



**National
Human Development Report
Kazakhstan 1999.**

HUMAN DEVELOPMENT REPORT REPUBLIC OF KAZAKHSTAN 1999



**Comissioned
by the United Nations
Development Programme**

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ABBREVIATIONS

ALE	Average Life Expectancy
AMI	Adjusted Money Income
CIS	Commonwealth of Independent States
CMI	Compulsory Medical Insurance
CPI	Consumer Price Index
GAV	Gross Added Value
GDP	Gross Domestic Product
HDI	Human Development Index
HPDI	Human Potential Development Index
HS	Human Security
HSI	Human Security Index
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
MM	Mass Media
NEAP	National Environment Action Plan
NHDR	National Human Development Report
ODA	Official Development Assistance
PPP	Purchasing Power Parity
PTS	Professional Technical Schools
SM	Subsistence Minimum
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VS	Vocational Schools
WHO	World Health Organisation

**Message from
Kasymzhomart Tokayev,
Prime Minister of the Republic of Kazakhstan**

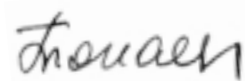
The Republic of Kazakhstan is going through one of the most complex and interesting stages of its development. In the short time since independence the country has achieved a significant progress in building an open and democratic market economy.

The ultimate goal of these profound economic and political transformations led by the Government is the well being of the people of Kazakhstan and improving their living standards. To achieve this goal we have to overcome objective difficulties of the transitory stage which affect all social groups of the population.

In this context the Government is doing its best to minimise the inevitable difficulties that people may experience in this time of transition, when market relations are being established and new ways of life are being introduced. Ensuring that living standards meet the minimal level during this time is very important.

A profound and comprehensive analysis of social consequences of the reforms is necessary to maintain their unfailing course. In addressing this challenge the publication of the annual National Human Development Report by the United Nations Development Programme is of invaluable importance.

The value of this Report for a wide range of readers is a detailed evaluation of human development tendencies and formulation of concrete recommendations. By initiating a wide discussion of the issues of well being the Report promotes a more active participatory involvement of society in the management of reform processes. I trust that this Report will be properly accepted by the readers.



K. Tokayev

Foreword

by *Herbert Behrstock*

United Nations Resident Coordinator and UNDP Resident Representative in Kazakhstan

At the dawn of this new millennium, Kazakhstan's fifth National Human Development Report (NHDR) celebrates a mini-jubilee. This Report reflects back to the first annual publication in 1995 and points ahead to the major challenges of 2000. One thesis of this Report is that Kazakhstan's economic, social and political future, in 2000 and the coming decades, is directly linked to how soon, how well, and how equitably development will affect the people of this Republic... how, when and for whom Kazakhstan achieves human development.

During the last 10-15 years of the 20th century, human development has grown rapidly as a popularly accepted concept among leaders, experts, and students of economic development. It has become recognised that people are not only a resource or means of development; rather "people-centred development" is now regarded as the goal.

Most simplistically, the idea that development must first-and-foremost benefit people has been championed as an important paradigm. We recall that this point can be illustrated in many ways. For example, nations can achieve major increases in GNP, foreign trade or levels of investment without improving living standards of people. They can control deficits and inflation, and simultaneously put a lot of farmers and teachers out of work or cause social services to collapse. They can spend enormous amounts of money on armaments and military security while experiencing a collapse of human security — due to violation of human, civil and political rights, through high rates of drug trafficking and addiction, corruption and crime, explosive TB or AIDS. Therefore, human development must be a goal, achieved along with growth and other goals.

In Kazakhstan, during the first half decade after independence in 1991, when economic and financial indicators dropped, human development also collapsed. Then when economic and financial recovery and stability made great improvements in the last part of the 1990's, some indicators of human development have stabilised and a few have improved slightly. But overall, human development for the vast majority of Kazakhstanis has continued to decline and many national indicators have not improved. Therefore, as Government policies, per-

severance and national leadership have helped to orchestrate recovery again in 1999; as they have dealt wisely with external problems; and as there are encouraging signs and conditions for economic growth, human development resurfaces.

Among the most important and urgent challenges of 2000 and this first decade of the Millennium therefore are:

- to reverse the many indicators of human development so they rise to at least the standards that were achieved in pre-independent Kazakhstan,
- to eradicate the sad, new absolute poverty that exists in every oblast, and to provide services and support so that basic minimum human needs can be met,
- to adopt policies and to mobilise resources for the programmes which will help the millions of relatively poor people and vulnerable groups,
- to create conditions that generate jobs for those who are losing hope and wasting Kazakhstan's rich human resource base,
- to combat the causes and manifestations of human insecurity including exponentially growing cases of AIDS and drug addiction; high rates of TB, alcoholism and suicide; criminality and corruption that smother freedom, initiative and job creation;
- to address the special needs of such diverse groups in Kazakhstan as unemployed youth, destitute pensioners, and people living with insufficient access to clean water in arid or nearly desert conditions,
- to deal with the frightening disparity of income that results in Kazakhstan being counted among the nations of the world with the biggest gaps between rich and poor.

There is no doubt that the international wave of recognition and interest in human development has come to Kazakhstan since 1995. The prior four National Human Development Reports have perhaps contributed to this evolution. The Reports have been valued as resource and reference documents. Copies have been widely distributed. The annual "launching" events in Almaty and in the past two years also in Astana, have involved senior officials from the Presidency, Government, and Parliament, as well as NGOs and many interested persons in civil society and the media.

Kazakhstan's NHDRs have not only discussed the concept of Human Development. They identified and described who are the poor and vulnerable groups. More recent Reports have also focused on the changing and shrinking role of the State (Government and the other authorities of governance). The Reports have emphasised how action or inaction, policy or a lack of policy effect major problems such as rising unemployment or the decline in life expectancy and access to good health services. They have prescribed some actions which need to be taken to improve human security and human development.

It is significant that "Kazakhstan 2030," which appeared in October 1997, after the first years of the NHDRs, contained the important chapter 4 with its vision about human needs and services, including long term goals for health, education, employment and the quality of environment. Annual Presidential statements to the nation since 1997 have also given priority attention to human needs and human development, including objectives and actions aimed to enhance democratic processes, participation and the freedoms which are an essential precondition of genuine human development.

At the time when this jubilee NHDR is being finalised and published, Government has simultaneously announced a Programme of Actions for 2000-2002. That Programme states that poverty eradication and employment generation are recognised as the most acute issue of the state. And by mid-2000, a new State Programme for Poverty and Employment is anticipated. It ought to give focus to human development. The State Programme ought to strengthen the national commitment to eradicate poverty and raise human development. It ought to set targets. It ought to optimise what can be done now with existing resources, to create more jobs, to wipe out absolute poverty, and to address the growing disparities of income that shall plague Kazakhstan's achievement of its dreams for "2030." The Programme of early 2000 and its implementation also ought to set in motion an accelerated process for policy and programme planning, and improving the conditions for successful results (which experience elsewhere shows that it may take some time to complete).

This year's NHDR is fully aligned with these needs and attempts to heighten the resonance of these important points. It assesses the steps Kazakhstan has taken so far and reflects where the successes and gaps have been, and also identifies what needs to be done now to raise human development to a desired level. This Report carries on the tradition of prior reports which steadily gave voice to the most vulnerable. The Report also points to what actions should be taken first, from the standpoint of im-

proving human development. It also discusses possible ways to achieve these developments. This retrospective Report also reviews past policy recommendations in the NHDRs and the extent of follow-up by Government and other actors.

One of the most important issues which continues in the five years of NHDRs is to identify more precisely who are the poor, and where they live. This is crucial to social, economic and fiscal policy. It is essential to understand in this period of budget austerity. And now that very significantly more responsibility is placed on the shoulders of local government, Akims, and local budgets, it is necessary to assess the location, and the varying causes and consequences of poverty, human insecurity, and income gaps between the relatively rich and the poor.

The better geographic assessment about human development and poverty became an issue in the presentation of the NHDR in 1998. At that time, with GNP showing growth, the gaps became very evident not only to economic specialists but to anyone travelling around Kazakhstan away from the few poles of prosperity in Almaty, booming Astana, and the petroleum or mineral-rich raions. It became apparent that the macro aggregations, showing national or even oblast economic, financial and social indicators hide the stark realities. To illustrate this latter point about distortions at the oblast level, Mangistau is on average relatively well off, but human security suffers in most parts of the oblast and in most raions. The same is true in Kyzylorda oblast and elsewhere in the Republic. The few who are observably enjoying high human development would seem to mask the realities of the many.

Therefore, in this year's NHDR, for the first time, a special emphasis has been given to measuring human development on the level of raions. With help of the Agency of the Republic of Kazakhstan on Statistics, the ratio of per capita money income to the subsistence minimum level of consumption has been calculated for all raions. Although not perfect, this indicator serves as a basic measure by which the NHDR team outlined where the most vulnerable groups are located. "Out of 197 raions, a total of 5 raions possess enough resources to meet the subsistence minimum, an indicator of the amount of food and non-food goods needed to live a minimum adequate life." Enlarging the group that have nearly enough on average to meet subsistence minimum standards results in about 20 raions pulling up the national average while, according to this measure, nearly 90% of raions are in relative or absolute poverty. This is the devastating reality of poverty in Kazakhstan today, after 8 years of transition.

It is to be emphasised repeatedly that this Report recognises many improvements in human develop-

ment, and in macro-economic policy and programmes. In fact, human development overall has stabilised, even risen slightly in the last two years. In the most recent Global Human Development Report, Kazakhstan's relative position jumped up in part attributable to real relative and absolute improvements (as well as some change due to methodology). Life expectancy, the indicator which has plunged the most since Kazakhstan's Independence (due to a combination of problems including declining care and access to health services, higher mortality, the rise of suicides, stress, TB and AIDS), is on a minor upward curve. But still there is a serious need for health-care reform and a system that will work even for those in the rural areas with very modest financial resources. The education system and literacy rate have reportedly been sustained at high levels during these past years; however, everyone knows that that pre-school programmes have collapsed, and other problems of access and quality are beginning to suffer the effects of very tight budgets and inadequate use of the existing funds available during the transition. Macroeconomic growth has led to an increase in the income indicator but with a distribution pattern which is not equitable, as described above.

The Report contends that destitution in the rural areas is rapidly increasing. High levels of unemployment continue to threaten society's development, and the official unemployment rate makes it difficult to focus policy and programmes because those figures distort the reality of the vast number of unemployed who do not register. Drug users and sexually transmitted diseases are on the rise, despite Government's dedication to promote healthy lifestyles.

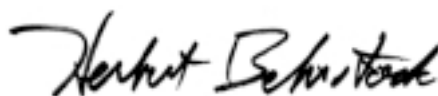
Given that Government is now attempting to address the problems of poverty, employment and

human security, and given the realities of very uneven and worsening human development in Kazakhstan, this mini-jubilee Human Development plays a potentially timely and useful function to address the priority challenge of 2000.

We in UNDP, who have supported and financed this and the other four NHDRs in Kazakhstan, hope the Report will trigger debate and follow up action. It is written and published with some humility in light of the relatively limited ambitions of the Report, the complexity of problems, and the continuing inadequacies in statistics which are available to the economists and writers.

UNDP, and hopefully all readers of the five NHDRs, are profoundly grateful to the many national experts and institutions who have in each year played the lead role and provided the core of expertise to research and write the Reports. This is a genuinely national effort, carried out independently of Government but accomplished with the cooperation and important feedback and inputs from Government personnel (most notably the Agency on Statistics but also from other economic institutes and departments). NGOs have become an important contributor, and we are grateful for their interest and role. I want to congratulate the authors, the UNDP team, and all others involved in the production of this 5-year mini-jubilee Report.

We hope that UNDP's intention of fostering objectivity and discussion will again be fulfilled through this Report. We look forward with the writers to generate positive impact and, in the medium term, to the attainment of human security and human development in Kazakhstan.



H.Behrstock

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INTRODUCTION

The 1999 Kazakhstan Human Development Report is the fifth in the series of reports documenting the changing conditions in Kazakhstan. It draws heavily upon the earlier country reports as well as the longer series of global Human Development Reports in order to place the current information in perspective and to provide a retrospective view of the breath and depth of the economic and social transition underway in Kazakhstan since the dissolution of the former Soviet Union and the emergence of the independent Republic of Kazakhstan.

One principal task of this year's Report was to review the four earlier reports and assess their impact on how the concept of human development has been perceived and advocated in Kazakhstan. Past reports have been reliable sources of information and have provoked discussions in decision-making processes on various levels and in different circles. The reports that followed the first edition have advocated all aspects of Human Development and, as the assessment in Chapter 1 shows, have achieved significant impact. Poverty, once an issue not discussed openly, has become a frequently mentioned topic among policy-makers, throughout society, among donors, and between donors and the government. Issues of human security, the social safety net, and human rights – all elements of human development – are increasingly being mentioned in political campaigns.

Past reports have consistently given voice to the poor and the most vulnerable, providing a language for their measurement in such concepts as the Subsistence Minimum (SM) and the minimum-consumption food basket¹. They have provided documentation of the increasing degree of poverty, of increasing unemployment, of declines in educational opportunity, and of decreases in health throughout Kazakhstan. In all, they have tried to identify those most affected, whether by gender, family size, location in a city or rural area, and region of the country.

A second principal task of the 1999 Report was to identify the increasing disparities in human development of the population. For the first time, income distribution statistics is presented. And, for the first time, some aspects of human development are measured at the level of raions, the smallest administrative unit in Kazakhstan, a level disaggregated enough to permit analysts to identify areas within the large administrative districts of the country where economic and social conditions have deteriorated the most. This new information is especially critical as it will serve to guide policy-makers to focus on areas which deserve immediate attention.

A third principal task of the 1999 Report was to recommend policies or policy changes to assist the most vulnerable or to reverse the declines in Human Development in Kazakhstan. Authors reviewed problems in three separate areas – public administration, privatization, and human rights – and suggested reforms. In all, a major theme was the need to re-establish accountability at all levels.

Major findings of this year's report reveal that although macroeconomic achievements have been very positive, the current socio-economic situation in the country is characterized by a deterioration in important social indices. Among the most distressing indicators of continuing problems are:

- **Destitution in the rural areas is on the rise.**

Out of 198 administrative units in the Republic, wages fell below 30% of the subsistence minimum in about 140 of them (or 71%). By contrast, in only 5 raions out of 198 administrative units was the level of wages higher than the SM (ratio greater than 100%). In the city of Almaty, the ratio was calculated as 73.2%. A total of 21 raions had ratios above 70%. In 1998, fully 43.4% of the population had incomes (resources) below the SM. In rural areas in 1998, almost one-half of the population (47.7%) had incomes below SM; in urban areas, it was about one-third of the population (38.5%).

¹ The Subsistence Minimum is similar in concept to an absolute poverty line. It is estimated monthly in each region and for several demographic groups by the National Agency on Statistics. The food basket, which incorporates nutritional guidelines as developed by the National Institute of Nutrition, constitutes 70% of the Subsistence Minimum. Expenses for non-food goods and services in the average basket comprise 30%.

• **Rising gap between the haves and have-nots.** The gap in money incomes of the richest 10% and the poorest 10% was 4-fold in the pre-transition years; in 1998, it reached 11.3 times. The richest 10% of the population received 27% of the income, while the poorest 10% received 2.3%

• **Persisting high levels of unemployment, for which official figures distort the reality.** In 1998, official unemployment constituted 3.7% of the able-bodied population. The rate becomes much more alarming however taking into account hidden unemployment (i.e. those unregistered, those unpaid, those who had to take non-paid leaves due to the irregular operations of enterprises). The number of workers who were on forced holidays was 137,400 and 80% of them received no pay. By one estimate, hidden unemployment directly or indirectly affected about 500,000 workers in 1998, a number which is almost twice the number of the officially registered unemployed.

• **Worsening health of the population: high mortality rate.** The mortality rate from tuberculosis alone have doubled compared to 1990. The AIDS epidemic is a growing threat and is mainly caused by drug abuse. The overall increase in the mortality rate amounted to an 18% increase since 1990. Male surplus mortality continues to increase. The main causes of mortality among males, which significantly exceeded that of females, were infectious and parasitary diseases (5.7 times to that of females), accidents (4.9 times), respiratory organs' (3.9) and cardiovascular diseases (1.4 times). In total, these factors accounted for 80% of deaths of the able-bodied males.

• **High abortion rates: serious threat to the health of women.** Notwithstanding a favorable decline in abortions of 36% over the past 5 years, there are still some 170,000 abortions every year in Kazakhstan. On average, every Kazakhstani woman of the reproductive age has approximately 2 abortions. It is also a worrying fact that the number of teenage abortions is not declining.

• **Population decline in all regions of the Republic due to falling birth rates.** Between 1991-1998 the birth rate in Kazakhstan declined from 21.5 to 14.4 per 1,000 population and continues to fall. Kazakhstan had not experienced such sharp decline of fertility since World War II. Population decline has been especially marked in the East Kazakhstan oblast, the North Kazakhstan oblast and the City of Almaty.

• **Migration outflow.** Ongoing out-migration is occurring in the more industrially developed oblasts of the Republic, especially in Eastern and Northern Kazakhstan. From a human development perspec-

tive, this reflects to some extent declines of human security and future expectations. Among determining factors are growing unemployment and reduced access to social services (health and education).

• **Decline in the level of education of the population.** The aggregate share of students aged 6-24 years in school has declined by a total of 3.0% from 67.0% in 1991 to 64.0% in 1998. In comparison with 1991, there has been a six-fold decrease in the number of permanent pre-school organizations. The destruction of the network of pre-school organizations was especially severe in rural areas. Closure of pre-school organizations has meant that only 11 of 100 children have access to pre-school education throughout Kazakhstan today. As a result, many children face serious difficulties when they enter school. This has affected the quality of primary education.

The report contends that a continuation of unfavourable social trends and their negative effects may result in a serious national problem of declining human potential, and that Human Development Reports will surely have an important role to play not only in documenting the transition itself and its effects on the population but in providing policy-makers with suggestions and recommendations for improvements.

This very report contributes to this process by providing

- a review and analysis of the current status of human development in Kazakhstan, and identification of gaps in follow-up to past recommendations;
- a disaggregated statistical database on human development;
- a highlight of those regions that are falling behind in poverty;
- a stimulus for debates on possible methods to pick up from what has been done already to enhance human development in this transition period;
- a stimulus for debates on potential policy decisions and involvement of the public, including government, non-governmental organizations, and the civil society;
- an evaluation of required resources in order to ensure the achievement of goals of social development and identification of potential internal and external sources.

Like the earlier reports, the 1999 Kazakhstan Human Development Report is the work of many people, including employees of the Agency of the Republic of Kazakhstan on Statistics, knowledgeable

individuals in various spheres of public and private enterprises, and members of the academic community. Consequently, it does not always speak with one voice. Priorities vary among the authors; not surprisingly, views of solutions vary as well. Occasionally, even the reported data differ among sections of the report due largely to different sources used in specific sections. We hope that the Report, with its review of human development trends in Kazakhstan, its careful documentation of the emerging disparities among areas within the country, and a diversity in views and opinions of future needs will be a stimulus for creative solutions to critical problems over the next five years.

EXECUTIVE SUMMARY

1. Trends in Human Development in Kazakhstan

Since independence. The period of transition from the first days of the independent Republic in December 1991 to the present have been very difficult ones for the people of Kazakhstan. Although no one measure can capture all aspects of the changes, the elements which comprise the Human Development Index (HDI) capture three essential determinants of well-being and of potential: health, education, and income. In Kazakhstan, each of these has declined over the 1991-1998 period. The most recent estimates of the Agency of the Republic of Kazakhstan on Statistics indicate per capita GDP (in PPP USD equivalent terms) declined by approximately 25 percent; life expectancy declined by some 3.2 years; and although literacy remained at very high levels, the percentage of children in school declined as well.

Many of these trends have been documented in the earlier Reports – Figure 1 provides an update of those trends. The HDI declined from an earlier estimated level of 0.743 in 1991 to 0.708 in 1998. Most, though by no means all, of the decline is at-

tributed to the decline in life expectancy and GDP. Declines in the Education Index were minimal due to stability in the high degree of literacy, but as the Report documents, trends underlying this measure in such variables as the closure of kindergartens, salary levels and arrears for teachers, and declining enrollments are all extremely worrisome as they will surely erode the current degree of educational attainment.

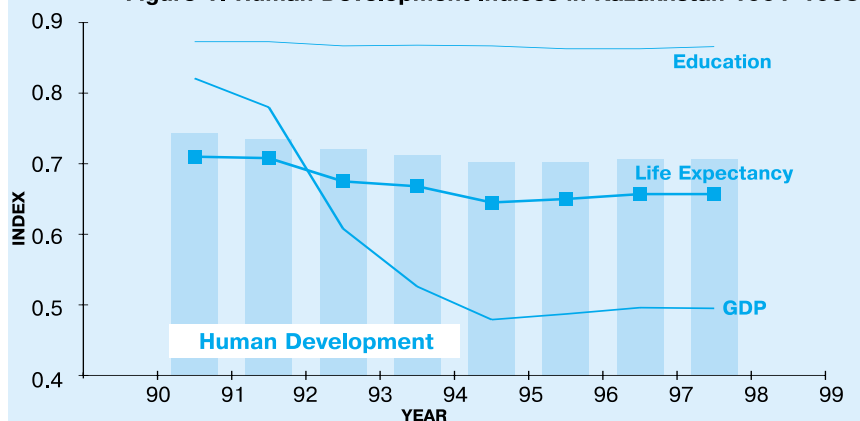
As is evident in Figure 1, the news in this year's Report is not all negative. The precipitate declines in income and in the HDI ended in 1996; indicators generally improved marginally in 1997; and, although world market conditions deteriorated significantly in 1998, incomes and the overall human development index are little changed from 1997. These facts reflect that the government was broadly successful in arresting the stark economic declines of the initial years of the transition. The economy had even begun to show signs of improvement. In themselves, these were major achievements.

Nevertheless, analysis in the Report documents that the Republic's aggregate income data disguise important differences between wage income and other resources. Of the 198 raions, average per capita wage incomes in only 5 raions remained above the SM. In all other raions of the Republic, families must rely on social payments, the informal sector, and home production to meet survival needs. An average resident of the poorest raion (Amangeldinskii raion of Kostanai Oblast) receives a salary which is equivalent to only 1.6% of the SM. It is fair to say that while the wealthier oblasts (petroleum-rich Mangistau Oblast, for instance) pull up the national average, a large majority of raions in Kazakhstan have been reduced to dire conditions.

Current developments. In 1998, maintaining economic stability was achieved not without difficulties. Prices for nearly all of Kazakhstan's principal exports were at record lows throughout most of the year and export earnings were severely reduced.

Kazakhstan's principal trade partner is Russia and the financial crisis in August 1998 quickly affected many industries. Thus, a major question is whether Kazakhstan can maintain economic stability in 1999 and beyond. It is one of the most difficult problems facing the country. A major devaluation has already occurred this Spring, prices have escalated significantly and real incomes are likely to be significantly below those from a year ago. At the same time, world markets for many mineral and mineral fuels are recovering, and if investment plans go forward, Kazakh-

Figure 1. Human Development Indices in Kazakhstan 1991-1998



stan's principal industries may recover. The importance of continued economic stability cannot be overstated. Budgets for virtually all social programs from healthcare to education to pension and disability payments have been reduced well below levels adequate to fund minimal support of services. Further reductions will only lead to more rapid deterioration in health delivery, in educational opportunity, and in targeted support programs.

2. The Most Impoverished in Kazakhstan

The 1999 Report makes the first attempt ever to identify the localities where the people in Kazakhstan have been most severely affected by the transition. Although calculating as HDI proved to be an impossible demand upon official statistics for the time being, as a start in the right direction, the Report develops a measure that reflects impoverishment at the raion levels, and looks into the problem of unemployment.

In 1998, the population of Kazakhstan was about 15 million. Of these, some 8.8 million, or 56%, were employed. At the end of 1998, some 3.7% of the population was unemployed. Even though only those registered as unemployed have the right to receive government support, official levels of unemployment significantly underestimate the degree of unemployment both because of reluctance or perceived futility in registering and because of widespread underemployment among those listed as employed. In the Report, hidden unemployment is estimated to have affected 500,000 in 1998, nearly twice the number of registered unemployed. For example, some 137,400 employees were reported to have been on forced holidays and most did not receive salaries. The Report also notes that the duration of unemployment registration is significant. At the end of 1998, about 35,000 citizens had been registered as unemployed for more than 1 year, a number equal to about 14% of the total number of unemployed in the country. Nearly 25% of the total were unemployed for at least 6 months.

Unemployment is most acute in the northern, most industrialized areas of Kazakhstan in the Pavlodar and Northern Kazakhstan Oblasts. Next, Eastern Kazakhstan, Zhambyl, and Mangistau all had three raions with high levels of unemployment.

The HDI uses the average GDP per capita and in 1998, it was \$3,540. The Report develops a measure of income by calculating the ratio of wage income (salary) to the SM. According to the national survey, wage income was estimated to comprise about 72-74% of money income which the population lives on overall, including in the rural areas. The ratio of the average wage to the estimated SM was 44.7% on average in

Kazakhstan in 1998. The ratio varies considerably among regions, from only 18.7% in the Almaty and 20% in South Kazakhstan Oblast to 86.4% in Mangistau Oblast and 104.3 in Astana city. As mentioned above, there are only 5 raions, out of a total of 198, whose wage income meets the SM. 21 raions had ratios over 70%. These raions are identified in Map 2 (**Indicator of Relative Poverty in Kazakhstan in 1998, Identifying 21 Favorable administrative units**). For 140 raions (71% of all raions), wages are three times lower than the SM. At its lowest levels, the ratio identifies those areas where people, even if employed, are forced to rely on social payments, the informal sector, and home production for survival. Again, it is not the ideal measure of impoverishment, but it is without doubt a measure of vulnerability, of areas where transition costs have hit the hardest.

Raions with the lowest levels of the wage-to-SM ratio – defined to be raions with wages amounting to only 15 percent or less of the estimated SM, a rate nearly three times less than the national average – are identified in the Report and indicated on Map1 (**Indicator of Relative Poverty in Kazakhstan in 1998, identifying 46 most impoverished administrative units**). Almost all the oblasts had at least one city or raion with wages at this level.

3. Strategies for Reversing the Decline in Human Development

Building on efforts put into past reports, this Report has once again focused attention on the most urgent problem Kazakhstan faces in this eve of the new millennium. It is the problem of those who are falling further behind in poverty, who are becoming increasingly isolated and alienated from society during the transition, and who are therefore rapidly losing access to choices that enable them to live full and adequate lives. The recommendations suggested by authors thus point at how to rescue groups hit hardest by poverty.

In successfully implementing a growth strategy oriented to the needs of the poor, it was recommended that the following be taken into consideration:

- Promoting healthy lifestyle and preventative health care should continue to be a high priority in state policy. Health situations of women of child-bearing age, a significant percentage of whom suffer from anaemia, deserve special attention.
- Depopulation caused by out-migration is becoming a threat to the country's overall human potential. Measures to curb depopulation need to be given immediate attention.
- Raising productivity of small-scale agricultural production. This would enable those groups in agricultural areas to help themselves, create jobs,

and bring down food prices to the benefit of the poor. Important elements for success in this area are technological progress and access to land and to financial services.

- Introducing economic policies which answer to the needs of the most vulnerable groups hit by poverty. Targeted intervention in raions identified as the most vulnerable (i.e. low ratio of wages to SM) must be executed, as unemployment causes social isolation which in turn erodes human development. Existing policies of tax and benefits should strongly encourage job creation for the poor and disadvantaged groups, including the elderly, unemployed disabled people, and single mothers with children.

- Promotion of micro-enterprises through providing micro-credits and strengthening the legislative foundation. Creating a conducive environment for micro-credits to be fully utilized is crucial; access to financial and credit resources and rights to property must be guaranteed. In providing micro-credits, priority should be given to vulnerable groups, i.e. women, families with many children, the elderly and the disabled.

- In creating jobs, the relatively high educational level of the unemployed should be taken into consideration. Community Services, for instance, should be tailored in such a way as to help the population maintain their high caliber of qualifications. Simultaneously, these services should foster independence in the mentality of the individual so that s/he may no longer rely on the State for his/her decisions in life.

