

CENTRAL ASIA - Towards value-driven engagement
Open Society Institute Priorities for the EU Strategy on Central Asia

I. EXECUTIVE SUMMARY

This paper lays out a perspective on the proposed EU Central Asia strategy from an independent/private grant-maker with more than a decade of experience working in the region. It welcomes this new initiative as an opportunity for the EU and Central Asia to develop a more meaningful and mutually-reinforcing relationship over the long-term. The EU, with its distinctive experience of regional institution-building and integration based on a shared commitment to democratic values, would lose much by trading those values for perceived short-term gains in a region where it has until now been only a peripheral player. By contrast, a collaboration based on core principles, such as the rule of law, respect for human rights, and support for democracy, offers the only guarantee of credibility and long-term sustainability to a future EU-Central Asia partnership.

The Open Society Institute (OSI), through its national grant-making foundations and thematic programmes working in Central Asia,¹ has invested over \$100 million in promoting open societies in the region since the early 1990s. This paper provides a set of detailed policy recommendations, based on its extensive experience as a grant-maker and actor, as follows: Section II gives a brief overview of OSI involvement in the region and lays out the general principles which should guide the EU's approaches to the region. Section III provides general recommendations for the policies the EU should prioritise in its activities. Section IV gives a more detailed country-by-country set of recommendations for EU action, as well as 'benchmarking' priority areas for the governments in the region. Section V elaborates in greater detail the proposed policy and programming across a number of thematic areas: education, revenue transparency, public health and media.

Value-driven, value-added engagement

- OSI believes that the *EU should recognise and use its strengths to open up the region to its values and mode of development*, drawing on its relevance not only as a model of regional integration for countries in transition, but as a major and experienced donor in key areas needed for the region's human development.
- With its civic traditions, basis in the rule of law, and respect for fundamental freedoms, the EU has great potential to influence not only the governments of Central Asian states, but also their publics, to whom it is largely neither relevant nor visible. *At the government level political ties, economic and technical assistance and trade relations should be calibrated to reward concrete steps towards reform.*
- The EU should not underestimate the extent to which a Central Asia strategy rooted in the values of democracy and respect for human rights can demonstrate to Central Asians an alternative political model to the norms of other actors in the region. *This strategy should therefore extend beyond the governmental level.*

¹ OSI has grant-making National Foundations in Kazakhstan, Kyrgyzstan and Tajikistan and works internationally through the Turkmenistan Project and following the closure of its Uzbekistan foundation in 2004, via its Uzbekistan Committee. It also works thematically through programmes on education, public health, judicial reform, local government reform and human rights.

- If the EU is serious about engagement with Central Asia, it follows that *the EU should not trade long-term security for short-term gain*. This strategy implies pursuing a medium to long-term policy, which looks beyond the current leaderships and prepares for political successions, supporting reform and building policy environments conducive to European values and interests, rather than a policy that shrinks to fit the need for ‘quick’ oil and gas deals that will take years to come to fruition anyway.

These broad themes are developed in Section III of the paper.

Thematic priorities focusing on human development, transparency and rule of law

Whilst support for human rights and concerns about the rule of law must be at the core of any strategy toward Central Asia, OSI also recommends that the new EU Central Asia Strategy prioritise education, revenue transparency, public health and a free and independent media.

- On **education**, we call on the EU to prioritise its focus for higher education aid on changing existing institutions from within and without, as well as providing increased scholarship opportunities. In general education, we argue that the EU will gain greater visibility in the region through directing aid to the school level, favouring community-based interventions over large investments in ministerial policy efforts.
- We endorse policies aimed at improvements in the **transparency and management of revenues**, arguing that the EU Central Asia Strategy can usefully promote the principles of full adherence to best international practices in resource revenue and public finance management in all countries that supply energy resources to Europe. We endorse tools such as the IMF Guide on Resource Revenue Transparency and, where possible, implementation of Extractive Industries Transparency Initiative (EITI). Support to this initiative should be a priority of EU financial and technical assistance and diplomatic outreach, and discussions with the EU's key energy partner, Kazakhstan. The inclusion of revenue transparency principles in the Central Asia Strategy will not only enhance energy security for Europe, but will also benefit people in resource-exporting and resource-importing countries as well as European investors.
- We also call for the Strategy to further prioritise **public health**, given that the current crisis in the health sector, and the spread of communicable diseases such as HIV/AIDS and TB, threaten the security and social fabric in the region. We highlight 3 key areas in need of public health funding in Central Asia countries: HIV prevention through harm reduction programs; Tuberculosis, multidrug resistant tuberculosis, and extensive drug resistant tuberculosis control; and Health systems and human resource strengthening.
- Given the curbs or outright bans on **media freedom** throughout Central Asia, we recommend that the EU urge governments in the region to: adopt laws transferring state broadcast media to public ownership, allowing for the independence of regulatory bodies; lift censorship and prosecute physical attacks and indirect censorship; and support journalistic exchanges and internships within the region and abroad. The EU should propose funding to aid journalists in distress, including those forced into exile.

These broad arguments are developed in greater detail in Section V of this paper.

