that they are not randomly sought before elections, but considered to be fully fledged party members.²² The analysis of re-election and establishment of it as of a permanent trend depends on its frequency during future parliamentary elections. The November, 2015 elections will show whether this trend holds.

Legislative Activity

While it is important to understand to what extent the elected parliamentarians represent society, it is also

16 Sadybakasova, A. “Kyrgyzstan: How Real are Uzbek Minority Concerns?”, *Institute for War and Peace Reporting*, June 7, 2006, <http://iwpr.net/report-news/kyrgyzstan-how-real-are-uzbek-minority-concerns>.

17 Scholz, K. 2009. “Ethnic Uzbek Grievances in Post-Tulip Revolution Kyrgyzstan: Issues of Political Representation and Religious Freedom,” MA Thesis. Virginia Polytechnic Institute and State University, 2009, 32.

18 Fumagalli, M. “Framing Ethnic Minority Mobilisation in Central Asia: The Cases of Uzbeks in Kyrgyzstan and Tajikistan,” *Europe-Asia Studies* 59, no. 4 (2007), 580.

19 Charrad, M. “Central and Local Patrimonialism: State-Building in Kin-Based Societies,” *The Annals of the American Academy of Political and Social Science* 636 (2011): 49–68.

20 Gunes-Ayata, A., and Ergun A. “Gender Politics in Transitional Societies: A Comparative Perspective on Azerbaijan, Kazakhstan, Kyrgyzstan, and Uzbekistan,” in L. Racioppi and K.O. See, eds, *Gender Politics in post-Communist Eurasia* (East Lansing, MI: Michigan State, 2009), 209–236.

21 Blanken, K. den “Our Uzbek Land in Kyrgyzstan. The Uzbek Minority and Claims for Cultural Politics,” MA Thesis. Radboud University, Nijmegen, 2009.

22 Interview with M. Tiulegenov, Head of the Department of International and Comparative Politics Department of the American University of Central Asia, August 5, 2012.

critical to analyze what they do in parliament after being elected. Indeed, quotas are more than just numbers they are also a “means towards more substantive ends.”²³ But what criteria should be used to measure the substantive changes of gender quotas? As Ward concludes, there are short and long-term goals which gender quotas were designed to address. Thus, in the short run “success might be the promulgation of legislation and policy outcomes.”²⁴ When referring to long-term goals the author highlights the transformation of gender relations.²⁵ The long-term results represent a complicated change in societal structures that takes a long period of time. Most of the research on substantive representation, however, is focused on short to medium outcomes in the legislative context.

Childs and Krook²⁶ try to understand how different possibilities for substantive representation occur, and present five categories. Among these is the role of the legislative context, which may constrain or enhance one’s chances to “translate priorities into policy initiatives.”²⁷ The role of institutional norms and positional power, are viewed as determining factors in limiting or enabling women’s perspectives to be integrated into policy-making.²⁸

Committee Representation

One of the most important factors when analyzing the representation of women is the degree to which female parliamentarians are able to translate women’s issues into legislative initiatives.²⁹ The political space for this, however, is dependent on several factors including institutional rules and norms. Most of the important legislative discussions are done within the parliamentary committees.³⁰ Parliamentary committees thus serve as crucial arenas for women to express their policy preferences and influence the legislative process. The representation of women in such committees can serve as an important indicator of their policy preferences and identify important trends in the division of labor.

The membership of female deputies in different committees varies. First of all, the majority of women in 2007 was represented in three committees: The Committee on Labor, Migration, and Social Politics (4);

The Committee on Youth, Gender Politics, and Sport; and The Committee on Security, Defense, and Judicial Reform (3). Although the representation of women in first two committees can be explained by the nature of activities they cover (i.e. so called “women’s issues”), an interesting point in the 2007 parliament was the number of women in the Committee on Security, Defense, and Judicial Reform (5). This can be explained by the fact that the comparative majority of women in 2007 had legal backgrounds, and, thus, might have worked on legal activities of the committee rather than security or defense issues. No women in 2007, however, were represented in the Committee on Energy and the Committee on Economic Affairs and Budget. In this regard, the number of committees with represented women in 2007 was 10 out of 12, whereas in 2010 this indicator changed to 12 out of 14.

The overview of the 2010 parliament presents a slightly different picture. First of all, the female deputies were more evenly represented in the committees. Thus, after 2010 women were represented in twelve committees instead of ten. The total number of parliamentary committees had also increased from 12 to 14. There were two committees with no female members, the Committee on Judiciary and Rule of Law and the Committee on the Fight Against Corruption. Most female deputies were represented in the same committees as in 2007 (Labor, Migration, and Social Politics (1); Youth, Gender Politics and Sport (4). Whereas the number of women in the Committee on Security, Defense, and Judicial Reform dropped, there was a certain increase of women in the committees related to economic affairs. Thus, there were women represented in the Committee on Fiscal and Monetary Policy (2) and the Committee on Budget and Finance (2).

One explanation for this might be that more women in 2010 had an economic background. It is also worth mentioning that three out of the four female deputies from 2007 who were reelected in 2010 changed their committee membership. Karamushkina from SDPK changed from the Committee on Education, Science and Culture in 2007 and 2010 to the Security and Defense Committee in 2012. Isaeva moved from the Committee

23 Ward, E. “Real or Illusionary Progress? Electoral Quotas and Women’s Political Participation in Tanzania, Eritrea and Uganda,” *Trocaire Development Review* (2006), 81.

24 Ibid.

25 Ibid.

26 Childs, S., and Krook M.L. “Analyzing Women’s Substantive Representation: From Critical Mass to Critical Actors,” *Government and Opposition* 44, no. 2 (2009), 128, http://mlkrook.org/pdf/childs_krook_2009.pdf.

27 Ibid., 126.

28 Ibid., 128.

29 Franceschet, S., et al. “The Impact of Gender Quotas: A Research Agenda,” Paper presented at the Annual Meeting of the American Political Science Association. Toronto, 2009.

30 Interview with M. Tiulegenov, Head of the Department of International and Comparative Politics Department of the American University of Central Asia, August 5, 2012.

on International Relations and Inter-parliamentary Communication to the Committee for Economic Development in 2010 and further on to the Committee on Transport and Communication in 2012. Skripkina started in the Defense Committee in 2007 and moved on to the Committee on Constitutional Law in 2010 and was in 2013 member of the International Relations Committee. The fourth, Niyazalieva, was a member of the Committee for Social Politics (and similar issues) all the time.

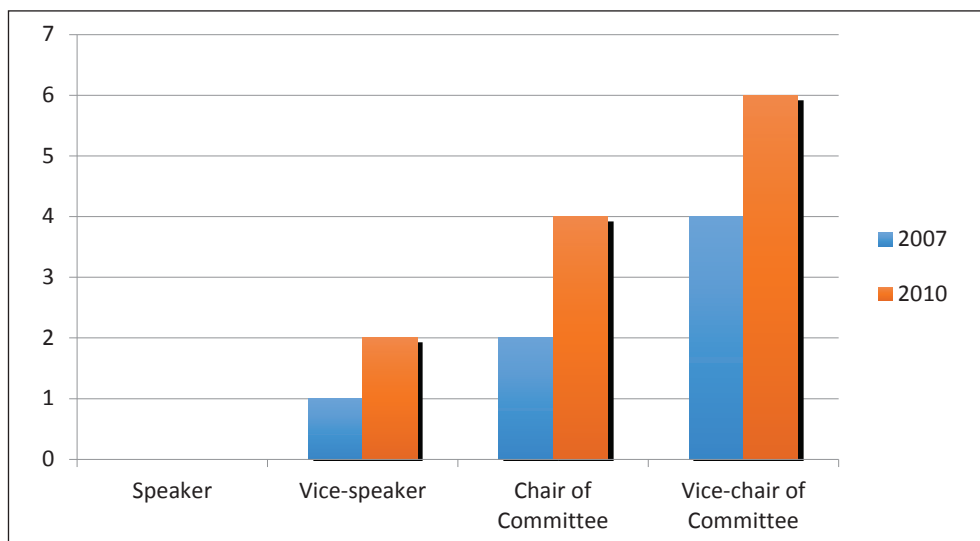
An issue when analyzing the committee representation is the different definitions of ‘women’s issues.’ Thus, whereas the non-feminist approach would focus on concerns that belong to the private sphere or the broader society, feminists would emphasize policies aimed at increasing women’s autonomy and well-being.³¹ As can be seen in the case of Kyrgyzstan, while most of the women are in committees typically associated with ‘women’s issues’ (from a non-feminist perspective), others were guided by personal interests and educational and occupational backgrounds. This tendency has been supported by the claims of several deputies and experts saying that the promotion of women’s interests by female deputy usually varies from deputy to deputy. For example, according to MP Karamushkina, the legal debate about a ban on bride-kidnapping did not get full support from all female deputies.³² It is important to note here that one of the committees lost “gender” as an issue for discussion. After 2010 the Committee on Youth, Gender Politics, and Sports was transformed into the Committee on

Education, Culture, Science, and Sport. This could have an important impact on the ability of women to translate their interests into policies. Indeed, as it was noticed in the interview by the women civil society leader, Tatyana Temirova, “gender policies enjoyed its Renaissance in the first convocation with gender quotas. The introduction of important laws against bride-kidnapping, domestic violence, and the appearance of gender expertise in the Parliament—all indicated the importance of “Gender” in one of the committees.”³³

Positional Power

Another factor when analyzing women’s opportunities to translate policy preferences into legislation is the power they hold in parliament. According to Murray there is usually a link between the positional power of the MP and his/her performance (Murray 2010, 109). The increase of women in powerful positions can, hence, be interpreted as an increase in their status within the legislature. Murray³⁴ further argues that the positional power of parliamentarians is usually associated with seniority. Thus, men tend to hold a greater number of powerful positions.³⁵ The analysis of re-elected women revealed that the positional power of two of them had increased. Thus, whereas none of these four women occupied a powerful position in the 2007 parliament, two of them chaired committees since 2010. This can be an indication that positional power, indeed, might relate more to the seniority of the deputy than his/her sex.

Figure 2. Positional Power of Female Deputies: 2007 and 2010



31 Childs and Krook. “Analyzing Women’s Substantive Representation,” 133.
 32 Interview with I. Karamushkina, parliamentary deputy for SDPK party (2007 and 2010 convocations), August 16, 2012.
 33 Interview with Tatyana Temirova, “Alga” civil society organization, August 15, 2014.
 34 Murray. “Second among unequals?”, 109.
 35 Ibid., 110.

As can be seen from Figure 2, there was an increase of women in powerful positions in 2010. In September 2013, two women held the positions of vice-speakers and four women were chairs of committees, whereas the number of those being vice-chairs of committees had increased from 4 to 6. Among the two vice-speakers was the already mentioned Asiya Sasykbayeva, former director of the international center 'Interbilim.' Besides her active parliamentary involvement, Sasykbayeva also ran for the Ombudsman office in 2013 and was the leader after the first round supported by the majority of parliamentarians. Although she lost in the second round, many of her colleagues continue to claim her leadership for this position.³⁶

However, the role of informal politics can also be seen in the power positions of the parliament and women are not exempted from this. Cholpon Sultanbekova, the chair of the Committee on Youth, Gender Politics and Sport before 2011, and vice-chair of Committee on Science, Culture, and Sport in 2013, is the widow of Bayaman Erkinbayev, known as a key figure in organized crime in Kyrgyzstan.³⁷ According to 'Agym' newspaper, Sultanbekova is also one of the richest women in Kyrgyzstan.³⁸ The sister of Sanjarbek Kadyraliyev, who was also claimed to have connections with organized crime, Yrgal Kadyraliyeva, was a vice-chair of the Committee on Youth, Gender Politics and Sport before 2011 and became an initiator of a controversial ban on girls' travel in 2013.³⁹

As can be seen from the analysis of the legislative positions of women in the 2007 and 2010 elections, the number of opportunities to translate women's policy preferences into a legislative agenda has formally increased. Women are now represented in a wider set of committees including completely new spheres such as energy policy. Moreover, the allocation of women in committees has become more balanced, with more women represented in traditionally male-dominated committees. More women are now in powerful positions such as vice-speaker and chair of committees. The analysis of re-elected women in 2010 showed the increase in their positional power after one term of serving as a legislator.

Recommendations

For the Kyrgyz Government:

- The successful implementation of the gender quota relies on the initial success of the quota design. The lack of a mechanism for the replacement of the resigning candidate with a candidate of the same sex results in the failure of parties to fill 30% of seats in the Parliaments with women. In order to avoid the nominal presence of women in party lists it is necessary to introduce new rules that govern the resignation of parliamentary candidates.
- The ability of women deputies to translate their policy preferences into legislative initiatives is dependent on having a platform where issues can be raised. For example, the fact that gender was dropped from the Parliamentary Committee had as consequence that the issue of gender could no longer have a special platform to be addressed.

For Political Parties:

- The process of drafting the party list of candidates is as important as the political campaign itself. Political parties should have transparent and open recruitment processes. The increased involvement of civil society in the political arena is to be applauded and can contribute to a more democratic processes of recruitment.

For International Organizations:

- The involvement of women deputies in the legislative process greatly varies and depends on different factors such as education and previous professional background. Many women and men lack a clear understanding of gender roles and what this means in terms of legislation. Achieving leadership positions in committees, where legislative drafting takes place, might be a difficult process for women who lack necessary legislative skills. Female legislators may lack the confidence or knowledge to draft legislation – one way to tackle this is to provide training for female parliamentarians. International organization would do well to increase education and training on gender sensitive legislation, including gender sensitive budgeting.

36 Toktonaliyev, R. "Strasti uleglis, no pretenzii ostalis," *Golos Tsentral'noi Azii*, October 3, 2013, <http://vof.kg/?p=11997>.

37 Kupatadze, A. "Transitions after transitions: Coloured revolutions and organized crime in Georgia, Ukraine and Kyrgyzstan," Ph.D. Dissertation. University of Saint Andrews, 2010, <http://hdl.handle.net/10023/1320>.

38 "10 samyh bogatyh zhenshchin Kyrgyzstana," *Agym newspaper*, November 20, 2009, <http://for.kg/ru/news/102605/>.

39 Trillig, D. "Kyrgyzstan Passes Controversial Girl Travel Ban," *Eurasianet*, June 13, 2013, <http://www.eurasianet.org/node/67113>.

PART III. ECONOMIC CHALLENGES AND THE REGIONAL COOPERATION ISSUE

Invisible Public Debt: The Case of Kazakhstan

Kassymkhan Kapparov¹ (2016)

“Lying rides upon debt’s back.”

Benjamin Franklin

After an oil boom, the majority of oil-rich countries end up in more debt. Latin American countries, for example, faced a debt crisis in the 1980s after the oil price collapse. Thirty years later, the same countries are still paying one-third of their export earnings to service those debts and foreign creditors owe half of their GDP.² In 2016 Kazakhstan celebrates the 25th anniversary of its independence. In 2000-15 the country experienced what can be considered a classic oil-boom period: every second dollar earned by the country during that time came directly from oil exports.³

Like many other oil-rich countries, Kazakhstan did not avoid the overspending driven by windfall profits. As a result the debt of state-owned companies increased significantly since 2008 and poses a risk for the country’s long-term development. The financial crisis that began in 2007 was caused by the inability of banks and the private sector to pay their short-term external debt. In 2016 the overall picture has changed and now it is the quasi-public sector that is facing the issue of high external debt. In the situation of economic uncertainty caused by lower oil prices, there is risk of defaults by some state-owned companies. The largest state-owned company, Samruk-Kazyna, employs over 320,000 people, while its revenue accounts for 13 percent of the national GDP.⁴ In case of an insolvency, the government will have to step in to prevent social instability.

Rating agencies have assigned high ratings for the debt of state-owned companies, primarily due to the notion that they have “an almost certain likelihood of receiving

extraordinary support from the government in the event of financial difficulties.”⁵ This confidence in the ability of the government to provide such support is based on the considerable savings that Kazakhstan accumulated in its oil fund, the National Fund of Kazakhstan (NFK), which currently stands at around 30 percent of the country’s GDP.⁶ High ratings allowed state-owned companies to increase their external borrowings and implement aggressive expansion programs.

I use the term “invisible public debt” to refer to the debt of state-owned companies. The problem is that the government does not acknowledge it as part of the public debt. To illustrate, in January 2016 prime minister Karim Massimov stated that the government bears no responsibility for the debt of state-owned companies and that the latter should be treated the same as debt of any other private corporate entity. The prime minister also noted that “according to Article 3 of the Law on Joint Stock Companies, a company is not responsible for the liability of its shareholders, hence the shareholder is not responsible for the liability of the company.”⁷ Official economic development programs and policies do not include the risk of debt insolvency of state-owned companies. As a result, the government is not ready to face the problem: there are no funds in the state budget reserved for this situation and there is no plan in place to deal with it.

My research question is therefore: “Why should the invisible public debt accumulated by state-owned companies be recognized as part of the government debt?” To answer this question I analyze the case of the state fund Samruk-Kazyna and two state-owned companies with the largest debt, and show examples of state support to repay these debts. My research is based on my own experience as an economist who has worked in the public and private sectors and has consulted various international organizations on the issues of economic development in Kazakhstan. In order to validate my hypothesis and

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2 Arruda, M. *External debt: Brazil and the international financial crisis* (London: Pluto, 2000), 7.

3 “Trade statistics for international business development,” *International Trade Centre*, http://www.trademap.org/Bilateral_TS.aspx.

4 “2014 Annual Report,” Samruk-Kazyna Sovereign Wealth Fund Astana, 2015, 12, <http://sk.kz/section/6928?lang=en>.

5 Kosolapova, E. “S&P lowers Kazakh Sovereign Wealth Fund’s rating,” *Trend News Agency*, February 25, 2016, <http://en.trend.az/business/economy/2499260.html>.

6 “International Reserves and Assets of the National Oil Fund,” National Bank of Kazakhstan, <http://nationalbank.kz/?docid=180&switch=english>.

7 “Official response to the request of parliament members No. 20-11/5112 on January 5, 2016,” Office of the Prime Minister of Kazakhstan.

preliminary findings, I triangulate them with primary sources that include official statistical data and company data, as well as with secondary sources represented by relevant news flow information and informal interviews with executives of state-owned companies.

I argue that the issue of the external debt of state-owned companies poses a significant risk to Kazakhstan's economic development and that the government should admit the existence of this invisible public debt by including it in its economic agenda. I conclude the paper with a set of recommendations for both the government and international organizations.

The Current Economic Situation in Kazakhstan

Kazakhstan's economy is highly dependent on the export of mineral resources. This implies the vulnerability of the economy to external shocks. Major crises in Kazakhstan have been caused by external shocks—the oil price drop in 1998 and the closure of global markets for the corporate sector and banks in 2007 amid the global financial crisis. Mineral resources, though providing revenue for the country, can also become harmful, based on the experience of other developing countries that suffered from the so-called “resource curse.” The main problem for Kazakhstan is its high dependence on oil exports and, as a result, the “Dutch disease,” which causes appreciation of the national currency and thus reduces the competitiveness of local production, especially manufacturing.⁸ Another problem is so-called “rent-seeking behavior” that leads to a decrease in entrepreneurial activities and intensifies the fight over sources of rent (extractive sector, state budget, non-tradable sectors such as construction, trade, and financial services).⁹

Since 2000 Kazakhstan has enjoyed a decade of uninterrupted economic growth averaging 7 percent. The growth was mostly driven by the favorable global prices on its main export good—crude oil. Kazakhstan is in the Top-10 of oil exporters in the world, comparable to Venezuela.¹⁰ The share of mineral resources in total exports has increased from 54 percent in 1995 to 81 percent in 2013. At the same time, the dependence of the economy on exports has also

increased: the share of exports in the GDP grew from 32 percent in 1995 to 58 percent in 2013.¹¹

The windfall profits coming from the oil and gas sector allowed the government to increase the size of the public sector to almost 70 percent of the economy, if accounting for the state-owned companies. In addition, in the aftermath of the crisis of 2007–8, the state has entered some troubled banks and companies in order to keep them afloat. For example, the Kazakhstani state had to buy out BTA bank, which could not pay for its external borrowings. The bank was considered “too big to fail” as it accounted for 30 percent of total retail deposits.¹² The government had to invest over US\$9bn in the bank's rehabilitation, but had to let it default on the debt in 2012 and eventually to shut it down in 2014.¹³

Since 2008, similar situations have occurred in different sectors—manufacturing, construction, retail—and the government had to use the NFK assets to buy troubled companies in order to avoid bankruptcies that could lead to an increase in unemployment and social pressure. The decline in oil prices in 2015 has led the national economy into recession. Economic growth was only 1.2 percent in 2015 and the IMF predicts that the economy will grow a mere 0.1 percent in 2016 and 1 percent in 2017.¹⁴ The sudden decrease in oil prices from \$110 to \$40 in 2014–16 caused a plunge in export revenues, budget revenues, and personal income. Due to the drop in “windfall profits” from oil exports, the NBK had to move to a floating exchange rate regime. As a result, the national currency (KZT: tenge) has lost half of its value and was recognized as the most volatile currency in the world, followed by the Russian ruble and the Nigerian naira.¹⁵ Kazakhstan's government has been actively trying to integrate into the global economy: in 2010 the country became a founding member of the Eurasian Customs Union (in 2015 expanded to the Eurasian Economic Union) and entered the WTO in 2015.¹⁶ This put additional pressure on the economy, as Kazakhstan's market instantly opened to imports (especially from Russia) but the production of goods that could be exported would require more time.

In 2015 the country has entered a period of stagnating economic growth. International development

8 “Republic of Kazakhstan: Selected Issues,” *IMF Country Report* No. 13/291. International Monetary Fund. Washington, D.C., 2013, 7.

9 Deacon, R.T., and Rode, A. “Rent Seeking and the Resource Curse,” in R.D. Congleton, and A.L. Hillman, eds, *Companion to the Political Economy of Rent Seeking* (Edward Elgar, 2015), 227.

10 Workman, D. “Crude Oil Exports by Country,” *World's Top Exports*, April 11, 2016, <http://www.worldstopexports.com/worlds-top-oil-exports-country>.

11 “Vneshnetorgovyi oborot Respubliki Kazakhstan,” Statistics Committee of Kazakhstan, <http://stat.gov.kz/getImg?id=ESTAT101842>.

12 “Svedeniia po klassifikatsii aktivov i uslovnyh obiazatel'stv,” National Bank of Kazakhstan, <http://nationalbank.kz/?docid=1063&switch=russian>.

13 “Bank defaults: Kazakhstan's Groundhog Day,” *Euromoney*, March 2016, <http://www.euromoney.com/Article/3535089/Bank-defaults-Kazakhstans-Groundhog-Day.html>

14 “Regional Economic Outlook Update for Middle East and Central Asia,” International Monetary Fund. Washington, D.C., April, 2016.

15 Michel, C. “Why Is Kazakhstan's Currency the World's Most Volatile?,” *The Diplomat*, October 7, 2015, <http://thediplomat.com/2015/10/why-is-kazakhstans-currency-the-worlds-most-volatile/>.

16 “General Council approves Kazakhstan's membership terms, only ratification left,” World Trade Organization, July 27, 2015, https://www.wto.org/english/news_e/news15_e/acc_kaz_27jul15_e.htm.

organizations have downgraded their growth forecasts for the country. The burden of servicing the debt of state-owned companies can lead to collapse in investment and output growth and thus significantly undermine economic growth.¹⁷ If the state-owned companies cannot service their external debt, the government will have to use the NFK assets to support them. In that case the NFK funds will be spent on foreign debt repayment and will not enter the local economy.

Overview of the External Debt of State-Owned Companies in Kazakhstan

Methodology and Research Limitations

In this paper I analyze the following main indicators:

- External debt
- Public sector external debt
- External debt of state-owned companies

In addition to this, I provide case studies of three state-owned enterprises with more detailed company information. Sources used for the paper include official government statistics, data from international organizations, and previously conducted research on the topic. I also interviewed and discussed preliminary results of the research with economists and researchers from following organizations: the IMF's Kazakhstan country team, GWU's Central Asia Program, World Bank Kazakhstan Country Office, international consulting firms based in Washington DC, and think tanks from Kazakhstan.

In my analysis of the external debt I show separate figures that exclude "intercompany lending," as this type of financing is done within one multinational corporation and has a different nature. The creditor lends to a related entity based on not only its ability to repay, but also in terms of the overall profitability and economic objectives of the multinational operation.¹⁸

The scope of work done for this research is limited due to the time constraint—the research was conducted from January to July 2016. The focus of research was limited to the external (foreign) debt of state-owned companies and did not cover other public debt or the local debt of state-owned companies. The research does not assess the need for foreign borrowing by state-owned enterprises or its terms and timeliness. It also does not analyze the efficiency of use of the funds borrowed. The paper focuses on the state-

owned companies of the Samruk-Kazyna holding and does not cover the Baiterek and KazAgro holdings, although I acknowledge the need for such research in the future.

Information on some of the direct foreign borrowings by state-owned companies was not publicly available at the time when this research was conducted. This is especially the case for direct company loans from Chinese state-owned and private entities. The information on these transactions that can be retrieved from the news does not provide details on the nature of these loans or their terms and therefore does not allow us to analyze their possible implications for the indebtedness level of state-owned companies in Kazakhstan.

Research limitations of this paper also include the insufficient and inaccurate reporting on the external debt of the quasi-public sector. There is a problem with accurate reporting of the external (foreign) debt of state-owned companies. The National Bank of Kazakhstan (NBK) and the Ministry of Finance of Kazakhstan (MOFK) do not publish detailed data on public and publicly guaranteed external debt and external debt of the quasi-public sector. International databases do not have proper information on the matter, partially due to the fact that the official data is not being properly disseminated. For example, the WB's specialized online database—the QPSD (Quarterly Public Sector Debt) lacks data for Kazakhstan's public debt.¹⁹ In some cases the data reported to the World Bank's International Debt Statistics differ significantly from the data reported locally.²⁰ The NBK produces official statistics on the external debt in accordance with international standards set by the IMF. However the NBK updated its external debt statistics methodology only on January 1, 2013.²¹ Prior to that the NBK reported only public and publicly guaranteed external debt and had no separate reporting for the external debt of state-owned companies.

External Debt of State-Owned Companies in Kazakhstan

Statistics on public debt are produced by two agencies in Kazakhstan: the MOFK reports on public debt and the NBK reports on the external debt, including the government's.

Domestic public debt is issued in the form of government notes (bonds) and is denominated in the local currency. In the period of high oil prices and budget surplus (profit), domestic debt was used as a means to provide short-term liquidity to smooth out the budget expenditures schedule with the budget revenues. However,

17 Kaminsky, G.L., and Pereira, A. "The debt crisis: lessons of the 1980s for the 1990s," *Journal of Development Economics* 50, no. 1 (1996): 1–24.

18 "External Debt Statistics: Guide for compilers and users," International Monetary Fund. Washington, D.C., 2014, 41, <https://www.imf.org/external/pubs/ft/eds/Eng/Guide/>.

19 "Quarterly Public Sector Debt," World Bank, <http://datatopics.worldbank.org/debt/qpsd>.

20 "International Debt Statistics," World Bank, <http://databank.worldbank.org/data/reports.aspx?source=international-debt-statistics>.

21 "Balance of Payments and International Investment Position Manual, 6th ed.," International Monetary Fund, Washington, D.C., 2009.

in 2016 the government will use domestic government bonds to borrow 350bn KZT (estimated \$10bn) from the state pension fund (IAPF) to finance the budget deficit.²²

Public debt is a debt of the public sector that comprises the general government, the central bank, and those units in the deposit-taking corporations, except the central bank, and other sectors that are public corporations. Publicly guaranteed private sector external debt is the external debt liabilities of the private sector, the servicing of which is contractually guaranteed by a public unit resident in the same economy as the debtor.²³ The amount of the government and government-guaranteed external debt in Kazakhstan is not significant—in 2015 it was \$13bn or 18 percent of total external debt excluding the intercompany lending (8 percent of total external debt).²⁴

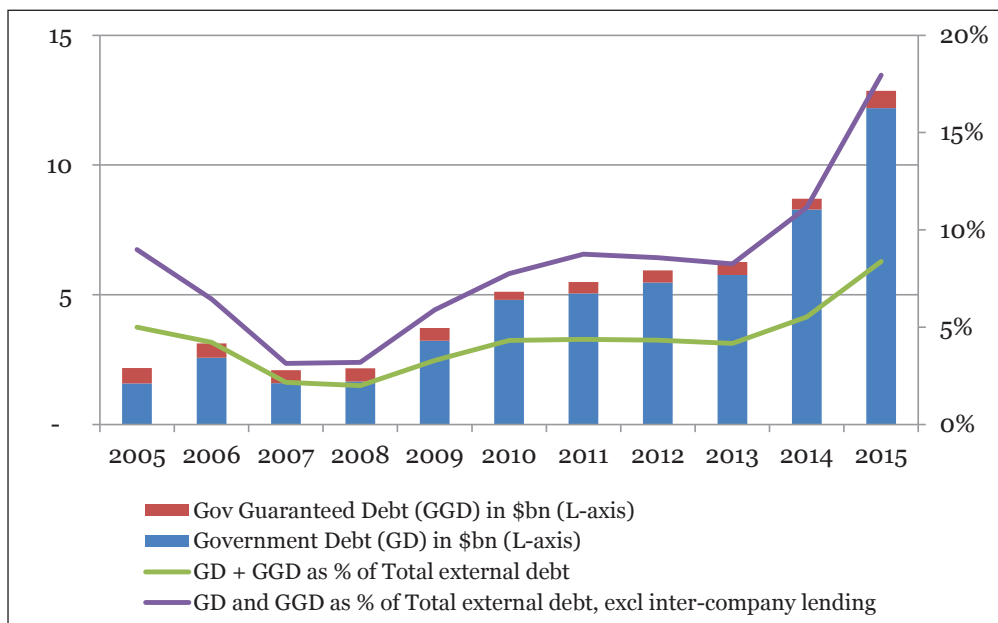
In 2013 NBK started to publish statistics on Public Sector External Debt including the debt of the quasi-public sector. This reporting method is based on the IMF's guidance on reporting the external debt of public corporations that in some way are controlled by the government and monetary authorities. A public corporation is defined as a non-financial or financial corporation that is subject to control by government units, with control over a corporation defined as the ability to determine general corporate policy. Because

the arrangements for the control of corporations can vary considerably, it is neither desirable nor feasible to prescribe a definitive list of factors to be taken into account. The following eight indicators, however, will normally be the most important factors to consider:

- (1) Ownership of the majority of the voting power
- (2) Control of the board or other governing body
- (3) Control of the appointment and removal of key personnel
- (4) Control of key committees of the entity
- (5) Golden shares and options (golden shares give the holder a decisive vote, even without a majority of shares)
- (6) Regulation and control
- (7) Control by a dominant customer
- (8) Control attached to borrowing from the government.

In addition it may be possible to exercise control through special legislation, decree, or regulation that empowers the government to determine corporate policy or to appoint directors.²⁵ Most of the entities within Samruk-Kazyna meet one or several criteria of the public corporation listed above.

