

National Human Development Report

DEMOCRATIC GOVERNANCE:
ALTERNATIVE APPROACHES
TO KYRGYZSTAN'S FUTURE
DEVELOPMENT

Kyrgyz Republic, 2001

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ABBREVIATIONS

AO	Aiyl Okmotu
ASHG	Association of Self-Help Groups
CBO	Community Based Organization
CDF	Comprehensive Development Framework
CIS	Commonwealth of Independent States
GDI	Gender Development Index
GDP	Gross Domestic Product
GEM	Gender Empowerment Index
HDI	Human Development Index
HPI	Human Poverty Index
KR	Kyrgyz Republic
LSG	Local Self-Governance
MCB	Minimum Consumer Budget
NGO	Non-Governmental Organization
NHDR	National Human Development Report
NPRS	National Poverty Reduction Strategy
NSC	National Statistics Committee
PAP	Program on Capacity Building for Poverty Alleviation
PPP	Purchasing Power Parity
SHG	Self-Help Groups
UNDP	United Nations Development Program

MAP OF KYRGYZ REPUBLIC



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Letter from the Resident Representative

It took some time for the world's brightest minds in the area of technical assistance to add the adjective 'human' to the notion of development. It was correctly realized that to think of development only in terms of economic growth and abundance by strict monetary policies would not make a difference to people. Important as they are, such indicators as GDP, inflation, interest and exchange rates, current accounts and trade balances by themselves do not reflect and, most importantly, do not improve the life of ordinary citizens.

Economic expansion and higher incomes are not the end goal of development, but rather are people's needs, aspirations and capabilities. Hence, human development envisages an approach in which a growth in human potential takes priority. It is quite natural that this approach is directed to the most vulnerable groups of population: the poor, women, children and the elderly. Human development seeks to enlarge people's choices by concentrating not only on the end goal of development, but also the means of attaining people's goals through participation, equity, productivity and sustainability. As UNDP Administrator Mark Malloch Brown rightfully noted, "successful development must be centred on the individual and a successful anti-poverty strategy must be rooted in a vision that gives the poor a stake, a voice and real protections."

Human development should be the backbone of any economic and social programmes for them to succeed. By the same token, human development should be built upon a foundation of democracy, human rights and good governance. A seemingly theoretical concept of human development is easily measurable. The quality of people's lives is measured by indicators that take into account not only economic, but also social and human factors, such as health and education. The result of this measurement, Human Development Index reflects average achievements in three aspects of human development - leading a long life, being knowledgeable, and enjoying a decent standard of living. Participation, gender, and equality have also turned to be measurable.

The indices and the analysis used in the national and global Human Development Reports have become powerful advocacy tools for the concept of human development to be part and parcel of economic and social policies. In their turn, the Reports have become a trademark publication of UNDP and helped to put people, rather than economics, at the center of development debates.

Mr. Ercan Murat,
UNDP Resident Representative
UN Resident coordinator

The Kyrgyz Republic's Democratic Choice

When the counties of the former USSR claimed, immediately on gaining independence, that they had chosen the democratic path of development, it was clear that they had by no means opted for the easiest option.

None of the newly independent states had any history experience of creating democracies. Newly established democratic institutions have been subject to a serious test of their political viability and economic productivity within the huge Eurasian environment.

Reduction of state-guaranteed subsidies and growing unemployment have quickly dispelled certain illusions of fast improvement in the lives of ordinary people, who have never had the chance to enjoy the opportunities created by an open market economy.

Democracy for the Kyrgyz Republic has been an issue of choosing a destiny, a long-term national strategy. In a country with scarce natural resources only democracy may secure the development of human potential that will determine the future.

Democracy in the Kyrgyz Republic has traveled a hard path of growth throughout the 10 years of independence. There is no doubt that the modern Kyrgyz democracy is still growing. It has not yet achieved world standards. But the fact is that we have lived and suffered through this democratic process. There were times of great resistance and moments of frustration or even political rejection within society. Today, however, this democracy has become a part of our political culture and occupies its own place among a number of different values in the life of our society.

Democracy is an ever-growing and developing phenomenon, with no obvious end. To translate this into concepts and images used by the Kyrgyz people is to say democracy is like nomadism: one has to keep moving forward, continuing on the journey, without being detracted by obstacles along the way.

Osmonakun Ibraimov,
State Secretary of the Kyrgyz Republic

GLOSSARY

Aiyl (village) - the smallest administrative and territorial unit of the Kyrgyz Republic.

Rayon (district) - the next basic administrative and territorial unit of the Kyrgyz Republic after the aiyl.

Oblast (province) - the largest administrative and territorial unit in the Kyrgyz Republic relating to regional territorial division.

Local' Keneshes (councils) are representative bodies within local communities and are elected by the population residing in the respective area, by open and secret vote, for five- year terms. At recent elections held on October 17, 1999, some 8,182 deputies were elected to 526 local councils.

Aiyl Okmotu (village authority) - an executive and administrative body under the aiyl (village) or community kenesh whose responsibilities include management of local social activities and social services for a specific community.

Akim - a head of an executive body or local state administration at a corresponding level of territorial authority.

Governor - the head official of an oblast administration providing state control over the activities of local territorial administrations and local governments.

Jogorku Kenesh (national parliament) - the highest legislative organ of power in the Kyrgyz Republic composed of two Assemblies: the Legislative Assembly (60 deputies), and People's Representatives Assembly (45 deputies). Some 15 seats in the Legislative Assembly are held by representatives of political parties that have received 5% or more of all votes cast during the last elections held in 2000.

Comprehensive Development Framework (CDF) is a state development program whose main objective is poverty alleviation. The Program is based on the design and implementation of policy measures in the economic, social and ecological sectors, and on structural adjustments and more effective governance. The first CDF has been prepared for the Kyrgyz Republic for the period through to 2010.

Democratic governance represents a form of governance in which social order is established not by means of formal ruling agents, but rather through the interaction of a variety of different subjects - representatives

of the state, the private sector and civil society. Agents of democratic governance participate in cooperative decision-making and implementation. This process of interaction is public in nature.

Decentralization of power represents a transition from a single, and typically vertical, structure of administration to a scheme of governance that is multi-polar, responding to the requirements of different communities as well as to the interests of the center.

Gender-related Development Index (GDI) - The GDI measures the same achievements in the same way and using the same variables as the HDI does, but takes into account inequality in achievement between women and men. The greater the gender disparity in basic human development, the lower is a country's GDI compared with its HDI. The GDI is simply the HDI adjusted to take into account gender inequality.

Gender Empowerment Measure (GEM) - The GEM reflects the extent to which women are able actively to participate in economic and political life. It measures gender inequality in key areas of economic and political participation and decision-making. The GEM, focusing on women's opportunities in the economic and political arenas, thus differs from the GDI which is a more general indicator of gender inequality.

Human Development - the process of expanding human potential, which includes three essential elements: health and longevity, knowledge, and access to the resources necessary to sustain an acceptable level of life. At the same time, human development includes other components essential for a person's well-being: participation in the governance process, security, stability and human rights guarantees: all that is needed for a creative and fulfilled life, and for maintaining human dignity.

Human Development Index (HDI) (or Human Potential Development Index -HPDI) - the HDI measures the average achievements in a country, taking into account three basic tenets of human development: a long and healthy life; knowledge; a decent standard of living. A composite index, the HDI thus contains three variables: life expectancy at birth, educational

attainment (adult literacy and the combined gross primary, secondary and tertiary enrolment ratio) and GDP per capita (PPP US\$). Income level is included in the HDI to reflect the standard of living and as a measure of potential in all other areas that are not taken into account by the other two parameters.

Human Poverty Index (HPI) - The HPI measures wide-scale deprivations that impact negatively upon human development. Thus, while the HDI measures the overall progress in a country in achieving human development, the HPI reflects the distribution and extent of existing deprivations. The HPI is assessed separately for developing countries (HPI-1) and for industrialized countries (HPI-2). This separate index has been devised for industrialized countries because the nature of human deprivation varies with the social and economic conditions of a community.

HPI-1 Using the HPI-1 it is possible to measure the scale of deprivation in the various basic dimensions of human development. In its calculation the following variables are used:

- The percentage of the population not surviving to 40 years of age
- The rate of adult illiteracy
- The proportion of the population without access to medical care and safe drinking-water, and the percentage of children who are underweight.

HPI-2 This index basically measures the scale of deprivation according to the same three criteria as HPI-1, but with the additional element of social isolation. In its calculation the following variables are used:

- The percentage of the population not surviving to 60 years of age
- The percentage of the population without functional reading and writing skills
- The percentage of the population living on a very low income (that is whose income after tax comes to less than 50 percent of that of the average household)
- The proportion of the population which has been unemployed for a long time (12 months or more).

Local Self-Governance (LSG) LSG is a democratic form of exercising power and represents one of the basic elements of the Kyrgyz Republic's constitutional structure, operating alongside state power. LSG is

achieved through local community representatives and their executive system, as well as by means of local referenda, community gatherings, conferences for local residents and other means.

Local community is the population living permanently on the territory of a given ayyl (village), community or city council. It is united by common interests and resolves issues of local importance through its representatives and other agents. Rayons and oblasts (regions) are the territorial associations of local communities

Multi-polar (poly-centric) scheme of governance. This refers to a scheme within whose framework the functions of governance are concentrated not in a single center, but are rather divided between several subjects representing various groups and interests, and pursuing a variety of goals. The scheme implies the organization of communication between different agents of governance that will permit any one of the participants to contribute to the decision-making process.

Public Policy refers to policy creation involving a wide circle of participants. The process of policy creation is open and accessible to discussion at every level of the decision-making process. It is made possible by the existence of a well-differentiated and integrated communications space in which communicative strategies orientated towards attaining consensus are employed.

Socio-cultural Institution - a structure within the framework of which a particular sphere of social life is enacted with the effect of stabilizing social dynamics. Socio-cultural institutions cover such areas as education, law, science, and healthcare, as well as including certain corporate and social unions that represent the foundations of civil society.

Subjects/Agents of democratic governance These are communities established by a variety of organizations and associations which aspire to participate in the functions of governance at a variety of levels. Subjects or agents of democratic governance are characterized by their clear understanding of the goals and tasks before them, their willingness to take upon themselves responsibility for implementing the latter, and the capacity to meet these obligations using their own resources.



INTRODUCTION

The beginning of the third millennium has demonstrated more clearly than ever before that the ideas and concepts that we employ determine the reality within which we live. For this reason the Introduction to the 2001 National Human Development Report is dedicated to an analysis of the basic concepts used in the Report by the authors. Such an analysis should be about more than simply specifying the terminology employed (definitions can be found in the glossary). Rather it concentrates on discussing in detail the content and meaning of the particular concepts used. This is essential if all those who are interested in the Kyrgyz Republic's development are to speak the same language and readily understand one another.

The theme of this Report is *democratic governance*. While there is no single definition of this concept, it is clear that it entails dialogue and active multilateral communication between participants. It is possible that a dialogue about the basic concepts used in determining approaches to governance and development is one of the most important discussions for the country today. Not only is the work of researchers and analysts dependent upon it, but it demonstrates the very practice of political and social collaboration. The authors consider this Report to be simply one voice within the undertaking of such a dialogue, which in its turn is part of broad and informed discussions on the future of the Kyrgyz Republic.

The idea of human development in the contemporary world

The second half of the twentieth century was marked by significant changes to both the economic and political maps of the world. If the economic map saw an eradication of borders between countries, such that they became ever less relevant, then the political

processes have led to the appearance of a large number of new states on the world map.

Among the states to have appeared most recently of all, at the very end of the century, are those that gained independence as a result of the collapse of the USSR. Their appearance marks the end of an historical era that was dominated by the lengthy enmity of two radically opposed socio-political systems. The positive experience acquired during the existence of both of these systems is in many respects consistent with the concept of human development. This idea brings together values which are accepted by the majority of the world community and which reflect global tendencies in the development of humankind.

From the perspective of human development people should not to be regarded merely as tools to be used in achieving "progress". On the contrary, it is precisely by asking what benefits have been brought to every human being that it is possible to assess the progressiveness of social, economic or technological changes occurring in a given country.¹ Has human life become longer and more interesting as a result of the changes? Has the degree of freedom increased? To what extent have the possibilities for human self-realization increased?

In the concept of human development the idea of freedom, which has been the driving force behind the development of western democracies, is united with the idea of social equality, which had motivated the formation of socialist states. The existence and development of a common system of values reflects the same global trends that have brought about a gradual elimination of state borders, politically and economically, since the emergence of the post Cold War order. On

¹ Sen, Amartya. Development as Capability Expansion. In: *Journal of Development Planning* No 19. - 1989; *Human Development Report* 1990. New York: Oxford University Press. - 1990.

the basis of that new order there exists a new concept of democratic governance and of the role of the state in a democratic society. If the concept of human development determines the developmental goals, then democratic governance represents one of the major ways in which these goals can be realized.

What is democratic governance?

This new concept of democratic governance emerges from a re-examination, throughout all areas of life, of the respective roles of the state and society in policy development and implementation. Nowadays *the degree of participation by each person in these processes has increased*. Alongside groups of professional politicians and lobbyists, we increasingly see policy formation and implementation being influenced by organizations and groups of ordinary citizens who are interested in changing their status. Today a huge variety of people come together to try and achieve long-term goals and short-term projects, from professional groups and associations of businessmen to the residents of neighboring streets or the parents of school children. This desire to influence one's own future implies both a readiness to take on responsibility and to take on the governance functions that are necessary to ensure its viability.

Democratic governance and the decentralization of power

Today democracy implies a broad circle of participants who are able to have a decisive impact upon the course of their daily life and to take on responsibility for their future. At the same time it implies that the state cede part of its executive authority. This tendency is being reinforced by the further decentralization of power.

The primary functions and manifestations of power in the area of governance include the following: the setting of objectives and tasks, the capacity to demand their enforcement, control over their implementation. These functions may be performed by a single entity (such as the state, as was the case in the USSR), or they can belong to a variety of structures which are able to take on responsibility for them. In the former case governance is monocentric, in the latter it is polycentric. For the Kyrgyz Republic, as for other transition economies, *decentralization of power represents a transition from a single and typically vertical structure of*

THE LIMITS TO GOVERNANCE

The term 'governance', when used to suggest that a satisfactory social order can exist without - or apart from - formal provision for government, can remind us that economic and social development may occur in a variety of possible political contexts (and perhaps in a context without politics in any normal sense).

However, the same usage can also be very misleading, perhaps disastrously so. For millennia philosophers and practitioners have debated, without conclusive result, questions such as what is the nature of political authority, why it should be obeyed at all, what is the difference between political and other kinds of social order, and how political authority should be organized (if at all)? Contemporary discussions about governance invariably under-estimate the importance - and the intractability - of such questions.

One major handicap of talk about 'governance' is that it overlooks the issue of sovereignty. It may be significant in this respect that the modern concept of governance seems to have originated mainly in international relations and in business administration. Both these spheres of collective human activity require the systematic exercise of power, and to a deliberate common purpose (peace, development, and justice in one case; manufacture and sale of consumable products for profit in the other), but in both cases without sovereignty. Indeed, the absence of sovereignty is almost a defining condition of both international relations (in contrast to government by states) and business administration (in contrast to public administration).

What a good thing then that 'governance' can highlight the presence of vital power relationships and the need to order and control those relationships even in spheres where there is no supreme political authority. (The UN system is of course founded precisely on recognition of both those qualities pertaining to international relations - the presence of power and the need to regulate it.) But most would agree that the absence of such authority makes a crucial difference to the process of governance in an international organization or in a business corporation, compared to governance exercised by a sovereign nation-state. Indeed, some (such as advocates of federalism or of world government) would consider the absence of sovereignty to be a grave, even fatal, deficiency of international relations (including the UN system), while others would deplore the capacity of those who exercise power in business corporations to evade political control by states. (The growth of multinational corporations and 'globalization' have, of course, given both these kinds of complaint much the same cause.)

Since it may be peculiarly western (or at least 'Eurocentric') to believe that sovereignty is essential to any viable economic and social order, we should go on using the concept of governance to provide space for coherent discussion of alternative views of communal life and also to recognize that enormous changes in globalization and information technology have weakened the power of the nation-state. On the other hand, we must guard against anachronism, that is: to assume wrongly that what we understand by governance is the same in every respect as what was understood by the same term in very different circumstances centuries or millennia ago (which was much closer to what we now understand as government). In other words, before we dispense with government or the sovereign nation-state, and before we celebrate the end of history as a conflict of contending sovereignties, we should examine carefully what alternatives, if any, are available to replace state sovereignty as a reliable guarantee of the political rights, liberties, and opportunities to which we all now attach so much value.

This is one major reason why the strengths and weaknesses of state institutions - political and administrative governance - are still important in the Kyrgyz Republic, as elsewhere. Indeed, local and social governance must both ultimately depend on political and administrative governance by the central state. Consequently, a future edition of the NHDR should focus on the more conventional issues of the efficiency and capacity of the public administration and representative institutions of the state.

*David Coombes,
UNDP, Chief Technical Advisor*

administration to a scheme of governance which is multi-polar and which responds to the needs and demands of the whole territory (at the regional and municipal levels), and to the requirements of different communities.

Decentralization of power and democratic governance are closely inter-related. The experience of developing democratic governance demonstrates that the decentralization of rule does not lead to chaos. On the contrary, the order that is created through the existence of a multi-polar scheme of governance has proven to be more effective and more productive. The needs and demands of people and their desire to organize their life in a particular way are much better served when many functions of power are decentralized. Contrary to expectation, centralized governance leads to huge expenses in carrying out administrative functions and creates a situation in which decision-taking is significantly slower, often failing to correspond to the needs of the specific situation.

Two dimensions of decentralization can be distinguished: territorial and functional. The two are inter-related, but whilst the first is linked primarily to the development of local self-government, the second is associated with changes in governance functions in a variety of areas of human activity (manufacture, health care, education etc.). The first such area during the Kyrgyz Republic's years of reform has been the economy, where the results of a movement away from a centralized system of governance are quite noticeable today. Serious changes are also underway in the administration of territorial development, due in part to the activity of the population itself in forming reputable and effective local communities.

Changes in the role and means of communication in society

Democratic governance can be counted as one of the most important means for achieving human development goals - that is to say in creating new opportunities for living a longer, healthier and more interesting life, free from material hardships and deprivations. At the same time some of the technological achievements represent excellent vehicles for increasing the effectiveness of democratic governance itself and for taking it to new and higher standards.

Thanks to the development of information technology new ways are emerging for public presentations and also as a way of expressing one's opinion (for instance, by participating in

electronic conferences or live broadcasts). This has led to a *change in the way many traditional democratic procedures are achieved*. The broadening participation of the population in governance leads to a situation where, alongside the representative organs of power, many people are attempting to become directly involved in the discussion and resolution of one or other problem.

Moreover, *the transparency of public administration has also substantially increased*. The introduction of paperless documentation, electronic payments and other developments permit the dissemination of a great deal of information associated with the taking of one or other decision (this is also true of information associated with compliance to financial regulations). The location and presentation of data upon request has likewise become decidedly easier, whilst the hiding of information from interested parties is considerably harder under the new conditions. Everyone now has the opportunity of obtaining and using such data without excessive expense.

It would be a considerable misconception to assume that such changes affecting democratic governance affect only those countries with developed democracies. The experience of the last few years has shown that many states without centuries-old democratic traditions have had to embrace the influence of such processes due to the rapid growth in information technology.

The appearance of computer networks has rapidly and irreversibly changed contemporary activity. Although the huge influence which computers have on human life is by no means uniformly beneficial, it is impossible to deny the positive changes that have occurred in our life thanks to the development of information technology. Undoubtedly, access to information has today reached unprecedented levels; but perhaps the greatest advantage for those with access to the worldwide web is the new opportunity for association with other people. Through communication on the web it is possible not only to increase one's circle of friends, but also to discuss issues of concern with like-minded people, to engage in membership of a variety of communities and to participate in action on any scale from local to global.

Conversely, countries and peoples which are cut off from the opportunity to connect to the global network are going to become ever further isolated from the rest of the world. In such countries the development of human

potential is likely to encounter serious difficulties. When compared to developed countries, the problems they encounter are about much more than access to modern education or health care. Low levels of access to information also significantly limit the ability of people to participate in the governance processes and to influence changes in their lives. However, new trends in the development of democratic governance and ever-greater decentralization of power can have a profound impact on the processes of human development in such countries.

Democratic governance today is inseparably linked to the development of information technology. Together these are the key factors encouraging the potential of modern civilization and they represent vital means for increasing human development.

Decentralization of power and a new type of community organization

The emerging new world order associated with the development of information technologies and new forms of governance is leading to the emergence of a society in which exchanges, in the broadest sense, can take place in an unfettered and effective way. Such a society has a very well organized *network structure*. It presupposes the existence of a number of hubs where members of society can participate in such exchanges. All kinds of entities flow freely through these hubs - information, financial capital, commodities and products. In this way all of the components of the human habitat (including all associations and even individual human beings) become inter-connected.

Hierarchical structures are, by definition, limited in any true network; however, this cannot be entirely the case for the system of government in society. If society is governed then there must exist some vertical relations. However, a network functions adequately only when the relations between hubs are reciprocal in nature. This is the fundamental contrast with a hierarchical structure where rules flow only in an uni-directional, top-to-bottom manner. In a hierarchical political structure, the only bodies able to exert feedback on executive decisions are the executive bodies themselves. In a network structure, by contrast, movement occurs not only from top to bottom, but also from bottom to top. Moreover, this process is much more than simply an element of feedback control: it represents the real influence of society on the process of governance. It is most clearly illustrated in the process of democratic governance.

At the same time, the latter is impossible without horizontal interaction between citizens and the social structures at all levels. *For it is precisely the horizontal links - between individual people as much as whole groups - which lead to the formation of communities which can become the agents of democratic governance. In the absence of such agents it is pointless to talk about the development of democracy, and it is precisely their inadequacies which today represent the major obstacle on the path of democratic transformation.*

The kind of society which is able to become an agent of democratic governance can take on any form - a corporation of professionals, a youth movement, a local community or even a collection of people who share the values specific to a particular subculture. However, it is only within such a society, and through their particular activities, that cultural norms, rules and ways of thinking and behaving are selected to be characteristic of the social institutions making up that democratic society. Precisely for this reason, institutional changes represent one of the crucial elements in the development of democratic governance.

Institutional Changes

In this Report, the development of democratic governance is examined within the context of institutional changes that have occurred in the country. In the framework of a socio-cultural approach an institution is

COMPONENTS OF SOCIO-CULTURAL INSTITUTIONS

Socio-cultural institutions are complex, multi-dimensional phenomena. In order to analyse them it is possible to distinguish several of their constituent components.

1. The existence of an ideological space associated with the functioning of the institution. The central idea determining the existence of an institution is, as a rule, closely related to the set of values that influence society-wide processes and the personal behavior of each individual. Thus, the idea of Law can be reproduced only when certain values prevail in society: the rule of law, the equality of all before the law, the presumption of innocence, etc.

2. The presence of a formal framework through which the institution functions. This includes the organizations and institutions, as well as the legislative and normative acts associated with the process.

3. The presence of an individual (informal) space. The informal component of any institution is closely tied to the extent to which values existing in an ideological space establish the norms and rules regulating the behavior of people in their everyday life. This is the element of an institution's structure that is both most difficult to define and the slowest to change. However, it is precisely this that determines the effectiveness of the institution's work and the action of the laws comprising its formal framework.

4. The material infrastructure of the institution. No institution can function in the absence of a real space for its operations. The institution of justice demands the existence of buildings for courts and prisons, the institution of education relies upon the physical space of schools and universities, etc.

explored as a structure responsible for the carrying out of certain social functions, cultural values and norms.² The presence of sustainable socio-cultural institutions in society stabilizes social dynamics and prevents sharp or sudden changes in the state or social order. In the opinion of a number of authors, institutions "set the rules of the game which define the life of society" and there are two obvious sides to their structure - the formal and the informal.³ As Askar Akaev pointed out in his book, it is precisely the changes in informal norms that are particularly important for institutional change in the Kyrgyz Republic.⁴

Whilst it is possible to reform laws in a relatively short period of time, informal norms change only gradually. However, it is precisely these norms which create a legitimate basis for the law to be applied, whereas revolutionary changes of law often lead to different results from those which were anticipated. It follows from this that changes in the institutional system are essential for the successful implementation of reforms. Institutional reforms must become one of the main priorities in the period of economic transition, although institutions require permanent and ongoing improvement. The modification of norms of behavior to support and legitimize new laws is a lengthy process; but without the stimulus of such a process, the state order cannot be stable.

Askar Akaev,
President of Kyrgyz Republic

Democracy may be conceived as a public space in which private or public interests can be defended without a threat to one's personal safety. The chief difficulty is the fact that any social institution consists not only of formal elements, such as particular organizations or legislative acts, but also of informal components. A willingness on the part of ordinary members of society to obey the law is far more important for the maintenance of order than a cumbersome machinery of law-enforcement and controlling organs. This informal commitment is also the basis for the existence of the institution of law, and keeps alive the rule of law in existing official organizations, such as courts of law.

Democracy is best conceived of not so much as a mechanism for governing the state, but rather as a commonly accepted political habit within society. In the Kyrgyz Republic, formal prerequisites of democracy were created within a very short period of time after independence was declared. It has required rather longer, however, to realize that what real democracy requires is people who are willing to take up a different mode of life and who can begin to fill up the empty formal positions with genuine activities for the exercising of governance. The development of subjects who adhere to the

informal rules and norms of *democratic governance* should be regarded as one of the essential conditions for institutional capacity building.

Active interaction between organized communities within the public sphere is one of the key criteria for establishing democratic institutions. For this reason, the formation of new agents in the area of governance, and their capacity for dialogue are given particular attention in this Report.

The Kyrgyz Republic: Looking Back after 10 Years of Independence

This Report is published during the Republic's tenth anniversary year. It is deeply symbolic that the first decade of the Kyrgyz Republic's independence coincides with the very period during which the concept of human development has been disseminated and reinforced. The Kyrgyz Republic was one of the first states to have adopted a long-term program document based upon the concept of the Strategy for Sustainable Human Development. This Strategy remains the framework document for determining the basic direction of the Republic's development.

The passing of a decade permits both an assessment of results to date, and an examination of the prospect of future development. Certainly the country has encountered great difficulties during its first years in existence. There has been a high level of poverty, growing unemployment and a sharp decline in industrial output. However, some serious changes have occurred during the last decade in the political and economic spheres, and, most importantly, the Republic has gained in experience from its own movement along the path of democratization, freedom and independence. It is precisely this experience which is the inspiration for the theme of this report: democratic governance.

The fact that the National Human Development Report is devoted to democratic governance reflects the reality of the new developmental phase that the country is entering. Various references to the so-called "transition period" are no longer convincing. As a rule, they represent an excuse for disobedience of the law, and more often, disguise the mistakes and incompetence of the ruling authorities. Nevertheless, for the years of its independence, the Kyrgyz Republic has significantly advanced on the path of reform.

²Maracha V., Matukhin A. Constitutional Power in CIS Countries: Institutional Division of Powers and the Social Ideal of Sustainable Development *Questions of Methodology*. - 1997. - № 3-4.

³Douglas North. Institutions, *Institutional Change and Economic Performance* Cambridge University Press, 1996.

⁴Akaev A. *Transition Economy Through the Eyes of a Physicist (A Mathematical Model for the Transition Economy)* Bishkek, 2001.

The economy of the country has, until now, been significantly reorganized. The scale and scope of the changes permit this Report to analyze the establishment of the right to private property as the basis for current economic transformations.

The changes happened not only in the economic, but also in the political spheres of the country. A broad discussion of the Comprehensive Development Framework document has been conducted. The Comprehensive Development Framework, developed with reference to the Sustainable Human Development Strategy, has been discussed at round tables and conferences attended by representatives of the private sector and civil society.

Democratic governance has thus ceased to be an abstract value, pronounced with great fanfare, and has become a norm of everyday activity. Society and state are today ready for a new type of cooperation without concession to "transitional conditions" and in full compliance with basic democratic principles.

Facing the future

One of the main themes of the National Report of 2000 was the development of the Kyrgyz Republic under conditions of globalization. This Report is closely related to that that one since it is impossible to analyze democratic governance in isolation from global trends. The young Kyrgyz Republic that made a choice in favor of democracy immediately after its foundation, cannot now remain apart from global democratic processes. At the same time, it is obvious today that the Republic needs its own model of development towards democracy: one that would allow the general and unshakable principles of democracy to acquire a shape that corresponds to the historical and cultural conditions of the country.

Developing such a model depends on overcoming several major objective obstacles:

1. *The increasing inequalities in development processes which exist between various regions of the world.* The pace of change in the spheres of economic and financial regulation, including that of state governance, is so great that the gap separating developed and developing countries in these areas may become unbridgeable. It is essential that special efforts be made on the part of both state and society to prevent the widening of this gap. A small lag in this area today can easily mean that tomorrow the country remains outside of

global political and economic processes.

2. *The limited supply of various kind of resources.* The Kyrgyz Republic does not possess large and easily-accessible reserves of natural resources, and those which it does own demand careful and rational use. In such conditions, skilled and competent governance is itself becoming a resource of a new kind.

3. *The absence of democratic institutions that have a lengthy historical development.* The Kyrgyz Republic today does not have sufficient reserves of time to be able to repeat, from start to finish, the path of development taken by western democracies.

WHAT IS DEMOCRACY?

What is democracy? As Charles Dickens said, "It is easier to understand than to explain". It is hard to define a norm even though violations of that norm may leap into view. It is hard to say what health is, whereas there are numerous descriptions of illnesses. The same is true for democracy - it is a norm of social existence: the healthy interaction of people, in all their diversity, living side by side. Diverse because society, by definition, is composed of difference: old and young, rich and poor, military and civilian, male and female - the list can be expanded endlessly (and note that this does not even mention any ethnic, educational and other differences). Totalitarianism, by contrast, is obsessed with the desire for similarity: only workers, only Germans, only whites (or only blacks), only Muslims (or only Catholics)... Democracy recognizes not the similarity, but the equality: only everyone those in a majority and those in a minority. Each person has their own interests and their own rights. These are guaranteed by democracy. The truth is not immediately understood by everyone: one person finds it first, then someone else sees it, then many, then all. This is a natural process and it must take its course. Democracy provides a means for achieving this. That is why democracy is always forward-looking, as history has confirmed. In order to find out who is right you must create the conditions to enable decisions to be taken freely. Politically this means the freedom to participate in governing society. But what is governance? It entails subordination - there is no way that this can be avoided. And it is this that creates such potential for deviation from the norm which is democracy.

Today many of the practical political forms of democracy have become outdated. Changes are underway, but no-one knows how they will turn out. It is the forms, however, which are out of date and not the concept of democracy itself.