Clear country-by-country, benchmarked approach

OSI also welcomes the country-based approach adopted by the EU. We agree that the *EU should pay due attention to the divergent development paths being pursued by respective Central Asia governments*, rewarding reformers and taking a tougher line with poorly governed, repressive states.

Accordingly, OSI has developed a number of country-specific benchmarks which can serve as criteria for the EU in its approaches to individual Central Asian governments over the long-term, and as tools in coming ministerial meetings. These benchmarks represent priorities seen within the region as critical keys to the reform process in each country. Broader themes also emerge, such as the need in each country to reform or revoke laws which restrict the freedom of the media and NGOs.

- On **Kazakhstan**, our recommendations focus on the need for the government to deliver on its commitments on revenue transparency; responsible revenue management; possible education cooperation; and the need for concrete progress on cases of infringement of human rights and the rule of law if the Kazakhstan government is serious about seeking greater international commitments.
- On **Kyrgyzstan**, we call for the EU to provide visible targeted financial and technical assistance to the country to reward and support its progress towards democratic governance; vocal support for progress in media freedoms and constitutional reform; and a call on the government to complete promised constitutional, media and anti-corruption reforms and make more progress in political and budgetary decentralisation.
- On **Tajikistan**, our recommendations focus on fighting corruption and upholding human rights. We call for poverty reduction efforts to be calibrated towards real political reforms to avoid wastage of donor money through corruption; for the EU to emphasise real reform of the judiciary and the principle of political decentralisation; for the government to roll-back the recent restrictions on civil society through reforming laws on the media and on NGOs; and for a framework for transparency initiatives to be developed in the hydro-electric sector.
- On **Turkmenistan**, we urge the EU to be sceptical about the new leadership's commitment to reforms, but to offer assistance where needed (prioritising support to education reforms and health care). We maintain that state revenues held at Deutsche Bank in Frankfurt should be used for development and urge the EU to refrain from entering into trade and investment agreements (ITA or Memoranda of Understanding or Partnership and Co-operation Agreement) until the leadership fulfils at least all stipulations made in the October 4th 2006 European Parliamentary resolution.
- Finally, on **Uzbekistan**, we call upon the EU to maintain its firm stance by keeping sanctions against the Karimov regime in place and urging for an independent international investigation into the events of Andijan, as well as pursuing a Human Rights Dialogue with the country. The Uzbek authorities must fulfil a number of concrete reforms (including, inter alia, the urgent and immediate release of prisoners and the cessation of torture) before the EU can make any move towards normalising relations.

For further details see section IV of the paper.

In formulating its new Central Asia Strategy, the EU should take due account of its own experiences demonstrating that peace and stability flow from the presence of functioning democracies, rule of law and sustainable economic development. These considerations should anchor a clear political vision which can signal the EU's commitment to this region's long-term development. Such a vision can be further supported by targeted commitments of EU resources towards civil society and human development in the region, so that the Union can make its unique contribution relevant and visible to ordinary people in Central Asia. Only by meeting the needs of ordinary Central Asians in a manner consistent with core European values will the EU make real gains towards the emergence of the reform-minded, accountable and equitable partners the Union wishes to have in the region.

II. ABOUT OSI

The Open Society Institute (OSI) a private operating and grantmaking foundation, aims to shape public policy to promote democratic governance, human rights, and economic, legal, and social reform. It has been active in Central Asia for over a decade having helped create a network of autonomous, locally-governed and directed foundations in Central Asia in the early 1990s, in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan (shut down by the government in 2004). It also maintains programmes on Uzbekistan and Turkmenistan run internationally. Over the past decade OSI has invested over \$100 million in promoting open societies in the region; the annual budget of each national foundation ranges from \$2 to \$3 million. The combined budget of national foundations and thematic network programs for Central Asia in 2007 will amount to approximately \$21 million. The foundations are involved in a wide array of reform work, including projects in education, public health, legal reform and human rights, local governance, best practices and decentralization, transparency of state revenues and local budgets, and the promotion of civic involvement in governance. OSI-New York is also home to the Central Eurasia Project (CEP), a grantmaking and advocacy program with an annual budget of roughly \$2 million, focused on regional initiative

III. GENERAL PRIORITIES/RECOMMENDATIONS

Toward a value-driven engagement

OSI welcomes the EU's decision to develop a new Central Asia Strategy. We believe the proposed Strategy provides a unique opportunity to raise awareness of Central Asia among EU actors, particularly those in member states that have hitherto had little engagement with or understanding of this region. We believe that only through engagement at all levels in the region can the EU truly hope to build its influence and gain transformative power in the long-term.

The EU needs to be clear about its *political vision* for developing a relationship with the countries of Central Asia if it is serious about increasing its visibility and long-term influence in the region. To this end, the EU should not limit its strategy to short-term geo-strategic energy concerns but should at all times base its engagement on the **core European values of respect for human rights and the rule of law**.