- A scheme to train former employees of large enterprises and build institutional capacity must be put in place. Special attention should be given to rural areas, i.e. the agricultural areas of the Republic.

In the areas of public administration, privatization, and human rights, the degree of reforms dif-

fers greatly. Nevertheless, authors in the Report found that a major problem in all areas was that there had been virtually no accountability built into the reforms so far. For example, frequently no one was responsible for social assets of privatized enterprises which meant there was no plan by which these might have been rationalized or no plan for their replacement when new owners closed them (as happened so often). The Report recommends the State take responsibility for all social spheres, that 10-12 percent of the revenues from the sale of the enterprise should be devoted to social programs, and that economic policy be re-directed to increasing the real productive capacity of the economy. Similarly, the Report found that although legislative reforms have led to the creation of a representative-style legislature in Kazakhstan, policy-makers are not yet directly accountable to it or the electorate.

Another important issue raised in the Report is the necessity for judicial and legislative branches to gain actual independence. Creation of an efficient Ombudsman system on Human Rights – with a comprehensive range of authority and organizational, technical, and financial independence from the executive branch – thus becomes an urgent necessity.

Finally, the Report found there is a comparatively sound system of public administration in Kazakhstan at the present time. However, frequent organizational reshufflings continue to hinder effective reforms in many areas because changes instituted by one is not taken as joint responsibilities of others. In addition, an effective system of monitoring the activities of state officials is crucial to combat corruption in the public sector. The quality of public sector services should be evaluated, and for this, appropriate indicators must be formulated.

A BALANCE SHEET OF HUMAN DEVELOPMENT IN KAZAKHSTAN

Progress	Deprivation
HUMAN DEVELOPMENT INDEX	
After a sharp decline from 0.743 in 1991 to 0.703 in 1995, HDI has stabilized and has gradually started to rise from 1996 and reached 0.708 in 1998 (based on the data of the Agency of the Republic of Kazakhstan on Statistics).	Since 1991 HDI has dropped in Kazakhstan by 0.035. 52% of this drop can be attributed to the decline in life expectancy, while 46% of it is caused by the reduction of per capita GDP. Reduction of the aggregate share of students in the age group of 6-24 years caused 2% of the decline.
DEMOGRAPHIC SITUATION	
Trends in migration can be characterized by a decrease in relocation over the past years: estimated number of relocations is 757.2 thousand in 1997 (990.7 in 1995).	Within the past 8 years, the population of Kazakhstan has decreased by almost 1 million people. The intensive out-migration coupled with a decrease in the natural growth of population have contributed to that decline.
LIFE EXPECTANCY	
Although high infant mortality remains one of the most acute problems in the Republic, recent years have seen a decline: from 27.4 per 1000 born in 1991 to 24.2 in 1997.	In the period from 1990 to 1998, average life expectancy (ALE) has decreased from 68.3 to 64.4 years; Of them, male ALE - from 63.7 to 58.5, and female ALE - from 73.0 to 70.0. The difference between male and female ALEs sharply increases from year to year and reached more than 11 years in 1998 (9.4 years in 1990).
HEALTH	
Notwithstanding a high level of mortality, within the last years its increase has slowed down and even slightly reversed from 10.5% to 10.1% in 1997. During the last 5 years, the number of abortions was decreased by 36%.	The mortality problem has become very acute in the Republic. Since 1991, the general mortality rate has grown by 26.3%. Cardiovascular and oncological diseases remain the main reasons of mortality. Abortions are posing serious threat to the health of women. Annually, more than 170 thousand abortions are conducted in Kazakhstan.
INCOME AND POVERTY	
Following a sharp decline in production, which in 1995 reached 39% of the 1990 level, it has slowed down and even recorded a slight growth starting from 1996. As a result, in the period 1995-1998, GDP per capita increased from 92.8% to 98.4%. During the same period GDP per capita in PPP has increased from 3400 to 3540 US dollars.	GDP per capita in PPP has declined from 4690 US dollars in 1991 to 3540 in 1998. In 1998, 43.4% of the population had income (resources) below the subsistence minimum; the percentage in rural areas reach almost half of the residents (47.7%), and in urban areas - over a third (38.5%).
FOOD AND NUTRITION	
In 1997-1998, the specific weight of foods in the structure of consumer expenditures of urban residents has declined from 55% to 52%, and from 60% to 57% for rural residents.	In 1997-1998, the increase in consumption of bread by 12% and flour products by 13% was achieved at the expense of a decrease in consumption of meat products: beef by 9.2% and lamb by 22.4%. A decrease in energy intake was recorded at 7%.
EDUCATION	
Students' enrolment in secondary education has remained very high. (98-99.5% in 1991-1998). Although in tertiary education enrolment has declined from 95% in 1991 to 78.7% in 1995, the educational reforms have permitted an increase in 1998 to 89.6%.	The aggregate share of students aged 6-24 years has declined from 65.4% in 1994 to 64% in 1998. Share of state expenditures for education constituted 6.5% of GDP in 1991, but only 3.9% in 1998.
WOMEN	
In 1994-1998, the percentage of girls in secondary schools was 49.2%-49.8% for grades 1 to 3, 49.9%- 50.1% for grades 5 to 9, and 52.7% - 57.7% for grades 10 to 11. The number of women receiving vocational training was 59.8% in 1998. Women's share in the total number of university students is 53.4% in 1998, and 62% among specialists with higher and secondary education.	Approximately 50% of pregnant women in the republic suffer from anemia. In South Kazakhstan, this indicator reaches 76%. In 1998 average wages of women amounted to only 76% of men's wages. Even in the traditionally "female" branches of economic activities such as healthcare, food production and education, women's wages are respectively 18%, 8%, and 4% lower than wages of men.
ENVIRONMENT	
In 1995-1998 air and water pollution decreased due to the sharp decline in production.	According to epidemiological data, 13% of water samples taken from surface water bodies did not meet hygienic standards. Resulting from the rise in the Caspian Sea level, more than 200 oil wells and oil fields became flooded. This poses serious threat not only to biological diversity, but also to the whole ecosystem of the Caspian Sea. More than 60% of the territory of Kazakhstan is exposed to threats of desertification.

Chapter 1

THE CONCEPT OF HUMAN DEVELOPMENT IN KAZAKHSTAN. PRIOR HUMAN DEVELOPMENT REPORTS AND POLICY INITIATIVES

1.1. The Concept of Human Development

With the ongoing evolution and transformation of the world economy, many have been concerned to measure its effects on people both now and for the future. Much of this attention has been focused on addressing problems of equity and poverty within the global community. In turn, **these problems are reflections of a paradigm describing human potential which has four specific elements:**

1. *Efficiency*, by which economic growth appears as one of the principal basis for the development of human potential;
2. *Equity*, by which all members of society have equal opportunities for self-realization;
3. *Sustainability*, that ensures an access to opportunities for both current and future generations on the basis of prospective replenishment of material, human and ecological capital; and,
4. *Involvement*, that is the extension of people's role in decision-making and active participation in political processes, thereby rendering influence to their lives.

Similarly, the measurement of human development includes an evaluation not only of the purely economic indicators of development, but also of the social and cultural indicators of status and well-being. The concept of human development places human beings in the center, as the main purpose of political, social and economic processes, and not merely as the means of by which specific goals are achieved.

Although the main ideas behind the concept of human development were developed in the seventies, they did not receive quantification until the first global Human Development Report (HDR) was issued in 1990, where the experience of all countries were compared for the first time. Using data for 1990, the 1992 global HDR placed the USSR 33rd among the 160 countries for which estimates were made, well within the group of countries which were identified with high levels of human development.

As important as were these efforts at comparative global assessment, they were overtaken by the significant political, social, and economic events of early

1990s in the countries of the now former Soviet Union and their emergence as independent republics. Thus, one of the principal tasks of the series of Kazakhstan HDRs, begun in 1995, has been to measure the impact of these changes on the people of Kazakhstan, both in the present and for the future. In the first report, the authors noted that one of their main tasks was understanding the definition and application of the basic terms and concepts of human development, terms and concepts which were unfamiliar and not widely accepted in country. Originally the authors planned to replace the definition of "human development" with terms like "social development, development of labor forces, and humanitarian development". At the end, however, they accepted the global concepts and effort was then placed on providing comparable measures. The 1995 Report is now noted for its historic review of the socio-economic situation of the early transition period.

The authors of subsequent national reports continued the tradition of that first report, providing detailed quantitative analyses of the changes in the development of human potential in Kazakhstan. In 1997, the Report also featured systematic research into the complex socio-economic situation in Kazakhstan and made many expert recommendations for overcoming and/or alleviating the many difficult problems which had emerged during the transition. The 1998 Report, prepared by another expert commission, also proposed measures to optimize the role of the state in society and to balance economic and social needs. Not only was it "an analytical research of the various factors of economy and the roles of state in shaping of human resources", but it also offered "mechanisms of maintenance of stable human development in the conditions of transition period".

The data assembled in Table 1.1. from these earlier reports, updated to include 1998, continues their tradition¹. They measure in practical terms the effects of the transformation underway in Kazakhstan since independence. Of course, the attention of the state in early years of independence was concentrated on priorities of state-building and on con-

¹ In later chapters, this report also provides significant new data on GDP estimates for the HDI calculation, and, in the tradition of the earlier reports, analyses of main factors affecting the evident trends in all the indices.

trolling the emergent economic crisis, the depth of which is evident in the precipitate declines in the index of GDP per capita from 1991 to 1995. With economic stabilization in the mid-1990s, the state could undertake a number of actions directed to the resolution of social problems in the context of human development and the evidence in the data here suggests they achieved a measure of success. For example, the decline in the index measuring average life expectancy ended in 1995 and small gains occurred in 1996 and 1997. The recommendations of the national Reports played an important role in defining many of the policy priorities.

It is important to place these indicia of human development in Kazakhstan in an international context and data from the global HDRs permit such com-

Thus, in comparison with the overall measure of human development in the USSR in 1992, Kazakhstan was below the country-wide average, but still among the group of countries with the highest levels of human development. By contrast, in the 1999 global HDR Kazakhstan ranked 76th¹, in the middle of the group of countries with medium levels of human development. Although this ranking is a substantial improvement on those of the intervening years where Kazakhstan dropped to as low as 96th, it does not directly translate to an improvement of human development as new calculation methods account for a large part of this improved ranking².

Gradually, starting from 1997, human development indicators have stabilized. If during the first years of independence the state mostly concentrated its ef-

Table 1.1.

Estimates of the HDI and its components, Kazakhstan 1991 – 1998

	1991	1992	1993	1994	1995	1996	1997	1998
Life expectancy, years	67,6	67,4	65,4	64,9	63,5	63,6	64,0	64,5
Level of adult literacy, %	97,8	98,1	98,4	98,7	99,0	99,0	99,0	99,0
Aggregate share of students at age 6-24, %	67,0	66,5	66,0	65,4	64,9	63,9	63,9	64,0
GDP per capita, \$PPP	4690	4150	3950	3550	3400	3480	3560	3540
Human Development Index	0,743	0,735	0,721	0,712	0,702	0,703	0,706	0,706

Source: Kazakhstan HDR, 1998; Agency of the Republic of Kazakhstan on Statistics

parisons. In the 1993 Global Human Development Report, Kazakhstan was ranked for the first time and it placed 54th among the 173 nations evaluated, which placed it among the 55 countries identified as having high levels of human development.

forts on state building, then later on, it initiated a number of actions directed toward the improvement of social indicators. In the NHDR of 1997, the government was urged to shift its social policy from what can be described as a “**survival strategy**” which has

Table 1.2.

Human Development Indicators in the republics of the former Soviet Union.

	Life expectancy, years	Literacy of adult population, %	Ratio of students aged 6-24 years, %	Per capita GDP, \$	HDI	Place among 174 countries
Estonia	68,7	99,0	81	5240	0,773	54
Belarus	68,0	99,0	80	4850	0,763	60
Lithuania	69,9	99,0	75	4220	0,761	62
Russia	66,6	99,0	77	4370	0,747	71
Latvia	68,4	99,0	71	3940	0,744	74
Kazakhstan	67,6	99,0	76	3560	0,74-	76
Georgia	72,7	99,0	71	1960	0,729	85
Armenia	70,5	98,8	72	2360	0,728	87
Ukraine	68,8	99,0	77	2190	0,721	91
Uzbekistan	67,5	99,0	76	2529	0,72	92
Turkmenistan	65,4	98,0	90	2109	0,712	96
Kyrgyzstan	67,6	97,0	69	2250	0,702	97
Azerbaijan	69,9	96,3	71	1550	0,695	103
Moldova	67,5	98,3	70	1500	0,683	104
Tajikistan	67,2	98,9	69	1126	0,665	108

Source: Human Development Report, UNDP, 1999.

² According to data used in the global HDR 1999. Data used in this Report differ from the Global HDRs as they take into account the census undertaken in 1999 in Kazakhstan.

³ New method of calculating income is introduced in the Global Human Development Report 1999, p. 159.

proved its ineffectiveness in the conditions of the increasing economic crisis, to a **“development strategy”**, which entails more attention to social needs and purposes of human development. Given the limited opportunities and the large-scale transition, an **“optimization strategy”** which entails effective utilization of available resources was suggested.

These approaches did not stipulate shrinking the presence of the state in the social sphere. Rather, they called for an **“activist state”** which could mobilize all available resources to implement the reforms that would least marginalize the social sphere. Practical application of these approaches have led, in 1997, to the adoption of a complex program of social and economic policy: The **“Strategy of Development of Kazakhstan – 2030”**.

This strategy defines among the long-term priorities the following: national security; internal political stability of the society; economic growth on the basis of market economy; health, education and well-being of citizens; effective utilization of energy resources; development of modern infrastructure and professional state. Among actual objectives, the following are mentioned: issues of rural poverty, unemployment, completion of social and economic reforms that will result in timely payment of pensions, wages and social allowances and benefits. The period after 1997 saw constructive policy shifts toward social issues.

Table 1.2 which contains human development indices of the CIS and Baltic countries reveals a comparative picture of human development in this region. While the level of human development in Kazakhstan consistently ranked below that in Russia and the Baltic

states, it has ranked generally at the top of the CIS countries and above all its Central Asian neighbours. Among the CIS and Baltic countries, Kazakhstan is ranked 6th. The highest ranking country among the former Soviet Union is Estonia – 54-th, with an HDI of 0.773. Russia holds the 71-st place with 0.747; Kazakhstan – 76-th, with an HDI of 0.740. The last place – 108-th – is occupied by Tadjikistan, with an HDI of 0.665.

The most pronounced downward move was experienced by Ukraine, which moved down 46 places. Latvia (44) and Russia (37) followed. In comparison, Uzbekistan, Tadjikistan, Kazakhstan and Kyrgyzstan experienced less steep declines.

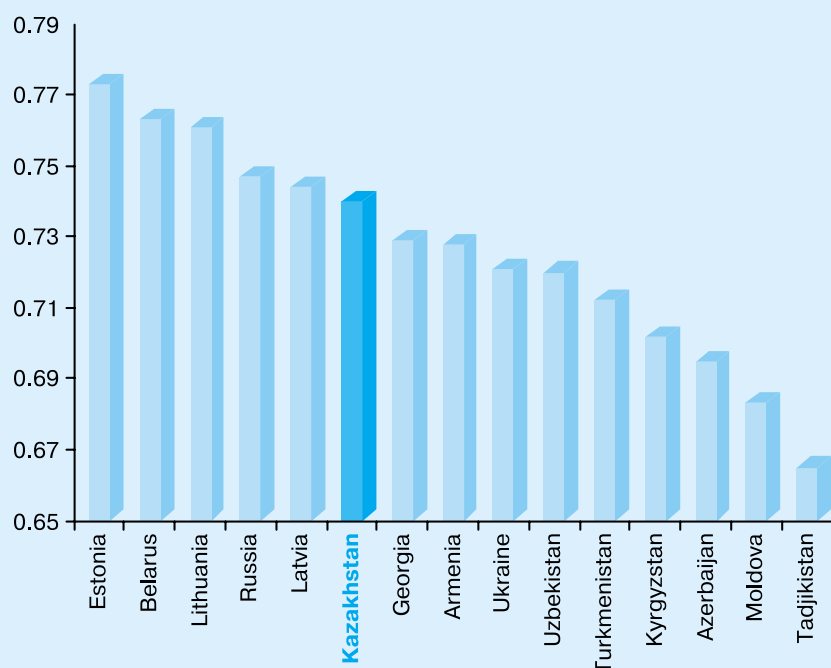
1.2. Policy Recommendations in the HDRs and Associated Policy Changes

A major purpose of the HDRs in Kazakhstan has been to provide a forum for policy discussion, a place where problems were identified and solutions suggested. As noted, the initial HDRs confronted substantial definition and measurement issues in undertaking to describe the status of human development in Kazakhstan. Nevertheless, they also made some policy recommendations. The later reports made many more policy suggestions as well as continuing data collection and analysis. Recommendations were usually in all three areas critical to human development, the economy (standard of living), educational attainment and opportunities, and life expectancy (health). Not surprisingly, there have been a substantial number of policy changes in Kazakhstan over the last five years and, as nearly as possible, these are related to the relevant recommendations. Although it is clearly impossible to say that any one recommendation caused a change in policy, there can be no doubt that the forum provided by these reports has been important in framing policy discussions in Kazakhstan and especially in giving voice to the most serious problems and to the most vulnerable members of society.

The 1995 Kazakhstan HDR: The 1995 HDR characterized Kazakhstan as a country facing the challenges of transition. Most of its recommendations dealt with the economy.

To increase the standard of living: Introduce property rights in agriculture and in the service sector in order to improve the financial situation of the major part of population. Subsequently, property rights were introduced in the service sector which allowed a great number of citizens to start their own businesses, thus im-

Figure 1.2. HDI in CIS and Baltic countries



Source: Human Development Report, UNDP, 1999.

proving their financial situation. In agriculture however, privatization of the former kolkhoz and sovkhoz property was frequently accompanied by certain shortcomings including the embezzlement of state property. The main part of the rural population has remained without a stable income source. Moreover, the right of private property on land has never been approved, which has had a negative effect on the reform of the Republic's agriculture.

Reorganize the state enterprises so as to rationalize the divisions remaining in state property and privatize the others in order to reform the production sphere. In spite of definite economic effects, unsystematic realization of this recommendation has meant sharp increases in unemployment and has caused the so-called small towns problems.

Abolish the obligations for preserving jobs in order to create a labor market. This recommendation was implemented and it has livened the labor market in Kazakhstan to some extent.

To increase educational opportunities: Protect the institutions of the primary and secondary education system and the secondary technical school system in the transition period. The number of private schools and universities have increased, and a number of universities now can plan their curricula independently, though within the educational standards set by the state. Besides that, secondary and tertiary educational institutions have received an opportunity to raise additional funds in order to improve their technical base and supplement the faculty and staff salaries.

To increase life expectancy: The recommendations for increasing life expectancy were mainly of a general nature. They were limited to prioritizing the need to protect the institutions of primary medical help for the transitional period, provision of the nutritional minimum to the socially vulnerable population, and administrative and financial reforms in other healthcare sectors. However even these measures are not being implemented fully due to the financial hardships in the localities. The protection of the institutions of the primary healthcare is given a high priority.

The 1996 Kazakhstan HDR: The 1996 HDR characterized Kazakhstan as a country on its way to sustainable human development.

To increase the standard of living: Create conditions for the support of free enterprises and emerging market structures. State intervention should be limited to redistribution of incomes to correct inadequacies. That measure has not been realized fully because the strict budgetary policy of the state has not always corresponded to the needs of population for income and property.

Support the development of small- and medium-sized enterprises so as to improve the income levels of the

major part of the population. The interests of entrepreneurs should be united and low interest credits extended to them as start-up capital, with the state being ready to extend such risky loans.

Create a system of supportive measures for self employment and for family-type enterprises. A positive shift in this direction occurred under "Strategy - 2030" with the state developing a program of micro-credit. Deprived categories of the population were to receive a base credit allowing them the possibility for development of their own business.

Employ unemployed people in an expanded program of public works.

To increase educational opportunities: Reconsider the existing inequality in financing and material support and in the prestige of teaching and education at the kindergarten, primary, secondary, technical secondary and tertiary levels of education. That measure is being realized only partially.

Consideration should be given to the needs and trends of the emerging labor market in the course of the curriculum development.

Conduct ongoing training in different departmental institutions, both paid and free, to provide continuous education for the scientific cadres.

Continue the Republic's participation in the wide international professional education programs, opening of foreign institutions or their affiliations in Kazakhstan, and participation in international forums and conferences to further broaden research and study opportunities. These recommendations are fully realized.

To increase life expectancy: Healthcare reform was recommended with the aim of increasing life expectancy. The suggested reform envisaged various forms of economic operation and development of the alternative medical assistance sources. One measure was supposed to provide the cost of care reimbursement through insurance contracts with a medical insurance organization. Improvement in the quality of the services was to be achieved through competition between healthcare institutions and private medical practitioners for the paid insurance companies' licenses. That measure has been realized only partially.

The 1997 Kazakhstan HDR: The 1997 Report was aimed at the development of a socially oriented concept of economic reform and change with the aim of improving the level of human potential development in the country.

To increase the standard of living: Strengthen the contractual regulation of labor compensation. It was implemented and successfully works at the moment. It also served as a base for increasing the

opportunities for the population to receive secondary (alternative) incomes. In addition to that the feelings of dependency and state paternalism are becoming obsolete from the social consciousness.

Transfer more resources for public works from the budgets of employment services to allow the population to raise incomes. Public works programs are being realized, but only at the state level. As an example, the unemployed were actively used for the National census of 1999.

Enterprise investment agreements should be reconsidered so as to create new jobs, first and foremost in labor excessive regions, in order to overcome the further growth of unemployment. Formally, that measure was envisaged in all contracts, but it has never been realized in practice.

To improve educational opportunities: Provide state support for education. Under these conditions it was recommended that the real precondition for support be the educational system's adaptation to new markets. This recommendation is being realized in the sense that the educational system of the country as a whole is reacting to the needs of the educational market in providing adequate services for the student population.

To increase life expectancy: Develop a multi-faceted approach to the questions of public healthcare and provision of medical services. The recommendation received a positive response from the state authorities. A Decree of the President of the Republic of Kazakhstan "On the Primary Measures for the Improvement of the Health Conditions of Citizens of Republic of Kazakhstan" was issued on 18 May, 1998. It sets some practical tasks to achieve. It was advised to develop strategic and current healthcare planning on the territorial level also. Besides the Presidential Decree, that recommendation has been reflected in the state program "Health of Nation," in which basic rules (situations) were developed to increase quality of the primary medical-sanitary help, create a regional network of educational and clinical centers, create a gradual transition from stationary to out-patient care, reform the economic attitudes (relations) by creation of a competitive private sector, and reorganize the fund of social insurance and transition to the individual forms of obligatory medical insurance, etc. In addition, the Republic's target program "Health of the People" was developed, to improve the coordination of measures on protection of health of the citizens and preventive programs.

The 1998 Kazakhstan HDR: The 1998 HDR focused on the role of the government and social integration in the transition period.

To increase the standard of living: Improve transfers among regions to create a larger group of regions with per capita middle level income. That recommendation has not been realized. According to

the statistical data, the number of regions with per capita middle level income had not increased. Moreover, there is a continuous trend for the regions of the Republic to differentiate by that indicator.

Improve the interaction between the republican and local budgets, especially in the area of income allocation. Reform social sphere financing in regards to the level of central and regional authority interaction. The regions have received greater independence in their budget allocation but have now an added responsibility for social spendings.

Define the poverty line with proportion between it and minimal social guarantees clearly set. This would encourage positive attitude towards employment. That recommendation was realized only partially. The poverty line was defined in a World Bank report but this indicator has not been universally accepted by the state authorities.

To improve educational opportunities: Apply modern teaching techniques to improve the quality and accessibility of education. The recommendation finds its implementation in all structures of the educational system. The leadership of almost all educational institutions has come to understand that the commercial attractiveness of their institutions depends to a large degree on the extent that new technologies are integrated into the study process. It was also recommended that the needs of the country in terms of specialists of different qualifications should be reported more widely.

Monitor more closely the educational services provided by non-governmental educational institutions. This measure is fully implemented.

To increase life expectancy: Local public organizations, mass media, and governmental departments should promote a healthy lifestyle more actively. This measure has been implemented only partially. Only mass media have increased the amount of healthy lifestyle propaganda.

Conduct preventative campaigns for the protection of population from parasitry and infectious diseases. Due to the financial restrictions both at local and central levels, the implementation of that measure usually has been sporadic rather than of regular nature.

1.3. A Perspective on the Changes in Kazakhstan

As a result of the joint work of national experts from academia, from non-governmental organizations and from governmental groups it is clear that the HDRs have made an impact on the process of transformation that is taking place in Kazakhstan. The transition has involved substantial economic liberalization. Market regulations have been introduced, state participation in and patronage of economic activity has been

reduced, foreign economic activity has increased as have foreign investments, and the currency regime was stabilized. The basis for a multi-modal economy has been laid including conditions for a competitive private sector. A two-leveled banking system has developed according to the international standards, and investment and insurance companies and exchanges and auditing firms have been created.

At the same time, the current socio-economic situation in the country is characterized by a growing crisis, accompanied by deterioration in important social indices. The drop in the standard of living has increased, poverty and social polarization are growing, and educational institutions declining. Depending on the estimate, between 20% to 60% of the country's population live below the poverty line and unless there are substantial changes, social disharmony in the country will reach critical levels.

Among the most distressing indicators of continuing problems are:

- ◆ Continuing deterioration of standard of living. In 1997, the available resources of 43% of the population were below the poverty line (39.8% in urban and 46% in rural areas); In 1998 this proportion increased to 43.4% (38.5% in towns and 47.7% in rural areas)¹.

- ◆ Persisting high levels of unemployment. In 1998, official unemployment constituted 3.7% of the able-bodied population. The number of unemployed in the rural areas equalled to 93.3 thousand people.

Figures become much more alarming however when taking into account hidden unemployment (those unregistered and those who had to take non-paid vacations due to the irregular operations of enterprises). Unemployment is especially high in small towns where rates are several times higher than the national average and often reach 30-40% of the economically active population.

- ◆ *high mortality rate.* 38% of fatalities occur among people of working age, while male mortality in that age group is 3.6 times higher than for women;

- ◆ *population decline in all regions of the Republic due to falling birth rates.* Between 1991-1998 the birth rate in Kazakhstan declined from 21.5 to 14.4 per 1,000 population. Kazakhstan had not experienced such sharp birth rate decline since World War II.

- ◆ *migration outflow.* Ongoing out-migration is occurring in the more industrially developed oblasts

of the Republic, especially in Eastern and Northern Kazakhstan.

Meanwhile, the crisis in agriculture has led to population decline in rural areas, which in its turn, may lead to decline in the volume of production and increased unemployment;

- ◆ *decline in the level of education of the population.* Total number of the population aged 6-24 years declined from 65.4% in 1994 to 64.0% in 1998. Pre-school education facilities decreased six-fold since independence; this has strong implications on women's labor opportunities as well as the young generation's development. Currently around half of rural schools are primary or incomplete secondary schools and this has inevitably led to a rise in the number of children with inadequate secondary education. A shortage of teachers means that about 150,000 schoolchildren in 959 schools are denied the opportunity to study fully the established curricula subjects, causing the general level of education to decline, especially in rural areas.

Thus, much remains to be done and the current and future HDRs will surely have an important role to play not only in documenting the transition itself



and its effects on the population but in providing policy-makers with suggestions and recommendations for improvements. The reports provide an essential forum to speak out for those most affected by the transition and for those left out and in danger of total alienation from society.

Moreover, they provide a means for new ideas to enter the discussion and for reports of successes to be included, all essential ingredients of meaningful policy development.

¹ All data in this section is based on the assessment in the National Human Development Report of 1998

Chapter 2

THE OVERALL STATUS OF HUMAN DEVELOPMENT IN KAZAKHSTAN

2.1. New Estimates of the Human Development Index in Kazakhstan

The level of human development is estimated by the Human Development Index (HDI). It is composed of three components which measure life expectancy, access to education, and income levels, representing measures of a country's achievement in making possible a long and healthy life, in providing education to improve the state of intellectual capital, and also in providing a sufficient income level that allows for a decent standard of living.