Figure 1. Dynamics of the External Government Debt



Source: National Bank of Kazakhstan. Public Sector External Debt, <http://nationalbank.kz/?docid=202&switch=english>

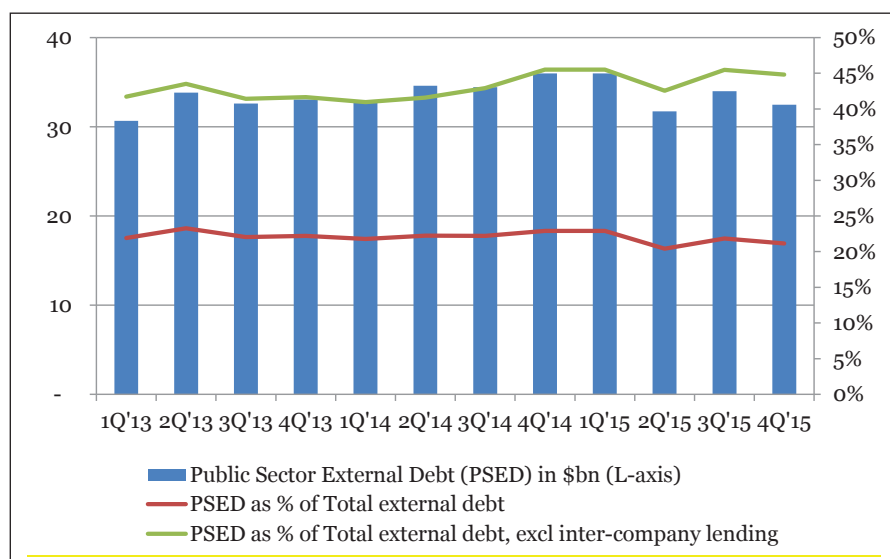
22 Tamara, V. "350 mlrd. tenge iz sredstv ENPF pravitel'stvo napravit na finansirovanie defitsita biudzheta," *Vlast'*, February 15, 2016, <https://vlast.kz/novosti/15754-350-mlrd-tenge-iz-sredstv-enpf-pravitelstvo-napravit-na-finansirovanie-defitsita-budzheta.html>.

23 "External Debt Statistics," IMF, 49–50.

24 "External Debt," National Bank of Kazakhstan, <http://nationalbank.kz/?docid=202&switch=english>.

25 "External Debt Statistics," IMF, 50.

Figure 2. Dynamics of the External Public Debt



Source: National Bank of Kazakhstan. Public Sector External Debt, <http://nationalbank.kz/?docid=202&switch=english>

The external debt of Kazakhstan has been growing 6 percent annually on average since 2008 and reached \$153bn (\$4,053 per capita) in 2015. It is now equal to 83 percent of the country's GDP—which is not high relative to its peers and actually is considered to be moderate according to the World Bank.²⁶ Fifty-three percent of the external debt (\$81bn) is intercompany lending, and state-owned companies comprise only 1 percent of intercompany lending. Currently the annual debt repayment amount (around \$22bn in 2016) is much higher than the annual amount of foreign direct investments in Kazakhstan (\$4bn in 2015) and is equal to 40 percent of exports (\$53bn).²⁷ Due to a fall in oil exports in 2015, almost half of the country's income went to repaying the external debt. Within one year the debt-service ratio jumped from 35 percent to an estimated 53 percent.²⁸ Total debt service is the sum of principal repayments and interest actually paid in currency, goods, or services on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the IMF.

The external debt of state-owned companies has grown rapidly since 2008. As a response to the financial crisis of 2007, the government nationalized some troubled banks and provided funding—direct (to commercial banks) and indirect (low-interest loans for state-owned companies and debt refinancing for mortgage holders). This led to increased state participation in the economy and growth in spending of public funds on subsidies for inefficient

companies. This policy was also driven by the need to keep up employment and to decrease social instability.

In order to sustain a high level of spending, the government had to borrow aggressively. As a result, its external debt has increased over seven times since 2008 and reached \$12bn in 2015. External debt of the public sector includes government external debt, government guaranteed external debt and external debt of state-owned companies (enterprises with 50 percent or more of shares controlled by government units). In 2015 the extended public sector's external debt reached \$32bn and accounted for 45 percent of the total external debt excluding intercompany lending (or 21 percent of the total external debt). State-owned banks had an external debt of almost \$6bn that was more than two times larger than that of private banks (\$2bn). State-owned companies owed almost \$14bn and comprised a quarter of the total external debt of non-financial corporations (excluding intercompany lending).²⁹

Summarizing, since 2008 the growth of the external debt was mostly driven by borrowings of the state and state-owned companies. Most of these funds were raised in order to sustain the increasingly inefficient public sector through subsidies in various forms and to implement aggressive investment programs set in state development programs. Although the new data on extended external public debt were available, since 2013 the government has not revised or adjusted its economic and fiscal policies. As a result a large portion of the public debt remains invisible for the

26 "Kazakhstan – Low Oil Prices, an Opportunity to Reform," World Bank, <http://www.worldbank.org/en/country/kazakhstan/publication/kazakhstan-economic-update-spring-2015>.

27 "Balance of Payments," National Bank of Kazakhstan, <http://nationalbank.kz/?docid=199&switch=english>.

28 "World Development Indicators," World Bank, <http://databank.worldbank.org/data/reports.aspx?source=2&series=DT.TDS.DECT.EX.ZS&country=KAZ>.

29 "Public Sector External Debt," National Bank of Kazakhstan, <http://nationalbank.kz/?docid=202&switch=english>.

government, parliament and the general population and might potentially cause a substantial risk to the economic stability in the country.

Case Studies on External Debt of State-Owned Companies

For more detailed case-analysis, I chose to look at state-owned companies with the largest debt: Samruk-

Kazyna fund and its subsidiary companies, the national oil company KazMunaiGas, and the national railway company Kazakhstan Temir Zholy (hereinafter KazTemirZhol). The analysis is based on public sources of information—news, official public records, and information from companies’ websites.

Box 1. Samruk-Kazyna

The Sovereign Wealth Fund “Samruk-Kazyna” (hereinafter Samruk-Kazyna) is a 100 percent state-owned fund and is the largest corporate entity in Kazakhstan. It was created in 2008 to implement anti-crisis measures, develop infrastructure, and diversify the economy away from oil.³⁰ In 2015 assets of Samruk-Kazyna were around \$65bn or 37 percent of the country’s GDP (\$92bn and 42 percent in 2014). Revenue of Samruk-Kazyna in 2015 was around \$10bn or 6 percent of GDP (13 percent in 2014).³¹

Samruk-Kazyna manages directly and indirectly over 500 companies, some of which are natural monopolies in areas ranging from airlines to commercial banks to telecom and pipelines. In all of these companies the state maintains the majority stake. The government transferred operational management to the holding company Samruk-Kazyna in order to increase the efficiency of the state-owned companies.

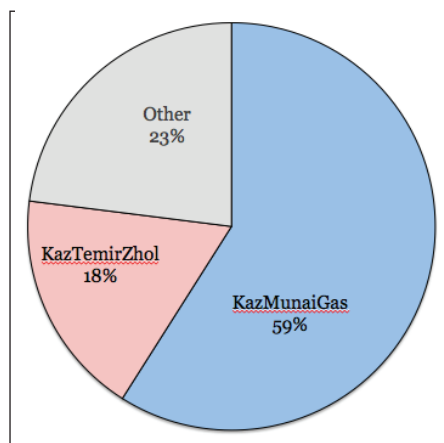
Samruk-Kazyna is managed under a separate law and the Law on Public Procurement does not regulate its procurement.³² This means that there is no direct control by the parliament over the expenses of Samruk-Kazyna. Moreover, the company is not directly linked to the state budget and is not part of the state budget process. Samruk-Kazyna is considered to be an entity separate from the government, even though the Prime Minister heads its board of directors.

Samruk-Kazyna’s debt/EBITDA ratio in 2015 was 4.9, meaning that it would take the company almost five years to fully repay its debts. In 2015 the company’s external debt grew by 10 percent and was equal to \$17bn, or 10 percent of the country’s GDP. Eighty percent of the debt is in foreign currency, while revenue is mostly in local currency, which lost half of its value in 2015.

Samruk-Kazyna has conflicting goals—on one hand, to increase the efficiency of its companies; on the other hand, to support the development projects of state programs. In addition, it also funds the image-conscious activities of the government, including but not limited to the 2011 Asian Winter Olympic Games; the Astana bike-racing team; the middle-weight champion of the world, boxer Gennady Golovkin; the 2017 EXPO World Fair in Astana; and the 2017 Winter Universiade in Almaty.

Samruk-Kazyna is thus Kazakhstan’s largest company and its financial stability directly affects the national economy. Samruk-Kazyna has strong ties with the government—it carries the burden of investment in social projects and state development programs and in return is guaranteed full support from the government. As a result, Samruk-Kazyna has accumulated significant debt and is currently facing an issue of increased interest payments. I expect that the government will continue to provide support for the debt repayment of Samruk-Kazyna.

Figure 3: Structure of the Debt of Samruk-Kazyna in 2015



Source: “2015 Consolidated Financial Statements,” Samruk-Kazyna Sovereign Wealth Fund, Almaty, April 11, 2016, <http://sk.kz/page/download/8835?lang=en>

30 Decree No. 669 “On some measures on competitiveness and sustainability of national economy,” Office of the President of Kazakhstan, October 13, 2008.

31 “Consolidated Financial Statements,” Samruk-Kazyna Sovereign Wealth Fund, Almaty, April 11, 2016, <http://sk.kz/page/download/8835?lang=en>.

32 “The Senate of Kazakhstan’s Parliament adopted the new Law ‘On the National Welfare Fund,’” Samruk-Kazyna Sovereign Wealth Fund, Almaty, January 11, 2012, <http://sk.kz/event/view/94?lang=en>.

Box 2. KazMunaiGas

The state-owned company with the largest debt is KazMunaiGas, the national oil company that accounts for a quarter of domestic oil production and comprises 45 percent of Samruk-Kazyna assets.³³ KazMunaiGas is comprised of two entities: “National Company KazMunaiGas” and its subsidiary, “KazMunaiGas Exploration and Production,” but given their joint responsibility for their debts I refer to them as to one entity.

Despite the high oil price period, the company has accumulated over \$17bn of debt.³⁴ The drop in oil prices resulted in an earnings squeeze for the company. Currently 100 percent of its earnings go to interest payments. Over 93 percent of the company debt is denominated in foreign currencies (primarily US dollars), while only 73 percent of its revenues and 51 percent of costs were US dollar denominated in 2015.³⁵ Devaluation of the local currency has thus increased its debt, which was mostly in foreign currency. This led to the situation of potential breach of its Eurobond covenants that has a limit of 3.5 on the company’s net debt/EBITDA ratio. The covenant breach would result in additional fees and changes in the conditions for its debt. In order to reduce the debt level, the company had to seek support from the government.

In July 2015 the state stepped in to help KazMunaiGas to reduce its debt levels. The NBK used \$4bn from the NFK that it manages on behalf of the government, to acquire from Samruk-Kazyna a 10 percent+1 share in KazMunaiGas. The transfer was part of a scheme whereby Samruk-Kazyna bought from KazMunaiGas a 50 percent share in KMG Kashagan BV for \$4.7bn.³⁶ The later company owns 16.88 percent in Kashagan operating company NCOC. It is important to note that the NFK was created in 2001 with the mission to reduce the oil dependency of Kazakhstan’s economy and to serve as a “future generations fund.” Instead, as a result of this operation, the NFK assets were used to support the highly indebted, inefficient state-owned oil company. In May 2016 assets of the NFK stood at \$65bn.³⁷

To cover its debt payments KazMunaiGas plans to sell all of its refineries and its network of gas stations in Kazakhstan, as well as its assets abroad. In December 2015 it reached an agreement with CEFC China Energy Company Ltd to sell 51 percent of its subsidiary company KazMunaiGas International (KMGI, formerly Rompetrol Group). Key assets of KMGI are a 100,000 barrels-per-day refinery and a 400,000 tonnes-per-year fertilizer plant in Romania, along with nearly 1,000 petrol stations in Romania, Spain and France. For this deal KMGI was preliminarily valued between \$0.5bn and \$1bn.³⁸ It is worth noting that KazMunaiGas has spent \$3.6bn to buy this asset (75 percent in 2007 and 25 percent in 2009).³⁹

In order to reduce its debt in April 2016 KazMunaiGas also signed a deal to sell its future oil exports from its 20 percent stake in the largest Tengiz oil field. The loan of \$3bn was provided by the commodities trader Vitol in cooperation with six international banks. The price of the loan is estimated at around 185 basis points over LIBOR.⁴⁰ KazMunaiGas will thus get no dividends from Kashagan after the project starts commercial oil production.⁴¹ Kashagan oil field was called “the world’s most expensive energy project in history (\$116bn)” by CNN⁴² and dubbed “Cash-All-Gone” by The Economist.⁴³ The complexity level and harsh conditions of this offshore project are often compared to Arctic oil projects. To cover the development costs and generate reasonable profits from oil production at this field, an oil price of over \$100 per barrel is required.⁴⁴ In the low oil prices environment there is a high risk that this offshore oil production site could turn into a white elephant project.

The government’s support to KazMunaiGas through getting money from further privatization is limited. Valuation of the company is under pressure from low oil prices, high debt level, and the non-investment rating of the company. The government currently owns only 58 percent of KazMunaiGas and I expect that the government would want to keep at least a majority stake in the company given its strategic importance for the country’s economy. KazMunaiGas is thus not capable of generating enough revenue to cover its interest payments. Currently, the company is selling off its assets and future revenue stream in order to meet the Eurobond covenants. In 2015 the government stepped in to provide additional funds to cover its debt. Given there is no significant increase in the oil prices, I expect that this situation will continue and that the company will require more support from the government

33 “2014 Annual Report,” Samruk-Kazyna Sovereign Wealth Fund, <http://sk.kz/section/6928?lang=en>.

34 “Fitch Affirms National Company KazMunayGas at ‘BBB’; Outlook Stable,” Fitch Ratings, July 1, 2015, <https://www.fitchratings.com/site/pressrelease?id=987258>.

35 “Fitch Affirms National Company KazMunayGas at ‘BBB-’; Outlook Stable,” Fitch Ratings, June 30, 2016, <https://www.fitchratings.com/site/pressrelease?id=1008234>.

36 Lillis, J. “Kazakhstan: Central Bank Steps In To Prop Up Cash-Strapped Oil Giant,” *Eurasianet.org*, July 31, 2015, <http://www.eurasianet.org/node/74466>

37 “International Reserves and Assets of the National Oil Fund,” National Bank of Kazakhstan, <http://nationalbank.kz/?docid=180&switch=english>.

38 Aizhu, C. “China’s CEFC to take control of unit of Kazakh state-run oil firm,” *Reuters*, December 15, 2015, <http://www.reuters.com/article/china-kazakhstan-idUST9N0NH05G20151215>

39 “KazMunayGas and Rompetrol Holding SA Announce the Acquisition by KazMunayGas of a 75 Percent Interest in the Rompetrol Group NV,” *Rompotrol*, <http://www.rompotrol.com/kazmunaygas-and-rompetrol-holding-sa-announce-acquisition-kazmunaygas-75-interest-rompetrol-group-nv>.

40 Reid, H. “KazMunaiGas signs \$3bn prepayment deal as it reduces debt pile,” *TXF*, April 1, 2016, <http://www.txfnews.com/News/Article/5500/KazMunaiGas-signs-3bn-prepayment-deal-as-it-reduces-debt-pile#>.

41 “Fitch Affirms National Company KazMunayGas at ‘BBB-’; Outlook Stable”

42 Hargreaves, S. “10 most expensive energy projects in the world,” *CNN Money*, August 27, 2012, <http://money.cnn.com/gallery/news/economy/2012/08/27/expensive-energy-projects/10.html>.

43 “Cash all gone,” *The Economist*, October 11, 2014, <http://www.economist.com/news/business/21623693-one-worlds-biggest-oil-projects-has-become-fiasco-cash-all-gone>.

44 Putz, C. “Will Kashagan Be Pumping by the Fall?,” *The Diplomat*, April 6, 2016, <http://thediplomat.com/2016/04/will-kashagan-be-pumping-by-the-fall/>.

Box 3. KazTemirZhol

National railroads company KazTemirZhol is the largest employer in the country, with more than 150,000 employees. It provides employment in rural and remote areas and bears obligations to support social infrastructure throughout the country. The company accounts for half of all cargo traffic in Kazakhstan. Its operations have a significant impact on the economy, as railroad transportation costs are reflected in almost all goods produced and consumed in the country.

In 2014 KazTemirZhol accounted for 15 percent of total assets of Samruk-Kazyna.⁴⁵ The company has been investing aggressively to fulfill the government's agenda on infrastructure development. In 2015, KazTemirZhol saw a 12 percent drop in revenues and profitability, driven by a decline in transit of passengers and because there was no tariff indexation that year. Another negative factor was a 14 percent drop in freight volume due to a decline in commodities exports to China and trade imbalances caused by the devaluation of the Russian ruble. KazTemirZhol generates 80 percent of its revenue in local currency. In addition, the company's ability to increase prices for its services is limited by its status as a national monopoly. Any significant price increase would directly impact the competitiveness of local producers.

By 2015 KazTemirZhol has generated \$6bn of debt, half of which was in foreign currency. Adjusted debt/ EBITDA of the company was around 10, meaning that it would need 10 years to repay its debt. Revenues that KazTemirZhol generated in 2015 were not enough even to cover the interest payments on its debt.⁴⁶ As a result, in April 2016 the government had to step in and provide support to KazTemirZhol to refinance its \$350 million bond. The government provided funding by purchasing the company's new KZT50 billion (around \$150mn) local bond using the money of the IAPF state pension fund. Money from the pension fund was provided in local currency. Therefore, the currency risk was moved from an inefficient state-owned company to the future pension savings of the people of Kazakhstan. There was no public or parliamentary discussion held on that decision. The remaining funding for bond repayment was provided by Samruk-Kazyna and the EBRD (\$100mn) and a loan from Halyk bank (\$100mn).⁴⁷

KazTemirZhol faces a high risk of "credit cliff" due to the decline in its revenue, high indebtedness, and its non-investment rating. In addition to that, the company bears the cost of extensive social obligations that would be difficult to cut during the crisis time. I expect that KazTemirZhol will not be able to service its debts and that the government will continue to provide support for the company.

Policy Issues of Managing the External Debt of State-Owned Companies

State-owned companies always have strong ties with the government. For example, the current CEO of Samruk-Kazyna is a former deputy prime minister, while its Board of Directors is headed by the Prime Minister and includes several current members of the cabinet. Another example: in May 2016 the head of another state-owned fund, Baiterek, exchanged seats with the Minister of Economy. It is no surprise that the government perceives state-owned companies as its second budget to implement social and development programs and that this leads to inefficient use of funds and to large corruption.

Since the country gained independence, political stability in Kazakhstan has been based on the economic success of the country. The social contract has rested on a semi-official consensus that can be summarized as "Economy First, Politics Later," meaning that democratic reforms should be implemented gradually and should follow the increase in average income. The current crisis poses a real risk to the preservation of this status quo. The main reason for that judgment is that the nature of the crisis stems from the current economic model, which is

based on exports of raw materials (oil, metals, grain) that can no longer be sustained due to a decrease in global demand. This means that changes in the social contract will become inevitable if the government is not able to find a new growth driver to substitute for oil exports. Otherwise the government will have to move toward a new economic model that should be based on broader liberalization and a lower level of state participation in the economy.

Currently the issue of the debt of state-owned companies remains excluded from the agenda of the government. There is not enough detailed information on the current status of indebtedness of the quasi-public sector. The government's economic policy and budget plan does not include the risk of defaults of state-owned companies. Moreover, public awareness of this problem and its potential impact on the economic and social development in the country remains limited. The government does not want to acknowledge the issues of the invisible public debt and, as a result, at some point it might be forced to cut budget spending on social and development programs in order to cover the debt of state-owned companies.

45 "2014 Annual Report," Samruk-Kazyna Sovereign Wealth Fund, <http://sk.kz/section/6928?lang=en>.

46 "Moody's confirms ratings of KTZ and KTT; Negative outlook," *Moody's*, April 27, 2016, https://www.moody.com/research/Moodys-confirms-ratings-of-KTZ-and-KTT-negative-outlook--PR_347964.

47 *Ibid.*

Conclusions

During the period of high oil prices, rating agencies assigned high ratings to the debt of state-owned companies. Their evaluation was predominantly based on one assumption: “extremely high likelihood that the state will provide sufficient and timely tangible support when needed.”⁴⁸

In this paper I have presented two cases of state support to state-owned companies. First, the NBK has provided funds to KazMunaiGas from the NFK. The Fitch agency called this “a clear reflection of the state support.” Second, the government used public funds from the pension system to refinance the debt of KazTemirZhol. At the same time, the prime minister stated that “the government will not be responsible for the debts of Samruk-Kazyna.”⁴⁹

A large portion of the public debt in Kazakhstan remains invisible to the general public. The government avoids taking the responsibility for this situation and does not develop a policy to prevent further build-up of the debt of state-owned companies. This debt was accumulated during the oil-boom period and it will define the economic well-being of people in Kazakhstan in the long-term future. Preserving the status quo on this issue will lead to further worsening of the situation, with the current government of Kazakhstan passing on to the next generation not savings but debts. This will seriously damage the country’s ability to achieve sustainable economic development in future. The invisible public debt accumulated by state-owned companies should thus be recognized as part of the government debt. I presented clear evidence that the state *de-facto* provides support to state-owned companies to service their debt payments. In order to respond to this issue the government has to *de-jure* recognize the existence of the invisible public debt and include it in its economic policy.

Policy Recommendations

My recommendations for the government include four major steps.

- As a *first* step, the government needs to recognize the problem. It should include invisible public debt in the government’s economic policy. The government could start with creating a working group on the debt of state-owned companies that should be headed by the Prime Minister. The current state of state-owned companies’ debt and guidance on its

size should be discussed at Parliament sessions as part of the annual budget process.

- The *second* step is to stop further debt increases. The government has to put a cap on the total debt of Samruk-Kazyna and on individual state-owned companies. As a possible cap I suggest using a threshold on the debt/EBITDA ratio. It also might be wise to allocate funds within the state budget that could be used to provide support to state-owned companies for repaying the interest on their debt.
- The *third* and most important step is to start to control the invisible public debt. The debt of state-owned companies should be included in the budget process and should be approved by the Parliament. The management of Samruk-Kazyna should present the results of its work to the Parliament on an annual basis. The Parliament should make decisions regarding remuneration of the top management of the state-owned companies based on their meeting goals and key performance indicators, including the target on the company’s debt.
- *Fourth*, the government should ensure a higher level of transparency and data availability. Given the size and importance of the state-owned companies in the national economy, the government as a major shareholder should oblige state-owned companies to disclose detailed information on their debt and make it publicly accessible. This information should be monitored and analyzed closely by the government, the Parliament and civil society to ensure budget discipline, and by the NBK as part of its financial stability assessment. The NBK should publish data on the external debt of the quasi-public sector fully in accordance with international standards. It is vital that the government and the NBK ensure timely and accurate reporting of the debt figures to the international organizations, in order to guarantee the transparency of the public debt and maintain long-term credibility.

A recommendation for *international organizations* is to give more attention to the quality of their databases on the foreign debt of countries. I also advise putting more emphasis on ensuring the adoption and use of the latest methodology for official data reporting by member countries. Unreported data on the debt can potentially lead to omitting crucial factors when analyzing the economic performance of a country, which significantly impacts the quality of the analysis and policy recommendations.

48 “Fitch Affirms National Company KazMunaiGas at ‘BBB-’.”

49 “Official response to the request of parliament members No. 20-11/5112 on January 5, 2016,” Office of the Prime Minister of Kazakhstan.

Appendix

Table 1. Dynamics of the External Government Debt

Year	Government Debt (GD), \$bn	Gov. Guaranteed Debt (GGD), \$bn	GD + GGD as Percent of Total External Debt	GD and GGD as Percent of Total External Debt, Excluding Inter-Company Lending
2005	1.58	0.59	5.0	9.0
2006	2.57	0.55	4.2	6.4
2007	1.60	0.50	2.2	3.1
2008	1.65	0.51	2.0	3.2
2009	3.24	0.49	3.3	5.9
2010	4.80	0.31	4.3	7.8
2011	5.05	0.44	4.4	8.8
2012	5.47	0.47	4.3	8.6
2013	5.76	0.50	4.2	8.3
2014	8.29	0.42	5.5	11.2
2015	12.19	0.67	8.4	18.0

Source: "External Debt," National Bank of Kazakhstan, <http://nationalbank.kz/?docid=202&switch=english>

Table 2. Dynamics of the External Public Debt

Quarter	Public Sector External Debt (PSED) in \$bn	PSED as Percent of Total External Debt	PSED as Percent of Total External Debt, Excluding Inter-Company Lending
1Q'13	30.66	21.9	41.7
2Q'13	33.83	23.3	43.5
3Q'13	32.60	22.0	41.4
4Q'13	33.05	22.2	41.7
1Q'14	32.94	21.8	40.9
2Q'14	34.60	22.2	41.6
3Q'14	34.43	22.2	42.9
4Q'14	35.98	22.9	45.5
1Q'15	35.98	22.9	45.5
2Q'15	31.71	20.4	42.5
3Q'15	33.99	21.8	45.4
4Q'15	32.46	21.1	44.8

Source: "Public Sector External Debt," National Bank of Kazakhstan, <http://nationalbank.kz/?docid=202&switch=english>

Table 3. NBK Quarterly Report Form on Public Sector External Debt (in Mln \$)

Items	12/31/ 2015
Public Sector External Debt*	32,456
<i>Short-term</i>	282
<i>Long-term</i>	32,173
General Government	11,292
<i>Short-term</i>	0
<i>Long-term</i>	11,292
Central Bank	900
<i>Short-term</i>	77
<i>Long-term</i>	823
Banks and Other Sectors	19,422
<i>Short-term</i>	205
<i>Long-term</i>	19,216
Banks and other financial corporations	5,774
<i>Short-term</i>	17
<i>Long-term</i>	5,757
Nonfinancial corporations, households, and NPISHs	13,648
<i>Short-term</i>	188
<i>Long-term</i>	13,460
Direct Investment: Intercompany Lending	843
Memorandum item:	
Private Sector External Debt	121,001
<i>Short-term</i>	6,166
<i>Long-term</i>	114,834
Banks and Other Sectors**	40,004
<i>Short-term</i>	6,166
<i>Long-term</i>	33,838
Direct Investment: Intercompany Lending	80,997
Total External Debt of Kazakhstan	153,456
<i>Short-term</i>	6,448
<i>Long-term</i>	147,008

Source: "Public Sector External Debt," National Bank of Kazakhstan, <http://nationalbank.kz/?docid=202&switch=english>

*Public Sector External Debt covers:

- Liabilities of the General Government, Monetary Authorities;
- Covers liabilities those entities in the banking and other sectors that are public corporations, i.e. non-financial or financial corporations which are the subject to control by government and monetary authorities. Control is established (directly or indirectly) through ownership of more than half of the voting shares or otherwise controlling more than half of the shareholder voting power;
- Publicly guaranteed external debt.

**According to the article 8 of the Law of Republic of Kazakhstan "On governmental statistics" information which allows directly or indirectly determine the respondent is considered confidential and is allowed to be published only if there is an agreement from the respondent. As a result the sector "Banks" is united with sector "Other sectors."

Abbreviations

EBRD	European Bank for Reconstruction and Development
IAPF	Integrated Accumulative Pension Fund of Kazakhstan
IMF	International Monetary Fund
KMGI	KazMunaiGas International
KPI	Key Performance Indicator
KZT	Kazakhstani Tenge
MOFK	Ministry of Finance of Kazakhstan
NBK	National Bank of Kazakhstan
NCOC	North Caspian Operating Company
NFK	National Fund of Kazakhstan
OECD	Organisation for Economic Co-operation and Development
TNC	Transnational Corporation
WB	World Bank

An Ideal Investor to Come: Diversification of the Energy Exports of Turkmenistan

Nazik Muradova¹ (2015)

Turkmenistan possesses one of the world's largest gas reserves. Today, the country has the capacity to supply as much as 50–80 bcm of natural gas per year, and could double that output with the necessary infrastructure in place. However, the absence of geological surveys and feasibility studies prevents investors from evaluating the benefits of potential cooperative projects, and thus does not create much room for reaching concessions and consensus between foreign investors and state authorities.

In 1995, the UN General Assembly unanimously adopted resolution A/50/80, recognizing and supporting the permanent neutrality of Turkmenistan.² Given this neutral political stance, Turkmenistan does not aspire to participate in the competition for geopolitical influence in Eurasia and prefers to work with governments who are long-term and more reliable partners rather than private companies. As long as Turkmenistan meets its budgetary demands, the country's foreign policy goals and regional energy projects remain in line with the selected policy of permanent neutrality. However, given Eurasian dynamics and an increasingly fragile political balance, Turkmenistan potentially risks having its energy exports monopolized by a single importer, which jeopardizes national sovereignty and economic independence of the state.

During the 1990s–2000s, Turkmenistan's major gas importer changed from Russia to China. Iran has been a partner, but the volumes of imported natural gas from Turkmenistan cannot beat the current Chinese monopoly. Meanwhile, Europe has been slow on promoting the trans-Caspian project of delivery of natural gas from Turkmenistan, and there is little prospect for future EU support. Hence, Turkmenistan's aspirations to diversify its energy exports are challenged by geographical and geopolitical interplay, as well as the country's own position

on the distribution of energy contracts and cooperation with foreign investors.

While state security has always been a priority for Turkmenistan, the country's energy resources shall either help it to survive political and economic pressures from importers and strengthen national sovereignty, or lead to its ruin under the manipulation of the foreign actors controlling export routes and/or loans for the development of energy fields in the country.

This policy brief provides background on Turkmenistan's current position, and considers common ground for establishing cooperative relations between the country and foreign investing companies. It argues that there are legitimate concerns for Turkmenistan's government regarding risks related to distribution of the contracts, and provides an overview of potential effective ways for their regulation.

Turkmenistan's Resources

Turkmenistan possesses the world's fourth or fifth largest gas reserves, according to the only independent audit conducted in the country by British Gaffney, Cline, and Associates in 2008 and 2009.³ The Energy International Agency estimates "292 trillion cubic feet of natural gas in proved and probable reserves in the Caspian basin," including approximately 265 trillion cubic feet (Tcf) in Turkmenistan alone. This is a significant increase from the 94 Tcf estimated in 2009 in the *Oil and Gas Journal*.⁴

Gas reserves bring major and critical budget revenues. According to the Resource and Governance estimates, natural gas and oil exports count for 44% of Turkmenistan's budget revenues.⁵ The official data presented to the Asian Development Bank reported the energy sector constituted 90% of the total Turkmen exports, and contributed to almost the totality of an 11.4% industry expansion in 2014.⁶ Although Turkmenistan

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2 "Fifteen Years of Turkmenistan's Permanent Neutrality Brought Steady Realization of Nation's Aspiration to Become Force for Progress, Says Secretary-General," United Nations, December 10, 2013, <http://www.un.org/press/en/2010/sgsm13316.doc.htm>.

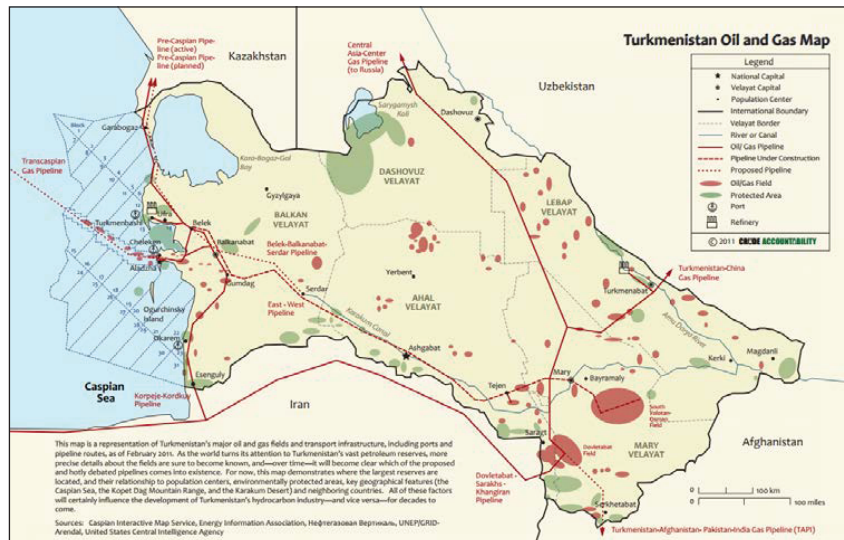
3 Foster, J. "Afghanistan, the TAPI Pipeline, and Energy Geopolitics," *Journal of Energy Security*, March 23, 2010, http://ensec.org/index.php?option=com_content&view=article&id=233:afghanistan-the-tapi-pipeline-and-energy-geopolitics&catid=103:energysecurityissuecontent&Itemid=358.