OSI believes a truly values-based policy in Central Asia offers the only credible, sustainable and strategic vision for the EU in the region, for 3 reasons:

1. **Credibility:** A policy with political goals that is not beholden to interest in reputed oil and gas reserves will be perceived as credible by the citizens of Central Asian states.
2. **Sustainability:** EU adherence to core principles of human rights and fundamental freedoms provides a practical lifeline for the many people in Central Asia who hope and act for positive change in their societies. The EU should therefore extend its strategic vision beyond its relationships with current regional governments to establish its relevance to civil society.
3. **Strategic Vision:** There are presently few reliable 'partners' for the EU in Central Asia, and thus the EU's goals of long-term stability, reliable partnerships and equitable development cannot be achieved without action to create societies where the media and civil society are free from repression, corruption is no longer commonplace, and national wealth is spent for the benefit of citizens. In short, the EU must help build societies which are open to European values.

The EU should therefore engage with Central Asian countries on the basis of:

- clear country-based benchmarking, so that political ties, economic and technical assistance and trade relations are calibrated to reward concrete steps, not just empty declarations.
- a longer-term perspective that looks beyond the current post-Soviet leaderships towards future political developments. The strategy should therefore place emphasis on building policy environments which are conducive to European values and strive to create future reliable partners for the EU through working with civil society as well as elites.

- more relevant priorities and projects to raise EU visibility among Central Asian political actors and civil society and to enhance long-term leverage. This standard means an end to perceived top-down technical assistance, better foreign aid delivery and a focus on targeting the relatively limited funds² the EU has at its disposal for the region.

EU added-value

The EU can use its experience and values to make a positive impact in a region dominated by contrasting models of development from Russia and China. If the EU considers Central Asia a 'strategic void', it should not seek to emulate these players in a new great game, but instead to offer an additional, meaningful relationship. In practical terms the European Union cannot offer petrodollars, nor can it (or should it) hand out large amounts of taxpayer money without any conditions attached or questions asked.

Playing to its strengths, the European Union can offer added value by targeting assistance in the fields of human and civil society development, improving the effectiveness of its assistance to the societies of Central Asia (for example by stocktaking of existing actions by bilateral and EC donors, and improving on the delivery of assistance). In the medium to long-term, the EU offers an alternative example of transformative change in transitional countries; a working experience of fostering regional integration and stability through institution-building and the creation of an internal market; and an additional partner enabling CA countries to diversify trading links and raise export prices.

The EU should pursue priorities which are relevant to the needs and expectations of the ordinary people of Central Asia in the long-term and which:

- Support **education initiatives** at all levels as a practical 'soft power' tool for promoting a critical and pluralist society whilst increasing the visibility and relevance of the EU.
- Promote the **rule of law** as a political and programming priority, working not only at the level of institutional lawmaking but also on judicial reform and independence. Only a functioning legal system can guarantee respect for human rights, protect property rights and generate foreign investment.
- Promote **transparency in revenues** and investments: Central Asian countries have an abundance of natural wealth but are not credible partners for the EU without full financial accountability to their citizens. The EU's emphasis on a mutually beneficial partnership for promoting stability and security in the region should therefore extend beyond a narrow short-term vision of energy security, to ensure that revenues are handled transparently and are directed towards poverty reduction.
- Prioritise assistance for **public health**, recognising the critical challenges posed to the social fabric by HIV/AIDS, multi-drug resistant tuberculosis, and failing public health systems.
- Promote efforts to develop and enact legislation which allows for the development of **independent and professional public and private media**.
- Cooperate where relevant with **existing regional fora** and structures, such as the Central Asia Regional Economic Cooperation (CAREC) organisation, Central Asia Cooperation Organisation (CACO) and Shanghai Cooperation Organisation (SCO), as well as with the Russian and Chinese governments in a positive-sum game, through observer status.
- Utilise the **Neighbourhood Policy** (Regional Strategy East) to offer closer relations on a sector-by-sector basis to those countries that demonstrate a commitment to meaningful reform.

In addition to these policy priorities, a differentiated, country-by-country approach will enable the EU to develop **flexibility to reward reformers and forge stronger links with those societies and actors that make progress toward working democracy, transparent governance, respect for human rights and the rule of law**. The following section provides country-by-country recommendations.

² 719 million over 2007-13 with an indicative annual budget of 81.5 million euro a year (SOURCE: draft Regional Indicative Programme 2007-10)

IV COUNTRY PRIORITIES/RECOMMENDATIONS

Kazakhstan

Kazakhstan's abundant natural resources, geographical size and strategic position could make it a viable, long-term leader in Central Asia and a positive model in the region, but the Nazarbaev regime is still failing to meet standards for democracy and human rights. The EU can use its consumer power to help free Kazakhstan from dependence on Russia, and it can establish new partnerships to assist in the country's transformation into an open, democratic society.

Recommendations to the EU

- The EU has must clearly state the terms of any potential mutually beneficial partnership with Kazakhstan. To ensure Kazakhstan's progress toward becoming a reliable trading partner, the EU should call for improved transparency in the management of resource revenues and progress towards EU standards for human rights and democracy.
- The EU should pursue transparency by example, requiring EU-registered oil and gas companies to adhere to the same transparency and social responsibility rules abroad as at home. The EU should call upon the Kazakhstan government to cooperate fully with NGOs and journalists who cover issues of transparency, accountability and public oversight in the extractive industries in Kazakhstan.
- Kazakhstan's plan to institute European education standards should be supported by systemic cooperation with European educational institutions. Education should be considered the primary source of human capital development and a crucial step towards the goal of joining the WTO.
- The EU should remind the Kazakhstan government that it needs to adhere to the membership requirements of international organisations (such as the Council of Europe and the OSCE) if it seeks a more credible and prominent international role.