The data show that the human development index has declined in Kazakhstan by 0.037 over the seven years in 1991-98, a decline of some 4.7%. Of the total decline, the data show that 55% can be attributed to the decline in life expectancy, 43% can be attributed to the reduction in per capita GDP, and 2% can be attributed to the reduction in the aggregate share of students aged 6-24 years in school. The remaining sections of this chapter analyse the causes of the declines in each of the measures.

2.2. Declining Life Expectancy

The average life expectancy at birth is the most important qualitative component of the human po-

tential index of a country. This measure is an integral expression of a whole complex of factors defining human development, starting with efficiency of the healthcare system and ending with psychological stresses present among various groups of population. As evident in Table 2.1, from 1991 to 1997, life expectancy dropped by 3.2 years. The lowest level was recorded in 1995, when it was 63.5 years. Note as well that the difference between the life expectancy of males and females is steadily increasing from year to year. It was 11.4 years in 1998 compared to 9.3 years in 1989.

The demographic situation: Since 1991, the population of the Republic of Kazakhstan has declined by almost 1.5 million persons. At the beginning of 1999, the population was 14.96 million.

Migration has played the decisive role in the population decrease and urban residents have departed outside the republic most intensively. The population decline has been especially marked in the East Kazakhstan, the North Kazakhstan, Karaganda, Ak-mola and Kostanai oblasts.

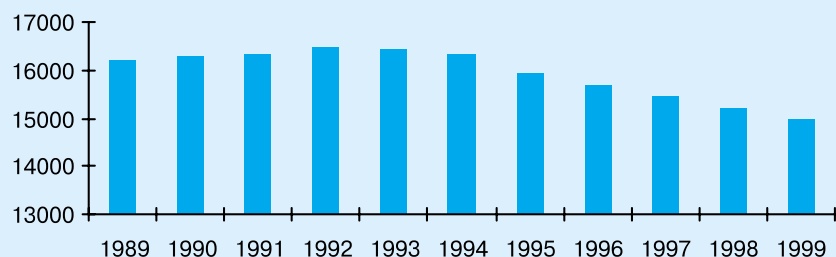
In addition to the significant impact of migration, changes in natural growth have also played a role in the reduction of the population. Basic statistics on population growth rates in Kazakhstan are displayed in Table 2.2.

Table 2.1.
Life Expectancy (in years) of the Population of Kazakhstan, 1989-1998

	All population	Male	Female
1989	68.2	63.4	72.7
1990	68.1	63.2	72.7
1991	67.6	62.6	72.4
1992	67.4	62.4	72.3
1993	65.4	60.1	70.8
1994	64.9	59.7	70.3
1995	63.5	58.0	69.4
1996	63.6	58.0	69.7
1997	64.0	58.5	69.9
1998	64.5	59.0	70.4

Source: Agency of the Republic of Kazakhstan on Statistics.

Figure 2.1. Dynamics of Population Growth in Kazakhstan, 1989-1999



Source: Agency of the Republic of Kazakhstan on Statistics.

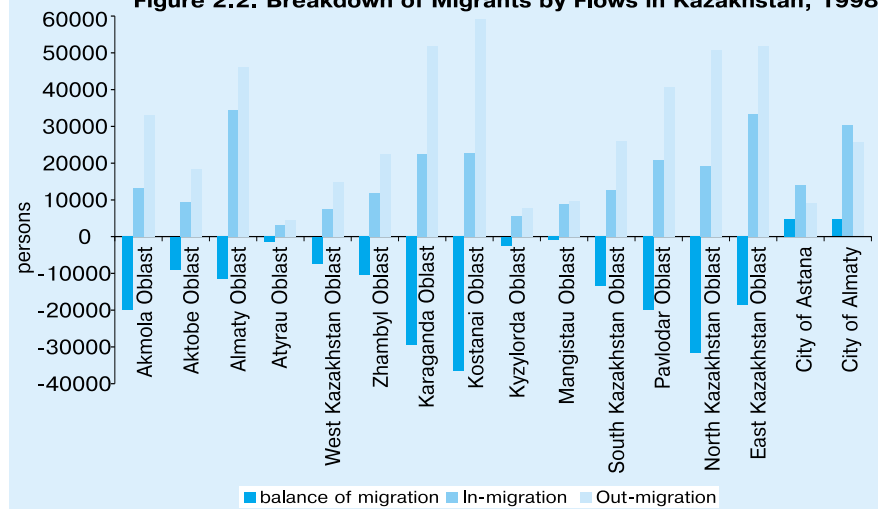
Declining Birthrates: The decline in the birthrate shown in Table 2.2. from 19.0 to 14.8 meant that, from 1991 to 1998, the number of newborns declined from 353,200 to 222,400. The average rates

the number of women of reproductive age, the decline in total births in the country give a decline in the fertility rate from 2.7 births per woman in 1991 to only 1.9 births per woman in 1997, a rate that does not provide for a simple substitution of the parents' generation by children. (For substitution, the total fertility rate should be at least at 2.1 per woman.) According to the 1999 World Population Data Sheet of the Population Reference Bureau, fertility rates in Kazakhstan were less than those in its Central Asian neighbors, rates which ranged from 2.6 in Turkmenistan to 3.2 in Tajikistan and Uzbekistan. The world-wide average was 2.9.

The change in the fertility can be seen as responses to the severe socio-economic crises in the Republic. The worsening economic situation and increasing social tensions are significantly restraining reproductive activity. Analysis has shown that the declining birth rates characteristic of the 1990s have been predominantly caused by the following factors:

- the decline of the living standards in the 90's, which forced many families to postpone the birth of children;

Figure 2.2. Breakdown of Migrants by Flows in Kazakhstan, 1998



Source: Agency of the Republic of Kazakhstan on Statistics.

Table 2.2.
General Indicators of Population Reproduction in 1991-1998 (per 1,000 people)

Year	Born			Deceased			Natural growth		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
1991	21.5	18.1	26.1	8.2	8.5	7.8	13.3	9.6	18.3
1992	20.5	17.0	25.2	8.4	8.7	7.9	12.1	8.3	17.3
1993	19.3	15.5	24.7	9.5	10.1	8.8	9.8	5.4	15.3
1994	18.9	15.4	23.4	9.9	10.8	8.9	9.0	4.6	14.5
1995	17.5	14.3	21.5	10.7	11.7	9.3	6.8	2.6	12.2
1996	16.3	13.7	19.5	10.7	11.9	9.1	5.6	1.8	10.4
1997	15.2	13.1	17.7	10.4	11.6	8.9	4.8	1.5	8.8
1998	14.8	13.3	16.6	10.2	11.5	8.7	4.6	1.8	7.9

Source: Agency of the Republic of Kazakhstan on Statistics, based on revised statistics from the 1999 census

in the table mask marked difference in birthrates among ethnic groups. In particular, birthrates among Kazakhs are significantly higher than the national averages and in oblasts with predominantly Kazakh population birth rates were 17.0 or higher. Especially high birth rates were observed in the Mangistau (21.1), South Kazakhstan (22.1) and Kyzylorda (22.8) oblasts. Measured in terms of

- the generation whose parents were born during W.W.II has entered the fertile age.

Another concern is that the net rate of the population reproduction shows a lesser and lesser rate of female reproduction. There are insufficient number of girls been born to one woman during her reproductive age to sustain the population,

given that the birth and mortality rates were 0.884 in 1997.

Increasing Mortality: The unfavorable demographic situation in the country is also caused by the growth of the general mortality rate. It constituted 8.2 in 1991, but by 1998 it had grown to 10.0. And, although the current rate of 10.2 deaths per thousand is an improvement over the levels of 10.7 and 10.2 deaths observed in the mid-1990s, the overall increase in the rate remains high, amounting to an 18% increase. One of the principal factors that has been a cause of the long-term declining tendency in life expectancy has been the especially strong increase in the rate of male mortality. In turn, the main causes of mortality among males, which significantly exceeded that of females, were infectious and parasitary diseases (5.7 times to that of females), accidents (4.9 times), respiratory organs' (3.9 times) and cardiovascular diseases (1.4 times). In total, these factors accounted for 80% of deaths of the able-bodied males.

On healthy lifestyle formation

It has been estimated that in healthy lifestyles are the cause of up to 50% of diseases in Kazakhstan.

According to the data of the National Center for the Problems of Healthy Lifestyle Formation (NCP HLSF), one third of the population (33.2%) are smokers. In the age group of 12-14 years old approximately 8-9% smoke, in the group of 15-18 years old, it is 16-18%, in the group of 20-29 years old is 39%, and in the group 30-39 years old is 36%. Each year smoking causes the death of 23-24,000 people in Kazakhstan. The population of the country annually spends 30 billion tenge for tobacco products which is about 60-70% of budgeted resources for public health services. About 46% of the population consume alcohol in one or another way. About 19% of 12-14 years old children consume alcohol, as well as 40% of teenagers between the ages of 15-18 years; 74% of young men between the ages of 20-29 years, and 69% of those between 30-39 years.

More than 15% of the population suffer from weight problems as a result of unbalanced nutrition.

Since 1994, the hardest year by far, mortality from all main causes is declining, including alcoholism, accidents and injuries. On the other hand, mortality rates from social infectious diseases are growing, led by increased rates of death from tuberculosis. The mortality rates from tuberculosis alone have doubled compared to 1991. The AIDS epidemic is a growing threat and is mainly caused by drug abuse. The main part of the population has adjusted to the new realities of life in Kazakhstan, but many – the poor, the homeless, and drug addicts, to name but three – have been

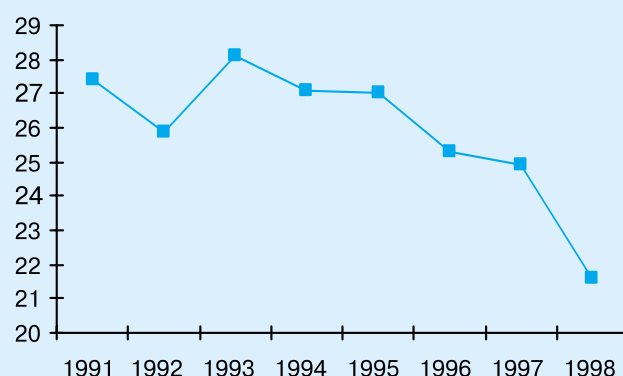
left to fend for themselves and have been especially vulnerable to the spread of many social diseases.

The number of officially recognized drug users in the country comprises 33,100 people. The number of alcoholics is 203,500 people. (Some experts claim that the number of these patients is 4-5 times greater than official data shows).

Another very worrisome statistics is the number of abortions in Kazakhstan because they pose a very serious threat to the health of women. Notwithstanding a decline in abortions of 36% over past 5 years, there are still some 170,000 abortions every year in Kazakhstan. On average, every Kazakhstani woman of the reproductive age has approximately 2 abortions. It is also a worrying fact that the number of teenage abortions is not declining. Moreover, more than 17% of births are out of marriage.

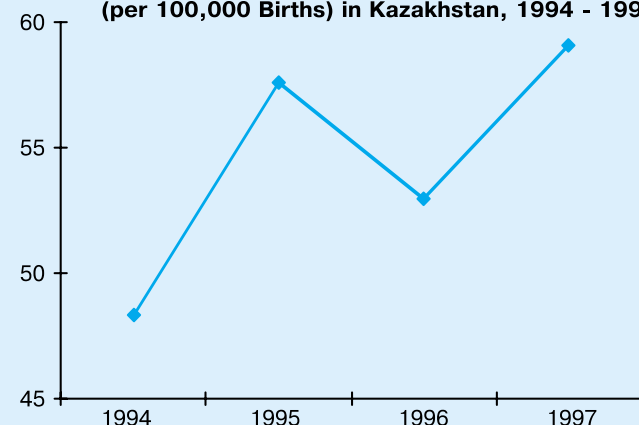
Infant and maternal mortality: High infant mortality remains another acute problem for the Republic even though there has been some decline in the rate in the last years as evident in the data in figure 2.3.

Figure 2.3. Infant Mortality in Kazakhstan, 1991 - 1998



Source: Agency of the Republic of Kazakhstan on Statistics. In Kazakhstan, maternal mortality also remains high: in 1997 there were 137 lethal cases during pregnancy and delivery. It is shown in figure 2.4.

Figure 2.4. Maternal Mortality (per 100,000 Births) in Kazakhstan, 1994 - 1997



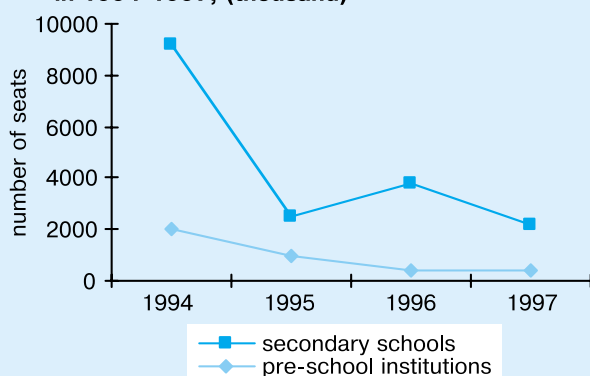
Source: Agency of the Republic of Kazakhstan on Statistics.

2.2. Access to Education

The education system of the Republic of Kazakhstan has undergone many changes over the last eight years, including a transition to a more independent status, a shift to market-determined relations, and the emergence of opportunities for closer association with international educational institutions and standards. Today, educational institutions vary by types of ownership, by forms of up-raising, and by type of training, with a private education sector developing only since 1991. During 1995 to 1998 the network of private higher schools increased from 41 to 88 institutions, while the number of students in them increased from 12,700 to 63,853. The number of students in 71 private colleges was over 20,000. The network of private primary and secondary schools and number of students in them increased three-fold in comparison with 1996. Currently, there are 180 private primary and secondary schools, enrolling 18,500 students.

However, the process of creating a private education sector has not increased, or even preserved, the overall level of educational opportunities available to the population of Kazakhstan in earlier times because existing programs and schools have been closed more rapidly than have alternatives opened. Financing the programs has been reduced from year to year which has resulted in the deterioration of the educational infrastructure of society. (For example, in 1990, there were 80,795 places in secondary schools. By 1993 the number had declined to 24,531. Figure 2.5 shows the continuing decline from 1994 to 1997 as well as the virtual halt in pre-school operations of any kind).

Figure 2.5. Number of seats at secondary schools and pre-school institutions put into operation in 1994-1997, (thousand)

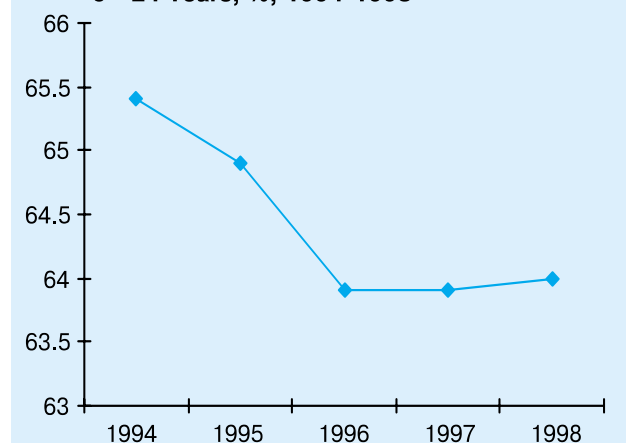


Source: Agency of the Republic of Kazakhstan on Statistics.

The number of students in educational institutions at all levels of education has been characterized in general by decline. The aggregate share of students aged 6-24 years in school has declined by a total of 3.0% from 67.0% in 1991 to 64.0% in 1998. This resulted in a decline of the education index by

0.002, even though the second component of the index, the adult literacy rate, increased slightly (from 97.8% in 1991, to 99% in 1998).

Figure 2.6. Aggregate Share of Students Aged 6 - 24 Years, %, 1994-1998

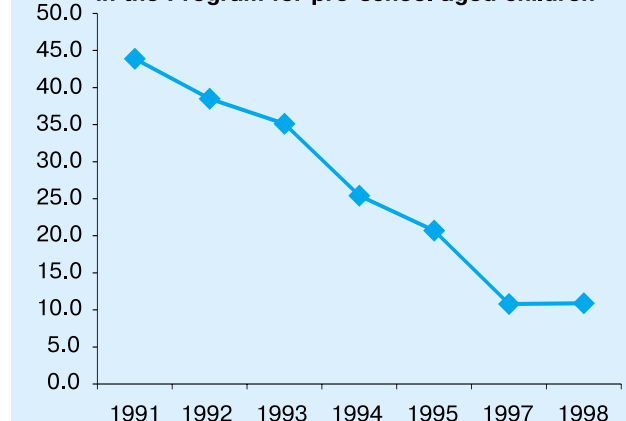


Source: Agency of the Republic of Kazakhstan on Statistics.

Moreover, the share of state expenditures for education and training of cadre constituted the following percentages of GDP: in 1991, 6.5%; in 1994, 3.2%; 1995, 4.5%; 1996, 4.5%; 1997, 4.4%; and 1998, 3.9%.

Pre-school Upbringing and Education: Figure 2.7. depicts clearly the severity of the decline in preschool education in Kazakhstan since 1991. In comparison with 1991, there has been a six-fold decrease in the number of permanent pre-school organizations and the same degree of reduction of number of children in them. The destruction of the network of pre-school organizations was especially severe in rural areas. In 1998 only 346 pre-school organizations (just 7% of those in 1990) were still run by the state with only 18,800 children (5% of those in 1990). Closure of pre-school organizations has meant that only 11 of 100 children have access to pre-school education throughout Kazakhstan today. As a result, many students

Figure 2.7. Aggregate indicator of participation in the Program for pre-school aged children



Source: Agency of the Republic of Kazakhstan on Statistics.

face serious difficulties when they do enter school and they have affected the quality of primary education.

Secondary Education: Secondary education is mandatory in Kazakhstan. Although the level of participation of children in the educational system has remained high throughout 1991 to 1998, there was a drop from 95% in 1991 down to 78.7% in 1995. Mid-term education reforms have improved the situation in the following years: since 1996 one notes a gradual growth in the aggregate share of students aged 6-24 years. In 1998, it reached 89.6%.

Nevertheless, lack of adequate resources to finance education, the worsening material situation of families, and the declining quality of teachers all add up to deterioration in the quality of education. The state budget allocated for education was not fulfilled by 7 billion tenge in 1997. In 1998, the education sector needed 75.6 billion tenge but received only 52.7 billion tenge. In addition, due to the lack of schools a substantial number of students were studying in shifts, with a weighed proportion of them increasing each year, from 30% in 1994/1995 school year to 33% in 1998. Over the period 1994-1998, 49.2-49.8% of the students in grades 1 through 4 were female, as were 49.9-50.1% of those in grades 5 through 9 and 52.7-57.7% of those in grades 10-11(12).

Primary Vocational Education: In 1998, training of qualified cadre was conducted in 319 vocational schools. A total of 91,500 individuals received training, including 86,800 people in regular day departments. Some 34.9% of the students were women. There remains an underestimation of the role and place of vocational education in the social and economic development of the country. Under the guidance of the motto of "optimization", since 1994 over 96 special schools have been closed, the number of students reduced by 44,900 persons or by 33%, and preparation of qualified workers decreased by 46,800, or almost two-fold. Every third graduate from secondary school is out of education and employment, and 19% of them are engaged in low qualification jobs.

Mid-Level Vocational Education: In the 1998-99 academic year, the training of mid-level specialists was delivered at 246 colleges, some 27 more institutions than in the preceding year. However, the number of students was 141,300, or 6,900 less in comparison with the beginning of 1997-98 academic year. The growth

of colleges mainly occurred because of opening of non-state educational facilities, the number of which was 71 at the beginning of 1998-99 academic year with over 20,000 students. Women receiving mid-level special education in 1998-99 constituted 59.8% of the total.

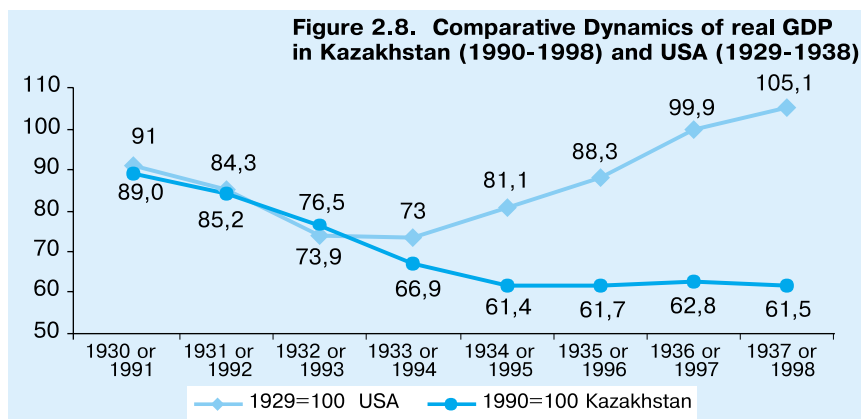
Higher Education: The network of higher education institutions has expanded considerably in the Republic of Kazakhstan. At the beginning of the 1998-99 academic year there were 144 higher schools. 20 new higher schools opened, including 8 in the City of Almaty, 2 in Astana, 3 in Kostanay Oblast, 2 each in Western Kazakhstan, Karaganda, and South Kazakhstan Oblasts, and 1 in North Kazakhstan Oblast. This growth was mostly of non-state educational facilities. The total number of students attending higher schools increased by 8.5%, in comparison with the preceding year, and totaled 318,800. Women accounted for 53.4% of the students. As of the beginning of 1998/99 academic year 64% of students were enrolled in day departments.

In 1998 educational institutions of the Republic have enrolled 90,100 students, including 61,000 in state-run and 29,000 students in non-state institutions.

Despite certain positive trends in the sphere of higher education, an aggregate share of students aged 6-24 years has dropped by 3.0% that on the background of growth of literacy level (99% in 1998 versus 97.8% in 1991) resulted in the decline of education index by 0.002.

2.3. Changes in Income Per Capita

There is no need to prove that living standards closely correlate with the general state of economy. If one analyzes the development of economy of Kazakhstan in recent years, it can be seen that the country faced a drop of production unprecedented by its depth and negative consequences. Quite often the crisis faced by Kazakhstan, as well as by other coun-



tries of the former Soviet Union, is compared with the Great Depression in USA in 1930s. Figure 2.8 illustrates the changes in real GDP in Kazakhstan and in the USA over comparable time periods (the base year was taken as 1990 for Kazakhstan and 1929 for the USA). As the figure clearly shows, the crisis in Kazakhstan has been much deeper than the Great Depression.

After the prolonged drop of production in Kazakhstan (in 1995 it reached 39% of the 1990 level), there was some economic growth over the next two years. The year 1996 was the turning point, when for the first time the country succeeded in increasing aggregate production, by 0.5% in 1996, and by 1.7% in 1997. The factors that facilitated this growth in GDP included the implementation of successive reforms, including price and trade liberalization, and privatization which facilitated the development of private sector whose

collapse in Russia and the devaluation of the ruble in August 1998, worsened the crisis of confidence, especially in the CIS, and sharply increased the outflow of capital from these countries. Kazakhstan did not escape the negative effects of the crisis, and the first though not much evident signs of increased external pressure on the economy of Kazakhstan were manifested in the first half of 1998. Then with the Russian crisis in the second half of the year, the negative effects of external shocks considerably strengthened. The quarterly estimates of the change in GDP in Table 2.4. show the marked decline in GDP beginning in the third quarter of 1998. The drop of GDP in the third quarter was 7.2%; in the fourth quarter, 3.2%. The total annual decline of GDP in 1998 was 1.9% (according to verified data). The sectors most severely affected in 1998 were industrial production, which declined by 2.9% and agriculture which declined by 18.9%.

Table 2.4.
Quarterly Change in GDP, 1997-1999 (% of the same period of the preceding year)

	1997					1998					1999
	I	II	III	IV	year	I	II	III	IV	year	I
GDP	99.1	101.6	106.6	99.0	101.7	102.4	102.0	92.8	96.9	98.1	96.4

Source: Agency of the Republic of Kazakhstan on Statistics.

share in GDP steadily increased during 1995-1997 from 49.2% to 57.8% and then to 71.9%.

In addition, Kazakhstan was successful in attracting foreign investments that helped revive the economy, especially in the sectors of oil extraction and ferrous and non-ferrous metallurgy. Finally, there were good harvest of grains after the unfavorable weather in 1995. However, in 1998, the crisis in Russia and South East Asia negatively affected Kazakhstan.

Table 2.3. summarizes the main indicators of GDP performance from 1995 to the present.

Table 2.3.
Basic indicators of GDP, 1995-1998

	1995	1996	1997	1998
GDP, billion tenge	1014.2	1417.7	1672.1	1747.4
Real change of GDP, %	91.8	100.5	101.7	97.5
Real GDP per capita, %	92.8	101.2	103.1	98.4

^{*)} Data for 1998 are operational data of the Agency.

Source: Agency of the Republic of Kazakhstan on Statistics.

As the data in the table show, Kazakhstan successfully moved forward after the macroeconomic stabilization of 1991-94, but in 1998 conditions worsened. The financial crisis in South East Asia became a time for foreign investors to reassess the situation on all emerging markets and for the first time capital flowed out of many countries. The crisis also slowed the world economic growth and led to reduction of prices on raw materials. Financial

Living Standards of the People in the Republic of Kazakhstan: The economic transition underway in the country has been accompanied by increasing inequity in income distribution as well as the overall decline of living standards. In 1998, nominal money incomes increased by 6% in comparison with the preceding year, but real incomes dropped by 1%. Moreover, even with the relatively low level of average incomes (3,020 tenge per capita per month in 1998), urban residents get twice the amount received by people in rural areas on average, or 4,159 and 1,826 tenge, respectively.

Wage income remains the main source of personal income. In 1998, 37.5% of the population reported that wages were a major income source (37.9% in 1997); for 9.2% (9.1% in 1997), social transfers were the major source; and, for 3.9% (4.3% in 1997), unemployment allowances and other sources were dominate. 49.4%

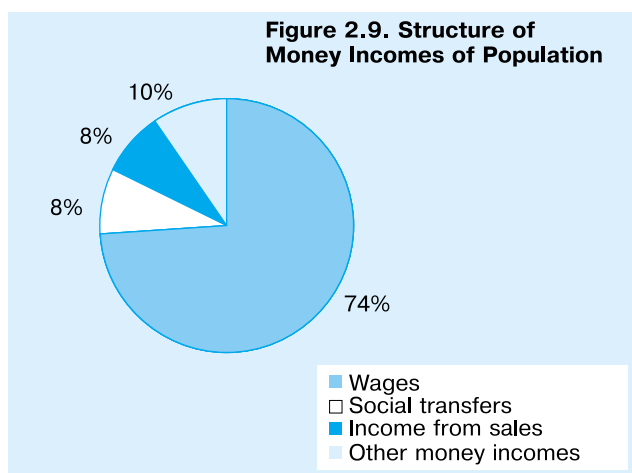
of the surveyed population were dependents (48.7% in 1997), a proportion much higher in rural areas (55.8% in contrast to 44.2% in urban areas). Overall, the proportion of employment income in total income has not changed in recent years, averaging 72-74% of the total. Social transfers constituted 8-12%, incomes from sales were 6-9%, and other money incomes were 8-11%. However, these averages mask very important differences among ru-

Table 2.5.
Average Money Incomes Per Capita in Kazakhstan, 1995-1998

	1995	1996	1997	1998
Nominal annual money income, tenge				
in urban area	28,861	40,537	47,386	49,905
in rural area	11,947	17,278	20,916	21,914
average in country	20,646	28,450	34,187	36,241
nominal income	272.7	137.8	120.2	106.0
real income	98.7	98.9	102.4	99.0
index of consumer prices	276.2	139.3	117.4	107.1

Source: Agency of the Republic of Kazakhstan on Statistics.

ral and urban households. One of most important sources of income of rural residents is the sale of products produced in the household. The proportion of this type of income was 15-20% for rural families: not surprisingly, it was only 1-3% for urban residents. Similarly, the weight of employment payments in the total sum of incomes of urban residents is above 80% but only about 60% for rural residents.



Source: Agency of the Republic of Kazakhstan on Statistics.

In 1998 the payment fund of all employed (paid) workers in the national economy was over 331.5 billion tenge, marking a decline by 1.6% in comparison with the previous year. Labour payments to workers employed by small enterprises amounted to 5.8% (19.5 billion tenge).