Why it is that democracy is worth valuing was well described by "New Yorker" magazine in 1942: "Democracy is when everyone stands in one line. It is the "do not" of the phrase, "do not oppress". It is the hole into which arrogance and impunity can be abandoned. Democracy is the inalienable belief that most people are right in most cases. It is a feeling that you are all by yourself in the voting booth but one amongst many in the reading room. Democracy is a letter to the editor. Democracy is a turning point in a game. It is an idea that still holds true, an unfinished song with new lyrics, the mustard for sausages, the creamer for coffee, the feeling of life's fullness everywhere". These words were said half a century ago but they are not in any way dated: this is because here it is stated clearly that democracy only becomes fully valuable and necessary when it brings people freedom. It also follows from this that before democracy, people need food: democracy only gives it taste. We have freedom, and we rightly associate that with democracy. But the current economic situation must improve for people to appreciate all the benefits which democracy can bring.

*Aron Brudny,
Professor and contributor to the NHDR 1995 - 2001.*

At the same time, however, without the consolidation and development of a host of institutions (such as the right to private property, an independent judiciary, etc.) it is impossible to establish a democratic social order. *The creation of the necessary institutions, which in itself is a complex and lengthy process, can be accelerated if special efforts are devoted to it. Today this process depends not only and so much upon the state but also upon the commitment and responsibility of the country's citizens.*

Democracy and the market are insolubly linked to the presence of a particular corporate spirit, which serves to unite people in solving their problems in businesses, local communities, and on the national scale. There is nothing supernatural about this spirit which is born as the result of collective effort and which is based upon mutual trust and responsibility. Both economics and business are the kinds of activities that exceed the capacity of a single individual. Their existence depends upon social forms and technologies

that are based upon the principles of partnership. It is precisely for this reason that the development of governance demands the existence of communities that are able to foster amongst their members the self-discipline necessary for co-operation.

In the opinion of this Report's authors, the emergence of new agents of democratic governance, together with the dissemination of social technologies aimed at their creation and development, are the central processes that will define the future of the Republic. That is why these processes have been taken as the main objects of analysis in this Report. The approach proposed in the Report can be used to generalize upon the experience gained during the years of independence by various people and organizations. The authors hope that as a result of their work there will be real changes in the sphere of governance that will allow the Kyrgyz Republic to become a modern and dynamically developing state.



Chapter I HUMAN DEVELOPMENT IN KYRGYZSTAN: BASIC INDICATORS AND TRENDS



One of the main advantages of the human development concept is that it provides a series of objective and statistically reliable criteria for assessing the level of human development in a given country. Data received by national experts in different countries are comparable, allowing analyses to be made on a global scale. Each of the Global or National Human Development Reports contains information both about the basic indices through which the processes of human development are monitored, and about the methods by which they are calculated.

The analysis of such statistical data is not simply a formal procedure for the Kyrgyz Republic. Since the adoption of the Strategy for Sustainable Human Development in 1997, human development indicators have provided the key points of orientation for the

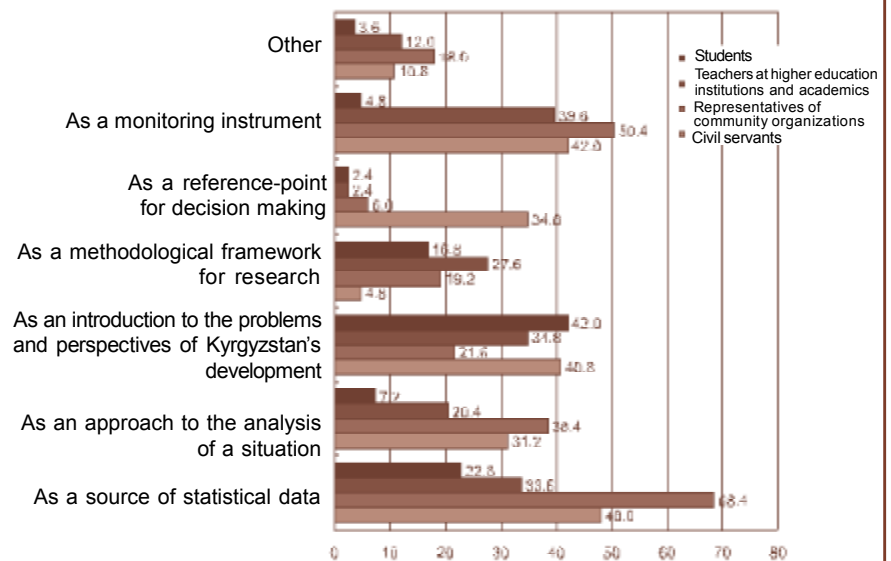
analysis of the situation in the Republic. A significant role in this process has been played by the national human development reports, published every year since 1995. (see Box 1.1) Each year the report is dedicated to a theme of particular relevance with respect to the processes of development in the country. It develops a comprehensive description of these processes by analyzing the dynamic of standard indices (the Human Development Index, the Gender Development Index, the Gender Empowerment Index and the Human Poverty Index.).

During these years the National Reports have earned considerable authority not only as sources of reliable reference data, but also as providers of analytical material and new perspectives upon existing problems (see Figure 1.1). They are regularly used in their work by civil servants, teachers and students, as well as by employees

Box 1.1 THE KYRGYZ REPUBLIC: NATIONAL HUMAN DEVELOPMENT REPORTS

- 1996** - Reviewing problems of the balance between development of the economy and preservation of the natural environment
- 1997** - Dominance of the problem of social integration
- 1998** - Analyzing state influence on sustainable human development
- 1999** - Determining the major trends of the human development process in 1995-1999, as well as its regional aspects.

Figure 1.1
Use of the National Human Development Report
in different activities (% from the total number of interviewed)⁵



⁵Based on focus-group materials conducted during the development of the NHDR 2001

Table 1.1
Dynamics of the HDI and its Component Indicators in the Kyrgyz Republic, 1992-2000

Indicator	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy index	0.722	0.705	0.683	0.683	0.693	0.698	0.702	0.700	0.725
Education level index	0.870	0.867	0.855	0.859	0.862	0.869	0.879	0.888	0.895
Income index (GDP per capita)	0.552	0.525	0.491	0.487	0.508	0.521	0.523	0.529	0.539
HUMAN DEVELOPMENT INDEX	0.715	0.699	0.676	0.676	0.688	0.696	0.701	0.706	0.719

Source: National Statistics Committee of KR

The Human Development Index for the Kyrgyz Republic in 2000 stood at 0.719. In this year, for the first time, the overall HDI value reached the same level as that of the first years of the country's independence (see Table 1.1). During the years of transition, the period of maximum decline was witnessed in 1994-5, when a 5.5% drop on the 1992 level brought the value of the HDI to 0.676. Beginning in 1996, it is possible to identify sustained growth in the Republic's HDI (see Figure 1.2). This has been brought about, in the most part, by an increase in the HDI components of the *income index* and the *life expectancy index*, whereas the *educational level index* has remained stable throughout these years.

Table 1.2

Distribution of answers:

How would you rate your opportunity for achieving success in life compared with those that your parents had when they were your age?

(% of the total number of interviewed)

better	57.7%
the same	16.0%
worse	20.2%
I do not know	6.1%

of non-governmental and international organizations. This practice enables new conceptions of the goals and tasks of the country's development to be formed. Within the framework of such new concepts the development of human capacity represents both a major goal of the current transformations in the country and an important key to their success.

Dynamics of the Human Development Indicators

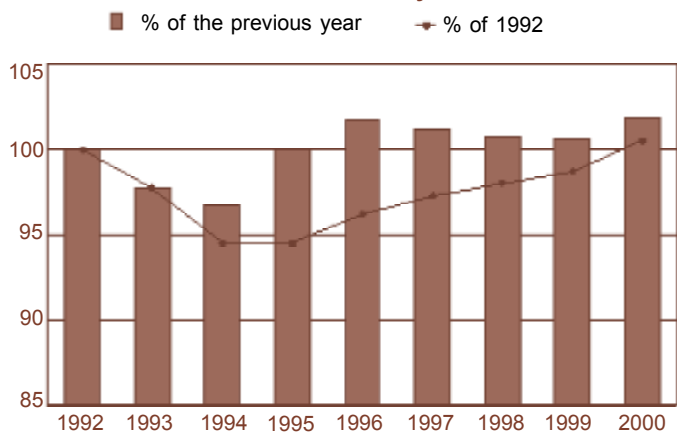
Human development index

The Human Development Index (HDI) is the key composite criterion reflecting the potential for self-realization by the citizens of the Republic. This index aggregates information on life expectancy, level of education and welfare of the population.

It is possible to assert that the changes in the income index witnessed since 1996 have been brought about mainly by institutional changes in the economic sphere (see Chapter 2). This period saw the beginnings of the development of a private sector in the Republic. Economic growth, which has been evident in the Republic over the last five years, has also affected the level of the HDI. Growth of this indicator is reflected not just in abstract statistical data, but in a real expansion of the opportunities available to the population of the Kyrgyz Republic. Evidence for this is also suggested by the results of a sociological survey, conducted in 2000 within the Republic⁶ (see Table 1.2).

As part of the same survey, inhabitants of the Kyrgyz Republic were asked to assess changes in the economic situation of the country in 1999-2000. The opinion of respondents was divided almost exactly between the 44.9% who consider the

Figure 1.2.
Dynamics of HDI Growth

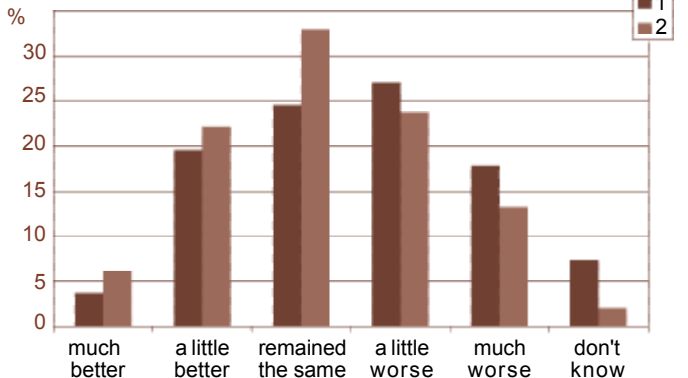


Source: National Statistics Committee of KR

Figure 1.3.

Distribution of answers:

(1) In your opinion how has the economic situation of the Republic changed in the last twelve months (1999-2000)?
(2) With respect to your family, would you say that their material situation in the last twelve months has become...?



⁶Kyrgyz Republic 2000 and Beyond: the Voter's View. Center for public opinion studies and forecasting, Bishkek, 2000

economic situation in the country to have worsened, and the 47.8% who consider it to have improved, or at least to have remained as it was before.

At the same time, when asked about changes in the material situation of their family, only 36.9% of the population considered the change to be negative, whereas 61.1% considered the welfare of their family to have remained at the previous level, or even to have improved (see Figure 1.3). Such survey results suggest that citizens of the Republic feel concern at the state of the economy in the country, and because of that they perceive the objective situation to be somewhat worse than is reflected in their daily life.

Nonetheless, it is the income index that remains the most problematic component of the HDI for the Kyrgyz Republic, and thus requires special attention. This is because the average income within the population does not yet reach minimum consumption needs: in 2000 the average income attained just 58.8% of the cost of the minimum consumer budget. (see Table 1.3)

Another indicator which has influenced the improvement in the HDI for the last few years is the life expectancy index. Since 1994, average life expectancy at birth increased

Table 1.3
Dynamic of different socio-economic indices

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Real GDP per capita (PPP, US \$)	2730	2330	1890	1850	2101	2264	2299	2377	2521
Minimum consumer budget per capita, som	8.3	95.2	348.4	334.3	534.0	690.6	799.3	1097.1	1205.3
Average income, soms per capita.	5.3	47.7	141.3	189.6	243.7	332.2	411.2	575.2	708.9

Source: National Statistics Committee of the KR

from 66.6 to 68.5 years. This improvement is caused mostly by a decrease in infant mortality (19% from 1995 to 1999) and by a decrease in crude death rate for the country's population (16% for the same period). It is worth noting that, in spite of this, basic health indicators in the republic remain relatively low compared with other Central Asian states. (see Table 1.4)

Table 1.4
Basic health indices in Central Asian countries for 2000

Indices	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
Crude Birth rate per 1000 population	14.7	19.7	27.0	18.8	21.3
Crude Death rate per 1000 population	10.1	6.9	4.7	5.4	5.5
Infant mortality, per 1000 live births	19.6	22.6	17.8	21.4	18.9
Maternal mortality per 100 000 live births	60.9	46.5	44.6	52.0	34.5
Incidence of tuberculosis, per 100 000 population	153.2	121.8	44.9	82.3	65.5
Incidence of syphilis per 100 000 population	161.4	87.5	12.9	33.8	30.4
Incidence of viral hepatitis, per 100 000 population	185.6	417.8	159.3	281.8	234.7
Incidence of acute intestinal infection, per 100 000 population	235.3	351.0	1376.9	278.5	-
Incidence of brucellosis, per 100 000 population	12.9	24.9	13.7	6.3	2.4
Incidence of malignant neoplasm, per 100 000 population.	191.7	91.3	43.5	64.4	71.7

Source: Ministry of Health of the KR

The growths of these two components of the HDI (the income index and the life expectancy index) indicate not only a quantitative increase in welfare, but also a qualitative change in the life of the population of the Republic.

In terms of the degree of development of its human potential, the Kyrgyz Republic belongs to the middle category of countries. The Republic's rating in this regard has increased steadily from 109th place in 1995 to 92nd in 1999. According to the data of the Global Human Development Report for 2001, the 1999 HDI level exceeds the average index for the group by 4.5%. At the same time, however, the Kyrgyz Republic's rating is 8% below the average for the countries of Eastern Europe and the CIS. It is important to note that this difference in indicators is explained not only by income differentials, but also by lower indicators for the educational access and life expectancy indices. Moreover, when the Kyrgyz Republic's position is analyzed in comparison with those countries which are ranked near to it within the group (Iran, Guyana, South Africa), it is noticeable that the Kyrgyz Republic's position is due, in significant part, to its high level of adult literacy and the relatively high indicator for life expectancy. GDP by PPP in the Kyrgyz Republic is considerably lower (1.5 to 3 times) than the analogous levels for countries having a similar HDI ranking.

The Kyrgyz Republic is ranked middle among the Central Asian states in terms of

the level of human development. Although the Republic has one of the highest indicators for life expectancy in the region, the overall HDI is lower due to the substantial differences in income indicators. GDP by PPP in the Kyrgyz Republic in 1999 was 1.3 times lower than the analogous indicator for Turkmenistan, and 1.9 times lower than that of Kazakhstan.

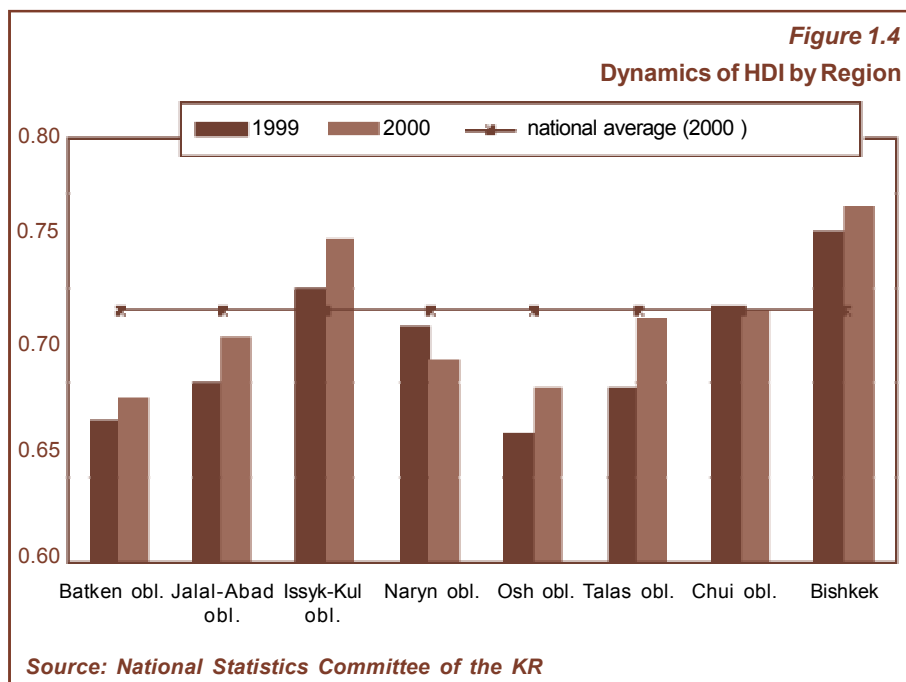
Regional Aspects of Human Development

The last few years have witnessed significant shifts in HDI at the sub-regional level. Whilst Bishkek and Chui oblast have seen a stabilization in the level of the index and its component indicators, in all of the other regions of the Republic there have been noticeable changes in either the overall level of the index, or in its components (Figure 1.4).

The most significant increase in HDI, explicable mainly in terms of growth in GDP, occurred in Talas oblast. For the first time during 2000 the HDI of Talas oblast reached the HDI average for the Kyrgyz Republic as a whole. The speed of change indicates that many factors have influenced the situation in this region and of these it is worth mentioning the activity of the population itself. Moreover, the small size of the oblast permits efforts to be concentrated, and enables the projects that are implemented on its territory to bear rapid results.

A further positive example is Jalal-Abad oblast, which has likewise seen a rapid increase in HDI during 1999-2000. This region has the highest life expectancy of the Republic, and it has seen a considerable increase in the income index. Although the level of HDI in this oblast is still lower than the average level within the Republic, this gap has considerably narrowed.

As in previous years, Issyk-Kul oblast, together with Bishkek City, enjoys one of the highest HDI levels. However, a number of problems still exist in the region. Even with a general overall increase in the population's income, there remains unsolved the issue of the uneven allocation of that income. Money is often earned from seasonal work alone, and is absent during the winter. Moreover, there is a striking gap in income level between the inhabitants of the northern and southern shores of the lake. In the last few years, Issyk-Kul oblast has fallen behind other regions of the Republic in terms of such an important HDI indicator as life expectancy. It is worth noting, however, that despite many socio-

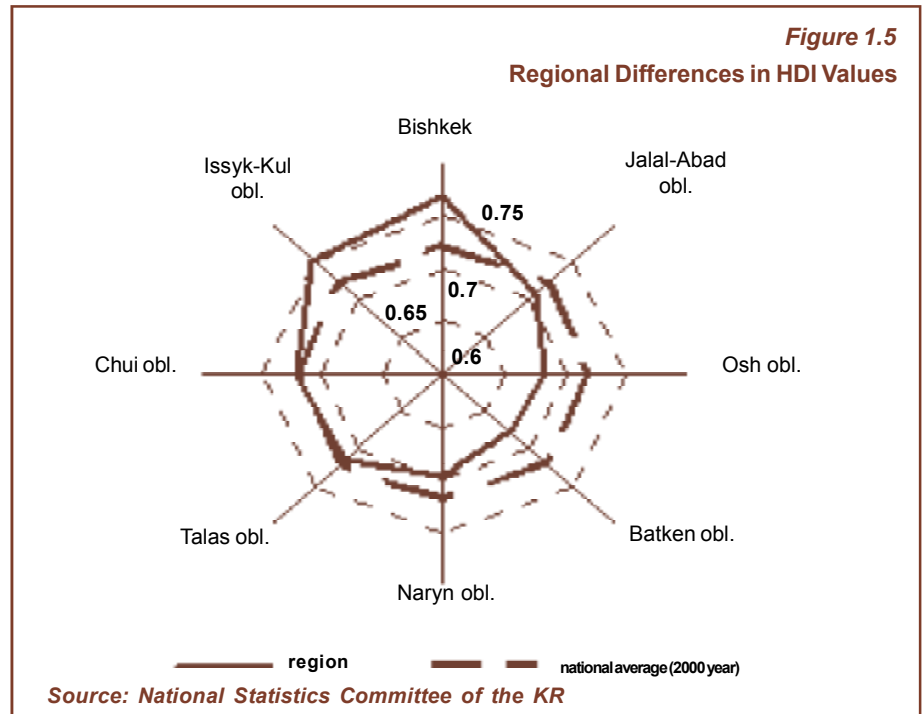


cultural, economic and ecological problems, this indicator increased in the year 2000 and approached the republican average.

Traditionally stable growth in HDI was observed in 2000 in Osh oblast. The dynamics of the HDI indicators reflects both a growth in the level of welfare, and an increase in the average life expectancy of the population. At the same time, however, the speed of growth in HDI remains low, and the oblast's values on the various HDI indices are still below the Republic's average. Since the Osh oblast is one of the largest regions in the Republic, it is possible that the initiatives undertaken by the population and the administration of the oblast have not had an immediate impact on the aggregate human development indicator. Given the situation on the ground, and the degree of attention that is paid there to human development, it is possible to predict an increase in the growth of the HDI in the near future.

In Batken oblast there occurred overall a slight increase in the general level of the HDI. Within this context, however, there occurred a serious decline in the income index and in the indicators reflecting the combined share of children and young people (aged 7-24 years) attending educational institutions. Such figures are fully to be expected for an oblast which was witness to military action on its territory during 1999-2000 and which is under constant threat of renewed action. The very fact that the complex situation in the region has not led to a serious decline in the value of the human development indicator is evidence that central and local government are maintaining control over the situation, and that they are supporting the processes of preventive development in Batken oblast.⁷ Nonetheless it is possible that the negative tendencies that have resulted this year in shifts in the main components of the HDI will lead to a decrease in the HDI value in the future. In order that this be prevented from occurring, it is essential that further efforts be devoted to the development and implementation of the regional development policy, especially in the economic sphere.

It is in Naryn oblast that the HDI dynamic is greatest cause for concern. This is the only region of the Kyrgyz Republic that witnessed a significant decline in the level of the HDI, due to a fall in the income index. Significantly, all the problems associated with the uneven development of mountainous and valley districts are felt particularly acutely in Naryn oblast. Economic activity in mountainous



areas is particularly vulnerable to unfavorable conditions: difficult weather patterns, and changes in production prices can have extremely unpredictable consequences for remote and rural regions. In this particular context it can be argued that the HDI value decreased due to a whole complex of environmental and socio-economic factors.

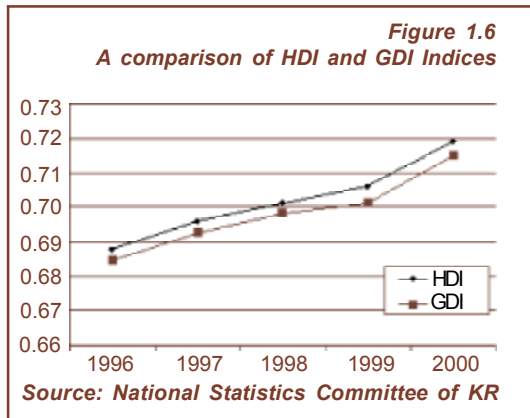
In general, human development in the regions of the Republic is occurring unevenly (see Figure 1.5), and regulating these imbalances represents one of the priority tasks in the sphere of democratic governance.

Gender-based Development Index

The Gender-based Development Index (GDI) is an indicator of the extent to which there exists a difference in the opportunities available to people according to their gender. The difference between HDI and GDI in the Kyrgyz Republic has traditionally been very small. This demonstrates the principle of equality of opportunity for men and women within the population. The last few years have seen a steady increase in the level of GDI, accounted for by the growth in HDI. The dynamic of the component elements of the GDI, in many respects analogous to those of the HDI, are likewise relatively stable, although certain aspects deserve attention (see Figure 1.6).

The high value of the GDI is largely accounted for by life expectancy levels that

⁷Preventive Development in the South of the Kyrgyz Republic. Annual report. Bishkek, 2000



are, as a rule, higher among women than among men. In this respect, an analysis of the difference in life expectancy among women and men can be helpful. In the Kyrgyz Republic, this difference has significantly declined in the last three years. In 2000, the difference was 7.5 years, which is only 2.5 years higher than the norm (5 years).

It is worth noting that this reduction in the life expectancy gap is due to the increase in average life expectancy among men.

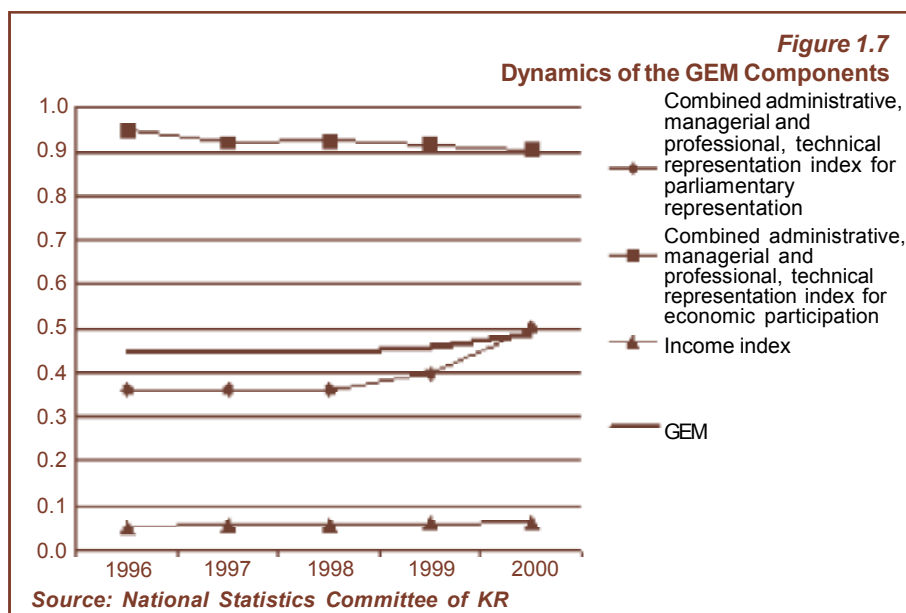
The Education Level Index of the GDI suggests that there are no significant differences in terms of gender. The tenth anniversary of the Republic coincided with the year of high-school graduation of those students who started school the day after the Kyrgyz Republic gained independence - on 1st September 1991. The fact that throughout these years the level of accessibility and gender equality in education has remained stable is testament to the fact that this area remains a priority for the country.

Significant variations according to gender are expressed, rather, in those components of the GDI which reflect the country's economic situation. In 1999-2000 there was a further decline in the proportion of women amongst the economically active part of the

population, a trend that has been in evidence since 1998. In the NHDR 2000 it was noted that in 1999 there was a steep decline in wage differentials between men and women (with a decline in average women's wages from 72% of those of men to 64%). In 2000 this indicator increased somewhat to 68%. Although this figure does not reach the previous level, the fact that an increase was registered had a positive impact upon the aggregate value of the GDI.

The dynamics of the given index in the regions of the Kyrgyz Republic do not differ significantly from the GDI dynamic for the Republic as a whole. At the same time, however, it should be noted that the traditionally small gap between GDI and HDI increased somewhat during the last year. The greatest gap between the two indices was observed in Issyk-Kul region, where it reached 0.09.

The Gender Development Index is generally analyzed in conjunction with another standard index - the Gender Empowerment Index (GEM). The latter takes into account the comparative opportunities available to men and women in political, professional and economic spheres. In 2000 this indicator grew by 7%, which represents a substantial increase on the previous year (see Figure 1.7). The reason for this is the significant growth in the number of women in the legislative bodies at regional and local level. Since the last elections to legislative bodies occurred at the end of 1999 and the beginning of 2000, their results were taken into account in calculating the index, and contributed to the observed increase in GEM. The character of these changes is evidence of a significant increase in the opportunities available to women in the sphere of politics.



Human development and poverty

To analyze the level of poverty in a state, two integral indices are available: HPI-1 (Population Poverty Index-1) for developing states and HPI-2 (Population Poverty Index-2) for developed countries. These indicators have been introduced in order to take account not only income levels, but also other parameters that relate to poverty and its implications. Such parameters include deprivations of various kinds and the absence of opportunity for social adaptation.

HPI-1 is accepted as the index for assessing poverty in the Kyrgyz Republic. This index includes the proportion of the population who do not reach 40 years of age,

the level of literacy amongst the adult population, and an indicator of material deprivation. It is evident that the first two of the component indicators used for developing countries have a traditionally high value in the Kyrgyz Republic. It is much more informative to analyze the three components that constitute the indicator of deprivation. These comprise the lack of access to safe drinking water, to health care services, and the proportion of children aged from 1-6 years suffering from malnutrition.

The relatively positive value for HPI-1 for the Kyrgyz Republic in 2000, which reached 9.3, does not fully illustrate the true state of poverty in the Republic, but rather reflects the fact that only a relatively small proportion of the population are living in conditions of extreme poverty. In countries with a similar HPI-1 value, poverty is on average 3-4 times less widespread than in the Kyrgyz Republic. Moreover in those states, such as the Kyrgyz Republic, where around half of the population live below the poverty line, the value of HPI-1 is on average several times higher (see Table 1.5).

The dynamics of HPI-1 in the Kyrgyz Republic over the last few years appear rather encouraging. However, it should be noted that this is more a reflection of the restoration of social infrastructure than an indication of a decrease in poverty. (see Figure 1.8).

Analysis of HPI-1 by oblast reveals an extremely uneven regional distribution. The traditionally low value of HPI-1 in Bishkek rose significantly in 2000. This unfavorable dynamic has been produced by a severe decline in access to health care services. A similar tendency is visible in Chui oblast.

The substantial increase in HDI over the last year in Talas and Jalal-Abad oblasts has been accompanied by a significant decline

Box 1.2

PARTICIPATION OF WOMEN IN POLITICAL ACTIVITY

According to survey results, the attitude of women towards political activity is positive. 73.2% of those surveyed consider that "the participation of women can bring stability, flexibility and development into politics". On the other hand, 64.4% of women consider that their obligations at work and in the home prevent them from seriously considering a political career. The same survey found that 10.8% of women are actively involved in public and political life. At the same time, women today constitute the vast majority of members of NGOs and public associations. This indicates that their activity can have a significant influence on the formation of entities for democratic governance.