Key Benchmarks for the Kazakhstan government

- Take concrete steps to improve freedom of speech, including full and unfettered operation of opposition political parties, NGOs, activists and media outlets.
- Ensure full adherence to the Extractive Industries Transparency Initiative (EITI) in a tripartite process with companies and civil society, by producing a financially sustainable, detailed work plan for EITI implementation; and guaranteeing that the national oil company KazMunaiGaz takes the lead in setting transparency and governance standards for the extractive sector.
- Ensure the public disclosure of all extractive sector contracts and the ratification of all future contracts by parliament.
- Channel public revenues to human development and ensure that the social investments made by oil companies are administered transparently, with community consultation and NGO monitoring.
- Base overtures towards the Council of Europe and OSCE chairmanship bid on genuine progress towards these benchmarks.
- Develop national action plans for eliminating all forms of discrimination on the grounds of gender and sexual orientation, and for achieving gender equality in the labour market, where women dominate in the lowest-paid industries.

Kyrgyzstan

Kyrgyzstan is the most open society in Central Asia and offers an alternative model of development. However, the recent constitutional crisis and subsequent reform, though a sign of positive progress, also demonstrates the fragility of Kyrgyz democracy. The United States dominates civil society assistance and support, and also

has a significant military presence in the country. The EU could play a significant role as a counter-balance to the US, by working constructively within Kyrgyzstan to diminish anti-western sentiment and engage civil society.

Recommendations to the EU

- The EU should visibly reward Kyrgyzstan's progress with financial assistance to poverty reduction efforts.
- As a priority, the EU should provide technical assistance and focused assistance for civil society in Kyrgyzstan, and encourage the Kyrgyz government to initiate genuine dialogue with political opposition. The EU should support to government leadership in reform by arguing in informal and formal settings that peaceful demonstrations in Bishkek are a positive symbol of Kyrgyz democracy and not the sign of government weakness.
- The EU should vocally support Kyrgyzstan's progress in press and media freedoms and the efforts of politicians and civil society to enact constitutional reform.
- The EU should encourage the promotion of women's human rights and gender equality.

Key Benchmarks for the Kyrgyzstan Government

- Adopt the mass media reforms announced during the presidential campaign of 2005, transforming national TV and radio into public broadcasters and privatizing state-owned newspapers
- Continue constitutional reforms with further legislative changes complementing the new constitution and balancing the distribution of powers.
- Make more progress on political and budgetary decentralisation and delegate more power to local governments.
- Initiate systemic and effective anti-corruption campaigns.
- Ensure representation of women in governmental decision-making positions, particularly in Parliament.

Tajikistan

The recent and flawed re-election of President Rahmonov is another worrying sign of Tajikistan's backsliding on universal democratic norms, often on the pretext of observing traditional and Islamic customs. Tajikistan is a classic example of how political monopolies give rise to corruption, which undermines poverty reduction efforts and blocks reform. The Tajik government resorts to censorship and intimidation of media outlets, and the new draft NGO law will give the state total control over local and international NGOs, contrary to constitutional guarantees of their freedom. The social impact of increased labour migration offsets the value of remittances for poverty alleviation. Long-term development in Tajikistan is highly unlikely without better governance, and the construction of infrastructure is not a sufficient strategy, especially given the lack of transparency.

Recommendations to the EU

- The relationship between the EU and Tajikistan should be based on genuine commitments by the Tajik government to the protection of human rights.
- The EU should emphasise political decentralisation, and also press the Tajik government to employ fiscal decentralisation in the short-term.
- The EU should promote real reform of the judicial system, particularly the transfer of authority to issue arrest warrants from the prosecutors to the judiciary.
- The EU's poverty reduction efforts (strengthening agricultural infrastructure, farm relief etc) should be accompanied by calls for political reform.
- The EU should recognize the crisis in the Tajik general education system and advocate for real reform, greater transparency and better management of FTI funds.

- The EU should insist on the development of a framework for monitoring and managing revenues from hydro-electric power.

Key Benchmarks for the Tajikistan government

- Ensure that genuine anti-corruption efforts are made at all levels of government and throughout society.
- Ensure genuine freedom of speech, a free press (both broadcasting and print) and promote a pluralism of voices and views within the media.
- Reconsider the current form of the new law on NGOs.
- Commit to preventing the exploitation of workers (particularly vulnerable workers in the cotton sector), and work proactively to raise awareness of the rights of labour migrants.

Turkmenistan

The recent change in leadership in Turkmenistan presents a clear opportunity for the European Union to encourage openness, transparency and the rule of law. But increased engagement should correspond only to meaningful reform. President Berdymukhammedov came to power by arresting the constitutionally designated interim president, blocking opposition figures from campaigning, and rubber-stamping self-serving constitutional amendments within hours of the former president's death. Since his seizure of power, instances of harassment, interrogation, and politically motivated arrests have increased.