There are still large differences in wages regionally in Kazakhstan but also between branches of industry. The average wage in 1998 was 9,683 tenge, but in industry the average wage was 13,465 tenge. Moreover, the ratio of the highest industry wage (manufacturing of tobacco products at 42,021 tenge) to the lowest industry wage (light industry: clothes manufacturing at 4,488 tenge) was 9.36. The ratio would have been even higher if account could have been taken of the different types of extra wages that were available in some occupations, amounting to as much as an additional 15% of income.

There are also significant differences in wages in different sectors of the economy. Wages of workers in the finance sphere averaged 21,140 tenge, those in the mining industry were 20,317 tenge, and in air transport 19,489 tenge and were among the highest at levels more than twice the average republican wage. By contrast, wages in the social sphere and in budget organizations did not even reach 8,000 tenge. And, the average wage of those occupied in agricultural enterprises in 1998 was just 3,853 tenge, 3.5 times less than those of industry on average and 4-7 times less compared to those in the leading areas.

In Kazakhstan, the wages for women remain significantly below those for men. In 1998, women's wages averaged only 76% of those for men. Wage discrimination exists even in traditionally female branches of labor. For instance, in the healthcare and social services sphere, women's wages are just 82% of men's wages. In food production, they amount to 92% and in education 96%.

Poverty Level: The SM – estimated as the cost of the minimum food basket plus other basic expenditures – is used as the poverty line in many countries. In Kazakhstan its monthly value was 3,716 tenge in 1998, an increase of 6% in comparison with 1997. The minimum food basket, representing 70% of the SM, was valued at 2,601 tenge. As small as these numbers, substantial percentages of the population had even less incomes. The data in Table 8 summarize some important comparisons. In 1998, fully 43.4% of the population had incomes (resources) below the SM. Importantly, this is a substantial increase from the only 34.6% who fell below the line of SM in 1996. In rural areas, the situation is worse. In 1998, almost one-half of the population (47.7%) had incomes below the poverty line; in urban areas, it was about one-third of population (38.5%). Also not reported in the table, the proportion of the population with incomes below the cost of just the food basket (70% of the minimum) amounted to 18.3% in 1998.

Table 2.6.**Measures of the Level of Poverty in Kazakhstan, %, 1996-1998**

	Population with income below the Subsistence Minimum	Poverty gap	Poverty acuteness
1996	34.6	11.4	5.2
1997	43.0	12.1	3.1
1998	43.4	12.8	3.8

Source: Agency of the Republic of Kazakhstan on Statistics. Among those below the poverty line, the poverty gap measures the deviation of the value of real consumption (including home production) from the poverty line. In 1998, real consumption was 12.8% lower than the value of SM. Again, the degree of poverty in rural areas is much deeper with a poverty gap of 27% versus only 3.9% in urban areas. The last indicator in the table, poverty acuteness, is the percentage deviation of the real consumption of the poor from the median consumption value. In 1998, the real consumption of the poor was just 3.8 percent less than median consumption.

showing the comparatively few households that receive much higher incomes than the majority.

The poorest families are also multi-children families. In December 1998, the lowest income category (per capita disposable income below 3,000 tenge) included 93.2% of the families with four and more children; 87.3% with three; 70% with two; and 52.5% with one child. The share of families with three and four children having incomes over 15,000 tenge is extremely low, among families with one child it is 1.1%; with two children – 0.7%.

Income Differentiation: Against the background of a general worsening of conditions of life in recent years, there was a deepening of social and income disparities in the society as well. The gap in money incomes of the richest 10% and the poorest 10% was 4-fold in the pre-transition years; whereas by 1998, it reached 11.3 times. The richest 10% of the population received 27% of the income, while the poorest 10% received just 2.3% of income. In 1998 the money income concentration factor (Gini coefficient¹) was 0.347 (0.379 in Russia), while in 1990 it was 0.246. The data in Table 2.7. show the distribution of the population by disposable money income levels in 1997 and 1998. In 1998, 62.5% of the entire population had incomes less than 3,000 tenge per capita. Among urban residents, incomes of 43.5% were below 3,000 while among rural ones, 83.4% were less. Although the majority of the households in the table are in the lowest income category, the data are also suggest the disparities noted above,

Structure of Money Expenses of Households. The proportion of the family budget utilized for foods also provides information on household welfare. Foods are a key element of consumption for all groups of population in Kazakhstan. In 1998, 52% of expenditures by urban households were on food (versus 55% in 1997), while 57% of expenditures by rural households were on food (60% in 1997). If take into account estimates of the value of home-produced (non-purchased) items, then food expenditures account for over 75% of all expenses. In this case the difference between urban and rural households is insignificant. It is noteworthy that the consumption of foods of the poor is almost entirely from home production. In contrast, less poor families produce over the half of consumed foods.

Natural consumption of foods. In 1998, the consumption of carbohydrate foods increased compared to 1997. Overall calorie intake declined by 7% and protein intake was clearly insufficient.

Table 2.7.**Distribution of Population by Disposable Money Income Per Capita, %, 1997 and 1998.**

	All households		Urban		Rural	
	1997	1998	1997	1998	1997	1998
All	100.0	100.0	100.0	100.0	100.0	100.0
Range of income per capita						
0 to 3,000 tenge	62.8	62.5	51.5	43.5	78.1	83.4
3,001-6,000 tenge	25.0	25.6	31.7	37.7	15.9	12.4
6,001-9,000 tenge	7.4	7.6	10.6	11.8	3.2	3.1
9,001-12,000 tenge	2.7	2.5	3.5	4.2	1.4	0.7
over 12,000 tenge	2.1	1.8	2.7	2.8	1.4	0.4

* Income is the average monthly disposable money income per capita.

Source: Agency of the Republic of Kazakhstan on Statistics.

¹ A Gini coefficient measures the extent to which the distribution of income (or, in some cases, consumption expenditures) among individuals or households within an economy deviates from a perfectly equal distribution. The coefficient ranges from 0 at perfect equality to 1 in complete inequality.

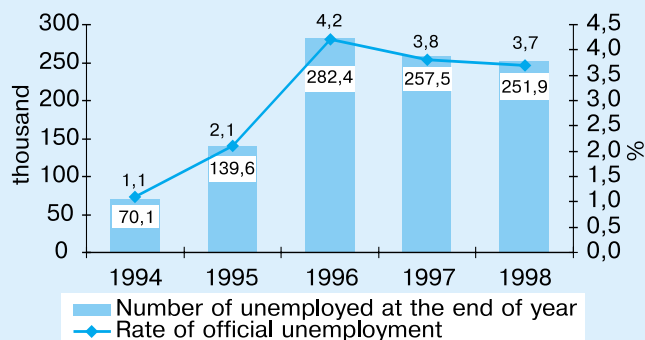
Unemployment: A final factor of importance in assessing the standard of living is the extent of unemployment. It is perhaps the most important problem in the labor market in Kazakhstan today. As a social indicator, it often means there are many economic and psychological difficulties in the population. In January and December 1998 about 537,300 men asked for employment assistance throughout the country. In general only 105,300 have been employed during this year throughout the country, a number representing 19.6% of the total unemployed. In other words, it is possible to assume that only about 20% of those unemployed and using an employment service are employed. The labor market is primarily middle-aged people – 30 to 50 years old – who represent more than 50% of those who used the employment service. Youth between 16 to 30 years of age comprised 34% of the market, people of the pre-pension age 0.9%, and pensioners 0.5%. Among job-seekers, about 340,200 (63%) were blue-collar workers, while every fourth was a white-collar worker (138,600).

About half of unemployed women have small children as dependents. More than 5% of them have multi-children families. Currently, significant number of women find jobs in the non-registered sector of economy – “shop tours”. For many, this is the only source of income and accounts for more than half of the family budget.

A relatively low level of officially registered unemployment takes place along with high intensity of labor movement on the labor market of the Republic. As indicated by the data in Figure 6, the highest official unemployment rate in the republic was 4.2%, observed at the end of 1996. At the end of 1998, the unemployment rate was 3.7%. Unemployment varies within the year as well. In April and May the unemployment rate reached 4.1%.

The Agency of the Republic of Kazakhstan on Statistics estimates the actual unemployment to have been 13.0% in 1996-1997, and 13.1% in 1998.

Figure 2.10. Rates and Amount of Unemployment in Kazakhstan, 1994-1998



Source: Agency of the Republic of Kazakhstan on Statistics. Rates are as of the end of the indicated year.

In addition to increased levels of official unemployment, the economic transition has been accompanied by the emergence of so-called “latent unemployment”. Indeed, the number of people who were on compelled holidays or were employed at temporary or part-time jobs has become a significant problem in Kazakhstan. According to estimates of the Ministry of Social Security, 584 enterprises had stopped manufacturing completely, 939 enterprises had partially suspended manufacturing, and 308 had gone to permanent part-time operation on January 1, 1998. The number of workers who were on forced holidays was 137,400 and 80% of them received no pay. By one estimate, latent unemployment directly or indirectly affected about 500,000 workers in 1998, a number which is almost twice the number of the officially registered unemployed.

Chapter 3

REGIONAL VARIATION IN HUMAN DEVELOPMENT IN KAZAKHSTAN

3.1. Overall Variation in Human Development Indices by Oblasts

GDP is composed of the gross added values (GAV) produced in the regions of the country and non-distributed portion of GDP. Since GAV per capita varies 4-6 times cross-regions, the use of this indicator to estimate the level of regional human development results in significant differences among the regions in regard of HDI (see Table 3.1). In order to estimate the level of human development within each of Kazakhstan's oblasts, it was first necessary to find a proxy for the income measure in the index since it was not possible to calculate GDP by oblast. Two alternatives have been used in prior HDRs, gross added value (GAV) per capita and adjusted money income per capita (AMI), both converted to US dollar terms. Estimates of their values in each oblast for 1998 are reported in Table 3.1.



Table 3.1.
Regional Human Development Indices estimated by GAV and monetary per capita income, 1998

Oblasta	GAV per capita, US \$, PPP	Money income per capita, US \$, PPP	HDI by GAV per capita	HDI by money income per capita	+,- HDI
Akmola*	3239	4303	0.699	0.714	0.015
Aktobe	4025	2871	0.719	0.700	-0.019
Almaty	2162	1999	0.690	0.686	-0.004
Atyrau	6916	3401	0.739	0.699	-0.040
East Kazakhstan	3718	4086	0.700	0.705	0.005
Zhambyl	1838	3205	0.671	0.702	0.031
West Kazakhstan	3010	3198	0.703	0.707	0.004
Karaganda	4489	4577	0.707	0.709	0.002
Kyzylorda	2640	4444	0.696	0.725	0.029
Kostanai	3399	3745	0.703	0.708	0.005
Mangistau	6403	4170	0.745	0.721	-0.024
Pavlodar	4576	3711	0.722	0.710	-0.012
North Kazakhstan	4079	2772	0.712	0.690	-0.022
South Kazakhstan	1757	2242	0.683	0.696	0.013
City of Almaty	7192	5530	0.792	0.778	-0.014
KAZAKHSTAN	3540	3540	0.708	0.708	0.000

* Astana city is showed together with Akmola Oblast

** Money income has been adjusted by the estimated subsistence minimum in each oblast. Life expectancy and the education indicator are of 1997 data.

Source: Agency of the Republic of Kazakhstan on Statistics.

The estimates of GAV per capita for each oblast differed by 4-6 times. At the bottom was Zhambyl Oblast with an estimated GAV of \$1,733. Atyrau and Almaty City had GAVs of \$9,500 and \$8,395, respectively. This variation was far greater than the variation in either life expectancy or educational opportunity among oblasts and was the principal cause of the substantial variation in the estimates of the HDI using GAV. Corresponding to its high GAV, the maximum value of the HDI in 1998 was in Almaty City, with an HDI of 0.792. Comparing this number with those of countries listed in the 1999 Global Human Development Report, Almaty would have been ranked between 48 and 49, between Venezuela and Panama. The minimum value of the HDI using the GAV measure of income was 0.671 in Zhambyl Oblast, placing it between Salvador and Tajikistan in the 1999 ranking between 107 and 108 in the world.

As evident in both the data in Table 3.3. and the rankings above, estimates of the status of human development for sub-regions within Kazakhstan are very sensitive to the measure of income used. In the most extreme case, the estimated GAV in Atyrau Oblast in 1998 was the highest (after Almaty City) overall at 6,916 (US\$, PPP). When the figures were adjusted for transfers, etc. and for the cost of the subsistence minimum, estimated money incomes in Atyrau Oblast were very low at 3,401 (US\$, PPP) that resulted in the decline of HDI by 0.040 (down to 0.699 from 0.739) placing it in the group of regions with lowest HDIs. The same reason leads to the decline of HDI in Mangistau Oblast (by 0.024), North Kazakhstan (by 0.022), Aktobe (by 0.019), City of Almaty (by 0.023) and some other regions. At the same time that resulted in the increase of HDI in Zhambyl (by 0.03), Kyzylorda (by 0.029), South Kazakhstan (by

Table 3.2.
Comparative HDI Ranking of Kazakhstan's Oblasts using GAV, 1998

Estimated HDI using GAV per	Regions
High level (0.792-0.719)	Almaty City, Atyrau, Aktobe, Mangistau, Pavlodar
Medium level (0.712-0.700)	North Kazakhstan, East Kazakhstan, Karaganda, Kostanai, West Kazakhstan
Low level (0.699-0.671)	Akmola, Almaty, Zhambyl, Kyzylorda, South Kazakhstan

Based on data in Table 3.1.

Although it continues to be widely used, gross added value is not the best measure of income because significant revenues produced in an oblast were redistributed within the country so that the amount remaining in the oblast differed significantly from the amount produced there. Many argue that it is better to use an estimate of the money income of the oblast (adjusted by the value of subsistence minimum) to estimate the human development index. As the data in Table 3.3 show, the variation in money income was less among the oblasts and hence, differentiation between oblasts by level of the estimated human development indices was reduced. The maximum HDI calculated based on money income was for Almaty City, at 0.778, some 0.019 points lower than the GAV estimate. This value would have ranked it to 52nd in the 1999 Global report, placing it between Greece and Malaysia. The minimum HDI was for Almaty Oblast, at 0.686. This would have ranked it with Azerbaijan and Moldova, between 103 and 104 places.

0.013) and some other oblasts. The change in the estimated HDI moved Atyrau from the second highest to third from the bottom, from the group with the highest levels to those with the lowest indices of human development. At least as worrisome were the large increases in the estimated HDI for Kyzylorda and Kostanai Oblasts when using money income rather than GAV, placing them both in the group with the highest indices. At the same time, both oblasts are known to have many significant problems. Conditions in Kyzylorda in particular are widely thought to be very serious, with water problems, high levels of disease, a largely rural and agricultural population, and so on. Changes in other estimates of the HDI were not as dramatic, but were of magnitudes that underscore the caution necessary in drawing conclusions. The remainder of the chapter explores further the differences among oblasts on each of the three elements of the human development indicators.

Table 3.3.
Comparative HDI Ranking of Kazakhstan's Oblasts using AMI, 1998

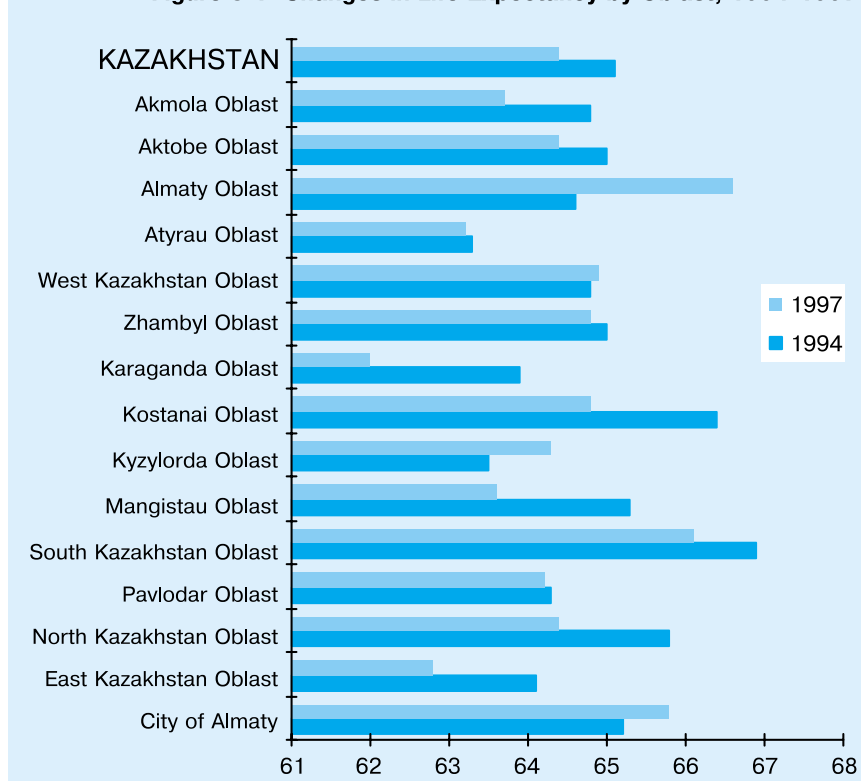
Estimated HDI using AMI per	Regions
High level (0.778-0.708)	Almaty City, Akmola, Kyzylorda, Pavlodar, Mangistau
Medium level (0.708-0.701)	East Kazakhstan, West Kazakhstan, Karaganda
Low level (0.700-0.686)	Aktobe, Almaty, Atyrau, North Kazakhstan, South Kazakhstan, Almaty

Based on data in Table 3.1.

3.2. Variation in Life Expectancy Among the Oblasts

Variation in life expectancy in 1997 ranged from 62.0 years in Karaganda Oblast to 66.6 years in Almaty Oblast, as against the republic-wide average of 64.9 years. In 1994, the highest was noted in South Kazakhstan Oblast (66.9 years) and lowest in Kyzylorda (63.3 years), as against the republic-wide average of 64.9 years. As seen in Chapter 2, average life expectancy declined in Kazakhstan since independence and, as shown by the data in Figure 3.1 which compare the current estimates with those of 1994, life expectancy declined in most oblasts as well. In general in Kazakhstan over the last 5 years, average life expectancy declined by 1.1 years. It declined in all oblasts except Kyzylorda (1.0 year increase), Almaty City (0.6 year increase), and Almaty (0.2 year increase). It remained unchanged in Zhambyl Oblast.

Figure 3.1. Changes in Life Expectancy by Oblast, 1994-1997



Source: Agency of the Republic of Kazakhstan on Statistics.

In addition to the very low life expectancy of only 62 years observed in Karaganda Oblast, low levels were also observed in East Kazakhstan (62.8), Atyrau (63.2), Akmola (63.7), and Mangistau (63.6) Oblasts.

In **Karaganda Oblast**, principal causal factors for low life expectancy included:

- the highest levels of the cardiovascular diseases at 604.9 (per 100,000 of population);

- high level of maternal mortality at 85.0 (per 100,000), substantially above the republic average of 76.9;

- high level of venereal disease and AIDS incidents (84.3% of the total number of AIDS cases in Kazakhstan were in the city of Temirtau);

- above average rates of tuberculosis infections.

In East Kazakhstan Oblast:

- high levels of cardiovascular diseases (597.7 per 100,000);

- high level of infant mortality, exceeding the republic average by 1.5 times. Perinatal mortality is most strongly affected at 21.9 per 1,000 (versus the average of 18.0).

- increase in cancer cases in light of unfavorable ecological conditions, especially associated with the Semipalatinsk nuclear test site;

In Atyrau Oblast:

- high rates of infant mortality, at 25.9 compared to the average of 21.6;

- above average rates of tuberculosis with 178 cases per 100,000 versus 91.3 on average;

- the highest rates of mortality from digestion system diseases, at 52.4 per 100,000 compared to 36.8 on average.

In Mangistau Oblast:

- high levels of the infectious and parasitatory disease incident, at 71.8 versus the average of 46.7 per 100,000 people;

- the highest rates of infant mortality, at 25.9;

- higher than average rates of tuberculosis infection.

In Akmola Oblast:

- high mortality level (11.0), especially high mortality due to cardiovascular diseases;

- high maternal maternity (like Karaganda) at 78.6;

- the highest level of diabetics at 52.3 per 100,000.

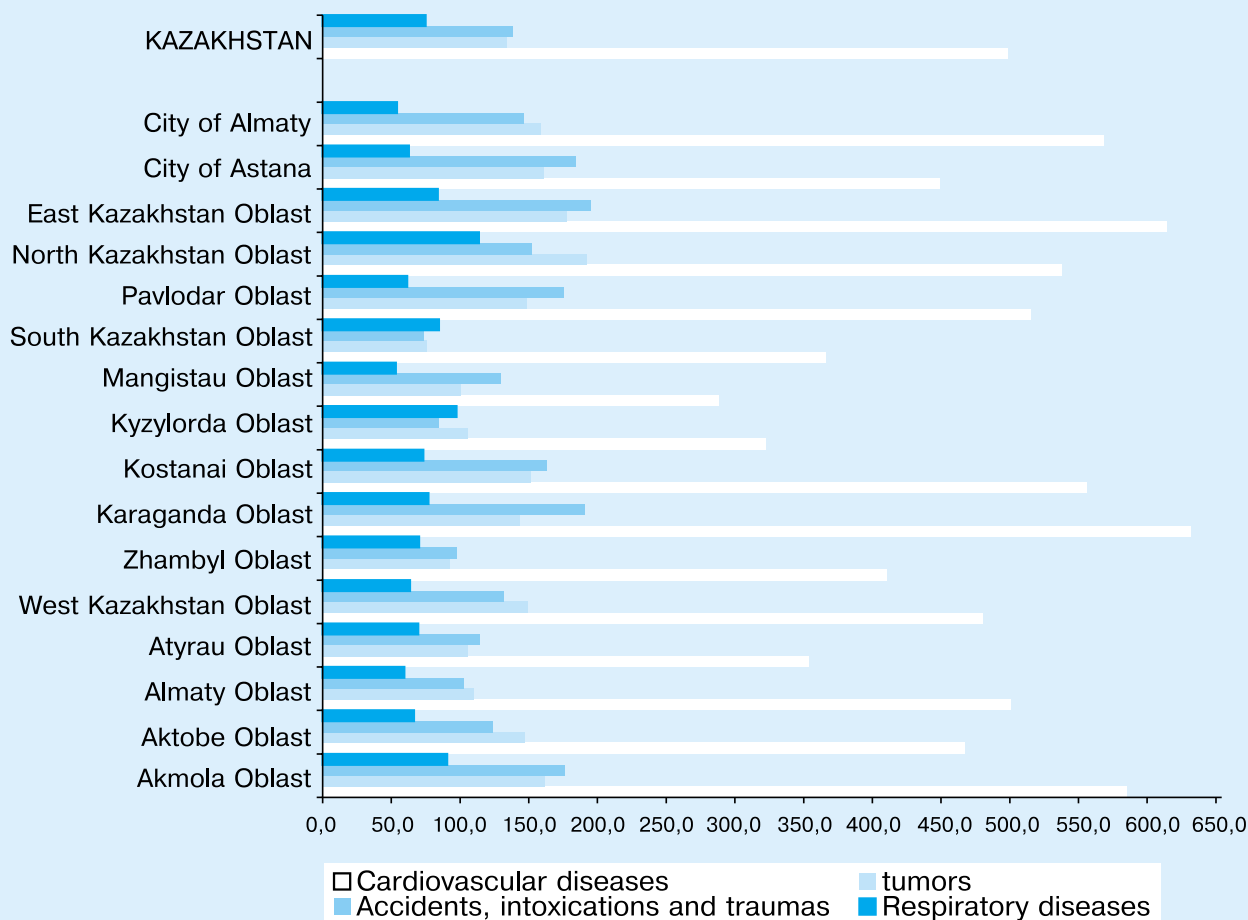
As these figures indicate, there was substantial regional variation in many aspects of the health of the population in Kazakhstan. Among the reasons for the variation were: the peculiarities of the socio-economic situation, ecological environment, and gender, age and ethnic composition. Similarly, there are a number of regional differences in mortality, with variation in rates of cardiovascular diseases, the most important cause

of death, most prominent. Deaths from injuries, accidents and poisoning also account for large portion of all cases and these vary regionally as well. The level of infant mortality varied from 19.9 in the city of Almaty to 25.9 in Mangistau Oblast in 1998. Moreover, infant mortality showed no sign of decreasing in 1998 in Atyrau, Zhambyl, and Kyzylorda Oblasts, because of their higher than average birthrates more generally and insufficient levels of social protection, especially in the rural areas.

100 000, Atyrau –164.5. and Mangistau – 108.4, against the republic-wide level of 90. Progressive spreading of tuberculosis is characteristic because of inadequate nutrition, anemia, hypovitaminosis and stress.

The highest oncology sickness rates were observed in the Almaty City – 267, Karaganda Oblast – 200, and Pavlodar Oblast – 189.

Figure 3.2. Deaths by major causes, 1998 (per 100 000 people)



Source: Agency of the Republic of Kazakhstan on Statistics.

In Kyzylorda Oblast, the level of infant mortality is high throughout the oblast (25.7): the highest infant mortality is observed in Syrdarya – 25.8, Shieli – 21.5, Zhanakorgan – 20.5 (pro mille) raions. In most cases, the cause of the mortality of children of that age are conditions occurring in the perinatal period (starting from the 28th week of the pregnancy, including birth and first 7 days of baby's life).

Tuberculosis infection also has clear regional character. The highest level of infection in 1998 was in Kyzylorda Oblast at 184 incidents per

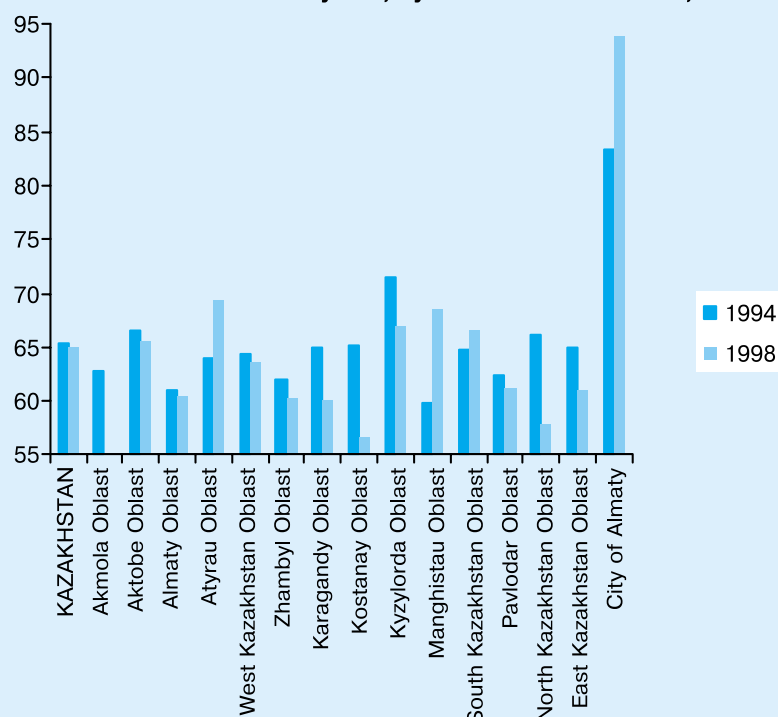
3.3. Variation in Access to Education Among the Oblasts

The data in Figure 3.3 also showed there was substantial variation among oblasts in access to education. The maximum level of the combined share of the pupils from 6 to 24 years was observed in Almaty City, at 87.2%. This was also the highest rate observed in Kazakhstan over the last five years and was an increase from 83.4% in 1993. It can be explained by high economic, scientific-technical and cultural potential of the former capital of Kazakhstan. In 1994 a comparatively high level of this indi-

cator was noted in Kyzylorda (71.5%) and Aktope (66.6%) Oblasts. However, in 1998 they have been replaced by Atyrau (69.3%) and Mangistau (68.1%) Oblasts. The minimum level of the combined share of pupils aged 6-24 years was noted in Mangistau (59.9%) in 1994, while in 1998 it was observed in Kostanai Oblast (56.6%). Besides these Oblasts, low indices were noted in 1994 in Almaty (61.0%) and Zhambyl (62.1%) Oblasts, and in 1998 – in North Kazakhstan (57.8%) and Karaganda (60%) Oblasts.

facilities remained open in 1998, a 19-fold decrease. Only 67 of 975 facilities in Kostanai remain, a 15-fold decrease; 54 of 695 in Akmola, a 13-fold decline; 71 of 803 in Almaty Oblast, an 11-fold decrease, and 98 of 911 in East Kazakhstan, a 9-fold decrease. By contrast, closures in Almaty City amounted to only half of the pre-school facilities there, from 380 to 189 units and closures in Atyrau were just slightly more, from 248 to 101, a 2.5-fold decline.