("Women of the Kyrgyz Republic on the threshold of new Century", Center for Public Opinion Studies and Forecast, 2000)

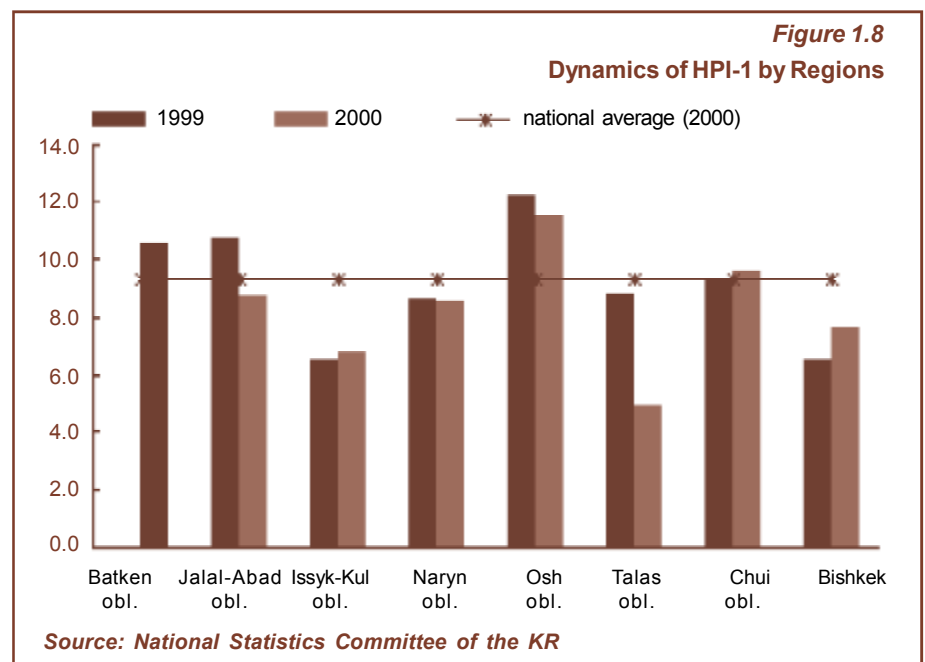
in the population poverty index. In the Talas oblast the HPI-1 index was virtually halved in 2000, and in Jalal-Abad the value of the index in 2000 fell below the Republic's average for the first time. It is important to note that this positive dynamic in HPI-1 is attributable not to an increase in income, but rather to a change in the quality of life and an improvement in living conditions. In particular, in the Talas region, the percentage of the population that does not have the access to safe drinking water has been significantly reduced. This supports the earlier conclusion that the significant growth in HDI in these regions has been influenced by the launch and development of various social projects on their territory.

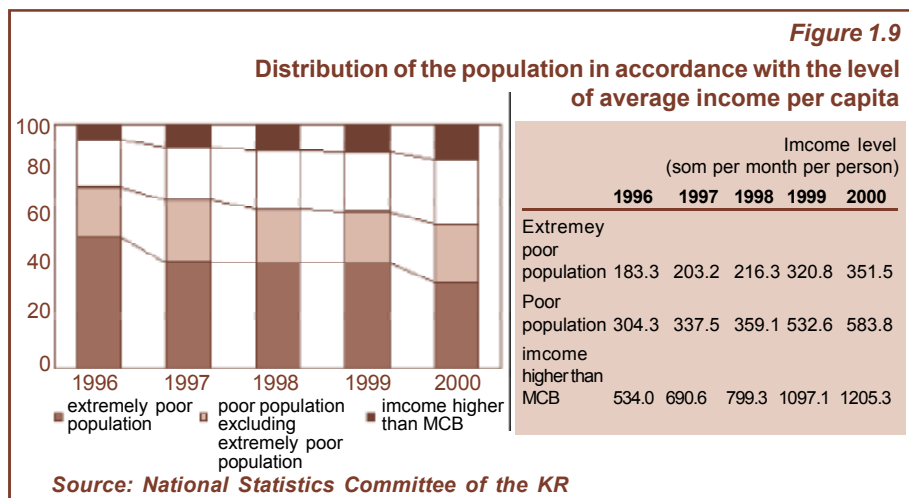
Table 1.5

HPI-1 and poverty diffusion

	HPI-1	Population below the national poverty line, %
Colombia	9.1	17.7
Mexico	9.5	10.1
Kyrgyz Republic	9.3	52.0
Tanzania	32.4	51.1
Honduras	20.8	53.0

Source: Human Development Report, UNDP, 2001. NSC (for kyrgyz Republic)





Development report of 2000 has underlined the high level of economic and social stratification of the population. Quantitative analysis of the dynamics of average income distribution per head for the last 3 years shows that by the end of 2000 the percentage of the population in extreme poverty has decreased and the virtual number of those considered poor and indigent did not change. At the same time, the group with a relatively high income, in comparison to the income level of the majority of the population, has increased. (see Figure 1.9)

At the same time, one should note that the percentage of people in the country who can be considered really rich is minute and has remained unchanged. There has been an increase, rather, in the size of that group whose income, whilst above the level of extreme poverty, does not in any way permit

Income Inequality

The reduction of economic inequality is one of the major factors to increase growth in transitional economies.⁸ The National Human

Box 1.3

THE MIDDLE CLASS AS A SPECIAL SOCIAL CATEGORY

There exist a variety of approaches for defining the middle class. One of the most commonly accepted definitions takes into account several different features. In addition to their general level of income, representatives of the middle class as a rule own some property (or more broadly, they do not suffer from any housing problems) and they have a level of education which permits them to obtain specialized employment. The middle class has an interest in maintaining the status quo, which is why the size of this stratum is one of the factors determining social stability and sustainable development. According to various estimates, stabilization of the social situation depends upon at least 60 % - 80% of population in a country belonging to the middle class on at least two of the three criteria mentioned above. It is possible that existing definitions, which draw extensively upon western concepts, may not accurately depict this social stratum as it currently in the Kyrgyz Republic.

In spite of some individual difficulties, there are no serious housing problems in the Kyrgyz Republic. In the 1999 NHDR it was noted that the level of housing provision for the population of the Kyrgyz Republic could be described as satisfactory, given the country's overall economic situation. According to data from 2000, housing provision averages about 13 square meters per person. It is worth noting that amongst the richest 10% and poorest 10% of the population, the proportion owning their housing is roughly the same (91.7% and 98.5% respectively), though the housing varies in quality. Amongst the adult population, 22.8% have secondary specialized or higher education. At the same time, however, only around 10% of the population have an income above the subsistence minimum of 1205.3 som. This minimum does not accommodate the kind of consumption demands associated with the middle class, but reflects only those essential expenses associated with minimum food and hygiene requirements.

Given this situation, it may be more appropriate to invoke a somewhat different interpretation of the middle class as a specific social stratum defined not only by level of income and social status, but also by its way of thinking and life-style. According to this approach the middle class is that part of the population which is "the most active, the most financially soluble and the most fully incorporated into the socio-economic processes of the country". Using such a definition, it is possible to note that in many respects the program- and goal-oriented approach employed in the country is working towards precisely the conditions necessary for a middle class to form.

This applies also to the Sustainable Human Development Strategy, where one of the mid-term objectives identified under the goal of "social integration" is a "reduction in the property gap by creating conditions for the establishment of a middle class". The National Poverty Alleviation Strategy, adopted within the context of the CDF is also focused on this goal: social mobilization and socio-economic self-organization are some of the most important instruments for achieving this program. Both documents are oriented towards the implementation of their basic goals by 2003. Both are also premised upon independence from the state, which is one of the fundamental elements of the social identification of the middle class. The basic channel for the formation of the middle class is development of, and support for, enterprise (which, by July 1st, consisted of more than 200 thousand economic units), and for the so-called "third sector", which includes more than two thousand different associations and organizations touching upon all aspects of human life.

⁸Michael Reynolds, *Pro-poor economic growth: What it means for the Kyrgyz Republic* UNDP 2000

a high level of consumption (i.e. corresponding roughly to the minimum consumer basket of 1205.3 som per month).

As a matter of fact this group consist of the very part of the population which may be considered the emerging middle class of the Kyrgyz Republic. For the past two years, this group has increased almost 1.5 times (44.4%). This serves as evidence of an improvement in the opportunity for the development of a market in services and commodities as people with middle level of income adopt certain life styles in a stable manner, reflecting also a certain type of consumer behavior. (see Box 1.3).

The group with the lowest income has also been affected by positive changes during the last year. Changes within this group result from efforts of the state and society aimed at the alleviation of extreme poverty.

The social policy of the state has been aimed, above all, towards a reduction in property inequality. It should be mentioned that this policy has been actively reassessed in recent times. Emphasis is being placed upon targeted social support and a re-orientation away from passive methods of social protection towards more active ones. In 2000 efforts have been made in putting together social passports that will permit social benefits to be targeted to the most needy families. Furthermore the Ministry of Labor and Social Protection has begun work on identifying the causes of material deprivation experienced by families and in eliminating these causes, wherever possible, in a targeted way. An integral part of this is offering re-training to the unemployed, together with various forms of collateral-free micro-credits, etc.

The maintenance of emergent trends in income distribution such as the reduction in the proportion of poor people within the population and the growth of the middle class can thus be considered as having a positive impact upon the level of human development within the Republic.

Territorial aspects of socio-economic inequality

The concepts of "extended opportunities" and "freedom of choice" are central to the framework of the human development concept. In the Kyrgyz Republic, the gap between opportunities is very often caused by territorial aspects, in addition to differences in income.

It is possible to highlight three major causes that illustrate these differences in

equality: urban and rural regions, mountainous and valley districts, and the South and North of the Republic. Each differ significantly from one another in terms of quality of life. (see Figure 1.10).

In recent years the alleviation of socio-economic inequality has become a critical task in the Republic's urban areas, where the poverty growth rate is significantly higher than in the countryside. Although the level of poverty in rural areas is significantly higher than in towns the last years have seen no increase, and even a tendency towards a decrease, in rural poverty. According to the National Statistics Committee, since 1996 poverty levels in the Republic have increased by 16%. This is particularly striking in towns, where there has been a 31% increase compared to 12% in rural areas (see table). It should be noted that whilst the high level of poverty in rural areas has been the focus of serious attention for some time, many of the problems in towns have not been given the equivalent attention and remain unsolved.

Thus, whilst levels of cash income and living standards are higher in towns than in the countryside, urban residents encounter far greater problems in ensuring adequate nutrition than rural residents. For instance, in Bishkek the average daily energy intake represents 79% (1778 Kcal) of the required level whereas in the Chui oblast, where a predominantly rural population lives in the same climactic conditions, this figure is equal to 93% (2093 Kcal) of the norm. The number of children suffering from malnutrition is considerably higher in towns than in the countryside. This is explained by the fact that poverty in rural areas is associated with an acute lack of cash but their land plots enable people's most basic subsistence needs to be met. In towns, by contrast, money for food is often lacking, and there is no opportunity to supplement one's diet with food cultivated by oneself.

As a rule the growth of poverty in towns is related to the increase in unemployment, which is felt much more acutely there. The continuing migration of rural residents to large cities, in particular to Bishkek, only aggravates this problem. However, the problem of unemployment

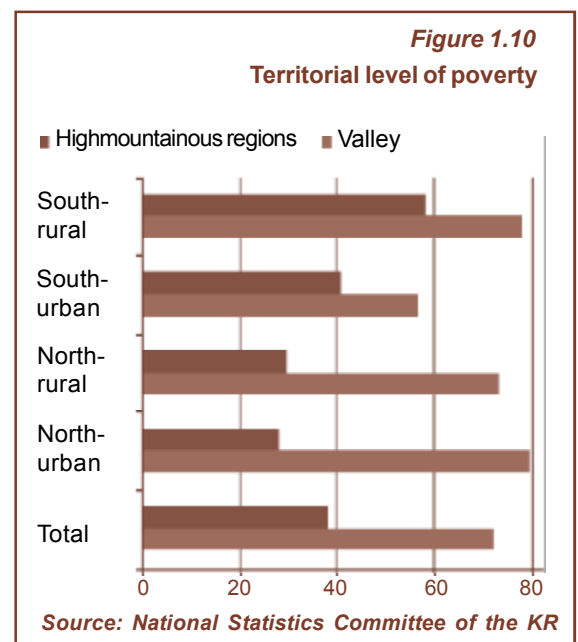


Table 1.6

Indicator	Observed value	Data for Technology Achievement Index calculation		Data source
		Observed maximum value	Observed minimum value	
Patents granted to residents (per million people)	38.4	994	0	Kyrgyzpatent
Royalties and license fees received (US\$ per 1,000 people)	0.05	272.6	0	Kyrgyzpatent
Internet hosts (per 1,000 people)	0.6 (1.1) ¹	232.4	0	NSC
High and medium technology exports (as % of total goods exports)	44.6 (10.9) ¹	80.8	0	Ministry of external trade and industry
Telephones (mainline and cellular, per 1,000 people)	80 ²	901	1	NSC
Electricity consumption (kilowatt-hours per capita)	1163 (1431) ¹	6,969	22	NSC
Mean years of schooling (age 15 and above)	9,8	12.0	0.8	NSC
Gross tertiary science enrolment ratio (%)	12.1	27.4	0.1	NSC

¹ Within the scope of the given data for 1999, as presented in Human Development Report for 2001.

² Excluding cellular phones

affects not only Bishkek and Osh, but also small towns and rayon centers. A significant part of the industrial enterprises in the latter have ceased working, but under the land-distribution system, those who had not previously worked in the agricultural sector were not distributed with land. Despite these problems, the quality of life in villages remains significantly lower than in urban areas, due to the lack of access to many basic goods and services. The proportion of rural residents within the population as a whole is 65.2 %.

The territorial aspect of socio-economic inequality can be illustrated through a comparison of poverty levels between mountainous and valley regions, taking into account the aforementioned north-south divide (see Figure 1.10). In highly elevated areas, many of the problems characteristic of the country as a whole are felt particularly acutely. The income of the wealthiest families in mountainous areas is 9.1 times as much as that of the poorest families, whereas in valley areas, the difference is only 5.1 times. The structure of household expenses amongst the residents of mountainous regions likewise testifies to the lack of access to many services. Households in valley regions spend on average 30-60% more on goods, and twice as much on services, as those in mountain regions.

Uneven development amongst the Kyrgyz Republic's regions is one of the Republic's most serious problems, the resolution of which requires the adoption of new and effective approaches towards governance. The experience of Talas and Jalal-Abad oblasts demonstrates that the fostering of local initiative can have a decisive impact upon the development of human potential in the region. This needs to be facilitated by policies promoting the decentralization of power and the development of local self-government. At the same time, it is evident that the predicament of certain regions demands the most serious attention from both the state and other agents of democratic governance.

Informational Technologies in Governance Processes. Technology Achievement Index

It has already been noted that it is only recently that technological achievements have been used for development purposes. This influence has had an immediate impact upon the increase in the availability of information, and on the possibility of using the products of technology to satisfy particular needs. The use of these technologies in medicine has made human existence today considerably safer, and has substantially increased human life-expectancy through the reduction in

childhood illness and effective treatment of infectious disease.

However, it is important today to note also the indirect impact of technology on social life. This relates above all to the use of information technologies for the development and strengthening of democracy. Such usage has two major types of impact. On the one hand, it affects democratic governance proper, by the introduction of new ways of expanding popular participation in decision-making through the introduction of computer networks. On the other, it affects the efficiency of a variety of social services, and this has had a great impact on the decentralization of state power.

The Internet, wireless telephone communications and other information technologies have significantly expanded the opportunities for people to receive information, to communicate with one another and, most importantly, to participate in taking decisions which influence their lives.

The Human Development Global Report for 2001 emphasizes that in the network century any country which is unable to make effective use of technologies will most likely lag behind in human development. At the same time, the use of modern technologies presents a unique opportunity for developing countries to overcome that lag and to provide a better quality of life for their populations. In order to assess the level of technological achievement in different countries, the Global Report offers for the first time a new methodological approach to its calculation, the Technology Achievement Index.

The Report ranked 72 countries according to their level of achievement in developing and using technology.⁹ Four groups have been defined in this context. Finland, the United States, Sweden and Japan are defined as the *technological leaders*, whilst the group of *"potential leaders"* includes such countries as Spain, Italy, Portugal, and the countries of Eastern Europe and Central and South America. Amongst countries that are rapidly adopting new technologies (*dynamic adopters*) are the Republic of South Africa, China, Iran, Zimbabwe, Indonesia and India. Nicaragua, Pakistan, Kenya, Nepal and Mozambique are referred to as *marginalized* countries in this regard.

The technological achievements index for the Kyrgyz Republic has, for the first time, been calculated for this report, using the methodology developed in the Global Report. The Kyrgyz Republic, like the majority of CIS states, enjoys certain resources in this sphere, which have been actively developed in recent years. One of the great advantages for former Soviet countries is

the highly educated level of their populations. This aspect of human capacity development was considered in detail in the NHDR 2000. However, in the assessment of the technological achievements index, great importance is also attached to the level of technological provision for day-to-day activities, particularly in the sphere of information technology (see Table 1.6).

Using the data from different sources, two rates of the index have been calculated (see Table 1.7) that allow the Kyrgyz Republic to be positioned at the borderline between the group of "dynamically adapting" counties and the potentially leading ones. The index is conditioned by high rates in the sphere of professional education and diffusion of technologies of a previous generation. These rates for the Kyrgyz Republic are compatible, in their significance, to the data of leading countries in the sphere of technological achievements. In relation to new technologies, the Kyrgyz Republic lags significantly behind the group of potential leaders, and amongst the group of dynamically developing countries, it occupies a far from leading position. *One can note a significant gap between educational levels and the possibility of participating in the sphere of high technology development*, without which it is difficult to anticipate economic growth and significant shifts in the development of human potential.

In terms of the infrastructure component of IT and communications provision, there has been a positive increase not only in the technical capacity of the providers, but also in the expansion of the range of Internet services in all regions of the Republic (see Table 1.8).

According to various estimates, the number of Internet users in 2000 consisted of six thousand active users and a maximum audience of up to 105,400 (10.6% of the population of large cities, where the greatest number of users is concentrated). A particularly noteworthy

Table 1.7
Technology Achievement Index in 2000

Indicator	Value
1. The technology creation index	0.020
2. The diffusion of recent innovations index	0.278 (0.070) ¹
3. The diffusion of old innovations index	0.665
4. The human skills index	0.622
THE TECHNOLOGY ACHIEVEMENT INDEX	0.396 (0.344)¹

¹ According to the data for 1999, as presented in Human Development Report for 2001.

⁹In the Human development report for 2001, which covers 90 countries and includes all of the CIS states, only individual TAI indicators are published. The value of the Technological Achievements Index for these countries is not mentioned in that report

Table 1.8

Internet Development in the Kyrgyz Republic

	1994	1996	1998	2000
Number of Internet providers	2	2	4	9
Internet access transmission rate	32 KB/sec	128 KB/sec	Over 768 KB/sec	About 4 MB/sec
Combined modem pool of providers	About 26	About 50	About 78	About 600
Regions	Bishkek	Bishkek, Karakol	Bishkek, Osh, Karakol, Jalal-Abad	All regions
Characteristics of information delivery channels	Switched connections Transmission speed 300 - 2400 bit/ sec	Dedicated communication channels Transmission speed up to 19200 bit/sec	Satellite communication channels Digital communication channels among oblast centers of the Republic (64 KB/sec - 2 MB/sec)	Development of secondary market providers

Source: From the material of the International Summit on ICT. Bishkek, 2001 (www.ict.kg)

tendency is the increase in the number of individual users. According to market research conducted by one of the Kyrgyz Republic's providers at the start of 2000, over 17% of users had personal home access to the Internet.

The significant decrease in the cost of access to the Internet, and the possibility of free training and access for representatives institutions of higher education and international organizations have together had a positive influence on the growth in the number of individual and corporate users (see Figure 1.11). Beginning in 1998, non-commercial providers such as FreeNet (IRIS) and the Soros-Kyrgyzstan Foundation have provided free access to the Internet for educational, scientific, public and media organizations on a competitive basis.

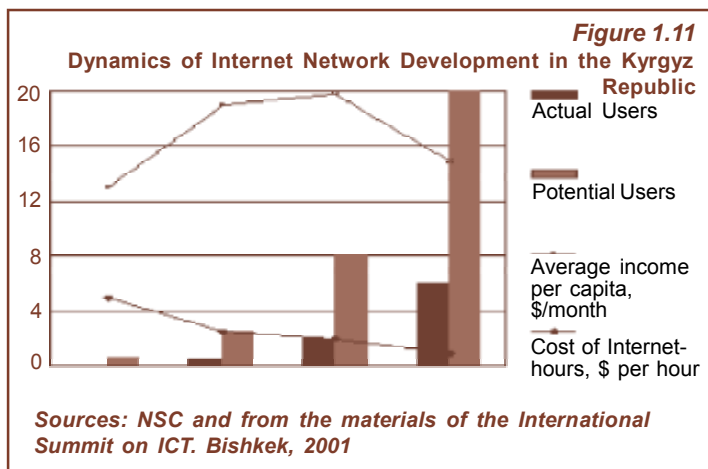
Despite the substantial increase in the number of users, the total number is still insufficient to count the Internet as a real means of mass communication in the Kyrgyz Republic.

At the same time, however, the phenomenon of network development should be assessed not only quantitatively, but qualitatively as well. In this respect the Internet is gradually acquiring the role of an alternative means of communication in the overall IT and communications space. It is a means, moreover, which commands great authority among its audience, who are beginning to form new collective norms and ideas. This tendency is influenced also by the fact that the content and the work of web-site are neither censored nor controlled by the state bodies in Kyrgyzstan.

At the end of 2000 the Kyrgyz Republic's Internet resources comprised over 600 sites covering a variety of topics and purposes, from commercial structures to individual web pages. Recently there has been a striking change in the structure of the Kyrgyz Republic's Internet resources, in the technology for creating web pages, and in the content they carry. These changes are the direct result of changes in users' requirements. Competition for users' attention is increasing on the web; projects created without attention being given to planning and research about their target audience quickly become outdated and lose support.

This tendency testifies to the rapid changes in the culture of web-use. An ever-larger quantity of residents of the Republic are beginning to relate to the web as a tool that expands opportunities in all spheres of activity.

In the NHDR 2000 it was mentioned that in the Kyrgyz Republic the Internet is hardly used for business transactions, administration or interactive discussion of socially significant problems. Just one year later each of these trends is to be considered



within the framework of the National Human Development Report.

It is possible today to speak of the assimilation of web-activity by the Republic's companies. The majority of Web-sites of local businesses can still be best characterized as "web-windows" containing general information about the company and its products and services. However, a general tendency should be noted in this regard, namely the beginnings of an "Internet in Business" phase, when Internet services are used as business tools. This gradually gives way to a phase of "Business on the Internet", when companies use the Internet for the achievement of their business goals. Many market agents are beginning to understand that the existence of companies on the Web is an essential condition of competitiveness for the modern economy.

In 2000 there was a striking increase in the number of sites maintained by the mass media, including many newspapers and magazines. The majority of these have proven to be very popular, and are used not just as a source of information on current affairs, but also a means of discussing published materials. Part of the print media is conducting a well thought-through policy for creating their own electronic analogues or web-satellites to render them completely independent entities in the information space. The existence of the mass media in these fields will change the nature of the whole market for information since the state will lose its current control of the print mass media through the monopoly publishing house.

The tendency to form independent areas of communication on the web, with their own conceptual frameworks and values, is continuing through the organization of interactive sites which enable a variety of problems to be discussed within the context of global, national and local development. The "Kyrgyz Republic Development Gateway" portal and the "Dialogue.kg" human development network's activity are aimed at expanding interaction between state and society and in increasing the possibilities for joint activities between different entities.

In 2000 Internet technologies were used for the first time in the course of the Parliamentary and Presidential elections in the Kyrgyz Republic. The State Computerized System, "Shailoo", permitted interactive calculation of the electorate's votes among all regions of the Republic. The State Governance Information System brings together 40 ministries, agencies and state organizations in the capital and 7 regional representatives of the ministries and agencies in Osh. Based upon this system, the State Computer network provides electronic access to information and the services of state entities, which is very important for regional development.

This new practice is one that is actively discussed and implemented throughout the world. It is worth noting that amongst the pioneers in the formation of so-called "electronic government" are states for which democratic state governance became a reality not very long ago. Nonetheless, the use of contemporary technological instruments in this sphere has exerted a positive influence on state activity. Alongside the introduction of Internet technologies there are emerging other non-traditional opportunities for democratizing society, in particular by expanding the accessibility and transparency of executive power.

As a rule, electronic government is expanding rapidly in those states where there already exists a high level of information technology and a system of electronic payment. Such work on the part of state organs can be said to represent a natural continuation of the everyday practices of business transactions in those countries. For the Kyrgyz Republic, the introduction of a similar type of work would represent not only an increase in the effectiveness of state services, but also a way of bringing the state closer to the population.¹⁰ In many respects the permanent use of modern technology for meeting current needs relating to state-society interaction carries with it a large cultural burden. Expansion of the activity of electronic government in the Republic represents an element of preventative development that can help to prevent the country from lagging behind in the technological sphere.

Globalization places new demands on the formation of national policy in the sphere of information technology, for it assumes not only the development of the communications infrastructure, but also the establishment of a favorable legislative base, support for business, stimulation of internal demand for, and information about ICT, the training of specialists and users, and support for scientific research in this sphere. The need to develop and implement a mid-term National Strategy on information and communication technology was discussed at the International Summit on Information Technology conducted in March 2001.

The issue of a common information space for the Kyrgyz Republic, with the development of communications and public policy, is not only a question for the future of the country: it is also a real necessity for today.



¹⁰ In 2001 pilot projects have been launched in the sphere of e-government on the sites www.gov.kg and www.law.gov.kg



CHAPTER 2 DEMOCRATIC GOVERNANCE AND THE DECENTRALIZATION OF POWER

The territory of Kyrgyzstan has for centuries been home to people of different cultures, nationalities and faiths. The democratic choice which the country has made is not simply a concession to the dominant political trends of the day. It represents, rather, a search for the kind of model of governance which, based upon dialogue, can permit the country to develop really dynamically. The lack of experience of genuine co-operation, however, together with the long history of centralized government and the country's dependence upon external resources means that it faces particular difficulties in developing democratic governance.

Democratic governance represents a form of government in which order in society

is established, not only through the activities of centralized structures of power, but also through the interaction of various agents seeking to achieve their goals and pursue their own interests. This system does not lead to chaos in public life, nor to a Hobbesian "war of all against all" because in democratic governance a crucial role is played precisely by the *procedure* of cooperation, that is, by providing for *productive communication between different agents of governance*.¹¹

Democratic governance: From ideology to communication

It is not accidental that the notion of communication plays an extremely important role in contemporary concepts of democratic governance. If societal integration was formerly constructed on the basis of some or other unifying ideology, today the degree of diversity in developed democracies is such that it is impossible to unify the efforts of state and society on the basis of a single national ideology.

Indeed, today it can be argued that no fixed, permanent state ideology can serve as the basis for a fixed, permanent social contract. To all intents and purposes, the role of ideology in democratic society is replaced by communication. Through the process of public discussion and decision-making, a social contract is constantly being produced and reproduced on the basis of social consensus. The only thing that remains thoroughly fixed is the procedure regulating discussion, i.e. the institutional framework that is equally binding upon all participants to the discussion.¹²

In the Kyrgyz Republic, as in the majority of CIS states, transition has been accompanied by a period of social disintegration. This has resulted in the growth

Box 2.1

POLITICAL AND SOCIAL GOVERNANCE

It is possible to identify two basic tasks of democratic governance: policy or strategy development in some or other sphere of life, and the resolution of specific problems existing in a given place. These tasks can be divided into issues of political and social governance respectively.

Political and social governance are the two most important components of democratic governance. Their form is essentially the same, since at the base of each of these types lies the organization of dialogue and the mutual development of solutions. However, they differ in content. Both of the aforementioned types are present at all institutional levels, where they make an essential contribution to the practice of governance in both the center and the regions.

At first sight, political governance, which is associated with policy formation, the definition of development goals and the coordination of different interests seems more appropriate to the upper echelons of power. Social governance, by contrast, which is oriented towards the development of concrete solutions and the organization of joint activity, may appear more closely related to local self-governance and the broadening of public participation.

However, policy development relating to particular spheres of human activity needs to occur in every village or region and should not be confined to the higher echelons of power; just as, in the same way, it is often the case that partnership formation for the solution of specific problems is needed at the level of Parliament and Government.

¹¹ Something similar occurs when the "invisible hand" facilitates the establishment of a market-based order out of a series of individual and unrelated exchanges. The establishment of order does not demand any additional levels of authority taking responsibility for it; rather, order is established spontaneously, as a result of many actors pursuing their own interests.

¹² Jürgen Habermas. *The Philosophical Discourse of Modernity (Studies in Contemporary German Social Thought)*- MIT Press, 1990.

of mutual distrust between state and society, and has in many ways slowed down the implementation of reforms. The consequences of this process remain obstacles on the road to institutional transformation and the development of democracy. The normal functioning of the state and the promotion of sustainable human development are possible only through the achievement of consensus in society.

Restoration of mutual trust is hindered not so much by disagreements between people about the course of change that has been chosen by country: but their assessments of change by and large concur with one another. The issue is not so much about changing the *content* as about changing the *very nature and character of communication in society*.

There is one general premise upon which democratic pluralism rests: the self-realization of each through respect for the right of every other person to their own self-realization. Such an approach also corresponds to the values of human development. For this reason, further democratic development is inseparable from the search for a kind of governance in which individual interests, rights and freedoms are not in conflict with the interests of society and state as a whole.

A significant role in this process is played by the concept of "consensus": the minimum agreement achievable between all parties as to the best way to resolve a specific problem. Consensus in the sphere of public policy is the result of dialogue orientated toward the taking of a *specific, concrete* decisions. In this respect it is not just the final action of authorities or anyone else involved in taking decisions, that represents an achievement in terms of openness. The very process of reaching a solution should be open and accessible to the participation and critical response of other parties.

This kind of communication demands the application of special techniques for organizing the process of discussion. The discussion typically goes through a series of stages: from disagreement, through to the identification of alternative options, their rationale and defense, to the development and formulation of compromises and to making a final decision. A chain of intermediary compromises enables initial contradictions to give way to a final agreement. (The techniques for organizing such communication are analyzed in Chapter 3 of this Report).

The fundamental advantage of such consensus is that decisions become *enforceable*. The implementation of such discussion techniques demands the presence of a body that facilitates the discussion process, such as a commission, which would include representatives of all parties interested in resolving a problem. The presence of such a structure enables a rapid response to changes in the situation if the decision happens to require future revision.

However, the main condition to enable dialogue to be effective, and for the decisions taken to be complied with rigorously is the presence of subjects who can defend their views and who will meet the obligations which they initially took upon themselves. The experience of wide discussion surrounding the CDF has not always proven successful precisely because of the lack of preparedness among subjects to engage actively in partnership and co-operation.

The process of democratic governance can thus be summarized by the following characteristics:

1. Governance decisions result from a productive process of discussion amongst all interested parties (the subjects of political governance) on an equal basis. The process of discussion is transparent and open to all.
2. The decision taken is binding upon all parties to the agreement.
3. Enforcing the decision is the shared responsibility of all.

Box 2.2

STAGES OF INSTITUTIONAL TRANSFORMATION AFFECTING PROPERTY

1st stage. 1991-1995

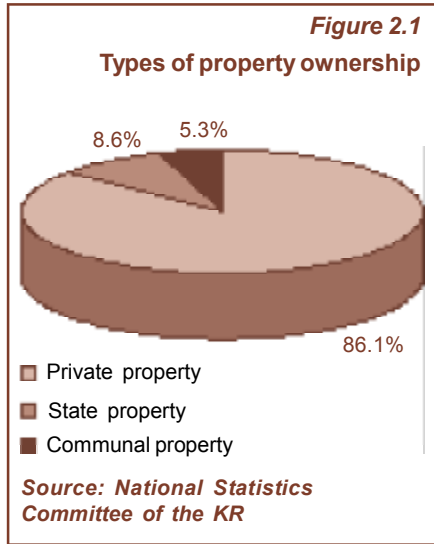
The first stage consisted of the processes of decentralization and privatization (Law of the KR "On Common Principles of Decentralization, Privatization and Entrepreneurship in the Kyrgyz Republic", 1991).