Turkmenistan remains a command economy with high levels of corruption. The mismanagement of revenues and poor governance has led to the collapse of the education and public health systems. Turkmenistan continues to reject the EU's founding principles and should not be a 'partner' for the EU in any trade venture. But by helping the government achieve meaningful reforms through monitoring, targeted technical assistance, and cooperation in reaching preconditions, the EU can encourage Turkmenistan to become a reliable EU partner in the future.

Recommendations to the EU

- The EU should clearly demonstrate its willingness to provide targeted assistance toward promoting human rights, education and civil society (e.g. scholarships for Turkmenistanis) and offer technical expertise to the sector and to civic activities regardless of their registration status.
- Under the leadership of the German Presidency, the EU should take steps to ensure that bank accounts in Germany that hold Turkmenistan's state revenues (at Deutsche Bank) be managed transparently, in full conformity with relevant regulatory obligations and international law. Failure to manage the accounts in this manner should result in the freezing of these assets.
- In the absence of basic governmental checks and balances, the EU, its Member States and their listed companies should refrain from entering into trade and investment agreements with the government of Turkmenistan, except in response to meaningful, sustainable reforms in human rights and good governance.
- Assist the Turkmen government in expending state funds to revive the health-care and education systems as a matter of priority; and help insure that the government takes concrete steps to adhere to best practices on resource revenue and public finance management.

Key Benchmarks for the Turkmenistan government

In line with the European Parliament Resolution of 4 October 2006, an Interim Trade Agreement cannot be ratified until the Turkmen authorities comply with the following five preconditions:

- Allow the International Committee of the Red Cross to work freely in Turkmenistan;

- Realign the educational system with international standards; including plans for reinstating a system of 11 classes, curriculum reform emphasizing children's skills and outcomes, equal access to early childhood programs and education for all groups, and meaningful opportunities for higher education.
- Unconditionally release all political prisoners and prisoners of conscience;
- Abolish all government-imposed impediments to travel abroad;
- Allow NGOs and UN human rights bodies to monitor progress freely in the country.

Uzbekistan

The Karimov regime in Uzbekistan has not made sufficient progress to qualify as a reliable or useful interlocutor for the EU. The United States designated Uzbekistan a *country of concern* with respect to religious freedoms. Repression of dissent and religious practice is commonplace, leading to political instability and antagonistic state-society relations. Despite official economic figures (the credibility of which is widely questioned)³, the economic situation is unstable. Unemployment is rampant and labour migration to Russia and Kazakhstan increasing. Although Uzbekistan's natural resources are comparable to those of Kazakhstan, direct investments is much lower, due in part to the ruling elite's mismanagement.

Recommendations to the EU

- The EU should not accept rapprochement with the Karimov regime without strict conditions. The regime must demonstrate its commitment to protecting human rights and enacting political and economic reform before the EU resumes cooperation.
- The proposed Human Rights Dialogue should conform strictly to EU guidelines, and should not itself serve as an excuse for the lifting of sanctions.
- The EU should not relent on its previous call for a genuinely independent investigation into the events in Andijan in May 2005.
- The EU should refrain from plans to extend energy relations and accept that Uzbekistan does not have significant reserves of gas and oil, despite the government's statements.
- The EU should establish dialogue with civil society and promote the conditions under which it can operate openly and transparently, and be safeguarded from government harassment or retribution.
- Where there is a lack of progress in reform, the EU should support educational programmes, which can contribute to the emergence of a new national elite and a better-educated society .
- As good governance and the rule of law are essential for the alleviation of poverty; the EU should not invest in poorly-governed environmental and poverty reduction programs that do not benefit ordinary Uzbeks.

Key Benchmarks for the Uzbekistan Government

- Release immediately all unjustly imprisoned human rights activists, independent journalists, members of the political opposition and their relatives.
- Release all Muslims unfairly imprisoned for religious practices, and promote a socially cohesive society.
- Ensure that the existing constitution is implemented and observe international law to which Uzbekistan is subject.
- Grant immediate access to UN human rights monitors and cease the practice of torture.
- Allow local and international NGOs to operate without government interference and unlawful restrictions and create mechanisms to ensure their safety.
- Commence reform of the political and administrative systems, including the establishment of transparency and accountability in the management of national resources.

³ Global Witness letter of 14 February 2007 and International Crisis Group Report on Energy Security (forthcoming)

- Hold law enforcement agencies to account for abuses and implement a real division of powers amongst state institutions.
- Improve relations with neighbouring states by eliminating visa barriers, undertaking total de-mining along the Uzbek-Tajik border and promoting long term economic cooperation.

V THEMATIC PRIORITIES/RECOMMENDATIONS

Education

We believe that intensified European involvement in efforts to improve education in Central Asia will be highly beneficial to the people of the region, and play a vital role in raising the visibility of the EU in the region.