4 "International energy data and analysis," US Department of Energy, 2014, <http://www.eia.gov/countries/country-data.cfm?fips=tx>.

5 "The 2013 Resource Governance Index," Revenue Watch Institute, http://www.resourcegovernance.org/sites/default/files/country_pdfs/turkmenistanRGI2013.pdf.

6 "Turkmenistan: Economy" Indicators," Asian Development Bank, 2015, <http://www.adb.org/countries/turkmenistan/economy>.

Map 1. Turkmenistan Oil and Gas



Source: Eurasian Security, <http://www.eurasiansecurity.com/energy-geopolitics/turkmenistan-pipeline-completing-east-west/>

Figure 1. TKM's Natural Gas Production Distribution

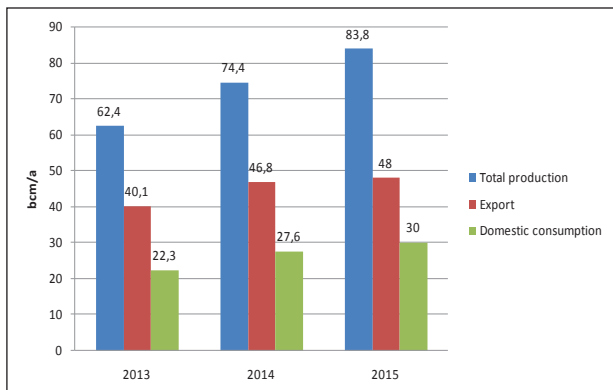
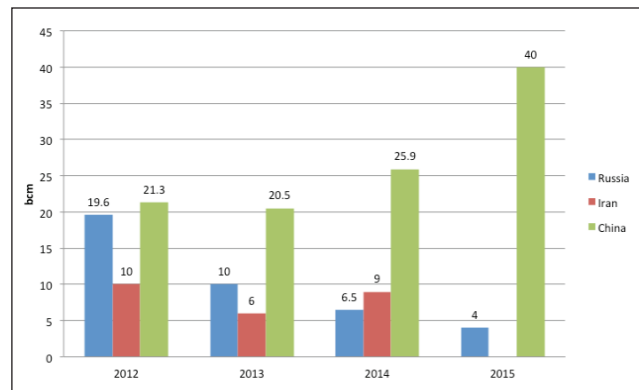


Figure 2. TKM's Export of Natural Gas



Source: Author's own figures

diversified its economy by creating manufacturing industries in textiles and food production, construction, and machinery, the energy sector still remains the main source of income and funding for national development programs. Therefore, the government makes an effort to ensure that those revenues serve national interests rather than line the pockets of private companies.

Turkmenistan does not aspire to participate in the competition for geopolitical influence in Eurasia. The country is not integrated into the regional energy trade and seeks individual solutions and bilateral partnerships in the diversification of energy production and exports. Given the current geopolitical makeup of the region, and Turkmenistan's position within it, it is key for its future independence and long-term foreign policy objectives

to diversify its gas market. Unfortunately, at present, Turkmenistan's gas market is highly monopolized, which jeopardizes the financial security of the state, and could potentially have political implications on state sovereignty. The Turkmen gas market is highly dependent on exports to China. Indeed, in 2014, almost 60% or 25.9 bcm of the 46.8 bcm in total exports were exported to China, while a mere 6.5 bcm went to Russia and 9 bcm to Iran.

The projected production of natural gas for 2015 is estimated at 83.8 bcm with 40 bcm exported to China alone and 4 bcm to Russia with further reduction.⁷ Projections by China National Petroleum Company (CNPC) and the Turkmen government envisage exports to China rising to 40–55 bcm in 2015 and 65 bcm by 2020.

7 "Milestone Year for Turkmen Gas Export to China?," Natural Gas Europe, February 10, 2015, <http://www.naturalgaseurope.com/milestone-year-in-turkmen-gas-export-to-china>.

Building a diversified energy export strategy is particularly important as the government announced the commercial development of the world's second largest natural gas field, Galkynysh, located in the south-west of the country. Galkynysh is expected to produce more than 1 Tcf when it completes phase 1 and an additional 1 Tcf when phase two is completed by 2018.⁸ In addition, other large operating sites are in development too, namely Dauletabad, Malai, Korpeje, Bagtyyarlyk (SamanDepe and AltynAsyr), and Shatlyk.

Background

In Soviet times, Turkmenistan was the second largest natural gas exporter after the Russian Federation (RSFSR). Russia supplied 92 bcm and Turkmenistan 78.7 bcm to the republics within the Soviet Union. Under this system, Turkmenistan received a hard-currency quota to export 13 bcm to Europe.⁹ For comparison, Azerbaijan produced 8 bcm per year, all consumed locally.¹⁰

While Russia and Turkmenistan served as the main gas sources for the Soviet Union, Azerbaijan served as one of its major oil sources. However, the paths of the two southern countries took very different directions after acquiring independence. While Azerbaijan's president, Ilham Aliyev, did everything possible to reconnect with the West using historical memories of Baku as the oil source to Western countries, Turkmenistan's president, Saparmurat Niyazov, continued the pattern of exporting mainly to Russia. Moscow continued to buy about 30 bcm per annum of Turkmen gas for re-export to Europe, using traditional Soviet pipeline routes based on the South-North axis. This meant that Turkmenistan continued to receive income from its gas production without any disruption, which met the country's budget needs and did not require urgent foreign investment.

However, the system of mutual support and interdependence of post-Soviet states started to collapse by the mid-1990s, when accumulated debts for energy imports, as well as changing global prices for energy, pushed Turkmenistan to demand reconsideration of the prices and payment of debts. Russia's repeated attempts

to control the prices of Central Asian gas supplies, as well as a major explosion on the pipeline in 2009 in Turkmen territory resulted in a sharp drop of the export levels to Russia.¹¹ Gazprom steadily cut imports from Turkmenistan, and in 2015 announced the import of a mere 4 bcm compared to 20 bcm in 2012.¹²

To diversify its exports, the Turkmen government turned to Iran, and then to China. The latter gradually became the main client of Turkmen gas. China also provides major loans to Ashgabat for the construction of downstream infrastructure, such as the Central Asian-China pipeline, and holds a PSA for the development of the Bagtyyarlyk site—one of the largest onshore gas sites in Turkmenistan (see below).

Attempts by the Turkmen government to diversify exports and partnerships with other countries have been hampered by geopolitical realities. Iran and Turkmenistan are connected by two pipelines, the Dauletabad-Sarakhs-Khangiran and the Korpeje-Kordkuy, with a total capacity of 20 bcm per annum that could serve as a potential venue for transfer of Turkmen natural gas to Turkey and Europe via Iran. However, even if Western sanctions against Iran were to be lifted, Iran's own enormous gas deposits would become attractive for Western importers and there would be few incentives for foreign firms to invest in its Turkmen neighbor. The Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline could open up for Ashgabat an untapped market in South Asia, but the project implementation is held back by the conflict in Afghanistan. Azerbaijan could provide transit for Turkmen gas to Europe, but Baku and Ashgabat have been unable to reach an agreement on their territorial issues in the Caspian Sea.¹³ Both Iran and Russia are not in favor a trans-Caspian pipeline project, while the European Union and the United States have been reluctant to provide any kind of high level political commitment to it. For example, while some EU officials have declared they are expecting to receive Turkmen natural gas by 2019, Undersecretary of State and Latvian Minister of Foreign Affairs, Eduards Stiprais, stated that the EU cannot provide any support to the trans-Caspian project as the EU is not willing to trade one exporting monopoly of Russia for another.¹⁴ These statements indicate the EU

8 "Galkynysh Gas Field, Turkmenistan," *Hydrocarbons Technology Market and Customer Insight*, 2015 <http://www.hydrocarbons-technology.com/projects/-galkynysh-gas-field-turkmenistan/>.

9 Ciarreta, A., and Nasirov, S. "Analysis of Azerbaijan Oil and Gas Sector," United State Association for Energy Economics, 2011, http://www.usaee.org/usaee2011/submissions/onlineproceedings/ciarreta_nasirov-article1.pdf.

10 Ibid.

11 Vavilov, A. and Trofimov, G. "The Struggle for Pipelines: Gazprom's Attempts at Strategic Expansion in the "Near Abroad," The Centre for Research on International Financial and Energy Security, PENN State, 2013, http://crifes.psu.edu/papers/workingpaper_struggleforpipelines0913.pdf.

12 "Milestone Year for Turkmen Gas Export to China?," *Natural Gas Europe*, February 10, 2015, <http://www.naturalgaseurope.com/milestone-year-in-turkmen-gas-export-to-china>.

13 Miyamoto, A. "Natural Gas in Central Asia: Industries, Markets and Export options of Kazakhstan, Turkmenistan and Uzbekistan," Royal Institute of International Affairs, Energy and Environmental Programme, 1997.

14 "Latvian Presidency and EU Policy Towards Central Asia," Central Asia-Caucasus Institute and Silk Road Studies Program, CACI Forum, April 28, 2015, <http://www.silkroadstudies.org/forums-and-events/item/13151-latvian-presidency-and-eu-policy-towards-central-asia.html>.

and US's inability or unwillingness to give high profile support to Central Asia's energy diversification, pushing local governments to deal with regional powers such as Russia and China, and with private investors on their own.

While Turkmenistan is a landlocked country in the heart of Eurasia, its current energy exports are not limited solely by the country's location. Instead, Turkmenistan's position should be considered in the light of national security considerations in relation to foreign investment in gas production. The country does not tolerate political risks that could potentially come attached to economic opportunities when it comes to opening up its market to foreign investors. The government is not willing to trade its untapped resources and let foreign investors exploit them in exchange for promises of massive income. Hence, the most important condition that the leadership of the country puts forward is the backing of private companies' projects by their respective government to ensure sustainability of the cooperation. This condition brings a long-term guarantee of stability and risk assurance for Turkmenistan, but also limits the opportunities for private companies to invest in the country.

The Private Sector in Turkmenistan

Private foreign companies are interested in upstream investments and obtaining Production Sharing Agreements (PSAs). PSAs involve the "management" of lucrative energy fields, as well as control over the regulation of expenses and payments. Turkmenistan prefers to hand out JVAs (Joint Activity Agreements) for downstream infrastructure (pipeline) projects that do not provide as much leverage over resource extraction and profit making as a PSA does. It is open to providing PSA agreements to the private companies working on extraction of oil; however, the most profitable contracts are those that include gas production. JVAs require cooperation with the state company Turkmengas, and sometimes with a number of other partners, which brings an additional layer of control from the side of the partner organizations and companies.

As of 2015, only two companies hold PSAs for development of the onshore gas sites:

- China National Petroleum Corporation International (2007): Onshore Bagtyyarlyk Contract Area on the right bank of Amu-Darya River in the east of the country. 19.8 million cubic

meters of oil per day in 2013 and 8 bcm of natural gas per year in 2014.¹⁵

- Burren Resources Petroleum Limited (1996, acquired by the Italian ENI in 2007–2008): Onshore Neibitdag Contract Area in western Turkmenistan. 30,000 barrels of oil per day in 2007, 12,000 barrels of oil per day in 2009. New PSA order to produce natural gas and transport condensed gas through the Caspian Sea to Azerbaijan.¹⁶

The terms and provisions of Model PSA and Model JVA, as well as legal provisions of the Petroleum Law of Turkmenistan, do not create extraordinary barriers to operations conducted by foreign investors within the country. On the contrary, as Shaw and Gregorian note, the change in the legal framework demonstrates a significant shift towards "more flexible forms of organization of petroleum operations to a large extent based on the international industry standards and experience."¹⁷ However, while Turkmenistan brought its legislation in line with international standards, it is not eagerly opening up its resources to foreign private companies due to a number of risks existing in public-private relations which affect the security of the state. This paper suggests possible regulations to mitigate such risks to the country.

How to Structure the Relationship between the State and Private Companies

A productive relationship between a state and a private company requires transparency and predictability on both sides. There are three main issues to be considered when structuring public-private relationships: first, selection of companies; second, the type of agreement; third, mechanisms of financing. The regulations around these three risk issues shall be guided by the following general framework:

- Turkmenistan possesses rich natural resources that contribute the majority of its budget revenues. Therefore, the government has very high stakes and responsibility for the potential failure of some projects, which explains why it is risk averse and does not open up its industry easily.
- The overall purpose of risk regulation in Turkmenistan should be to provide an incentive to private companies to maximize their efforts and to be rewarded by the government. In turn, this

15 China National Petroleum Corporation, <http://www.cnpc.com.cn/en/>.

16 "ENI (Burren Energy PLC)," *Who is Who Campaign*, Crude Accountability, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/eni-burren-energy-plc/>.

17 Shaw, K.L., and Gregorian, L.L. "Legal Status of Production Sharing Agreements in Turkmenistan," Presented at the 4th Annual Seminar on Production Sharing Agreements in the CIS, March 21, 2001, <https://www.mayerbrown.com/Files/Publication/f2b77a0c-5cc9-4af7-a6e6-e9c9910d9d21/Presentation/PublicationAttachment/49120c94-3bbf-4524-bbef-ec9cb727e82b/820.pdf>.

would bring maximum profit to the host state. An ideal type of regulation would involve monitoring and assessment rather than intervening in the operations and termination of the contracts as punishment for a failure.

- The goal of any type of cooperation should be enhancement and capacity building in the country that promotes sustainability of the industry and local communities. The key to monitoring and increasing the effectiveness of the social investment is capacity building, which requires empowerment of local community groups by the local government, as well as by private companies.

Selection of Companies

There are several risks related to the process of selection of the companies that any government is exposed to: fraud, conflicting laws and regulations, corruption, manipulation, and reputational risks.

First, it is important to have a guarantee that the company is able to fulfill its obligations and promises.¹⁸ For example, a company may declare that it intends to invest one billion dollars, whereas in fact it only possesses \$500 million. Compensation and penalty clauses are meaningless unless the company has the capacity to fulfill its contractual obligations if conflicts arise. The best practice to regulate this type of risk would be to ensure that companies follow domestic laws. To this effect, Turkmenistan has introduced the mandatory registration of branch offices of private foreign companies.

Second, the laws and regulations of the company's country of origin affect the relations between the host government and private companies. That might create a number of obstacles and disadvantages for the host state in case of dispute resolution over the conduct of operations and delivery of services. One such regulation is the anti-monopoly regulation, or the unbundling rule, of the EU's Third Energy Package,¹⁹ wherein a company that develops a site cannot own the transmission and distribution capacity of the energy. This practice of dismantling an energy monopoly in the electric power sphere was replicated in the oil and gas industries, which created a number of disagreements and raised an important question over operation of the site and the pipeline.

Third, the mutual requirement of a good reputation makes both sides cautious of cooperation. "While private companies would be very hesitant to enter into contract with a country perceived as an unreliable partner, governments, on the other hand, worry about the risk of doing business with a firm that has a history of either not finishing projects or trying to renegotiate its work and other obligations. Additionally, defaulting might make it difficult to obtain investment funds for future ventures."²⁰

Lastly, a host country will need to manage public opinion and relations with civil society. There are a number of mechanisms that can be put into place to create a transparent bidding process. Local NGOs can be empowered to monitor and follow the process and assess projects in terms of the benefits to the community. Turkmenistan would do well to enhance human capacity in this regard. Transparency measures would also limit opportunities for corruption and manipulation perpetrated by private companies.

Thus, Turkmenistan as a host state assumes not only economic but also political risks. While the host country is in a position to take any lawful or unlawful action against an investor, it is not necessarily the case that the government would take advantage of this position as it hurts the image of the state and decreases the number of potential investors.

The Type of Agreement

There are two main types of agreements – A Production Sharing Agreement (PSA) and a Joint Venture Agreement (JVA).

A PSA is a type of contract whereby the host state awards the exploration and production rights of a resource to a company in exchange for a share of the profits from the production of the resource. In Turkmenistan PSAs are structured based on the international Model PSA.²¹ Since only a few new agreements were signed in the last several years, the type of PSA is universal for all companies. The PSA authorizing body in Turkmenistan is the National Committee for Hydrocarbon Resources.

PSAs became common in Asian countries starting in the 1950s because they offered an alternative to the concessions practiced during colonial time and formalized the relations between the host state and the

18 "Promising Notes Can Be Less Than Promised," Financial Industry Regulatory Authority, July 14, 2014, <http://www.finra.org/investors/alerts/promissory-notes-can-be-less-promised>.

19 Deni, J.R. "Russia and Energy Markets," in J.R. Deni, ed., *New Realities: Energy Security in the 2010s and Implications for the US Military* (Carlisle, PA: U.S. Army War College, January 2014), 15–46.

20 Bindemann, K. "Production-Sharing Agreements: an Economic Analysis," *WPM No. 25*. Oxford Institute for Energy Studies, Oxford, October 1999, <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/WPM25-ProductionSharingAgreementsAnEconomicAnalysis-KBindemann-1999.pdf>.

21 Johnston, D. *International Petroleum Fiscal Systems and Production Sharing Contracts* (Tulsa, OK: Penn Well Publishing Company, 1994).

**Box 1: Bridasand JV Yashlar vs. Turkmenistan.
Unforeseen Risks Related to the Process of Selecting Companies**

The first case of Turkmenistan's participation in arbitration took place in 1996. Bridas SAPIC of Argentina signed JVA Yashlar in 1991 after a bidding process for the Yashlar gas site in Turkmenistan was facilitated by US WaveTech Geophysical Inc. owned by Mr. Edward Gendelman. The dispute revolved around the contract between Bridas and the Turkmen government. The parties disputed whether the agreement was extant and should be respected or declared void. The parties called for compensation for the alleged breaches. Bridas urged the court to declare Turkmenistan guilty of being in breach of the agreement of JVA Yashlar; whereas Turkmenistan argued for improper procedures, numerous repudiatory breaches of the agreement and of the fiduciary duties of Bridas. The Turkmen government also asked to grant award for the termination of the agreement because it had been frustrated by reason of supervening circumstances.

Based on hearings and available documents it was revealed that WaveTech and Bridas arranged the bidding in a way that, while twenty companies expressed their interest in bidding for JVA Yashlar, no company other than Bridas qualified for participation. As a facilitator of the bid, Wavetech gained enough trust and influence over the Turkmen government that it convinced it of the benefit of the contract with Bridas over JVA Yashlar. The agreement was signed with a 25%/75% share for Turkmengeologiya and Bridas respectively.

JVA Yashlar was obliged to prevent loss and the waste of hydrocarbons and provide monthly reports on daily production quantities. During their operations, JVA Yashlar committed repudiatory breaches, such as ignoring financial and accounting provisions of the agreement, and did not comply with domestic laws and regulations, as well as breaching its obligation to report to Turkmengeologiya under the terms of the agreement. The Defendant also claims that Bridas breached its commitments regarding the type and manner of drilling, specified in great detail in the agreement. Finally, Bridas did not supply extracted product to the international market and, therefore, prevented international market prices for Turkmen natural gas both domestically and internationally.

While the Court dismissed the argument that the agreement was poorly constructed and Turkmenistan withheld this argument, it also found that the conditions for low interest in investment were in place. However, the Court also acknowledged the fact that Bridas used patronage and bribery to promote its interests in obtaining and implementing JVA Yashlar: "An allegation of unconditionality could not be upheld." At the same time, it was noted that Turkmenistan might have used JV Yashlar to bring capital investment and technology to develop country's hydrocarbon industry in the first place.

As a result of the arbitration, Bridas' agreement and licenses were suspended in 1995.

Source: International Court of Arbitration of the ICC. Interim Award Sentence. Arbitration Case No. 9151/FMS/KGA.

company.²² Later, with independence, this practice was adopted in the Caspian region as well. While a PSA is an attractive type of contract for private companies, since it often provides full authority over the operations on the site, it entails risks for the host states related to certain provisions of the contract: cost recovery and social corporate responsibility.

The company is tempted to prolong or shorten the process of extraction to maximize its profits and may ignore its obligations under the contract unless they are thoroughly detailed in the agreement, or there is an effective control mechanism over implementation of the contract terms. One of the violations masked under the contract terms is the claim for financial reimbursement by the company from the host government. The contractor brings all necessary equipment and assets into the country. While the host government does not invest in the project in a traditional way, it reimburses all the costs of the technical and financial services related to exploration and

development of the operations. The complexity and cost recovery provisions of PSAs leave room for companies to maneuver and gain more profit. Article 13 of the Model PSA on Cost Recovery and Production Sharing allows the companies to decide on and count their own expenses, bill them to the state, and deduct them from the profit as part of the cost recovery rule. In addition, unless the costs are fully recovered, the host country receives a small portion of the profit oil, which is the net volume of oil distributed after recovery of all costs. Thus, the government acts as an employer where the contractor is paid despite the success or failure of the project.

Another layer of distrust and risk is added through potential environmental damages and violations of the corporate social responsibility principles by private foreign companies.²³ The majority of old types of PSAs do not include special provisions on environmental damages or improvement of community environment around the site. As a solution to the aforementioned risks, a different

22 Bindemann, K. "Production-Sharing Agreements: An Economic Analysis," Oxford Institute for Energy Studies, 1999, <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/WPM25-ProductionSharingAgreementsAnEconomicAnalysis-KBindemann-1999.pdf>.

23 Paul Stevens, et. al. "Conflict and Coexistence in the Extractive Industries," *Chatham House Report*, November 2013, http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Energy,%20Environment%20and%20Development/chr_coc1113.pdf.

Box 2: Kazakhstan's Kashagan. The Failed JVA and Environmental Damage

The Kashagan oil field is one of the most difficult in terms of technical development. It is extremely remote and its geology requires special extraction techniques. The laws of Kazakhstan do not allow burning associated gas, and developers had to reinject it back into the well. In addition, the demands of local workers increased alongside tightened environmental regulations. All of that increased the cost of operations for Kashagan and led to delays in the operation.

The contractor, North Caspian Operating Company (NCOC), underestimated the importance of Kashagan to Kazakhstan's leadership, as well as its technical complexity. When operations started, the NCOC could not foresee the environmental damage caused to the site or its impact on local communities. The gas leak in the pipeline led to flaring, which was prohibited by the law.

In 2007, Italian ENI, which was the major operator under the JVA, announced the delay in production for three years until 2010, and increased the total cost of development of the site from \$57 billion to \$136 billion. As a result, Kazakhstan revoked the environment permit of NCOC (then known as Agip Kazakhstan North Caspian Operating Company N.V.) and froze the project for investigation, evaluating ENI's actions as threatening national security.

In 2008, the government of Kazakhstan required JVA partners including ENI to pay compensation for environmental damages of \$3.5 billion over the lifetime of the project. The major operator, ENI, changed to ExxonMobil and ConocoPhillips, the consortium renamed to NCOC. Kazakhstan's government gradually increased its stake in the project. Using its preemptive right, the government bought ExxonMobil and ConocoPhillips's stakes and sold them to China's CNPC.

The new consortium is composed as follows: ENI (16.81%), Royal Dutch Shell (16.81%), Total S.A. (16.81%), ExxonMobil (16.81%), KazMunayGas (16.81%), China National Petroleum Corporation (8.4%), Inpex (7.56%).

However, the change of the name and reshuffling of the operators did not preclude the environmental damage. In 2013, the pipeline was shut down and the remaining gas (Hydrogen Sulfide H₂S) was burned, releasing sulfur dioxide into the atmosphere. Kazakhstan's environment ministry issued a \$735 million fine to be paid by the operators.

Sources: *The Economic Intelligence Unit*,

<http://www.eiu.com/industry/article/1351616119/government-fines-kashagan-for-environmental-damage/2014-03-12>; Yenikejeff, S.M. "Kazakhstan's Gas: Export Markets and Export Routes," *Oxford Institute for Energy Studies*, 2008.

type of contract offers more room for regulation with direct involvement of the state and the partners, where everyone has a stake in the project and invests according to their share.

The JVA, which dates back to the proposal of the American Association of Petroleum Landmen in 1956,²⁴ consists of an operator responsible for the exploration and development of operations, supervised by an Operating Committee which includes all parties of the venture who have votes on decisions of operations in proportion to the size of their stakes.²⁵ Under this type of agreement, both the host state and the company own equipment and facilities, as well as production rights. The agreement stipulates no cost recovery, and grants production rights to each party involved in the venture. As a result, the host state and private company share the costs, risks, and liability for implementation of the project.²⁶

While this is also an attractive form of agreement for exploration and exploitation of the gas fields in

Turkmenistan, as well as infrastructure energy projects, private companies give a preference to PSAs as they empower them with full control over operations. Another challenge that JVAs might face is establishing an Operating Committee and project leader. One example of such a project is the TAPI pipeline, where Turkmenistan invites companies to head the Operating Committee, but the companies demand a stake in Turkmenistan's biggest gas site, Galkynysh, in exchange for their expertise in implementation of the project.²⁷ As a result, the project cannot obtain an experienced operator to oversee it, which leads to delays in investment and implementation.

The Financial Mechanism

The energy industry is one where commercial and economic interests are closely intertwined with political ones. For example, Turkmenistan's decision to approach China regarding a gas pipeline was a political, rather than an economic decision. Turkmenistan was trying to

24 Derman, A.B. "The New and Improved 1989 Joint Operating Agreement: A Working Manual," 1991, <http://www.tklaw.com/files/Publication/ef72d02f-06e2-490f-8806-747ea801df05/Presentation/PublicationAttachment/7719816f-42b1-47ff-9a57-afa788bb4aef/New%20and%20Improved%20-%20Derman.pdf>.

25 Wilkinson, J. "Introduction to Oil and Gas Joint Ventures: United Kingdom Continental Shelf," Vol. 1, Oilfield Publications Ltd., 1997.

26 Blinn, K. "International petroleum exploration & exploitation agreements," The Barrow Company Inc., 1986.

27 Rejepova, T. "Turkmenistan Sets Ambitious Production Targets Amidst Bleak Gas Sale Prospects," *The Central Asia-Caucasus Analyst*, April 24, 2013, <http://www.cacianalyst.org/publications/analytical-articles/item/12694-turkmenistan-sets-ambitious-production-targets-amidst-bleak-gas-sale-prospects.html>.

bring in new partners and needed to accelerate the speed of redistribution of its natural gas exports to clients other than Russia and Iran. By the same token, China's leadership carefully weighs the stability and durability of the regimes that it partners with, and assesses potential legislative conflicts; its position on the pipeline was equally political.

For the development of Turkmenistan's largest natural gas site, Galkynysh, the Turkmen government uses loans and investments from China. Still, the Turkmen government needs additional resources and investments to develop additional pipelines. Most companies have demanded a stake in Galkynysh, which the government is reluctant to provide in the form of PSAs, but is open to negotiations of JVs. Under a PSA companies do not own their investment and are able to trade their contracts and sell them to other actors. Similarly, they are able to use all the equipment and assets as they see fit. Thus, it puts a host country such as Turkmenistan into a position where it nominally owns the site and all installations on it, but *de facto* investors can do anything they deem necessary. Due to this, Ashgabat is not rushing to distribute contracts, but is carefully weighing its options.

One of the requirements that the government puts forward is investment into the downstream infrastructure. Downstream investment pipelines are mostly equities of the states where countries charge for the use of their territory and pipelines for transit of energy resources; thus, private companies are not interested in this type of

investment. Although pipelines are the monetizing tool of the energy extraction, companies prefer to own them as part of their PSA because it adds credibility to their contract.

This conflict of interest between the host state and private companies pushes the state to pursue foreign loans instead of direct investment. For example, CNPC does not invest into Turkmenistan's largest gas project, Galkynysh, but State Development Bank of China provides loans for infrastructural development of the site.²⁸ Given current conditions, where China is the country's sole creditor, one of the issues that Turkmenistan may potentially face is repayment of Chinese loans in the form of equity in its gas projects. Currently, Turkmenistan owes China roughly \$10 billion in credit, which includes a loan of \$4 billion provided in 2009, and another one of \$4.1 billion in 2011.²⁹ Under the terms of the loan agreement, Turkmengaz and the China Development Bank signed a cooperation agreement on financing the second phase of development at Galkynysh. Turkmengaz also signed an agreement with CNPC for export of 25 bcm of natural gas to China, and a contract for construction of an upstream complex with a capacity to produce an additional 30 bcm for export.³⁰ At the Galkynysh gas field, UAE's Petrofac International LLC, China's CNPC Chuangqing Drilling Engineering Company Limited, and South Korea's consortium of LG International and Hyundai Engineering Co. Ltd. built three gas processing plants with a combined annual capacity of 30 bcm, for \$ 9.7 billion.³¹

Box 3: CNPC in Turkmenistan

While Turkmenistan reserves the right to explore onshore gas sites after its national companies, there is an exception to this rule. China's CNPC is the only foreign company to receive a PSA to work on the onshore Bagtyýarlyk gas site. This came as a surprise to everyone. However, the CNPC case in Turkmenistan signals two important aspects of working within the country. First, the foreign company is supported by its government, which provides security and confidence in lawfulness as well as risk insurance for Turkmenistan: in case of a dispute the company will bear responsibilities enforced by the Chinese government. Second, Ashgabat, which is looking for alternative sources of revenue and shaking off Russia's dominance over national exports, agreed to receive a loan from the Chinese government in exchange for a guaranteed gas supply, as well as development rights for one of the rewarding onshore gas sites.

As a result, China's CNPC is not a 'regular player,' rather it uses its connection to the government to loan money to Turkmenistan for construction of the gas pipelines and in return receives a share in its energy production as a payment for the loan. These two conditions are something that Western companies cannot offer. Western companies only invest into pipelines in order to monetize the upstream investment that they have made. It is only a small profit that comes from pipelines. While Turkmenistan takes the risk of having one partner dominating its exports, it wins in the sense that its objectives are fully met. It has a foreign company building a pipeline together with the national companies in the form of a joint venture, and it ensures stable, long-term budget income from the export of its natural commodity.

Sources: LeVine, S. *The Oil and The Glory* (New York: Random House, 2007); Interview with Edward Chow, CSIS, Washington D.C., March 19, 2015; "Turkmenistan Business Law Handbook: Strategic Information and Laws," *International Business Publications*, 2013.

28 "Turkmenistan eyes \$4.1 bln China loan for gas field," *Reuters*, August 13, 2010, <http://www.reuters.com/article/2010/08/13/gas-turkmenistan-china-idUSLDE67C0LL20100813>.

29 Vershinin, A. "China Loans Turkmenistan \$4 bln in exchange for gas," *Business Week*, April 26, 2011, <http://www.businessweek.com/ap/financialnews/D9MRG3CO0.htm>.

30 Rejepova, T. "China Reach New Energy Deals," *The Central Asia-Caucasus Analyst*, October 16, 2013 <http://www.cacianalyst.org/publications/field-reports/item/12834-turkmenistan-china-reach-new-energy-deals.html>.

31 *Ibid.*

Another example of the use of China's loan is the Central Asia-China pipeline. One of the most notable facts about the pipeline is that it holds dual ownership. Therefore, the investment was split between China and three Central Asian nations—Turkmenistan, Uzbekistan, and Kazakhstan. This allows China to hold the ownership on every route of the pipeline without the risk that the Central Asian countries will shut down the gas supply in the case of confrontations with one other.³² This is something that is not possible for private companies to do if they invest in infrastructural projects, as they lack the layer of jurisdiction over the project that state backed companies or foreign governments offer. Most importantly, by ensuring possession of equity in the pipeline, China protected itself from economic risks and can pursue geopolitical interests. It also met Turkmenistan's demand for governmental backing of the energy projects.³³ This is an element lacking in the work with foreign private companies, which creates the risk of mismanagement of property and resources by private actors.