Figure 3.3. Aggregate Share of Students aged 6-24 years; by Oblasts in Kazakhstan, 1994-1998



Source: Agency of the Republic of Kazakhstan on Statistics.

As noted in Chapter 2, there was a more or less continual decline in the combined share of the pupils from 6 to 24 years from 1991 to 1998 in Kazakhstan of some 4.6%, from 67.0% to 63.9%. The decrease from 1994 was 1.4%, from 65.4% to 63.9%. Again there were some variations regionally, most notably in the 4 oblasts in which there were increases. From 1994, the combined percent of 6-24 year olds increased in Almaty City (10.5% increase), Atyrau (+5.4%), Mangistau (+8.2%) and South Kazakhstan (+1.9%) Oblasts.

In addition, there had been a broad network of preschool facilities throughout the Republic which had virtually disappeared by 1998. In 1991, there were more than 8,800 preschools throughout the Republic. By 1998, only 1,300 remained. The number of students declined similarly. The burden of the closures was not shared equally among the oblasts. There have been especially large reductions in the number of preschool facilities (and pupils) in North Kazakhstan where only 51 of 973

The breakdown of the network of preschool facilities affected rural areas particularly severely. In one rural raion of Pavlodar Oblast, Lebyazhinsky, there are no remaining facilities where there had been 19. Similarly, in three raions of Kostanai Oblast: Zhetygarinsky, Kamyshinsky, and Fedorovsky, there are no facilities remaining where there had been a total of 162 (31, 35 and 76 facilities, respectively) and in one raion of South Kazakhstan Oblast, Tyulkubassky there are none where there had been 30. Only one preschool facility remains in the Ugursky and Enbekshikazakhsky raions of Almaty Oblast (where there had been 32 and 50 facilities), in the Tarbagataisky raion of East Kazakhstan Oblast (15), in the Zhangildinsky and Naurzumsky raions of Kostanai Oblast (17 and 23), and the Sairamsky and Saryagashsky raions of South Kazakhstan Oblast (42 and 30).

3.4. Variation in Oblast Expenditures on Social Services (see Annex for Tables)

The many regional differences in the changes in access to education and life expectancy suggest there have also been significant differences among the oblasts in spending on social programs. The expenses of state administration in providing the population with the individual services, including expenses on education, health care, social insurance, culture and art, are shown as social transfers in natural form. The Table 5 in the Annex presents the structure of local budgets by those services.

The data in Table 5 (Annex) show that expenditures on services made up about 78% of the budget of an average oblast in 1997. Out of this amount, education had the highest share at 41.5%; health-care, 20.1%; social insurance, 13.0%; and, culture and art, 3.1%. In 1998, the share of expenditures on services remained at roughly the same level

(79%), but there was significant reallocation of expenditures among categories. Spending on education and health care were reduced by a total of 14.8% (6.5% and 8.3% respectively) while expenditures for social services increased almost by the same amount. The aggregate share of expenditures devoted to services varied significantly across the oblasts. In 1997, it ranged from 53-88%. In 1997 five oblasts were below the average level: Akmola (53.2%), Atyrau (70.6%), Aktobe (74.1%), Kostanai (75.0%) and Karaganda (76.1%). Mangistau Oblast had the largest share (88%) followed closely by Almaty Oblast (87.1%). As for 1998, the picture is more smooth, share of spendings by oblasts is on the similar level of 80 to 89%, and 13 Oblasts are above the average Republican level; below the Republican level is Kostanai Oblast (75.8%), and Kyzylorda Oblast (77%), City of Almaty (78.4%) and Astana (27.2%) have joined that category. In 1998 Akmola, Aktobe, Atyrau, Karaganda Oblasts have exceeded the average republican level. Since 1997 their share has increased from 9 (Aktobe) to 33 percents (Akmola).

There was also substantial variation in allocation of the oblast budgets to the different services. In 1997, education expenditures in the average oblast budget amounted to 41.5%. But, in Akmola Oblast, the share was only 24.7% and in Kyzylorda Oblast only 31.9%. In 1998, the share of expenditures for education was reduced to only 35.0% in the average oblast. The largest declines were in Zhambyl Oblast, with a decrease in expenditure share of 14%, in South Kazakhstan Oblast with 11%, and in Almaty Oblast also with an 11% decline. Similarly, there was substantial variation in the share of the budgets devoted to health care. In 1997, the average oblast allocated 20.1% of the budget for healthcare. Two had allocations substantially below this, Aktobe at 11.6% and Atyrau at 13.3%, and two had allocations substantially more than the average, Almaty City at 24.7% and West Kazakhstan at 23.2%. In 1998, the budgets allocated to healthcare declined by 8.3% on average, with the largest declines in East Kazakhstan (11%), West Kazakhstan (12%), Kyzylorda (14%), Kostanai (10%) and Pavlodar (11%) Oblasts. Thus, in 1998, the two oblasts with the smallest allocation of the budget devoted to healthcare were Kyzylorda (98.2%) and Pavlodar (7.7%).

In Table 4 (Annex), expenditures on social services are shown as percentages of the gross added value per capita in each oblast, the amount of which is shown in the first column of figures. The data show that there was a tendency for expenditure shares to vary inversely with GAV, the more gross added value that was produced in the oblast the less was spent on services. Atyrau Oblast, Mangistau Oblast, and Almaty City had the highest GAV per capita in

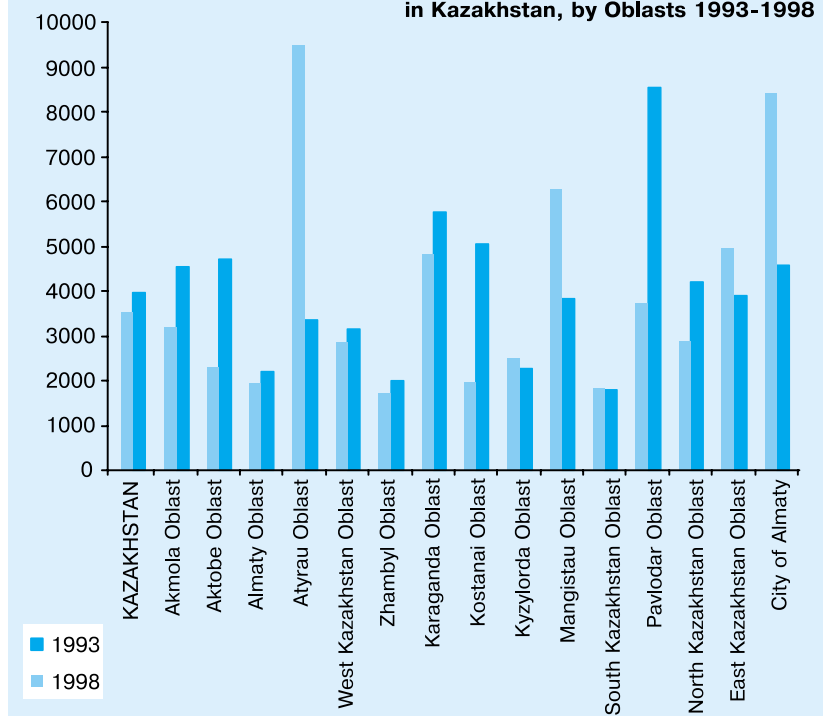
1997 – 238,100 tenge, 193,700 tenge, and 235,500 tenge respectively, while the share spent on social services in those oblasts amounted to only 4.5%, 4.8%, and 4.2%, almost two times less than the republic an average. In 1998, the share of expenses for social services in GAV increased, but the tendency for an inverse relation remained – these regions still had the lowest share of expenses (5.6%, 5.9%, and 6.0%).

3.5. Regional differences in the production of GAV. Variation Among the Oblasts in Estimated Levels of Standard of Living

In the transition period, the regional differentiation of money incomes of the population has intensified. According to the survey of households, the sources of money income of the population have not undergone significant changes. Labor payment is still the basic source. Over the 1994-1998, its share has remained practically unchanged, comprising between 72-74% of total money incomes. The labor payment continues to remain the only real source of income to the population. Although important, social support payments of most kinds have declined, and even when paid, are not enough to provide financial support to indigent families, especially in rural areas. Three measures of the monetary well-being of the people of Kazakhstan are available, gross added value, money income, and wages. Table 4 (Annex) provided estimates of gross added value and money income (adjusted to the cost of living in each oblast). The substantial difference among the regions and measures resulted in significant variation in the estimates of the HDI and thus this section looks more closely at these two measures as well as a third.

The regions could be divided into 3 groups by their share in production of GAV. The first group includes the oblasts which contributed over 10% of the total GAV and consisted of East Kazakhstan, Karaganda and Almaty City. A second group contributed between 5 to 10% and included the oblasts of Atyrau, Almaty, Kostanai, Pavlodar, North Kazakhstan, and South Kazakhstan. The final group each contributed less than 5% and included the oblasts of Akmola, Aktobe, Zhambyl, West Kazakhstan, Kyzylorda, and Mangistau and Astana.

The oblasts ranking in the top 5 in 1998 are Almaty and Astana Cities, Atyrau, Mangistau and Pavlodar. The high ranking is stipulated by small number of population and concentration of petroleum production. The lowest rankings were among the oblasts of the southern regions of country (Zhambyl, South Kazakhstan, Kyzylorda and Almaty Oblasts) and in West Kazakhstan. There was also some change in

Figure 3.4. Per Capita GAV production in Kazakhstan, by Oblasts 1993-1998

Source: Agency of the Republic of Kazakhstan on Statistics.

revenues over the four years, mostly due to changing prices on petroleum and minerals. Reduction of petroleum prices affected significantly the level of revenues in Mangistau and Atyrau Oblasts. In comparison with 1997 they dropped by 11% and 23% respectively. In East Kazakhstan and Karaganda Oblasts where mining and processing of non-ferrous metal ores were concentrated, revenues actually increased from 1997 to 1998 by 12%.

The Figure 3.4. shows GAV per capita production in US dollars, in purchasing power parity. Regional differentiation by the volume of produced GAV per capita is even more pronounced: in 1993 the maximum value was 4.8 times more than the minimum value. (Pavlodar Oblast - \$8,611, PPP versus South Kazakhstan Oblast - \$1,789, PPP), while in 1998 the difference increased up to 4.12 times (City of Almaty - \$7,192, PPP versus South Kazakhstan Oblast - \$1,757 PPP).

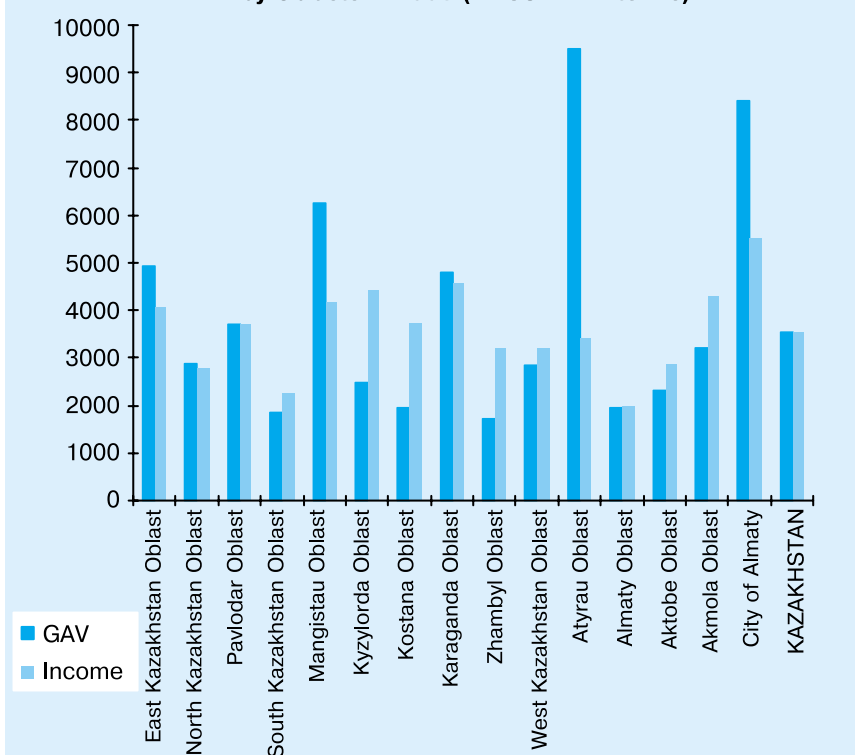
In comparison with 1993, GDP per capita declined in Kazakhstan by 10.4%. In some regions however, it increased: In Atyrau Oblast it has increased 2.0 times (due to the rise of oil production in the oblast), in Mang-

istau - 1.6 times (for the same reason), in East Kazakhstan - by 1.3 (because of export-oriented growth of production of non-ferrous metals in 1997-1998), in Kyzylorda Oblast - by 1.2 time (oil production) and in the city of Almaty - 1.7 times (development of wholesale and mixed markets). A number of other oblasts have experienced a considerable drop of production: Kostanai Oblast - by 33%; Pavlodar Oblast - by 17%.

Eventually such dynamics resulted in the replacement of all three leaders of 1993 in the production of GDP per capita (Pavlodar, Karagandy and Kostanay oblasts) by Atyrau and Mangistau oblasts and the city of Almaty in 1998. The composition of outsider-oblasts in this regard did not change: Almaty, Zhambyl and South Kazakhstan oblasts.

As was noted earlier, using the measure of GAV per capita as an indicator of living standards of the population in the regions result in a significant distortion of actual well-being. Within the frame-

work of the state budget there is an essential reallocation of the revenues produced within each region with the result that the regions with high overall production of GAV per capita have considerably

Figure 3.5. GAV per Capita and income in Kazakhstan, by Oblasts in 1998 (in USD PPP terms)

Source: Agency of the Republic of Kazakhstan on Statistics.

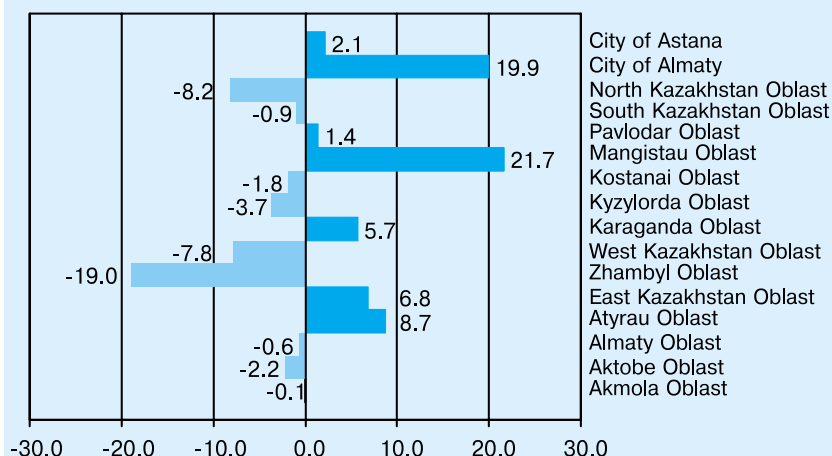
lower money incomes per capita, and those with low overall production – vice versa. Figure 3.5 shows the change. In general, differences among the oblasts were reduced.

republic-wide average in Mangistau to 19% below average in Zhambyl. There was a relatively high cost for the subsistence minimum also in Almaty City (on 19.9%). Variations among the other oblasts

were much smaller, but nonetheless could amount to as much as a 10-15% difference in costs, for example from Atyrau at +8.7% to South Kazakhstan at -8.2%. Applying these differences to the calculated money income data resulted in the adjusted money income per capita figures reported in Table 4 (Annex) and used in the calculation of the HDI earlier.

The purchasing power of incomes of the population varies according to the cost of the subsistence minimum. While being illusively high for Almaty city, Mangistau, Karaganda, East Kazakhstan and Atyrau oblasts, it becomes much lower if one takes into consideration this intra-republican parity. Figure 3.7 illustrates variations between

Figure 3.6. Comparison of the Cost of the Subsistence Minimum by Oblast in 1998



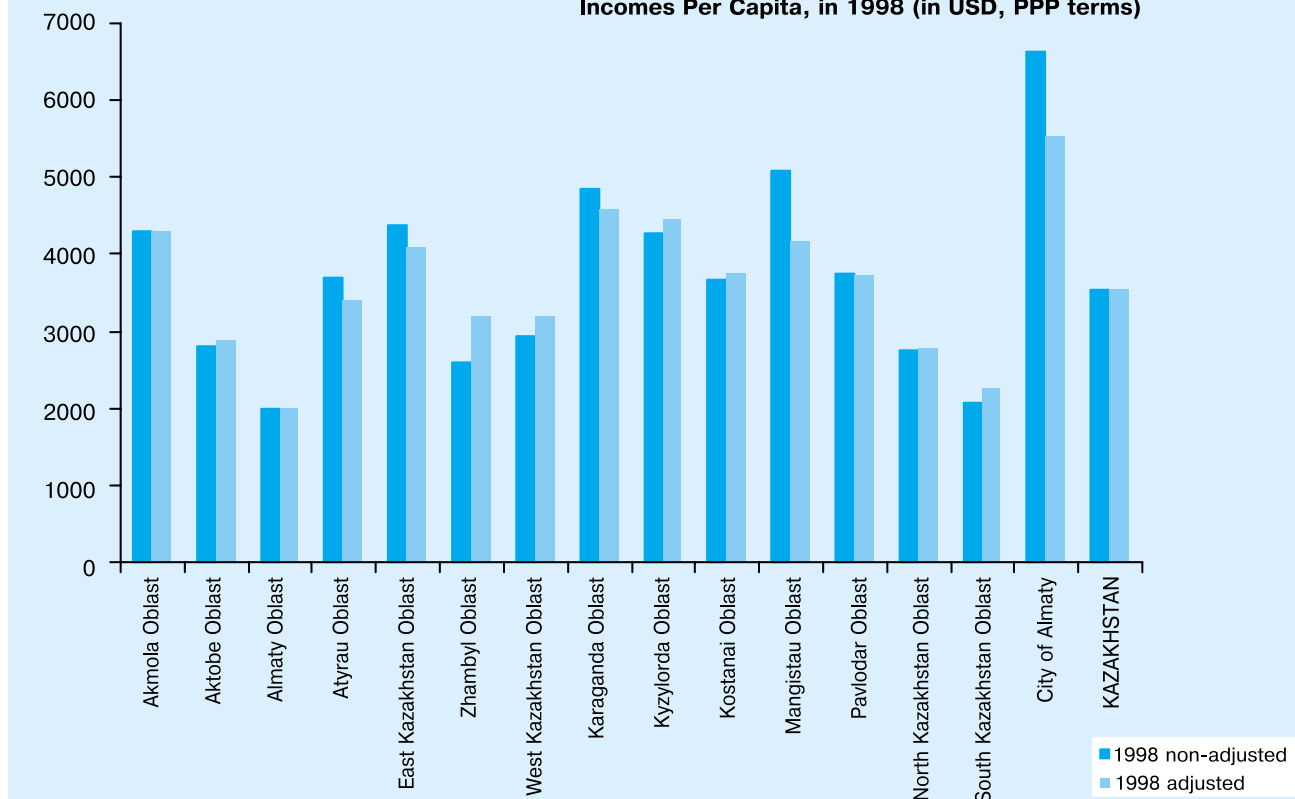
Source: Agency of the Republic of Kazakhstan on Statistics.

However, as noted earlier, money income was also not representative of living conditions because there was significant differentiation among regions by the purchasing cost of the subsistence minimum. As shown in Figure 3.6, the cost of the subsistence minimum varied from a high of 21.7% above the

non-adjusted incomes and subsistence-minimum-adjusted incomes.

Taken together, the data showed that there was substantial variation among the oblasts whether gross added value or money income was used as the measure

Figure 3.7. Comparison of Adjusted and Non-Adjusted (to SM) Incomes Per Capita, in 1998 (in USD, PPP terms)



Source: Agency of the Republic of Kazakhstan on Statistics.

of financial well being. And, as the data made clear, both were problematic as representations of the economic status of the population in the oblast. Gross added value measured the value of production in the oblast, but not all of those revenues remained in the oblast. Money income adjusted gross added value for transfers (and SM), but it did not provide a measure which accorded well with other estimates of the well-being of the people in the individual oblasts, for example indicating that the residents of Kyzylorda oblast were among the most well-off.

A third measure is available at the level of the oblast, wage income, and it provides yet a different gauge of well-being and of variation among the oblasts. It is especially interesting because it is a measure that is also available for each administrative unit within the oblast, the raion, and thus can be used to regionally investigate differences in much greater detail than previously. Wage level differentiation among Regions of the republic has intensified in recent years. In

1998, the wage fund for all paid workers engaged in country's economy comprised more than 331.5 billion tenge, a decrease of 1.6% from the prior year. Given the wide variation in wages by occupation noted in Chapter 3, it is not surprising that wage income varied significantly by region. The highest average wage income in 1998 was observed at the enterprises of Mangistau oblast (17,256 tenge) and Atyrau oblast (14,314 tenge), amounts which were 1.5-1.8 times greater than the republic-wide average. The lowest levels of wage income were in South Kazakhstan, Almaty and Akmola regions where the average wage was only 63-66 % of the average (only 6,160 to 6,394 tenge).

Moreover, the purchasing power of wages was decreased due to regular monthly payment arrears. According to the list of enterprises and organizations with debts (except for budget organizations and small enterprises), the total debt by the end of 1998 was 46.2 billion tenge. Overdue debts reached 33.3 billion tenge with 69.4% of them for 3 and more months overdue. The major share of wage debts belong to industry (25.9 billion tenge), agriculture (8.3 billion tenge), construction (4.2 billion tenge), and transport and communication (2.7 billion tenge). Debts also varied regionally, with the relatively high wage regions having the largest debts. In Atyrau, debts were 317.5 million tenge, Karaganda – 240.5 million tenge, Pavlodar – 171.8 million tenge, and Almaty City – 266.1 million tenge.

As important as wages are in the income of the population, they did not provide the majority of the population with appropriate living standards. One measure of this effect is to compare the average wage of one person to the value of the subsistence minimum. On average the ratio in the Republic was 44.7% in 1998. The data in Table 3.4. summarize the variation in the degree of inadequacy of wages to cover the subsistence minimum by oblast. Only 4% (621.7 thousand people) of the population received wages that were classified as "extremely high," that is wages greater than 75% of the cost of the subsistence minimum. The greatest number of citizens - 40.6% or about 6.5 million people were in the group with low ratio, with wages accounting for less than 35% of the subsistence minimum.

Table 3.4.

Variation in the Ratio of Wages Per Capita to Subsistence Minimum, by Oblasts, 1998

Group	Variation limits (%)	Regions
Extremely high ratio	Greater than 75	Mangistau (86.4), Astana (104.3)
High ratio	From 51 to 75	Aktobe (52.9), Karaganda (57.7), Pavlodar (61.0), Atyrau (72.4), Almaty city (73.2)
Medium ratio	From 36 to 50	West Kazakhstan (39.8), Kyzylorda (39.9), East Kazakhstan (42.6), Kostanai (44.5)
Low ratio	Below 35	Almaty (18.7), South Kazakhstan (20.0), Akmola (32.6), Zhambyl (30.8), North Kazakhstan (33.3)

Source: Agency of the Republic of Kazakhstan on Statistics.

3.6. Variation in Unemployment Among the Oblasts

Unemployment is the most important problem on the labor market today. Being a peculiar social indicator it is accompanied by economic and psychological difficulties. The differentiated gender data on official unemployment showed female unemployment was especially high. It was extremely difficult for women to find a job irrespective of age, education and specialty. Thus in 1998 every ninth officially unemployed woman is a person with higher education, and every third has special secondary education. More generally, rising unemployment has led to a marked increase in the role of the informal economic sector. In certain branches of economy, for example in trade, agriculture and transportation, the share of that sector was especially significant.

The employment of job placement services differed significantly throughout the regions of Republic. In 1998 it was possible to split the regions into three groups: In Almaty, Astana, Karaganda, Kostanai, and Almaty City, more than 25% had applied. In Mangistau, East Kazakhstan, Atyrau, Pavlodar, North Kazakhstan, Akmola, and Aktobe, the rate was from 15% to 25%. In Kyzylorda, Zhambyl, West Kazakhstan, and South Kazakhstan, the registration rate was less than 15%.

Chapter 4

ADDITIONAL EVIDENCE OF INCREASING INEQUALITY IN KAZAKHSTAN

4.1. The Distribution of Poverty among Regions

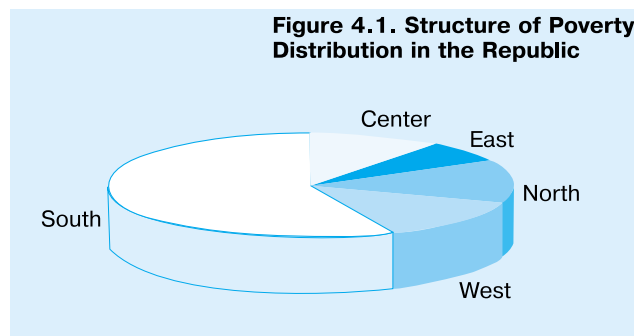
According to methodical approaches accepted worldwide, measurement of poverty is not based on money income alone, but includes the additional evidence available in current consumption. In previous chapters, evidence compared the amount of money income per capita to the subsistence minimum and showed that while money incomes had become increasingly adequate in the last three years in Kazakhstan, they still covered only 43.4% of consumption needs on average. Evidence in Chapter 3 showed there was also great variation among the oblasts in the adequacy of wage levels, with only 4% of the population in oblasts where wages were more than 75% of the subsistence minimum. Figure 4.1 below shows the regional concentration of poverty in the Republic, here defined as the ratio of money income to the subsistence minimum and shown for regional groups of oblasts. More than 50% of the indigent population lives in the South of the country. Their share in the population is almost identical in both North and West (hardly exceeds 13%) of the Republic. Together in Central and Eastern regions it is about 16%, that is 2.6% more than in the only Northern region.

The share of the population in the Southern Region having incomes below the established subsistence minimum in 1998 was 55.5% and in the Western and Northern Regions of the Republic it was only 39.4% and 34.3% respectively. By contrast, in Almaty City and Astana, the ratio was only 16% and 18.9%, and only



slightly higher in the Central Regions (22.7%) and in the Eastern Regions (27.1%). Average income of the poor population of the southern regions was identified as being 14.3% below the established subsistence minimum; that of the western and northern regions below by 8% and 9%; and 5% and 6% lower for the central and eastern regions, respectively.

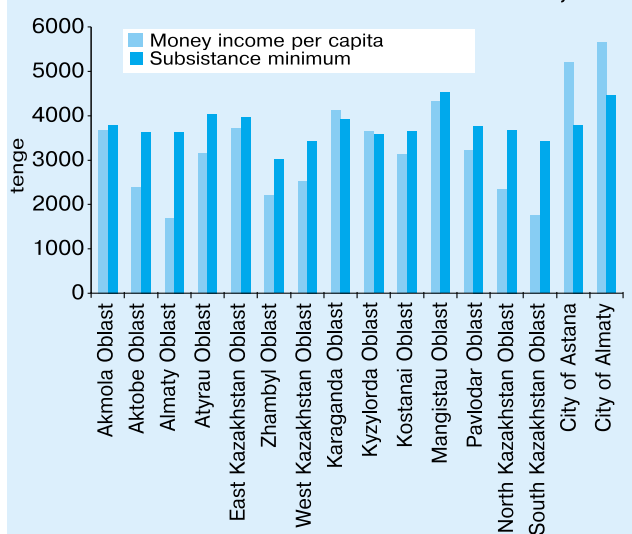
Figure 4.1. Structure of Poverty Distribution in the Republic



Source: Agency of the Republic of Kazakhstan on Statistics.