Early Childhood and General Education

Since the fall of the Soviet Union, many of the gains in general education in Central Asia—such as universal literacy and primary school attendance—have eroded rapidly. This deterioration poses serious threats to the region's economic potential and its ability to attract foreign direct investment. Educational disparities perpetuate the growing divide between rich and poor, limiting opportunities for advancement. In societies where large pluralities of the populations are under age 15, these trends will have explosive social consequences. Corruption, mismanagement and systematic underinvestment in the educational system cannot be overcome through foreign assistance alone. However, targeted interventions in areas of greatest need could have a catalyzing effect, especially if structured to require significant host government ownership. We recommend a focus on *Early Childhood Development (ECD)*, *Children at Risk/Children with Special Educational Needs*, and *Teacher Training*.

Recommendations on specific measures:

- **ECD:** The state-run system of preschools has collapsed in most countries of the region. As children enter first grade at age 7 in Central Asia, preschool programs are critical for school readiness, and can make the school system more accessible to disadvantaged families. Targeted donor support for pilot projects with alternative formats for preschool education (such as half-day, drop-in, or home-based programs) would be helpful.
- **Children at Risk:** Extremely poor, working children (especially girls), whether rural or urban, and children with special education needs have suffered most from the post-Soviet rollbacks in education. Access to education for both groups is declining precipitously, and existing institutions are woefully ill-equipped to serve them. Areas for support include training for parents and teachers to support the integration of formerly segregated students into general education schools, and reform of the system of early childhood assessment.
- **Teacher Training:** All countries in the region report a shortage of teachers and serious problems with teacher retention due to low salaries, poor working conditions and lack of professional prestige. Despite the number of students in teacher training institutions, the corps of experienced teachers continues to decline. Interventions should focus on building political support for increased state financing, including additional resources for teacher incentives; and supporting existing efforts to systematize improvements in teacher training, at both pre-service and in-service levels.

General recommendation:

- **Bring aid to the school level.** Western assistance in the region has funded reports, conferences, study tours, and policy recommendations, but little has trickled down to the schools themselves. If European assistance is to be relevant to Central Asians, it should have tangible results. School- and community-based interventions should be favoured over large investments in ministerial policy efforts.

Higher Education and Scholarships

Higher education in the region is plagued with multiple problems, including obsolete curricula, corruption, continuing over-centralization, and training unsuited the demands of developing economies. Notable Western interventions have been the creation of internationally-modelled universities in the region, including the American University of Central Asia and the University of Central Asia. However, interventions aimed at changing existing institutions, as well as increased scholarship opportunities, could be equally effective.

Recommendations on targeted measures

- Recruit universities and departments committed to strategic change as focal points for multifaceted interventions.
- Aid in the creation of a new generation of faculty and provide ongoing support for individual and professional development through partnerships with European universities.
- Use high-level political contacts to urge greater decentralization of university governance, creating institutions that are more autonomous and more accountable, and support capacity building for university administration in management and finance.
- Link scholarships to internships in destination countries and job placements in country of origin.
- Create preparatory programs in the primary and secondary education systems to ensure the broadest possible access to scholarship opportunities, especially for those students hardest hit by declines in educational quality and access.

Revenue Transparency

Central Asia is emerging as a strategic energy market attractive to the European Union, which is seeking new sources of energy. However, there is a clear relationship between good governance in resource-supplying countries and the long-term security of those supplies. Corruption and poor governance leads to deeper poverty and makes instability, conflict and violence more likely. Corruption also reinforces local resentment of the energy industry and thus leads to threats against energy installations, which can reduce supplies. With its interest in diversifying energy relationships, the EU comes to the table as a reliable consumer, additional trading partner and substantial foreign investor and should therefore use this leverage to insist on fiscal and revenue transparency as well as socially responsible use of national budget funds by its partners.

The Extractive Industries Transparency Initiative

EITI (Extractive Industries Transparency Initiative) provides an effective framework for countries to improve transparency of their resource revenues with the support of financial institutions and donor governments. Launched as a multi-stakeholder initiative in 2002, EITI supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining. The primary beneficiaries of EITI are the citizens of resource-rich countries. Greater transparency of revenues from energy companies to host governments enables citizens to hold their governments to account, reducing the scope for corruption and the resulting instability and risks to energy supply. Resource-rich countries implementing EITI benefit from an improved investment climate by providing a clear signal to investors and international financial institutions that the government is committed to strengthening transparency and accountability. By supporting EITI in countries where they operate, companies and investors can mitigate investment risk.

Recommendations

- The EU should *actively promote full adherence to best international practices in resource revenue and public finance management* in all countries that supply energy resources to Europe, using the IMF *Guide on Resource Revenue Transparency* and, where possible, the implementation of EITI. Revenue transparency should be a priority of EU financial and technical assistance and diplomatic outreach to energy-supplying developing countries. Success will not only enhance energy security for Europe, but will also help the people of energy exporting resource-rich countries in Central Asia.
- The EU can promote the principles of EITI by supporting:
 - Regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) in a publicly accessible, comprehensive and comprehensible manner.