Conclusion

Turkmenistan's energy exports bring major budget revenues and create a risk of dependency on the main importers of its natural gas, such as China or, previously, Russia. Understanding this situation, the government is making an effort to diversify its energy export routes by constructing alternative pipelines for transportation of the natural gas to other regions in Eurasia. Turkmenistan needs to create a business model of strategic sustainable development for the industry. It is logical to adhere to the policy of distributing contracts to companies backed by the state for projects implemented at the inter-governmental level because they provide a more solid platform for the contracts, and less of a chance for disputes and arbitration. However, this approach limits the choice of companies and partners.

To avoid potential risks, it is necessary to structure the relations with private companies from the very beginning of the selection process. More transparency on the national and international levels around bids and tenders would bring more reliable companies with better reputations to participate in the competition for development of the natural gas sites. This reduces the risk of fraud and corruption, and

creates a positive image around the project. Transparency and open competition add credibility to the deal, and allows for public oversight of the company's offer. Moreover, this process empowers local communities to hold companies accountable for development and improvement of the local environments, which adds a layer of assessment and monitoring over the operations. As a result, this process promotes capacity building at the national level, which should be an ultimate goal of any industrial, commercial, or development project.

To structure the relations with private companies and allow for the sharing of development costs, risk, and liability, it is necessary to promote the type of agreement that fits the interests of all parties, and shares the responsibility amongst all. It is in the interest of the country to hold ownership rights over the site; however, it is also for the benefit of the country to maximize the profit through effective capacity building and sharing of duties. Therefore, for operation of the JVA, the primary goal should be to select the right operator for the joint venture and share the costs and profit with the partners to provide an incentive and a reward for participation in the joint venture, which benefits to the host state. It is also necessary to provide clear guidelines on oversight, decision-making, and dispute resolution. This will allow for smooth implementation of the contract, knowledge and expertise transfer to the local partner, and development of the gas sites.

Finally, while an ideal type of investment is a mix of state and private funding, the fusion of public and private investment funding is very rare. In this regard, it is necessary to develop a mechanism of effective cooperation on downstream infrastructure projects between Turkmenistan and private companies. While the companies are reluctant to invest solely into the pipelines without a stake in the gas field, they would be keener to do so if Turkmenistan shares the cost of that project or provides solid guarantees of the profit to be made from the gas fields. Implementing the first two recommendations, as well as company selection and signing of the agreement, might help to make Turkmenistan less risk averse as it would find more reliable partners. This could result in the implementation of the type of projects which would disperse national security concerns, benefit private companies and the host state, and ensure capacity building on the local and national levels.

32 Turkmenistan Business Law Handbook: Strategic Information and Laws, International Business Publications, International Business Publications, 2013.

33 Mariani, B. "China's role and interests in Central Asia," Saferworld Briefing, October 2013.

Appendix I

In 2015, nine companies hold PSA and JVA for operations in Turkmenistan.

Company Name	Contract Area	Volume of Production
PetronasCarigali (Turkmenistan) Sdn. Bhd (1996) Origin: Malaysia	Offshore Block 1 Contract Area in the Turkmen sector of the Caspian Sea	Of natural gas: 5.5 bcm in 2010. ³⁴ Of oil: not found
Burren Resources Petroleum Limited (1996, recently acquired by ENI) Origin: Italy. ³⁵	Onshore Neibitdag Contract Area	Of oil: 30,000 b/d in 2007, 12,000b/d in 2009 New PSA order to produce natural gas and transport condensed gas through Caspian to Azerbaijan
Dragon Oil Turkmenistan Ltd (1999) Origin: 50% Dubai + stocks on Orish and London stock exchanges. ³⁶	Offshore Cheleken Contract Area in the Turkmen sector of the Caspian Sea	Of oil: 93,000 b/d in 2015
Mitro International - Turkmennebit ³⁷ [Turkmen Oil] State Concern Consortium (2000) Origin: Austria. ³⁷	OnshoreHazar Contract Area	Of oil: 7000 b/d in 2007
Wintershall Holding AG/Maersk Oil/ONGC Mittal Energy Ltd Consortium (2002) Origin: Denmark, Germany, India. ³⁸	Offshore Blocks 11–12 in the Turkmen sector of the Caspian Sea	Not found
China National Petroleum Corporation International (2007) Origin: China. ³⁹	Onshore “Bagtyyarlyk” Contract Area	Of gas: 19.8 million cubic meters/d in 2013 and 8 bcm/y in 2014
Buried Hill Energy (2007) Origin: UK. ⁴⁰	Offshore Block 3, also known as Serdar field, in the Turkmen sector of the Caspian Sea	Conducting studies on Serdar/Kapaz disputed site
RWE Dea AG (2009) Origin: Germany. ⁴¹	Offshore Block 23 Contract Area in the Turkmen sector of the Caspian Sea	Conducting environmental and 3D seismic studies in preparation for drilling operations
Itera (2009) Origin: Russia. ^{43,43}	Offshore Block 21 Contract Area in the Turkmen sector of the Caspian Sea	Of oil: estimated 219 million tons of recoverable oil Of gas: estimated 92 billion cubic meters of associated gas.

34 “Petronas Carigali (Turkmenistan) SDN BHD – PC(TC)SB,” *Who is Who Campaign*, Crude Accountability, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/petronas-carigali-turkmenistan-sdn-bhd-pctcsb/>.

35 “ENI (Burren Energy PLC),” *Who is Who Campaign*, Crude Accountability, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/eni-burren-energy-plc/>.

36 “Dragon Oil raises Q1 output from Turkmenistan fields,” *Reuters*, April 16, 2015, <http://uk.reuters.com/article/2015/04/16/dragon-oil-production-idUKL5N0XD1WZ20150416>.

37 “Mitro International Limited (Austria)/Turkmennebit Consortium (The Khazar Consortium),” *Who is Who Campaign*, Crude Accountability, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/mitro-international-limited-austriaturkmennebit-consortium-the-khazar-consortium/>.

38 “Turkmenistan’s Crude Awakening Oil, Gas and Environment in the South Caspian,” *Report*, Crude Accountability, January 2009, <http://crudeaccountability.org/wp-content/uploads/2012/10/20090116-ReportTurkmenistansCrudeAwakening.pdf>.

39 China National Petroleum Corporation, <http://www.cnpc.com.cn/en/>.

40 Hill, B. “Turkmenistan operations,” <http://www.buriedhill.com/Operations/Turkmenistan/>.

41 “RWE,” *Who is Who Campaign*, Crude Accountability, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/rwe/>.

42 “Itera and Zarubezhneft,” *Who is Who Campaign*, Crude Accountability, <http://crudeaccountability.org/campaigns/turkmenistan/whos-who-in-turkmenistan-petroleum-company-dossiers/itera-and-zarubezhneft/>.

43 The U.S. Department of State, “Investment Climate Statement 2014,” <http://www.state.gov/documents/organization/228818.pdf>.

Energy Policy Options for the Rasht Valley

Said Yakhojev¹ (2014)

This paper examines whether local rural governments in Tajikistan can develop their own energy policies that would address seasonal energy shortages. There are three main barriers to local energy solutions: 1) a lack of resources; 2) project management and service delivery systems; and 3) a lack of authority. To overcome these obstacles local governments need to move away from reliance on centralized electricity generation and instead develop specific small scale solutions targeted at individual consumers. I argue for small, locally manageable projects that use modern technologies. I also call for a central role of the private sector - both in terms of early consumers of distributed energy as well as the implementers and drivers of the commercialization of distributed energy services. In this paper I review policy and financing options to promote the decentralization of energy in the Rasht Valley.

Seasonal energy shortages disproportionately affect Tajikistan's energy consumers in rural areas and small towns. Such shortages have profoundly negative impacts on the quality of life of people in these areas. The recurrent seasonal energy deficits are the result of the country's over-dependence on hydropower. To overcome these systemic problems would require substantial capital investments and political decisions to change the energy governance structures in the country, both of which will be difficult to accomplish. In addition, those most affected by energy shortages - rural area populations - have very little say in energy management issues at the national level. This paper examines what local rural governments can do to develop local solutions that can respond to their seasonal energy shortages.

I believe that the reason that solutions to the energy shortages in the rural areas have been so elusive is because decision makers operate within a narrow set of options in terms of technology, economics and the organization of energy services delivery. Emphasis on hydropower as well as donor dependency has limited opportunities for local authorities. The primacy of centrally state-led energy

policies may have discouraged the development of smaller, locally appropriate solutions.

Although current efforts at the local level to invest in large hydropower plants are economically, technically and environmentally justified, such efforts should not crowd-out other technologies, and sources of energy. This paper examines such alternative energy solutions and policies, and focuses on the role and capabilities of district level authorities.

The State of Energy in Tajikistan

Due to its mountainous topography, Tajikistan has historically concentrated its energy producing assets around hydropower electricity generation. Over 94% of the country's energy is produced by hydropower.² Unfortunately, hydropower plants are vulnerable to seasonal changes in water flows and between October and April suffer great capacity reductions due to reduced flows as high-elevation mountainous creeks, which feed hydropower reservoirs, freeze. In addition, it is precisely during those months that there is a great demand for electricity (up by 300–400%), mostly for heating purposes. The supply-demand mismatch results in energy deficits. Hence, in response to these deficits the government instituted a load shedding regime which limits electricity to rural areas, certain energy efficient businesses, and smaller towns to 5–7 hours per day.

In most situations, hydropower-dependent states use fossil fuels to generate power when hydropower cannot meet its demand. Tajikistan lacks substantial natural gas and oil reserves and needs to import electricity and natural gas from Uzbekistan. However, since 2013 Tajikistan and Uzbekistan have not been able to agree on prices of gas delivery.

In addition, political decisions guide energy distribution in the country and explain energy shortages in the rural areas. For example, the Tajik Aluminum Company (TALCO), which consumes around 40% of generated electricity, does not face power limitations during the winter months and, until July 2014, enjoyed one of the country's lowest electricity prices (1.7 c/ KWh). It is clear that electricity allocation in Tajikistan

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2 In 2012, 99% of country electricity was generated by hydropower. Kochnakyan, A., Balabanyan, A., Meng, Z., and Verink, B. "Tajikistan: Financial Assessment of Barki Tojik," World Bank, October 2013, www-wds.worldbank.org/external/default/WDSContentServer/WDS/IB/2013/12/27/000461832_20131227152407/Rendered/PDF/836960WP0BT0Fi0ox0382105B00PUBLIC0.pdf.

favors urban consumers and big, state-run firms, while rural residents and smaller commercial consumers face regular power cuts. In addition, many irrigation pumps, the third largest power consuming group, pay only a very nominal price at 0.37 cents/kWh during summer seasons. Finally, the government determines electricity prices. Unfortunately this is a non-transparent process which does not reflect true market prices, or the true costs of electricity production.

Ongoing Efforts to Address Energy Challenges and Their Limits

1. National State-Led Solutions and Donor-Supported Local Solutions

A review of energy projects recently prioritized by the government clearly points to favoring large hydro and coal-fired power plants, including capital repairs to existing capacities. A 2010 World Bank study also prioritizes capital repairs at existing plants, followed by the building of a number of medium-to-large hydro and coal power plants. Both the government and the Multilateral Development Bank prioritize, and eventually fund, infrastructure projects that can export surplus electricity as part of a World Bank sponsored Electricity Transmission and Trade Project for Central and South Asia, or CASA-1000 project. There is widespread recognition of the necessity to reduce losses in the electricity industry (currently over 15%, twice the industry average) as well as to increase efficiencies at TALCO. The World Bank has also urged an increase in electricity prices to cover the cost of electricity, fund proper maintenance, and attract investments.³

So far, solutions to the energy needs follow six main strands:

- 1) *Staple solutions.* The creation of additional mid- and large scale hydropower plants, because of the efficiencies of scale they offer, from domestic, renewable, and abundant resources. Some priority projects have already been realized: Sangtuda 1 (670 MW installed, 273 MW operating) and Sangtuda 2 (220 MW designed, 70 to 120 MW operating) hydropower plants (HPP).

- 2) *Loss reduction measures.* State programs target increasing efficiency, and some loss reduction measures have been adopted. In 2011, a national program on effective use of hydropower and energy efficiency called for gradual repairs, upgrades, and efficiency measures in the electricity industry, and for the immediate transition to energy efficient light bulbs and standards.⁴ TALCO in particular needs to reduce waste from transmission and consumption.
- 3) *Mini-hydropower.* At a local level, UNDP, Islamic Development Bank,⁵ Swiss Development cooperation, and the government have made progress with community scale mini-hydropower projects in rural areas.⁶ To meet the basic needs of the poor inexpensively (in per project terms) and quickly, UNDP-funded mini HPPs directly benefit underserved communities and are managed by them. Many mini-HPPs continue to operate in winter. However, due to their small size (ten to hundred kW), such HPPs can only effectively provide illumination and other small power needs. The World Bank estimates that generally hydropower plants operate only at 30% and for smaller ones at times only at 10% of summer capacity.⁷ Although very small hydropower is not a complete solution for rural consumers, they nevertheless remain affordable, environmentally sound, practical solutions.
- 4) *Revitalize the coal industry.* The lack of gas imports has compelled the government to look for ways to re-start the coal industry and re-tool plants for coal operation.⁸ Coal allows the decoupling of the heating service from the power grid. Many large industries are also switching to coal gasification. Tajikistan inaugurated a 200 MB coal-fired thermal power plant (currently operating at 50 MW capacities) in Dushanbe in 2013. Although controversial because of its location and environmental impacts (based in residential area near a botanical garden and public parks) the plant should add firm generating capacity and heating. Another much larger plant, the Shurob 600 MW coal-fired power plant, is

3 Fields, D., Kochnaky, A., Stuggins, G., Besant-Jones, J., and Mukhamedova, T. "Tajikistan's Winter Energy Crisis: Electricity Supply and Demand Alternatives," World Bank, 2012, <http://www.worldbank.org/content/dam/Worldbank/document/TAJ-winter-energy-27112012-Eng.pdf>.

4 *Programma po effektivnomu ispol'zovaniyu gidroenergeticheskikh resursov i energoberezhniiu na 2012–2016 gg.*

5 "Mini Hydropower Plants Brighten Rural Tajikistan," *IDB Success Story Series* no. 9, 2013, http://www.isdb.org/irj/go/km/docs/documents/IDBDevelopments/Attachments/Projects/9_IDB_SuccessStory9_Tajikistan_Mini_Hydropower.pdf.

6 "Tajikistan: Accelerating Progress toward the MDGs by Improving Access to Energy," UNDP, Dushanbe, 2010, http://www.ua.undp.org/content/dam/tajikistan/docs/library/UNDP_TJK_%20APT_the_MDGs_by_Access_to_Energy_eng.pdf.

7 "Tajikistan's Winter Energy Crisis," *op. cit.*

8 Coal extraction has impetus in recurrent natural gas supply price disagreements with Uzbekistan, which finally led to suspension of natural gas supply on 31 December 2012. Although residents never received natural gas, key industrial facilities relied on imported gas for operation. Ergasheva, Z. "Tajikistan and Uzbekistan have not yet reached agreement on gas shipments for 2014," *Asia Plus*, January 14, 2014, <http://news.tj/en/news/tajikistan->

scheduled to start operating near coal deposits in Shurob in northern Tajikistan with the funding of Malaysian investors. The development of new coal power plants marks a diversification from hydropower and begins to address heating needs of consumers in urban areas.

- 5) *Import natural gas or discover and develop domestic resources.* Natural gas is vital for industry and can supply electricity and heating effectively. In terms of the development of domestic resources, Canadian-British Tethys Petroleum declared a potential find at Bokhtar concession area in the southern Tajikistan in 2011. It sold its rights to the much larger French Total and Chinese CNPC companies to verify the discovery, and, if possible, develop the area. Negotiations also continue on natural gas and electricity imports from Turkmenistan, and on a natural gas pipeline to China through Tajikistan.
- 6) *Policy measures to promote renewable energy.* In 2007, a law was adopted to recognize the potential of renewable energies, and allow national utilities to purchase electricity generated by new generating capacities.

Overall, the exploration and import of hydrocarbons are implemented either with the state's own resources and capacities or by foreign companies under contract with the state. Tajikistan's main partners in this regard are China, Russia, and Iran. Major investments have been made including Sangtuda 2 (BOT arrangement by Iranian company), Sangtuda 1 (joint venture with Russia UES), and Dushanbe 2 coal plant (engineering and construction arrangement with Chinese Tebian Electrical Apparatus Stock Co.).⁹ Such arrangements are not always purely commercial. For instance, Sangtuda 2 produces power at prices above current average tariff.¹⁰

Mini-hydropower projects are predominantly state and donor funded.¹¹ That said, there have also been some micro-plants built with local resources. The most famous example of this is Pamir Energy, a public-private partnership built by the Aga-Khan network in the autonomous Gorno-Badakhshan province. The company establishment was in essence a cross between a commercial and donor financed project. Reportedly,

Pamir Energy operates in a more commercially sustainable and transparent manner than Barki Tojik, the state-run utility.

2. Barriers for Local, Sustainable Energy Generation: No Market Environment

Despite the many actors involved, the energy industry in Tajikistan is not financially self-sustainable. A careful review of projects and programs reveals that the energy industry depends heavily on external financing, for several reasons.

2.1 Lack of Competitive Energy Market

International Financial Institutions and other experts that have analyzed the energy sector in Tajikistan point out that the industry is severely underfunded. Investments are unlikely because the electricity prices are (intentionally) kept low. Funds are inadequate even to ensure adequate maintenance of existing assets. This situation also makes the sector unattractive for commercial investments. The average tariff in 2013 was 27% below the cost of generation,¹² at 2.1 cents/kWh for residential users and at 4 cents/kWh for commercial users (depending on the currency exchange rate). At these rates, Tajikistan's electricity prices are among the lowest in the world. This compares to non-expert estimates of average power prices of 8 cents/kWh in China, 10 cents/kWh in Russia, 12 cents/kWh in the United States, and even higher prices in Europe.¹³ For foreign investors, Tajikistan's low electricity prices make investment in new generation plants unattractive.

In addition to historically low power prices the *Barki Tojik* plant manages to collect only 85% of its bills and receives cash only for 63% of energy supplied.¹⁴ Due to its poor financial state, the utility occasionally falls behind on payments to independent power producers, such as the Tajik-Russian Sangtuda 1 power plant. While the average resident of Tajikistan may feel the burden of high electricity prices, for investors that possess funding and technology the current prices are unprofitable.

2.2 Regulatory Challenges

Apart from fundamental market conditions, investors currently cannot reliably estimate the long-term

and-uzbekistan-have-not-yet-reached-agreement-gas-shipments-2014.

9 The arrangement stipulated access to Chinese companies to coal resources in lieu of the company building a power plant. Such resource-for-infrastructure arrangement common for Chinese investments elsewhere, interestingly, bypasses many perils of management of sale of services in Tajikistan, as described further.

10 "Tajikistan's Winter Energy Crisis," *op. cit.*

11 Number of reported micro to small hydropower plants in operation vary. TajHydro reports 155 were installed in 2012, 50 of which were not operating. See "World Small Hydropower Development Report 2013. Tajikistan," TajHydro, http://www.smallhydropowerworld.org/fileadmin/user_upload/pdf/Asia_Central/WSHPDR_2013_Tajikistan.pdf.

12 Figures are for 2012. "Tajikistan's Winter Energy Crisis," *op. cit.*

13 Wilson, L. "Average electricity prices around the world: \$/kWh," *Shrinking That Footprint*, <http://shrinkthatfootprint.com/average-electricity-prices-kwh#Px7uf6L7J0iAcIqG.99>, <http://shrinkthatfootprint.com/average-electricity-prices-kwh>.

14 "Tajikistan's Winter Energy Crisis," *op. cit.*

feasibility of projects because the government determines electricity prices in an ad-hoc and non-transparent manner. Electricity prices are kept low to shield the population from sudden cost burdens but also to subsidize TALCO and pumped irrigation needed for agriculture. While theoretically hydropower could be economically viable and competitive if there were a gradual increase in prices and consumption, the inability to predict prices on a 10–20 year horizon discourages investment from the private sector.

In addition to relatively low and unpredictable prices, any potential investor considering generating electricity will have to sell it to the national utility, which has a poor payment history to power producers and hence makes such investments risky. The two privately operated hydropower plants continuously face non-payment from the national utility. As of March 2014, the Sangtuda 1 plant indicated that it had payment arrears of \$82.7 million on the \$207 million-worth of electricity supplied to the utility.¹⁵ The jointly funded Iranian-Tajik Sangtuda 2 power plant operates at half the capacity and had to cease operations for three months in 2014 citing ‘technical issues’ and non-payment from *Barki Tojik*.

Furthermore, those investors considering mid- to larger hydropower projects (which are encouraged by the state) bear the risk of considerable upfront sunk cost in civil works and infrastructure. Unlike more common gas-fired power plants that are cheaper and faster to put into operation, large hydropower plants take years to build before they can produce power. Other important barriers reported by businesses are security of investor rights, the state of the infrastructure, management capacity, and the availability of partner institutions to work with.

One implication of these regulatory peculiarities and market-limitations is limited access to finance (investments), arguably the largest impediment to increasing generation. Foreign financiers are loath to finance high risk, long-term investments, while local banks shy away from long-term projects and typically charge interest at 22–30%.¹⁶ These risks and consequently the high cost of capital make many potential projects economically unfeasible in the current environment.¹⁷

A Closer Look at Rural Challenges: The Rasht Valley

During the winter energy season (October – March), the Rasht Valley districts (Nurabad, Tavildara, Rasht, Tajikabad, and Jirgital) are officially allocated around 6–10 hours of electricity daily, much like other rural areas and smaller towns in the country. In practice, in the winter of 2014 5 hours were provided on average.¹⁸ Independent reports on actual power availability, including citizen produced reports, indicate that in the especially cold months electricity availability is only between only 1.5–4 hours a day.¹⁹ Power is allocated in certain amounts and local authorities determine its distribution within their districts and the specific hours when it will be available to consumers. As a result, with the onset of the cold weather and given the power limitations, people turn to coal, wood, and other biomass, which brings with it environmental (deforestation among others) and health-related problems.

The price of coal fluctuates substantially throughout the year and ranges between \$70 in early fall to \$160 per ton at the end of the heating season in February. An average household consumes between 2–4 tons per heating season. Firewood therefore is a primary heating fuel at \$350 per truckload. Local residents generally report that heating and energy expenses in the winter can consume up to 50% or more of a household’s monthly income.²⁰

Furthermore, due to lack of reliable electricity, and especially during daylight, many small business suffer because they are not viable unless fully productive. Mercy Corps reports called attention to business closures in winter when power was available only for 1 or 1.5 hours a day. Hence, local banks are less likely to loan to businesses, which may suffer from poor productivity.²¹ In addition to the general challenges facing energy investments outlined earlier, rural communities are further constrained by limited resources and decision-making authority.

1. What Is Local Government Authority over Energy Matters?

Local level governments usually rely or assist on energy solutions provided by the central authorities.

Local officials have no authority over large hydropower plants or electricity imports. They have a limited authority

15 Sangtuda 1 HPP official website, generating output and consumer pages, <http://www.sangtuda.com/consumer>.

16 Low- to typical interest rates at commercial banks in Tajikistan in 2013.

17 “Renewable energy investment platform of UNEP/EIB, overview of program goals and approaches,” *Climate Policy Initiative*, 2013. http://climatepolicyinitiative.org/sgg/files/2013/10/Kreibieh1_UNEP.pdf.

18 “Zimnie reitingi elektrosnabzheniia,” *Asia Plus*, February 13, 2014, <http://news.tj/ru/news/zimnie-reitingi-elektrosnabzheniya>.

19 Information delivered regularly at www.barknest.tj.

20 *Social and Economic Impact of Small Hydropower Plants in Rasht Valley* (Dushanbe: OSCE, 2013). Unpublished draft report. In 2007 coal prices topped at \$400 per ton: “Beware of Garm! Winter in Central Tajikistan,” US Embassy report, unclassified, *Wikileaks*, January 31, 2007, https://www.wikileaks.org/plusd/cables/07DUSHANBE162_a.html.

21 *Social and Economic Impact of Small Hydropower Plants in Rasht Valley*, *op. cit.* The OSCE report indicates that an estimated 850 small enterprises in rural areas of Tajikistan cease operations with the onset of electricity limitations and suggesting an agricultural productivity loss of up to 30%.

with regard to loss reduction strategies on their territory and often lack the funding to implement such measures. They can request financial assistance or donor funding for mini-hydropower projects and distribute power over the grid to target poor households, however, they cannot own or independently develop coal resources. They can only allocate coal for heating purposes to public entities such as schools, hospitals, and government buildings.²² Districts also have no authority in changing power allocations at the national level, or influencing electricity prices. Finally, they do not have the opportunity to purchase power from independent producers for lack of IPPs and their reliance on the national utility for grid access.

Thus, local governments have a limited ability to influence the overall investment climate in the country. Since they do not set electricity prices, they cannot raise or adjust them to attract businesses, nor can they change how electricity is distributed at the national level. Their local budgets are insufficient to invest in energy projects in any significant way, even if they are free to attract additional resources.

As a result, the Rasht Valley remains heavily dependent on foreign assistance. Donor or central government help is by far the predominant way to address problems, including energy shortages. As a result, attempts to find local solutions to energy will have to circumvent or mitigate the following main obstacles: economic-financial barriers, (which includes access to upfront capital, low tariffs, and interest rates); limited organizational models (including lack of business to actually implement projects, lack of financing, supportive environment, etc.); and a limited authority to exercise their initiative.

2. Uncovering Opportunities at Local Level: Revisiting Needs and Constraints in Energy Services

A reason why it has been difficult to make greater progress in addressing energy shortages is the narrow focus on hydropower by state authorities and foreign donors. The centralized energy policy means that local needs are not prioritized or effectively met. In addition, the absence of an independent energy industry limits the variety of technologies employed to meet these different energy needs. Finally, the primacy of the government in dealing with investors in the energy industry also limits the variety of service providers and restricts awareness of alternative energy opportunities at the local level.

2.1 Focusing on Heating Needs

One area where local officials can make a palpable difference within their area of authority is in heating services. They would benefit from focusing on heating because winter power demand surges are primarily due to

use of power for residential heating. The fluctuating fuel costs are a significant financial burden for Rasht Valley households.

Local governments are well placed to improve heating energy needs. Amendments to the Law on Self-Governance of Townships and Villages give responsibility over communal services, including seasonal heating services, to local governments. According to the amendments, community structures and district governments now have the authority and legal right to arrange or manage district heating services at the township and village level. Furthermore, unlike electricity services, local stakeholders are allowed to regulate the terms of service delivery – including fees, ownership and rules. These rights should allow local authorities to better match service to local needs and realities. In addition, the Laws on Investments, the Law on Concessions and the Law on Public-Private Partnership created a legal basis for local governments to foster private investments in service delivery, and to outsource these services to independent operators.

Furthermore, unlike electricity, fuel for heating can be sourced locally. For instance, the Rasht district boasts the anthracite deposit from Nazar-Aylok (whose resources supply coal for retail consumers); biogas, wastes, and other organic fuels can also be obtained locally. Additionally, unlike electricity, coal can be imported either from other parts of the country or from neighboring Kyrgyzstan if a shortage or price-advantages exists. Since in many ways combustible energy resources are amenable to local management, it thus makes sense to focus on heating needs at the local level.

Technical implementation of heating systems are localized and often managed by local governments. District heating, which consists of community or town-scale boilers that circulate water to consumers through pipes, is a standard heating solution elsewhere, but currently not practiced in the Rasht Valley.

The most compelling argument for action on distribution level is the opportunity to produce electricity together with heating in Combined Heat and Power (CHP) generation technologies. CHP technology relies on combustible fuels to generate electricity and utilizes waste heat for industrial processing or residential heating. CHP technology can be 60–70% efficient, compared with 30% efficiency for the production of power or heating separately. CHP technology considerably economizes fuel when both heat and electricity are required, such as during the winter. Unlike small hydropower plants that suffer from reduced flows in cold seasons, CHP plants' output matches energy demand in form and in time: in winter, CHP produces more power as well as more heat, better

22 Interviews with Rasht and Tajikabad government authorities in 2012; *Social and Economic Impact of Small Hydropower Plants in Rasht Valley*.

satisfying seasonal residential demand. Modern small CHP plants and micro-turbines also enable regulating output for increased power or increased heat generation.

Tajikistan's municipalities and entrepreneurs may also benefit from widespread use of syngas- and biogas-fired technologies. Such generators can range from tens of KW to low-MW in power range and costs starting below \$100,000. Of course, smaller technologies and their deployment in rural areas will likely be expensive relative to local income levels. Biomass fired power generation can be costly. The International Renewable Energy Agency's world survey found biomass fired plants to cost between 6 to 21 cents per KW/h of electricity produced.²³ The average electricity cost was in the low-teens per kW/h, which is double the current rate in Tajikistan. However, for Tajikistan's commercial users who will pay about 6 cents/kW for national grid electricity from mid-2014, the cost of biogas energy approaches feasible levels.

Arguments against spending resources on district heating in rural areas, such as the Rasht Valley, merit consideration. District heating is not commonly used in rural areas because of economic inefficiencies. Due to the dispersion of consumers over larger territory, the expense of pipe laying and heat loss may not be justifiable. District heating works well in compact, multistory energy efficient buildings in urban location. Furthermore, incomes of consumers and budgets of municipalities in rural areas are limited for costly infrastructure investment.

Finally, generating local electricity by means of small, distributed CHP plants produce electricity at a significantly higher cost – several times more expensive than what residents are currently paying, and they may not be able to afford the increase. A US brand micro turbine producer, Capstone, provides gas turbines at an investment of \$2,000–2,500 per each kW installed, or more than double the investment required for a hydropower plant, not counting the cost of fuel.²⁴ To be economical, CHP technologies need to provide power and heat to industrial users with extensive year-round heating needs.

Although these limitations are true, there is a lack research on district heating in rural and suburban areas in Tajikistan. This prevents a balanced evaluation of the different options. For instance, limited districted heating may be viable in Rasht townships and villages given the dense, compact, and narrow layout of the villages in this valley, unlike the more expansive villages in the rural northern countries. Moreover, higher costs of CHP supplied electricity may be acceptable for some consumers

when no alternatives are available, or when higher cost of power is justifiable, for instance for commercial users.

2.2 Promoting a Variety of Technologies by Catering to Different Consumer Groups

Promoting energy solutions separately for each consumer category is another way to find opportunities for local solutions. Few small energy-generating establishments exist in rural Tajikistan, largely because the power they produce will have to feed into the national grid at prices standardized for all consumers. This renders small energy generating plants impractical and uneconomical. Although the energy distributed by generation plants is more expensive, businesses may be willing to pay higher rates in order to keep running. Today, Tajikistan's centralized electricity policy does not provide for such an option.

On July 1, 2014 power prices increased 15%; for commercial and industrial consumers it reached 6.2 cents/kWh adjusted to the exchange rate (from 4.5–5 cents/kWh). At 6 cents per kWh the price approaches the lowest US commercial user rates: 5.5–6.6 cents per kW/h.²⁵ It is likely that electricity tariffs will continue to increase, at 10–15% every two to three years as has been the trend thus far. As rates increase, new technologies become more attractive. If selling power directly to commercial users was possible, many technologies would be feasible. Smaller hydropower plants would be commercially feasible and attractive. Diesel generators, syngas micro turbines, and small coal-fired thermal power plants would be justified in terms of cost of electricity produced as well as in the reliability they offer during cold winter months. Their small size and modularity would allow for the sale of power only to the highest paying consumers, as opposed to being designed for grid scale application.

