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# conflict assessments

Disturbing connections:  
aid and conflict  
in Kyrgyzstan

Tony Vaux &  
Jonathan Goodhand

# conflict assessments

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## *The Conflict, Security & Development Group*

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# Executive summary

## The report

While there is a growing body of analysis on conflict dynamics in the Ferghana Valley, less has been written about the interaction between development assistance and conflict. This report examines the sources of latent and open conflict in Kyrgyzstan, through the 'lens' of a development donor, leading to an analysis of how current development policy and practice could be made more sensitive to the dynamics of conflict and peace.

The main part of this report consists of a Strategic Conflict Assessment (SCA) which maps out current sources of tension and examines policy responses, with a particular focus on development donors. The report is based on a review of the literature, a field trip to Kyrgyzstan, conducted between 7 and 22 October 2000, and consultation with expert groups.

In Kyrgyzstan, the team consulted with a wide range of stakeholders, especially the representatives of financial institutions, multilateral organisations and major aid agencies. A field visit was made to the Osh and Jalal Abad area of the Ferghana Valley. Travel further south into the Batken region, for example, was not possible because of the British Government's (FCO) assessment of security risks. A group consultation took place in Jalal Abad and the findings of the mission were presented to a group of informed persons in Bishkek on 20 October.

## Background: historical tensions in the Ferghana Valley

Although Kyrgyzstan may be categorised as a pre-conflict setting and the main challenge is one of conflict prevention, there have been several violent incidents recently and there is a significant history of ethnic conflict around the time of separation from the USSR. The report concludes that there is serious potential for violent conflict in the future and international actors should align their strategies accordingly.

Physical factors make Kyrgyzstan inherently vulnerable to conflict. The

country is divided into separate regions, by massive mountain ranges in the centre of the country. Peripheral areas have closer links with neighbouring countries than with their own capital. Neighbouring countries, particularly Uzbekistan, are militarily and politically more powerful than Kyrgyzstan. There is already conflict in the region, notably in Afghanistan, while Tajikistan remains unstable after its civil war. Political opposition in Uzbekistan has turned to violence, using Kyrgyzstan as a transit route for their bases further south. The government of Uzbekistan has exploited international concerns about radical Islam and drugs, by labelling any form of political opposition as ‘fundamentalist’ and ‘criminal’.

The border between Uzbekistan and Kyrgyzstan, weakly defined in the Soviet period and still disputed today, has become the focus of serious tensions. Where previously citizens were able to cross the borders freely (and many still have relatives living on the other side), Uzbekistan has now imposed strict tariffs and controls,<sup>1</sup> partly in retaliation to Kyrgyzstan joining the WTO and partly because of tensions over resources. On several occasions, Uzbekistan’s military forces have entered Kyrgyzstan, apparently without permission, in pursuit of political opponents. There is a possibility that disputes over resources, especially water, could lead to an armed incursion by Uzbek forces.

A decade ago there was a serious outbreak of violent conflict in the Ferghana Valley. Meskhetian Turks were ejected from Uzbekistan and their land was seized. In Kyrgyzstan itself, Kyrgyz nationals clashed with Uzbeks. Increasing tension with Uzbekistan – with the seizure of territory as the extreme – could lead to ethnic violence directed against the minorities on both sides of the border, with events and attitudes interacting in a spiral of conflict.

## **Structural sources of conflict**

Kyrgyzstan’s vulnerability to violent conflict stems from a range of interconnecting factors (military, political, economic and social) at the international, regional, national and local levels, and these are charted in detail in this report. The risk is that instead of viewing the issues as interconnected, external actors

may focus on a single one and inadvertently exacerbate others. For example, chronic instability in Afghanistan is having spillover effects throughout the region, and may represent, in an extreme form, many of the dangers facing Central Asia, particularly the trend towards weakening states and growing non-state military actors. Radical Islam has found a growing constituency, as political and social exclusion deepens, and increasingly challenges the legitimacy of the state. The development of trans-national criminalised networks, based on the drug economy and linked to military actors, also has a destabilising effect. These are not the only issues affecting the region, but the policy goals of Russia, the United States and regional states have converged around the issues of terrorism, Islam and drugs. Such a short-term focus on security and containment runs the risk of aggravating the long-term structural problems.