- Credible, independent audits of all payments and revenues according to international auditing standards.
- Reconciliation of payments and revenues of all companies, including state-owned enterprises, by a credible, independent administrator, applying international auditing standards, with publication of the administrator's opinion regarding that reconciliation and any discrepancies,.
- Civil society engagement as a participant in the design, monitoring and evaluation of this process and a participant in public debate.
- A public, financially sustainable work plan for the above developed by the host government, with assistance from the international financial institutions, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

Public Health

The Central Asian Republics are experiencing enormous challenges in the area of public health, including sharp increases in the prevalence of infectious diseases and a severe crisis in the overall functioning of their health care system. The situation is especially acute in the areas of tuberculosis and HIV infection. Kazakhstan, for example, has the highest proportion of multi-drug resistant tuberculosis (14 % of newly diagnosed cases) among countries surveyed in the *Third Global Report on Anti-Tuberculosis Drug Resistance Surveillance*.⁴ HIV infection rates in the region have increased rapidly over the last ten years, fuelled by the growth of injecting drug use and lack of effective drug treatment and legal infrastructure. The deterioration of the Soviet health care system, including surveillance and reporting systems, and health service delivery infrastructure is another serious challenge in the region. Most significantly, the acute lack of human resources – well-trained medical staff, public health professionals, and clinical management – compounds the overall situation.

The OSI Public Health Program (PHP), which is headquartered in New York and collaborates closely with the public health programs of local Soros foundations in Kazakhstan, Kyrgyzstan, and Tajikistan,⁵ invested approximately US \$2 million in the Central Asian Republics in 2006. PHP's programmatic experience identifies three main areas of need as opportunities for public health funding in the Central Asia Republics, namely HIV prevention through harm reduction programs; tuberculosis, multidrug resistant tuberculosis, and extensive drug resistant tuberculosis control; and health systems and human resource strengthening

HIV Prevention through harm reduction

HIV/AIDS is concentrated among injection drug users (IDUs) and sex workers in the Central Asian Republics. Prevention, care, and treatment for HIV/AIDS for these groups are supported through a variety of donors⁶ -

⁴ Aziz, Mohamed Abdel, Wright, Abigail, Laszlo, Adalbert, et. al., "Epidemiology of antituberculosis drug resistance (the Global Project on Anti-tuberculosis Drug resistance Surveillance): an updated analysis," *The Lancet*, Vol 368:2145 Dec 16, 2006.

⁵ Given the difficulty of funding in Turkmenistan and Uzbekistan, the Public Health Program did not fund programs in these countries in 2006, but evidence suggest the situation there is equally acute. According to the WHO, unofficial reports indicate a substantial and unaddressed HIV epidemic in progress in Turkmenistan and Uzbekistan due to the countries' proximity to Afghanistan and the possibility of a large at-risk population group of IDUs. Actual reported cases of HIV are low, but surveillance capacity is nonexistent and extensive infrastructure must be developed. In Turkmenistan, OSI recommends closely monitoring developments and opportunities to provide the new government with assistance.

⁶ Relevant projects include USAID CAPACITY project, USAID-supported drug demand reduction program), DFID supported harm reduction programs and a World Bank HIV prevention program The DDRP and DFID projects operate in partnership with and draw on additional support from the Soros Network. Additional funding comes from the Japanese and the Swiss (needle exchange in Uzbekistan); UNODC (pilot drug rehabilitation projects) and the Global Fund, which has supported strengthening of HIV treatment and prevention (grants to Uzbekistan, Kazakhstan, Tajikistan, Kyrgyzstan).

however, significant gaps remain. In Kazakhstan, needle exchange programs and rehabilitation services are functioning, but with friction between NGO and quasi-governmental programs, and with minimal ARV coverage and no methadone or buprenorphine substitution treatment (which removes the risk of HIV infection through needle use). In Tajikistan, there are some needle exchange programs supported by the Global Fund/UNDP and by the Open Society Institute, and ARV treatment is available for an estimated 10% of HIV-infected patients. In Kyrgyzstan, where services are most developed, needle exchange, opiate substitution treatment, and medical and social rehabilitative services for IDUs are functioning, and needle exchange is offered in prisons. Nonetheless, coverage of affected groups is estimated at no more than 15% for IDUs at needle exchange programs, and fewer than 200 patients received methadone as of January 2007.

In all countries, communities of people living with HIV remain underground due to stigma. In Kyrgyzstan, for example, where the national response to HIV is the most open and coordinated, two people have publicly announced their HIV+ status, and there has been one high-profile violation of patient confidentiality. IDUs, sex workers, and people with HIV in all republics report discrimination or rights violations by law enforcement or health providers. Little if any legal support is available.