Newer, distributed technologies such as mini-Organic Rankin Cycle (ORC) turbines can be implemented to produce electricity from waste or low heat, as low as 80–90 C, such as the heat by-product of boilers or industry. In the Rasht Valley, mini- ORC turbines can be installed in the proposed cement plant, allowing it to operate throughout the year. Mini-ORC turbines of only 10–30 kW can be used with biomass or/and coal-fired distributed district or building boiler plants. ORC turbines best match rural needs: they produce more electrical output with greater heating ability. Clearly ORC turbines are a more expensive option than the alternatives and would require long-term, concessional financing to be viable. However, where

23 "Biomass for Power Generation. Renewable Energy Technologies: Cost Analysis Series, Volume 1: Power Sector," IRENA, June 2012, http://www.Irena.Org/Documentdownloads/Publications/Re_Technologies_Cost_Analysis-Biomass.Pdf.

24 See CCC-Energy group of companies. Ukrainian distributor of distributed generation technologies based in Kiev, http://cccenergo.com/_%D0%BC%D0%B8%D0%BA%D1%80%D0%BE-%D1%82%D1%83%D1%80%D0%B1%D0%B8%D0%BD%D1%8B_capstone.

25 "Electric Power Monthly," Energy Information Administration, January 2014, http://www.eia.gov/electricity/monthly/epm_table_grapher.cfm?t=epmt_5_6_a.

alternative electricity sources are lacking and waste heat is available from small industry and heating needs, ORC turbines merit a serious consideration.

Another distributed technology deployable with limited funding, scale, and risk is solar photovoltaic systems (PV). Solar PV could become appropriate for commercial consumers, particularly as business' ability to pay higher rates converge with falling PV prices. In 2014, Chinese and South-East Asian firms made photovoltaic systems that cost \$0.6 - 0.8 per watt per module. Considering 30–50% average module share in total system costs (work, wiring, batteries, inverters, etc.), solar PV would cost between \$1.6–2.6/watt.²⁶ Even today, the lowest cost grid-connected PV system approaches the costs of more expensive small hydropower plants.²⁷

Solar PV is a feasible option for individual businesses to deploy independently as needed. Unlike all other energy technologies, the cost of PV (at least in the United States) was falling precipitously at 14% per year. If such price trends continue, the least expensive South Asian PV systems would cost \$0.5 per watt, while high-efficiency US-made modules around \$0.6–0.7 per watt in just 4 years, or around \$1,000–1,500 per kW of capacity for the entire system. At such price levels, solar PV will rival small hydropower plants in terms of deployment affordability.

Solar power is not entirely new for Central Asia. In 2013, Uzbekistan and Asian Development Bank commenced an assessment for a 100 MW, utility-scale Samarkand Solar Power project. Results of the study and success of the project should inform similar projects in Tajikistan. Yet, solar energy's promise requires an adequate supportive environment. Without state tax and duty waivers, streamlined and inexpensive grid connections and permitting procedures, competition, and access to finance it will remain an exotic technology. For decision-makers in the Rasht Valley, now is the time to advocate for state subsidies and streamlining permits to lower the solar affordability threshold, and make sure that the region benefits from solar first.

Another locally deployable, distributed, and low-cost technology for agricultural water users is wind power. Wind technology may have the potential to meet irrigation needs when grid-powered irrigation pumps are inoperable. Due to its elevated topography, Tajikistan relies heavily on pumped irrigation to lift water to higher lands and foothills. However, in Rasht Valley, swaths of land have been abandoned due to inoperable pump stations, or unreliable supply due to the limited supply of

electricity. Farmers may lose up to 30% of potential income due to late or inconsistent irrigation in early spring when electricity rationing is still in force.

Wind electricity has been neglected in Tajikistan. Feasibility assessments relied on 1989 wind data for speeds of over 5 m/s at 30m heights. These parameters are now outdated: modern commercial wind turbines are built 60–90m tall, and can start operating at speeds as low as 3.5 m/s. A single modern 80m high turbine can deliver 1.5 MW of power in good wind location, or could supply power to over 1,000 Rasht Valley households. Although more costly and more intermitted compared to hydropower, the cost of wind energy has been falling, and now is the cheapest and fastest growing renewable energy technology.

Although wind generation may be feasible in certain areas of the country, seemingly wider and more accessible than wind generated electricity is using wind for water pumping. Unlike more expensive and sophisticated wind generators designed to produce electricity, wind pumps are much simpler and operate at lower wind speeds, starting at just 2.5 m/sec, the average yearly speed for Rasht district. Wind pumps are typically shorter at 9–10m, simpler, and considerably more affordable at \$3,500–6,000 for a standard multi-blade wind pump. In addition, unlike electricity, water can be economically stored or intermittently supplied for irrigation. Despite these benefits, and the fact that wind pumps have been instrumental in agriculture in the US, Europe, Australia, Kenya, and China, Tajikistan does not employ wind power to irrigate its high lands.

Overcoming Organizational Barriers and Financing Limitations

1. The Need for Energy Services Companies

Many of the community or municipal-scale energy solutions are unrealistic without locally based energy service companies (ESCOs) to assume technical maintenance and financial management over many years. The lack of energy companies prevents investment (even when funding would otherwise be available), as financial institutions expect to deal with established, technically experienced, financially healthy, and transparent companies. Experts and financiers familiar with energy in Tajikistan have been pointing to the lack of established ownership structures. The European Bank for Reconstruction and Development specialists concede that investment in rural energy is often not possible due to the lack of suitable private sector enterprises.

26 Figures of 0.6 -0.8 cents per watt are from multiple sources. See for instance "Free Solar Panel Price Survey," *ecobusinesslinks*, May 20, 2014, <http://www.ecobusinesslinks.com/surveys/free-solar-panel-price-survey/>. See also "Photovoltaic System Pricing Trends: Historical, Recent, and Near-Term Projections 2013 Edition," National Renewable Energy Laboratory, July 2013, <http://emp.lbl.gov/sites/all/files/presentation.pdf>.

27 Importantly, this does not mean that the electricity itself per each kW/h will be comparable with hydropower. Hydropower produced electricity will likely be still cheaper.

The state monopoly in electricity distribution, and to a large extent the monopoly in energy generation, inhibits local energy services. The electricity supply is monopolized by the state utility *Barki Tojik* and the heating services in rural areas are managed by state communal service *Khojagii Manziliyu Kamunali* (KMK). Both services are financially unsustainable without continuous budgetary support from the central government and they are unable to deliver services effectively in rural areas. KMK has now focused only on water and to a limited extent sewage management and has cast away its space-heating function.²⁸ Due to their precarious financial health, these utilities are unable to offer tailored services in every community, and to secure financial stability. On the other extreme, consumers left to generate their own electricity or heating are forced to become their own bankers, engineers, and regulators.

Apart from technical management and ability to attract capital (better than state enterprises or individuals), ESCOs also play a crucial role in helping consumers spread the costs of accessing energy. The best example is the rapid spread of solar panels, in large part, due to lease models, or zero-down payments expected from the consumer. In such 'zero-down payment' models, an energy service company or a third-party investor installs solar panels on a consumer's property at no cost to the consumer; the company or the investor then sells power to the consumer (under a long term Power Purchasing Agreement) or arranges a long-term lease of the panels. The arrangement allows consumers to pay only for the electricity consumed as they would a utility bill, or pay a pre-determined monthly lease fee. With no upfront cost, or need to offer collateral, many more consumers can access renewable energy and thus expand the size of the potential renewable energy market.

The remarkable speed and spread of residential solar panels around the world (but not yet in Tajikistan) over the last five years can be attributed to state incentives and above mentioned business models that spread out the upfront cost to the consumer. Although there are a limited number of renewable energy companies in Tajikistan, the country currently lacks integrated energy service providers, which would offer energy as well as access to finance, marketing, and maintenance services. Irrespective of technology, it is apparent that for localized, small distributed energy solutions, entrepreneurship is a prerequisite. Recognizing

the broader conditions (business, regulatory) necessary to achieve energy security in their communities, local authorities should not only attempt to launch security specific energy projects through donor assistance, but also work to enable the emergence of ESCOs. It is through them that access to finance and technology can be secured.

2. Regulatory and Fiscal Options for Local Authorities

Municipalities or local authorities could apply several policy and regulatory mechanisms to promote distributed energy services.²⁹ These can be fiscal incentives, direct budgetary investments, and establishing amendable regulatory norms, including mandatory standards that facilitate adoption of distributed generation.

Championing Concessions

A common way for a government to implement a public energy project is by attracting business in Built-Own-Operate (BOO) and Built-Own-Transfer (BOT) arrangements. The investment arrangement implies foreign (in the case of Tajikistan) or joint companies investing in and operating energy services for a set number of years for profit or fee. In theory, such arrangements would be used to deploy a modern district heating system. For instance, the Nurabad district capital Sarband, as well as the city of Garm, the administrative capital of the Rasht Valley, has population densities that would be amendable for district heating. Economically, district heating would be most feasible in Sarband, where rapid residential construction is occurring and the town's emerging multi-story buildings may offer efficient population densities to justify district heating.

However, the small size and weak economies of the localities will make it hard to attract investors, especially foreign investors. Social services and municipal heating are always among the least profitable of the municipal services. Hence the government should consider implementing projects directly with borrowed money or with its own financing. This option would be most challenging to arrange in the short term since EBRD market studies indicated high costs of energy for consumers, at around 300–400 Tajik somoni (US\$60–80) per heating month, a rate few residents could afford.³⁰ Despite disappointing studies by EBRD, the cost of heating using simpler, coal technology should be more affordable and be considered by the district administrations.

28 Interview with International City/County Management Association, currently conducting feasibility studies on municipal service reforms in Tajikistan. April 10, 2014.

29 See "Sustainable energy regulation and policymaking for Africa: Regulatory and policy options to encourage development of renewable energy," *Training Manual No. Module 9*, REEEP/UNIDO, 2005; *Community energy association – utilities and financing: Renewable energy guide for local governments in British Columbia* (Vancouver: Community Energy Association of British Columbia, 2008).

30 Interview with EBRD Office in Dushanbe, communal services expert, 10 July 2014. Due to restriction on coal financing, and lack of natural gas, EBRD heating scenario involved electricity boilers.

Regardless of whether local authorities wish to borrow funds or to attract businesses, they will need to put in place a clear, predictable and economically justifiable regulatory framework to offer heating services on a commercial basis, and they have to put regulatory frameworks into place.

Regulatory Measures: Price Regulation

District governments may be in better positions to broker predictable prices for heating services. Local governments can make an effort and spend resources to create an enabling regulatory framework for private participation in heating services. To foster private initiatives and to assist independent energy service providers, authorities will have to meet the following key pre-requisites:

- Assure long-term licenses or concessions to operate a service (10–15 years).
- Facilitate regular collection of fees (combining with power bill collection to reduce costs, allowing disconnects, protect low-income families).
- Ensure non-interference in business in a discretionary manner by removing mechanisms by which individual public servants can influence businesses, now common in the Rasht Valley.
- Help potential businesses secure fuel by facilitating or pre-arranging long-term coal procurement and contract mine operators. The four district heads, especially the head of the Rasht District, can support heating or CHP initiatives by collectively securing long-term coal and coal-dust purchase contracts from the Nazaralok deposit. A long-term coal purchase agreement will be essential to encouraging independent heat-providers, whether simple boiler stations or more advanced CHP projects.
- Set and communicate tariff formulas. Local authorities will need to offer a flexible framework for price setting. Research on heating prices in post-Soviet Russia with similar political and economic conditions to Tajikistan offers guidance. Z. Zakharova identifies seven principles of price setting – agreement between stakeholders, non-politicization, cost-recovery and economic justification, consistency and predictability, uniformity of price for similar types of users, and transparency in price setting.³¹ Terms of service provision, state assistance, information on the public's willingness to pay, and price setting will

have to be determined and clearly communicated to attract local entrepreneurs into the heating service delivery sector.

Regulation: Incentives and Quotas for Renewables and Building Codes

Local authorities can opt to require hybrid fuel-solar heating designs to reduce long-term costs to consumers and environmental impacts when public monies are involved. They can further uphold the primacy of overuse of the solar fuel heat supply by subsidizing solar collector capital costs. Predictable, long-term price structures should offer energy service company's incentives to reduce use of coal to maximize their own profits.

Local government involvement in solarization is also justified. Solar heating is arguably the second most appropriate, and one of the least utilized renewable technologies in Tajikistan.³² The Rasht Valley's government offers favorable conditions for solar technology: high elevations (Gharm is 1,200 meters above sea level) and high-insolation (300 sun days/per country average, fewer in the Rasht Valley). Solar collectors can deliver water heated up to 50 °C from low temperatures, which is suitable for hot water requirements. Finally, solar water heating is a simple technology, with a high potential to generate local employment.

Local governments can foster widespread adoption of solar heating units either by subsidizing acquisition costs (\$300/standard unit), or by creating artificial demand paired with incentives to benefit from economies of scale. In China, Rizhao offers an example of a city driven by the universal adoption of solar and other renewable technologies through mandatory measures and subsidies for manufacturers. Although, forcing residents to acquire a particular technology may not be the right approach for Tajikistan, Rizhao's experience nevertheless demonstrates that with concerted efforts municipalities can reduce costs of energy-efficiency and renewable technologies.

Local authorities can also institute building codes favoring future adoption of renewable energy, starting with solar water heating compatibilities and building efficiencies. Such building codes should necessarily be first applied to public and commercial buildings. Local authorities' immediate priorities would be to request that international financial institutions fund preliminary feasibility studies for modern hybrid district heating systems. A proactive approach is essential as investors and central governments are unlikely to consider such district heating for the Rasht Valley as a priority. The nascent EBRD and World Bank initiatives to re-habilitate centralized heating services will

31 Zakharova, Z. "Mekhanizm tarifnogo regulirovaniia v teplosnabzhenii munitsipalnogo obrazovaniia," Ph.D. Dissertation, Vladimirov State University, 2005.

32 Doukas, H. "Promoting renewables in the energy sector of Tajikistan," *Renewable Energy* 39, no. 1 (2012): 411–418.

also prioritize larger towns. In this light, local authorities' key contribution is one of vision and championship.

Tax Incentives

A Waiver of the Value Added Tax (VAT), and the import duties would make energy equipment imports more affordable by around 18%. At present, only imports of hydropower equipment and parts enjoy VAT and duty-free treatment. Other types of renewable technologies do not enjoy specific tax incentives. The Rasht Valley governments can lobby national authorities to introduce similar incentives for other renewable technologies, as well as for small conventional distributed energy equipment. This can be done through a proposal to the Parliamentary committee on the environment in charge of promoting a green economy. In addition, local authorities can push the agenda through the Consultative Council on Investment on Improvement of Climate to which they have been recently admitted.

State Investments

State-funded energy projects in hydropower are planned and implemented by the state utility *Barki Tojik* and the Ministry of Energy and Industry. To promote private investment in local energy production, local governments may consider offering matching investments or one-time capital expense subsidies to lower the entry barrier for independent power producers. At present, local authorities do not have funds available for such purposes. Local officials may request that central authorities institute subventions - targeted matching grants for independent power producers which demonstrate feasibility and financially sustainable energy delivery. The policy should encourage private participation in energy projects and lower state expenses to delivery. However, rules and prices for the energy produced have to be set definitively and in advance. In the short-term, matching subventions may work only for micro-hydro (non-grid electricity) or heating services as striking attractive power prices with the national utility is unlikely at current national prices.

Bonds

Bond issuing is not feasible. Public bond issuance is not practiced in Tajikistan and low public trust in government would likely prevent voluntary bond purchases.³³

Equipment Leasing

Leasing smaller equipment can be more affordable and appropriate and is recommended for smaller municipalities

with limited financing or investments needs.³⁴ Around the world, lease purchasing and vendor financing was instrumental in the spread of residential solar power. The leasing market in Tajikistan is predominantly in services with high-cost imported equipment such as construction machinery, while market for low-cost equipment and consumer goods is undeveloped. Leasing may be feasible for deployment of micro-turbines, diesel and other bio- or syngas fired generators. Leasing would also be amenable for renewable distributed technologies such as solar water heaters and solar PV as such systems are commonly deployed through such instruments. Local governments can either benefit from leasing to implement projects directly, or champion and arrange for streamlined access to leasing services for entrepreneurs. They can facilitate the spread of small energy equipment leasing by offering or requesting that national authorities offer sovereign guarantees for leased equipment.

Revolving Funds

Revolving funds are set up by municipalities and governments to provide sustainable, long-term reinvestment in energy technologies and energy efficiency. In Tajikistan, the United Nations and science community has advocated for the creation of a National Trust Fund for Renewable Energy and Energy Efficiency, but funding has not yet been provided. The Rasht Valley authorities would benefit from a national fund, rather than instituting their own funds.

Creating Space for Local ESCOs

To help local entrepreneurs offer energy services, the district governments could help remove known barriers for private energy providers, especially easing access to long-term financing. District governments' policy support could focus on specific targets: spreading the cost of investment for companies and investors, and reducing the cost of energy equipment through import waivers. To help spread the cost the governments may request that the banking sector and international financial institutions introduce consumer lease financing. Governments may also petition for tax waivers on imports of small, decentralized energy equipment. For instance, importation of solar panels would benefit from VAT and duty waivers that would make panels 20% less costly for the end consumer.

Long Term Vision: Leveraging Extractive Industries

In terms of capital involved, mining is likely the largest business and tax-payer in the Rasht Valley. If investments

33 The 2010 highly controversial Rogun shares campaign, a mandatory and onerous public cash collection that was halted only after IMF's involvement, effectively deters any future market approach to public bond issuance.

34 "Guidelines for Financing Municipal Energy Efficiency. Projects in the Commonwealth of Independent States." *Renewable Energy & Energy Efficiency Partnership*, March 2007, http://www.munee.org/files/Financing_Guidelines_FINAL_Eng.pdf.

are secured, mining companies are likely to play a critical role in the local economy. Mining operations often choose to generate their own electricity, motivated by the desire for independence and because of cost considerations. In such cases, local authorities can partner with mining companies to save on energy-related investments. A mine operator can reduce costs, while communities benefit from (supplemental) access to power.

Offering incentives to the mine operator to invest in greater electricity production than necessary for the mine and to allow for the sale of excess power to communities would be important in this regard. This approach works when transmissions from the generating unit to the local communities are available and justifiable. Local communities benefit if they are in mini-grids, or if the mine operator supplied power benefits to important users in the community.³⁵ The mine can be an anchor customer for independently produced or state-owned power projects. Mine owners can purchase electricity via a long-term power purchasing agreement, with rest capacity sold to community consumers.³⁶ A single large customer such as a mine can justify and speed-up investments in power generation that would be difficult to implement otherwise. This approach also works when transmission lines to the mine and consumers are available and justifiable. There are also joint investments, or one of the variations of public-private partnership, where state and mine owners jointly invest in a shared energy project. Naturally, such arrangements work best if mine projects are in their early stages, to allow joint planning of infrastructure investments.

Fortunately, there is an ongoing, but limited, operation at the Nazar Aylok anthracite deposit in the Rasht district, and potential investment in the Rumri gold mine in the Tavildara district. These early stage projects offer an opportunity to explore a partnership or a joint investment around electricity generation. Considering the mountainous topography, mines in the Rasht Valley are likely to self-generate power (e.g. Nazar Aylok is at 2,000–4000 meters of altitude). It is likely therefore that coal-based or run-of-the-river hydropower generation will be used. In both scenarios, a public partnership may be beneficial: a mine-located, coal fired power plant would offer winter supply reliability, at least for critical customers; a hydropower's long-life is likely to operate even after a mine is decommissioned, and will continue to benefit the local economy.

Earmarking Mineral Royalties for Renewable Energy

In a more ambitious, forward looking initiative, the Rasht Valley's local legislative councils may propose to

the Parliament's Environment Committee and Energy Committee legislation providing for a partial earmarking of 1% of the (national) government's take from mining projects taking place in the districts for renewable energy needs of local communities. The earmark must be partial and not exclude other state investments in renewable energy. Such funds can be hosted at the National Renewable Energy and Energy Efficiency Trust Fund as proposed by the government and the United Nations, but earmarked for the Rasht Valley's needs.

Such a territorially-binding allocation structure should be justified on the basis of compensating for the localized environmental impacts from mining (air and water pollution, risk of cyanide contamination, etc.), and applying non-renewable resources for local productivity gains through access to energy services. Territorially-bound funding allocations prioritize the energy needs of the most disadvantaged mountainous communities. Finally, coal-royalty earmarked funding helps to balance the growing use of coal with proportionate funding for renewable technologies.

This may be an auspicious moment to propose the initiative for Parliament's deliberation as its committees consider ways to foster growth of a green economy in the country.

3. Financing Options for Local Authorities

Regardless of policy options or choice of projects, public officials in the Rasht Valley government administration also face the challenge of arranging for funding for policy measures. Limited funding, or awareness of other investment or funding resources, limits options available to local decision makers. This section reviews financing options for local government officials.

Competitive Grants

The Global Environmental Facility (GEF)'s Special Climate Change Fund (SCCF) is one of the lesser known resources available for climate change mitigation. Local governments can approach national GEF teams to jointly prepare proposals to implement CHP projects where applicable. Projects that increase efficiency and autonomy of irrigation would likely be eligible for GEF co-financing. GEF small-grants-funding can be used for feasibility studies and local planning activities that demonstrate conservation and adaptation to climate change. In the Rasht Valley activities that reduce deforestation would be eligible.

Commercial Investments

The Dutch development bank FMO invests in emerging and developing markets, including in small energy projects. Its

35 Toledano, P., Thomashausen, S., Maennling, N., and Shah, A. "A framework to approach shared use of mining-related infrastructure," draft for public consultation, Vale Columbia Center, 2014.

36 Ibid.

portfolio includes renewable energies as well as rural, off-grid projects. FMO offers relatively long-term (up to 12 years) equity and debt investment. It also manages special funds, for instance the Dutch government-administered Infrastructure Development Fund, which invests in infrastructure projects in developing countries, including in the energy sector. The Fund invests up to €15.5 million and half that amount in equity. Long-term financing for up to 20 years is available. Grants may be available to prepare and enable new projects.

The Islamic Development Bank (IDB), which has already invested in hydropower in Tajikistan, invests in private and public entities such as district governments. It offers leasing and installment sales products, which are well suited to purchase generators or other energy equipment. Leasing would allow deployment of bio- and syngas generators with limited upfront investments. Leasing or installment sales would be suited for commercial and residential photovoltaic. IDB has already financed rural solar systems through micro-lending schemes in Bangladesh. IDB's installment sale allows purchase of generating equipment from the bank and subsequent repayment over a period up to 20 years. The mark-up (equiv. of interest rate) rate is 5.1% per year, significantly lower than Tajikistan's current interest rates. However, IDB requires sovereign or other high-credibility guarantees.³⁷

Main international financial institutions like the World Bank, International Finance Corporation, and EBRD have policies that prevent or limit investment in coal-fired projects. For example, in 2014, the Dutch government decided not to fund new coal power plants abroad anymore. Most realistically, coal energy projects will be either financed or exchanged for resources by Chinese companies, following the model of Tebian Electric's CHP plant implementation in Dushanbe.

Export Promoting Agencies

The Export Import Bank of China, EXIM, offers two products which may be relevant for stakeholders in the Rasht Valley: Preferential loans—a part of China's official development aid, and Export Buyer's Credit—loans to companies or governments purchasing Chinese products or services. EXIM Bank usually finances large projects, but offers lower than average market interest rates and thus can be suitable for capital intensive projects. One study comparing EXIM Bank with international financial institutions and US Exim Bank (albeit focusing on Latin America and Africa) found that the former offered lower interest rates, no policy conditionality and fewer industry and social-environmental requirements. China EXIM

Bank's conditions were mandatory purchase of Chinese manufactured goods. In 2012, China EXIM Bank's annual interest rates for large loans were at 2–4 percent.³⁸

Considering that other international financial institutions are unlikely to sponsor coal projects, the widespread use of coal gasification and small scale generation in China and the fact that Tajikistan will most likely procure equipment in China—EXIM Bank is the best candidate for coal projects in the Rasht Valley. Chinese concessional loans require official bilateral agreements, so local governments are limited when it comes to investigating opportunities and proposing projects to national authorities.

Buyers of energy equipment and services can also take advantage of an exporting country's assistance program. In the United States, the Small-Business Administration extends favorable credit guarantees for American companies that export energy equipment or services to Tajikistan. The agency guarantees up to 90% of the amount a US company will borrow to complete a deal with Tajikistan. US Trade Development Agency (USTDA) offers conditional grants for feasibility studies of particular energy projects. However, such grants are reserved for larger investments and US companies need to be involved.

The Swiss government offers technical assistance and assessment funding for sustainable infrastructure projects through the Asian Development Bank. Local governments can request such resources to evaluate feasibility of CHP, solar, and other innovative technologies. Islamic Development Bank also offers technical assistance, in the form of grants or long-term (up to 16 years) interest free loans. Heads of governments may begin to develop and narrow options for more diversified and localized energy solutions by requesting assistance with technical assessment. While most international financial institutions may not support coal-based solutions, ISDB and China's EXIM bank may be less stringent when it comes to coal projects.

Table 1. Technology and Policy Measures vs. Financing Sources

Heating (Coal)	Solar and Wind	Mixed Projects & CHP	Feasibility Studies
<ul style="list-style-type: none"> China EXIM IDB 	<ul style="list-style-type: none"> IFIs * KfW MFO* IDB 	<ul style="list-style-type: none"> IDB ECAs / China EXIM Manufacturers 	<ul style="list-style-type: none"> IDB Swiss Fund GEF IFIs
<i>Future Opportunities</i>			
<ul style="list-style-type: none"> Vendor Finance 	<i>Possibly:</i> <ul style="list-style-type: none"> local banks MFI 	<i>Possibly:</i> <ul style="list-style-type: none"> IFIs GEF 	<i>Large Projects:</i> <ul style="list-style-type: none"> USTDA IFIs

37 Islamic Development Bank official website, see <http://www.isdb.org/irj/portal/anonymouse?NavigationTarget=navurl://9bb63065f8eff2260ac5751221bbfaeb>.

38 Gallagher, K.P., Irwin, A., and Koleski, K. "The New Banks in Town: Chinese Finance in Latin America," *Inter-American Dialogue*, March 2012, <http://www.thedialogue.org/PublicationFiles/TheNewBanksinTown-FullTextnewversion.pdf>.

International financial institutions have further practical limitations on where they invest and this restricts the possibilities for them in the Rasht Valley:

- Most IFI no longer finance coal related projects. Competitive grant financing from UNGEF and World Bank Climate Finance are mostly targeted at Least Developed Countries.
- EBRD restricts investments to urban areas with populations over 15,000. Most urban areas of the Rasht Valley as delineated in this paper would not be eligible for EBRD public financing.
- Direct private sector investment from IFC or EBRD requires stringent financial transparency, solvency, and experience of the company, significantly limiting or rendering ineligible newer companies interested in offering energy services to the Rasht Valley.

Recommended Measures

Local authorities should focus on heating as a key need and service that lies within their area of competency. For local power generation, in addition to hydropower, other technologies should be explored that present lower costs and risks to investors, that are modular for small-scale deployment, and that are adaptable for a local private sector so as to allow for commercial sustainability. Small combined heat and power, coal gasified generation, and solar technologies should be considered. Wind power should be considered in water pumping, rather than for its power generating application.

To support the development of heating services, local governments should focus on developing regulatory frameworks to enable investment in heat supply. They will have to formulate and facilitate licensing procedures, minimum service quality requirements, formulate policies that ensure state non-interference and property rights, and propose predictable, flexible price structures. Based on local conditions, authorities can propose a standard model Energy Purchase Agreement that would govern heat sales to residential, commercial, and public consumers. As part of this effort, governments should promote the use of co-generation of power in heating application. They can do that by facilitating the sale of power, and reducing risks through local guarantees and arranging access to favorable financing. Local authorities should facilitate a predictable supply of coal.

The Nurabad and Rasht districts should consider centralized district heating. Following work on the regulatory frameworks for heating, both local governments may request that national authorities and development agencies fund initial feasibility studies for

small-scale district heating systems under BOT and BOO arrangements. The Islamic Development Bank, Swiss Infrastructure Fund, and international financial institutions should be requested to finance feasibility studies. If feasible, the districts should propose the preparation for tender process. The district administration's tasks is to champion the need for district heating in their communities; organize broad-based consultation with their constituencies to ensure that the project addresses energy needs at affordable prices; to propose and support technical solutions that integrate co-generation of power. Coal-based solutions will require administrative measures to develop relations with the Chinese export import bank and other agencies (through national authorities), as well as the Islamic Development Bank.

Beyond their authority, local government should advocate for national incentives. Local authorities should outline a package of local incentives, in the form of land concessions and infrastructure concessions or co-investments. A separate request to national authorities should propose economically and socially justified packages of incentives and subventions that could aide investments in heating services; these may include duty-free imports for small boiler/CHP equipment, accelerated depreciations, and assigning heat supply as a form of production activity to benefit from existing tax breaks. In addition, to support the diffusion of decentralized electricity generation, local governments should advocate for state incentives and energy-specific financial products for energy projects on behalf of and together with the private sector. The strategy should focus first on meeting commercial consumers who can afford the higher costs of distributed technology.

The five districts of the Rasht Valley should request that parliament, the national consultative council, and national government consider duty and tax waivers for solar technologies, with the idea of reducing costs of Solar PV for rural consumers. Simultaneously, they should request that development agencies fund a study of the economic impacts and effects on the commercial-adoption of solar PV given state subventions. In partnership with other national stakeholders the district administration should approach state banks and multilateral development banks about putting in place concessional *lease finance programs* for solar, and other distributed energy technologies. The Islamic Development Bank is the most likely partner where installment sale and lease finance are core financial products. Introducing lease models in Tajikistan will likely be the government's biggest benefit of decentralized solutions for their districts and the nation at large.

Local authorities need to demonstrate their wish to benefit from potential mining energy infrastructures, and to propose appropriate budget planning. Local governments

can also pro-actively consider potential models and feasibility assessments in partnership with Pamir Energy, potential mine developers, the Ministry of Energy, and the national utility. International Financial Corporation can advise how to arrange power purchase agreements

or joint investments in ways that would benefit the public and be attractive for private mine developers. Ultimately, it will be up to each district head's prowess and initiative to convince mine operators and national authorities to make power sharing with local customers possible.

Table 2. Policy Activity Map

Seek Assistance	Technical & Policy Assistance	Centralized \$\$\$ Projects	Mid-range Decentralized	Decentralized \$ Projects	Local Gov. Responsibility
Immediate term					
National government, Parliament				Solar duty and tax waiver	
National government, MFA		Sovereign guarantees			Request support
IDB, IFIs local banking industry			Long-term lease		Propose policy. Negotiate. Request sovereign guarantees.
Local and Nation businesses. Consultative Council	Regulatory improvements for ESCO				Assume responsibility. Convene Propose policy
Mid term					
Own resources, IFI and development agen.	Local regulatory framework for heating				Assume responsibility
IFIs, ECAs		BOT/concessions for heating and power projects			
IDB, China EXIM private banks		... involving coal	Decentralized CHP Power co-generation at boilers, industry		Propose policy
IFIs through local banks, MFI*				Long-term loans for solar and wind (to ESCO) or residents	Propose policy
Long Term					
Government, Parliament	Mining proceeds earmarking				Propose policy

Regional Cooperation in Central Asia: Nurturing from the Ground Up

Aitolkyn Kourmanova¹ (2013)

The countries of Central Asia have long been unable and unwilling to develop regional cooperation. Unwillingness to engage with competing neighbors, inability to address emerging conflicts around water and land resources, borders or ethnic minorities, and a resulting failure to produce any kind of sustainable regional cooperation platform, should be regarded primarily as a leadership failure. Indeed, the authoritarian leaders of Central Asia, in the first stage of post-colonial nation-building, have prioritized insular national interests and pursued a narrow definition of sovereignty, opposing any kind of supranational authority. In addition, current elites derive significant income from utilizing deficient economic structures based on natural resources and have been unable to institute structural reforms.