At the national level, the 'transition' to a free market economy has stalled. Private enterprise remains hampered by restrictions, unemployment has increased and state services have declined drastically. By 1996, five years after independence, 49% of people were living below the poverty line, with an estimate of 70% in rural areas (ADB). The situation continues to deteriorate and there is now the distinct possibility of a financial crisis if international creditors do not reschedule debts. Further unemployment and deepening poverty will lead to growing grievance, which might be mobilised by political entrepreneurs. Western involvements have created their own set of potential conflict dynamics. For example, Kyrgyzstan's position as spearhead or symbol of Western modernism has cost the country dearly. Cheap goods have flooded in, from China among others, undermining local production. Underlying other tensions is a conflict between tradition and modernism.

A major factor inhibiting the transition is the lack of progress with issues of governance. The outward forms of a modern state hide a struggle for power between competing clan-based groups. The recent presidential elections, and parliamentary elections earlier in 2000, have been strongly criticised by the OSCE. There is little respect for the separation between political and non-political functions. In a context of strong regional separations and strong

connections with external powers, this power struggle could threaten the stability of the state. Despite an outward appearance of change and modernity, Kyrgyzstan exhibits a surprising continuity with the past. While many of the democratic ‘forms’ are in place, the ‘norms’ belong, in many respects, to the pre-transition political culture. Personal allegiances are more important than ‘rights’ or legalities. The trend seems to be towards a convergence of political systems with Kyrgyzstan’s more autocratic neighbours.

The malfunctioning of the state is of particular concern at the local level. Elite groups have maintained their power base continuously since the Soviet era. This means that aid channelled through the state to local bodies is likely to be ‘captured’, as in the case of DFID’s rural support programme. The benefits tend to go to those who share in the élite group, and there are troubling ethnic dimensions to this discrimination. Unless handled with extreme care, external aid is likely to strengthen ‘greed’ and add to ‘grievance’.

## **Dynamics of conflict: greed and grievance**

In exploring the dynamics of (potential) conflict, this report distinguishes between ‘grievance’ (meaning the discontent of excluded groups generated by poverty, unemployment, political repression etc.) and ‘greed’ (meaning opportunities for excessive self-enrichment by élite or powerful groups). This offers a useful way of exploring the political economy of conflict by viewing the issues from two different perspectives. It concludes that neither grievance nor poverty in itself is likely to lead to conflict; but political entrepreneurs could make use of grievances in order to pursue their own objectives of ‘greed’. The danger lies in the interactions between the two factors.

Among the main issues which might cause conflict are external attempts to impose ‘stability’, regional incursions, regional competition for resources, tensions between religious groups and the state, the drug trade, and land sales. The particular danger of the Kyrgyzstan situation is that all these factors are already interconnected. Although other combinations are possible, the main scenarios could be described by making the following linkages:

- external interventions – drugs – religion;
- water/energy resources – border disputes – land – ethnicity (Ferghana Valley); and
- regional incursions/migration – land – poverty (the south).

## Triggers

Having examined the overall dynamics, the next chapter of the report examines critical events which could bring about conflict. Specific triggers include the possible defeat of Alliance forces by the Taliban in Afghanistan causing a flow of refugees, which might destabilise Tajikistan and the south of Kyrgyzstan. Similarly, dissident Islamic groups operating across the region might evoke excessive external responses which could exacerbate local grievances to extreme levels or offer plausible excuses for punitive acts such as land seizures in the name of governance but actually in pursuit of ‘greed’.

Another potential trigger is the lifting of the government moratorium on land sales, which has hitherto prevented distress sales. This may prompt large-scale transfers of land, resulting in migration and possibly destitution for those who sell. Local political élites are in a position to exploit the corruption of state power, including the police and judiciary. In the Ferghana Valley much of the best land is owned by the Uzbek minority, which could become the victim of an orchestrated plan to seize their land. The history of ethnic tension in the past could be used by unscrupulous elements to revive ‘ancient hatreds’.

## Responses

Although the primary focus of this report is on development donors, aid should not be viewed in isolation from other policy instruments and responses in the region. Without greater policy coherence there is a danger that different instruments may undercut one another. As already mentioned, there is a growing convergence of policy among international actors around the threats of drugs, Islam and terrorism. The focus has moved from attempts to find fundamental solutions to Afghanistan’s problems towards ‘strategic

containment', as demonstrated by efforts to establish a security belt around Afghanistan.<sup>2</sup> There is a danger that a primary or even sole focus on security arrangements and containment will undercut other long-term development policy objectives, such as the need for good governance or poverty alleviation. Being clearer about different policy goals, developing a more optimum mix of short-term and long-term objectives and developing greater complementarity between policy instruments appear to be critical.