The main trend of the transformation was the formation of non-state types of property in the form of private and corporate property (the process of formation of corporate property predominated in the manufacturing industry). The process of institutional change was stipulated in the Constitution of the Kyrgyz Republic adopted on May 5th, 1993.

2nd stage. 1995-2000

Implementation of the second stage consisted in establishing the institution of private property and the beginning of its effective functioning.

The basic direction has been towards reform - in the sphere of agriculture this has meant the right to use and distribute, and later to own land (amendments to the Constitution of the KR according to the results of the referendum of 1998 and the Law on the removal of the moratorium on selling land of December 2000). In the manufacturing sphere there was an active "corporatization of relations". This process assumes the separation of ownership from management. (Resolution of the Government of the KR "On measures to introduce the principle of corporate management in the Kyrgyz Republic", 1997.).



It is this sharing of responsibility among multiple subjects, and the potential of people to influence decisions or participate in their implementation which leads to the *decentralization of power*.

Decentralization of governance in the economic sphere

Establishment of the Institution of the Private Property

The decentralization of management processes is the basis for the Kyrgyz Republic's economic policy since the first years of independence. The command-administrative system of central management has gradually given way to a new economic order, in which the interference of the state in economic activity is strictly limited. This process is linked to the formation and development of independent economic entities, with widespread privatization and the establishment of the right to private property. Its success is to a large extent determined by the fact that economic reforms in the Republic have the nature of institutional transformations.

Over the last ten years the structure of the country's economy has fundamentally changed. In Soviet times no more than

two thousand economic entities were operating in the Kyrgyz Republic. By the start of 2001, this number reached 215,500, of which 43,700 were legal entities. Of the total number of registered legal entities, 8.6% are the property of the state, 5.3% are communally owned and 86.1% privately owned (see Figure.2.1).

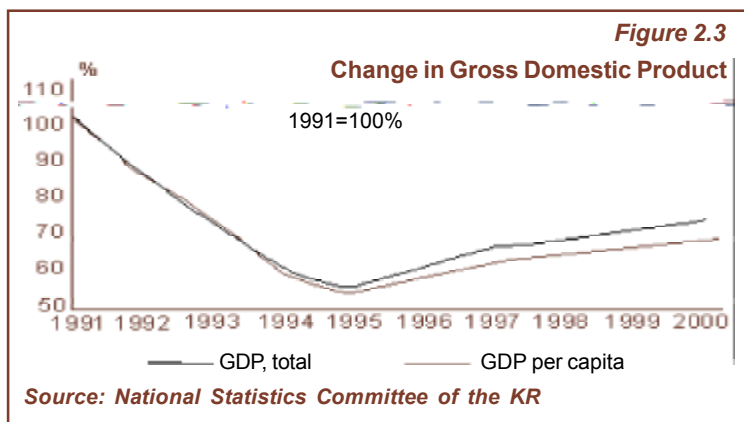
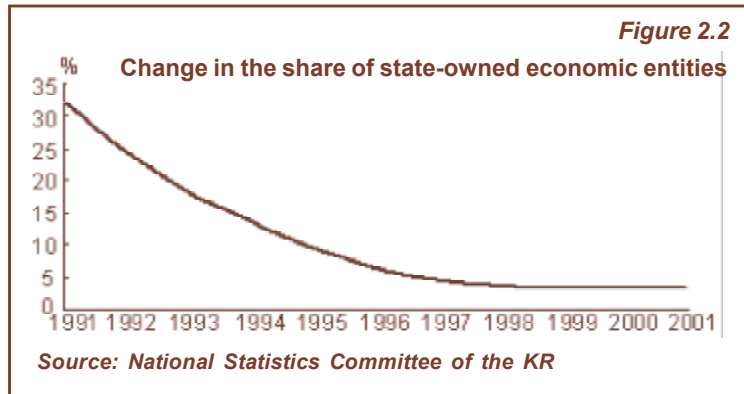
As of the beginning of 2000 in the Kyrgyz Republic, 1,259 joint stock companies were registered, consisting of 1,094 open and 165 closed companies. Around 1 million people became co-owners of enterprises, which is almost one fifth of the population of the Republic. Small and medium businesses play a special role in the modern economy of the Kyrgyz Republic. Today they make up over 40% of GDP and practically every second person of working age works in this sector.

In reality, virtually all able-bodied people in the Kyrgyz Republic have contributed to the change in economic status. The institutional transformations initiated within the legislative field led to changes in many of society's values and norms. There has developed a layer of proprietors in the republic, without which the development of the institution of private property is impossible. A significant proportion of these proprietors are concentrated in the agricultural and service sectors (see Figure 2.1).

The transformations that have led to the development of entrepreneurship have permitted the Kyrgyz Republic to overcome the negative tendencies following the collapse of the Soviet Union. The latter resulted in the destruction of the single economic and technical complex, bringing GDP tumbling by almost 50% between 1991 and 1995. Since 1996, however, a process of economic recovery has been underway, and growth has resumed. Between 1996 and 2000 real GDP per capita increased by 22 per cent. (see Figure 2.3).

Despite many mistakes and miscalculations, institutional transformations have permitted the mobilization of human potential, which permitted the decline in production to be halted, and, since 1996 for real GDP by PPP to see stable growth, including the restoration of gross volumes by 2001.

The transformation of the institution of the private property is related to natural changes in the sphere of governance. A significant result of these changes has been the legislative endorsement of these transformations: Civil and Tax Codes have been introduced, a new law of the Kyrgyz Republic on Bankruptcy has been passed, amendments have been introduced to the



Administrative Code and to the Law of the Kyrgyz Republic on Economic Partnerships and Companies, etc.

In general, the legislative framework now exists for the fully-fledged operation of the private sector. However, a number of problems still exist in this area. The most striking example is the Tax Code, which has seen hundreds of amendments since its introduction in 1996, and which is now undergoing a thorough modernization and simplification. During the course of 2000-2001 public discussion has been underway regarding its future form, incorporating stakeholders from all sides. It is reasonable to predict that the same fate awaits a host of other legislative acts.

A number of external factors or "challenges" created by regional and world processes demand a clearer delimitation of responsibility between the state and the private sector in the economic sphere. This is particularly important for resolving such issues as the development of a manufacturing sector and for the positioning of the economy with respect to global and regional markets.

The development of Corporate Management

One of the major economic problems in the Republic remains the development of industry. The relatively inefficient work of industry when compared with agriculture is caused primarily by deficiencies in the management of corporate property, specifically in relation to the poor protection of shareholders' rights and the lack of transparency in management.

The majority of enterprises announced the introduction of corporate management at the very moment that they were privatized. 84.3% of them have adopted the charter of a Joint Stock Company, which incorporates the principles of corporate management. In contrast to this, however, many enterprises are still controlled by the "old" directors, and whilst the state has preserved a significant share of its property, it has been unable to find effective forms of management. Unfortunately it is possible to observe that, to this day, in the majority of cases shareholders do not have any real influence on the management process, and the interests of managers often prevail over the general interests of the entrepreneurs. To a considerable degree it is precisely the absence of real democracy and the lack of real democratic procedures in corporate governance which are the reason for its

relative inefficiency. Deficiencies in management have affected all of the branches and activities of industry.

At the end of the decade, despite the continuing privatization process, the state remains a significant property owner (with around three hundred joint stock companies at the present time). It is probable that this situation will continue in the future, if only because it is impossible to sell all of the state's shares in a short period of time and to find effective investors, particularly for strategically important industries.

Managers of private enterprises arguably pay more attention to working with shareholders than is the case with the managers of predominantly state-owned industries. According to the directors of private enterprises, the number of shareholders attending general meetings is increasing over time, and their participation is becoming more active.¹³ The situation is different, in the opinion of many specialists, in enterprises where the state holds a large part of the stock. In cases where the controlling stock belongs to the state, general meetings are often purely a formality.

At the same time, corporative administration is closely associated with the assimilation of a variety of democratic procedures. Share-owners who, through voting, are able to take part in decision-making, well understand that their voting decisions will affect their future income. Such practices can have the potential to act as a basis for the formation of a responsible attitude towards elements of democratic governance which currently strike many inhabitants of the country as abstract and alien to them.

Democratic Governance and the Outlook for Economic Growth

Notwithstanding the situation outlined above, radical steps promoting the development of corporate property can also significantly affect the economic situation. The development of corporate enterprises employing a process of management that is clear to each and every shareholder is an as yet untapped resource for economic growth. This resource is particularly important given the conditions in which the Republic's financial sector finds itself today.

Trust amongst the population toward the financial sector is at a very low ebb and it is clearly unlikely that banks will be able to serve as institutions for the accumulation of citizens' savings in the near future. The credit

¹³According to the Corporate Development Center of the Kyrgyz Republic (www.cdc.kg)

Box 2.3**BANKS AND MICRO-FINANCE AS SOURCES OF CREDIT**

The volume of credits provided by commercial banks in 2000 amounted to 2.25 billion som. Meanwhile, micro-credit organizations provided borrowers with loans amounting to 1.2 billion som, i.e. 53% of the credits provided by banks. Average repayment rates to micro-credit organizations are about 95-100%, consistently higher than the analogous indicator for commercial banks. Moreover, micro-credit is generally provided by such organizations without any collateral, whereas receipt of credit from commercial banks requires collateral amounting to between 100 and 120% of the value of the credit.

schemes offered by virtually all commercial banks are today orientated toward relatively large investors who can put up the necessary collateral for the receipt of credits. The vast majority of the population simply do not have such material resources.

Commercial banks provide insufficient credit to the manufacturing sector. Amongst the reasons responsible for this situation are the general economic climate in the country, the existing risk of investing in the production sphere, problems with the alienation of collateral and the lack of deposit funds. Rehabilitation of the financial market will undoubtedly have an impact upon the investment climate in the country. Investment in the manufacturing sector remains rather risky and it requires time to gain profit from such investments. In such circumstances, investment through joint-stock capital appears more promising. The development of the economy in this direction demands the formation of new entities in the Republic's investment market that could command the trust of the population.

The current state of the budget and the sharp decline in investment inflow (which has witnessed a 20% decline over the last few years) raises doubts as to the competence of the state in providing for the technical re-equipment of industry. At the same time, private enterprise is distinguished precisely by its receptivity towards technical innovation, responding promptly to changes in market climate. The state can encourage the work of medium-sized, effectively functioning industries by introducing a favorable investment policy.

The establishment of business co-operation between rural and urban producers, as well as with those responsible for technological innovation in the Republic, could play an important role in solving the problems outlined above. This kind of business

partnership, including those founded upon a corporate basis, could become an additional stimulus for economic growth. The fact that in the Kyrgyz Republic even the rural population of the country has a level of education which permits the rapid adoption of relatively complex technological innovations represents a considerable resource, the potential of which should not be under-estimated.

The fact that this potential remains a largely untapped resource is linked, in part, to the absence in the Republic of a market for intellectual property. In 2000 the state program known as "Intellect", aimed at the development of intellectual property in the Kyrgyz Republic until 2010, was introduced by government decree. The success of such a program could play a significant role in incorporating the country's substantial scientific and technical potential into the processes of production and market development.

It is evident that such transformations in the economic sphere demand a qualitative shift in the communicative methods that exist in society. A key factor in determining such changes will be the adoption of new communicative tools (including specifically the Internet), and new forms of co-operation that will emerge from these. Under current conditions in the Kyrgyz Republic, networking could prove decisive in the development of real corporate management. The potential of such co-operation lies not only in the increased choice of a business partner, but also in the greater transparency in management processes, the increased accessibility of data about an enterprise's activities for its shareholders, and the opportunity for maintaining regular contact between shareholders.

The resolution of problems existing in the sphere of state management of the economy can be effective only on the basis of social agreement. The necessity for the predictability of state policy in the sphere of economic development is a crucial factor determining economic growth. It is precisely for this reason that it is essential that all stakeholders have the opportunity to participate in the discussion concerning, and in the taking of, the most important decisions.

One of the vehicles for reconciling the interests of the state and private sector are councils on enterprise development and working groups under the agents of state governance (Council on Enterprise Development under the Prime Minister of the Kyrgyz Republic, and under the

Mayor of Bishkek; working groups with the participation of private sector, and representatives under the Ministry of Finance of the Kyrgyz Republic etc). Ideally the activities of such councils should serve as a key mechanism for establishing dialogue. It is undoubtedly the case that the Republic's private sector is striving to become a fully-fledged, authoritative agent, able to defend its own interests. In ten years of independence the number of public associations and enterprise associations increased nine-fold, although as a percentage of the total number of organizations their share decreased from 6% to 3.9%. This is particularly striking against a background of significant growth in the number of organizations working for social protection, from 19.5% to 57%. This trend illustrates that a large proportion of the population is more concerned with protecting themselves against the effects of the current socio-economic situation than with seeking to bring about its change - a phenomenon which again points to a low level of mutual trust between state and society.

An increase in dialogue will help concentrate the efforts of government, non-governmental structures and the private sector in developing priority areas such as tourism, hydro-electricity, mining, agriculture and the financial sector. Joint, coordinated activity will be essential in these exceptionally important spheres, as will the creation of a favorable investment environment. According to experts' estimates annual investment could reach \$500 million instead of the current \$80-100 million. To achieve this, however, it is essential that there be a fundamental improvement to the legal base in the tax sphere, and that the rights of investors be better protected.

The route to poverty alleviation

Agriculture in the context of economic decentralization

Indicators for agriculture, one of the main branches of the Kyrgyz Republic's economy, had re-attained their Soviet-era levels by 2001. However, the structure of agriculture is now fundamentally different. Besides the human factor there are many others that have contributed to this situation, in particular specific economic policies. Thus, in these years the contribution of agriculture to the composition of the budget has decreased by half, from 12% to 6%, whilst its contribution to GDP has increased from 24-27% to 35-40% (see Figure 2.4).

In 1990 agriculture was an area of large commodity production, consisting of 194

kolkhoz, 189 sovkhos, 43 mixed farms and 7 poultry farms: a total of 439 enterprises. By the end of 2000, 71,797 economic units were operating in this sphere, of which 71,163 were private. The number of units has increased over 160 times, within which the share of large farms is less than one per cent. As a consequence, the contribution of individual households in producing the most important types of goods has increased significantly (see Table 2.1).

At the same time, however, the majority of these farms operate on the basis of primitive manual labor and incorporate no further processing of the product. Decentralization and privatization (i.e. the transition to a thoroughly new economic reality, together with the particularly sharp price liberalization of 1992 and the destruction of previously existing economic and technological links) have led to a situation of de-industrialization, which can be considered as one of the most damaging effects of transition. As a result, agriculture has become a sector in which those engaged are predominantly from low-income and poor groups within the population.

The National Strategy on Poverty Alleviation emphasizes that the agricultural sector urgently needs to see the development of enterprises meeting modern technological requirements for processing agricultural goods. This kind of development, on the basis of separate, small farms is, however, problematic. One of the ways to resolve this problem may be to enhance social mobilization in rural areas.

The experience of social mobilization and the development of non-state property in the agricultural sector

New units of economic activity have begun to emerge in rural areas as the result of special schemes offering micro-credit to small groups of farmers. Under these the group

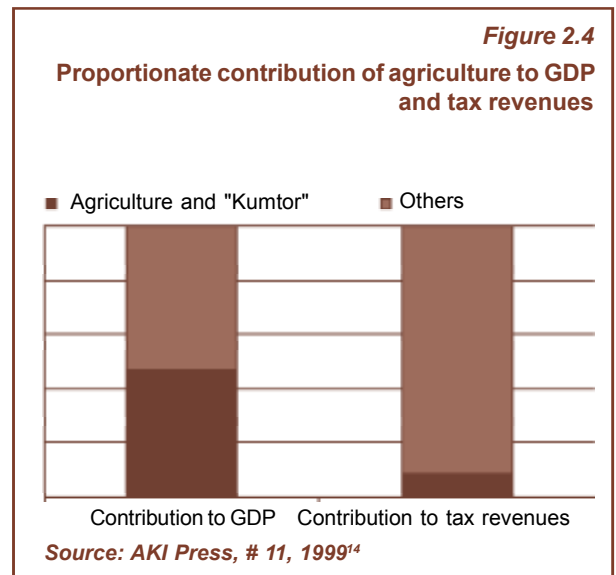


Table 2.1
Share of individual households in the production of basic agricultural goods

Year	Meat %	Milk %	Egg %	Wool %
1990	49	51	35	31
1995	72	75	88	64
2000	63	60	70	57

Source: Bishkek Chamber of Commerce, Industry and Trade

¹⁴"Kumtor" is the largest gold-mining company in the republic, and enjoys substantial fiscal benefits

members bear collective responsibility for returning the credit. An illustrative example can be found in the activities of the self-help groups (SHG) and the association of self-help groups (ASHG) that the former have given rise to. These groups work within the framework of the UNDP project entities the "Participatory poverty alleviation programme", that receives financial support from the World Bank in cooperation with the Kyrgyz Agricultural and Financial Corporation.

One of the major components of this project was the requirement that part of the profit retained after the credit had been repaid be kept as the collective savings of the group. These savings come to have a significant influence on the development of a new attitude towards money, of a kind that had been impossible under the previous economic system. After the program has been in progress for two to three years members tend to stop treating the savings as an insurance reserve in case of emergency, which is characteristic of SHGs in their initial phase of activity. When the experience of joint activity has been successful, the savings very rapidly come to be perceived as starting capital to be used for increasing profits.

During the years that the UNDP program has been in existence, certain associations have encountered the need to change the character of their activity. This relates to the understanding of an association as a corporate union within which it is possible to have transparent and thoroughly accountable management of assets. The savings accumulated within the framework of the Association enable business activities of a thoroughly different quality to be planned than would be possible using the savings of isolated groups.

Through experience gained, the logic of the Association's development will lead villagers naturally to the idea of uniting the resources gathered for the expansion of their financial activity, as well as to the development of processing and marketing techniques on their own initiative. What is especially valuable in such cases is the readiness to take on precisely the kind of function that no one is currently performing.

Although at present such initiatives remain only future aspirations for these groups, this particular variety of economic growth and the associated transition to a higher level of income generation are most attractive to the vast majority of the population.

Advantages of corporate ownership in poor regions include the following:

- Joint ownership **slows down the property stratification** that has been increasing over the last years. In the future, such a form of ownership will help overcome this negative trend and will lead gradually to a relative leveling of income. If, however, the main focus of agricultural development remains the individual farming unit, stratification will undoubtedly continue to increase.

- The experience of the joint management of assets fosters amongst people a new attitude toward property that can have a serious and direct impact upon the **development of non-state property** in the Kyrgyz Republic. The experience of the last few years of independent development suggests that many of the institutions which constitute the basis of democratic society cannot be put in place simply by the stroke of a legislator's pen. Despite the fact that on paper the existence of the private sector has been strengthened, it does not follow that respect for property on the part either of the state or society as a whole has increased. Conversations with members of developed Associations have shown that their attitude toward property has changed radically. The pride with which they describe the size of the Association's savings is matched only by the pride at the expansion of their own family's holding. Amongst such groups there is a very clear understanding that the *development of a common business* is the only *guarantee of personal financial independence*. It is possible to illustrate this in figures: if the average savings for a single self-help group comes to about three thousand som, then in groups orientated toward co-operative production and increasing profits the savings fund reaches 15-25 thousand som, depending on the type of activity and the duration of the self-help group's existence.¹⁵

- **The development of small processing enterprises** depends mostly on the prospect of corporate ownership development within the village. The number of groups that are able to become sole private owners of such enterprises is very small since the vast majority of villagers are poor. Middle-income farmers are generally satisfied with their present opportunities to sell their harvest or yields of milk and other produce. It is low-income households who are keenly interested in having their produce developed on site. For them, transport costs are prohibitively high and even if they have some produce they

Live voices

We have created our own fund into which unlimited contributions can be made by members of the Association and other villagers. The objective of the fund is to accumulate funds and to lend them to those who wish to use them; a certain proportion is transferred to depositors' accounts, the bulk of the remainder goes to the development of the fund, and 2% is allocated for social needs. The ultimate goal is to expand the fund until it has accumulated a certain quantity of funds and then on the basis of these funds to create a technical service center and other institutions required by the village.

Ak-Zhar village, Talas Oblast

¹⁵ The Development of the Community Capacity for Poverty alleviation in the Kyrgyz Republic Annual Report - Bishkek 2000.

cannot necessarily sell it. This is a major factor encouraging intensive business activity based on the joint resources of a number of participants. At the level of the village this way of disposing of money or goods carries with it minimal risk: everyone knows one another and no-one will risk doing business with unreliable neighbors. At the same time, under these conditions any attempt to conceal part of the joint income is meaningless, since it is virtually impossible for one farmer to spend excessive amounts of money in front of the eyes of his or her neighbors.

- Co-operative work and the use of accumulated funds mean that **joint activity aimed at improvement in the quality of life of villagers** becomes a priority. Not just program activists but also local government employees assert that it is primarily poor residents who are interested in developing the social infrastructure of the village. Prosperous, or even middle-income inhabitants, rarely participate in projects related to the social sphere. Undoubtedly if a farmer who has the resources for a car and for petrol happens to fall ill, he is more likely to head to the town or the rayon center to seek treatment than to invest money in building a rural nursing station. On the other hand, poor people desperately need quick, cheap medical assistance - a need that can be met only through joint effort and the combination of their small personal resources with those of other villagers who are interested in establishing nursing stations.

- One of the options for economic development through the creation of corporate enterprises is the development of **income-generating activity at the municipal level**. This development approach is suitable for larger, more urbanized villages where the way of life is closer to that of the town, than for smaller rural villages. Thus, for instance, in Kadji-Sai village relatively large business projects have been established that co-operate closely with the activity of the local village council and administrative board. The proposed income could be used for improving the social infrastructure and for increasing the quality of life in general. The residents of the village are able to participate in the running of the enterprise, though this function is usually carried out by the local authorities.

- The appearance in villages of effective agents, committed to the processing of products, can also have a **positive impact on the economic life of cities**. In addition

to intensifying trade, such changes will also have a stimulating effect on the introduction of technological innovations and on the production of goods, including machinery, needed in rural areas. It is evident that developing the market in agricultural products, especially outside the Kyrgyz Republic, will require close co-operation between rural and urban enterprises.

It is important to note that successful attempts at co-operation have been achieved not only under the aegis of UNDP programs and other donors. In certain villages of Issyk-Kul and Talas oblasts peasant associations and co-operatives engaged in entrepreneurial activity have begun to emerge and develop spontaneously.

It is essential to support and promote other forms of entrepreneurial activity whilst not in any way diminishing the opportunities of those who are orientated towards the development of individual or family farming.

This applies, above all, to the development of corporate ownership and rural financial institutions. The variety of forms taken by such activity significantly extends the opportunity for the population to be engaged in economic activity. One and the same household can participate in a variety of projects, which can help insure against possible losses - something that is particularly important given the risks involved in farming under local conditions. Losses in one's private plots can be compensated for by successful trade activities in a co-operative, or by receiving dividends from a credit union.

The main outcome of the emergence of corporate enterprises will be the rapid conversion of agricultural production into capital.

Much agriculture today consists of basically subsistence-type farming, with peasant households geared not so much toward turning a profit or expanding production, as towards meeting their immediate subsistence needs. This applies not only to poor and middle-income farmers but even, in part, to prosperous households. They differ only in the needs that they seek to meet, but not in their basic attitude towards the allocation of the income received. One person buys a car, the other a pair of shoes or some washing powder. However, peasants develop a completely different attitude towards that money which is collectively owned and which has been allocated for development. These funds rapidly become the basis for future-orientated or long-term projects.

Live voices

You know, if a person receives credit from one other person, it is possible for him not to acknowledge his debt: we've had such cases. But if the person borrows money from a hundred people? He will still have to live here...

Kuluk- Dobo village,
Jalal-Abad Oblast

Live voices

We want to construct plants for the processing of raw materials such as fruit and wool. The property will be municipally owned and the income will go to the town treasury. People will be paid wages and there will be enough funds for social and economic development

Employee of the
Aiyl-Okmotu, Kadji-Sai
village, Issyk-Kul Oblast

Live voices

We will continue to develop our fund even though we do not yet have enough savings: it will take us at least ten years to open a decent enterprise. If we were to get support, and a good credit line, we would already be working differently by now.

**Epkin village,
Chui Oblast**

Without doubt, new attitudes towards private property emerge only gradually and only as the result of personal experience. It is thus all the more important to support those villages and rayons where such an attitude is already developing. In Talas and Jalal-Abad oblasts the savings of Associations are already being used for the opening of small processing plants, as a source of micro-credit to individual farmers and for the development of the village infrastructure. In the opinion of farmers who have been the initiators of new financial institutions formed in the village, only two things are necessary for their successful development: time and money.

In fact, the most developed associations already possess all of the pre-requisites for institutional development. Their members, for instance, have developed their own formal and informal norms of group behavior, there exists an organizational core and even some elements of organizational infrastructure, such as premises and a means of production. By disseminating and supporting similar experiences it will be possible to increase the efficiency of such activity, and to strengthen the authority of corporate associations amongst farmers.

Decentralization of Power and Territorial Development

Increasing the efficiency of governance is closely related to the issue of decentralization of power and to the devolution of authority. The key principle of subsidiarity consists in the distribution of executive authority between different levels according to the capacity of each. The lower levels of power delegate to higher levels those functions and responsibilities that they are unable to take upon themselves, provided that this does not damage the integrity of the whole system of governance. It is precisely the multi-polarity

of governance which allows this integrity to be maintained, for it enables areas of responsibility to be freely re-allocated, and thus for optimum responses to be made in any given situation.

Decentralization of power depends on facilitating two simultaneous processes. On the one hand, the central authorities must relinquish a number of their powers in favor of the organs of local self-government. On the other, subjects must be developed in the regions which are ready to take these governance functions upon themselves, and which have the wherewithal to support the every-day activity of their region. In the area of territorial governance, these subjects are, typically, the organs of local self-government

Changes in the Sphere of Territorial Governance

In the Kyrgyz Republic, as in other post-Soviet states, the process of reforming the system of territorial administration in favor of local self-government has been initiated by the central authorities. During the course of the last five years, the central authorities in the Kyrgyz Republic have focused their efforts on re-orientating the system of local self-government toward the principles of democratic governance. The primary administrative and territorial units, towns, villages and aiyls (rural settlements), have been transferred to the control of local self-government. In these settlements, local authorities have already been formed on the basis of a new principle in which the powers of the representative organ (the local *kenesh* or council) are broadened and to which the executive bodies (the Mayor's office, urban and rural boards) are subordinated.

The existence of these changes attests to the aspiration of the state to democratize the system of governance and to create a balanced system of territorial governance. On the one hand this system depends on limiting the authority of the head of the local administration through the counter-weight of collective representation (through the local *kenesh* or council). On the other hand, the executive authority is granted voting rights in the decision-making process and is able to participate in questions of collective jurisdiction.

Issues of legal provision for the decentralization process

The organizational transformations outlined above remain, however, to a large extent formal in nature and do not yet provide real power to the organs of local self-government.

Box 2.4**TRANSFERRING SELF-GOVERNANCE TO THE MUNICIPAL LEVEL**

In 1995 the state municipal administration was transferred to the Mayor's office in Bishkek, the capital of the Republic.

In 1996 in all rural settlements local councils known as *aiyl okmotu* were formed.

From 1998-2000 12 rayon centers (Kant, Kara-Balta, Kara-Suu, Naryn, Uzgen, Cholpon-Ata, Shpokov, Karakol, Kok-Jangak, Tokmok, Batken and Isfana) transferred to the principle local self-governance.

In May 2001 the oblast centers (Osh, Jalal-Abad, Talas, Balykchy, Sulyukta, Kara-Kul, Kyzzyk-Kiya, Mailuu-Suu and Tash-Kumyr) were transferred to the principle of local self-governance, and Mayoral officers were established in them. Thus by May 2001 the initial stage of reforming local self-government was completed with the fundamental transfer of power across the republic's settlements.

This is related, primarily, to the legal environment in which the new institutions of local power must operate. The existing organizational and legal framework regulating local self-governance consists of a variety of uncoordinated normative and legal acts, developed during various stages of the process of local government reform. This means that the acts have inconsistent ideological content and pursue incompatible goals, which in turn has a serious impact on the efficiency of the whole system of local self-government.

It should be noted that because of these circumstances it is still impossible to attain the constitutional principle of a separation of functions between state power and local self-government. The issue of dividing spheres of competence between the state and local self-government has not been resolved in a single one of the principal policy papers on local self-governance. An analysis of the reform of local government in other countries demonstrates that in practice it is extremely difficult to define which issues should remain within the powers of the state, and which should be transferred to the competence of local self-government. This complex problem can be resolved only by accumulating experience for oneself and by developing models of self-government that are appropriate to the conditions of the local situation.

Additional difficulties are created by the question of the interaction between the state and local self-government, since until now no definition of *delegated state power* has been stipulated in the legislation. The ambiguity of this issue means that state bodies continue to interfere in the work of local self-government bodies on a regular basis, since, according to the Constitution, organs of local self-government are accountable to state bodies in the execution of their delegated powers.

Delimitation of Powers and the Principle of Subsidiarity

The extent to which powers are delegated is a question that requires special consideration. It is to be determined not simply by the expediency of delegating certain functions from the center to the local authorities, but also by taking into consideration the degree to which local authorities are prepared to execute these functions. The degree of willingness on the part of the lower levels of government to undertake some of this responsibility differs

Box 2.5

LEGISLATION IN THE KYRGYZ REPUBLIC RELATING TO LOCAL SELF-GOVERNMENT

The legislation in the Kyrgyz Republic in the area of local self-government consists of a series of clauses in the Constitution of the Kyrgyz Republic (Article 7, Chapter VII), the "Law on Local Self-Government and Local State Administration in the Kyrgyz Republic" that was adopted right at the dawn of Kyrgyz statehood in 1991, over 30 Presidential decrees issued at different stages of decentralization, as well as a large number of Government resolutions. Many of the normative and legal acts (Presidential decrees) which have been adopted contradict the basic Law On Local Self-Government. This creates constant difficulties for the daily activity of the local self-government bodies. There is thus an urgent need to harmonize the legislation in this area by adopting a new Law that could regulate the principles of local self-governance and which would incorporate all of the reforms in this area that have been introduced over the last decade through presidential decree. A draft of such a law has been developed and is currently under Parliamentary review. This suggests that in the coming year the legislative framework regarding local self-governance will improve significantly.¹⁶

not only not only from one region of the republic to another, but also between villages. This gives rise to a whole series of problems. A single model of local self-governance should not be allowed to prevent diversification, since ultimately it is the population themselves who are to determine the possibilities for social governance in any given place. Under such conditions it is especially important to observe the principle of subsidiarity of power.

Today it is extremely difficult to observe this principle since the question of a mechanism for delegation of state powers has not yet been settled. The Constitution of the Republic stipulates a direct requirement, namely, that alongside the delegation of state powers to any structure, the necessary materials, financial and other, for their execution must be provided. In reality this requirement is often ignored.