Two decades after independence the region remains poorly industrialized, with multiple barriers to regional trade, rigid political structures, and an unstable business climate, all of which have failed to attract diversified foreign direct investment (FDI). Current economic strategies, mainly based on managing the legacy of Soviet industry and infrastructure, are exhausted, and the coming power transfer in Uzbekistan and Kazakhstan is seen as a moment of political fragility that opens the door to a potentially deeper change in the regimes' legitimacy and the intra-elite sharing of resources. Meanwhile, the global context is changing as well: changing world energy patterns with the shale and fracking revolutions and post-2014 security priorities have made the region less important for the West, especially the United States.

These developments may impact the way elites and some social groups in Central Asia perceive the future of regional cooperation. The Kazakhstan-Uzbekistan strategic partnership treaty, signed on June 14, 2013, according to which the presidents of both countries have indicated that "in the conditions of the continuing world financial and economic crisis it is in the interests of both countries to maintain and increase trade dynamics,"² indicated a renewed—even if only theoretical—interest of Central Asian elites in regional cooperation. But

even more important than inter-state declarations are grassroots dynamics, which will likely drive a more genuine and powerful demand for regional cooperation.

This paper argues that the countries of the Central Asia region need to cooperate economically as this will help to bring tangible economic gains to wider groups of the population. It develops three core arguments: 1. Regionalism in Central Asia is one of the few available instruments to address the region's mounting social and economic problems; 2. Regional cooperation is likely to be driven by bottom-up dynamics rather than the other way round; 3. New ideas on developing organic regionalism and fostering regional linkages will likely be addressed by business circles and the next generation of elites.

External Actors: Allies or Adversaries to Central Asian Regional Integration?

Since the Central Asian countries' independence, external actors have been both willingly and unwillingly involved in the debate over regional cooperation, and some of them have directly participated in fostering it, often with underlying geopolitical agendas that complicate, more than they solve, the issue of regional cooperation.

Throughout its history, Central Asia has never really displayed political consolidation from within but, rather, was influenced from the outside, being the subject of various conquests from the east, south, and north. In post-Soviet times, the countries of Central Asia have been subject to complex global geopolitical forces, primarily with regard to energy and post-9/11 security, which has arguably drawn the region's states further apart from each other, instilling highly complex external vectors into their political agendas. But with Western energy markets becoming targeted more toward unconventional resources, and the international community's growing disinterest in Afghanistan's future, the region is starting to realize that the conventional "Great Game" is probably over, and that, instead, regional games will likely become more the order of the day. These will involve mostly Russia and China, as well as "second-order" neighbors, whether close or more distant, such as Iran, the Gulf countries, and South Asian nations.

The United States has never had a close engagement strategy for Central Asia nor compelling interests in the

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2 "President Kazakhstan zavershil vizit v Uzbekistan," *UzDaily*, June 15, 2013, <http://www.uzdaily.uz/articles-id-16026.htm>.

region.³ With the decrease of involvement in Afghanistan, post-2014 American interests will probably focus again on building democracy and market reforms, but with low political and financial direct involvement. A good example of this evolution is the “new Silk Road” strategy launched in 2011 by State Secretary Hillary Clinton, which aims at linking Central Asia with South Asia through Afghanistan’s regional integration process. Seen as a way to indirectly facilitate trade liberalization, so far this strategy has lacked the necessary financial resources and other mechanisms to implement what could be bold vision.

For its part, meanwhile, Russia’s interests in the region mainly serve to prevent Central Asian unity. First, Russia interprets Central Asian regional integration as subordinate to a larger Eurasian regionalization under its leadership. As Uzbekistan and Turkmenistan reject the latter, any Central Asian integration project comes up against the relationship with Moscow. Second, Russia’s economic integration model is not based on purely economic grounds, but has political importance in terms of recognizing Moscow’s leading role. Third, Russia does not offer any clear modernization strategies for the economies of Central Asia, but it also suggests a mere update of the old Soviet linkages between the Central Asian resource base and Russian processing facilities. This results in less imported technology from the more technologically advanced European Union and other countries, thus incurring a loss in productivity gains in the long run.

A suggestion of the head of Russia’s State Anti-Drug Committee, Viktor Ivanov, to industrialize the region and create jobs by setting up a Central Asia Development Corporation—which would finance and implement a number of projects in Central Asia in the fields of energy, food security, construction of new industrial enterprises, and training of new cadres—could in theory have a modernization component,⁴ but it needs a multi-million dollar investment which Russia is probably unable to provide.

That said, Russia is also facing drastic domestic changes that could impact the future of any Eurasian integration. Central Asia is mostly seen as an economic burden by Russia’s new elites. According to Rajan Menon, “even the most nationalistic of Russian politicians do not seriously entertain the possibility of re-gathering this former domain, and few if any Russians want that

responsibility, and certainly not the costs that will accompany it.”⁵ Furthermore, any stable, conflict-free Russian-Central Asian relationship is more likely to develop if democracy takes firm root in Russia.

Compared to the U.S.’s minimal role and Russia’s own Eurasian strategy, China is probably the only external actor who can both gain and help support Central Asian regional integration. Contrary to Russia, for which a Central Asian unity is detrimental to its own economic interests, China would only gain from more cooperative dynamics in the region, as they would foster and not hamper its own investment projects—which include trade and transport infrastructure, new transit opportunities in the China-Europe corridor, transportation of natural gas from Turkmenistan to China, and so on. The region’s membership in the World Trade Organization (WTO) is also preferable for China, rather than the Russia-backed Customs Union, which seems to be a closed regional bloc and, as such, is more autarkic than cooperative towards the rest of the world.⁶

Moreover, as Beijing is aware of its “neo-imperial image of a hunter for natural resources,” it tries to deflect from such images by investing in community development, diplomacy, soft power, and cultural and intellectual exchanges, which suggest that it has more sustainable interests in the region.⁷ China’s role in contributing to Central Asia’s integration is based not on the Shanghai Cooperation Organization (SCO), which is mostly a security structure, but on its bilateral and region-based investments. That said, even if China can contribute to fostering increasing Central Asian unity, this would not necessarily give the region more room for maneuver, and could on the contrary strengthen Central Asia’s dependency on China’s economic power.

Several multilateral organizations are also involved in fostering regional cooperation, most notably the Asian Development Bank and the Central Asia Regional Economic Cooperation (CAREC), which has facilitated over \$20 billion in infrastructure and investments since its inception in 1997.⁸ New infrastructure would help to turn such geographical factors as distance from main markets and landlockedness from an insurmountable barrier to trade with the rest of the world to an advantage in trade with China and the greater Asian region. Some analysts argue that the region has already started a larger process

3 Rumer, B., ed., *Central Asia at the End of the Transition* (Armonk-London: M.E. Sharpe, 2005), 29.

4 The project was supported by Yuri Krupnov, Chairman of the Development Movement, who wrote on his web-site that “a New Middle Asia will unite Russia, China, Afghanistan, Mongolia, Azerbaijan, Turkey, Pakistan, and the Central Asian countries where Russia will pursue the main objective of industrializing the region of Central Asia and Afghanistan,” <http://krupnov.livejournal.com/>.

5 Menon, R. “Central Asia in the 21st Century,” in B. Rumer, ed., *Central Asia. Views from Washington, Moscow and Beijing* (London: M.E. Sharpe, 2007), 15.

6 Kassenova, N. “Kazakhstan and Eurasian Economic Integration: Quick Start, Mixed Results and Uncertain Future,” *Series Russie. NEI. Vision* No. 14, IFRI, Paris, November 2012.

7 Jisi, W. *Marching Westwards: The Rebalancing of China’s Geostrategy* (Washington, D.C.: Center for International and Strategic Studies, 2012).

8 “The New Silk Road and Regional Economic Integration,” Bureau of South and Central Asian Affairs, US Department of State, March 13, 2013, <http://www.state.gov/p/sca/rls/rmks/2013/206167.htm>.

of continental integration of the Eurasian economic space, one which entails a shift from the countries of the region “being landlocked to land-linked.”⁹

This is a new concept which is focused on diversifying the region’s interactions away from its previous European/Russian vector and instead envisaging a broader Asian market. Nevertheless, for this to be achieved, the region is highly dependent on the international community’s leadership. Currently it faces acute geopolitical contingencies, especially related to Afghanistan’s stability, the India-Pakistan relationship, and the need to reintegrate Iran into the regional game.

Where to Begin? Why Economics Is the Obvious Lever for Integration

In this complex environment in which international and regional external players are unavoidable, how can Central Asia organize itself from within? The availability of a wide range of possible regional cooperation models somewhat complicates the “kick-starting” of regionalization in Central Asia, which is understood as “an active process of change towards increased cooperation, integration, convergence, coherence and identity.”¹⁰

While models of economic regionalism are viewed relatively favorably in the region, those involving political issues are unlikely to emerge: having long been members of the Soviet bloc, the governments of Central Asia dislike any references to union models that require greater political will and a certain loss of sovereignty.¹¹ As Linn and Pidufala point out, “even use of the term ‘integration’ is often viewed with suspicion in Central Asia, since it is felt to imply a reversal toward the way Soviet Republics related to each other—managed by a Moscow-based central authority which dictated what was to be invested, produced and distributed in each republic.”¹² Even after having joined the Russia-led Customs Union, President of Kazakhstan Nursultan Nazarbayev advances cautious statements—which serve as a caveat for his more nationalist-minded electorate—that integration within the Customs Union is based on purely economic drivers and does not foresee any political integration.¹³

Security-based regional cooperation is also limited. It has been one of the main focuses of the international

community and the region’s main external actors, especially through the CSTO (Collective Security Treaty Organization) and the SCO. However, security-based cooperation has proven far from successful, for three main reasons: 1. None of the existing organizations include all five of the Central Asian states, but all of them include external actors with their own geopolitical agendas. They thus do not represent a genuine intra-Central Asia trend; 2. They are declarations of intent based more on shared threat perceptions (Islamic risks, terrorism, and so on) than on efficient mechanisms, and avoid addressing real security challenges such as water; 3. The security interests of the current Central Asian elites are opaque and centered on their own narrow, regime security-oriented interests. Therefore, initiatives in this area are usually perceived with skepticism by local populations, who do not see themselves as the main beneficiaries of security-oriented regional cooperation frameworks.

Central Asia’s resource-related economic backwardness became “structured” back in Soviet times while the region’s demographic boom during the Brezhnev era underscored the inability of the Soviet system to offer job opportunities and industrial development in all the southern republics.¹⁴ Despite varying success in implementing broad economic reforms in the 1990s, Central Asian states remain heavily dependent on energy, extractive industries, and grain and cotton as their main export commodities. This is particularly true of Kazakhstan which has been experiencing the phenomenon of “Dutch disease” with the oil sector dominating the economy and the manufacturing sector shrinking rapidly. In addition, the country has been hit hard by the recent financial crisis and its oil and mining sectors are losing their investment attractiveness. Hence for Kazakhstan, the imperative of attracting FDI is acute—an issue that the government is preoccupied with—and especially in the light of increasing problems regarding the Customs Union, which has thus far failed to attract FDI.

Uzbekistan, which put forward the goal of industrialization and import-substitution in the early years of independence, has also experienced mixed results. The country is still dependent on cotton, gold, and gas and it has to subsidize its newly created manufacturing projects (such as automotive and chemical production). Foreign

9 Linn, J. “Central Asian Regional Integration and Cooperation: Reality or Mirage?”, in E. Vinokurov, ed., *Eurasian Integration Yearbook of the Eurasian Development Bank* (Astana: EDB, 2012), 96–117.

10 Roy, A. “Regionalism and Security in Central Asia,” *International Affairs* 80, no. 3 (2004): 465.

11 Pomfret, R. “Regional Integration in Central Asia,” *Economic Change and Restructuring* 42, no. 1–2 (2009): 71.

12 Linn, J., and Pidufala, O. *The Experience with Regional Economic Cooperation Organizations. Lessons for Central Asia* (Washington, D.C.: Wolfensohn Center for Development, 2008), 18.

13 See, for example, Nazarbayev’s statement as regards the Customs Union: “I want to once again reiterate that there will be no planned transfer of political functions to supranational bodies which could deter countries’ sovereignty. We are talking exclusively about economic integration,” http://www.akorda.kz/ru/page/page_214000_segodnya-v-akorde-prezident-kazakhstan-nursultan-nazarbaev-prinyal-uchastie-v-zasedanii-vysshego-evraz.

14 Lewis, R.A., Churchill, R.R., and Tate, A., eds, *Geographic Perspectives on Soviet Central Asia* (London, New York: Routledge, 1992).

investors are reluctant to come to this closed country while investors from neighboring countries, which display an interest in the large Uzbek market, are denied entry for political reasons. Kyrgyzstan and Tajikistan, which employ their main advantage as suppliers of cheap, young labor, are also realizing the deficiencies of their semi-entier policy. No solution will emerge for the future of Central Asia without a totally reshaped vision of the need for economic transformation.

Three Economic Incentives to Cooperate

Search for New Economic Ideas

CIS countries look regularly at the success stories of China, the Republic of Korea, and Taiwan, which, with their complex trade regimes, managed to provide extensive import protection while at the same time provide a very substantial stimulus to export industries. The 2008 world financial crisis also contributed to feeding new ideas about the global division of labor, and the process of regionalization as a cushion from future financial turmoil. It was the East Asian financial crisis of 1997–98 which had the biggest impact on the mindsets of Asian policymakers, giving substantial impetus to regional integration of the Asian economies. Another reason being their “growing frustration with the unilateral approaches by the US and ‘market fundamentalism’ symbolized by the Washington Consensus.”¹⁵ In the current post-crisis period, Central Asian countries may share a similar sentiment in their search for regionalized economic alternatives.

To be both successful and gain the support of the population, regional cooperation has to focus on real long-term challenges for the well-being of ordinary Central Asians, that is, first and foremost on economic issues. For a long time, Western literature on political economy insisted that regional integration was most effective when propelled in by wealthy, knowledge-rich countries, which were more likely to provide better access to technology than poorer trading partners. This was the underlying legitimacy of any North-South regional integration agreements.¹⁶ However, dependency theorists argued that because of the inherent inequality in the international economic system, developing countries find themselves trapped in a position of permanent underdevelopment as suppliers

of inexpensive raw materials to the developed core.¹⁷ South-South regional initiatives thus emerged as a part of protectionist development strategies, with regionalism part of development discourse.¹⁸ The market size, enlarged as a result of reducing internal barriers to trade, confers an advantage in terms of economies of scale in the production of goods and provision of services and increased potential for investment, both from foreign and local sources.

Today, “developmental regionalism” is one way to consider the future of Central Asian regional cooperation. This model could secure the region from the dominance of foreign/global firms that is associated with globalization, and attempt to support domestic capital through regionalism.

As a UN report on regional cooperation in Africa¹⁹ suggests, in “developmental regionalism” cooperation among countries should be led in a broader range of areas than just trade and trade facilitation, to include investment, research and development, as well as policies aimed at accelerating regional industrial development and regional infrastructure provision. The region of Central Asia could thus expand its productive capacity, focusing on industrial projects that are job-intensive to accommodate its work force, and utilize its extensive natural resources to meet both local and external demand. To realize industrial potential, the mechanism of economic cooperation would use increased economies of scale and falling costs, as well as encourage private sector investment and FDI, both from within and outside regional integration arrangements as a result of market enlargement.

Diverging Economic Patterns

Conventional thinking argues that there are few incentives to cooperate in Central Asia due to lack of economic complementarities. This was true at the collapse of the Soviet Union when the countries of the region essentially exploited their resource endowments, which were more competing than complementary.²⁰ However, this has drastically changed, and economic patterns are today largely more diversified, which creates new, unexpected vectors for cooperation.

The complementarity and possible cohesion of Uzbek and Kazakh markets forms the core of any integration initiatives, because of the size of their economies and because

15 Das, D.K. *The Asian Economy: Spearheading the Recovery from the Global Financial Crisis* (London, New York: Routledge, 2011), 135.

16 Schiff, M., and Winters, A. *Regional Integration and Development* (Washington, D.C.: World Bank, 2003).

17 Doidge, M. “From Developmental Regionalism to Developmental Interregionalism. The European Union Approach,” *NCRE Working Paper* No. 07/01, July 2007, 4.

18 South-South cooperation has recently been discussed by the Uzbek economist Ildus Kamilov, from the Center for Economic Research in Tashkent. See Kamilov, I. “Sotrudnichestvo v formate Yug-Yug,” *Mezon.uz*, September 23, 2013, <http://www.mezon.uz/analytics/trends/11566-sotrudnichestvo-v-formate-yug-yug-prishlo-vremya-dlya-uzbekistana-stat-donorom>.

19 “Shift from traditional approach to integration to ‘developmental regionalism,’ report urges,” *UNCTAD Press Release*, July 11, 2013, <http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=146>.

20 Pomfret, “Regional Integration in Central Asia,” 48.

of their different development strategies. Besides evident possible complementarities in the water/energy nexus as well as agricultural sector, multiple other domains of interaction could be added. For instance, Kazakhstan's share of manufacturing in GDP dropped from 18 percent in 2000 to 12 percent in 2011, while, on the contrary, Uzbekistan managed to increase the share of its manufacturing sector from 13 percent to 22 percent of GDP.²¹ In 2012, Uzbekistan produced more than 230,000 cars—more than ten times that of Kazakhstan which produced only 21,000.²² It follows that the dynamic Kazakh market could become a key client of Uzbek production.

In the joint Uzbek-Kazakh meeting of June 2013 regarding bilateral economic cooperation, mention is made of exports to Kazakhstan of Uzbek cars and cargo transport, buses, agricultural equipment, finished textiles, electronic equipment, construction materials, glass, high-density polyethylene; and exports to Uzbekistan of Kazakhstani metal, ferroalloys, wood, and wood products. Today Kazakhstan is the third largest trading partner of Uzbekistan; and Uzbekistan the third largest CIS trading partner for Kazakhstan—albeit figuring in the second half of the table in its top 15 world trading partners. Given Tashkent's isolationist policies, these statistics actually serve to show that there is still a large room for improvement in the two countries' complementarities.

Kazakh businesses often have a surplus of capital, and thus could become the bankers for the whole region. In 2007, before the global financial crisis hit the region, Kazakh bankers were controlling up to 50 percent of the Kyrgyz banking market²³ and developing strategies to invest capital in Tajikistan, and potentially in Uzbekistan if the local legal system had been opened to them. These Kazakh private investments were not large per se but they were sizeable compared to the smaller economies of their neighbors. According to official data from the Kazakh National Bank (which likely underestimates the true amount), the total FDI from Kazakhstan to Kyrgyzstan was around \$537 million in the period 2005 to 2012. FDI was also targeted at Uzbekistan (\$252 million) and Tajikistan (\$88 million) in the same period.²⁴ In Tajikistan, Russian investors are more important, but Kazakh mining companies are showing increasing interest: KazZinc is currently bidding for the gold deposit Bolshoi Konimansur, and outbid the Australian mining giant BHP Billiton.

Uzbekistan and (especially) Turkmenistan are much less active in the development of intraregional

investment ties, partly because of capital control, but the underlying reason is political, not economic. Should there be a shift in the strategies of the Uzbek and Turkmen regimes, Kazakh investments could also make their impact felt in these two countries. Currently, although Kazakh access to global capital has reduced after the crisis, the country still has considerable domestic resources (national reserves, assets of commercial banks, and pension funds) which are looking for more diversified areas of investment, and therefore would support any regional integration project with Central Asian neighbors.

Kazakh firms are also increasingly interested in locating their production processes in countries with cheaper labor, such as Tajikistan and Kyrgyzstan, or in using the industrial capacities of Uzbekistan while targeting a larger market comprising of Russia, China, and South Asia. For Uzbekistan, which directs most of its manufacturing exports to the CIS markets (food, cars, chemicals), the encirclement resulting from the Customs Union's possible enlargement to Kyrgyzstan and Tajikistan is a worrying sign. Fear of marginalization could drive Tashkent, a lynchpin in Central Asia cooperation, to consider the benefits of improving regional cooperation. Like Belarus with its manufacturing advantages in the Customs Union framework, Uzbek manufacturing would only stand to gain in Central Asia regional value chains as it has developing capacities in oil and gas processing facilities, chemical industry, textiles, and food processing. Kyrgyzstan too has an emerging textile and agro-processing industry and could develop this niche to export to the Kazakh and Uzbek markets.

Central Asia migration is another factor to consider in informal exchange flows. Both Kyrgyzstan and Tajikistan will favor any labor-intensive project that could address their issue of chronic unemployment and the out-migration of labor. Although Russia remains a major destination for labor migration from Central Asia, Kazakhstan is increasingly competing with Russia as a destination for migrant labor.²⁵ Factors of familiarity and common cultural ties, for instance, make Kazakhstan a more attractive place to work compared with the protective and nationalist-minded migration policies of Russia. Although Kazakhstan's construction sector, which used to employ most of the migrants, has slowed down, many migrants are finding opportunities in the cities of western Kazakhstan, where oil operations are located, as well as in southern agricultural regions.

21 United Nations Statistics National Accounts Main Aggregate Database, <http://unstats.un.org/unsd/snaama/dnllist.asp>.

22 Bolatbek, A. "Proizvodstvo avtomobilei v Kazakhstane uvelichilos' v 20 raz," *Bnews.kz*, April 29, 2013, <http://www.bnews.kz/ru/news/post/136525/>.

23 Kuzmin, N. "Nursultan Nazarbaev predlozhit Kirgizii ekonomicheskuiu pomoshch' i investitsii kazakhskikh kompanii," *Expert Kazakhstan*, May 7, 2007, <http://expertonline.kz/a6479/>.

24 National Bank of Kazakhstan Direct Investment Database, <http://www.nationalbank.kz/>.

25 Libman, A. "Integratsiia snizu v Tsentral'noi Azii," *Evrasiiskaia ekonomicheskaiia integratsiia*, no. 1 (2009), 14.

In the near future Kazakhstan and its neighbors will need more regional cooperation projects that are job-intensive to cope with the migration phenomenon. Complementarity between workforce-seeking countries and workforce-sending ones could thus constitute one of the drivers of regional integration.

Many other positive signs of diversification of the regional market that create greater opportunities for cooperation exist, but a more detailed assessment should be made as regards economic, political, and social gains, as well as losses from potential economic cooperation. The experience of the Russia-led Customs Union shows that in the absence of preliminary, trustworthy, detailed, and publicly available analysis of integration models, including assessments of the likely impact for all stakeholders, such an integration model is misunderstood and even viewed with suspicion. Central Asia cooperation should be studied in multiple dimensions and preferably on a single institutional basis.

Most of these prospects for increased regional cooperation will largely depend on the next generation of Central Asian leaders, who will be better equipped in terms of economic and global knowledge thanks to having received greater training in these domains and gained more experience abroad. The next generation will also be more concerned with structural economic reforms and renewing infrastructure and technologies than the previous one, who, rather, have mostly directed their energies at state-building.

Even if the region's new leaders may wish to preserve the status quo, they will have to recognize that the national economies are already "exhausted" by the current rent-seeking strategies. Social unrest, which is growing even in comparatively rich Kazakhstan, will force the leaderships to address the issue if they want to maintain popular legitimacy and not lose the support of a large part of the population. Obviously, better economic cooperation in Central Asia in the near and mid-term perspective remains largely dependent on a leadership change in Uzbekistan. The new Uzbek elites will have to address the sustainability of the autarkical choices made by Islam Karimov, and could decide that their own interests lie in an *at least* partial liberalization that would foster regional projects.

Today's elites might be willing to start considering regional cooperation more seriously. For them, regional integration could be seen as a tool by which to oppose external forces. In addition they may see in regional integration the driver of a more powerful domestic agenda, one that addresses the demands of the emerging entrepreneurial class.

Grassroots Economic Activities

The economist Alexander Libman has put forward two models of bottom-up integration for Central Asia: an investment model which relies on direct investments from large transnational companies; and an informal model which is related to emerging informal cross-border linkages.²⁶ Despite limitations in trade and other barriers erected by the governments of the region, for the last twenty years both formal and informal regional business linkages have grown in Central Asia. Fostering of business linkages among the countries is thus a key element favoring regional integration, and grassroots dynamics are visible. Most local analysts list the business community as a major actor in regional economic cooperation and national bureaucracies as major hurdles.²⁷ It is worth remembering in this context that the leading voice for a new postwar order in Europe was neither an intellectual nor a politician, but rather a French wine merchant from Cognac, Jean Monnet.

Business development in Central Asia occurs in a challenging environment of stiff regulations and difficult access to credit. Local businesses need more knowledge-related products and services to expand their entrepreneurial knowledge and strategies. At the same time, Central Asian markets are more familiar to local businessmen, who understand how they work and how to deal with the authorities and other institutions. The constant flow of inter-regional interactions and real cross-border activities, involving shuttle trade, migrants, students, tourists, and small-scale businessmen, is largely unrecorded in official statistics, but many micro-studies and anthropological studies confirm their significance in providing revenues to hundreds of thousands of Central Asian households. The huge market at Kara Suu in south Kyrgyzstan, centered in the vibrant Ferghana Valley, the Bishkek-based Dordoy market which supplies mostly Kazakhstan, and the Almaty markets dominated by Chinese entrepreneurs are the backbones of the non-industry related economic sectors.

At all levels of the economic chain, business operations are conducted region-wide, via informal links that make use of relatives, friends, or dummy companies to allow cross-border movement of capital. Such activities may focus on agriculture, construction, the real estate market, or mining; mergers and acquisitions also take place but they are less likely to be recorded so as to circumvent strict regulations.

The following are but a few examples of recorded business activities and ventures that display a regional dimension. One such venture is that of the notorious Uzbek Patokh Shodiev, one of the majority shareholders

²⁶ Ibid., 6.

²⁷ Olimova, et al. "Regional Cooperation in Central Asia: A View from Tajikistan," *Problems of Economic Transition* 48, no. 9 (2006): 6–86.

in the Eurasian Natural Resource Corporation (ENRC), who has substantial personal interests in the non-mining sectors in Kazakhstan. Another example is ShymkentPivo, one of the largest producers of beverages in Kazakhstan, which owns a joint venture in Uzbekistan, Marvel Juice. Visor Capital, an asset management firm based in Kazakhstan, is one of the most active mediators in business transactions in Kazakhstan, Kyrgyzstan, and Uzbekistan. Even Turkmen products (although the regime distances itself from integration initiatives) needs Central Asia markets: there is, for instance, a successful chain of outlets, Tuana Home Textile, which sells Turkmen textiles in Almaty and, recently, a Turkmen textile exhibition was held in Dushanbe.²⁸ It is important to note that most “interactions” derive purely from business initiatives without the aid of cooperative policies on the behalf of governments.

Obviously, there is a fear of competition in some business circles as trade liberalization might erode the market power of dominant firms through entry of competing firms from other member countries. Distributing the benefits accruing as a result of the availability of larger markets evenly among all members is also seen as a challenge. Insufficient experience of international cooperation leads to situations in which many stakeholders cannot accurately estimate the benefits from cooperation and therefore tend to underestimate them. As experts from CASE-Kyrgyzstan put it in their analysis of the regional cooperation problems: “As cooperation brings increased efficiency, transparency, and long-term gains, the winners are those who are competitive and have a long-term vision. Losers are rent-seekers of all kinds—corrupt government officials, businessmen preserving monopolies or economizing on environmental protection, and unskilled workers fearing competition from migrants.”²⁹

Central Asian entrepreneurs need a sustainable business-to-business platform to meet and exchange ideas and understand each other better. There is a wide information gap between them as regards local business regulations and market and logistics opportunities. A regional business cooperation initiative would facilitate joint regional projects within Central Asia, with the potential to attract foreign investors as well.

When Identity Becomes a Lever for Integration

Economic cooperation is easier to implement if based on common cultural grounds. As Jean Monnet once said, if he were to begin again, he would start with culture.³⁰ If we can agree with Martha Brill Olcott’s statement that “[t]he imprint which the Mongol conquest set on Central Asia society was more powerful than that of the Russians and Soviets,”³¹ does that mean that this century-old historical reference can make sense in today’s world? Each of the Central Asian countries is still searching for a national ideology, while recognizing a shared civilizational legacy, and partly a shared regional geographical definition. Even if not implemented immediately, these elements should be part of a candid debate on how cultural levers can help to foster regional cooperation.

Personal animosities between presidents and the collusion of political and economic interests among incumbent elites are obviously key barriers to regional cooperation.³² In autocratic regimes it is difficult to distinguish regional rivalries from personal rivalries and political strategies from country strategies; in any case, the majority of the population is not able to voice their opinion regarding regional issues. Nonetheless, many prominent analysts, such as Olcott, think that competition will continue to dominate the scene due to geographical and historical factors even after generational change. She states that these regional problems are not a feature of the first stage of nation-building, but a sign of more structural differentiation.³³ Because of Central Asia’s dissociated national ideologies, the next generation is thus believed to be less inclined to cooperate regionally and to have a weaker sense of regional identity.

However, this statement has yet to be confirmed, and, on the contrary, it is possible to observe many elements that would point to a growing feeling of regional identity. For one, the next generation of leaders will come to power shaped by different memories than the Soviet legacy that lingers on in the mindsets of the old guard. For this new generation, therefore, Russia is not equated so much with a civilizational role—which the Soviets played in modernizing and bringing education to the region—but mainly with a self-centered and aggressive policy pursued by Moscow after the dissolution of the Soviet Union.

28 “Turkmenistan prodemonstriruet svoi tekstil’ dushanbintsam,” *Asia Plus*, March 25, 2013, <http://www.asia-plus.tj/ru/news/turkmenistan-prodemonstriruet-svoi-tekstil-dushanbintsam>.

29 “Regional Cooperation in Central Asia: A View from Kyrgyzstan,” *Problems of Economic Transition* 48, no. 8 (2005): 5–61.

30 Baleanu, V.G. “A Conflict of Contemporary Europe: Is it the Case that before there can be Europeans, there must be Europe?,” *Conflicts Studies Research Centre*, 1994.

31 Olcott, M.B. “Common Legacies and Conflicts,” in R. Allison and L. Jonson, eds, *Central Asian Security* (London: Royal Institute of International Affairs, 2001), 28.

32 Laruelle, M., and Peyrouse, S. “Regional Organisations in Central Asia: Patterns of Interaction, Dilemmas of Efficiency,” *University of Central Asia’s Institute of Public Policy and Administration Working Paper* No. 10, 2012, 45.

33 Olcott “Common Legacies and Conflicts,” 28.

Fears of Russian domination are strong among the new generation, and post-Soviet nationalist ideologies over the last two decades have been largely more anti-Russian than opposed to any of the other Central Asian nations. Russia's current push for a common political agenda may lead to a more nationalist-oriented response from the new Central Asian leaders, and parts of the population. For example, staunch nationalists in Kazakhstan speak against integration with Russia but will favor greater union with Central Asia neighbors.³⁴ Blank spots in national historical narratives such as the anti-Soviet Basmachi movement, pan-Turkism, or Jadidism (all having a potentially powerful regional dimension) will probably be more openly discussed in the years to come, once the last Soviet generation vacates the political scene.

There is indeed a growing demand for new values among Central Asia's youthful population. This youth is a vibrant community exhibiting talent and creativity but built on a shaky foundation of disparities in education levels and diverging cultures. This "young energy" often manifests itself in Islamic piety, radical nationalism, or drives young people to emigrate. On the other hand, events organized mainly by donors such as youth camps and art projects showcase an immense combined potential of Central Asian youth to cooperate and find common ground. If there was a concerted effort to promote regional identity, it would find success precisely among this younger generation of Central Asians.

Moreover, the revival of Islamic identity among the younger generation, whether it is understood as religious and/or as an ideological backlash to the current social and political order, fosters the feeling of shared cultural values with neighbors. Central Asian migrants working in Russia, for instance, tend to develop a stronger sense of their Muslim identity, and attend largely interethnic mosques. Still understudied, these cultural changes both in Central Asia itself and among the diaspora will play a key role in the decade to come in giving the voice to a new generation—for whom Central Asian cooperation, if not unity, is a legitimate process to be publicly discussed.