Ethnicity by itself may not be the immediate cause of conflict, but it could be manipulated by 'greedy' elements. Such a scenario would entail considerable use of propaganda and the media. It is, therefore, a matter of concern that the media in Kyrgyzstan are so weak and public information is so limited. Failure to separate the judiciary and media from state control gives those predatory interests free license to do what they want. Lack of credible elections undermines the main possibility for political restraint. In general, it is the weakness of governance as a mediating factor which lays open the possibility for ethnic tension to mount without control.

The report divides development donor responses into three groups. Some actors work directly 'on' conflict (i.e. have an explicit focus on conflict prevention or management); others work 'in' conflict areas, but do not seek to deliberately address conflict itself (i.e. attempt to ensure their programmes 'do no harm'); while a third group tends to work 'around' conflict (i.e. do not recognise latent or open conflict as an issue to be addressed or accounted for except as an external obstacle to their programmes). To date, the major development donors in Kyrgyzstan have tended to fall in the last category of working 'around' conflict. Their focus has been primarily on macro-economic reform and to a much lesser extent governance. The leverage of economic involvement has not been used in support of improvements in governance. The increasing possibility of conflict and the link between failures of governance and growing insecurity have been insufficiently recognised. This report suggests that, bearing in mind the potential for conflict, it is time to reconsider this strategy and achieve a better balance between the focus on

market economics and the need for improved governance and poverty reduction strategies.

Overall, international influence may be exacerbating the likelihood of conflict. Western support has alienated powerful regional neighbours. The failure to control corruption and the monopolisation of power by élites have helped to create a class of predatory interests, which employ extra-legal and illegal means to secure their ends. They are able to use external support, such as aid programmes, to further consolidate their position.

On the 'grievance' side, international policy has strongly favoured free market economics and privatisation. In the short-term at least, these policies have pushed up prices and created very high levels of unemployment. Structural adjustment policies have led to a decline in state services.

Whilst there is a need to strengthen poverty focused policies and programmes, these may not in the short-term have a significant impact on the dynamics of conflict. Our analysis suggests that the 'grievance' of poor people is unlikely, by itself, to result in conflict. People experience poverty in different ways and at different times and so 'grievance' is experienced individually rather than collectively. Without an uniting force, it will not be transformed into violent activity. Radical Islam could play this role, but so far has not done so and as far as Kyrgyzstan is concerned it is still very weak. Secondly, 'grievance' relates more to expectations than to absolute needs. In this region people have a long history of being forced to accept misgovernment or suffering extreme consequences if they show any sign of political opposition. Our field interviews revealed little militancy among the poor. Consequently, poverty alleviation will have only a limited impact on current conflict dynamics.

The impact of such programmes is seriously undermined by 'greed' factors. Farmers in the Ferghana Valley were unable to obtain reasonable prices for tobacco because the trade was dominated by a cartel that was probably supported by local political élites. In the World Bank project studied for this report (see below), aid had been 'captured' by élites. Lack of concern for the poor undermines programmes at the highest levels. The World Bank's Comprehensive

Development Framework has been stalled in arguments between ministries.

The ideal of such schemes has been to target the poorest and lift them out of poverty permanently. Neither objective has proved realistic. Attempts to reach the chronically poor, notably through micro-credit schemes, have not actually reached the poorest because they cannot meet the criteria for group guarantee and repayment. Those that have benefited from such schemes may be able to sell a few cigarettes from a stall, despite harassment from the police, but if they try to expand into more sustainable businesses they may run into legal problems and direct opposition from the entrenched élites which control the functions of government.

On the positive side, there are some useful models, although very few agencies work directly 'on' conflict. The UNDP has made a serious attempt to monitor conflict potential, both in the Ferghana Valley and in the south, but has so far received little international backing and the programmes are not integrated into a total donor 'security' response. There has been useful work 'on' conflict by the Swiss Development Corporation, but few other bilateral donors have any focus on conflict issues.