In 2000, according to a Government Resolution of 12th September, a series of state functions were accorded to local self-government organizations. Thus, through the Ministry of Public Health, they were delegated the power to participate in sanitary and epidemiological monitoring, as well as the responsibility for coordinating activities relating to protection against the spread of infection. Under the Ministry of Agriculture and Water, powers were granted to stimulate the development of a network of private technical service points, wholesale and retail markets, shops and trading-centers selling

Live voices

Ideally, subsidiarity looks as follows: if the "bottom" are not able to deal with the delegated powers, the responsibility for them returns to the top. But here the situation is just the opposite: it is the top who cannot put in place what they are supposed to (for instance, they fail to keep up unprofitable entities like libraries), and so they place all responsibility on the "bottom", whilst failing to provide the latter with even the minimum resources necessary. "Here are entities for you to manage if you like, but if we can't manage them...?"

Head of local administration

¹⁶ On December 28, 2001, the Legislative Assembly of the Jogorku Kenesh approved a new Law "On local self government and local state administration". It is anticipated that the introduction of this law will allow the stabilization of the situation in the sphere of legal regulation of the municipal agents of power. Additionally it is necessary to approve the following laws: "On communal property", "On the financial basis for local self government", "On municipal services".

Box 2.6**THE PRINCIPLE OF SUBSIDIARITY**

Subsidiarity is a normative principle used in continental European jurisprudence (and derived from Roman Catholic theology) with possible applications to various aspects of social behaviour and organization, but most familiar now for its relevance to the allocation of functions and powers within a federal system of government. The term has been used prominently in discussions about European integration and actually appears in the more recent treaties on European Union.

Put most simply subsidiarity in relation to governance means that functions and powers should be exercised at the lowest possible level, and transferred to higher levels only when there is clear justification for doing so. In other words, in any given political system each recognized separate community or group should be autonomous (i.e. self-governing), except in matters affecting other communities or groups, or those affecting the system as a whole. Much depends, of course, on how such a broad general principle may be applied in practice, that is, on how to identify those matters that do affect other units individually or the system as a whole. Legal experts tend not to like the principle for that reason, finding it too vague and subject to disputation that can be resolved only by political intervention.

However, in this meaning subsidiarity (which emphasises the transfer of powers from below) usefully offers a different perspective from de-centralization (which emphasises the transfer of powers from above).

equipment for agricultural production, and repair shops with a range of different owners. Under the auspices of the Ministry of Home Affairs they were made responsible for establishing specialized public bodies for organizing municipal and reserve fire-fighting teams, and for equipping the latter to deal with emergency calls. In this, as in the majority of preceding examples, no resources were allocated for the implementation of the delegated powers.

One possible way out of the current situation would be to change the approach to the delegation of certain state powers towards a more contractual type of relationship. This is the approach recommended by the European Charter on Local Self-Government. Given the mutual interest in this issue, there are undoubtedly more expedient ways to resolve the problems surrounding a number of delegated powers, as well as the associated financial problems.

Reinforcing the role of democratic representation

Despite these difficulties the last few years have seen a move towards a more transparent system of governance and an increase in the accountability of leaders of local authorities to the population. These transformations began with the acceptance of the Concept for the Development of Local Self-Governance in the Kyrgyz Republic for

1999-2001. This document set forth a goal to expand the powers of local councils that are the basic constitutional bodies of local self-governance. It also proposed to delegate to the latter the power to dispose of communal property, as well as to strengthen their control over the activity of the executive.

In this way the state reaffirmed its position: decentralization does not so much mean the mechanical re-allocation of governance functions between different echelons of power; it also refers to changes in the very practice of local self-governance. This practice corresponds to the norms of democratic governance and, above all, must include democratic control over the activities of the executive. Today transparency of governance in the regions is one of the major pre-conditions for the restoration of trust between the authorities and society. This trust, in turn, lies at the foundation of the further development of democratic governance.

The democratization of local self-governance will also help improve the process by which the leaders of the local administration are chosen. Until now in the Kyrgyz Republic, heads of rayon-center towns have been appointed by the oblast governor upon the recommendation of the head of the state rayon administration and with the consent of the deputies of the corresponding kenesh. Heads of the *aiyl okmotu*, in turn, have been appointed by the head of the rayon (town) state administration, with the agreement of the deputies of the village council. During the course of 2000, documents were prepared that would enable the heads of the rayon and village administrations to be popularly elected.¹⁷ The undertaking of elections undoubtedly has a huge influence on the development of democratic governance across the whole Republic.

Financial issues in the area of decentralization

The most acute problem facing local self-government is a shortage of resources, and above all, the serious lack of finances. The previous five years have seen the transfer by the state of over eight thousand social, cultural and economic entities (hospitals, clubs, libraries, schools etc.), worth a total of about 5 billion som, to local government. These are entities that require substantial and ongoing expenses for their upkeep. At the same time, the state has not provided the

¹⁷ Elections of local self government heads of *aiyls*, villages and rayon-level towns have been conducted in two stages on December 16 and 23, 2001.

organs of local self-government with sufficient sources of finance to be able to keep such entities in decent working order. When it is taken into consideration that amongst the collection of entities transferred there were very few which were profitable, it is clear that the new communal property actually represents an additional burden upon already stretched local budgets.

According to statistical data, the proportion of funds allocated to local budgets in the general state budget has not only not increased, but has in fact shown a continuing decrease year on year. Thus, whilst the size of the overall republican budget in 2000 had grown by 5.9 billion som compared with 1996 (an increase of 3.3 times), the size of the local budget, by contrast, increased by only 1.8 billion som, or 2.1 times (see Figure 2.5).

The reason for this lies in the extremely conservative approach to forming local budgets and the absence of a legislative framework for implementing financial decentralization. Thus for example, of the 16 types of local tax envisaged in the Tax Code of the Kyrgyz Republic, only 2 or 3 types can be collected at the local level. This is because the list of taxes is excessively rigid and does not allow local councils to take into consideration the peculiarities of the local situation.

This disturbing tendency points to the fact that during the years of local self-government reform, the issue of a qualitative change to the local budgets has been forgotten. Moreover, an underlying principle of self-

governance, the principle of self-financing, has not been backed up by real action.

At the same time, the lack of relevant experience, and the low level of transparency in using funds mean that local authorities are not even able to make use of the opportunities they have. People refuse to pay taxes to the local administration since they neither trust it nor do they see it offering any real support for solving local problems

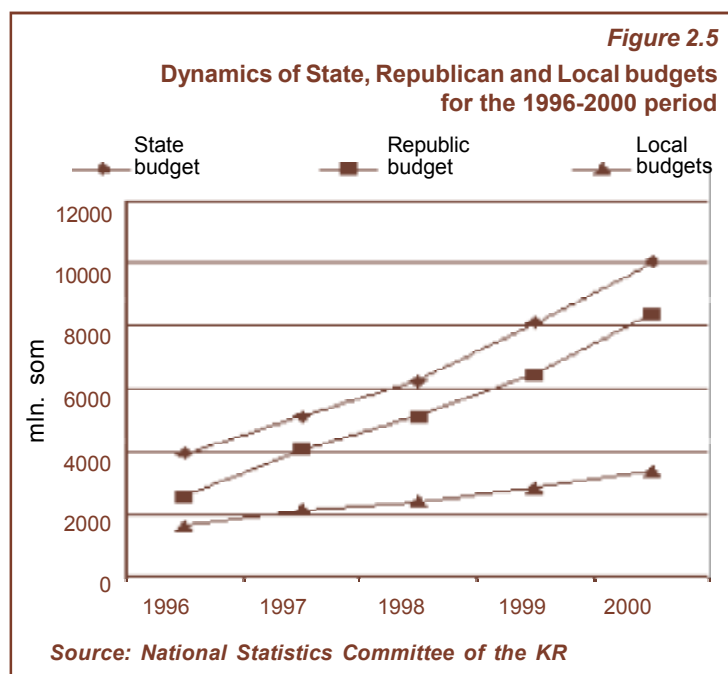
Only a change in the approach to setting local budgets could solve the current problems. The solution of these financial problems is, in turn, closely linked to the search for new, more promising forms of social mobilization, which could change people's attitude toward socio-economic development programs in the regions. It is imperative that the local authorities' program documents, which often have a purely formal character, be turned into real programs for developing local communities, established in social partnership with local authorities, civil society and the private sector.

Positive examples in this direction already exist in the Kyrgyz Republic. In the towns of Naryn, Tokmok and Uzgen, councils for local economic development have been formed, with the participation of state representatives, the general public and the private sector. Each year in these towns, since 1999, there has been an open review of the budget during which each citizen has the right to pose any question to the authorities with respect to the budget's structure, and to put forward their own proposals on strengthening the local

Live voices

It is very difficult to work as the head of the aiyl okmotu, since very little actually depends on you. Today the aiyl's budget is almost completely regulated by the rayon. The most depressing fact is that norms of allocation into the aiyl's budget are revised on an annual basis. Thus, for instance, if you happen to over-fulfill the plan on tax collection, it is undoubtedly the case that next year the planners will "cut you down". "Lazy" heads of aiyl okmotu, who do not implement the plan on tax collection, will find themselves with their tax norm unchanged. Under this kind of system there is no incentive to try to increase the tax collection.

Head of aiyl okmotu



Live Voices

Last year I permitted all of the aiyl-okmotus in my rayon to collect the pasture tax. This is not a great deal of money, though they needed these funds as they do not have any of their own finances. But they weren't able to collect a penny; none of the village councils was able to do this. This is a small tax. But what if they start to demand larger taxes? This year it would be better for the rayon administration to gather the taxes -there would be fewer losses.

Head of rayon administration, Talas Oblast.

*Box 2.7***THE EXPERIENCE OF FORMING THE LOCAL BUDGET**

A positive example of financial decentralization may be observed in the Nookan rayon of Jalal-Abad oblast, where, beginning in 2001, the budget of the aiyl keneshes have been formed autonomously. The budgets of each of the nine rural municipalities of Nookan rayon received the prior approval of the rayon budget, and the norms for tax allocation into the aiyl budget are established on the basis of proposals from the aiyl keneshes themselves. This approach, in which budgets are defined at the primary territorial level, differs from the traditional "top down" approach to budget formation typical of the centralized state system of governance, an approach still widely used in the Republic for approving the budgets of various territorial levels.

budget and the rational use of the community's financial resources. This practice is already spreading to other towns in the Kyrgyz Republic. In October an open hearing of the budget was held in Balykchy, in which over 200 people participated, and in November, the same hearings were held in Tash-Kumar, Jalal-Abad and Shopokov.

The Inter-relationship between territorial and functional decentralization

As was mentioned above (see the Introduction), decentralization of governance takes place both territorially and inside certain sectors of the economy and the social sphere. In the Kyrgyz Republic it is

predominantly the territorial aspects of decentralization which are discussed and implemented. The lack of a clear conception of the process by which territorial and functional decentralization should be carried out leads to the double subordination of a number of territorial structures of governance. Many of the latter are functionally oriented to ministries and agencies, rather than toward local administration. So long as such structures continue to be orientated toward the decisions of central ministries, of which they are subdivisions, rather than to the decisions of local communities, it will be impossible to speak of the independent democratic development of the territories.

The problem is the fact that central state organs, which have to resolve strategic problems, see their main responsibilities as comprising coordinating and regulatory functions. In this way, the territorial structures of government, as a rule, are not the partners of the ruling powers in the regions, but are rather executors of the orders of central ministries and services, confirming the vertical nature of central power.

However, the continuance of this kind of centralized vertical scheme is also completely understandable. It can only be ended with the establishment of a new order based upon a multi-polar system of governance, which is today only just emerging in the country. Within this framework it is not only the organs of local self-government which need to take on state functions and powers, but also a variety of NGOs, professional and business associations, community councils, and various monitoring and coordinating councils. These will operate at all levels of administration and the success of a multi-polar scheme of governance will ultimately depend on their activity. Will this activity be purely formal or actively pursued? Will it be orientated towards partnership or towards opposition? Will it expand to accommodate new participants? These questions will prove crucial in determining the future development of democratic governance in the Kyrgyz Republic.



CHAPTER 3

AGENTS OF DEMOCRATIC GOVERNANCE: THE BROADENING OF COMMUNITY PARTICIPATION

Democratic governance assumes that the population can take part in the process of governance at a whole variety of levels. The expansion of community participation is associated, above all, with the adoption of new approaches in the sphere of social governance and the development of direct democracy. It is precisely in this sphere that great changes are occurring in the Kyrgyz Republic today. New forms and types of community participation, which have emerged in the country during the last few years, deserve attention. Amongst these *social mobilization* and *social partnership* are paramount and they are the focus of this chapter.

Social Mobilization as an Organizational Resource for Development

It is only recently that the notion of social mobilization has become popular in the Kyrgyz Republic. Social mobilization is tied to the increased participation of the population in resolving problems associated with meeting daily, vital needs. As a rule people today are able to achieve this on their own initiative, but they are hindered by inexperience in this area and by dependencies and stereotypes learned during Soviet times. Very often, many local problems remain unaddressed, as people wait for the state to solve them, whether that be the local or rayon administration, central ministries or government agencies. The processes of social mobilization are most visible in those places where people cease to wait for help from outside, and have instead taken up an active position aimed firmly towards changing their social conditions. Essentially, social mobilization is aimed at changing these social and cultural norms, and through this, at changing attitudes to life as a whole.



Social mobilization plays a crucial role in the decentralization of power and the development of local self-government. There is no doubt that a lack of funding slows down the development of local self-government. However, experience also shows that there are other resources that are not fully utilized by local communities. These are, first and foremost, *the organizational resources* of local communities created through social mobilization.

It is important to emphasize that social mobilization has, to a considerable degree, arisen out of necessity in response to the difficulties of meeting day-to-day needs. At the same time, precisely as a result of active social mobilization there have emerged, in different regions, real agents of democratic governance. The process of social mobilization allows the rapid formation, at the local level, of groups of people bearing new values and norms (see chapter 2 of this Report). Moreover, the entire population in areas undergoing social mobilization begins to demonstrate a change in their basic orientation; *from seeking simply to satisfy everyday personal needs, they begin to appreciate the more long-term values of development*. This creates a new framework for constructive action, both amongst the local authorities and amongst the population as a whole. Social mobilization is a clear illustration of the kind of phenomenon which can be of decisive positive influence as long as the experiences gained in individual pilot projects are permitted to encourage active participation on a national scale. It can be asserted with confidence that this kind of activity represents one of the most important factors in institutional change at the level of informal rules and norms. For it is precisely this sphere of institutional capacity-building which is the most conservative and least responsive to external influence.

The experience of social mobilization demonstrates that certain *organizational techniques* have begun to be employed on the territory of the Republic for the first time. These techniques enable the same results to be achieved in diverse contexts. This is because a single overall scheme is introduced and implemented in each case, around which activities are organized. It is worth underlining that it is only the general scheme which remains unchanged, since it is adapted to take account of particular local needs. This Report attempts to provide a very general outline of the ways in which social mobilization is organized.

An outline of social mobilization

The forms of social mobilization are very diverse. They can emerge spontaneously, on the basis of self-organization by the population; or they can be formed through of the implementation of special programs.

Groups generally form spontaneously to address particular problems: the population might mobilize to build a water-channel, to introduce new agricultural techniques or new crops, etc. This can bring about considerable change in the life of the individual farmer; his individual domestic economy might change and he develops new skills for dealing independently with communal property and new ways of interacting with local authorities

and donors.

Social mobilization, when it is launched externally, is based upon a specific program and involves specially trained initiators (such as volunteers from international organizations). It depends on some previously established goal having been met, and on the direction of organization having been determined. Usually the general underlying goal is to facilitate the population in identifying and resolving problems on their own (see Box 3.1).

In spite of external differences, several common elements, constituting the basis of a successful organizational resource, can be identified.

1. In a given territory, there emerges an individual or group interested in bringing about a real change in their situation. The appearance of such a person(s) is always necessary, irrespective of whether the social mobilization is externally or spontaneously initiated. Analysis of the situation always reveals a person or persons who can initiate further change. It is essential that these people enjoy the overall trust of the population.

2. Identification of primary goals and development of a plan of future action. If changes are initiated by an external agent (volunteer), then he or she already arrives with a certain set of goals which are reworked and refined in conjunction with the population, taking into account the relevant local conditions. If mobilization occurs spontaneously, then this stage is usually carried out by the initiating group.

3. Involvement of the population in the project, the formation of a core of activists and the delimitation of the responsibilities of participants. This occurs in a variety of ways: through meetings, demonstrations of new opportunities, discussion of new organizational forms and ways of overcoming lack of resources. Thus examples of successful self-help groups, community organizations, the positive discussion of a local budget or participatory planning would be given. A necessary condition for the expansion of the program is ensuring the provision of information. The more accurately that information is provided about the program, the faster that new activities and new cultural norms will be adopted by the group.

4. The organization of assistance and support for the adoption of new types of activity. This is one of the most important

Box 3.1

PROGRAMS ON SOCIAL MOBILIZATION

The programs on social mobilization are implemented within the Kyrgyz Republic by different international organizations. UNDP projects, as one of the first, started the work on poverty alleviation and decentralization of power that is reflected in this Report in detail. Also, one can identify different projects implemented by the World Bank, the Urban Institute, Counterpart Consortium, FINCA etc. All these programs are based on different work principles - from providing a microcredit or loan for building a house, to creating and reinforcing CBOs and condominiums. At the same time, all these programs bear a strong resemblance; they are all directed toward the creation of organizational resources for development - self-efficient and groups of people, who are ready to take part in solving their problems. The main vehicle dedicated encouraging this increase in the activity of the population is not financial support (for instance - in the form of microcredits), but rather the organization of the initial core, surrounded by the community of its members. Despite significant successes, the activity of social mobilization has certain limits. According to "Development journal" №1, 2001 (www.undp.kg), the main limit is the high demand for professional organizers (development agents), who understand local customs, traditions and tongues. These organizers should take an active part in a CBOs, or other groups: activities for several years, conducting training programs and supporting a group until it becomes self-efficient. The lack of sufficient professional agents of development is a major obstacle to broadening and implementing social mobilization programs.

elements of the successful expansion of social mobilization. If it occurs through the involvement of an external agent (volunteer), then, as a rule, this agent will act as a mediator, gaining support from the organization that he or she represents.¹⁸ Such support is not necessarily financial in character: it is often primarily informational, through provision of training or access to relevant materials. At the same time targeted financial contributions, in the form of micro-credits or grants, can have a positive impact on the process of social mobilization. If there is no such agent then the initiators of the movement search for suitable partners amongst international or non-governmental organizations who are able to offer their support. It is possible to distinguish several types of assistance needed by the population to undertake social mobilization activities:

- to develop the skills of effective group functioning (creating charters and programs, determining the responsibility of different group members, etc.)
- to organize various kinds of training (in record-keeping, business skills, cultivation of crops, vocational training, etc.)
- to develop and writing projects, searching for partners and the resources necessary for implementation
- to develop social partnerships with authorities, donors and neighbors; this also includes assistance in defining one's niche in the whole system of activities undertaken in a given territory
- to organize control over the implementation of new types of productive activity, as well as observance of the rules and norms of behavior adopted by the group.

5. *Transfer of organizational functions to the newly-formed groups;* strengthening of links with other partners, sharing knowledge about social partnerships and the resources for supporting their activities.

6. *Movement of the group towards independent activity,* promotion of its activities and the further broadening and developing of its potential. This phase is linked to a reduction in the guardianship on the part of any external initiators or agents of social mobilization.

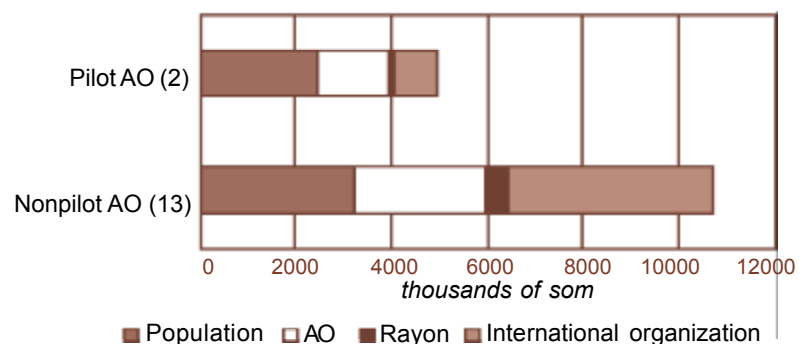
The role of social mobilization in the development of democratic governance

Social mobilization has not only produced changes in the types of domestic and business activity undertaken by the population; it has

also resulted in the formation of real agents of development who are able to recognize problems, to identify sources and partners for cooperation, to create organizations and to undertake the necessary administrative activities for resolving their problems. For example, it has permitted two pilot ail-okmotu (from 15) in Kara-Suu rayon of Osh oblast to construct 20 structures (28% of the total quantity for the rayon), amounting to a total of 4919.3 som. Moreover, almost half of the resources that were committed to these projects were provided by the population themselves. (see Figure 3.1)

It also gives rise to a new level of interest and involvement in changing one's living and

Figure 3.1
Realization of the joint projects in the pilot (Mady and Nariman Aiyl Okmotu (AO)) and non-pilot villages in the Kara-Suu rayon of Osh oblast



Source: Decentralization Program in the Kyrgyz Republic

Box 3.2

PARTICIPATORY PLANNING AND SOCIAL MOBILIZATION (THE EXPERIENCE OF THE UNDP PROGRAM ON DECENTRALIZATION)

At their regular meetings members of community based organizations discuss the current needs of their village. The most important problems and those with the highest priority are selected from this list and the whole village community is involved in making this choice at their orientation meetings. Project proposals are prepared, aimed at resolving the problems identified, as are methods for mobilizing resources. All of the approved proposals are conformed by the Aiyl Okmotu and are included into the Aiyl's development plans. Village dwellers form a functional group (FG) responsible for project implementation. The functional group coordinates all the work concerning project implementation, prepares financial reports, searches for and mobilizes resources etc. The members and heads of these groups are, as a rule, leaders and active members of community based organizations. In the course of this activity, people acquire huge experience in working with representatives of local self-governance, local state authorities, financial donors, and corporate structures etc. Yet the main result of their efforts is, of course, the solving of specific problems - building water-supply networks, repairing schools, organizing teaching courses and profitable enterprises.

¹⁸This type of support is not necessarily financial in kind. It is, firstly, a matter of education and then providing information. At the same time certain financial contributions in the form of microcredits and grants positively affect the course of social mobilization.

CLOSE VIEW*Polevoe village,
Vasil'evka AO 'Nadezhda' Community Based Organization*

The CBO 'Nadezhda' consists of representatives of a variety of different ethnic groups: Russians, Kurds, Turks, Germans, Tajiks and others, since more than thirty nationalities live within the boundaries of Vasil'evka Aiyl Okmotu. Uniting dwellers according to territory was therefore going to prove rather difficult. In addition, migration rates (especially among the Russian-speaking population) are rather high from the territory of Vasil'evka Aiyl Okmotu, since many seek to leave for a better life in Russia. Despite these difficulties, however, after initial orientation work in Polevoe village, (which consists of only 70 households and is situated 5 kilometers from the main village), the dwellers agreed on creating a Community Based Organization they called 'Nadezhda', which means 'Hope'

Once the first project for reconstructing the water-supply network had been approved and financially supported by UNDP and the local administration, people began to believe in their capabilities and in their capacity to improve their lives themselves. The project, which was allocated 92,280 som, is today 90% complete. In the future, the CBO members plan to repair the roads of Polevoe village, to build a shop using their own fund of financial savings. This will help alleviate the problem of unemployment, since some of the community members will be given a permanent job, and the fund of financial savings will grow. Besides, the CBO members plan to build a park and to organize the monthly clearance of rubbish from the territory of the village. Nowadays, people have come to believe in their powers and in the potential of community based organizations, by means of which it is possible to solve both personal problems and those of the village.

working conditions; the whole village, rayon or town arrives at a new understanding of their responsibility for their settlement's development. Indeed, following social mobilization the population starts to undertake a qualitatively different kind of activity: planning territorial development and establishing partnerships for the implementation of social governance.

This facilitates a change in the overall life style of people, orientated towards new goals and tied to a new type of responsibility. It is precisely the emergence and strengthening of a new mode of life which offers evidence of real institutional change. Groups that have emerged as a result of social mobilization become bearers of new norms of social cooperation.

At the present time in the Kyrgyz Republic there is a glaring shortage of such groups, as evidenced by indicators of socio-economic development and the growing level of poverty in the country. It is clear that a special effort is required to render the population more active. Thus the scheme of social mobilization outlined above can act as the basis for broad dissemination of positive experience and for the introduction of new organizational techniques.

In this regard the question of human resources for implementing social mobilization

deserves particular attention. Agents undertaking such activities need a number of skills and capabilities that may not be obtained from traditional secondary and higher education. The non-governmental sector could play a significant role in addressing this problem, for in the Kyrgyz Republic there are NGOs which have a wealth of experience in introducing a variety of innovative training programs.

Social mobilization expands the choice and participation of the population in a variety of social processes. Groups which have learned the principle of co-operative partnership, and which know how to implement it will undoubtedly play a significant role in the management of their territory. This in turn will help broaden dialogue between the state and active social groups for meeting various daily needs. Such a dialogue can become the basis for forming regional units of social governance and for planning regional development. At this stage these techniques of social mobilization must give way to a more complex variety. In the NHDR 2000 the importance of using cultural policy for this purpose was highlighted. In addition to cultural policy the potential of social planning and educational techniques should also be utilized, above all in the sphere of governance.

Social governance as a means of realizing democratic reforms***New agents of the local self-governance***

Social governance is a multi-faceted phenomenon and it is difficult today to anticipate in what forms and through which subjects it is going to develop in a given locality. In some rayons this type of governance could be implemented in close contact with the local administration; in others it could rely on established NGOs; in yet others on community-based organizations. Throughout this diverse activity, the main criterion for measuring the effectiveness of social governance should everywhere remain the degree of improvement in the population's quality of life, and the opportunity available to the local population to participate directly in the development of their territory.

The following characteristics of governance, which have arisen in the Republic in the context of today's decentralization of power, are worth

underlining. Undoubtedly, of the three key agents of democratic governance: the state, the private sector and civil society, the state remains today the most powerful and effective. However, the experience of territorial development, and specifically the emerge of social mobilization projects, suggests that other agents are increasingly important.

Whilst at the central level the power of the state is not being questioned, in those places where organizational resources are being created the situation can be fundamentally different. In areas where the population has been organized, informal and private associations of people often enjoy considerably greater confidence among the population than do representatives of official bodies of power. There have been cases when elements of social infrastructure built through the *ashar* method (such as rural medical centers and water pipe-lines) have not been given to the *Aiyl-Okmotu* by the population because they do not trust the representatives of the local administration.

It should be noted that such opposition is characteristic of those settlements where social mobilization programs are associated with the active formation of the private sector. Under such circumstances, only one of the parties can gain the upper hand in the process of governance, and in many localities this is often not so much the state as the growing private sector. People place their hopes for future economic development and an improvement in their conditions not on the activities of local powers, but rather on that part of the village population which has already proven its effectiveness in practice.

However, the further development of local self-governance is primarily based on *strengthening and broadening the partnership between the local authorities and the population*. In the absence of such a partnership it would, for instance, be impossible adequately to accomplish the transition to program-based budgeting, planned regional development etc.

The situation appears fundamentally different in those villages where civil society structures, such as CBOs, are being formed alongside the private sector for the socio-economic development of the territory. In such cases the most productive social mobilization schemes are those in which the local authorities become interested in co-operating with the new community

CLOSE VIEW

Orto-Aryk village, Dolono AO

About 370 children study at the Nurbaev Secondary School in Orto-Aryk village. The school is the only one in the village and consists of 5 different buildings. These buildings are old, constructed between 1940 and 1944, and they are in poor condition, without a heating system or sanitation. The question is whether to repair the existing buildings, or whether to fundamentally rebuild the school completely. Moreover, the school's roof leaks, it is cold inside, the floors are rotten and the walls are slowly disintegrating. In addition, the school doesn't have a sports hall. A project for reconstructing the Nurbaev Secondary School in Orto-Aryk village has been initiated by two village community-based organizations. The construction of the sports hall in the School has began by means of the *ashar* method with the support of the local community back in 1998, and by the middle of 1999 the walls were in place. However, due to a lack of funds, the construction was never completed. At various strategy meetings it was agreed that the school should be reconstructed (capital repairs of the various buildings and the completion of the sports hall). At least this way the children could play sports and improve their health, since up to now they had had no-where to practice. In bad weather conditions they had to play outside amidst mud and dust.

The selection criterion for project implementation was the fact that all 237 village households had supported the initiative of the community based organizations to reconstruct the school. The project proposal, prepared three times, had been rejected, since the project demanded significant financial resources. The members of the CBOs and the village community have experience organizing the preparation, implementation and construction of buildings by means of the indigenous *ashar* method; the local *Aiyl Okmotu* has supported and contributed to the work. The CBO members and village community have contributed manual labor exceeding 100,000 som. The CBO partners in the *Aiyl-Okmotu* approached their duties in this project with the utmost responsibility. They purchased and handed over to the functional group building materials worth 5000 som in a timely fashion. They have been allocated 100,650 som through the UNDP program on decentralization. People became accustomed to the visits of volunteers and their advice, support and consultations. They also became accustomed to the gatherings at which members of the implementing group reported on the progress of the project.

The Akim, (chair of the rayon administration) has shown great interest in the project.

The work is close to completion; the main teaching building and school boiler-room have been repaired, the sports hall, which meets modern building standards, has been constructed. There is not much left to do. There is not much time left until the community members will proudly accompany their children to the totally refurbished school.

associations.

Incorporation of the local administration in the implementation of projects aimed at rehabilitating the rural social infrastructure leads to increased transparency of all of the activities of the *Aiyl Okmotu*. Through this process trust in the local administration increases. Accountability to the population becomes one of the norms of the local administration's activity and this is especially important when some or other profit-making activity occurs at the municipal level.

It is thus possible to assert that the development of social government in the regions is closely tied to broader issues concerning the decentralization of power.

Currently local government is only just emerging as a social institution, and a host of issues concerning its form, content and organizational principles have yet to be determined. Discussions about the redistribution of powers and budgets between the central and local organs of power are tending to deal with issues of a purely formal nature. Reforms will be truly effective when the organs of local self-governance begin to ground their work in popular initiatives - and research suggests that the population is already fully prepared to undertake this kind of constructive activity.¹⁹

Democratic governance and "third sector"

The concept of civil society is very broad and technically refers to any legitimate organization that allows citizens to develop associations for the achievement of their goals. In the Kyrgyz Republic NGOs began to play a special role from the very early years of independence and they serve as one of the most important components of civil society.

The number of civil associations, unions, communities, etc. in the Kyrgyz Republic has grown significantly in recent years and a special effort is therefore required to classify them. It is already difficult to make even a simple comparison of the dynamic of growth in comparison with previous years. (see Table 3.1) Not only has the number of such associations grown, reaching 4,021 registrations by the end of 2000, but new organizational and legal entities have also begun to emerge.