Conclusion

This paper argued that the countries of the Central Asian region need to cooperate to ensure their sustainable development and that broad economic gains will be won from increased trade and mutual investments. It demonstrated that there is a growing understanding, even if still only vaguely formulated, that the countries of the region should make further efforts to make the Central Asian market a cohesive and viable economic unit. Interest

in diversifying the manufacturing industries and making a more attractive business and investment climate fosters a revival of interest in regional cooperation.

It would be naive to hope for a rapid improvement in the current state of affairs: it will take time for the countries to assess the costs and benefits of regional economic cooperation. However, the desire of a growing part of the population to take advantage of what they see as the benefits of developmental integration will be a key driver of regional integration: grassroots dynamics are already underway and will, eventually, impact the policy-making process. In this sense, regionalism in Central Asia is likely to be driven from the ground up rather than the other way round. Only private sector initiatives and the understanding of competitive factors or synergy of resources, technology, and factors of production may allow the region to achieve the desired level of modernization that the countries ultimately seek, and to fight poverty and other social issues like unemployment, outward migration, and potential radicalism.

Recommendations

International Aid Focused on the Small- and Medium-Sized Private Sector and on Job Creation

Promotion and support of regional cooperation is a difficult task and should be framed in a road map with equal participation of the donors, governments and private sector. Although donors have long been trying to foster regional cooperation, they should not be discouraged from the current failure of the governments to find a common agenda. Their efforts should be focused on providing technical assistance in trade liberalization, business environment confidence measures, transfer of knowledge products in the financial sector, and entrepreneurship. They should also help in larger strategies of job creation and industrial development.

Launching a Regional Think Tank

A consistent and rigorous research program on regional cooperation should be launched within a newly established regional think tank. The research should deepen the understanding of costs and benefits of various integration models and emphasize concrete steps in creating a climate conducive to cross-border trade and investments as well as intra-regional FDI. The improvement of living standards of the overall population as a result of increased cooperation should be calculated. The results should be disseminated widely from government committees to media.

³⁴ See, for example, one of the most recent suggestions of Valikhan Tuleshev, who could be regarded as a representative of the nationalist intellectuals, at <http://www.altyn-orda.kz/news/kazaxstanskije-novosti/professor-valixan-tuleshev-filosofiya-geopolitiki-kazaxstana-v-xxi-veke-tyurkskij-proekt/>.

Creating a Regional Business Chamber

Business linkages should be encouraged by organizing more regional business forums, trade fairs, and establishing institutions such as a regional business chamber. The market should decide for itself what to produce and where to locate production, with the governments facilitating this in terms of having a better understanding of—and limiting their role to assisting—the infrastructure and policy needs of businesses.

Promoting Regional Cultural Initiatives

More cultural and exchange initiatives, particularly among the youth, are needed to strengthen regional identity and promote knowledge exchange. Promotion of regional media with a specific agenda will help to communicate new initiatives to a larger audience.

Revisiting Water Issues in Central Asia: Shifting from Regional Approach to National Solutions

Nariya Khasanova¹ (2014)

In June 2014 the World Bank released two studies on the viability of the Rogun dam in Tajikistan.² It instantly revived the tensions between Uzbekistan and Tajikistan over the construction of the dam. Uzbekistan–Tajikistan’s downstream neighbor–opposes construction of the dam and fears the unduly interference by Dushanbe with the water supply necessary for its cotton industry. Tajikistan sees construction of the dam as having national strategic importance, vital for dealing with its chronic energy crises.

Many Central Asian observers consider water to be one of the main risks of interstate conflict in Central Asia, and a key obstacle to regional cooperation. That said, international donors continue to push for regional approaches. In this paper, I argue that a regional approach to water in Central Asia is misguided and bound to fail. I argue that the international community should shift its focus from regional level to national-level solutions. It would slow down the ongoing geo-politicization of the water debate, and therefore interstate tensions. It would also motivate the Central Asian authorities to identify the real challenges faced on the ground. Finally, this shift would contribute to moving the focus from water distribution to water (over)consumption, which is the real drama of the Central Asian region’s water dilemma.

Three Main Reasons Why Multilateral Solutions to Water Do Not Work

There are three main reasons to explain the failure of multilateral water cooperation in Central Asia. The first is the legacy of the Soviet water distribution approach which links cross-border water flows to interstate energy distribution in a context of independent states with increasingly divergent needs and policies. The second is the lack of political will for regional cooperation. The third is the securitization of the water issue, that is, the development of a narrative about the alleged scarcity of

water, and the ensuing risk of interstate conflicts. In all three instances, the focus is put on water distribution, while it should be on the real problem, namely, water consumption.

Reproducing the Soviet Water Distribution Approach

The basin-wide water management approach is a legacy of the Soviet Union. The Soviet water resource management was based on a regional water vs. energy barter system which balanced the water needs of downstream countries (Uzbekistan, Kazakhstan and Turkmenistan) and the energy needs of upstream countries (Tajikistan and Kyrgyzstan). The allocation of water was dependent on the main area of specialization of a republic. Under this system, intensive agricultural development was a priority and Uzbekistan and Turkmenistan were given significantly larger water quotas than Tajikistan and Kyrgyzstan. In exchange for the water from upstream countries to power irrigation pumps in downstream countries during the summer, the Soviet Union ensured the delivery of natural gas from downstream countries to upstream countries during the winter. This system was complemented by the electricity delivery through the Unified Central Asia Energy System.

After gaining independence in 1991 Central Asian countries agreed to keep the water-energy barter system and left the water quotas at the same level. However, maintaining the Soviet water distribution system quickly revealed three main problems.

First, there is no central redistribution of benefits anymore. During the Soviet time Central Asian republics were part of one country that regulated not only the distribution of natural resources, but also the distribution of their benefits. The collapse of the Soviet Union left the newly independent states with water distribution mechanisms, but with no central authority able to take over a regulatory role in the barter system. Negotiations over the exchange of water for hydrocarbons regularly broke up while the regional electricity trade declined from 25 GWh (gigawatt hours) in 1990 to 4 GWh in 2008.³ The work on the grid was interrupted several times because

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2 One study focused on the technical and economic viability, and the other on the social and environmental impact of the dam. See, among others, “Key Issues for Consideration on the Proposed Rogun Hydropower Project,” Draft for Discussion, World Bank, 2014, <http://www.worldbank.org/content/dam/Worldbank/Event/ECA/central-asia/WB%20Rogun%20Key%20Issues.pdf>.

3 Laruelle, M., and Peyrouse, S. “Regional Organizations in Central Asia: Patterns of Interaction, Dilemmas of Efficiency,” *University of Central Asia’s Institute of Public Policy and Administration Working Paper* No. 10, 2012.

of withdrawals by Turkmenistan, and withdrawals and returns by Kazakhstan and Uzbekistan.

Second, Central Asian countries are now independent states and their policies are driven by national interests and needs that often do not align. Central Asian states have growing demands for water and constantly increase their water use without renegotiating the agreement⁴.

Table 1. Annual Water Withdrawal in Amu Darya by CA Countries in 2011 as Opposed to Allocated Water Quotas (Km³)

Country	Water Quotas	Withdrawal in Amu Darya	Total Water Withdrawal
Kyrgyzstan	0.4	0.054	10.1
Tajikistan	9.5	9.4	11.5
Turkmenistan	22	28.145	28
Uzbekistan	22	29.4	56
Uzbekistan	22	29.4	56

Sources: WB and Drainage Basin of the Aral Sea and other Transboundary Waters in Central Asia, UNECE

Third, Afghanistan (8% of Amu Darya is formed on its territory) was excluded from the regional distribution structures. The Soviet Protocol 566 dated March 12, 1987 specified the annual amount of water use in Central Asia at 61.5 km³ 2.1 km³ of which was assumed to go to Afghanistan. That said, the current rough estimation of Afghanistan's water demand is of 6.09 km³.⁵ With the Amu Darya feeding 40% of Afghanistan's irrigated lands⁶, it is likely that Afghanistan will increase its water use and claim its rights in the years to come, generating new tensions with other bordering states and thus, compromising regional cooperation.

Political Will for Regional Cooperation Is Lacking

Regional cooperation over water does not work because the majority of water initiatives taken in Central Asia in the 1990s and 2000s reproduced the Soviet water management approach.

This is the case both at the intra-regional level and at the level of international donors. At the intra-regional

level it is represented by the 1992 Almaty Agreement, the Interstate Commission for Water Coordination, and the International Fund for Saving the Aral Sea⁷.

Regional water benefit-sharing approaches through the establishment of the Central Asian Water and Energy Consortium were discussed in 1997 and later in 2003, and 2006.⁸ However, disagreements with respect to the share in the consortium, reluctance to compromise, and low level of trust and regional political competition have hindered the implementation of this project.⁹

Regional cooperation remains the overarching principle for many international donors, working both at regional and national levels. These international projects include the EU Water Initiative; the German inspired "Berlin process" aiming to improve regional cooperation in water; UNECE and UNESCAP regional water and energy strategies; the UNDP Integrated Water Management Framework, which stresses the need for regional management of water resources¹⁰; and the World Bank Central Asia Energy Water Development Program which considers a consumption-based approach, but stays with the idea of building multilateral water and energy cooperation in Central Asia by establishing a multi-donor trust fund.

Despite water being one of the main foci of international donors, regional cooperation over this issue has failed and is not likely to succeed in the near future because of historical and geostrategic factors and because of the nature of the political regimes. For most Central Asian policymakers regional integration efforts are linked to the Soviet experience and there is no interest in delegating any power to supranational bodies. For many Central Asian states state-building is linked to a process of distancing – if not competing with – from one's neighbors. Lastly, relatively bad inter-personnel relations between presidents play a huge role¹¹.

The lack of political will to engage in regional cooperation makes Central Asian states very protective over their national water data. The official data presented by the Basin Water Organization "Amu Darya" (BVO), for instance, does not reflect the real amounts of water each riparian state is consuming.¹² Only two countries in the region, Kazakhstan and Uzbekistan, have ratified the

4 Wegerich, K. "Hydrohegemony in the Amudarya Basin," *Water policy* 10, no. 2, IWA Publishing, 2008.

5 Wegerich, K. "The New Great Game: Water Allocation in post-Soviet Central Asia," *Georgetown Journal of International Affairs* 10, no. 2 (2009): 117–123.

6 Nazariy, A. "BVO "Amudar'ia" o voprosakh vodnoi bezopasnosti v basseine reki Amudar'ia," 2013, www.eecca-water.net/file/nazariy-1113.pdf.

7 "Regional Water Intelligence report Central Asia," SIWI baseline report, Paper 15, 2010.

8 Sigov, Y. "Vodnoe peremirie. Kak reshit' vopros razdela vodnykh resursov Tsentral'noi Azii?," *Delovaia nedelia*, April 25, 2008, <https://www.ca-news.info/2008/04/26/22>.

9 Kirsanov, I. "Bitva za vodu v Tsentral'noi Azii," *Fund Nasledie Evrazii*, 2006, <http://www.fundeh.org/publications/articles/48/>

10 Priesner, S. "Integrated Water Resources Management in Central Asia," Speech at the joint seminar, 2014. <http://www.undp.org/content/uzbekistan/en/home/presscenter/speeches/2014/04/18/-the-joint-seminar-integrated-water-resources-management-in-central-asia-/>.

11 Laruelle, and Peyrouse, "Regional Organisations in Central Asia."

12 Wegerich, "Hydrohegemony in the Amudarya Basin."

Water Convention. Uzbekistan is the only country from Central Asia that has acceded to the UN International Commission, legally obliging it to implement the principles of “reasonable and equitable use of water.”¹³

Bilateral cooperation can sometimes be successful. One of the successful examples of water cooperation is a shared water agreement on the Chu and Talas rivers between Kyrgyzstan and Kazakhstan. The countries agreed to share operational and maintenance costs in proportion to received water amounts.¹⁴ However, successful bilateral cooperation is often very specific. In that case, the good relations between Bishkek and Astana explain largely the success, which Dushanbe and Tashkent cannot replicate.

The Threat of Water Scarcity and the Rogun Debate

Water has also become an object of securitization in Central Asia. Official narratives emphasize water scarcity and the risk of interstate conflicts. The water scarcity debate in Central Asia started around the shrinking of the Aral Sea and became more intense in the 2000s.

The water scarcity argument is however a bogus argument. Indeed, compared to other regions of the world, water is not a scarce resource in Central Asia. According to the Water Stress Index a country is considered to be water scarce if its amount of renewable water per capita is less than 1,000 m³/year.¹⁵ All the Central Asian states are largely above this level. As a region, Central Asia is also sufficiently endowed with water (20,525 m³/year) compared to the Near East (7,922) or Northern Africa (2,441).

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Table 2. Total Renewable Water Resources in Selected Countries (M3/Capita/Year)

United Arab Emirates	18.5
Saudi Arabia	83.61
Singapore	114.2
Jordan	145.1
Israel	231.3
Uzbekistan	1,741
Afghanistan	1,956
Tajikistan	3,095
Kyrgyzstan	4,336
Turkmenistan	4,791
Kazakhstan	6,562

Source: <http://www.fao.org/nr/water/aquastat/data/query/index.html?lang=en>

The real problem in Central Asia has to do with water consumption and the totally disproportionate waste of water. Even in the United States, which is known for its excessive water consumption, water withdrawal per capita is far below Central Asian levels, with the exception of Kazakhstan and Kyrgyzstan.¹⁶

Table 3. Total Water Withdrawal per Capita in Central Asia (M3)

Afghanistan	823
Kazakhstan	1,291
Kyrgyzstan	1,558
Tajikistan	1,740
Turkmenistan	5,752
Uzbekistan	2,113

Source: <http://www.fao.org/nr/water/aquastat/data/query/index.html?lang=en>

The debate around the Rogun dam is the most illustrative example of how water and energy are being securitized in Central Asia both by the two concerned states, Uzbekistan and Tajikistan, and by the international community.

The Rogun dam is a hydropower station to be constructed on the Vakhsh River in Tajikistan, a tributary to Amu Darya. The construction of the station began in late Soviet times but was not completed. In 1993 severe floods destroyed a significant part of the infrastructure

13 Khamzaeva, A. “Water Resource Management in Central Asia: security implications and prospects for regional cooperation,” *Barcelona Centre for International Affairs (CIDOB) Asia*, no. 25, 2009.

14 “Regional Water Intelligence report Central Asia.”

15 Sehring, J., and Diebold, A. “Water Scarcity Analyzed, 2014,” <http://www.waterunites-ca.org/themes/19-infoboxes/32-water-scarcity-analyzed.html>.

16 Laruelle, M. “Water in Central Asian Agriculture: No Time to Waste,” *EUCAM Watch*, no. 13, November 2012.

and the dam's initial basement. The devastating civil war in Tajikistan further contributed to the deterioration of the construction. The Tajik government decided to revitalize the Rogun dam construction in 2004.

However, in 2007 the Russian company Rusal abandoned the project following a disagreement with the Tajik government over the dam height (285 or 335 meters), and because Rusal wanted to acquire the TALCO aluminum factory as well, which Dushanbe didn't want to sell.

The estimated total cost of the project is between \$3 and \$5 billion,¹⁷ an amount that the country cannot secure. In 2010 the Tajik government launched an Initial Public Offering (IPO) for a total amount of six billion somoni (about \$1.37 billion), but it was able to raise only 20% of the required amount, mostly by forcing its population to buy shares.

In response to a request by the government of Tajikistan, the World Bank prepared two feasibility studies (A Techno-Economic Assessment Study and An Environmental and Social Impact Assessment). Both studies, released in 2014, concluded that subject to design changes and mitigation measures, a hydropower project could be built and operated at the Rogun site within international safety norms. Another key concluding statement was "The project is very large (on the order of 50 percent of 2013 GDP) and would present correspondingly large financing and macroeconomic risks."¹⁸ Meanwhile, there are no countries, or international institutions, including World Bank, who made or would be willing to make financial commitments to support this project.

The Uzbek and the Tajik positions with regard to the Rogun dam project are at opposite ends. Uzbekistan fears that Tajik upstream diverting of water on the Vakhsh River will put its water needs for agriculture in the summer months in danger. Tashkent has argued that once constructed the reservoir's filling (lasting between 10 and 17 years depending on sources and calculations) will impact potable water supplies and damage irrigation and crop yields. It has also pointed to seismic risks and the dangers involved if a dam of such height is built in a region sensitive to earthquakes.

Tajikistan on the other hand argues that Rogun is needed to solve its energy shortages that drastically

hamper its economic development (estimated at about 2,700 gigawatt hours¹⁹). The country has huge undeveloped hydropower potential (production of 527 milliard kWh electricity with total capacity of 4070 megawatts²⁰) and hopes to strengthen its national budget by exporting hydroelectricity to its southern neighbors in South Asia. Dushanbe believes that seismic security can be ensured. It also argues that the Amu Darya flows won't be reduced, neither during the reservoir's filling time or after, and that agreed quotas will be respected.²¹

Tensions over the Rogun project led to uncompromised positions from both sides, with President Islam Karimov mentioning armed conflict and President Emomali Rakhmon making Rogun a panacea for current energy outages in Tajikistan.

Solutions other than Rogun were disregarded. At the third riparian meeting on February 12, 2013 in Almaty, the World Bank proposed to Tajikistan that they construct several small hydropower stations with different heights and different capacities²², but it was refused by Dushanbe. The Tajik government has also tended to ignore the main reason for the country's energy shortages, namely the fact that the Tajik aluminum factory, TALCO, consumes about 40%²³ of the total net electricity consumption and is not paying its dues to the state electric company Barki Tojik. On the Uzbek side, vocal concerns about water scarcity divert attention from extremely high water consumption, almost twice that of Spain, with the latter having 17 million more people (30 million versus 47 million inhabitants), and being one of the main agricultural producers in Europe²⁴.

The international community's equivocal statements about Rogun and the repetitive wishful thinking about regional cooperation do not help Tashkent and Dushanbe deconstruct their narratives of danger over water and energy issues.

Changing Water Policies in the Uzbek Agricultural Sector

With the exception of Kazakhstan, on average, more than 90% of the total water withdrawal per capita in Central Asia is withdrawn for agricultural purposes (Kazakhstan

17 "Assessment Studies for Proposed Rogun Hydropower Project in Tajikistan," Brief, World Bank, 2014, <http://www.worldbank.org/en/region/eca/brief/rogun-assessment-studies>.

18 "Key Issues for Consideration on the Proposed Rogun Hydropower Project," Draft for Discussion, World Bank, 2014, <http://www.worldbank.org/content/dam/Worldbank/Event/ECA/central-asia/WB%20Rogun%20Key%20Issues.pdf>.

19 "Study shows TALCO's potential to save energy, 2013," World Bank, 2013, <http://www.worldbank.org/en/news/feature/2013/01/28/study-shows-talco-potential-save-energy>.

20 "The Capacity of Hydropower Tajikistan," TAJ Hydro, 2011, <http://tajhydro.tj/en/about-tajikistan/hydropower-capacity-of-tajikistan>.

21 "Tajikistan's Rogun Hydro: Social and Environmental Aspects," Bank Information Center, Bank Information Center (BIC) Europe and Central Asia Program, 2014, <http://www.bicusa.org/en/Document.102618.pdf>.

22 "Third Riparian Meetings on Rogun Assessment Studies," Press Release, World Bank, 2013, <http://www.worldbank.org/en/news/press-release/2013/02/13/third-riparian-meetings-on-rogun-assessment-studies>.

23 "Study shows TALCO's potential to save energy, 2013."

24 Fedorenko, V. "Prospects for water cooperation in Central Asia," *Rethink Institute Paper* 14, 2014.

has 66% of its water consumption going to agricultural purposes).²⁵ Water policies in the agricultural sector are therefore the key element to be targeted to reduce the water consumption of the region.

Managing the Soviet Legacy

In Soviet times water was perceived as a free natural resource to benefit the economy and people. The Soviet era was characterized by the expansion of irrigated lands, especially in Uzbekistan, where they increased from 1.2 million hectares in 1913 to 2.3 million hectares in 1950 and to 4.2 million hectares in 1990. From 1930 to 1990, Uzbekistan was producing more than two thirds of all Soviet cotton.²⁶ This expansion was facilitated by large public investments. The Ministry of Water Resources and Amelioration, the main water agency, became the second largest consumer of state funds after the Ministry of Defense.²⁷ More than 90% of water resources from two major Central Asian river basins—Amu Darya and Syr Darya—were withdrawn for the irrigation of cotton and other crops.²⁸

Water distribution was organized by state water management organizations. The interaction between water managers and water users was handled through seasonal agreements. For each type of crop water demand norms were calculated. These collected water demands were translated into seasonal plans, according to which water was allocated to users. Trained and experienced staff, agronomists and hydro-technicians were employed in every collective farm and were mandated to overlook the irrigation water management.²⁹ The farms were exempt from paying for water, the cost of which was high and covered by the state. In many cases the real water supply rates were 2–3 times higher than recommended water needs. The absence of incentives for limiting water consumption led to overexploitation of available water resources.³⁰

Soviet irrigation expansion resulted in many water related environmental problems such as the shrinking of the Aral Sea, water salinity, water pollution by fertilizers

and pesticides, as well as water logging of irrigated lands. In the regions close to the Aral Sea, about 90% of the land is affected by salinization. The decay of soil quality requires additional large volumes of water to rinse away the salt. The drainage of water heavily contaminated with nitrates, organic fertilizers, and phenol, has polluted the ground water. In the downstream regions of the Syr Darya and Amu Darya, water is so polluted that it is unsuitable for either drinking or irrigation.³¹

Post-Soviet Agricultural Reforms

Since the collapse of Soviet Union, Uzbekistan has undertaken two major reforms in the agricultural sector that affected water distribution and water use differently: wheat independence and de-collectivization.

To ensure national food security, Uzbekistan made the decision to decrease cotton production and increase the production of wheat due to an overlap of their growing seasons. Winter wheat consumes less water than cotton as 40% of its water consumption is supplied by rainfall. Therefore, this shift decreased overall irrigation water requirements. However, uninterrupted operation of irrigation and drainage networks during wheat growing season and limited time left for cleaning and small repairs had a negative impact on the state of irrigation drainage and resulted in higher irrigation water consumption rates.³²

De-collectivization in Uzbekistan was initiated gradually. It started with land redistribution from collective farms to rural households. Each rural household received an additional plot of about 0.13 hectares next to their backyard garden of about 0.12 hectares to ensure that families could grow their own food during the difficult time of economic transition.³³ After that, state and collective farms were transformed into shirkats. Shirkats represented smaller collective farms that did not prove to work efficiently. Later on, unprofitable collective farms and shirkats were privatized and their land was leased to private farmers. The final transformation was the legalization of family plots or dehkans.

25 Statistical database of FAO (AQUASTAT), 2014, <http://www.fao.org/nr/water/aquastat/data/query/index.html?lang=en>.

26 Tarr, D., and Trushin, E. "Did the Desire for Cotton Self-Sufficiency Lead to the Aral Sea Environmental Disaster?" in D. Tarr, ed., *Trade Policy and WTO Accession for Development in Russia and CIS Handbook* (World Bank Institute Publication, 2006).

27 Abdullaev, I., and Atabaeva, S. "Water sector in Central Asia: slow transformation and potential for cooperation," *International Journal of Sustainable Society* 4, nos. 1–2 (2012): 103–112.

28 Golubev, G.N. "Systems View of the Water Management in Central Asia," in Z. Adeel, ed., *New Approaches to Water Management in Central Asia* (Tokyo: United Nations University, 2001), 5–18.

29 Abdullaev, et al., *Socio-technical aspect of water management in Uzbekistan: emerging water governance issues at the grassroots level* (Water and Development Publications, Helsinki University, 2006).

30 Abdullaev et al., *Water Rights in Central Asia: History, Present and Perspectives* (International Water Management Institute, 2004).

31 Sehring, J., and Diebold, A. "Ecological legacies: environmental impacts of unsustainable water management," 2014, <http://www.waterunites-ca.org/themes/9-ecological-legacies-environmental-impacts-of-unsustainable-water-management.html?view=booktext>.

32 Abdullaev, et al. "Agricultural Water Use and Trade in Uzbekistan: Situation and Potential Impacts of Market Liberalization," *Water Resources Development* 25, no. 1 (March 2009): 47–63.

33 Veldwisch, G.J. "Dehkans, Diversification and Dependencies: Rural Transformation in post-Soviet Uzbekistan," *Journal of Agrarian Change* 11, no. 4 (2011): 581–597.

The main production of farmers remains under state control. Procurement prices, application of fertilizers, dates – everything remains determined by the state. During the growing season, state officials visit farms to determine yield potential and adjust planning targets and production quotas.³⁴ Farmers have to grow cotton on the particular areas designated for that and sell it to the state at a price below the export parity under market conditions.³⁵ They have to fulfill seasonal quotas determined by the state. Satisfactory cotton production provides farmers with more profitable production opportunities – crops that can be produced and sold in a commercial manner. Farmers producing wheat are allowed to sell 50% of their quota in the open market or to keep it for home consumption. The land for wheat is also strictly controlled and the same rules are applied as for cotton.

Dehkans represent a large number of rural households – 95%. They are not part of the cotton and wheat quota system. They use their backyards and additional plots to produce fruit, vegetables, potatoes, rice, and wheat. Most of it is for personal consumption, although some products are sold or bartered. About 50% of dehkans households are paid by the farmers to provide manual labor on their fields. In some cases dehkans may produce rice based on sharecropping: farmers provide agricultural inputs (seeds, fertilizers, tractors, combines, water) while dehkans do the work for a fixed percentage of the yield (30%–50%).³⁶

Subsequent Changes in Water Management

This ultimate stage of de-collectivization reforms was accompanied by a water sector transformation in 2003. In order to address two main issues, rational water use and lack of funds for operation and maintenance, the government initiated the establishment of Water Users' Associations (WUA). WUAs are membership-based, nongovernmental, and noncommercial organizations aimed at maintaining irrigation, ensuring fair, effective, and timely distribution of water between water users, collecting payments for the water supply, and settling minor disputes related to the distribution and use of water.³⁷ The general belief of the government was that transfer of financial responsibilities for maintenance and operation (O&M) of irrigation systems would address the problem of state under-financing. However, Water Users

Associations did not prove to be effective and their work is constrained by the lack of funds and the opacity of a decision-making processes.

In terms of lack of funds, many WUAs experience problems in water fee collection that makes it difficult to cover the costs of water supply services. The material and technical infrastructure is outdated and not in good condition. There are different reasons why water users do not always pay for the services of WUAs. Many farmers cannot pay due to inefficiency in their agricultural production. This inefficiency can be explained by several reasons, including, but not limited to:

The level of agricultural extension: The collective farms were abandoned and individual farms were introduced. Former members of the collective farms, as well as citizens with no agricultural experience, became individual farmers. Many did not have the technical expertise for crop cultivation and irrigation. Many farmers complain about the lack of support they receive in terms of technical knowledge from agronomists, fertilizer specialists, and crop disease experts.³⁸

The system of state production quota for cotton and wheat: Farmers cultivate about 60%–70%³⁹ of their farmlands with cotton or wheat; 30%–40% being left for growing other crops. Farmers have to sell crops to the state at a procurement price that often does not cover the production costs. Cotton-producing farmers, for example, received only about 66% of the world market price in 2004–5 for their raw cotton.⁴⁰

Land ownership and land use: The land rights are not secure.⁴¹ The land is leased to farmers for a period of up to 50 years with the reserved right of the state to terminate the lease contract with a farmer at any time. It happens very frequently when farmers change their cotton cultivation area.⁴² The cotton cultivation area allocated by the state frequently is not appropriate for growing the crop. Therefore, farmers are always under stress of losing their land.

The land rights of farmers can also be canceled if they do not fulfill production agreements three years in a row.⁴³ Land subleasing is prohibited, which deprives farmers of the opportunity to sublease their inactive lands to other farmers for a certain period of time. For example, current livestock farmers facing shortage of arable land are not allowed to lease land from a neighbor to cultivate

34 MacDonald, S. "Economic Policy and Cotton in Uzbekistan," United States Department of Agriculture, 2012.

35 Ibid.

36 Veldwisch, "Dehkans, Diversification and Dependencies."

37 Roudik, P. "Legislation on Use of Water in Agriculture: Kyrgyzstan, Tajikistan, and Uzbekistan," 2013, <http://www.loc.gov/law/help/water-law/central-asian-states.php>.

38 Sutton, W., et al. "Reducing the vulnerability of Uzbekistan's agricultural systems to climate change," *World Bank Study*, 2013.

39 Djanibekov, et al. "Pros and cons of cotton production in Uzbekistan," *Case-study 7–9*, Cornell University, 2010.

40 Ibid.

41 Veldwisch, G.J., et al. "Lost in transition? The introduction of water users associations in Uzbekistan," *Water International* (2013).

42 Djanibekov, et al. "Pros and cons of cotton production in Uzbekistan."

43 Abdullaev, I., et al. "Agricultural Water Use and Trade in Uzbekistan."

necessary crops.⁴⁴ Informal subleasing practices exist, but they are not always safe for the farmers as there are no contracts stipulating conditions.

Provision of subsidies for agricultural inputs for cotton/wheat producers: Special state subsidies are provided for agricultural inputs: fertilizers, maintenance and operation of irrigation systems, fuel, and machinery services. However, only 8% of these subsidies represent input price differentials. More than half of these subsidies are targeted loans at a preferential interest rate of 3%, which is significantly lower than the market interest rate. The credit is automatically deducted by the banks after the account of the farmer has been credited with the payments for the cotton/wheat sales.⁴⁵ Very frequently those who allocate the money for agricultural inputs are not knowledgeable enough in terms of the needed quantity and prices, which creates another challenge for farmers.

Lack of incentives for non-cotton or non-wheat production: The income of cotton/wheat producers is coming from growing other crops. However, there are not many benefits to support the farmers in this respect. They often face problems related to export restrictions imposed by the government. Export of agricultural produce can be implemented only by state institutions and joint-ventures such as Uzulgurjisavdoinvest, and Matlubotsavdo.⁴⁶ The state controls the prices to maintain the agricultural products affordable for national consumers. Situations when supply exceeds domestic demand and export is restricted leave farmers no choice but to dispose their produce as they don't have storage facilities.

In terms of decision-making, Water Users' Associations in Uzbekistan are criticized for being the pure extension of the existing government structures responsible for the control of agricultural production – district level agricultural authorities and regional governors (*hokims*). The WUA chairman is indeed appointed by the *hokim*. WUAs report to state representatives on the activities of the previous week and get new instructions for the next one. District agricultural authorities and regional governments monitor and control the fulfillment of state cotton/wheat production and ensure the timely water delivery for these purposes through WUAs. Water users meet rarely, and farmers in WUAs don't participate in the water distribution debate even at the local level.

A More Complicated Picture: Financial Constraints Are Key

The inefficiency of WUAs means that responsibility for water use lies with the practices of farmers. Several field studies⁴⁷ reveal that some farmers independently install pumps and water saving irrigation technologies (drip irrigation); dehkans and farmers negotiate their irrigation turns, collectively buy pumps, block or clean canals, and complain about the lack of water to their water managers.⁴⁸ Although one of the rationales of the WUAs is that water management is up to the state, farmers value water as an important source for their lives (*suv – hayot*, “water is life”)⁴⁹ and welcome the idea of not wasting it. They have also demonstrated the ability to manage water when necessary.