Recommendations:

- Direct support for HIV-affected communities to build community drop-in centres, create and train networks of outreach workers; support for “train the trainer” programs and burnout prevention programs for outreach workers, and salaries for qualified staff (Kyrgyzstan, Kazakhstan, Tajikistan, and Uzbekistan)⁷
- Support for medical and social rehabilitation services for IDUs and dedicated support groups. (Kyrgyzstan & Tajikistan)
- Support and training for legal networks representing IDUs and other vulnerable groups (Kyrgyzstan & Kazakhstan) and the creation and support for such legal services (Tajikistan).
- High level advocacy for methadone implementation (Kazakhstan & Tajikistan).
- Harm reduction programs in prisons (Kyrgyzstan, Kazakhstan, Tajikistan).
- Services for women IDUs and commercial sex workers: legal, medical, prevention training and building capacity within vulnerable populations (Kyrgyzstan, Kazakhstan, Tajikistan)

Tuberculosis, multidrug resistant tuberculosis, and extensive drug resistant tuberculosis control

The TB epidemic in Central Asia is critical, particularly in Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan. Between 1991 and 2001, case notification rates of TB in the region increased drastically (nearly 15% per year)⁸. There has been some improvement in the availability of directly observed treatment, short course (DOTS), however adequate interventions targeting socially vulnerable, high risk groups such as injecting drug users, prisoners, and migrants, still remain limited. The situation is compounded by the widespread extent of multidrug resistant tuberculosis (MDR TB) and extensive drug resistant TB (XDR TB) in the region, particularly in Kazakhstan, where the reported statistics indicated 57% of new TB cases are resistant to one drug and 14% are multidrug-resistant.⁹

In this context, the rise of MDR TB and XDR TB represents a substantial challenge to the region’s health care systems, given a lack of political will, weak public health infrastructure (lack of surveillance capacity and suitable laboratory networks for TB diagnosis, reliance on outdated diagnostic methods), and the severe shortage of skilled and adequately trained human resources. Finally, the situation is compounded by the steady increase in HIV and TB co-infection rates and uncoordinated, vertically organized TB control programs.

⁷ Representation of HIV-affected people is minimal in Uzbekistan, but we recommend funding these groups directly as so few channels exist to support community groups without doing so through government channels or a quasi-governmental NGO.

⁸ The Global Plan to Stop TB 2006 -2015/Stop TB Partnership, accessed February 20, 2007, <http://www.stoptb.org/globalplan/assets/documents/RP_EEuro.pdf>

⁹ Ibid, Aziz, Mohamed Abdel, et. al., 2145.

Recommendations:

- Strengthening of (DOTS) to prevent emergence of drug resistance.
- Strengthening of laboratory networks to meet international standards and provide cost effective reliable services for diagnosing TB and MDR TB.
- Treatment of multidrug-resistant tuberculosis and extensively drug-resistant tuberculosis (MDR TB/XDR TB)
- Investment in the development of new drugs and diagnostics so that MDR TB and XDR TB can be identified and cured.
- Improved coordination of TB and HIV co-diagnosis and treatment.

Health systems and human resource strengthening

Central Asia suffers a critical shortage of public health professionals with adequate training and skills to assess health needs and design effective policies to address them. Public health policy is often developed in an ad hoc and piecemeal manner, rather than through a comprehensive health systems approach. In HIV/AIDS for example, the international donor community supports prevention, but these efforts are not comprehensive and the programs addressing those most at risk are often inadequate. Public health in the Central Asian Republics requires a whole health systems approach. Access to care and the quality of care can also be improved by eliminating corruption and erecting systems to raise awareness of the concept of evidence-based medicine and practice.

Recommendations:

- Systemic support - committed funding over a period of 8-9 years to develop two or three schools of public health, using the success of Hungary as a model.
- Focused support – funding for collaborative projects between Western schools of public health and existing schools of public health in the region on specific issues (e.g., HIV, Tuberculosis, etc).

Media Freedom

Most Central Asian states lack a comprehensive body of legislation which allows for the development of independent and professional public and private media, although the situation varies from country to country. State-driven censorship, including Internet censorship and criminal defamation laws, continue to impede freedom of expression and journalists' rights across the region. Legal cases against and physical attacks on media outlets, and indirect censorship (e.g., pressure on advertisers, fiscal investigations, denial of access to state distribution and printing facilities), also contribute to a climate of intimidation. Flows of independent information to and from Central Asia outwards vary dramatically, limiting the exchange of knowledge, with a consequential negative impact on human development.

Restrictions on freedom of expression are most severe in Uzbekistan and Turkmenistan and place journalists at great personal risk. Many have been forced to seek refuge abroad or have been imprisoned or attacked on the basis of their professional activities.

Recommendations:

- Support legal reform to initiate the transformation of state broadcast media to the public, allow for the independence of regulatory bodies, develop fair and transparent licensing procedures, and defend freedom of information.

- Press for an end to censorship, unjustified legal actions against media outlets, physical attacks, and other instances of indirect censorship.
- Support media outside the capital regions and alternative news and information-oriented media sources and outlets in-country, including internet journalism, news websites, and blogs.
- Oppose attempts to limit citizens' access to international sources of information, and encourage unfettered access for foreign journalists and agencies, as well as media exchanges and internships within the region and abroad.
- Press vigorously for the release of unlawfully detained journalists and urge recourse for those attacked or otherwise mistreated. Establish funds and mechanisms to aid journalists in distress or forced exile, including aid in processing asylum applications, accommodation, and education and re-training needs. Support efforts by journalists-in-exile to remain employed in their profession, either via their own initiatives or via employment with host-country agencies. Where possible - in order that skills are maintained within the region - these initiatives should be located in Central Asia.