During literally the last year the list of such organizations has been augmented by credit unions and Associations of credit unions. Partnerships of house-owners (condominiums) have already been very active for two years. As part of the implementation of the UNDP projects on decentralization and poverty alleviation, it has become necessary to establish a new organizational and legal form

which will enable the problems of the contemporary village to be solved.²⁰ Very often these new associations, such as credit unions or CBOs, are positioned between the business sector and civil society. For a number of reasons, they cannot properly be considered NGOs (since, for instance, they operate with micro-credits); but it is also difficult to consider them as representatives of the business sector since profit-making is not their main goal. Their main activity, rather, is focused on the provision of mutual support for the resolution of common problems. All of this suggests that civil society is rapidly acquiring experience in realizing the functions of power, and is gradually developing its own methods of providing for life's needs.

A significant problem for the development of the non-governmental sector is the existence of a gap between the legal definition of the term and the way it is commonly used in practical activity. The influence of the mass media's usage of this term is also significant. As a rule the majority of participants to any dialogue operate with their own particular definition of the term and this does not necessarily reflect the correct legal usage. Under such conditions the organization of a dialogue between the authorities and society (and within civil society itself) has encountered difficulties, since the participants are often speaking in quite different tongues.

In such a situation it is quite difficult to count the number of NGOs. The notion of "non-governmental organization", though widely employed in the Republic, is often used to refer to organizations which do not fit the precise legal definition of the term.

What is an NGO?

The 1991 law regulating the activities of NGOs, "On Civil Associations", did not point to the non-governmental nature of voluntary organizations. It grouped together all types of organization under the single category of "civil association". The Civil Code (1996) likewise

Table 3.1
Number of registered non commercial organizations in the Kyrgyz Republic

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Total
Civil associations	86	154	128	115	139	207	187	181	206	364	1767
Foundations							59	236	316	226	837
Institutions							196	371	433	417	1417
											4021

Source: Ministry of Justice of the Kyrgyz Republic, National Statistic Committee of the Kyrgyz Republic

¹⁹ Poverty alleviation and issues of governance improvement, Bishkek, 2001

²⁰ Forum on Micro-financing and Social mobilization Bishkek 2001

classifies civil associations as "non-profit" organizations and the definition it uses is the same as the law of 1991. The Code simply indicates that "a non-profit organization" is a voluntary association set up through the expression of the free will of the citizens of the Kyrgyz Republic, associating on the basis of common interests, goals and principles for action".

The law passed in October 1999 "On non-profit organizations" considers a variety of organizations on the basis of their intent to make profit on their activities. This law was developed with the participation of representatives of non-commercial organizations and has been assessed by a number of NGO leaders as rather progressive.

A law "On charity and sponsorship" also exists in the Republic, the clauses of which have been so formulated that it allows virtually no mechanisms for implementation under current social realities. The current fiscal legislation (the tax code of 1996) contains practically no tax privileges for non-profit organizations. The only exception is the exemption from land tax for organizations for the handicapped, war veterans and other charitable organizations.

Existing legislation does not differentiate between the various aspects of NGO activities. No distinction is made between NGOs that try to solve social problems and those oriented towards mutual benefit; between charitable organizations and development NGOs. This lack of classification creates considerable uncertainty about the conditions in which they are to function. Organizations of various kinds, orientated towards different types of civil and economic activity, are often involved in introducing innovative projects of a social or even a commercial nature. It is imperative that the breadth of subjects, together with their working and taxation conditions, be clarified.

It is evident that additional effort is needed to assess the condition of civil society appropriate to the socio-cultural realities of the contemporary Kyrgyz Republic. Such an analysis would enable the normative and legal basis of NGO activity to be corrected, and would have a positive impact on the effectiveness of social governance.

What can an NGO achieve?

Currently in the Republic there exist NGOs that have many techniques for organizing themselves, and they are able to raise funds for their activities. Their sphere of activity is mainly providing various services to the population (help in forming small

Box 3.3

ISSUES OF NGO DEFINITION

Whilst the legislation of the Kyrgyz Republic does not stipulate such an organizational and legal form as a NGO, in practice many non-profit organizations are understood to be non-governmental organizations. Non-profit organizations can be established in accordance with the Civil Code of the Kyrgyz Republic and the Law of the Kyrgyz Republic "On not for profit organizations".

Ministry of Justice of the Kyrgyz Republic

Lack of clarity surrounding the use of the term NGO results in a rather arbitrary determination of their number, and depends on the type of classification or the opinion of the counter. Under such circumstances it is possible only to speak of the range, rather than the exact number, of NGOs. According to data of the National Statistics Committee, the principle of NGO classification has been modified for the purposes of CDF development, such that since 1999 the following can be classified as NGOs: "civil associations, religious organizations" and "social foundations". However, when associations and unions are not included in the definition the number of organizations comes to 2,843. The total number rises to 4,669 when the list of non-governmental organizations is expanded to include house-owning partnerships (condominiums) and co-operatives. In the informal assessment of a range of experts, the number of actually-functioning NGOs is significantly lower than official statistics suggest.

businesses, consultative and informational support, etc.). Moreover many organizations also work on developing and distributing all kinds of information. Some of them are closely associated with a particular target audience, whilst others anticipate the broadest response to their efforts. There are also organizations aimed at dealing with the development process in various forms.

However, as a result of such diversity the activities of NGOs only rarely become program-based development activities which draw upon joint consultation and analysis, and which take into account different perspectives and areas for growth emerging in the country. In spite of the huge potential for research there is still a real lack of analysis of the problems facing the regions and territories. Despite the wealth of experience of organizational work, there remains a lack of targeted activity aimed at long-term partnership and on-going involvement of the population in solving problems. As a rule, they are still trying to develop a purely local model of activity, without attempting to integrate this into a broader program context. Nonetheless, this problem is beginning to be recognized and has recently been actively discussed by NGOs.

Prospects of social partnership

Strange as it may seem, networking and establishing horizontal links between NGOs are not common practices. In most

Live voices

Yes, if financial donors withdrew today, the majority of NGOs would have to close. The thing is that we do not really solve our problems, but solve some of their problems using their own money..

Opinion expressed by an NGO employee during a survey

cases such interaction and networking are necessitated by professional or personnel support. Organizational efforts at creating a variety of coalitions and networks have resulted either in purely formal statements, or have led to resistance, rather than co-operation, the consequences of which continue to be felt in the sphere of NGO organization.

Paradoxically, whilst it is the case that many NGOs are dealing with information, many of them do not devote sufficient attention to informing interested parties or the mass media about their own activities. There are no studies of the activities of NGOs, of the type of problem they have succeeded in resolving, or the way they have impacted positively on people's everyday life. The information bulletins put out by a few NGOs give an impression of individual events undertaken by these organizations, but they hardly fill the information vacuum. As a result the quantity of information available is insufficient to form an opinion even within the NGO community, let alone to assess the prospects for co-operation on the part of the private sector and the state.

Interaction with business is today limited primarily to donations or financial support and assistance-in-kind in the form of clothes, prizes and presents. State-owned organizations co-operate with NGOs, as a rule, in professional areas (thus the Ministry of health co-operates with professional associations of surgeons and

therapists, the Ministry of industry co-operates with the chamber of trade and commerce, the Ministry of justice with the Association of jurists of the Kyrgyz Republic).

At the same time, the most difficult problem facing NGOs today is their financial dependency upon donors, primarily international organizations. Despite this, the country really needs the kind of support that can be provided by the non-governmental sector.

It is precisely this sector which concentrates the capabilities that permit the implementation of project and program-based activities orientated towards territorial development and improved living standards. For example, there is a great need to develop technologically based agriculture in the Republic. While the state and business sector are responsible for providing the material and technical infrastructure for such an environment, the informal, educational and organizational support for it will depend on using the experience accumulated by NGOs. This is an example of just one of the major problems facing the country.

This kind of joint effort should allow many NGOs to integrate into the structure of economic activity in their own territory, region or in the Republic as a whole; and to free themselves from total dependence upon donor-funded programs.

Unfortunately the Republic lacks the tradition of utilising non-state organizations

Table 3.2

Distribution of answers to the question,

"does your organization require the support and co-operation of the following structures? What kind of support?" (the table shows % of all focus group participants, conducted with NGO representatives in the preparation of NHDR-2001)

Structures	Type of support							
	Organiza- tiona	Financial	In kind	Informa- tionall	Technical	Educa- tional	Legal	Partnership
Mayors	11.8	2.9	23.5	5.9	2.9	4.4	7.4	13.2
Aiyl okmotu	29.4	5.9	36.8	2.9	17.6	2.9	1.5	41.2
Rayon administration	2.9	5.9	19.1	4.4	10.3	4.4	8.8	2.9
Oblast administration	1.5	1.5	5.9	7.4	7.4	5.9	4.4	1.5
Ministries and agencies	5.9	4.4	2.9	11.8	20.6	2.9	7.4	1.5
Population	33.8	4.4	8.8	2.9	1.5	0	1.5	45.6
Mass media	1.5	2.9	4.4	58.8	4.4	17.6	11.8	22.1
Educational institutions	23.5	1.5	4.4	19.1	7.4	25.0	1.5	17.6
Other NGOs	7.4	1.5	7.4	57.3	30.9	38.2	20.6	22.1
International agencies	36.8	86.7	67.6	63.2	51.5	69.1	22.1	77.9
Businesses	11.8	16.2	20.6	5.9	8.8	7.4	14.7	16.2

to provide consultancy services or to conduct analytical research. This type of practice, especially in public discussion relating to the conclusions and recommendations being given is an integral part not only of social, but also of political governance.

The major obstacle to creating productive long- and short-term social partnerships is the absence of mechanisms which regulate interaction between all sectors of the society. Such mechanisms include the principles of financing, open and transparent tendering procedures, guarantees for fulfilling obligations, etc.

Recognizing oneself to be the subject of democratic governance is a complex and probably rather lengthy process. However in the Kyrgyz Republic this process is already gaining strength as is witnessed by, amongst other things, the efforts of numerous NGOs and the willingness of the state and private sector to undertake joint activities.

Democratic Governance and public policy

Forming a communication medium

Active and engaged involvement by the mass media in discussing the country's problems represents one of the most important pre-conditions for the development of democratic governance. Practically every National Human Development Report analyses the activities of the mass media. It is worth noting that no significant changes have occurred in this area during 2000, and that a large part of the problems identified in 1999 remain unresolved.

An opinion has been developing in recent years that in the Kyrgyz Republic pressure on the part of the authorities is increasing towards the independent media. According to CIMERA, a definite "structural" censorship of the mass media exists in the Kyrgyz Republic.²¹ This kind of censorship is characterized by the state's monopoly on paper, controls on the import of paper, the increased cost of renting office space, control over the distribution and flow of advertisements to "friendly" media outlets and the restriction of that flow to unfriendly ones. Other controls include the use of libel and other lawsuits protecting an individual's honor and dignity, which carry extremely high penalties, tax inspections, the formation of various committees to protect morality and accusations concerning non-compliance with ethical norms.

CLOSE VIEW

Inter-cultural cooperation: the experience of social partnership

In the Kyrgyz Republic policy in the sphere of inter-ethnic relations is a good example of active cooperation between the state and the non-governmental sector. This co-operation has been strengthened, on the one hand, by the formation of a suitable legislative base, and on the other by the willingness of both sides to engage in constructive dialogue.

As a result a new approach to the regulation of inter-ethnic relations is emerging; the state delegates some of its authority to social structures, and they in turn accept responsibility for maintaining and strengthening inter-ethnic harmony. This kind of state-society co-operation for optimizing national policy has demonstrated its effectiveness during the years of independence.

A proportion of the national cultural centers (26 centers) have united into one organization, the Assembly of the peoples of the Kyrgyz Republic, which has a regional division for Osh and Jalal-Abad and which has been accorded the status of a consultative council by Presidential decree. In addition, many non-governmental organizations, and research and monitoring foundations, are engaged in issues of nationalities policy and inter-ethnic relations.

All these organizations participate actively in the social, political and economic life of the country. They propose their candidates for the Republic's Jogorku Kenesh (parliament), are represented in the electoral commission, and in local organs of power. They have initiated changes to the legislation of the Republic, specifically to the Law "On community associations", and the draft Law "On National Minorities". The association of national and cultural centers, together with the Academy of Business under the President of the Kyrgyz Republic and the OSCE have undertaken a program of training for leaders of local organs of power. They are actively engaged in addressing cultural, social and economic issues affecting various diasporas, and undertake charitable work. National and cultural organizations succeeded in raising 443 thousand som to tackle the consequences of extreme poverty in the Suzak rayon. In a similar fashion 1.4 million som was raised for the benefit of the population of Batken oblast whose region was subject to terrorist incursion.

Various diaspora communities are represented in the Republic's information space. The Jewish, Belorussian and Uighur communities regularly publish their own newspapers. The German population of the Republic is provided with information and printed materials by the German embassy.

Current problems facing diaspora communities are discussed in the pages of the bulletin, "Ethnic World" and on the web-site of the Assembly of the Peoples of the Kyrgyz Republic. The national and cultural centers regularly participate in broadcasting through the national television company.

The practice of inter-cultural communication and co-operation is having a real impact in countering ethnic stereotypes, strengthening inter-ethnic ties and promoting a tolerant environment for the development of a multi-national Republic. All of these activities would be impossible without the active participation of ethno-cultural associations in the social life of the country.

Box 3.4

THE MASS MEDIA IN THE KYRGYZ REPUBLIC

In 1992 the fundamental law on print and information was introduced and is still current, with minor amendments, to this day. In October 1998 an amendment to the Constitution was approved by referendum that would prohibit any legislative initiatives that were aimed at reducing freedom of speech or freedom of the press. As a follow-up to this amendment laws protecting the professional activity of journalists and guaranteeing access to information were introduced. Thus there exists a legislative basis for the mass media that is grounded in international standards and that corresponds to the current state of the mass media in the Kyrgyz Republic. In 2000, 415 print media were registered in Kyrgyzstan, of which 96% were newspapers. However, under one third of these can be said to function in reality. Of 75 registered broadcasting outlets, only 7 television stations and 12 radio companies broadcast regularly. Amongst the mass media, 111 are owned by the state, while the rest are owned by other entities.

²¹The history of development and the contemporary condition of mass media in the Kyrgyz Republic. Report on the results of the survey.- Bishkek, 2001

CLOSE VIEW

Social governance in practice: the struggle against AIDS in the Kyrgyz Republic

New technologies, which enable agents of social governance to emerge and develop, are used today in a variety of areas. In the Kyrgyz Republic experience suggests that establishment of co-operative partnerships is one of the most important factors in the resolution of problems of national scale. This has proven to be the case specifically regarding the spread of the HIV infection in the Republic.

The attitude of the country to the challenge posed by the AIDS epidemic consists of the attitude of citizens, social groups and the state as a whole to those people who are, or who might one day, be suffering from this disease, and specifically to those groups who are particularly at risk, such as young people, prostitutes and drug addicts. World experience in fighting the infection demonstrates that social isolation of vulnerable groups who also live, as a rule, at the margins of society leads not to a decrease, but rather to an increase in the rate of infection.

The Kyrgyz Republic, which today lives under a real threat of an AIDS epidemic, has launched a new generation of prophylactic programs. The programs function within the framework of a single National program of HIV/AIDS and STD prophylaxis and have as their basis the principle of tolerance. Adherence to this principle has permitted the concentration of maximum effort on HIV/AIDS prophylaxis, and on helping those groups which have proven to be most vulnerable to the spread of the disease. The most important and the most difficult step has been taken: responsibility for those who are an inseparable part of our society and this has been recognized and declared a part of society's responsibility as a whole.

Further analysis of the factors determining the success or failure of the struggle against the epidemic in other countries permits the formulation of a general principle that measures to limit the epidemic are effective only to the extent that they are supported and promoted by those groups who are most affected by it. This means not only assuming responsibility for the health of every and each member of society, but also providing vulnerable groups with access to resources and to the possibility of expressing and defending their opinions publicly through all media outlets.

The first stages of development of the prophylactic programs focused on strengthening personal responsibility for prevention of the spread of HIV. The main slogan of this period, "Protect Yourself", was conveyed through an information campaign containing "useful advice" on "how to protect yourself from AIDS"

The results of these actions demonstrated that giving people the necessary information does not necessarily mean a solution to the problem. The probability of becoming infected is, to a large degree, determined by people's own behavior, which depends on a number of factors of which the degree to which a person is informed is only one. An individual changes his behavior only when the group changes its own norms of behavior.

The understanding of this fact led to a recognition of the need for a social response to the epidemic, or the response of a specific community. People who find themselves in a particular situation in relation to HIV infection cannot realize their own desire to protect themselves if they cannot recognize the common nature of their problems and develop collective solutions to them. That is why the organization of the response to the HIV epidemic had to incorporate new elements, and specifically the development of social awareness and the formation of structures which represent the interests of that particular community.

The logic of developing social mechanisms of protection has led to the creation of public organizations that represent the interests of vulnerable groups. These groups were primarily formed with the intention of fighting AIDS. However, from the very beginning, their mission included the rendering of social and legal support to the respective vulnerable groups. As time has passed their activity has naturally moved to the sphere of human rights defense, and to the creation of opportunities for integrating members of vulnerable groups into the existing legitimate social structures.

A complete and integrated response to the threat of the spread of the epidemic cannot, however, be provided by the work of individual public organizations alone. This led to the development in 2000 of a "Strategic plan for the national response to the HIV/AIDS epidemic in the Kyrgyz Republic", which promoted a multifunctional approach as the basis of the national response to the HIV/AIDS epidemic from the first National program. Both state officials and representatives of public organizations took part in the development of that document. Prophylactic activity amongst vulnerable groups was recognized as a national priority towards which all participants and all relevant structures should be oriented. This represents one of the most important political achievements in the whole history of the fight against AIDS in the Kyrgyz Republic.

Difficulties in the practical implementation of these provisions are unlikely to be the result of not understanding the importance of the AIDS problem per se. The problem, rather, is the lack of skills in social administration which create obstacles to constructive dialogue and the implementation of partnerships for fighting against the epidemic.

Under increasingly complex conditions, the Kyrgyz Republic's battle with the AIDS epidemic remains the concern of different leaders at various levels, belonging to different social sectors and linked by a non-hierarchical, collegial structure. Such a "soft" structure is extremely effective for developing productive approaches and methods to solve current tasks. However, if it is not included in institutional frameworks, the implementation of programs will suffer and nationally significant results will not be achieved. Experience to date confirms the earlier conclusion that further development of social management depends on the search for and successful introduction of, particular measures and procedures that can permit a partnership between state and society to be formed.

At the same time, however, it would be incorrect to assert that there exists systematic pressure upon the mass media on the part of the state authorities. The point, rather, is that the contemporary mass media fail to constitute the kind of communicative environment that could play a significant role in public life.

There are several objective factors about the state of the mass media that need to be noted. These include the absence of proprietors who are able to provide a development strategy for the information market, and the absence of major investment in the mass media.

The significant shortfall of professionally qualified media personnel is a further factor worth noting. Analysis of the personnel working in the media outlets reveals that no more than 10% of journalists have received training specifically in journalism. Basic training courses and seminars organized by foreign and international organizations cannot substitute for a professional education in journalism.

The Information Space

The above-mentioned factors help account for the lack of independence in the information space of the Republic (a phenomenon first noted in the NHDR 2000).

If one considers that 85-90% of the air-time of private companies in the north of the country is devoted to the retransmission of the Russian channels, NTV, TV-6, TV-Center, ACT, Ren TV and TNT, then it is impossible not to conclude that the information and interpretations received, as well as the mode of behavior and consumption patterns of the northern population are mediated through the Russian channels. At the same time, private republican channels are preoccupied with trying to secure reliable access to the productions of their Russian colleagues. In the capital of the Republic the amount of information from abroad has increased since the introduction of cable and satellite television in 2000.

The situation in the south of the Kyrgyz Republic is even more complex. Three channels which broadcast in the Osh and Jalal-Abad oblasts, with the exception of mountainous regions, host programs of two national and one regional channel from Uzbekistan. Together these broadcasts amount to around 50-60 broadcast hours per day. One channel broadcasts Public Russian Television (ORT) for three hours a day (until the conclusion of the "Vremia" news program).

Amongst the republican companies working in the southern oblasts, only the state and

regional channels broadcast there. Viewers in southern regions do not have access to a large part of the republican television available in Bishkek (VOSST, NBT etc.). An analogous situation exists with radio companies. A significant part of the population in the South speak Uzbek relatively well. According to the results of focus groups conducted during the preparation of the NHDR 2001, Uzbek broadcasts of news, music and feature films are very popular. However, it should be taken into account that these programs are created within a very different political, and somewhat different socio-cultural, context. They are oriented towards values and norms of behavior which, while close to those of many Kyrgyz citizens, have been developed within a different social context.

It is thus evident that in the Kyrgyz Republic's public life there remain serious ideological, economic and political dependencies upon external information structures. *Since any control over the information space is unacceptable for the Kyrgyz Republic, it is imperative that greater attention be paid in the country to creating a competitive product to meet the needs of the internal information market.*

Information Networks

It is possible that the situation could be improved if there were more intensive development of the regional mass media, since the discussion of questions crucial to one's region is always important for an audience. However, the situation today regarding access to information in the localities is indeed very complex. According to the results of research, including some

Table 3.3
Rating of informational sources in different regions (based on focus-group materials gathered during the preparation of NHDR-2001)

	Used sources*	Preferred Sources**
Television	1	2
Personal Contact	2	3
Radio	3	1
Newspapers	4	6
Informational bulletins, Booklets etc.	5	4
Internet and e-mail	6	5

* in the order of decrease of usage frequency
 ** in the order of decrease of preference

conducted during the preparation of the NHDR 2001, newspapers are today the least popular source of information in rural and outlying regions since they are considered very expensive and irregular in their distribution (see Table 3.3).²² However, when they have the opportunity, residents of villages and small towns do try to come by recent publications, especially those in their native language. The dissemination of information in the regions in the Kyrgyz language represents a huge problem, which deserves separate analysis.

Television commands great interest amongst the population. The majority of rural inhabitants watch the official national channel and broadcasts in the Kyrgyz language. Amongst the latter, socio-political and news programs command the greatest attention. Nonetheless, they are by no means always satisfied with the content of the programs and the time of broadcast. As was stated earlier, in many regions television does not work the whole day, and very often interesting programs are broadcast either late in the evening (and people have to rise early), or when people are at work. The seasonal nature of rural work means that people have far more time for viewing television in winter than in summer and this is not taken into consideration in programming.

The greatest interest amongst inhabitants of the regions is shown toward information distributed *via radio*. Demand for information from such sources is very great; it is inexpensive, it works throughout the day, it does not distract people from their daily activities, and enables people to keep abreast of current affairs. It is important to underline that a major contribution to the creation of a single information space in the Republic could be provided by the restoration of radio broadcasting coverage to its former level.

The possibility of using Internet or email in rural areas demands particular consideration. Those residents of remote areas who are aware of the advantages of this particular source of information show great interest towards it and would like to use it, even as a matter of priority. An elementary basis for the introduction of this information medium is already in existence: in many rayons the State computer network is currently used as a resource for obtaining up-to-date information. Moreover, computers in a number of resource centers are connected to the Web, as are Universities and even schools.²³ The potential of this kind

of resource for distributing information is very great, and it can be activated relatively quickly without significant expense. In this way, access to information of the widest possible variety can be made available.

In the regions there already exist many structures that could serve as resource points for the provision of information about various National Programs or for the for the development of all kinds of training cycles. In order to activate such programs it is necessary to establish at least a preliminary data-base describing the range of their activities, and outlining their actual and potential capacities. Amongst such structures are consultation and resource centers, NGOs, universities, etc.

It should be emphasized that resolving the problems of access to information and the establishment of a unified information space in the Republic, in which the regions could participate as equal partners in a common dialogue, demands the active participation of a variety of agents. Regional, local and rayon-level administrative units could play a special role in this process.

This process reflects the mutual demand for the provision of information from the authorities and other subjects of democratic governance. It is clear that the problems that have accumulated at the level of local self-governance cannot be resolved at the level of any individual village or town, just as it is impossible to resolve them from the center through the introduction of "top-down" measures. In the Kyrgyz Republic there exist a number of NGOs that are trying to unite their efforts in resolving a variety of current problems. Some of these associations cooperate closely with the central authorities, whereas many others work independently. However these organizations constitute only one part of a series of horizontal links which must also incorporate organs of local self-government if they are to network effectively.

In order to make possible the establishment of numerous horizontal links, it is essential that the provision of information from local authorities be raised to a new qualitative level. Co-operation between municipalities must be directed, above all, at resolving the problem of free access to information and prompt exchange of necessary information.

Resolving such problems in the provision of information will only increase the effectiveness of governance in the regions by making available relevant information in a timely fashion. Such activity can also

²² *Poverty alleviation and problems of governance improvement* Bishkek 2001

²³ In 2001 new Citizen Informational Centers were opened with the support of UNDP in the cities Osh, Talas and Bishkek

Table 3.4

"Which significant practical results do you anticipate from your participation in round tables, conferences, working meetings etc?"
(Based upon focus-groups with representatives of the non-governmental sector conducted during the preparation of the NHDR 2001)

The possibility for different points of view to be expressed and opinions to be exchanged	83.6%
Definition of problems	64.6%
Establishing links with partners	53.2%
Definition of means and methods for solving problems	34.2%
Promotion of legislative initiatives	22.8%
Resolution of specific problems	11.4%
Formation of mechanisms for co-operation	7.6%

facilitate the resolution of other problems, particularly in the economic sphere.

The introduction of elements of inter-municipal co-operation into the practice of governance could have a positive influence on the current state of the economy of the Kyrgyz Republic. Since they possess information about the situation in the regions, and since they are interested in the development of their territories, local self-government organs could make a significant contribution to the development of inter-regional links between those involved in agricultural production and those who process, trade or consume their goods.

In addition, the establishment of inter-municipal associations and unions could enable the small towns of the Republic, many of which have stagnated during the last few years due to the cessation of industry, to re-emerge as economic hubs. However, urban culture is associated not only with industrial development. A town is also a place where information is concentrated, where it is possible to exchange goods, to receive an education, to obtain advanced medical and legal assistance etc. Today many of the information channels that make a town what it should be, a small center for a specific region which pools resources and creates new business opportunities, have been destroyed. At the same time, the re-establishment of the latter, and the creation of new horizontal links could mean a radical change in the fate of the regions in the future.

New types of communication

New types of communication are emerging today in the Kyrgyz Republic, the public nature of which only partly depends on the involvement

of the mass media. *This is communication orientated towards direct interaction between participants engaged in dialogue.* As a rule this kind of interaction is orientated towards achieving particular goals on the one hand, and responding to public reaction to them on the other. This could incorporate such activities as a public hearing of the municipal budget, joint formulation of a plan for the socio-economic development of the territory, etc. One example of this new model for Republic-wide communication has been the discussion surrounding the CDF. (see Box 3.5)

The emergence of new types of communication, associated with the creation of direct interaction between dialogue participants is particularly significant for the Republic's communications space. Practically no week goes by without some round table, conference or working meeting being held. Nonetheless, the effectiveness of this kind of occasion is generally acknowledged by its participants not to be very high. The majority of the meetings do not get much public attention and do not exert much influence on the life of society. Moreover, it is often the case that the same people attend different meetings, giving the illusion of mass participation at events when really simply what is occurring is a "recycling" of participants.

At the same time, this kind of communication, if the process is organized correctly, can have a major impact upon the most diverse spheres of life. It is however necessary to follow a certain format within these discussions consisting of several steps:

- This kind of communication must be aimed at resolution of particular problems. Clear identification of problems enables the initiators of the meetings better to identify appropriate participants.

Box 3.5

THE PROCESS OF PREPARING THE CDF: A NEW TYPE OF COMMUNICATION

The "Comprehensive Development Framework of the Kyrgyz Republic until 2010" (CDF) represents the first attempt to establish a program document of national scale based upon the use of new types of communication. The process of public discussion organized in the preparation of the CDF deserves separate description and analysis.

1999 saw the first national forum and the creation of a consultative group for CDF preparation headed by the Prime Minister of the KR, as well as four consultative groups at the level of Parliament, state structures, NGOs and representatives of the private sector. Personnel who were to be responsible for CDF preparation were appointed in every ministry and agency. These people, together with representatives of science, NGOs and parliament, comprised a temporary action group that was directly involved in formulating and drafting the CDF.

The following events were organized in 1999-2000:

- 5 national workshops (bringing together around 1000 participants representing the public sector, international agencies, NGOs, research institutions, the mass media and political parties);
- a series of regional workshops in 7 regions of the Kyrgyz Republic on poverty reduction and social protection within the CDF (attended by over 600 participants).
- 26 round tables in the Chui, Issyk-Kul, Osh, Jalal-Abad, Naryn and Talas regions, as well as in Bishkek city (attended by 700 people, who submitted around 900 proposals)
- 45 round tables at the local and regional levels throughout the country for identification of the goals, mechanisms and forms of partnership with various sectors;
- consultation and discussion of the CDF and PRSP with the poorest residents of regions and their local organizations
- regular meetings and consultations with donors

The final CDF workshop was held in the city of Bishkek on December 8, 2000, at which the draft CDF document was presented and discussed by all participants. The mass media was involved at all stages of the development and discussion of the CDF and PRSP.

Representation of different groups (as a percentage of total)

	First CDF workshop	Final CDF workshop
Governmental sector	36.7	45
Scientific organizations	1.3	4.5
NGOs	16.4	17.3
Private sector	2.7	2.5
Political parties	0	4.0
International organizations	37.2	23.3
Mass media	0	3.5

The Internet was used both as a means for disseminating information and as an instrument for discussing the CDF and PRSP. A special site was created on the Internet containing comprehensive information about the CDF in Russian and English. It displayed information on all workshops, round tables, and consultations within the framework of the CDF and PRSP, as well as materials and studies conducted in preparation of the CDF and PRSP. In order to facilitate active discussion of the CDF by all stakeholders, a special virtual forum was established for this purpose.

It should be noted that despite the lack of experience of real inter-functional partnerships, the drafting process of the CDF/PRSP allowed the first steps to be made in the Republic towards widespread community involvement in political governance.

Analysis of the participation of stakeholders in the development of the CDF/PRSP program documents enables the following conclusions to be drawn:

- The organization of round tables and workshops was rather one-sided: the main initiator was the Government
- Feedback was not used regularly in the analysis of various databases and initiatives
- The regions were involved in the process of CDF/PRSP drafting at a relatively late stage and there was no widespread information campaign there covering the processes involved in program development.
- The information on the PRSP provided by the regions contain, for the most part, an analysis of the current state of poverty but they do not discuss the direction of development of a particular region at a strategically important period, nor its long-term development possibilities.
- Proposals from regions tended to be aimed at the development of individual, local priorities rather than at constructive, comprehensive development.
- Proposals and recommendations from representatives of the civil sector were often unprofessional in character and did not correspond to the state budget
- The role of representatives of the civil sector was neither clear nor fully specified.
- The initiatives on the part of civil society were weak.
- Participation on the part of the private sector and political parties was weak.
- The role of the mass media was mainly limited to covering the process of CDF/PRSP drafting, but their influence in terms of broad discussion of the programs was limited.