Therefore, the major problem of water overconsumption in agriculture is not the absence of agency among water users and their water use irresponsibility, but rather financial constraints. Rehabilitation of deteriorated infrastructure and introduction of water saving technologies (drip irrigation) are very costly, and neither government nor water users can afford to implement them countrywide. According to the Food and Agriculture Organization (FAO), rehabilitation and modernization costs of the old irrigated areas are estimated at \$4,500/ha. The cost of drip irrigation development on existing irrigated areas varies between \$ 2,300 and 3,500/ha. Average annual operation and maintenance costs for full recovery is about \$450/ha for standard systems, more than \$640/ha for drip irrigation systems and \$680/ha for pump systems.⁵⁰ The government's willingness to transfer financial responsibility for infrastructure operations and maintenance to farmers cannot succeed as many farmers are not ready for that financially given the above-mentioned conditions under which they operate.

The lack of technical expertise in the government support and insufficient knowledge by farmers themselves is another obstacle for water use efficiency in agriculture. Moreover, the reproduction of the Soviet water allocation system was designed for collective farms, the number of which (in 1991 Uzbekistan counted 971 kolkhozes and 1,137 sovkhozes⁵¹) was far less than the current number

44 Lerman, Z. “Agricultural development of Uzbekistan: the effect of ongoing reforms,” *Discussion paper 7.08*. Department of Agricultural Economics and Management, The Hebrew University of Jerusalem, Israel, 2008.

45 Djanibekov, et al., “Pros and cons of cotton production in Uzbekistan.”

46 “Uzbekistan ogranichil eksport sel'khozproduktii v tseliakh nasyshcheniya sobstvennogo rynka,” *kao-a.kz*, October 1, 2009, http://kao-a.kz/ru/news/232-zbekistan_ogranichil_eksport_selkhozprodukcii_v_celah_nasyshheniya_sobstvennogo_rynka/.

47 Oberchirker, L., and Hornidge, A.K. “Water Is Life” – Farmer Rationales and Water Saving in Khorezm, Uzbekistan: A Lifeworld Analysis,” *Rural Sociology* 76, no. 3 (2011): 394–421; Abdullaev, et al. “Socio-technical aspect of water management in Uzbekistan.”

48 Oberchirker and Hornidge, “Water Is Life.”

49 Ibid.

50 “Irrigation in Central Asia in figures,” *AQUASTAT's Survey*, FAO 2012.

51 Wegerich, K. “Water user associations in Kyrgyzstan and Uzbekistan: study on conditions for sustainable development,” *Occasional Paper 32*, University of London, 2000.

of water users (more than 80,000⁵²). Modification of the infrastructure for many small farms would require large investments. The government introduced a land consolidation program, but due to the continued land fragmentation, the expected benefits did not materialize.⁵³

Uzbekistan's Proposed Solutions

Uzbekistan inherited from the Soviet Union a solid hydraulic infrastructure: 1,130 pumping stations that irrigated more than 50% of total irrigated land via a 22,300 km long network of inter-farm and main canals and 42 water-intake structures.⁵⁴ Operation and maintenance of such an infrastructure is costly for a newly independent country. State financing for rehabilitation decreased from 27% in the 1990s to 8% in the 2000s. Operation and maintenance remains underfinanced: Uzbekistan can cover only 50% of the required amount.⁵⁵ The water infrastructure after 35 years of operation has reached its limit. Moreover, many on-farm irrigation channels are unlined: only 20–30% of them have concrete lining.⁵⁶ One of the tremendous implications is that 70% of water in Uzbekistan is lost during transport between the river and the crops due to deteriorated infrastructure.⁵⁷

Uzbekistan has recognized the problem of its water use inefficiency and since 2007 spends more than \$110 million to improve irrigation infrastructure annually.

During the 2014 World Water Day, Tashkent promised to allocate \$1 billion for irrigation system modernization over a period of five years.⁵⁸ The Irrigated Land Reclamation Fund was established by a presidential decree. As a result the Uzbek state declared that 3,127 km of collection and drainage systems, 809 vertical drain units, 156 drainage pumping stations, and 1,422 observation networks have been built or rehabilitated, and 66,200 km of collection and drainage networks, drainage pumping stations, and 5,807 culverts have been repaired or upgraded.

The two Welfare Improvement Strategies (2008–2010 and 2013–2015) indicate that Uzbekistan is developing policies on:

- Introducing progressive, resource-saving irrigation technologies: there are plans to build a drip

irrigation system on 25,000 ha of land between 2013 and 2018. By presidential decree, farmers and other land users will be given long-term concessional loans with a 5% interest rate and these farmers will be exempt from land tax and other types of taxes;

- Capacity building: Uzbekistan will strengthen the physical infrastructure and provide equipment to water management organizations, upgrade the skills of water management professionals⁵⁹;
- Improving the activities of the Association of Water Users;
- Gradually shifting toward the system of partially-charged water usage in agriculture;
- Developing agrarian science, and introducing mechanisms designed to stimulate the application of scientific and technological advancements, as well as innovations into agricultural production.⁶⁰

Funding national solutions is also increasingly part of the international financial institutions' approaches. International organizations issued US \$1.1 billion to support agricultural projects in Uzbekistan, including some related to the improvement of water management in the agricultural sector.⁶¹ Uzbekistan is seeking international assistance to rehabilitate its irrigation/drainage infrastructure and increase efficiency in the agricultural sector. Along with the pilot efforts of introducing water saving technologies by the UNDP, Israel, being a rational water user, has become interested in the prospect of introducing their innovative technologies to the Uzbek market.⁶²

Recommendations

Based on the above analysis, several recommendations can be advanced..

To International Donors

International donors should support national-level solutions as opposed to regional ones. Regional cooperation over water remains mostly declaratory and

52 "Water resources management and improvement of the water sector in Uzbekistan," *Annex to the letter dated 14 March 2013 from the Chargé d'affaires a.i. of the Permanent Mission of Uzbekistan to the United Nations addressed to the Secretary-General.*

53 Djanibekov, N., Assche, K. von, Bobojonov, I., and Lamers, J.P.A. "Farm Restructuring and Land Consolidation in Uzbekistan: New Farms with Old Barriers," *Europe-Asia Studies* 64, no. 6 (2012): 1101–1126.

54 Rakhmatullaev, S., Huneau, F., Celle-Jeanton, H., et al. "Water reservoirs, irrigation and sedimentation in Central Asia," *Environmental Earth Sciences* 68, no. 4 (2013): 985–998.

55 Author's anonymous interview with World Bank expert.

56 Ibid.

57 Rakhmatullaev, Huneau, Celle-Jeanton, et al. "Water reservoirs, irrigation and sedimentation in Central Asia."

58 "Uzbekistan vydelit svyshe \$1 milliardov v blizhaishie 5 let na modernizatsii svoei irrigatsionno-meliorativnoi sistemy," *Kant.kg*, March 24, 2014, <http://kant.kg/2014-03-24/uzbekistan-vydelit-svyishe-1-mlrd-v-blizhayshie-5-let-na-modernizatsiyu-svoey-irrigatsionno-meliorativnoy-sistemy/>.

59 "Water resources management and improvement of the water sector in Uzbekistan."

60 Welfare Improvement Strategy in Uzbekistan (2013–2015).

61 <http://www.uzdaily.com/articles-id-28057.htm>.

62 "Israel technologies for farmers in Uzbekistan," Embassy of Israel in Uzbekistan, 2014, <http://embassies.gov.il/tashkent/NewsAndEvents/Pages/GH.aspx>.

unfeasible because of various historical and political factors. National-level solutions that do not compromise the needs and interests of riparian states should be given priority. This will help prevent the over-politicization of water and energy in the region. To de-securitize the issue, water should be approached from a water consumption perspective as opposed to a water distribution one.

To Uzbekistan

Water overconsumption in Uzbekistan should be addressed not only from the perspective of capital-intensive technologies, but also from the knowledge-based activities' point of view. The provision of good agricultural extension services is of paramount importance. Under

the current system of Water Users' Associations, farmers are primary stakeholders. They have expressed interest in saving water and in dealing with the ineffectiveness of the current system by cleaning on-farm canals, independently installing the pumps, negotiating their water rights, etc.

However, besides capacity-building actions, specified in the Welfare Improvement Strategy of Uzbekistan, Uzbek farmers should also be provided with better market conditions. In this respect, the government should address the current constraints related to the level of agricultural extension, land use and land ownership, the state procurement prices for cotton/wheat, export restrictions on agricultural produce, provision of subsidies, and incentives for non-cotton/non-wheat production.

The Highly Securitized Insecurities of State Borders in the Fergana Valley

Rashid Gabdulhakov¹ (2015)

International organizations and Western NGOs consider that the existence of enclaves in the Fergana Valley presents a critical risk for Central Asian stability.² Vast border areas between Kyrgyzstan, Tajikistan, and Uzbekistan are still disputed, and the issue of enclaves, especially those located in Kyrgyzstan's Batken province, has not been successfully resolved yet either.

The collapse of the multinational socialist states—the Soviet Union and Yugoslavia—resulted in the appearance of nearly twenty additional enclaves on the world political map.³ The current research identifies the following eight enclaves in the Fergana Valley, as listed by the UN Office for the Coordination of Humanitarian Assistance.⁴ There are four

Uzbek enclaves in Kyrgyzstan (Sokh, Shahimardan, Dzhangail/Jani-Ayil, and Qalacha/Chon-Qora/Chongara); two Tajik enclaves in Kyrgyzstan (Western Qal'acha/Kayragach, and Vorukh); one Tajik enclave in Uzbekistan (Sarvan/Sarvak/Sarvaksoi); and one Kyrgyz enclave in Uzbekistan (Barak).

These enclaves face a wide spectrum of issues, which go far beyond the delimitation of territorial borders. Enclave residents and people residing in areas close to the border experience huge problems in their ability to travel, trade, get access to water and land resources, as well as in participating in the weddings, burials, and other ceremonies of their relatives living across the border. On some sections of the border between Uzbekistan, Tajikistan, and Kyrgyzstan, where the borders to be concretely demarcated and fences built, some households would be split in half, with one half living in one country, and the other half in the other.

Map 1. The Fergana Valley and Its Enclaves



Source: Google map

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 - 2 "Central Asia: Border Disputes and Conflict Potential," International Crisis Group, April 4, 2004, <http://www.crisisgroup.org/~media/Files/asia/central-asia/Central%20Asia%20Border%20Disputes%20and%20Conflict%20Potential.pdf>.
 - 3 Vinokurov, E. A. *Theory of Enclaves* (Lanham: Lexington Books, 2007), 15.
 - 4 "Border Incidents in Central Asian Enclaves," Issue 2, January 1- June 30, 2013. United Nations Office for the Coordination of Humanitarian Affairs (OCHA), http://reliefweb.int/sites/reliefweb.int/files/resources/HB_ROCCA_20130709%20EN.pdf.
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A Brief Historical Sketch

It is important to make clear the terminological distinction between “enclaves” and “exclaves.” The term “exclave” describes a territory of a specific state that is surrounded by another country, or countries. “Enclave,” on the other hand, describes a part of a foreign territory that is embedded into a state’s own territory. Thus, Sokh is an exclave of Uzbekistan (Uzbekistan is its “mainland” state) and an enclave of Kyrgyzstan (Kyrgyzstan is its “host,” or surrounding, state). Like the other enclaves in the Fergana Valley, Sokh is a “true enclave,” i.e., both an enclave in respect of its surrounding host state and an exclave in respect of its mainland state.⁵

The legal status of an enclave is usually defined on the basis of its history of emergence, which may be a subject of dispute itself. In this latter case, each state prefers to make use of the particular Soviet documents that benefit its own interests and positions on the matter (the documents referenced date from the 1920s and the 1950s).⁶ In the 1920s–1930s the Central Asian states were mapped out by the Soviet elites, in such a manner that resources between the upstream and downstream countries were highly integrated.⁷ Water was exchanged for natural gas, electricity for fruits and vegetables, and even the people, who now constitute “titular” nations in their nation-states, were intermixed. While Moscow could have had in mind the mechanism of “dividing and conquering” as the driving strategy for forming the new states, there is no doubt that local elites, formal and informal leaders, and influential people had interests of their own. As Nick Megoran has stated, “It is unlikely that the original cartographers ever thought that the borders they were creating would one day delimit independent states: rather, it was expected that national sentiment would eventually wither away.”⁸

The emergence of the Fergana enclaves is usually explained via the assumption that land units were allocated to a country based on the language spoken. For instance, since the majority of the people in Barak village spoke Kyrgyz, the land unit was given to the Kyrgyz SSR, despite the fact that this very land unit was located inside the Uzbek SSR. Since Shakhimardan was of cultural significance to the Uzbeks, it was given to the Uzbek administration. Sokh’s emergence is subject to debate, because the enclave

is populated by ethnic Tajiks, though Tajik ASSR was part of the Uzbek SSR until October 16, 1929, when Tajikistan was granted the status of a Soviet Socialist Republic in its own right.⁹ There are claims that in those days Sokh was “rented” to the Uzbek SSR for agricultural purposes. Both Uzbekistan and Kyrgyzstan try to legitimate their claims by referring to different documents signed under the USSR. The lack of consensual documentation puts Sokh’s status in jeopardy, leaving it subject to speculation and debate.

A Complex Legal Framework

Generally, the process of border demarcation between the three Fergana republics lacks transparency and has been built on political fears and emotions. Unilateral attempts to install border infrastructure, to move the physical border into the neighboring state’s territory, to erect new block posts and close the existing ones, and to change the visa agreements¹⁰ make the situation regularly tense. Despite the collective dependency on infrastructure, the construction of new roads often provokes an aggressive reaction from the neighboring state, as was the case in the 2014 incident at the Kyrgyz-Tajik border, when the Tajik side was accused of using heavy weapons, such as mortar shells and rocket-propelled grenades, in response to the construction of a road in a disputed area near the Vorukh enclave.¹¹

The decision-making process on the question of enclaves and on activities undertaken in the near-border areas is rarely a multilateral one. For instance, in early 2015 the President of Kyrgyzstan, Almazbek Atambayev, made a statement about secret border-related documents signed between Uzbekistan and Kyrgyzstan under President Bakiev’s rule.¹² Such statements place border demarcation processes and the issue of enclaves even further under a veil of uncertainty. Furthermore, the opinions of local residents are not regarded as vital in the process. As a result, residents develop distrust toward “high politics,” and take individual actions to protect their land.

Defined boundaries are an integral aspect of state sovereignty. However, the task of border demarcation can be troublesome, especially for newly emergent states. The

5 “Enclaves of the world - Geographical oddities or sources of international tension?”, <http://enclaves.webs.com>.

6 From the interview of Alamanov, S. “Border demarcation with Uzbekistan does not come easy - Kyrgyz official,” *Uzdaily*, December 17, 2007, <http://www.uzdaily.com/articles-id-2109.htm>.

7 For a complete account of the National Territorial Delimitation in Central Asia, see Reeves, M. *Border Work: Spatial Lives of the State in Rural Central Asia* (Ithaca, NY, and London: Cornell University Press, 2014), 65–100.

8 Megoran, N. “The critical geopolitics of the Uzbekistan–Kyrgyzstan Ferghana Valley boundary dispute, 1999–2000,” in *Political Geography* 23 (2004): 731–764.

9 Bergne, P. *The Birth of Tajikistan: National Identity and Origins of the Republic* (New York: I.B. Tauris and Co Ltd., 2007), 1.

10 As of August 2012, Uzbekistan has required its citizens to obtain an “exit visa” (also referred to as an OVIR sticker), if the stay in Kyrgyzstan exceeds 60 days. The measure does not apply to citizens residing in the Russian Federation and was not widely announced to the citizens.

11 “Kyrgyz-Tajik Row After Border Clash,” *IWPR*, January 15, 2014, <https://iwpr.net/global-voices/kyrgyz-tajik-row-after-border-clash>.

12 “Granitsa KR s RUz. Tainoe stanovitsia iavnyum,” *Radio Liberty*, January 9, 2015, <http://rus.azattyk.mobi/a/26784103.html>.

current administrative design, which includes vaguely defined internal borders, was of little concern during Soviet times. Today, the process of border demarcation is no longer the duty of the “center” and has become a key element of nation building. Independence and sovereignty imply individual legal structures, currencies, laws, and regulations that do not necessarily cohere with those of neighboring states. Trade, movement of the people, and national security all become dependent on the “imaginary lines” of the nation; lines that are actually materialized in space, and highly securitized.

A Large Diversity of Situations

Enclaves can be large or small, with or without inhabitants, with or without resources. Some enclaves, such as Dzhangail or Western Qal’acha, are as small as one square kilometer in size. The legal status of some of them is unclear due to the lack of official documentation, which is the case for Dzhangail.¹³ Some cause tremendous tensions to arise between states, while others are able to exist in peaceful surroundings. The Tajik exclave of Sarvan in Uzbekistan, for instance, is not a subject of tension or site of conflict, despite years of rough relations between, and difficult visa regulations in, the two states involved. The exclave was granted new border crossing privileges that help its residents avoid the procedure of obtaining an Uzbek visa.¹⁴ At the same time the Kyrgyz enclave in Uzbekistan—Barak—is now nearly uninhabited, since the residents have demanded relocation.¹⁵ Sokh and Vorukh, as far as they are concerned, are subject to regular outbursts of conflict and explosions of violence, with as many as 30–40 incidents per year.¹⁶

Sokh and Shahimardan are the largest of the four Uzbek exclaves in Kyrgyzstan. With a population of 5,000 inhabitants, comprising mostly ethnic Uzbeks,¹⁷ Shahimardan is accessible both to Kyrgyz, Uzbek, and foreign citizens, and is advertised as a tourist destination, although its attraction as a tourist spot is questionable

due to the complexity of crossing the border and the lack of tourist infrastructure.¹⁸ The Sokh enclave—the largest true enclave in the world by size and the most populated enclave of the Fergana Valley—is isolated from the outside world, foreigners are not permitted to enter it, and residents themselves are limited in their ability to travel to mainland Uzbekistan as a result of actions by both the Uzbek and Kyrgyz sides.

Conflicts around enclave issues involve both civilians and border guards, and resonate in other enclaves and through the border-crossing points. In January 5–7, 2013, Sokh became the epicenter of a conflict between local dwellers, Kyrgyz border guards, and residents of neighboring Kyrgyz villages.¹⁹ As a result of the incident, border checkpoints and railroad communications were shutdown by Tashkent, while the Kyrgyz side promised to turn Sokh into a “reservation” by surrounding it with a concrete wall.²⁰ As a matter of course, the Kyrgyz side blocked entry to Shakhimardan enclave, and the Uzbek side, entry to Barak enclave.²¹

Having a territorial unit belonging to Uzbekistan right in the middle of the Kyrgyzstani province of Batken causes many problems. Until a detour road was upgraded from a dirt road into a highway,²² half of Kyrgyzstan’s Batken province was reachable only via travel through Uzbek’s Sokh enclave. Despite the signing in 1996 of a memorandum of eternal friendship between Uzbekistan and Kyrgyzstan, the relationship between the two states has been challenging in the spheres of trade, water, gas supply, border demarcation, and even inter-ethnic relations. Attempts have been made to trade a land equivalent for a corridor that would connect mainland Uzbekistan with Sokh. The Kyrgyz side refused a 17 km long/1 km wide corridor, claiming that the land the Uzbek side was offering in the exchange was mountainous, non-arable, and of disproportionately low value.²³ Negotiations over land exchanges and corridors for de-enclaving Sokh has not born fruit, primarily because connecting Sokh to mainland Uzbekistan would end up enclaving Batken province itself.

13 Dzhangail’s status is unclear, although it appears in some scholarly articles and even in travel guides, see Eurasia Travel, http://eurasia.travel/kyrgyzstan/cities/southwestern_kyrgyzstan/batken/enclaves_and_exclaves/.

14 Rasul-Zade, T. “Zhizn’ anklava,” *Asia-Plus News Agency*, June 1, 2012, <http://news.tj/ru/newspaper/article/zhizn-anklava>.

15 “Kyrgyz Exodus from Tiny Exclave,” *RFE/RL’s, Kyrgyz Service*, June 6, 2014, <http://www.rferl.org/content/qishloq-ovozi-kyrgyzstan-barak-exclave-exodus/25413373.html>.

16 Ivashenko, E. “Kyrgyzstan: granitsy kak istochnik problem i konfliktov,” *Fergana.ru News Agency*, November 27, 2014, <http://www.fergananews.com/articles/8323>.

17 Ibid.

18 Visit Uzbekistan, <http://www.visituzbekistan.travel/sightseeing/ferghana/shakhimardan/>.

19 Sindelar, D. “Sokh: In One Tiny Territory, A World of Problems,” *Radio Free Europe*, January 18, 2013, <http://www.rferl.org/content/sokh-exclave-kyrgyzstan-uzbekistan/24877127.html>.

20 REX Information Agency, July 7, 2013, <http://www.iarex.ru/news/38577.html>.

21 Rotar, I. “Uzbekistan and Kyrgyzstan Heighten Tensions in Violent Local Border Dispute,” in *Eurasia Daily Monitor* 10, no. 17, January 30, 2013, http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=40390&cHash=268108bc1c955041c74ec07ac2f6d0b4#.VMmpHGJdXAk.

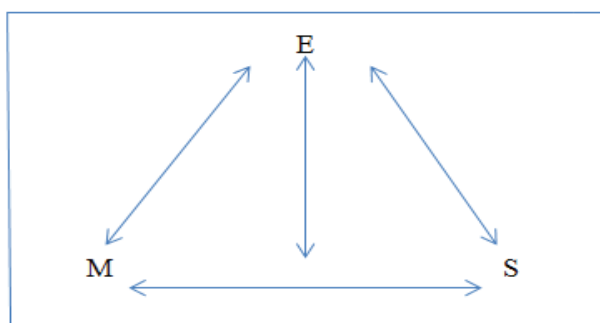
22 “Launch of the National Road Rehabilitation (Osh-Batken-Isfana),” Project and the World Bank Road Safety Report. World Bank, February 18, 2010, <http://www.worldbank.org/en/news/press-release/2010/02/18/launch-of-the-national-road-rehabilitation-osh-batken-isfana-project-and-the-world-bank-road-safety-report>.

23 Koichiev, A. “Batken Residents Furious over Secret Uzbek-Kyrgyz Deal,” *Eurasianet.org*, August 24, 2001, <http://www.eurasianet.org/departments/insight/articles/eav042501.shtml>.

A Theoretical Framework of State Interactions

Fergana Valley enclaves are part of a complex matrix of relations between all the neighboring states. The relationship between the states involved (mainland state and surrounding state) largely shapes their respective relationships with the enclave. The theory of enclaves introduced by Evgeni Vinokurov suggests a triangular relationship between the mother state, the enclave, and the host, or surrounding, state.²⁴

Figure 1. Vinokurov's Triangular Relations between the Enclave, the Mother State, and the Surrounding Country



The mainland state may harbor concerns about the enclave's secession and in this case may impose measures that are disproportionately strict relative to the enclave's size and population; such measures may include the suspension of local democracy. Vinokurov uses the notion of *negative stimuli* to refer to such actions. On the other hand, the mainland state may empower its enclave with economic privileges that are unthinkable in the mainland. Such actions he terms a positive stimuli, which is to say, actions taken by the mainland state in order to hold the enclave under its authority. The same scheme of positive and negative stimuli is exercised against the hosted enclaves by the surrounding states.

This triangular schema helps to put into perspective the complex relations between the three actors. However, sometimes a fourth player may also come into the picture, namely the "ethnic root state of the enclave." That is, due to their ethnic origins, enclave dwellers may identify with yet a third state, as is shown in the example of Sokh enclave, with its almost exclusively (99.4%) Tajik-speaking population.²⁵ This fact, then, expands the phenomenon of enclaves, turning triangular relations into a trapezoid schema, with the ethnic root state of the enclave marked as "ERSE."

Figure 2. Trapezoid Illustrating Relations between the Four Actors

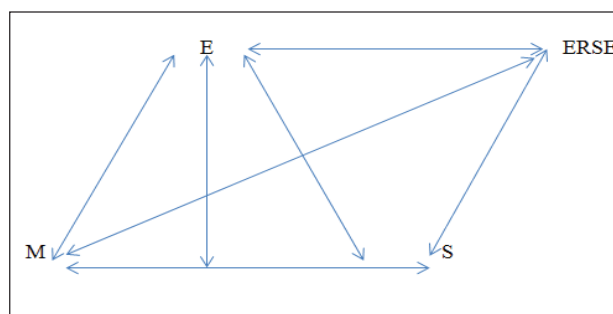
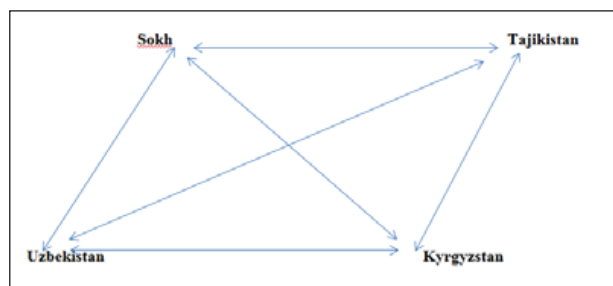


Figure 3. The ERSE System Applied to the Sokh Enclave



Governance Issues

Enclaves are tough to govern. The mother state or the surrounding state may be suspicious of its enclaves and exclaves. After the terrorist attacks in Tashkent in February 1999,²⁶ and the incursions of the Islamic Movement of Uzbekistan across the porous border and into enclaves in Batken during the summer of the same year, the Uzbek government took a proactive stance in strengthening, defining, demarcating, and materializing its border, with security being uppermost on the list of the country's priorities. The border was even land-mined by the Uzbek side until a gradual de-mining took place starting in 2004.²⁷

The Fergana Valley enclaves have had varying experiences both with their surrounding states and with their mother countries. Two smaller enclaves, Tajik Sarvan and Kyrgyz Barak in Uzbekistan, have had different fates. Sarvan's population has been essentially absorbed by Uzbekistan, while the residents of Barak have demanded their relocation to Kyrgyzstan's Karasu district in Osh province, as life inside the enclave and restrictions on

24 Vinokurov, *Theory of Enclaves*.

25 "Border Incidents in Central Asian Enclaves," Issue 2, January 1- June 30, 2013, United Nations Office for the Coordination of Humanitarian Affairs (OCHA), http://reliefweb.int/sites/reliefweb.int/files/resources/HB_ROCCA_20130709%20EN.pdf.

26 "Uzbekistan: Explosions in Tashkent," *Information Bulletin No. 1*. IFRC, February 25, 1999, <http://www.ifrc.org/docs/appeals/rpts99/infouz99.pdf>.

27 "Uzbekistan: Tashkent moves to de-mine borders with Kyrgyzstan and Tajikistan," *IRIN Humanitarian News and analysis*, June 24, 2004, <http://www.irinnews.org/report/24400/uzbekistan-tashkent-moves-to-de-mine-borders-with-kyrgyzstan-and-tajikistan>.

movement and access to mainland Kyrgyzstan were considered too burdensome.²⁸

Population pressures, resources, land, rivers, and roads are considered the major causes of tension. Sokh itself is deprived of any independent territorial decision-making ability: it falls under the administration of the Republic of Uzbekistan and is a simple administrative district of Fergana province. Economic life in the enclave is centered on agriculture, which includes rice and potato growing. Industry is limited, as both its canned goods factory and its shoe factory were shut down due to the lack of a corridor to the mainland; the majority of its young people seek economic opportunities in Russia.²⁹ The quasi-totality of Sokh residents speak Tajik, and education is carried out in the Tajik language, although it is not an official language of Uzbekistan.³⁰ The local newspaper, *Sadoi Sokh* (The Voice of Sokh), is printed in Tajik.³¹ According to the Uzbek government, there are 28 schools that serve 11,654 students, along with three professional colleges that serve 2,233 students.³² The general relationship of the Sokh administration with mainland Uzbekistan is passive. Outbursts of conflict display the hostile attitude of Sokh inhabitants towards their Kyrgyz neighbors, and their lack of belief in the system imposed upon them by Uzbekistan since Tashkent closed and mined the border.³³ Sokh's communications with Tajikistan have been limited due to the tense relations between Uzbekistan and Tajikistan, their strict visa regimes, and their lack of transport communications.

Sokh is thus an extreme example of almost complete landlockedness. What applies generally for any enclave, applies all the more in the case of Sokh: the frequent closure of border-crossing points makes it difficult for people to cross the border legally in order to visit relatives, or conduct trade. In most cases, then, restrictions and regulations cause trade to become "contraband" and the people involved in it to be viewed as smugglers. Burials and wedding are hard to attend, which further isolates people, and causes them to be alienated on account of their ethnicity.

When the residents of Sokh violently reacted to the

five-meter violation³⁴ of their border by the Kyrgyz side in January 2013, the events inevitably affected both states and required a solution at the interstate and international levels. Although it can be assumed that the incident did not carry any ethnic character and was centered primarily on the issue of access to resources—water, land and roads—residents of Sokh feared further isolation from the rest of the world. Resources are indeed at the root cause of the problems in the enclaves and near-border settlements, but it is alarming how quickly the "ethnic" component takes on a central role in matters. Vorukh, the Tajik exclave in Kyrgyzstan, is also subject to frequent explosions of violence. The construction of roads that bypass the enclave lead to "...hostage-taking, physical attacks on authorities, and car burnings."³⁵ Yet again, these incidents carry a non-ethnic character, although ethnic intolerance may be seen as a result of such tensions.

Conclusion

The Fergana Valley enclaves are a reflection of the complex processes that the Central Asian states have faced since independence. These include: ensuring their newly acquired sovereignty, securing borders, symbolizing the nation through territorial markers, addressing a system of interdependency around natural resources between the water-rich upstream and fossil-fuel rich downstream countries, and managing often difficult relations with neighboring states. The case of the enclaves reveals the lack of interstate cooperation and the refusal to make compromises to improve the lives of inhabitants. Lack of access to justice, to educational institutions, and to medical facilities, as well as overpopulation, economic deprivation, and difficulties in accessing resources often force enclave dwellers to take matters into their own hands in order to secure their well-being. These actions are often of a violent nature, further deepening the alienation of people on the ground and political confrontation at the top, which generally devolves into a blame game.

28 "Kyrgyz Exodus from Tiny Exclave," *RFE/RL's*, Kyrgyz Service, June 6, 2014, <http://www.rferl.org/content/qishloq-ovozi-kyrgyzstan-barak-exclave-exodus/25413373.html>.

29 "Sokh Enclaves: Two Decades of Simmering Tension," *Radio Liberty*, January 7, 2013, <http://www.rferl.org/content/sokh-exclave-two-decades-of-simmering-tension/24817411.html>.

30 Musaev, B. "Anklav Sokh. Poiski vyhoda iz tupikovoi situatsii," *ZonaKz Online Newspaper*, July 19, 2001, <http://www.zonakz.net/articles/13555>.

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32 Official website of the Fergana City Administration, <http://ru.ferghana.uz/soh>.

33 Sindelar, D. "Sokh: In Once Tiny Territory, a World of Problems," *Radio Free Europe*, January 18, 2013, <http://www.rferl.org/content/sokh-exclave-kyrgyzstan-uzbekistan/24877127.html>.

34 "Uzbekistan's Sokh Exclave Remains Sealed After Clashes," *Radio Liberty*, January 9, 2013, <http://www.rferl.org/content/kyrgyzstan-uzbekistan-sokh-exclave-tensions/24819071.html>.

35 "Border Incidents in Central Asian Enclaves."

Recommendations to the Governments of Central Asia

Despite the fact that enclaves are often viewed as problematic land units, they can serve as triggers for cooperation as they require the involvement of all three states that share the Fergana Valley.

Agree to make the border demarcation process transparent. Cooperation and compromise could make it easier to agree on disputed sections of the border and define the legal boundaries of each state.

Recognize the legal status of the enclaves and the need for building mutually beneficial road infrastructure.

Include local residents (elders, informal leaders) and self-government authorities in the process of negotiation, as this will shape the first-hand perception of these local dwellers. Taking into account the demands and needs of local residents would help reduce cases of localized violence in near-border areas.

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**CENTRAL ASIA
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