4.2. Regional Distinctions in Poverty in Certain Localities Where a Household Survey was Undertaken

In 1998, about 58.4% of the rural inhabitants in the Almaty region and 20.5% of urban inhabitants had available money incomes per capita below 1000 tenge. In South Kazakhstan 52.4% of those in rural areas and 8.7% of those in urban areas had similarly low incomes and in Zhambyl the figures were 27.3% and 9.5% respectively. In addition, in

Figure 4.2. Money Income and Subsistence Minimum, 1998

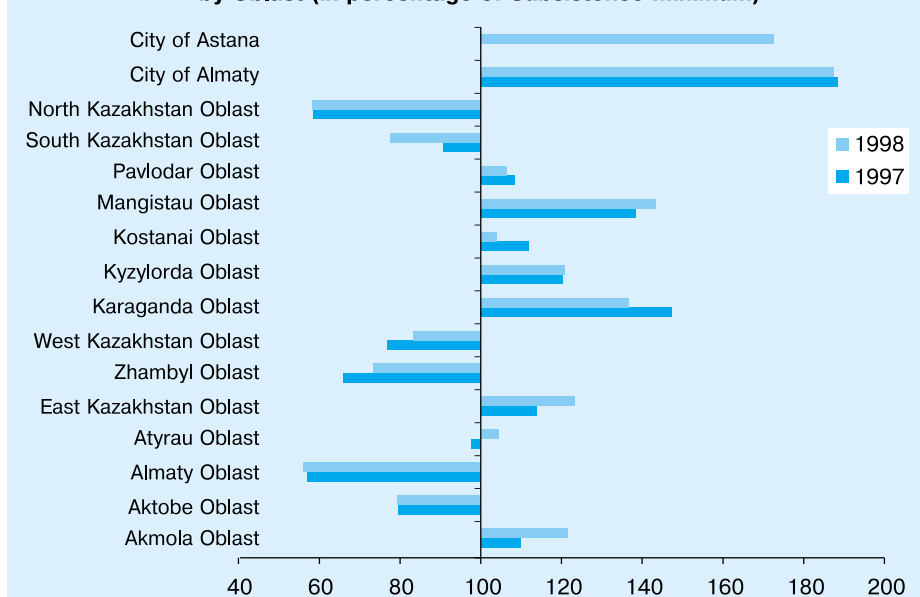
Source: Agency of the Republic of Kazakhstan on Statistics.

the above oblasts about 70% of families have 4 or more children. By contrast, the percentage of the urban population in high income groups (incomes greater than 9,000 tenge) in these oblasts varies from only 0.1% to 9.0%, and in rural areas from 0.5% to a maximum of only 1.2%. However, the rural population has more opportunities to produce products for direct home consumption. In the inspected rural home facilities of the Northern Region of the Republic more than 40% of income was accounted for by consumption of home production; in the Eastern, Western and Central Regions, about one third; and, in the Southern Region, from 15% to 33%.

In 3 oblasts out of 16, the amount of the money incomes in cash equivalent is less than living wage value for 3 to 6% of the population, in Pavlodar Oblast for 15%, in Zhambyl and Western Kazakhstan Oblasts, for almost 27%, in Southern Kazakhstan for 48%, and in Almaty Oblast for 54%. In Almaty City, incomes exceeded the established rate for 27% of the population and in Astana for 37%.

In 1998, money incomes of 43.9% of the population of the Almaty region were less than the average republican level. In South Kazakhstan, the comparable figure was 41.8%, Zhambyl 26.7%, Aktobe 20.7%, and West Kazakhstan 16.7%. Both Astana and Almaty City were comparatively high-income regions where money incomes exceeded the republic-wide average by a factor of 2%. Karaganda and Mangistau regions also had money incomes greater than average, but only by 1.4 times. Incomes in Kyzylorda, Akmola and East Kazakhstan regions were slightly lower, but still 1.2 times higher than the average. The similar situation existed in previous years.

The significant differentiation of money incomes occurred not only among the regions, but inside them as well. In 1998 the incomes of rural inhabitants surveyed in Central and Eastern regions were 1.5-2 times greater than in city, and in the Northern and Western regions this difference was practically absent. However, in Western regions the difference between maximum and minimum income was 3.4 times, in Southern regions – 2.5 times, in Central regions – 2.4 times, in the North – 2.1 times, and in the East – 1.4 times.

Figure 4.3. Average Money Income Per Capita in 1997 and 1998, by Oblast (in percentage of Subsistence Minimum)

Source: Agency of the Republic of Kazakhstan on Statistics.

4.3. Variation in the Adequacy of the Average Monthly Wage to the Subsistence Minimum within Oblasts

In the transition period, the data show that by virtually all measures the regional differentiation of money incomes of the population has intensified. At the same time, according to domestic budget observations, the primary sources of money income of the population have not undergone significant change. Labor payment is still the basic source and its share has remained at between 72-74% over the 1994-1998 period. This stability suggested

Table 4.1.
Regions of Kazakhstan by Poverty Types, 1998

	Ratio of wages over subsistence minimum	Oblasts
Low Poverty	Above 75	Mangistau (86.4), Astana city (104.3)
Moderate Poverty	From 51 to 75	Aktobe (52.9), Karaganda (57.7), Pavlodar (61.0), Atyrau (72.4), Almaty city (73.2)
High Poverty	From 36 to 50	W-Kazakhstan (39.8), Kyzylorda (39.9), E-Kazakhstan (42.6), Kostanai (44.5)
Absolute Poverty	Below 35	Almaty (18.7), S-Kazakhstan (20.0), Akmola (32.6), Zhambyl (30.8), N-Kazakhstan (33.3)

Source: Agency of the Republic of Kazakhstan on Statistics.

that it might be possible to measure poverty levels at a lower level of administrative aggregation in the Republic, at the level of the raion since wage income data are available by raion. As noted in Chapter 3, wage data need to be corrected for the subsistence minimum and in Table 4.1, the ratio of wages per capita to the subsistence minimum was calculated for each oblast. In the table, extremely high wages were greater than 75% of the subsistence minimum and only 4% (621,700 people) of the Republic's population were included, those in Mangistau and Astana. The greatest number, 40.6 % or about 6.5 million people, were in the lowest group with a wage ratio less than 35% including the oblasts of Almaty, South Kazakhstan, Akmola, Zhambyl, and North Kazakhstan.

As shown in Table 4.2 below, the value of the ratio varies significantly within regions as well (see table 4.2).

Out of the total amount of the 198 administrative units in the Republic, wages fell below 30% of the subsistence minimum in about 140 of them (or 71%). Such low levels were common in all the regions of the Republic. Thus, in the Kyzylorda region 7 of the 8 administrative units were at this level; in South Kazakhstan, 13 of 15; in Almaty, 16 of 19; Zhambyl, 9 of 11; and Kostanai, 15 of 20. By contrast, in only 5 raions out of 198 administrative units was the level of wages higher than the subsistence minimum (ratio greater than 100%). 16 raions had ratios that were over 70% and below 99% (Map 2). These were in Mangistau (2), Karaganda (1), Atyrau (1), and Astana.

Table 4.2.
Variation in the Ratio of Wages to Subsistence Minimum by Administrative Units (raions) within Oblasts

	Total number of raions and cities of regional subordination	Ratio of wages to living costs			
		very high level of poverty (below 30%)	high level of poverty (30.1-50%)	medium level of poverty (50.1-100%)	low level of poverty (more than 100%)
The Republic of Kazakhstan	198	140	25	28	5
Akmola	15	9	5	1	
Aktobe	13	8	1	4	
Almaty	19	16	3		
Atyrau	8	3	2	2	1
East Kazakhstan	20	11	6	3	
Zhambyl	11	9		2	
West Kazakhstan	13	11		2	
Karaganda	17	11	2	3	1
Kyzylorda	8	7		1	
Kostanai	20	15	1	4	
Mangistau	6	3	1		2
Pavlodar	13	9	1	3	
North Kazakhstan	18	15	1	2	
South Kazakhstan	15	13	2		
Astana City	1				1
Almaty City	1			1	

Source: Agency of the Republic of Kazakhstan on Statistics.

The data reveal the very great differences that have emerged in Kazakhstan in the adequacy of wage income. There were 11 raions in the Republic where wages did not amount to even 10% of the subsistence minimum. These are shown in Table 4.3.

As it is evident both here and on the map, the southern and eastern areas of Kazakhstan (the oblasts of South Kazakhstan, Almaty, and East Kazakhstan) have the highest concentrations of population where wage income accounts for very little of the needs of subsistence.

Table 4.3.
Raions of Kazakhstan where the Ratio of Average Wages to Subsistence Minimum was lower than 10% in 1998

Oblast	Raion	Ratio, %
Atyrau	Kyzylkugtinskij	7.0
East Kazakhstan	Ajagozskij	1.3
	Urdzharskij	9.7
Kostanai	Amangeldinskij	1.3
	Dzhangeldinskij	2.4
	Nayrzumskij	9.5
	Zhelezinskij	9.1
South Kazakhstan	Baidibeka	7.4
	Kzylgurtskij	9.0
	Ordabasynskij	7.6
	Saryagashskij	7.7

Source: Agency of the Republic of Kazakhstan on Statistics.

As it is evident, while such a strict standard is helpful in identifying areas in Kazakhstan where people have been forced virtually completely outside of the formal (wage) economy to survive, it is less helpful in identifying pockets of nearly as severe exclusion in all raions. As the only marginally less severe standard of wage income accounting for 15% or less of living costs, areas of extreme exclusion from the formal economy exist in almost all the oblasts. These are shown in Table 4.3 and also the raions identified on Map 1 as having extreme levels of poverty.

4.4. Variation in Rates of Unemployment within Oblasts

A second indicator of the importance of the formal economy within the 198 administrative units in Kazakhstan is unemployment. Data in Table 4.4 show the extent of variation in levels of unemployment within each oblast.

Of the 198 administrative units, the rate of unemployment in 17 of them exceeded 10%.

Table 4.4.
Variation in Official Unemployment Levels within Oblasts, 1998

REGIONS	Total number of regions and regional cities	Unemployment level, in %			
		Low level (up to 1,5)	medium level (from 1,6 to 3,5)	high level (from 3,6 to 6,5)	very high level (more than 10)
The Republic of Kazakhstan	198	47	73	60	17
Akmola	15	3	7	5	
Aktobe	13	2	8	2	1
Almaty	19	12	5	2	
Atyrau	8		2	6	
East Kazakhstan	19	2	4	10	3
Zhambyl	11	3	3	3	2
West Kazakhstan	13	1	9	3	
Karaganda	17	8	8	1	
Kyzylorda	8	1	4	3	
Kostanai	20	14	3	2	1
Mangistau	6		1	2	3
Pavlodar	13		2	7	4
North Kazakhstan	18		4	12	2
South Kazakhstan	15	1	11	2	1
Astana	1		1		
Almaty city	1		1		

Source: Agency of the Republic of Kazakhstan on Statistics.

The highest level of unemployment has been registered in Tupkaragay Raion of Mangistau Oblast – 24.3%; and in Mangistau Raion of the same Oblast – 15.1%; and Beineu Raion – 12.1%.

The oblast with the most number of units with levels of the official unemployment higher than 10% was Pavlodar with 4 (Maiskiy raion – 12.6%, Lebyazhinskiy – 11.0%, Sherbaktinskiy – 10.9%, town of Aksu – 10.7%). It is followed by the 3 raions found in East Kazakhstan (Abaiskiy – 13.8%, Ulan-skiy – 12.0%, Kurchumskiy – 10.6%) and Mangistau (Tupkaragay – 24.3%, Mangistau (raion) – 15.1% and Beineu – 12.1%) Oblasts. In Zhambyl (Sarysuiskiy – 11.0%, Moinkumskiy – 10.9%) and North Kazakhstan (Akkaijnskiy – 12.3%, Enbekshid-erskiy – 10.5%) Oblasts, two raions had official

unemployment rates higher than 10%. Finally, there was one unit each in Aktobe (Shalkarskiy – 12.0%), Kostanai (town of Lisakovsk – 10.3%) and South Kazakhstan (town of Kentau – 12.4%) Oblasts.

The regions with unemployment level exceeding 10% represented some 15.6% of all the unemployed population in the country.

In Mangistau Oblast such Raions contained 45.1% of unemployed of the Oblast; In Pavlodar – 33.7%; in Zhambyl – 26.8%; Aktobe – 23.1%; this reveals that unemployment is concentrated in the limited number of raions of individual oblasts.

Table 4.5 shows the distribution of the unemployed represented in each category in each oblast.

Table 4.5.
Distribution of the Unemployed within Oblasts (in % of total unemployed)

REGIONS	The number of unemployed	Share of the number according to the unemployment level, %			
		Low (up to 1,5)	Medium (from 1,6 to 3,5)	High (from 3,6 to 10)	Very high (more than 10)
The Republic of Kazakhstan	251464	6.9	27.9	49.6	15.6
Akmola	9833	8.4	25.1	66.5	
Aktobe	13201	1.9	28.3	46.7	23.1
Almaty	9921	48.0	22.5	29.4	
Atyrau	8630		45.3	54.7	
East Kazakhstan	36922	1.8	9.0	69.8	19.4
Zhambyl	18689	8.5	18.4	46.3	26.8
West Kazakhstan	12148	1.1	32.8	66.1	
Karaganda	12405	48.1	40.7	11.1	
Kyzylorda	9568	4.0	23.0	73.0	
Kostanai	12097	16.0	25.8	42.4	15.8
Mangistau	12157		9.0	45.9	45.1
Pavlodar	25524		19.7	46.6	33.7
North Kazakhstan	36008		9.9	79.8	10.3
South Kazakhstan	21828	4.4	66.3	9.3	20.0
Astana city	9569		100.0		
Almaty city	2964		100.0		

Source: Agency of the Republic of Kazakhstan on Statistics.

Chapter 5

STRATEGIES TO AMELIORATE THE DECLINES
IN HUMAN DEVELOPMENT IN KAZAKHSTAN5.1. Increasing the Opportunities
of the Poorest

From the viewpoint of human potential, poverty means lack of options. There is no unambiguous definition of poverty, and its measurement is hindered by conceptual difficulties, lack of a comprehensive database, and subjectivity in assessing the phenomenon. Nevertheless, quantification of the poverty level and identification of the most vulnerable in the population is an important task and analyses in the preceding chapters certainly contribute to this task. Poverty evaluation also implies the existence of some predefined and clearly established levels of well-being such as a poverty line, the level of which establishes the threshold for a person not to be considered poor.

In 1991, Kazakhstan adopted the law “On Minimal Consumption Budget” – which guaranteed to every citizen the opportunity to have a minimal income. However, in the conditions of economic crisis which followed, the law meant that the state had assumed social security obligations which it could not meet for a substantial part of the population. Thus, half a year after its introduction, the law was revised and then it was suspended. Currently the criterion for targeted support of the population is the established calculation ratio. Two alternatives, the subsistence minimum and the poverty line, are used only for mapping out social policies.

In accordance with the Ministry of Labour and Social Protection Order N1 of 4.03.99, the poverty line in 1999 was estimated as the minimal consumption basket. Previously, the poverty line was estimated by the subsistence minimum level. Over 40% of the population have income below the subsistence level and more than 18% have no money for full-value nutrition. As has been documented in earlier chapters, the majority of the needy population are concentrated in the south of the Republic.

Income Growth: In general, successful poverty reduction depends on the results of the economic and social reforms now underway in Kazakhstan and on their impact on living standards, employment, and the structure of various allowances. At the same

time, although sustainable growth of GDP in combination with growth of salaries and labour productivity have been important for growth in many countries that have struggled with poverty, economic growth does not always bring about reduction of poverty because of low tempos, of unequal rates of growth, or of inadequate reach to satisfy the needs of the poorest. Growth contributes to poverty reduction most when accompanied by growth of employment opportunities and by allocation of budget resources for promotion of human development. Growth will not have an impact on poverty if money is allocated for repayment of international debt or for covering other state needs which have no effect in terms of living standards.

The key elements of a growth strategy oriented to the needs of the poor are:

- Raising the productivity of small-scale agricultural production. It is profitable not only for farmers, it creates new job places in other industries and brings down food prices to the benefit of the poor. Crucially important elements of a small-scale business development strategy are appropriate technology, access to land, and to financial services.
- Promotion of micro-enterprises and the private sector. This is also a potentially significant source of income for the poor. Conditions conducive to its development include access to financial and credit resources, guaranteed rights to property, and good infrastructure.
- Acceleration of the development of human potential. The resources generated by economic growth must be earmarked for education and health-care and to bolstering the demand for a highly qualified workforce.
- Introduction of economic policy mechanisms oriented to the needs of the poor. Concentration of the state efforts on investments into human and natural resources and their redistribution for the sake of making the most of the free market.

The major goal of economic policy to combat impoverishment must be provision of employment op-

portunities. Unemployment causes social isolation. Employment and income are not just an economic necessity, but a way of participating in social life, source and domain for personality development. The existing structure of taxes and benefits should motivate the unemployed to find a job.

Another concern is that the existing social welfare policy was not replaced by a market-oriented one, leaving a serious reduction of the universal system of social benefits and their redistribution. Thus it is especially necessary to improve social provision to the elderly, to the unemployed disabled people, and to single mothers with children. Maintenance of the basic level of general welfare must become part and parcel of the efforts made in prevention of a setback in the development of human potential.

To prevent poverty in the Republic from acquiring a sustainable character, it should be fought and this fight requires favourable global conditions and political dedication. It must be based on:

- Promotion of economic growth oriented to the needs of the poor for the purpose of raising the income of small agricultural producers, especially in resource-poor areas and in urban and rural micro-enterprises.

- Strengthening poor people's capability to fight poverty and designing a special policy to provide them with access to critically important economic assets – land, credits, housing, medical care and education – which are sure to enhance their potential.

- Establishment of an adequate legislative-regulatory framework for the development of the national economy oriented to the needs of the poor.

Unemployment Reduction: Certainly one of the most urgent problems today is unemployment. As a kind of social indicator, it is accompanied by economic and psychological hazards. Increasing unemployment intensifies the differences between rich and poor and makes poor people even poorer. In Kazakhstan, less than half of the officially registered unemployed people receive unemployment benefits and the average size of the unemployment benefit in 1998 was only 2,751 tenge, no more than one-quarter of the average working wage. Since April 1999, the unemployment benefit was annulled. Citizens officially registered with the job placement services are eligible for financial assistance but it must be paid from the local budget.

Job placement would be a more effective form of protection for unemployed. Job placement is the major concern of the job placement bureaus operating under the Ministry of Labour and Social Protection. Given the current deficit of jobs and the appearance of new and qualitative changes in the "old" professions, priority should be given to re-training of the unemployed in progressive professions. Also, because one of the realistic ways to expand the labour market and to create new job places is the development of small and medium enterprises, training should also be given in the basics of conducting one's own business and in entrepreneurship. In many other countries of the world small and medium-size enterprises play an important role in their economies. They provide a major share of employment and are essential for production and economic growth.

One of realistic ways for expansion of labour market, creation of new and additional jobs is further *development of small and medium entrepreneurship*.

In Kazakhstan only 10-20% of employment is provided by small and medium-size enterprises. In 1998 over 31,000 enterprises, with staffing not more than 50 persons, have employed about 285,000 people.



In order to succeed in transforming the labour market, Kazakhstan should revise the existing laws and establish new ones, which would help the labour market to develop systematically with the general progress of market reforms. To realize a labour market, it is necessary to develop an active form of employment support, including public works programs. In the past, public works program have been small-scaled and have re-

ceived a kind of unfavourable reputation. Given the relatively high educational level of the unemployed, requiring them to participate in beautification programs for example, or in ecological cleaning and tree planting programs does not meet their needs or the needs of the job market.

Training and re-training institutions must react more readily to the needs of the labour market. It is well-known that the establishment of a meaningful basis for training programs is closely connected with the policy of reforms in education which is currently being launched in the Republic. The policy of developing a vibrant work force market is at its starting point of implementation. However, Kazakhstan lacks experience in retraining former employees of large enterprises and in the agricultural sector. The Ministry of Labour and Social Protection must develop new regulations and instruments of active policy-making both on the labour-market and in labour remuneration which would allow regulating and stimulating the labour force of the country.

Increasing life expectancy: The current stage of the country's demographic development is characterized by worsening demographic situation, namely depopulation. The ongoing processes in the natural movement of population are the result of the existing structure and are of a long-term nature. In that regard, overcoming the chaotic characteristics of migration, as well as identifying ways to influence them and minimize their negative effects on society are the most important goals. The passing of "The Law on Migration" seems to be timely.

In conditions of a worsening medical and demographic situation, promotion of a healthy lifestyle is a very important strategy. As has been mentioned repeatedly in prior NHDRs, the strategy is one of preventive medicine, development of physical culture and sport, balanced nutrition, hygiene and sanitary measures, and struggle with drug use and spread. Success of the strategy will be determined both with the help of the state's economic development and by succession, consistency and coordination of actions of the government, professional medical staff, and public organizations through a rational use of limited resources, aimed at health protection under currently existing economic conditions.

Particular attention should be paid to the following:

- Primary emphasis on preventive care as a key strategy in health care reform;
- Creation of a legal framework and implementation of a policy, supporting a healthy lifestyle and protecting vulnerable groups of population;

- Creation of cost-effective, coherent models for implementation of strategies for healthy lifestyles for various communities, suitable for mass distribution;

- Assistance in provision of medical services with consideration of the interests of many groups of the population, including those with high vulnerability to community health disorders;

- Integration of family planning, public reproductive health protection, prophylactic and STD treatment services, formulation of a policy on contraceptive distribution primarily as a means of protection against HIV/AIDS and STD's, and integration of prophylactic, HIV/AIDS, and STD monitoring;

- Improvement of provision of social and health care services to vulnerable groups of population;

- Improvement of the quality of information about healthy lifestyles;

- Improvement of communications among health specialists, the government, public organizations, and the people, including those in the most vulnerable groups;

- Creation of an environment which supports healthy lifestyles through education and development of coherent communication strategies, including a dialogue between local authorities and non-government organizations and between the health-care sector and other social services (education, information, internal affairs, etc.);

- Scientific research should be oriented towards analysis and evaluation of the effectiveness of the strategies promoting healthy lifestyles, including assessing the relation between morbidity and behavioral factors.

Implementation of effective health-strengthening strategies through promotion of healthy lifestyles will ensure not only the saving of resources from treatments of diseases but will also result in an increase in the population's health which will affect its economic efficiency.

In general, in order to increase the average life expectancy in the Republic, it is necessary first of all to stabilize and improve living standards of the population.

Improving access to education: As documented in previous chapters, Kazakhstan has successfully maintained its high literacy rate and has introduced certain progressive measures in education. A national model of the education system has been formulated, the legislative basis and standards of ed-

education have been updated, the main trends of a national policy in education have been elaborated, the multiple-sourced financing of the educational sphere has begun, and a private education sector is developing. However, in the main, administrative measures are used to guide education services and funding is scarce. For example, satisfactory funding is not available to train children from indigent families. The reduction of pre-school establishments and educational institutions has been reported in previous chapters. Suffice it to note that the training provided by these institutions has not been restored.

In addition, education is still considered as a “non-production sector”; this hinders its development and improvement. Curriculums need attention. Many graduates from colleges and universities are not demanded by the labour market because their training is not appropriate. Educational institutions and their curriculum must respond in a more timely way to the needs of employers, different government and non-government structures, and to employment services. Investment must also occur to develop an effective network of employment services.

Transition to the market economy and involvement in the world economic system will require that institutions be staffed with specialists properly trained in economic, financial, legal and other issues. Such new specialists should have knowledge of the theory of economics, management, statistics, state and municipal administration, marketing and commerce, banking, accounting, labour economics, natural resource economics, inventory management and quality control, information management, and tourism, to name just a few of the new skills that are needed. Special attention should be paid to language policy and to the teaching foreign languages. In addition, industries and the social sector will have increased demand for psychologists, sociologists, social pedagogues and social servants. It is anticipated that the demand for specialists for the public service sector and for the science and technology sector will also increase. Finally, training of skilled workers and specialists for small and mid-size businesses must be improved.

Since 1991, many problems in education are the result of the widening gap between needs on the one hand and available financial resources on the other. In 1997 the education sphere needed 66.1 billion tenge whereas its actual allocation was only 59 billion. In 1998, only 52.7 billion tenge was allocated to the education budget while 75.6 billion tenge was needed.

Under these circumstances, it is important not only to use existing finances rationally but also to search for new sources of financing thereby increasing the economic independence of educational institutions.

A significant source of financial support of the education system might be international organizations. Moreover, it is necessary to attract private donations. An additional financial source might come from more effective use of empty classrooms, space which amounts to almost 280,000 square meters at universities. Some studies might be financed by employers through the establishment of different foundations. Local budgets might also contribute.

However, given the fact that public education institutions does not now fulfill the needs of employers satisfactorily, as mentioned before, it will also be necessary to improve and broaden training by non-state educational institutions in the period from 1999 to 2001. Vocational training classes should be developed in a number of general education schools. Large numbers of workers should get on-the-job training, have the opportunity to join training courses, or go to training and consultation centers and other educational institutions. Some of the higher education institutions should be restructured into universities to meet regional and inter-regional demand in skilled specialists. More students must be trained in economics, law, management and international relations. Almaty, Astana, Karaganda and Shymkent might become huge scientific and educational centers in order to rationalize the use of material resources and intellectual potential.

In the period from 2001 to 2015, a new methodology of education integration should be developed that is compatible with global trends and world education policies. Psychology, sociology, vocational guidance and marketing services need to be established in all educational institutions. Eventually, the changes envisioned here will help to rationally use budget funding, to strengthen commercial activities in the educational sector so that it becomes less dependent on the republican and local budgets for funding, and to improve job placement for graduates of educational institutions.

In accordance with state policy, the following directions will be priorities in the education sphere for the nearest future:

- ◆ Maintenance of the existing potential of education system;
- ◆ Modification of education model with a purpose to achieve its compliance with the peculiarities of multi-ethnic state;
- ◆ Creation of multi-optional model of education system based on diversification of concept of education and network of educational facilities;
- ◆ Integration of the Republic of Kazakhstan in global education system and adjusting of the na-

tional education system with requirements of market economy;

- ♦ Creating conditions to maintain and develop a network of private educational facilities of general and special education;
- ♦ Balanced development of education system in compliance with changes on labour market and social demands of population;
- ♦ Modernization of technical and physical base of educational facilities;
- ♦ Creation of flexible system of financing and increasing the role of various employers in the development of the national model of education.

Realization of the listed priorities will require a proper modification of the legal basis in order to ensure the restructuring and “renovation” of the concept of education with a purpose to adjust it to new democratic changes occurring in political, economic and social aspects of our life.

5.2. Problems with Privatization in the Social Sector

Privatization in the Social Sector: Since gaining independence, the principal reorganization goals for Kazakhstan were to establish market institutions and to develop appropriate methods of regulating socio-economic development. Initially, coupon privatization of the enterprises and organizations was supposed to solve many problems. Later, many firms were auctioned and larger ones were sold individually. However, these changes have not solved many problems. Furthermore, the violation of major principles of sound public administration and organization as well as the absence of purposeful and consecutive policy in the field of large-scale reorganization have resulted in a significant decrease in the economy and an increase of social isolation.

In 1995, a long-term analysis on strategies to improve the existing system was initiated. Its main directions were:

- privatization of objects of social infrastructure;
- reforming of health care system;
- development of small business which is to ensure employment of population;
- reforming of pension system.

In particular, the program on privatizing and restructuring the system of public health services, education, science, culture and sports, which was developed in 1996, has not been successful. In 1998, about 1,787 social sphere objects were privatized, approximately 58.2% of the to-

tal number of privatized objects (3,073) during that year. Meanwhile, privatization of the social enterprises accounted for only 0.962 billion tenge out of 67.7 billion tenge in total privatization income in 1998, little more than 1%.

Thus, privatization in this sector has not provided the state with significant revenues, revenues which might have been reinvested in the remaining services in the sector. Also, privatization of social sphere objects has had an ambiguous effect on the social security system of Kazakhstan's population. Most of the objects offered for sale are in a calamitous state and do not attract bids. This leads to a retender process and even lower prices. Nor does privatization guarantee improvement in and successful operation of the privatized enterprises of social sphere. Moreover, experience has shown that not every privatized enterprise of social sphere preserves its original profile even though such preservation is one of the terms when privatizing. This is especially true among preschool institutions, most of which were closed after privatization.