These conclusions, taken together, suggest that the very process of inclusive, targeted discussion have not been fully thought through. Many of the drawbacks that have been identified could be corrected through ongoing meetings and communication, or by analyzing of results of interactive forums etc. Experience suggests that in order to organize this kind of interaction it is necessary to ensure that discussion be ongoing, that feedback be taken into consideration and that the whole process of communication be better coordinated.

Based upon materials of the "Kyrgyzstan Development Gateway"

- The anticipated results of the co-operation should be formulated during the meeting, as should the relevant time frame and the means by which the outcomes are to be achieved. In addition a collective body, bearing responsibility for the follow-up to the meeting, should be formed. This body should co-ordinate the future activities of the participants to the meeting.

- The meeting needs to take place in public. It is necessary to identify precisely the ways in which information about the meeting will be distributed and which media outlets will be given priority. Moreover, those who wish to join the discussion should be given the opportunity to do so, and it would therefore be desirable to provide some network that would permit the widest possible audience. It would likewise be expedient to create an accessible database that would contain information on similar projects (both past and planned).

- The body formed at the initial meeting would take on responsibility for the assimilation of feedback and the coordination follow-up activities, including the organization of further meetings and a timetable for action.

- Upon completion of its work, the group should report on its results, and compare these to the previously established goals.

This technique is suitable for the practice of both political and social governance. In the case of social governance at a local level, associations of CBOs and individual rural NGOs already act as initiators and coordinators in this kind of interaction, orientated towards the resolution of specific problems. In many respects the work on planning and identification of strategic development goals, which is essentially an aspect of political governance, can also occur in smaller settlements if such efforts are public in nature.

It is clear that openness in political governance is considerably easier to attain at the level of local self-government than at the level of the state as a whole. Valuable and comprehensive analysis of the Kyrgyz experience was carried out during the preparation of the CDF and demonstrated that the participation of business structures and the non-governmental sector in reaching of strategic decisions has become a vital necessity.

In the framework of democratic governance, the notions of "politics" and "communication" are closely tied. Both

political and social governance are based upon participatory decision making. This, in its turn, assumes the presence of a mechanism of interaction between different actors in accordance with their interests and intentions relating to socially important issues. Healthy political life requires public communication in which both social and government participate.



CONCLUSION

This report is the first of the new millennium. It is perhaps for precisely this reason that it focuses so much attention upon the future of the country. Democratic governance is not only a challenge for the development of the country, but also a vital opportunity for bringing about qualitative changes in people's lives.

The pages of this Report attest one indisputable fact - that in those places where people themselves assume responsibility for developing governance, their life becomes more interesting and the opportunities available to them increase dramatically. In those places today where democratic governance exists, human potential develops likewise. It is possible that the changes occurring in particular villages have yet to make an impact at a national level, but their results are already visible at the regional level. It may not be the case that these changes will lead to a sudden improvement in living standards or that they will lead to the rapid disappearance of poverty. They do, however, give people the opportunity to derive satisfaction from their work and pride in their achievements.

Democratic governance begins only when there are agents in place prepared to take part in political or social governance. The formation of such agents is a lengthy and complex process, but as the practice of social mobilization suggests, it may be a focus for particular effort. The process by which agents of development and governance in a given locality are formed is closely related to the institutional changes underway in that country.

Experience demonstrates that only through their incorporation into specific, concrete activities can people assimilate the new

norms of partnership and the new values of freedom and responsibility without which democratic institutions cannot exist. Today the fate of democracy in the Kyrgyz Republic depends no less on the level of development of these values and norms amongst the residents of the country, than on the perfect functioning of formal institutions of power.

The establishment of democratic institutions is inseparably linked to the formation of actors of democratic governance. The maturity and responsibility of such actors will determine the course of decentralization processes in the republic.

Decentralization of power is a gradual transition towards a multi-polar scheme of governance, according to which social order is established through a constant interaction between stakeholders. The number of such participants is ever increasing, with more and more people prepared to engage in open dialogue and to share responsibility for the situation in their village or town, and thereby for the situation in the country as a whole. The key task for today is mastering this kind of partnership.

The authors of this Report recognize the importance of legal reform, transformation of the public sector and the strengthening of the legislative role of Parliament for the development of democracy in the Republic. At the same time, however, the Report is devoted to democratic governance as a means for realizing democracy in practice, in the daily life of every citizen. It is ultimately this that unites the concepts of democracy and human development: their common hope the everyday life of an ordinary person be dignified, free and fulfilling.

SUMMARY

The National Human Development Report 2001 is dedicated to *democratic governance*. This notion has emerged only recently and does not have a single, uncontested definition. It is for this reason that the **Introduction** to the Report is dedicated to an analysis of the basic concepts used by the authors such as democratic governance, human development, decentralization of power etc.

The **first chapter** of the Report provides a detailed analysis of human development indicators and their dynamics. In the opinion of the Report's authors, traditional priorities in the sphere of human development, such as access to education and health care and increasing living standards, today depend in large part on the extent to which there exists co-operative interaction between various societal and governmental structures. The Report's underlying thesis is that human development in the republic is directly connected with the establishment of democratic governance.

Democratic governance refers to a type of governance in which social order is maintained not only by means of formal ruling agents, but also through the interaction of a variety of local actors. Agents of democratic governance (representatives of government, the private sector and civil society) participate in collective decision making, together determining its future dynamic. This process of co-operation is public in character.

The development of democratic governance in Kyrgyzstan is also closely associated with two further processes, the expansion of social partnerships and the decentralization of power. The latter refers to the transfer of part of the executive authority of the central organs to local self-government, as well as to a variety of non-governmental and private structures. Decentralization of power can be examined along two dimensions - territorial and sectoral (functional). These two aspects of decentralization are examined in the **Second Chapter** of the Report. Decentralization of power and the development of democratic governance in Kyrgyzstan depend in large part on the formation of *subjects of democratic governance, who are able to take upon themselves responsibility for the future and to share executive authority*. The formation of such new subjects of democratic governance is examined in the **Third Chapter** of the Report.

By assimilating new types of economic and social activity, new subjects of governance are formed, which are ready to engage in co-operative partnerships. Many of these emerged through the social mobilization of the population, as well as in the implementation of other social technologies. At the level of local communities, these consist of self-help groups, community organizations and councils, as well as various NGOs and other groups. In other spheres of community life, ethnic and cultural societies, professional and business groups can also be counted amongst their number.

The experience of forming new subjects of governance can be implemented on the whole territory of the republic. It is noted in the Report that the success of such experience depends on the *extent to which the population is incorporated into concrete activities associated with the development and implementation of particular decisions*.

One of the major obstacles hindering the development of democratic governance is the fact that at present mechanisms for establishing partnership co-operation between the state and other social sectors have not been fully elaborated. The effectiveness of such co-operation in the process of elaborating decisions depends on respect for the norms of dialogue and the willingness to adjust to different points of view. However, the existence of decisions which have already been taken leads to a lack of clarity about how to finance collective projects, about the forms of co-operation available with independent project implementers, etc. Today in Kyrgyzstan many productive discussions have already been conducted. These take place at a variety of levels, ranging from the public reading of a local budget or the discussion of a village's development plan to the development of significant legislative initiatives. As a result of such discussion, laws are passed, schools and roads are repaired, village medical centers are established, etc. It is evident that dialogue is not only possible; it also represents the most appropriate form for taking decisions if society itself is to have a stake in their outcome.

Democratic governance, based on the expansion of dialogue and social partnership, requires a public space that can permit the decisions to be taken and implemented on an equal basis. The Report emphasizes that a significant role is played in the formation of such a space by the creation, and promotion of existing, information networks, as well as by the activity of the mass media.

KYRGYZSTAN IN STATISTICS

GENERAL INFORMATION ON KYRGYZSTAN

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Area, thousands of km ²	199.9	199.9	199.9	199.9	199.9	199.9	199.9	199.9	199.9
Population density, people per km ²	23	23	23	23	23	23	24	24	25
Resident population as of the end of year, millions of people ¹	4.5	4.5	4.5	4.6	4.7	4.7	4.8	4.9	4.9
Children and teenagers, %	39.6	37.9	38.0	38.0	38.0	38.0	37.4	37.4	37.4
People of retirement age, %	10.0	9.3	9.2	9.2	9.2	9.2	9.2	9.1	9.1
Rural population, %	63.1	63.9	64.6	64.7	64.9	65.1	65.2	65.3	65.2
Urban population, %	36.9	36.1	35.6	35.3	35.1	34.9	34.8	34.7	34.8
Men, %	49.1	49.1	49.2	49.2	49.3	49.3	49.4	49.4	49.4
Women, %	50.9	50.9	50.8	50.8	50.7	50.7	50.6	50.6	50.6
Kyrgyz, %	56.5	58.6	59.7	60.3	60.8	61.2	64.9	65.2	65.7
Russians, %	18.8	17.1	16.2	15.7	15.3	14.9	12.5	12.2	11.7
Uzbeks, %	13.5	13.8	14.1	14.2	14.3	14.4	13.8	13.8	13.9
Ukrainians, %	2.1	1.8	1.7	1.6	1.5	1.5	1.0	1.0	0.9
Tatars, %	1.5	1.3	1.2	1.2	1.2	1.1	0.9	0.9	0.9
Dungans, %	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1
Uigurs, %	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Turks, %	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.7
Koreans, %	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Germans, %	1.0	0.8	0.6	0.5	0.4	0.3	0.4	0.4	0.4
Other nationalities, %	3.9	3.9	3.8	3.6	3.6	3.7	3.3	3.3	3.3
Infant mortality, per 1000 births	31.5	31.9	29.1	28.1	25.9	28.2	26.2	22.7	22.6
Child mortality (number of deaths under age 5, per 1000 births)	42.2	44.6	41.9	41.3	36.4	42.1	40.7	35.5	33.2
Natural population growth, thousands of people	96.2	82.3	73.0	80.4	73.4	67.5	69.6	71.2	62.7
Migration outflow, thousands of people	-77.5	-120.6	-51.1	-18.9	-11.7	-6.7	-5.5	-9.9	-22.5
Able-bodied population as of the end of year, millions of people	2.3	2.4	2.4	2.4	2.5	2.5	2.5	2.6	2.7
Employed people, millions of people	1.8	1.7	1.6	1.6	1.7	1.7	1.7	1.8	1.8
Registered unemployment levels as of the end of year, %	0.1	0.2	0.7	2.9	4.3	3.1	3.1	2.9	3.0
General unemployment levels as of the end of year, %	0.3	1.7	4.1	5.7	7.8	5.7	5.9	7.2	7.5

¹ The column for 1998 includes the data of the First National census of the population of the Kyrgyz Republic as of March 24, 1999

HUMAN DEVELOPMENT INDEX

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy at birth in years	68.3	67.3	66.0	66.0	66.6	66.9	67.1	67.0	68.5
Adult literacy rate (%)	97	97	97.3	97.3	97.3	97.3	97.3	98.7	98.7
Combined enrolment ratio (% of population age 7-24)	67	66	62	63	64	66	69	69	71
Real GDP per capita (PPP, US \$)	2730	2330	1890	1850	2101	2264	2299	2377	2521
Life expectancy index	0.722	0.705	0.683	0.683	0.693	0.698	0.702	0.700	0.725
Education attainment	0.870	0.867	0.855	0.859	0.862	0.869	0.879	0.888	0.895
GDP index	0.552	0.526	0.490	0.487	0.508	0.521	0.523	0.529	0.539
Human development index	0.715	0.699	0.676	0.676	0.688	0.696	0.701	0.706	0.719

PROFILE OF HUMAN DEVELOPMENT

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy at birth in years	68.3	67.3	66.0	66.0	66.6	66.9	67.1	67.0	68.5
Maternal mortality rate per 100 000 live births	49.9	44.5	42.7	44.3	31.5	62.7	33.6	42.3	45.5
Population per doctor	290	302	308	306	297	313	319	330	343
Scientists and technicians per 1000 people	1.1	0.9	0.8	0.8	0.8	0.8	0.7	0.7	0.6
Enrolment ratio for all educational levels (% of population age 7-24)	67	61	61	60	65	71	71	69	71
Tertiary full-time equivalent gross enrolment ratio, total	10	12	16	20	28	34	43	44	49
Female enrolment (% of admitted)	53	62	52	51	51	51	51	50	51
Daily newspapers (copies per 100 people)	37	18	34	35	44	46	23	22	27
Televisions (per 100 people)	18	17	16	14	12	11	12	10	8
Real GDP per capita (PPP, US \$)	2730	2330	1890	1850	2101	2264	2299	2377	2521
GDP per capita (US \$) ²	810	850	610	690	570 ¹	470 ¹	350	300	270

¹ Changes in data related changes in calculation methods

² Conducted using the "Atlas" method, taking into consideration the purchasing power of the national currency in external markets.

TREND IN HUMAN DEVELOPMENT

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy at birth in years	68.3	67.3	66.0	66.0	66.6	66.9	67.1	67.0	68.5
Tertiary full-time equivalent gross enrolment ratio (%)	79	82	75	76	63	61	57	61	59
Real GDP per capita (PPP US \$)	2730	2330	1890	1850	2101	2264	2299	2377	2521
GDP per capita (US \$)	810	850	610	690	570 ¹	470 ¹	350	300	270
Total educational expenditure (as % of GDP)	5.4	4.8	6.3	7.1	5.4	5.2	5.2	4.4	3.3
Total health expenditure (as % of GDP)	3.4	3.0	3.9	4.3	3.4	3.5	3.2	2.6	2.0

¹ Changes in data related changes in calculation methods

PROFILE OF HUMAN DISTRESS

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Poverty index (% of the population) ¹	...	45.4	...	57.3	43.5	42.9	54.9	55.3	52.0
Unemployment rate (%), total	0.1	0.2	0.7	2.9	4.3	3.1	3.1	2.9	3.0
Youth unemployment (age 16-29), (% of economically active population of the same age group)	...	0.2	0.9	3.3	5.0	3.1	3.1	2.8	3.2
Female wages (as % of male wages)	...	...	...	73	73	71	72	64	68
Average annual inflation rate (% of previous December)	2132.7	1029.9	162.1	132.1	134.8	113.0	116.8	139.9	109.6
Years of life lost due to premature death	23	23	20	21	24	24	20	20	19
Injuries from road accidents (per 100 000 people)	105	86	76	78	86	79	72	68	67
Reported cases of rape (per 100 000 women aged between 15-59)	26	28	31	26	28	24	20	21	23
Emissions of sulfur and nitrogen (kg NO ₂ and SO ₂ per capita)	11.1	11.7	7.4	7.3	7.5	6.4	6.8	5.7	4.0

¹ Findings of World Bank research on poverty; for 1995 - spring 1996 research data; for 1996-1999 - in fall of a respective year. Changes in the indicators for 1996-1998 occurred due to recalculation of the poverty line, which reflect changes in the structure of food expenditures. The need for these changes is related to the economic crisis of the 1998 (the crisis directly affected the consumption structure due to an increase in food expenditures and a corresponding decrease in other expenditures). Data for the year 2000 are based on the Households, Budget study of 3000 households.

GENDER GAP (DATE FOR WOMEN AS % OF THAT OF MAN)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy	112	114	115	115	114	114	113	113	112
Population	104	103	103	103	103	103	103	103	102
Adult illiteracy ¹	...	...	271	...	...	...	...	271	...
Gross enrolment at all levels	103	106	104	104	103	101	102	102	101
Secondary enrolment	104	103	89	102	93	97	99	99	97
Secondary graduates	104	102	112	108	102	101	124	104	106
Full-time university or equivalent enrolment	127	122	124	162	157	120	115	111	127
Natural and applied science enrolment	...	257	225	213	260	234	215	223	228
Labor force	96	103	96	96	87	87	87	84	83
Share of women in paid employment in non agricultural activities	96	81	82	96	83	85	84	79	75
Unemployment	275	230	155	146	138	141	148	132	132
Wages	...	...	...	73	73	71	72	64	68

¹ 1999-2000 First National Population Census and 1994 Socio-Demographic Research Data

STATUS OF WOMEN

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy at birth in years	72.2	71.7	70.7	70.4	71.0	71.4	71.2	71.1	72.4
Average age at first marriage	21	21	21	21	22	22	22	22	22
Maternal mortality rate (per 100 000 live births)	49.9	44.5	42.7	44.3	31.5	62.7	33.6	42.3	45.5
Infant mortality rate (per 1000 births)	31.5	31.9	29.1	28.1	25.9	28.2	26.2	22.7	22.6
Child mortality rate (per 1000 births)	42.2	44.6	41.9	41.3	36.4	42.1	40.7	35.5	33.2
Secondary enrolment ratio (%)	79	63	70	71	72	71	72	69	51
Secondary graduates (as % of females of normal graduated age)	73	70	69	65	63	61	65	63	44 ¹
Tertiary full-time enrolment(% of overall recipients)	56	55	55	66	63	55	60	53	56
Tertiary natural and applied science enrolment as % of female tertiary)	...	31	23	25	32	22	28	26	33
Women in labor force (as % of the total labor force)	49	51	49	49	46	47	47	46	45
Administrators and managers (as % of women)	...	35	36	36	35	32	36	32	39
Parliament (% of seats occupied by women)	8	6	...	5	4	4	3	5	5

¹ Reduction is due to lower number of graduates of the 9-th grade (90,500 students in 1999/2000 compared to 35,300 in 2000/2001) as a result of the completion of an experiment of transition from 10-year education to 11-year.

DEMOGRAPHIC PROFILE

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total fertility rate	3.5	3.1	2.9	3.1	2.8	2.6	2.7	2.6	2.4
Fertility rate over time (as % of 1990)	97	86	81	86	78	72	75	72	67
Dependency rate (%)	70	70	70	70	70	70	70	70	66
Population 65 years age and older (%)	5.0	5.3	5.4	5.5	5.5	5.6	5.6	5.5	5.5
Life expectancy at age 60 in years:									
Men	15.6	15.3	14.4	14.4	14.4	14.9	14.9	14.9	15.6
Women	19.8	19.5	18.6	18.7	18.6	19.1	18.5	18.5	18.7
Total population of year end (millions)	4.6	4.5	4.6	4.6	4.7	4.8	4.8	4.9	4.9
Annual population growth rate (%)	0.6	-0.7	0.6	1.5	1.4	1.5	1.6	1.3	0.8

HEALTH PROFILE

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Years of life lost due to premature death	23	23	20	21	24	24	20	20	19
Deaths from widespread ¹ (as % of total)	48	47	48	47	48	48	49	52	54
Including:									
Deaths from malignant cancer (as % of total)	11	9	8	8	8	8	8	9	9
Cases of AIDS (per 100 000)	-	-	-	0.04	0.04	0.04	0.13	0.21	0.33
Alcohol consumption (liters per adult)	2.6	3.4	3.5	3.6	3.7	3.9	4.1	4.2	4.2
Tobacco consumption (kg per adult)	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Population per doctor	290	302	308	306	297	313	319	330	343
Health bills paid by public insurance (%)	8.5	26	10.5	7.9	5.4	6.1	5.4	6.0	6.4
Public expenditure on health (as % of total public expenditure)	9.2	11.2	14.8	13.6	14.1	14.6	13.2	12.1	11.5
Total expenditure on health (as % of GDP)	3.4	3	3.9	4.3	3.4	3.5	3.2	2.6	2.0

¹ Cardiovascular diseases and malignant cancer

EDUCATIONAL PROFILE

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Enrolment ratio for all levels (% of population, aged 7 - 24)	78	61	61	60	65	71	71	69	71
Full-time secondary graduates (%)	95	89	90	87	88	83	94	94	91
Full-time secondary technical graduates (as % of total upper-secondary)	...	31	35	38	33	34	31	26	24
Number of universities	13	18	22	32	39	43	41	39	45
Full-time tertiary enrolment (%)	79	65	75	75	63	61	57	61	59
Tertiary natural and applied science enrolment (as % of total tertiary)	...	11	9	7	7	5	6	7	8
Expenditure on tertiary education (as % of total)	10.1	8.9	10.3	7.6	13.1	15.8	19.2 ¹	16.1 ¹	14.7
Public expenditure on tertiary students (million som)	3.8	20.4	77.8	87.5	166.7	238.4	322.91	319.91	337.5
Total expenditure on education (% of GDP)	5.4	4.8	6.3	7.1	5.4	5.2	5.2	4.4	3.3
Public expenditure on education (% of GDP)	5.0	4.2	6.1	6.6	5.2	4.9	4.9	4.1	3.1

¹ Data of 1998-1999 are different and take into account so called special means of universities (part of tuition paid by students)

EMPLOYMENT

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Labor force (as % of total population)	41	38	39	39	39	39	39	39	39
Percentage of the labor force in:									
Agricultural	38	39	42	47	47	48	49	52	53
Industry	23	21	19	17	15	14	13	12	10
Services	39	40	39	36	38	38	38	36	37
Future labor force replacement ratio	207	191	191	191	191	191	191	191	179
Number of working hours per week (per person in manufacturing)	35	35	35	36	36	36	36	36	35

UNEMPLOYMENT

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Number of officially unemployed (thousands of people)									
Total	1.8	2.9	12.6	50.4	77.2	54.6	55.9	54.7	58.3
Men	0.5	0.9	4.9	20.5	32.5	22.7	22.6	24.1	27.1
Women	1.3	2.0	7.7	29.9	44.7	31.9	33.3	30.6	31.2
Youth (16-29 age) ¹	0.2	0.9	5.0	20.3	33.1	20.3	20.6	19.8	23.2
Male youth ¹	0.1	0.3	1.7	8.9	15.0	12.1	8.3	8.5	10.6
Female youth ¹	0.1	0.6	3.3	11.4	18.1	8.2	12.3	11.3	12.6
Official unemployment rate (%), total	0.1	0.2	0.7	2.9	4.3	3.1	3.1	2.9	3.0
Total unemployed, including those actively seeking employment (thousands of people)	...	29.4	70.6	100.0	140.0	103.0	106.4	136.8	144.3
Duration of official unemployment ² (as % of total)									
Up to 6 months	94	73	73	74	58	51	48	38	40
From 6 to 12 months	6	23	19	17	25	24	30	32	30
More than 12 months	-	4	8	9	17	25	22	30	30
Ratio of unemployment rate (as % of total unemployment):									
Males	27	30	39	41	42	41	40	44	46
Females	73	70	61	59	58	59	60	56	54

¹ In 1992 age group of the youth composed 16-22 years and for the last years it has been 16-29 years

² For the 1992 data given in accordance with the number of working unemployed, for the last years - the registered unemployed

HUMAN CAPITAL FORMATION

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total proportion of students at all educational level (% age 7-24)									
Total	67	66	62	63	64	66	69	69	71
Men	66	64	61	62	63	66	68	69	71
Women	68	68	63	64	65	66	70	70	71
Number of public organizations (excluding political)	438	500	552	661	821	1131	1437 ¹	2185 ¹	2936
Scientists and technicians (per 1000 people)	1.1	0.9	0.8	0.8	0.8	0.8	0.7	0.7	0.6
R&D scientists and technicians (per 100 000 people)	62	51	46	52	48	50	35	36	33
R&D expenditure (as % of GDP)	0.3	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Secondary graduates (% of population of graduation age)	62	50	49	45	45	58	59	61	43 ²
Tertiary graduates (% of population of graduation age)	12	13	11	10.4	13.4	10.9	16.7	18.6	21
Science, engineering and mathematics graduates (as % of total graduates)									
Total	...	32	34	28	27	32	26	21	20
Men	...	20	20	13	15	18	14	26	11
Women	...	12	14	12	12	14	12	17	9
Number of those with the higher education (% from the population aged 15 and older) ³	9.4	9.4	10.8	10.8	10.8	10.8	10.8	10.5	10.5

¹ Changes in data related changes in calculation methods

² Reduction is due to lower number of graduates of the 9-th grade (90,500 students in 1999/2000 to 35,300 in 2000/2001) as a result of completion of an experiment in changing from 10-year education to 11-year.

³ The 1992, 1993 data - according to the 1989 National census, the data for 1994-1998 is given in accordance with socio-demographic survey of 1994, the 1999-2000 data is according to the First National census of 1999.

MILITARY EXPENDITURE AND RESOURCE USE IMBALANCES

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Military expenditure (as % of GDP)	0.7	0.7	0.9	1.6	1.3	1.6	1.4	1.7	1.8
Military expenditure (as % of combined education and health expenditures)	9.4	10.6	9.2	14.8	16.1	19.3	18.6	26.8	31.7

NATURAL RESOURCES BALANCE SHEET

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Land area (thousands of km ²)	199.9	199.9	199.9	199.9	199.9	199.9	199.9	199.9	199.9
Population density (people per km ²)	23	23	23	23	23	23	24	24	25
Arable land and permanent cropland (as % of total land area)	7	7	7	7	7	7	7	7	7
Permanent grass lands (as % of total land area)	1	1	1	1	1	1	1	1	1
Forest and wooded land (as % of total land area)	7	7	7	7	7	7	8	8	8
Irrigated land (as % of total arable area)	66	65	64	64	65	65	66	66	66
Internal renewable water resources per capita (1000 m ³ per annum)	2.6	2.7	2.6	2.7	2.4	2.5	2.5	2.5	2.0
Annual fresh water withdrawals (as % of water resources per capita)	96	95	94	95	87	77	70	61	67
(m ³)	2499	2546	2425	2426	2070	1826	1744	1482	1638
Number of reserves and natural parks	5	5	7	7	8	11	11	11	12

NATIONAL INCOME ACCOUNTS

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Agricultural production (as % of GDP)	37.3	39	38.3	40.6	46.2	41.1	35.9	34.8	36.6
Industrial (as % of GDP)	32.2	25.1	20.5	12.0	11.1	16.5	16.3	21.7	21.5
Services (as % of GDP)	21.7	25.8	31.5	34.0	30.1	30.3	34.7	33.3	32.1
Consumption:									
Private (as % of GDP)	70.7	75.7	78.4	75.0	82.1	68.9	88.3	77.6	78.0
Public (as % of GDP)	21.4	20.3	18.9	19.5	18.5	17.3	17.8	19.1	18.7
Gross domestic investment (as % of GDP)	19.9	11.6	9.0	18.4	25.2	21.7	15.5	18.0	15.0
Gross domestic savings (as % of GDP)	12.7	12.5	6.7	9.3	3.4	14.3	-8.2	1.2	14.4
Tax revenue (as % of GDP)	15.1	14.9	14.7	15.1	12.6	12.5	14.2	12.2	12.3
Central government expenditure (as % of GDP)	31.2	22.9	23.4	28.6	22.2	21.8	21.4	19.1	18.2
Export (as % of GDP)	35.6	33.5	33.8	29.5	30.7	38.3	35.2	42.2	43.5
Import (as % of GDP)	47.6	41.1	40.1	42.4	56.5	46.2	62.1	57.0	55.2

TRENDS OF ECONOMIC DEVELOPMENT

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Consumer price index (December, % of previous December)	2132.7	1029.9	162.1	132.1	134.8	113.0	116.8	139.9	109.6
Tax revenue (as % of GDP)	15.1	14.9	14.7	15.1	12.6	12.5	14.2	12.2	12.3
Direct taxes (as % of total taxes)	52.3	61.3	57.3	50	45.1	43.2	41.7	38.0	38.4
Overall budget surplus/deficit (as % of GDP)	-13.9	-7.1	-7.7	-11.5	-5.4	-5.2	-3.0	-2.5	-2.1
Broad money (M2) ¹ , million Soms of year end	...	706.4	1545.1	2754	3340.8	4188.2	4910.0	6574.5	7367.5
Banking interest rate ²	...	260.5	89.1	46	45.9	23.5	32.9	55.1	38.3
Trade balance (million US \$)	-103.7	-87.6	23.1	-113.4	-332.3	-105.5	-327.9	-145.9	-49.6
State securities issued (million Soms)	...	33.6	271.9	200.7	366	733.5	888.5	351.1 ³	563.2

¹ M2 - The broad money

² Accounting rate set by the National Bank of the Kyrgyz Republic that characterizes the minimum level of money value. In 2000 it reached 38,3% as a result of stabilization of financial situation at the financial markets

³ Decrease related to absence in 1999 of auctions for 12-month state treasure bonds and decrease in number of 6-month state treasure bonds

WEAKENING SOCIAL STRUCTURE

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Convicted people (per 100 000, age 14 and older)	376	500	478	580	569	627	571	535	617
Convicted juveniles (as % of total prisoners)	9	8	6	7	6	6	6	5	6
Premeditated murders (per 100 000 persons)	11	13	14	12	11	8	7	7	8
Suicides (per 100 000 people)									
Total	11	12	13	13	10	11	11	12	10
Men (per 100 000 people)	17	20	22	21	17	18	18	19	17
Women (per 100 000 people)	5	5	4	6	4	4	4	4	4
Reported cases of rape (per 100 000 women aged between 15-59)									
Total number of crimes	26	28	31	26	28	24	20	21	23
Drug-related crimes	43944	42495	41155	41008	39623	37262	34287	39951	38620
Economy-related crimes	1901	2145	2544	2623	2922	3103	3295	3459	3539
Crime detection rate	3427	2899	2324	2647	3207	3447	3412	3457	3155
Number of emigrants	43.5	53	60.2	61.1	69.8	76.3	81.4	70.8	77.2
Registered refugees as of the end of year ¹	103728	143619	71197	37302	27584	19538	15671	17818	27887
Asylum applications received:	...	...	6360	13311	16707	15276	14560	10849	10609
Of which asylum granted	...	...	...	...	3668	1013	704	372	15091
Number of refugees removed during the year	...	...	...	...	272	2444	1420	4083	1749
Divorces (% of marriages contracted)	20	20	21	22	25	25	24	24	22
Illegitimate births (%)	13	17	17	19	21	24	27	29	32

¹ Recognized as refugees, including applicants for refugee status during previous years

WEALTH, POVERTY AND SOCIAL INVESTMENT

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Real GDP per capita (PPP US \$)	2730	2330	1890	1850	2101	2264	2299	2377	2521
GDP per capita (US \$)	810	850	610	690	570 ¹	470 ¹	350	300	270
Share of industrial GDP (%)	32.2	25.1	20.5	12	11.1	16.5	16..3	21.7	21.5
Income share: ²									
ration of highest 20% to lowest 20%	3.4	5.8	6.2	7.2	8.0	8.3	9.9	10.3	11.0
Social securities benefits expenditure (as % of GDP)	0.1	0.6	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total education expenditures (as % of GDP)	5.4	4.8	6.3	7.1	5.4	5.2	5.2	4.4	3.3
Total health expenditures (as % of GDP)	3.4	3	3.9	4.3	3.4	3.5	3.2	2.6	2.0
Average income per capita (Som)	5.3	48.3	143.4	192.82	248.01	338.5	354.2	391.4	495.4
Nominal US dollar course in relation to som (average for the period)	...	5.04	10.84	10.82	12.84	17.37	20.77	39.02	47.72
Income in 20 % of the poorest households (Som per capita in the group)	2.61	16.74	44.46	69.91	74.06	91.1	96.1	135.2	146.7
Food expenditure (% of total household expenditure)	45.7	53.9	49.3	49.9	49.2	48.3	44.8	45.3	44.4

¹ Changes in data reflect changes in calculation methods

² Data for 1994, 1998 changed according the date of the First National census of 1999

COMMUNICATION PROFILE: ALLEVIATION OF INTERNAL AND EXTERNAL ISOLATION

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Radios (per 100 people)	18	16	15	13	12	11	12	10	9
Televisions (per 100 people)	18	17	16	14	12	11	12	10	8
Annual cinema attendance (per person)	3.1	1.1	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Annual museum attendance (per person)	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Registered library users (%)	0.3	0.3	0.3	0.4	0.3	0.2	0.2	0.2	0.2
Daily newspapers (copies per 100 people)	37	18	34	35	44	46	23	22	27
Number of books published (per 100 000 people)	11	9	7	9	7	6	9	9	10
Printing and writing paper consumed (metric tons per 100 people) ¹	...	19	5	5	5	5	...	...	...
Letters posted (per capita)	7	3	2	1	1	1	1	1	1
International telephone calls (number of calls per capita)	7	7	7	6	7	8	8	9	9
Telephones (per 100 people)	8	8	8	8	8	8	8	8	8
Motor vehicles (per 100 people)	5	4	3	4	4	4	4	4	4

¹ 1994-1997: only the Akyl JSC data

ENERGY CONSUMPTION

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Commercial energy consumption: total (billion kg of oil equivalent)	5.2	3.9	4.1	3.1	3.9	3.5	3.4	3.5	3.6
Per capita (kg of oil equivalent)	1136.8	858.5	896.7	673.4	827.4	734.5	713.3	715.7	731.8
Commercial energy efficiency (energy consumption in kg of oil equivalent per US \$100 GDP)	...	236.6	367	207.2	213.9	196.3	209.4	284.1	276.5
Annual changes in commercial energy consumption (%)	...	-24.1	3.5	-24.9	24.7	-10	-1.4	1.8	3.3

URBANIZATION

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Population in the biggest cities - Bishkek and Osh (as % of urban)	54	53	54	55	56	57	58	58	57
Population in the cities of more than 1 million (as % of urban)	-	-	-	-	-	-	-	-	-
Major cities with the highest population density (Bishkek): Population density per km ²	5420	5350	5420	5560	5720	5880	6090	6130	6148
Urban population (as % of total)	36.9	36.1	35.6	35.3	35.1	34.9	34.8	34.7	34.8
Urban population annual growth (%)	-0.9	-2.5	-0.6	0.8	0.9	1.0	1.5	0.8	1.0

ENVIRONMENT POLLUTION AND PROTECTION

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Emission of sulfur and nitrogen (thousands of metric tons of SO ₂ and NO ₂)	50.1	52	33	33	35	30	32	28	
Emission of sulfur and nitrogen (kg of SO ₂ and NO ₂ per capita)	11.1 ¹	11.7	7.4	7.3	7.5	6.4	6.8	5.7	
Pesticide consumption (metric tons per 1000 people)	...	0.3	0.3	0.3	0.3	0.2	0.2	0.2	
Nuclear waste	...	...	...	...	...	...	...	...
Annual hazardous and special waste resulting from production (metric tons per km ²)	...	1.8	1	2.4	3.1	31.4 ²	29.6 ²	30.42	
Urban waste (kg per capita)	...	278	250	201	237	195	...	...
Waste recycling(as % of consumption): Paper and cardboard	...	...	0.3	0.3	0.27	...	...	...
Glass	...	...	0.06	0.06	0.063	...	...	...