There have been a few more successful privatizations. Practically all the drug stores are now privately owned as a cosmetic clinics. Service and quality in both have improved. Some privatized schools look respectable. But, even in successful privatizations, access to them and their services among the population has decreased considerably and the cost of services has increased. Thus, despite the possibilities, the real effect of privatization has been to deprive the overwhelming majority of the population from access to these services. The reformation of public health services also proposed the implementation of compulsory medical insurance besides the reduction in numbers of treatment institutions. However, thanks to certain irresponsible officials, this reform has failed and the financial resources of the compulsory medical insurance fund have disappeared.

In 1996, state agencies started a program for support of small businesses. In 1997, two new laws were passed, “Concerning the state support of small business” and “Concerning sole proprietorship”. Regional programs of business development were carried out in coordination with interested state agencies and banking institutions. However, the programs have been insufficiently intensive to improve the employment situation generally for most of the population.

Similarly, pension reform as well as other measures to improve the situation of the especially vulnerable have resulted in negative consequences. First, because of the changing demographics of the population and the budget costs of current benefits, the age at which people become eligible for benefits was increased. Second, social privileges for the handicapped population were reduced which contradicts

common sense, leaving many people unwilling to trust the government and parliament of the country. Third, the new pension funds have accomplished little in terms of economic stability. In particular, the stock market is so comparatively undeveloped that the funds will be very slow in growing. Liquidations may be inevitable. The President's sharp criticism of procedures and parameters of pension reform underscore these concerns and conclusions.

The following recommendations are given for an effective and beneficial process of privatization:

- The government can not ignore self-destruction any further. It should be responsible for the on-going socio-political conditions in the country. The state's activist role in on-going processes in the Kazakstani society should be reinforced.

- The private sector should invest resources into the real economy (for this reason they need to legalize "shady" economy, return the "escaped" capital and create a privileged tax regime for home investors).

- Along with further privatization (of state quota in stock packages of the enterprises) the state should allocate 10-12% of the total sum of privatized state quota for social programs (by address and without alternatives).

- The "monetary" policy should take into account its relevance with "social policy". The problem is that there is no relation observed between macroeconomic indicators and social indicators (living standards of the population). If those "stopped", "recumbent" and "unprofitable" enterprises start real working then Kazakstani social indicators could be improved due to labor financing.

5.3. The Program of Public Administration Reforms

Since 1995 a long-term program began to analyze and improve the current system of public administration order to facilitate the solution of many primary social problems. As described above, its main objectives were privatization of the social infrastructure, reformation of public health services, small business development, and pension reform implementation. Critical analysis of the dynamics of the reform process itself shows evidence of certain negative impacts on the social reforms. It has also restrained the redistribution of functions and duties as between the center and regions for the benefit of latter.

There are two main reasons that the process has caused problems – the frequency of reorganizations and the increase of issued laws, decrees, and

resolutions, not to mention different concepts for programs.

Frequent reorganizations and staff re-arrangements have created the situation where the officials engaged in elaboration of and policy-making for new programs are different from those responsible for the programs' implementation who are themselves different from those operating the programs when they are evaluated. As a result, during the next reorganization process, officials could hide easily the deficits of their work. New officials could find flaws in previous legislative and program documents, thereby justifying the development of new ones. That is, the fundamental principles of responsibility and feedback provision have been violated.

Due to objective reasons the basic parameters of economic reforms in Kazakhstan were set from the center and were carried out according to a top-down structure. In this aspect, the structural rationalization of central executive agencies then becomes a key problem in creating an effective system of public administration. The positive solution of this problem will create the appropriate circumstances for rationalizing the territorial administration and optimal redistribution of functions among central and local executive agencies. This is a positive first step which should be followed by an end to frequent reorganization. Stability in the administration system and in personnel of officials will make it possible for reforms in social sphere to occur more successfully. Without it, even the delegating of authority to the local levels will not provide improvement in living standards for the regional population. In 1999, a new law of the Republic of Kazakhstan "Concerning the state services" created a highly professional and politically neutral state services, hopefully increasing the level of management by state bodies. Still, the frequent reorganizations must cease for improvement to begin. The government also must retain responsibility for on-going socio-political conditions in the country. The state's refusal to retain responsibility in all sorts of spheres, which it initially justified by appeal to the market's ability to self-regulate, has not justified itself. State regulation of on-going reform processes in Kazakhstan should be reinforced.

To create an effective professional state services system for solving human development problems in terms of limited budget resources, it is necessary to consider it as a sphere of services. Work of state officials should be considered as the final product of administrative activity. Their services may be both paid and free-of-charge. To evaluate service quality, it is necessary to develop the appropriate guidelines. Such a system will considerably reduce the number of complaints of the population and improve the quality of work among the state officials by increasing their responsibility.

The monitoring system must first develop standards and specifications defining the types and quality of services, procedures, etc. There should also be a special organization at the Presidential and Akimat's levels responsible for monitoring the activity of the state officials. Finally, the terms for reviewing of complaints and claims concerning the activity of the state officials need to be developed.

This work requires a more than qualitative modification of the functions of executive agencies although they should have the functions of elaborating the standards and rules of services provided to the population. This will help to determine the volume of necessary resources and appropriate authorities.

The appropriate conditions (circumstances) for positive solution of the considered problems have been created in Kazakhstan. Highly professional domestic and foreign experts were recruited for this work. The Academy of Public Administration under the President of the Republic of Kazakhstan and the Civil Service Agency of the Republic of Kazakhstan have become the scientific and institutional basis. Creation of an effective system of public administration will allow provision of economic and political rights and social guarantees to citizens which are defined by the Constitution of the Republic of Kazakhstan and improvement of social statement of the population.

5.4. Democratization of Society and Human Rights to Achieve Human Development

The last decade of the millennium has been characterized by the growth of a number of national institutions to protect human rights. Being official national institutions, they express the people's will to control and to preserve human rights in the country. In this sense, during the last two years Kazakhstan has made significant progress.

For instance, a Human Rights Commission under the President of the Republic of Kazakhstan was constituted under Presidential Decree on 22 April 1997, replacing an earlier Commission and a Parliamentary Committee on Human Rights. Moreover, Kazakhstan ratified a number of important international human rights instruments, among them the Convention on the Rights of the Child (1994), the Convention on the Elimination of All Forms of Discrimination against Women (1998), the Convention on the Elimination of All Forms of Racial Discrimination (1998) and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1998).

Concerns remain however due to the fact that the International Covenant on Economic, Social, and Cultural Rights and on Civil and Political Rights are still not ratified. The economic crisis and lack of material resources are mentioned as reasons for a temporary delay for legitimizing economic, social and cultural rights. The refusal to accept international standards for civil and political rights however can not be explained reasonably. Moreover, adoption of such laws and decrees as "On Public Organizations", "On order of conducting meetings, marches and demonstrations", "On Parties", etc. shows serious deviation from international democratic principles, even posing a threat to the announced civil and political rights of the population. The weaknesses of the judicial branch and inefficiency of the procedures of protection of human rights at all stages of defense both in court and out-of-court leave ordinary citizens at the mercy of arbitrary officials. Such attitudes contradict to a certain degree the slogan that Kazakhstan is striving to become a democratic, secular, social state, where the human, his life, rights and liberties are the paramount values.

Human rights and human development are directly related. Both are concerned with development that is people-centered. For both, respect for human dignity and human life is the guiding principle. Human development aims to enlarge people's choices to live full and adequate lives. Enlarging choices means empowering the individual to shape his or her own life in the civil, economic, political, social and cultural spheres, practicing their fundamental rights. It is in this respect that ensuring human rights becomes a crucial starting point for any society to achieve a high level of human development.

The current situation in Kazakhstan's human rights institutions calls for attention in the following areas:

- Unconditional legitimacy of human rights and liberties must be secured. Ratification and steadfast observance of international norms in these aspects are also crucial. The Human Rights Commission established under the President should take responsibility to ensure follow-up to these recommendations, and international assistance would be needed to build the commission's financial and institutional capacities;

- An effective and powerful institution of Human Rights Ombudsman, independent from the executive power in finance, logistics and resource matters, should be established. Certain actions in this direction has already been taken. Since December 1998, with adoption of a communique on a results of a Round Table devoted to the 50th Anniversary of the Universal Declaration of Human Rights, there have been serious discussions of a possibility to establish an Institution of Ombudsman to efficiently



process and consider reports on human rights violations and better monitor and inform the public on measures taken to address cases of human rights abuses. That same month, the Kazakh government signed a memorandum of understanding with the OSCE which included a project entitled "Technical Assistance for Establishing an Ombudsman Office in Kazakhstan". Following the Conference on Ombudsman and Human Rights Institutions (November 1999; hosted by UNDP), further progress with establishment of an Ombudsman Institute in Kazakhstan may be expected. The Human Rights Commission under the President has already organized a working group that elaborated a draft law on the creation of an Ombudsman office in Kazakhstan.

- Updating the mandate of the Human Rights Commission under the President is necessary. Upon creation of an Ombudsman's office, the role of the Commission must be to prepare and to implement a national action plan on human rights (according to the 1993 Vienna declaration on Human Rights). Also it has to monitor state bodies on fulfillment of commitments that Kazakhstan has taken with ratification of the international instruments on human rights.

- Development of a civil society, abolishing artificial limitations on the process of citizens' assembly

and increasing the role of non-governmental human rights organizations. Even with the creation of the national Ombudsman offices, the human rights NGOs would not lose their importance in monitoring of human rights abuse and realization of educational programs in this sphere. At this stage they could receive technical assistance from international organizations.

- Strengthening status, professionalism, and independence of the judicial and legislative branches, and introduction of real control over the executive branch.

- Liberalization and democratization of the electoral system. Current practice does not provide equal electoral conditions for candidates from authority and opposition.

The existence of different censors becomes a constraint for implementation of the principle of equality of passive and active electoral right.

- Serious attention must be given to the development of independent mass media.

Historical experience shows that sustainable development is only possible within the framework of an open political system which is sensitive to the demands of its citizens, which encourages self-organization of the state, and which can innovate. It comes as a logical conclusion that the most urgent task to prevent and forestall social catastrophes is to raise the level of openness of political system, setting up a reliable system of constant and functioning reciprocal links between the state and civil society.

In this context, the primary task for Kazakhstan should be increasing the transparency level of the political system, providing permanent feedback between state and civil society, increasing social responsibility of the authorities at local and national levels, and giving highest consideration to the people's interests during the decision-making process.

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TECHNICAL NOTES

The index of human potential development is calculated as an average arithmetical value of three other indexes: life expectancy, level of education and income per capita. The index of education level is calculated based on the literacy index (two thirds) and the access to education (one third).

There are four major indicators underlying the calculation of indexes. Their field of admissible values varies within:

Based on these indicators the indexes are calculated as follows:

Indicators	Minimum	Maximum
Life expectancy, years	25	85
Level of literacy among adults, %	0	100
The aggregate share of students at the age of 6-24 years, %	0	100
The real GNP per capita, US dollars (as of the purchasing power parity)	100	40000

$$I = \frac{\text{The actual value of } x_i - \text{minimum value of } x_i}{\text{Maximum value of } x_i - \text{minimum value of } x_i}$$

Thus, the corrected value of real GNP per capita in case of its excess over the average income rate in the world is used when estimating the income per capita index. For instance, in 1994 this threshold value constituted US\$5,835 dollars. The income exceeding this rate is discounted according to Atkinson formula [Human development report, 1997. UN Development program.–New York: Oxford University Press, 1997. –p.122]:

$$W(y) = y^* \text{ where } 0 < y < y^*$$

$$W(y) = y^* + 2[(y - y^*)^{1/2}] \text{ where } y^* \leq y < 2y^*$$

$$W(y) = y^* + 2(y^{*1/2}) + 3[(y - 2y^*)^{1/3}] \text{ where } 2y^* \leq y < 3y^*$$

...

$$W(y) = y^* + 2(y^{*1/2}) + 3(y^{*1/3}) \dots + n[(y - (n-1)y^*)^{1/n}] \text{ where } (n-1)y^* \leq y < ny^*,$$

whereas y^* – a threshold value of GNP per capita,

y – uncorrected value of GNP per capita,

$W(y)$ – corrected value of GNP per capita.

In order to calculate the discounted value of the maximum income of \$40,000, PPP the following part of Atkinson formula is used:

$$W(y) = y^* + 2(y^{*1/2}) + 3(y^{*1/3}) + 4(y^{*1/4}) + 5(y^{*1/5}) + 6(y^{*1/6}) + 7(y^{*1/7}) + 8[(40000 - 7y^*)^{1/8}].$$

This happens because the maximum value of income of \$40,000, PPP is between the values of $7y^*$ and $8y^*$. The calculation according to the aforementioned formula for the income of \$40,000, PPP gives a discounted value in the amount of 6,154 dollars.

The mentioned approach of calculating the income index has two disadvantages. First: the threshold value of GNP per capita changes annually; second: a non-smooth change of index takes place at the limits

of the threshold value of GNP. This is why in the 1999 Human Development Report the UNDP has accepted a new formula for index calculation where in numerator and denominator the natural logarithms of GNP per capita volumes are used:

$$I = \frac{\ln(\text{actual value of } x_i) - \ln(\text{minimum value of } x_i)}{\ln(\text{maximum value of } x_i) - \ln(\text{minimum value of } x_i)}$$

Lets illustrate the calculation of human potential development index in Kazakhstan where according to UNDP Report'99 in 1997 the values of fundamental indicators were:

Indicators	Value
Life expectancy, years	67,6
Level of literacy among adults, %	99,0
The aggregate share of students at the age of 6-24 years, %	76
The real GNP per capita, US dollars, (as of the purchasing power parity)	3560

According to the aforementioned formula the index of life expectancy will be equal to 0,71:

$$(67,6 - 25) / (85 - 25) = 42,6 / 60 = 0,71.$$

The index of literacy among adults constitutes the value of 0,99:

$$(99,0 - 0) / (100 - 0) = 0,99.$$

Taking into consideration the aggregate share of students in the first, second and third stages of education as 76%, and the index as 0,76, the overall index of the education level will be 0,913:

$$(0,99 * 2 + 0,76) / 3 = 0,913.$$

The income per capita index according to the corrected formula will be:

$$(\ln(3560) - \ln(100)) / (\ln(40000) - \ln(100)) = (8,178 - 4,605) / (10,597 - 4,605) = 3,573/5,991 = 0,596.$$

The calculation of human potential development index based on these three indexes will constitute 0,740:

$$(0,71 + 0,913 + 0,596) / 3 = 0,740.$$

ANNEXES

1. Basic Data on Kazakhstan

	1994	1995	1996	1997	1998
Area, million square km*	2,724.9	2,724.9	2,724.9	2,724.9	2,724.9
Population density, persons per square km	6.0	5.9	5.8	5.7	5.6
Population, million people (as of beginning of year)	16.3	16.0	15.7	15.5	15.2
Rural population, %	44	44	44	44	44
Urban population, %	56	56	56	56	56
Males, %	48	48	48	48	48
Females, %	52	52	52	52	52
Kazakhs, %	46.0	47.9	48.9	50.6	52.0
Russians, %	35.0	33.8	32.9	32.2	31.4
Others, %	19.0	18.3	17.7	17.2	16.6
Life expectancy, years	64.9	63.5	63.6	64.0	64.4
Infant mortality (per 1,000 newborn)	27.1	27.0	25.4	24.9	21.6
Natural growth, million people	0.1	0.1	0.1	0.1	0.1
Migration growth, million people	-0.5	-0.4	-0.3	-0.4	-0.3
Employable population, million people	9.0	8.8	8.7	8.6	8.7
Employed, million people	6.6	6.6	6.5	6.4	6.1
Official unemployment rate, %	1.1	2.1	4.2	3.8	3.7**)
Hidden unemployment, % (as of end of year)			4.5	3.4	3.2**)
Average unemployment allowance, Tenge			1736	2492	2751

*) Source: Ministry of Agriculture of the Republic of Kazakhstan.

**) Preliminary data

2. Main Human Development Indicators.

Indicators	1994	1995	1996	1997	1998
Life expectancy, years	65.1	63.7	64.0	64.4	...
Literacy of adult population. % (Census, 1989)	97.5	97.5	97.5	97.5	98.5
Aggregate share of all students (aged 6-24 y), %	65.4	64.9	64.0	63.9	64.0
GDP in current prices, billion Tenge	423.5	1,014.2	1,415.71	1,672.1	1,747.7
GDP, billion USD	11.84	16.64	21.04	22.17*	22.32
GDP, per capita (Tenge)	26,221	63,466	89,262	106,902	112,756
GDP, per capita (USD)	733	1,042	1,327	1,418	1,440
Agriculture (% of GDP)	14.9	12.3	12.2	11.4	8.4
Industry (% of GDP)	29.1	23.5	21.2	21.4	22.0
Construction	9.6	6.5	4.4	4.2	4.4
Services (% of GDP)	42.8	52.5	56.3	57.5	59.5
State expenditure for education (% of GDP)	3.2	4.5	4.6	4.4	4.0
State expenditure for health care (% of GDP)	2.2	3.0	2.6	2.1	1.5
State expenditure for social security (% of GDP)	0.8	0.8	0.7	1.6*)	3.0

*)1997 – social security together with social insurance.

3. Dynamics of Human Development by Oblasts.

	Human Development Index	income Per capita (GAV), USD, PPP*	Life expectancy, years	Combined share of all students (aged 6-24 y), %
1	2	3	4	5
Republic of Kazakhstan				
1994	0.713	3,550	65.1	65.4
1995	0.703	3,400	63.7	64.9
1996	0.705	3,480	64.0	63.9
1997	0.709	3,560	64.4	63.9
1998	0.708	3,540	64.4	64.9
Akmola Oblast				
1994	0.706	3,325	64.8	62.9
1995	0.696	3,097	63.1	63.5
1996	0.695	3,063	63.5	60.8
1997	0.70.9	3,911	63.7	60.4
1998	0.714	4,300	...	53.3
Aktobe Oblast				
1994	0.705	3,067	65.0	66.6
1995	0.701	3,136	63.8	65.2
1996	0.705	3,175	64.6	63.8
1997	0.697	2,831	64.4	63.4
1998	0.699	2,808	...	65.5
Almaty Oblast				
1994	0.691	2,316	66.4	61.0
1995	0.678	1,919	65.7	60.6
1996	0.683	2,024	66.0	60.8
1997	0.686	2,035	66.6	60.3
1998	0.685	1,988	...	60.5
City of Almaty				
1994	0.771	6,653	65.2	83.4
1995	0.768	6,204	64.5	86.3
1996	0.767	6,067	64.0	83.7
1997	0.781	6,709	65.8	87.2
1998	0.788	6,632	...	93.9
Atyrau Oblast				
1994	0.690	3,315	63.3	63.9
1995	0.688	3,155	62.8	64.8
1996	0.691	3,198	63.1	65.2
1997	0.679	3,476	63.2	66.3
1998	0.704	3,697	...	69.3
East Kazakhstan Oblast				
1994	0.708	3,639	64.1	64.9
1995	0.696	3,413	62.4	63.5
1996	0.696	3,487	62.5	61.5
1997	0.705	4,053	62.8	60.8
1998	0.709	4,365	...	61.0
Zhambyl Oblast				
1994	0.691	2,634	65.0	62.1
1995	0.690	2,759	64.4	59.8
1996	0.693	2,769	64.9	59.2
1997	0.683	2,342	64.8	58.9
1998	0.690	2,596	...	60.2

1	2	3	4	5
West Kazakhstan Oblast				
1994	0.700	2,977	64.8	64.4
1995	0.694	2,777	63.9	64.0
1996	0.690	2,611	63.9	63.4
1997	0.697	2,738	64.9	63.0
1998	0.702	2,949	...	63.5
Karaganda Oblast				
1994	0.734	5,720	63.9	64.9
1995	0.720	5,223	62.0	63.7
1996	0.715	5,096	61.3	63.6
1997	0.719	5,246	62.0	62.5
1998	0.712	4,839		60.0
Kyzylorda Oblast				
1994	0.697	2,784	63.5	71.5
1995	0.684	2,443	62.0	71.4
1996	0.712	3,736	63.3	68.8
1997	0.719	4,280	64.3	64.0
1998	0.723	4,280	...	66.9
Kostanai Oblast				
1994	0.715	3,193	66.4	65.1
1995	0.710	3,341	64.4	66.0
1996	0.707	3,112	64.7	64.8
1997	0.720	3,981	64.8	64.5
1998	0.707	3,677	...	56.6
Mangistau Oblast				
1994	0.717	3,981	65.3	59.9
1995	0.723	4,873	64.1	60.1
1996	0.717	4,502	63.9	59.7
1997	0.723	4,929	63.6	61.8
1998	0.732	5,074	...	68.6
Pavlodar Oblast				
1994	0.714	4,053	64.3	62.5
1995	0.708	3,981	63.1	61.8
1996	0.711	3,780	63.9	62.6
1997	0.714	3,858	64.2	63.1
1998	0.711	3,762	...	61.3
North Kazakhstan Oblast				
1994	0.709	2,995	65.8	66.1
1995	0.699	2,822	64.2	65.5
1996	0.709	3,464	64.2	64.4
1997	0.705	3,231	64.4	63.5
1998	0.690	2,746		57.8
South Kazakhstan Oblast				
1994	0.683	1,804	66.9	64.7
1995	0.675	1,750	65.4	63.3
1996	0.683	2,006	65.5	62.9
1997	0.690	2,088	66.1	64.1
1998	0.692	2,060	...	66.6

4. Production of Gross Added Value in the regions of Kazakhstan in 1995-1998.

	1995	1996	1997	1998*)	1995	1996	1997	1998*)
	Billion Tenge				% of national level			
Republic of Kazakhstan	96.4	1,294.8	15,37.1	1589.9	100	100	100	100
Akmola Oblast	59.3	67.5	53.1	45.3	6.1	5.2	3.5	2.9
Aktobe Oblast	48.2	52.8	75.7	82.6	5.0	4.1	4.9	5.2
Almaty Oblast	49.2	82.4	94.5	100.7	5.1	6.4	6.1	6.3
Atyrau Oblast	58.8	85.8	108.2	90.3	6.1	6.6	7.0	5.7
East Kazakhstan Oblast	113.8	126.3	155.4	171.3	11.8	9.8	10.1	10.8
Zhambyl Oblast	21.2	44.4	44.1	54.0	2.2	3.4	2.9	3.4
West Kazakhstan Oblast	26.0	30.8	53.0	55.9	2.7	2.4	3.4	3.5
Karaganda Oblast	157.2	141.8	176.1	192.1	16.3	10.9	11.5	12.1
Kyzylorda Oblast	21.2	32.9	38.6	46.7	2.2	2.6	2.5	2.9
Kostanai Oblast	69.0	81.8	128.7	106.2	7.2	6.3	8.4	6.7
Mangistau Oblast	49.2	74.2	66.5	60.2	5.1	5.7	4.3	3.8
Pavlodar Oblast	103.2	114.7	94.4	112.1	10.7	8.9	6.1	7.1
North Kazakhstan Oblast	67.5	93.7	79.3	90.1	7.0	7.2	5.2	5.7
South Kazakhstan Oblast	42.4	80.2	93.5	103.0	4.4	6.2	6.1	6.5
City of Almaty	78.1	185.4	250.2	221.3	8.1	14.3	16.3	13.9
City of Astana	-		25.7	57.0			1.7	3.6

*) calculated estimate

5. Expenses of local budgets in Kazakhstan for delivery of individual services to population, 1997-1998

OBLASTS	Expenses of Local Budget	1997					Expenses of Local Budget	1998 (prior to final turnover)				
		Spent for service-s	Education	Health	Social security and insurance	Culture & arts		Spent for service-s	Education	Health	Social security and aid	Culture & arts
Akmola Oblast	100	53.2	24.7	16.6	8.8	3.1	100	86.3	37.4	15.4	29.2	4.3
Aktobe Oblast	100	74.1	49.4	11.9	13.7	3.6	100	83.0	46.0	10.5	22.2	4.3
Almaty Oblast	100	87.1	48.6	22.6	13.1	2.8	100	88.8	37.7	18.6	30.2	2.3
Atyrau Oblast	100	70.6	44.0	13.3	9.6	3.7	100	81.3	40.2	9.0	28.2	3.9
East Kazakhstan Oblast	100	79.4	40.0	22.5	13.7	3.2	100	82.1	36.4	10.9	30.6	4.2
Zhambyl Oblast	100	84.3	49.6	19.9	12.0	2.8	100	88.3	35.4	13.6	37.4	1.9
West Kazakhstan Oblast	100	81.9	43.1	23.2	11.9	3.7	100	84.7	37.7	10.4	32.3	4.3
Karaganda Oblast	100	76.1	40.4	19.8	11.8	4.1	100	86.0	36.2	12.8	27.1	4.5
Kyzylorda Oblast	100	83.5	31.9	22.0	26.9	2.7	100	77.0	26.1	8.2	40.0	2.7
Kostanai Oblast	100	75.0	44.6	20.6	7.0	2.8	100	75.8	39.7	10.5	21.9	3.7
Mangistau Oblast	100	88.0	44.4	21.7	10.6	4.1	100	84.3	40.1	13.9	26.3	4.0
Pavlodar Oblast	100	81.0	45.8	18.7	12.6	3.9	100	80.1	41.9	7.7	25.9	4.6
North Kazakhstan Oblast	100	82.0	43.5	21.7	14.3	2.5	100	85.1	40.3	14.0	28.3	2.5
South Kazakhstan Oblast	100	78.0	45.9	17.1	12.4	2.6	100	82.5	38.4	9.9	31.1	3.1
City of Almaty	100	82.2	40.2	24.7	15.3	2.0	100	78.4	29.1	16.0	30.9	2.4
City of Astana	0	0	0	0	0	0	100	27.2	7.9	3.9	11.8	3.6
TOTAL:	100	77.7	41.5	20.1	13.0	3.1	100	79.0	35.0	11.8	28.8	3.4

6. Share of individual expenses of local budgets of Kazakhstan in Gross Added Value of regions, 1997-1998.

OBLASTS	GAV, Per capita x1000 Tenge	1997, %					GAV, Per capita x1000 Tenge	1998 (prior to final turnover), %				
		Spent by local budget	Including for:					Spent by local budget	Including for:			
			Edu- cation*)	Health	Social security and insu- rance	Culture and arts			Edu- cation*)	Health	Social security and insu- rance	Culture &arts
Akmola Oblast	88.3	23.5	5.8	3.9	2.1	0.7	77.7	9.3	24.2	1.4	2.7	0.4
Aktobe Oblast	104.1	7.4	3.7	0.9	1.0	0.3	114.9	7.0	12.2	0.7	1.6	0.3
Almaty Oblast	57.8	11.7	5.7	2.6	1.5	0.3	62.4	14.8	23.2	2.7	4.5	0.3
Atyrau Oblast	238.1	4.5	2.0	0.6	0.4	0.2	196.9	5.6	8.0	0.5	1.6	0.2
East Kazakhstan Oblast	94.4	11.0	4.3	2.5	1.5	0.4	106.2	10.1	16.1	1.1	3.1	0.4
Zhambyl Oblast	43.9	15.4	7.5	3.1	1.8	0.4	54.1	13.8	20.4	1.9	5.2	0.3
West Kazakhstan Oblast	81.5	13.0	5.6	3.0	1.6	0.5	87.1	10.6	16.5	1.1	3.4	0.5
Karaganda Oblast	113.5	8.1	3.3	1.6	1.0	0.3	127	7.3	11.7	0.9	2.0	0.3
Kyzylorda Oblast	63	23.8	7.6	5.2	6.4	0.6	75.2	23.6	22.6	1.9	9.4	0.6
Kostanai Oblast	112	8.6	3.8	1.8	0.6	0.2	98.	9.2	16.5	1.0	2.0	0.3
Mangistau Oblast	193.7	4.8	2.1	1.0	0.5	0.2	172	5.9	8.6	0.8	1.6	0.2
Pavlodar Oblast	106.7	9.7	4.5	1.8	1.2	0.4	131.2	8.6	15.3	0.7	2.2	0.4
North Kazakhstan Oblast	69.4	13.0	5.6	2.8	1.9	0.3	83.2	17.1	22.0	2.4	4.9	0.4
South Kazakhstan Oblast	46.8	12.4	5.7	2.1	1.5	0.3	51.1	15.9	22.3	1.6	5.0	0.5
City of Almaty	235.5	4.2	1.7	1.0	0.7	0.1	204.8	6.0	6.3	1.0	1.8	0.1
City of Astana	93.7	0.0	0.0	0.0	0.0	0.0	203.2	14.4	5.1	0.6	1.7	0.5
TOTAL	97.6	9.4	3.9	1.9	1.2	0.3	102.5	10.1	3.5	1.2	2.9	0.3

7. Differences between women and men in regions, 1998. Women as % of men.

	Population	Salaries	Employment*)	Unemployment**)
Republic of Kazakhstan	107.5	75.8	84.4	163.7
Akmola Oblast	105.4	89.8	72.2	186.5
Aktobe Oblast	106.3	69.3	81.3	151.5
Almaty Oblast	104.6	87.2	87.3	134.2
City of Almaty	119.7	77.4	109.1	307.9
Atyrau Oblast	104.3	56.8	85.9	95.7
East Kazakhstan Oblast	108.6	75.9	94.6	168.2
Zhambyl Oblast	109.8	89.3	63.1	105.7
West Kazakhstan Oblast	106.9	80.6	85.5	122.2
Karagandy Oblast	109.8	67.6	83.5	196.1
Kyzylorda Oblast	100.5	60.3	77.2	109.5
Kostanay Oblast	108.8	85.2	79.7	226.8
Manghistau Oblast	102.1	65.5	78.5	184.7
Pavlodar Oblast	109.0	70.3	87.9	188.7
North Kazakhstan Oblast	106.4	90.6	77.6	234.2
South Kazakhstan Oblast	102.9	85.3	83.0	115.8
City of Astana	114.7	75.9	89.3	249.9

*) Based on number of hired (paid) workers (average for year), except small enterprises

**) Based on number of officially registered unemployed (source: Ministry of Labour and Social Protection).

8. Human disasters by regions.

	Number of unemployed, as of end of year (x1000)	Official unemployment* (%)	Annual inflation rate	Traffic accident traumas per 100,000 people	Homicide per 100,000 people	Registered rape rates (per 100,000 females aged 15-59)
1	2	3	4	5	6	7
Republic of Kazakhstan						
1994	70.1	1.1	1,258.3	112.2	15.7	38.2
1995	139.6	2.1	160.3	108.5	15.3	35.6
1996	282.4	4.2	128.7	107.0	16.6	34.9
1997	257.5	3.8	111.2	99.1	16.5	41.9
1998	251.9	3.7	101.9	107.7	16.3	24.8
Akmola Oblast						
1994	2.9	0.7	1,104.8	109.2	15.6	33.2
1995	5.4	1.3	147.1	109.5	15.7	40.3
1996	10.2	2.4	125.0	107.4	17.5	22.4
1997	14.0	3.5	111.1	92.6	14.0	33.6
1998	9.8	3.9	101.9	62.9	13.5	20.3
Aktobe Oblast						
1994	2.8	0.9	1,248.1	119.6	13.7	43.2
1995	7.3	2.5	153.5	110.4	12.0	47.8
1996	19.9	6.4	123.2	96.3	16.8	37.3
1997	13.8	4.5	109.8	93.5	15.3	47.8
1998	13.2	4.3	100.5	91.6	17.0	29.2
Almaty Oblast						
1994	5.7	0.9	1,325.6	123.9	14.4	55.2
1995	11.8	2.0	155.3	115.0	13.0	43.8
1996	18.8	3.0	123.3	109.0	15.5	36.6
1997	16.9	2.7	109.1	103.5	11.8	47.6
1998	9.9	1.6	99.8	115.7	14.1	24.9
City of Almaty						
1994	0.3	0.1	1,361.7	129.2	24.3	57.3
1995	0.9	0.2	160.9	158.0	22.3	61.6
1996	4.1	0.7	125.0	146.7	23.8	62.9
1997	7.8	1.4	118.5	145.4	24.0	64.0
1998	9.6	1.8	109.5	158.8	22.1	50.8
Atyrau Oblast						
1994	5.8	3.5	1,158.0	91.8	8.9	32.5
1995	6.7	3.8	183.1	65.9	13.1	37.0
1996	11.6	6.3	114.6	88.0	10.8	39.0
1997	10.3	5.5	114.0	71.7	11.4	30.2
1998	8.6	4.6	103.5	82.2	12.2	29.9
East Kazakhstan Oblast						
1994	14.1	1.9	1,323.8	116.9	19.2	34.6
1995	23.7	3.3	151.7	110.2	16.6	34.1
1996	44.8	6.2	121.5	106.0	19.5	36.4
1997	41.5	5.4	108.8	99.1	20.3	40.3
1998	36.9	4.8	103.1	107.1	18.6	20.7
Zhambyl Oblast						
1994	2.3	0.7	1,035.2	129.0	13.4	46.4
1995	4.5	1.2	150.5	135.2	12.5	45.1
1996	9.6	2.5	121.9	116.2	15.2	50.0
1997	9.1	2.3	110.5	110.6	18.3	55.1
1998	18.7	4.6	99.3	103.8	16.2	32.9

*) % of economically active population, as of the end of 1997 – preliminary data.

1	2	3	4	5	6	7
West Kazakhstan Oblast						
1994	4.4	1.6	1,517.5	74.0	11.4	41.3
1995	7.6	2.8	152.7	57.2	11.4	38.7
1996	17.5	6.5	123.0	60.1	17.9	35.3
1997	12.3	4.4	104.8	48.6	21.6	45.9
1998	12.1	4.3	103.6	46.2	17.2	21.9
Karaganda Oblast						
1994	1.7	0.2	1,257.9	108.0	21.0	31.0
1995	3.9	0.5	146.6	101.3	23.7	30.2
1996	14.5	2.1	131.9	101.7	21.0	34.8
1997	13.9	2.0	109.4	88.3	20.8	39.0
1998	12.4	1.8	99.1	90.3	21.2	17.5
Kyzylorda Oblast						
1994	3.1	1.4	1,550.2	63.2	10.8	27.9
1995	7.5	3.6	162.0	54.7	8.4	23.5
1996	12.7	5.6	122.3	68.0	10.0	24.5
1997	11.8	5.5	106.7	59.7	9.1	43.2
1998	10.0	4.7	101.0	69.3	8.1	24.7
Kostanai Oblast						
1994	3.5	0.7	1,055.1	113.6	11.9	33.8
1995	7.6	1.4	157.5	103.4	14.5	25.1
1996	13.3	2.5	125.5	97.7	15.5	26.8
1997	13.3	2.7	111.5	88.7	16.7	31.3
1998	12.1	2.5	102.7	86.2	19.6	24.2
Mangistau Oblast						
1994	1.0	0.8	1,221.4	114.5	12.1	40.6
1995	1.9	1.4	208.8	109.2	11.8	28.3
1996	5.6	3.8	123.9	111.6	11.7	37.9
1997	9.5	6.2	108.5	104.2	17.0	58.8
1998	12.2	7.8	102.2	113.2	17.8	17.7
Pavlodar Oblast						
1994	4.3	1.1	1,075.6	125.3	18.3	34.5
1995	8.5	2.0	157.0	126.4	20.4	25.8
1996	18.8	4.3	127.5	123.1	20.7	40.6
1997	22.4	5.4	112.4	122.1	21.7	47.5
1998	25.5	6.1	96.8	123.7	21.6	37.2
North Kazakhstan Oblast						
1994	7.1	1.3	1,308.5	101.1	13.2	28.4
1995	13.6	2.6	150.2	93.3	14.1	26.8
1996	23.7	4.6	128.4	95.0	17.2	22.3
1997	35.0	7.0	114.1	81.0	15.8	27.9
1998	36.0	7.2	99.1	119.4	114.36	
South Kazakhstan Oblast						
1994	11.1	1.7	1,270.0	116.2	12.1	25.9
1995	28.6	4.0	158.5	115.2	9.7	22.2
1996	57.3	7.7	119.5	124.2	8.1	19.0
1997	25.9	3.5	111.9	118.5	9.0	24.6
1998	21.8	3.0	100.8	133.8	5.7	11.3
Astana						
1998	3.0	2.1	102.4	194.9	25.2	...

9. Medicine and Health Care.

	Deaths from cardio-vascular diseases (% of total number)	Deaths from cancer (% of total number of cases)	AIDS morbidity (number of cases)	Population per one MD
1	2	3	4	5
Republic of Kazakhstan				
1994	48.1	14.2	1	257
1995	47.6	13.1	-	258
1996	47.6	12.8	2	266
1997	47.7	12.8	7	287
1998	48.7	13.0	10	292
Akmola Oblast				
1994	51.3	14.3		242
1995	49.7	13.9		236
1996	50.1	18.1		247
1997	48.3	14.0	1	271
1998	48.8	14.2		359
Aktobe Oblast				
1994	46.2	16.4		205
1995	46.4	15.8		210
1996	47.9	15.3		220
1997	48.2	14.4		268
1998	47.9	15.0		266
Almaty Oblast				
1994	51.8	12.6		400
1995	50.1	11.9		415
1996	50.0	12.4		430
1997	50.9	11.8		436
1998	55.1	11.9		447
City of Almaty				
1994	54.5	15.4		113
1995	53.3	15.1		107
1996	53.1	15.2		105
1997	53.3	15.9		109
1998	54.4	15.1		112
Atyrau Oblast				
1994	32.1	12.6		280
1995	34.1	12.3		288
1996	37.9	10.6		299
1997	37.6	12.3		324
1998	39.0	11.6		354
East Kazakhstan Oblast				
1994	49.8	14.6	1	246
1995	48.3	13.2		245
1996	48.4	13.0		254
1997	47.9	13.4		264
1998	48.4	13.9		289
Zhambyl Oblast				
1994	44.6	12.2		332
1995	45.7	11.4		330
1996	44.8	11.2	1	351
1997	45.2	10.6		379
1998	47.1	10.6		386

1	2	3	4	5
West Kazakhstan Oblast				
1994	45.0	14.6		299
1995	46.1	13.2		303
1996	45.0	13.3	1	312
1997	47.1	13.9		325
1998	47.0	14.5		304
Karaganda Oblast				
1994	50.0	14.1		201
1995	50.2	14.5		196
1996	49.7	10.7		212
1997	49.3	11.2	6	239
1998	50.2	11.2	9	248
Kyzylorda Oblast				
1994	41.9	12.1		325
1995	40.8	11.1		335
1996	40.4	11.7		308
1997	40.6	12.6		366
1998	41.1	13.2		360
Kostanai Oblast				
1994	50.3	15.3		337
1995	48.5	13.9		335
1996	48.2	19.3		338
1997	48.4	12.7		393
1998	48.8	13.2		412
Mangistau Oblast				
1994	35.3	14.6		259
1995	33.9	13.1		268
1996	34.9	11.7		281
1997	32.6	12.6		294
1998	37.3	12.8		286
Pavlodar Oblast				
1994	47.9	14.6		280
1995	47.2	13.2		279
1996	46.2	13.5		283
1997	47.3	13.8		320
1998	46.8	13.4		326
North Kazakhstan Oblast				
1994	44.7	17.3	1	332
1995	46.8	15.3		337
1996	46.3	15.2		356
1997	44.7	14.9		401
1998	42.8	15.2		380
South Kazakhstan Oblast				
1994	45.9	11.1		351
1995	45.7	11.2		350
1996	46.5	10.5		380
1997	48.6	10.1		394
1998	50.1	10.3		399
City of Astana				
1998				152

MAIN INDICES BY OBLASTS

	Population as of beginning 1999, personnes	Birth rate, per 1000 people	Mortality rate, per 1000 people	Official unemployment, %	Ratio of wage per capita to subsistence minimum, %
1	2	3	4	5	6
Akmola Oblast	837371	12,18	11,43	3,9	32,6
Akkolskij Raion	35322	12,17	10,62	1,9	24,7
Arshalynskij Raion	29753	12,1	10,79	2,2	23,6
Astrakhanskij Raion	33043	12,77	12,17	4,4	25,4
Atbasarskij Raion	60909	13,4	12,56	2,3	37,8
Bulandynskij Raion	41426	13,42	12,53	4,8	25,0
Eghindykolskij Raion	10133	13,82	9,57	1,7	32,6
Enbekshilderskij Raion	25946	13,53	12,18	10,5	15,3
Ermentauskij Raion	42427	13,01	9,62	2,0	23,7
Esilskij Raion	37314	11,42	11,15	4,0	38,8
Zhaksynskij Raion	30848	15,5	10,24	2,9	25,6
Zharkainskij Raion	24421	13,43	11,38	1,5	18,1
Zerendinskij Raion	50441	12,59	9,46	2,7	22,7
Korgalzhynskij Raion	16822	12,78	7,43	2,8	20,1
Sandyktauskij Raion	28798	11,95	11,77	7,2	27,2
Tselinogradskij Raion	50827	12,02	8,76	1,3	30,5
Shortandinskij Raion	33100	10,42	11,24	1,4	30,3
Shchuchinskij Raion	81645	12,73	12,77	9,9	28,2
Kokshetau City Administration	133858	11,05	11,33		
Including City of Kokshetau	123240	11,31	11,65	9,3	55,5
Stepnogorsk City Administration	70338	9,6	14,84	5,7	63,4
Aktobe Oblast	683118	13,9	9,7	4,3	52,9
Aytekebiyskij Raion	34630	18,6	9,8	2,3	19,7
Aktobe City Administration	282109	10,2	10,4		
Alghinskij Raion	36964	13,8	11,2	3,1	17,2
Bayganinskij Raion	24622	17,9	7,4	3,1	15,8
Irgizskij Raion	15598	23,6	8,5	8,2	12,9
Kargalinskij Raion	19200	12,1	12,0	1,4	21,7
Martukskij Raion	31088	13,8	11,8	0,7	19,8
Mugalzharskij Raion	63874	13,6	8,4	2,1	71,6
Temirskij Raion	35907	20,3	7,9	3,0	74,0
Uylskij Raion	20856	20,2	7,1	2,5	13,7
Khobdinskij Raion	27690	15,4	9,2	2,0	15,8
Khromtauskij Raion	43822	15,3	10,1	2,3	77,8
Shalkarskij Raion	46758	19,2	7,9	12,0	42,2
City of Aktobe	253334	10,2	10,9	4,3	72,8
Almaty Oblast	1559509	14,8	8,9	1,6	18,7
Aksuskij Raion	45250	16,1	9,5	1,7	10,7
Alakolskij Raion	79945	15,4	8,2	1,5	10,8
Balkhashskij Raion	30947	17,0	7,0	1,8	12,9
Enbekshikazakhskij Raion	202775	15,2	7,9	0,9	15,6
Zhambylskij Raion	106242	14,3	8,0	0,9	15,0
Iliyskij Raion	121635	14,3	10,0	0,8	22,8
Karatalskij Raion	46738	12,9	11,2	1,6	16,5
Kaskelenskij Raion	155058	13,5	9,1	0,7	20,4
Kerbulakskij Raion	53791	16,9	8,0	0,8	12,5
Koksuskij Raion	40128	15,7	8,8	0,7	19,4
Panfilovskij Raion	112772	19,3	6,9	0,8	10,2

1	2	3	4	5	6
Raymbekskij Raion	83041	18,1	6,5	1,5	10,1
Sarkandskij Raion	47866	16,1	11,9	1,9	12,2
Talgarskij Raion	132867	11,2	9,0	0,6	17,4
Taldykorganskij Raion	48395	13,5	9,9	0,9	15,8
Uygurskij Raion	63017	16,8	6,0	2,7	13,3
Kapshagay City Administration	46487	13,4	11,8	1,4	33,8
Taldykorgan City Administration	117469	13,0	10,2		
Including City of Taldykorgan	97951	13,4	10,8	4,1	31,0
Tekely City Administration	25086	10,4	18,0	5,8	45,8
Atyrau Oblast	439333	18,94	9,15	4,6	72,4
Zhalysoyskij Raion	56714	25,87	7,19	3,9	149,8
Inderskij Raion	28981	18,36	9,21	5,5	38,4
Isatayskij Raion	22689	21,82	7,62	5,7	13,7
Kyzylkoghinskij Raion	30832	32,01	16,18	3,3	7,0
Kurmangazinskij Raion	55566	12,13	4,79	5,4	35,7
Makatskij Raion	25112	24,81	9,56	7,1	61,8
Makhambetskij Raion	25570	18,22	8,8	4,7	16,3
Atyrau City Administration	193869	15,88	10,03		
Including City of Atyrau	141821	17,95	11,92	3,5	91,9
East Kazakhstan Oblast	1532437	11,05	12,25	4,8	42,6
Abayskij Raion	17920	18,36	6,14	13,8	95,4
Ayagozskij Raion	82188	17,03	7,97	2,2	42,2
Beskaragayskij Raion	28158	10,12	13,32	5,4	89,1
Borodulikhinskij Raion	49207	9,94	12,21	8,1	44,8
Glubokovskij Raion	67099	7,42	16,99	7,2	69,2
Zharminskij Raion	60370	13,28	10,05	1,2	31,7
Zaysanskij Raion	39580	13,79	9,15	1,8	12,7
Katon-Karagayskij Raion	45148	13,09	9,59	5,9	1,3
Kokpektinskij Raion	45834	10,54	10,84	3,9	14,2
Kurchumskij Raion	45126	12,5	9	10,6	40,4
Tarbagatayskij Raion	65716	14,36	6,97	3,7	31,7
Ulanskij Raion	45900	8,45	11,02	12,0	15,2
Urjarskij Raion	95328	14,22	8,76	2,1	11,5
Shemonaikhinskij Raion	57905	9,96	16,3	0,9	12,5
Zyrianovsk City Administration	93929	9,16	17,41	3,6	44,8
Kurchatov City Administration	9284	16,8	10,23	7,3	69,2
Leninogorsk City Administration	65053	9,76	19,85	2,8	89,1
Semipalatinsk City Administration	298123	11,59	12,98		
Including City of Semipalatinsk	269822	11,84	13,05	4,8	42,2
Including City of Ust Kamenogorsk	311311	8,13	12,49	4,5	95,4
Ust Kamenogorsk City Administration	320569	8,05	12,35		
Zhambyl Oblast	984231	15,8	8,4	4,6	30,8
Bayzaskij Raion	68796	16,0	6,4	2,8	14,5
Zhambylskij Raion	69485	18,6	7,1	3,2	13,0
Zhualynskij Raion	48443	21,5	7,8	4,3	16,8
Kordayskij Raion	104706	19,2	8,8	1,4	20,7
Merkenskij raion	74212	17,0	8,1	1,5	14,0
Moyinkumskij Raion	34701	16,9	8,2	10,9	27,6
Saryuskij Raion	48645	19,5	7,9	11,0	57,0
Talasskij Raion	53480	17,4	9,2	7,5	13,4
Turar Ryskulovskij Raion	61168	18,3	7,6	1,5	15,2
Shuskij Raion	94818	17,3	9,2	3,5	19,9
City of Taraz	325777	11,0	9,1	4,1	55,2

1	2	3	4	5	6
West Kazakhstan Oblast	618420	12,02	10,49	4,3	39,8
Akzhaikskij Raion	49430	13,88	8,19	2,5	15,6
Burlinskij Raion	48862	11,69	10,03	2,6	88,0
Zhangalinskij Raion	23582	19,59	8,31	3,7	24,5
Zhanybekskij Raion	19546	16,93	9,36	2,5	17,9
Zelenovskij raion	56707	8,06	10,93	2,9	22,4
Kaztalovskij Raion	38852	15,62	9,5	5,0	15,7
Karatobinskij Raion	21158	20,61	8,55	2,3	15,7
Syrymskij Raion	30842	15,24	9,24	2,3	14,8
Taskalinskij Raion	20671	10,98	9,19	2,9	20,4
Terektinskij Raion	44699	13	9,93	2,8	19,6
Ordinskij Raion	19300	15,54	8,5	1,5	17,0
Chinghirlauskij Raion	21879	15,72	13,07	2,8	20,5
Uralsk City Administration	222892	8,81	11,99		
Including City of Uralsk	196562	9,23	12,5	6,1	61,9
Karagandy Oblast	1413644	12,11	12,1	1,8	57,7
Abayskij Raion	65422	12,35	13,51	2,0	28,2
Aktogayskij Raion	24249	17,03	9,86	3,2	35,1
Bukhar-Zhyrauskij Raion	69814	6,78	9,44	2,1	21,6
Zhana-Arkinskij Raion	32286	17,22	7,99	1,2	15,0
Karkaralinskij Raion	53028	14,16	9,03	4,3	14,0
Nurinskij Raion	38799	14,51	9,33	2,3	21,8
Osakarovskij Raion	44395	13,24	12,21	1,4	20,7
Ulytauskij Raion	20572	15,02	10,06	2,9	10,0
Shetskij Raion	54610	12,4	8,77	1,6	19,3
Balkhash City Administration	74490	14,15	14,32	2,3	52,5
Zhezkazgan City Administration	163222	13,01	11,03		
Including City of Zhezkazgan	90545	12,15	10,43	1,0	85,2
Karagandy City Administration	437829	13,31	13,38		
Including City of Karagandy	437529	13,32	13,39	1,1	66,2
Karazhal City Administration	22523	18,34	10,74	1,7	47,0
Priozersk City Administration	11085	13,71	5,41	0,2	15,0
Saran City Administration	52393	7,6	13,84	0,8	15,2
Temirtau City Administration	182036	7,96	12,26	1,2	135,8
Shakhtinsk City Administration	66891	8,45	15,07	3,3	13,1
Kyzylorda Oblast	595737	21,7	7,59	4,7	39,9
Aralskij Raion	68446	23,65	6,84	7,0	22,1
Zhalagashskij Raion	39496	22,56	6,18	2,4	29,8
Zhanakorganskij Raion	67505	21,73	6,13	2,8	18,9
Kazalinskij Raion	68666	25,4	8,02	5,0	20,5
Karmakchinskij Raion	45330	23,14	8,47	2,9	17,9
Syrdarinskij Raion	39111	18,77	6,72	1,8	20,0
Shieliskij Raion	73759	22,33	6,87	1,4	13,0
Kyzylorda City Administration	193424	19,53	8,74		
Including City of Kyzylorda	157201	19,78	9,1	5,7	82,8
Kostanay Oblast	1022254	11,17	11,55	2,5	44,5
Altynsarynskij Raion	20453	11,59	11,29	0,4	21,7
Amangheldinskij Raion	23302	20,81	8,41	1,9	1,6
Auliekolskij Raion	55659	13,21	12,07	0,8	12,8
Denisovskij Raion	29485	12,24	10,14	0,4	24,2
Zhanghildinskij raion	20594	21,56	10,29	3,0	2,4
Zhetysayinskij Raion	56633	10,75	12,96	0,4	77,0
Kamystinskij Raion	23301	15,28	11,12	0,3	24,0

1	2	3	4	5	6
Karabalykskij Raion	44012	10,91	11,66	0,6	43,5
Karasuskij Raion	37581	12,77	11,92	0,5	16,4
Kostanayskij Raion	66931	10,11	10,68	0,7	20,9
Mendykarskij Raion	39856	11,34	11,27	1,4	17,2
Naurzumskij Raion	18104	13,26	10,66	0,5	9,5
Sarykolskij Raion	31184	12,47	11,26	0,7	19,1
Taranovskij Raion	39379	10,46	11,53	0,9	21,2
Uzunkolskij Raion	31417	11,81	10,38	1,1	19,0
Fiodorovskij Raion	38139	12,8	14,11	0,4	15,3
Arkalykskij Raion	61628	14,7	11,26	7,2	24,8
City of Kostanay	222661	8,61	10,96	2,2	79,9
Lisakovsk City Administration	39279	8,99	9,47	10,3	68,2
Rudny City Administration	122656	8,37	13,98		
Including City of Rudny	108922	8,43	14,55	3,7	92,5
Manghistau Oblast	316305	19,68	7,36	7,8	86,4
Beyneuskij Raion	26434	24,21	5,94	12,1	29,1
Karakianskij Raion	23505	23,02	7,32	6,5	28,5
Manghistauskij Raion	29049	21,52	6,68	15,1	14,4
Tupkaraganskij Raion	14185	14,8	9,31	24,3	31,4
Aktau City Administration	160642	16,48	7,86		
Including City of Aktau	144499	17,29	8,08	5,4	114,7
Zhanaozen City Administration	62490	25	6,56	3,4	106,7
Pavlodar Oblast	807420	10,84	10,76	6,1	61,0
Aktogayskij Raion	21122	14,2	10,51	9,9	35,6
Bayanaulskij Raion	32891	12,25	10,12	6,6	27,6
Zhelezinskij Raion	26356	11,31	12,56	2,6	9,1
Irtyskij Raion	33220	12,01	8,67	5,5	26,3
Kachirskij Raion	31791	11,42	11,76	7,3	19,8
Lebiazhinskij Raion	19659	12,36	10,02	11,0	14,3
Mayskij Raion	16913	9,64	11,17	12,6	17,6
Pavlodarskij Raion	32436	10,3	14,06	7,3	16,8
Uspenskij Raion	21492	12,14	9,4	5,7	15,9
Shcherbaktinskij Raion	29057	10,98	10,57	10,9	22,7
Aksu City Administration	73317	10,08	11,78	10,7	95,4
Pavlodar City Administration	317355	9,88	11,23		
Including City of Pavlodar	300107	9,86	11,36	2,6	76,8
Ekibastuz City Administration	151811	11,81	8,98		
Including City of Ekibastuz	127259	12,7	9,26	6,1	81,5
North Kazakhstan Oblast	726918	10,95	11,89	7,2	33,3
Ayrtauskij Raion	58387	13,8	11,9	6,7	24,3
Akzharskij Raion	27322	12,48	8,05	1,7	20,0
Akkayinskij Raion	31783	8,12	13,09	12,3	27,6
Bulaevskij Raion	49782	9,9	12,43	5,3	21,8
Esilskij Raion	38397	10,89	11,88	6,2	16,5
Zhambylskij Raion	37002	13,51	9,54	6,9	16,8
Kyzylzharskij Raion	50238	8,98	11,31	6,0	21,9
Mamliutskij Raion	29088	10,79	10,66	7,7	22,6
Sergheevskij Raion	32420	13,26	12,43	7,9	19,9
Tayinshinskij Raion	67184	14,05	10,75	4,1	24,8
Timiriazevskij Raion	20116	11,88	9	7,8	27,5
Ualikhanovskij Raion	26055	13,7	8,37	2,0	16,7
Tselinny Raion	54706	13,22	10,93	3,4	32,6
Petropavlovskij City Administration	204438	8,24	14,1		
Including City of Petropavlovsk	203458	8,27	14,16	9,0	54,3

1	2	3	4	5	6
South Kazakhstan Oblast	1973682	22,4	6,99	3,0	20,0
Arysskij Raion	25108	19,16	4,62	2,2	25,6
Baydibekskij Raion	50378	22,57	6,65	2,2	7,4
Kazygurtskij Raion	87456	26,24	5,84	2,1	9,0
Makta-aralskij Raion	236329	27,43	5,55	2,4	14,3
Ordabsynskij Raion	80631	13,9	4,2	3,3	7,6
Otrarskij Raion	53804	33,45	9,18	3,3	11,6
Sayramskij Raion	216841	26,54	5,92	1,1	13,5
Sary-agashskij Raion	212161	24,17	5,97	1,7	7,7
Suzakskij Raion	47134	23,17	6,28	5,3	36,4
Tolebiiskij Raion	105562	21,38	7,5	2,0	14,9
Tiulkubasskij Raion	86161	20,17	8,22	1,7	13,8
Shardarinskij Raion	64105	19,59	5,82	3,7	17,1
City of Arys	34041	26,17	8,67		
Kentau City Administration	82507	15,87	8,54	12,4	13,3
Turkestan City Administration	172532	24,16	6,17	2,2	12,1
Shymkent City Administration	418932	17,42	9,34		
Including City of Shymkent	339844	18,78	10,98	2,1	43,8

CITIES OF REPUBLICAN SUBORDINANCE

	Population as of beginning 1999, people	Birth rate, per 1000 people	Mortality rate, per 1000 people	Official unemployment, %	Ratio of wage per capita to subsistence minimum, %
City of Astana	318,129	11.05	9.34	2.1	104.3
City of Almaty	1,129,283	10.26	10.03	1.6	73.2

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