¹ The data is given according to the stationary sources.

²A significant increase in the date occurred due to the start of Kumtor gold mining company's commercial operation

TECHNICAL NOTE. CALCULATION OF HUMAN DEVELOPMENT INDEXES

Calculation of HDI

The Human Development Index is meant to reflect the level of potential human development of a country from the point of view of three basic indicators: longevity, reflecting the overall health of the population, level of education, and standard of living. Longevity is measured by life expectancy at birth. Level of education is determined by a composite index measuring adult literacy¹ and the percentage of total children and young adults enrolled in the educational system.² Living standard is based on real per capita GDP in US dollars, adjusted to domestic prices (purchasing power parity - PPP). For each of these indexes a minimum and maximum level is established, based on which the relative level of a country's development can be calculated for each index falling somewhere between the minimum and maximum. The formula for HDI, not including the per capita GDP index, is as follows:

$$\text{Index} = \frac{(\text{Real value} - \text{minimum value})}{(\text{Maximum value} - \text{minimum value})}$$

Since 1999, as recommended by UNDP experts the per capita GDP Index was calculated using the formula based on the difference of natural logarithms is used:

$$\text{Index} = \frac{(\ln(\text{real value}) - \ln(\text{minimum value}))}{(\ln(\text{maximum value}) - \ln(\text{minimum value}))}$$

The Education Attainment Index is calculated based on the average adult literacy index and gross enrolment (combined share of those studying) with a weight of 2 and 1, respectively.

HDI is calculated as the average index of life expectancy, education levels and real per capita GDP. The initial data and interim index for calculation of the HDI for the Kyrgyz Republic (2000)³ are listed in the following *Table*.

	Real value	Minimum	Maximum	Index
Life expectancy at birth (years)	68.5	25	85	0.725
Adult literacy (%)	98.7	0	100	0.987
Gross enrolment (%)	71	0	100	0.710
Education attainment				0.895
Per capita GDP (PPP US \$)	2521	10	40 000	0.539
Human Development Index				0.719

Thus, the preliminary HDI value for the Kyrgyz Republic in 2000 is 0.719.

Calculation of GDI

In calculating the Gender Development Index, the same data is used as for calculating the HDI. The only difference is that in determining GDI, average values for longevity, education and per capita income indexes are adjusted in accordance with the difference for these indicators between men and women. The formula used to derive this value is: $(\sum w_i x_i^{(1-\epsilon)})^{(1-\epsilon)}$, in which the weight parameter $\epsilon=2$, i.e. the average indicator for men and women adjusted according to the corresponding ratio of men and women in the general population.

This formula follows:

$$\{[\text{Share of the female population} \times (\text{index for women})^{-1}] + [\text{Share of the male population} \times (\text{index for men})^{-1}]\}^{-1}$$

As a result, index values are calculated taking into account uniform distribution by gender. Minimum and maximum adjustment values for men and women of (22.5; 27.5) and (82.5; 87.5), respectively, are used to calculate the life expectancy index by gender.

¹ People aged 15 years and older

² People between the ages of 7-24

³ Date for 2000 is preliminary

The calculation of the income index requires a number of additional operations. Proportional shares of male and female income are obtained using data on the average income of women and men and their relative share in the economically active population.⁴ The products of the respective proportional income shares and per capita GDP are the values of total female and male GDP. Gender indices of GDP per capita are computed in the same way as in the HDI calculation. The value final GDI is an equally-weighted average of the three obtained sub-indices.

Initial data for calculating GDI, the values of primary GDI components, and final GDI values for 1996-2000 are provided in the following *Table*.

	1996	1997	1998	1999	2000
Adjusted real GDP per capita, PPP US \$	2101	2264	2299	2377	2521
Percentage share of total population					
Males	49.3	49.3	49.4	49.4	49.4
Females	50.7	50.7	50.6	50.6	50.6
Life expectancy (years)					
Males	62.3	62.6	63.1	63.1	64.9
Females	71	71.4	71.2	71.1	72.4
Adult literacy rate, %					
Males	98.6	98.6	98.6	99.3	99.3
Females	96.2	96.2	96.2	98.1	98.1
Combined primary, secondary and tertiary gross enrolment ration, 7-24 years, %					
Males	63	66	68	69	71
Females	65	66	70	70	71
Percentage share of the economically active population					
Males	53.6	53.4	53.4	54.2	54.7
Females	46.4	46.6	46.6	45.8	45.3
Ratio of female average wage to male wage, %	73	71	72	64	68
Equally distributed life expectancy index	0.693	0.699	0.702	0.701	0.727
Equally distributed educational attainment index	0.863	0.869	0.879	0.890	0.895
Equally distributed per capita GDP index	0.498	0.510	0.513	0.512	0.524
GDI	0.685	0.693	0.698	0.701	0.715

Calculation of GEM

The Gender Empowerment Index is calculated by using a variety of sub-indicators involving opportunities of women in political, administrative, professional and economic life.

The first two indicators reflect the percentage of men and women in administrative and managerial positions and in positions of specialized and technical staff. The third indicator represents the share of men and women working as deputies in legislative bodies at the national and regional levels. To determine the value for each of these first three sub-indicators, the GEM formula is applied, according to which the "equally distributed equivalent percentage" (EDEP) is derived for both genders together. The EDEP is divided in half. Then the average is calculated for the first two sub-indicators.

To determine relative economic potential of women, the income index is applied. It is calculated in the same way as is the GDI, except that the usual linear promotion index is used according to minimum and maximum values.

Lastly, the equally weighted average of the three sub-indices, reflecting opportunities in administrative and professional, political, and economic sectors of society, are calculated.

The initial GEM data, values of main sub-indicators, and the final GEM values for the republic from 1996-2000 are provided in the following *Table*.

⁴A more thorough description of this calculation is provided in the Kyrgyzstan National Human Development Report for 1998.

	1996	1997	1998	1999	2000
Adjusted real GDP per capita, PPP US \$	2101	2264	2299	2377	2521
Percentage share of total population					
Males	49.3	49.3	49.4	49.4	49.4
Females	50.7	50.7	50.6	50.6	50.6
Percentage share of legislative representation					
Males	89.9	89.9	89.9	88.7	85.2
Females	10.1	10.1	10.1	11.3	14.8
Percentage share of administrative and managerial positions					
Males	64.5	68.5	67.1	68.2	70.5
Females	35.5	31.5	32.9	31.8	29.5
Percentage share of professional and technical positions					
Males	55.7	56	58.3	58	56.0
Females	44.3	44	41.7	42	44.0
Percentage share of economically active population					
Males	53.6	53.4	53.4	54.7	54.7
Females	46.4	46.6	46.6	45.8	45.3
Ratio of female average wage to male wage, %	73	71	72	64	68
Parliamentary representation index	0.359	0.359	0.360	0.397	0.500
Administrative and managerial representation index	0.912	0.859	0.879	0.864	0.828
Professional and technical representation index	0.985	0.984	0.971	0.973	0.984
Combined administrative, managerial and professional, technical representation index	0.949	0.921	0.925	0.918	0.906
Equally distributed per capita GDP index	0.050	0.054	0.055	0.057	0.061
GEM	0.453	0.445	0.447	0.457	0.489

Calculation of HPI-1

To calculate the poverty index of a population for a developing country (HPI-1), the quantitatively defined measurements of deprivation in three of the most important elements of human life are considered: longevity, education, and standard of living. The first indicator is based on basic survival rates and is represented by the percentage of people expected to die before they reach the age of forty (P_1). The second indicator reflects the degree of isolation with regard to reading and communication abilities. It represents the percentage of adults who are illiterate (P_2). Deprivation, from the point of view of standard of living, is reflected in the composite index (P_3). This indicator is itself based on three other values: the percentage of the population without access to safe drinking water (P_{31}); percentage of people without access to health services (P_{32}); and percentage of fatally or severely malnourished children under the age of five (P_{33}).

Aggregated (P) is calculated as the average of these three sub-indicators. The HPI formula is written:

$$\text{HPI-1} = [1/3(P_1^3 + P_2^3 + P_3^3)]^{1/3}$$

Initial data and final value of HPI-1 in the Kyrgyz Republic for 1996-2000 are given in the *Table* above. Deprivation indicators in terms of standards of living are calculated on the basis of results of the Survey on Monitoring of Poverty in Kyrgyz Republic conducted by the National Statistics Committee.

	1996	1997	1998	1999	2000
P_1	9.6	10.2	9.6	9.6	9.6
P_2	2.7	2.7	2.7	1.3	1.3
P_{31} ⁵	18.7	17.4	18.3	14.1	14.0
P_{32} ⁶	11.8	8.3	15.9	14.4	14.3
P_{33} ⁷	9.3	5.7	8.9	7.3	6.6
P_3	13.3	10.5	14.4	11.9	11.6
HPI-1	10.3	9.1	10.9	9.5	9.3

⁵ Share of population using river, spring and canal water for drinking and cooking.

⁶ Share of population not using full medical care due to its high cost or remoteness of medical care institutions

⁷ 1-6 year old children malnutrition rate, %.

Calculating the Technology Achievement Index

The technology achievement index (TAI) is a composite index designed to capture the performance of countries in creating and diffusing technology and in building a human skills base. The index measures achievements in four dimensions:

- Technology creation, as measured by the number of patents granted to residents per capita and by receipts of royalties and license fees from abroad per capita.
- Diffusion of recent innovations, as measured by the number of Internet hosts per capita and the share of high- and medium technology exports in total goods exports.
- Diffusion of old innovations, as measured by telephones (mainline and cellular) per capita and electricity consumption per capita.
- Human skills, as measured by mean years of schooling in the population aged 15 and above and the gross tertiary science enrolment ratio.

For each of the indicators in these dimensions the observed minimum and maximum values (among all countries with the data) are chosen as "goalposts". Performance in each indicator is expressed as a value between 0 and 1 by applying the following general formula:

$$\text{Indicator index} = \frac{\text{Actual value} - \text{observed minimum value}}{\text{Observed maximum value} - \text{observed minimum value}}$$

For the two indicators used to represent the diffusion of old innovations the indices are calculated using the logarithm of the value:

$$\text{Indicator index} = \frac{\log(\text{actual value}) - \log(\text{observed minimum value})}{\log(\text{observed maximum value}) - \log(\text{observed minimum value})}$$

The index for each dimension is then calculated as the simple average of the indicator indices in that dimension. The TAI, in turn, is the simple average of these four dimension indices.

The initial TAI data, values of main sub-indicators, and the final TAI values for the Kyrgyz republic are provided in the following Table.

Dimensions	Indicator	Actual value	Observed maximum value	Observed minimum value	Indices
The technology creation index	Patents granted to residents (per million people)	38.4	994	0	0.020
	Royalties and license fees received (US\$ per 1,000 people)	0.05	272.6	0	
The diffusion of recent innovations index	Internet hosts (per 1,000 people)	0.6	232.4	0	0.278
	High and medium technology exports (as % of total goods exports)	44.6	80.8	0	
The diffusion of old innovations index	Telephones (mainline and cellular, per 1,000 people)	80*	901	1	0.665
	Electricity consumption (kilowatt-hours per capita)	1163	6969	22	
The human skills index	Mean years of schooling (age 15 and above)	9.8	12.0	0.8	0.622
	Gross tertiary science enrolment ratio (%)	12.1	27.4	0.1	
TAI					0.396

REGIONAL PROFILES

BISHKEK

	1996	1997	1998	1999	2000
RESIDENT POPULATION					
(at year end, thousands of people):	717.3	735.1	761.0	765.5	768.0
STRUCTURE OF THE ECONOMY					
(% of GDP)					
Agriculture	2.9	2.3	1.2	1.2	1.3
Industry	12.4	14.3	7.7	8.5	7.9
Services	62.4	59.3	65.3	71.9	63.7
GROSS REGIONAL PRODUCT					
Soms (current national rate) per capita	7482	9872	11712	15648	19172 ¹
US\$ (PPP) per capita	3663	3762	4231	4346	4326
SOCIAL INDICATORS					
Life expectancy, years					
Men	61.1	60.0	63.4	63.5	64.6
Women	72.2	71.2	71.8	71.7	74.4
Percentage share of the economically active population					
Men	52.4	52.7	54.5	53.5	55.5
Women	47.6	47.3	47.9	46.5	44.5
Ratio of average female wage to male wage, %	67	56	73	70	68
MCB per capita, som	564.9	734.8	839.6	1056.0	1286.6
Share of poor population (including extreme poverty), %					
Households	17.9	...	17.2	23.1	21.3
Population	20.2	...	20.9	27.2	29.9
Share of extremely poor population, %					
Households	4.4	0.2	4.7	4.7	3.4
Population	5.4	0.8	6.5	5.9	5.8
Share of population without access to safe drinking water, % ²	-	-	2.1	-	-
Share of population without access to medical services, % ³	4.8	2.2	6.5	5.7	15.1
1-6 years old children malnutrition, % ⁴	14.1	13.6	9.3	14.5	12.7
Number of children not attending to school, % ⁵	...	0.3	0.2	0.3	0.1
HUMAN DEVELOPMENT INDICATORS					
HDI	0.722	0.728	0.751	0.756	0.767
HPI-1	6.9	6.5	6.2	6.5	7.6
GDI	0.717	0.712	0.743	0.747	0.761
GEM	0.440	0.435	0.446	0.477	0.479

BATKEN OBLAST

	1996	1997	1998	1999	2000
RESIDENT POPULATION					
(at year end, thousands of people):	366.9	374.0	380.6	387.8	393.1
STRUCTURE OF THE ECONOMY					
(% of GDP)					
Agriculture	...	...	49.5 ⁶	55.3	50.6
Industry	...	...	23.6 ⁶	18.4	6.8
Services	...	...	21.2 ⁶	17.5	36.9
GROSS REGIONAL PRODUCT					
Soms (current national rate) per capita	...	...	2937	4223	5922
US\$ (PPP) per capita	...	...	1010	1040	1199
SOCIAL INDICATORS					
Life expectancy, years					
Men	...	...	64.4	64.3	66.0
Women	...	...	72.3	72.3	71.5
Percentage share of the economically active population					
Men	53.8	53.9	54.0	55.5	55.2
Women	46.2	46.1	46.0	44.5	44.8
Ratio of average female wage to male wage, %	70	70	69	64	78
MCB per capita, som	...	...	...	...	...
Share of poor population (including extreme poverty), %					
Households	...	...	...	...	64.8
Population	...	...	...	...	69.0
Share of extremely poor population, %					
Households	...	...	...	...	28.4
Population	...	...	...	...	34.3
Share of population without access to safe drinking water, %	...	...	...	...	28.2
Share of population without access to medical services, %	...	...	...	...	7.7
1-6 years old children malnutrition, %	...	...	...	...	4.2
Number of children not attending to school, %	...	...	...	...	0.2
HUMAN DEVELOPMENT INDICATORS					
HDI	...	...	0.666	0.667	0.677
HPI-1	...	...	...	...	10.5
GDI	...	...	0.662	0.663	0.677
GEM	...	...	0.354	0.364	0.363

¹ Here and in further profiles: data for 2000 is preliminary² Here and in further profiles: lack of access to safe drinking water means use of water from rivers, springs and canals for drinking and cooking³ Here and in further profiles: lack of access to medical services means the lack of possibility to use full medical care due to high cost of services, as well as remoteness of medical care institutions⁴ Here and in further profiles: malnourished children are children suffering from moderate or severe under-weight⁵ Here and in further profiles: date for 1997-1999 including children 6-17 years old, for 2000 - 7-17 years old⁶ Estimation

JALAL-ABAD OBLAST					
	1996	1997	1998	1999	2000
RESIDENT POPULATION					
(at year end, thousands of people):	838.3	851.3	865.2	880.8	893.7
STRUCTURE OF THE ECONOMY					
(% of GDP)					
Agriculture	44.5	42.3	38.8	49.9	29.3
Industry	19.6	28.3	23.7	29.3	44.0
Services	19.3	19.6	22.4	14.2	19.0
GROSS REGIONAL PRODUCT					
Soms (current national rate)					
per capita	3873	4810	5352	8202	12104
US\$ (PPP) per capita	1470	1424	1380	1423	1798
SOCIAL INDICATORS					
Life expectancy, years					
Men	65.2	65.1	65.8	65.7	68.0
Women	71.8	72.4	72.4	72.5	72.9
Percentage share of the economically active population					
Men	51.6	50.6	51.1	52.8	52.7
Women	48.4	49.4	48.9	47.2	47.3
Ratio of average female wage to male wage, %	66	59	64	55	58
MCB per capita, som	479.2	570.7	599.3	847.3	1104.3
Share of poor population (including extreme poverty), %					
Households	36.5	58.0	54.9	71.6	61.4
Population	43.8	65.4	65.2	77.4	67.9
Share of extremely poor population, %					
Households	15.7	25.0	22.8	24.7	12.8
Population	19.0	30.6	29.3	27.2	15.1
Share of population without access to safe drinking water, %	32.0	30.5	34.1	10.0	13.1
Share of population without access to medical services, %	1.3	9.6	21.7	27.0	12.7
1-6 years old children malnutrition, %	7.7	3.4	6.3	6.5	6.9
Number of children not attending to school, %	...	0.7	0.3	0.3	0.6
HUMAN DEVELOPMENT INDICATORS					
HDI	0.677	0.678	0.680	0.684	0.707
HPI-1	10.3	11.0	14.7	10.7	8.7
GDI	0.674	0.674	0.678	0.678	0.702
GEM	0.381	0.363	0.359	0.391	0.415

ISSYK-KUL OBLAST					
	1996	1997	1998	1999	2000
RESIDENT POPULATION					
(at year end, thousands of people):	411.5	411.9	412.5	415.5	417.8
STRUCTURE OF THE ECONOMY					
(% of GDP)					
Agriculture	62.1	46.0	42.2	30.7	29.8
Industry	4.4	30.5	33.9	57.6	56.0
Services	23.7	14.0	18.5	8.8	11.9
GROSS REGIONAL PRODUCT					
Soms (current national rate)					
per capita	3947	8408	9432	18928	23279
US\$ (PPP) per capita	1577	2734	3372	3522	4798
SOCIAL INDICATORS					
Life expectancy, years					
Men	60.5	61.2	62.5	62.6	64.3
Women	70.0	69.9	70.5	70.5	72.7
Percentage share of the economically active population					
Men	55.9	54.5	54.5	55.3	56.7
Women	44.1	45.5	45.5	44.7	43.3
Ratio of average female wage to male wage, %	69	30	39	40	53
MCB per capita, som	504.2	626.9	830.9	970.1	1145.7
Share of poor population (including extreme poverty), %					
Households	47.3	51.8	49.5	33.3	50.8
Population	53.7	57.6	58.1	43.5	53.7
Share of extremely poor population, %					
Households	20.2	20.5	11.8	10.6	20.8
Population	24.0	23.9	16.5	14.6	27.6
Share of population without access to safe drinking water, %	11.6	10.9	4.1	1.4	0.0
Share of population without access to medical services, %	8.0	7.0	6.1	6.7	13.2
1-6 years old children malnutrition, %	14.1	3.4	8.9	4.7	4.4
Number of children not attending to school, %	...	1.2	0.8	0.7	0.7
HUMAN DEVELOPMENT INDICATORS					
HDI	0.665	0.702	0.722	0.730	0.752
HPI-1	9.6	8.2	7.0	6.5	6.8
GDI	0.662	0.676	0.702	0.710	0.743
GEM	0.428	0.397	0.391	0.451	0.475

NARYN OBLAST

	1996	1997	1998	1999	2000
RESIDENT POPULATION					
(at year end, thousands of people):	248.4	248.5	248.1	251.6	254.6
STRUCTURE OF THE ECONOMY					
(% of GDP)					
Agriculture	78.3	76.6	79.6	64.6	70.8
Industry	1.9	1.8	1.9	4.7	7.9
Services	17.8	17.2	12.9	23.1	16.5
GROSS REGIONAL PRODUCT					
Soms (current national rate) per capita	4544	6579	6685	6774	7598
US\$ (PPP) per capita	1890	2200	2131	2221	1588
SOCIAL INDICATORS					
Life expectancy, years					
Men	63.8	64.0	65.5	65.4	66.3
Women	69.7	71.4	71.6	71.5	73.4
Percentage share of the economically active population					
Men	54.8	55.5	54.8	56.4	56.9
Women	45.2	44.5	45.2	44.6	43.1
Ratio of average female wage to male wage, %	71	78	74	68	69
MCB per capita, som	524.9	644.8	740.7	903.2	1080.9
Share of poor population (including extreme poverty), %					
Households	53.0	84.3	76.3	...	78.5
Population	60.7	87.1	83.0	...	81.4
Share of extremely poor population, %					
Households	24.3	52.9	37.8	...	36.5
Population	29.0	58.6	42.6	...	37.6
Share of population without access to safe drinking water, %	22.8	20.3	29.9	16.9	6.7
Share of population without access to medical services, %	13.5	2.8	5.5	6.6	21.2
1-6 years old children malnutrition, %	4.9	5.0	6.4	8.0	3.1
Number of children not attending to school, %	...	0.4	0.3	0.3	0.9
HUMAN DEVELOPMENT INDICATORS					
HDI	0.683	0.697	0.705	0.711	0.696
HPI-1	10.8	9.2	10.5	8.6	8.5
GDI	0.681	0.698	0.703	0.707	0.695
GEM	0.357	0.349	0.369	0.393	0.454

OSH OBLAST

	1996	1997	1998	1999	2000
RESIDENT POPULATION					
(at year end, thousands of people):	1121.5	1146.1	1170.7	1192.6	1211.0
STRUCTURE OF THE ECONOMY					
(% of GDP)					
Agriculture	55.4	56.3	47.9 ⁷	54.9	44.0
Industry	4.2	3.0	16.1 ⁷	2.4	5.6
Services	30.8	36.2	29.2 ⁷	33.1	41.8
GROSS REGIONAL PRODUCT					
Soms (current national rate) per capita	3283	3805	3958	5583	6909
US\$ (PPP) per capita	1117	1088	997	1025	1148
SOCIAL INDICATORS					
Life expectancy, years					
Men	64.0	64.5	63.9	63.8	66.9
Women	72.1	72.0	71.2	71.1	72.8
Percentage share of the economically active population					
Men	54.2	54.3	54.4	54.3	54.5
Women	45.8	45.7	45.6	45.7	45.5
Ratio of average female wage to male wage, %	73	73	72	65	79
MCB per capita, som	429.6	551.4	585.5	795.5	1024.4
Share of poor population (including extreme poverty), %					
Households	47.3	43.4	63.3	60.3	49.6
Population	51.6	51.5	70.1	67.7	51.6
Share of extremely poor population, %					
Households	22.4	7.5	25.2	25.5	18.2
Population	24.4	10.1	31.3	30.4	19.8
Share of population without access to safe drinking water, %	40.4	37.0	35.0	38.9	36.6
Share of population without access to medical services, %	8.4	6.7	3.8	4.7	3.6
1-6 years old children malnutrition, %	9.3	7.2	10.6	5.3	5.2
Number of children not attending to school, %	...	0.1	0.1	0.1	0.2
HUMAN DEVELOPMENT INDICATORS					
HDI	0.662	0.663	0.655	0.661	0.682
HPI-1	14.0	12.5	12.3	12.2	11.5
GDI	0.658	0.660	0.653	0.657	0.681
GEM	0.386	0.410	0.395	0.386	0.402

⁷ Date estimated excluding Balken oblast

TALAS OBLAST					
	1996	1997	1998	1999	2000
RESIDENT POPULATION					
(at year end, thousands of people):	197.5	198.1	199.1	201.7	203.7
STRUCTURE OF THE ECONOMY					
(% of GDP)					
Agriculture	76.9	77.6	75.0	75.3	75.6
Industry	0.9	2.2	0.5	2.2	3.9
Services	18.1	19.1	22.8	16.5	18.5
GROSS REGIONAL PRODUCT					
Soms (current national rate) per capita	4797	6075	5811	9965	13892
US\$ (PPP) per capita	1766	1794	1656	1721	2330
SOCIAL INDICATORS					
Life expectancy, years					
Men	65.6	65.5	62.9	62.6	66.2
Women	72.6	68.7	70.7	70.6	72.3
Percentage share of the economically active population					
Men	51.0	51.1	50.8	53.5	53.2
Women	49.0	48.9	49.2	46.5	46.8
Ratio of average female wage to male wage, %	80	84	83	68	71
MCB per capita, som	464.6	569.5	662.2	899.1	1030.0
Share of poor population (including extreme poverty), %					
Households	47.4	47.1	73.0	69.1	67.5
Population	55.8	57.8	77.0	72.4	72.7
Share of extremely poor population, %					
Households	17.9	17.2	44.1	39.4	30.8
Population	22.4	23.0	48.8	41.7	36.6
Share of population without access to safe drinking water, %	18.7	17.5	14.2	12.4	0.1
Share of population without access to medical services, %	34.5	11.2	20.2	21.5	5.0
1-6 years old children malnutrition, %	1.8	1.7	2.4	2.2	4.0
Number of children not attending to school, %	...	0.7	0.3	0.2	1.1
HUMAN DEVELOPMENT INDICATORS					
HDI	0.691	0.689	0.679	0.683	0.715
HPI-1	13.0	8.6	9.0	8.8	4.9
GDI	0.691	0.683	0.678	0.680	0.712
GEM	0.458	0.431	0.454	0.425	0.436

CHUI OBLAST					
	1996	1997	1998	1999	2000
RESIDENT POPULATION					
(at year end, thousands of people):	759.6	766.9	768.9	771.9	765.7
STRUCTURE OF THE ECONOMY					
(% of GDP)					
Agriculture	63.5	51.7	46.8	38.1	47.7
Industry	15.8	22.0	17.0	24.8	16.4
Services	11.2	13.5	25.3	24.7	25.4
GROSS REGIONAL PRODUCT					
Soms (current national rate) per capita	8122	9383	10033	11458	13975
US\$ (PPP) per capita	3651	3927	3617	3781	3425
SOCIAL INDICATORS					
Life expectancy, years					
Men	60.8	62	61	61.8	62.8
Women	71.8	72.2	71.8	71.7	72.7
Percentage share of the economically active population					
Men	54.5	54.8	54.5	54.9	54.8
Women	45.5	45.2	45.5	45.1	45.2
Ratio of average female wage to male wage, %	79	78	70	54	60
MCB per capita, som	567.3	727.9	837.8	1134.0	1165.2
Share of poor population (including extreme poverty), %					
Households	29.2	15.6	23.7	20.5	23.1
Population	32.3	21.4	31.1	26.8	28.1
Share of extremely poor population, %					
Households	10.8	2.7	5.5	8.0	3.5
Population	14.0	3.5	8.1	11.5	4.5
Share of population without access to safe drinking water, %	0.8	0.5	1.4	-	-
Share of population without access to medical services, %	7.3	18.4	29.9	22.3	26.6
1-6 years old children malnutrition, %	10.5	8.0	9.6	11.7	9.6
Number of children not attending to school, %	...	1.7	1.0	0.6	0.8
HUMAN DEVELOPMENT INDICATORS					
HDI	0.710	0.718	0.714	0.721	0.720
HPI-1	7.2	7.9	10.4	9.2	9.6
GDI	0.707	0.717	0.711	0.712	0.715
GEM	0.551	0.550	0.545	0.578	0.586

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