A number of NGOs address conflict issues, but the NGO sector has some major weaknesses. NGOs' lack of independent financial resources has made them act simply as contractors for donors. The government has sought to co-opt NGOs or create its own NGOs in order to participate in aid processes, such as the Comprehensive Development Framework. Community Based Organisations (CBOs) in Kyrgyzstan have been under-researched and perhaps under-utilised by development donors, except for some innovative work by the UNDP. In short, despite much activity in Bishkek, the civil-society sector is extremely embryonic in most of the country. Owing to the failures of democratic systems and governance, and the dearth of civil society institutions, poverty continues to be largely an invisible issue.

## **DFID's programme**

The World Bank-funded agricultural extension programme in the Ferghana

Valley (RADS), supported with technical staff by DFID, like other donor programmes operated by the state, has inevitably suffered from the overall problems of governance. As in other similar aid programmes over the last years, the benefits have largely been ‘captured’ by local élites and ethnic minorities have not participated proportionately. DFID recognised these risks from the outset and has now withdrawn from the project. But assuming that the World Bank continues, it is now extremely important to introduce a conflict-prevention strategy. This would limit the capture by élites and also ensure that the benefits are distributed more evenly according to economic and ethnic distinctions. It is recommended that the World Bank should conduct such a re-appraisal and re-organise the project accordingly.

DFID is now focusing more on a new Rural Livelihoods Programme, which offers an excellent opportunity to work at the CBO level in a conflict-sensitive manner, emphasising the importance of public awareness, transparency and the principle of government accountability. This project also needs to have an explicit conflict-prevention component in the overall strategy.

## Strategic options

At the international level, there is a tension between a short-term policy, based on containment, and a long-term strategy, which seeks to address fundamental causes. The short-term approach is attractive because of the increasing convergence of regional and international interests around the threat of terrorism and drugs. The drawback of this strategy is that it not only ignores the build-up of élite groups and their opportunities for internal predation, but it may also actually strengthen their position. A crackdown on the drug trade might encourage drug traders to destabilise the region still further. They might provoke ethnic violence in order to create the conditions in which they could operate without government controls. Pursuit of ‘Islamic extremists’ could become a pretext for land seizures, evictions and false imprisonments.

The long-term strategy would require a very high level of policy cohesion and

collaboration among international actors. The objective would be to create democratic institutions and, to achieve this, all other objectives would not only have to be secondary but would also have to be levers towards achieving democracy.

If a sole focus on containment is pursued, there are two likely scenarios. One would be a continuation of the trend towards authoritarianism. The second is a fracturing of central control and a descent into warlordism. A number of officials in government and from the international community seem to favour the first option, which they refer to as ‘a strong state’. But Kyrgyzstan’s particular features, notably its geographical separations and the role of neighbouring states, make it unlikely that such a strategy would be sustainable but might instead decline into warlordism.

If the international community choose to focus on democracy and governance, then economic and aid pressures would need to be used in support of that objective, rather than as separate elements. Poverty alleviation programmes, for instance, could reinforce good governance by ensuring that there was greater consultation with poor people and opportunities were developed for citizens to engage in political processes. The World Bank’s Comprehensive Development Framework provides an excellent opportunity for such an approach.

A direct way of supporting democracy and good governance would be to provide additional political and economic backing to the OSCE, which was surprisingly under-resourced for its crucial task of monitoring presidential elections, upholding minority rights and supporting civil-society groups. In that respect, the EU in particular could and should play a much greater role, linking OSCE reports to economic support.

International donors could also give greater support to the development of an independent civil society. It is not generally feasible for NGOs to become self-sustaining, but they need to be freed from the constraints of project funding. Donors should develop long-term relationships, which include core support and attention to the development of membership bases and long-term strategy. In particular, there is a need to support the development of CBOs at

the local level. In the short-term, all these strategies could increase the risk of conflict by bringing problems out into the open and offering opportunities for united action. They might provoke reactions from those seeking to concentrate power in their own hands; but, as time goes on, they might provide the checks necessary to keep 'greed' under control.

## Conclusion

The potential for conflict in and around Kyrgyzstan is high. It is increasing partly because of external factors, especially in Afghanistan and Uzbekistan, and international reactions to those events, and partly because of internal polarisation. There are significant opportunities for élite groups to seize wealth by violence or to use violence to protect a lucrative illegal trade in the case of drugs. Responses will need to draw together aspects of the international response into a coherent and collective strategy.

## Recommendations

Our recommendations are divided into those that are directed towards the international community as a whole, and those aimed solely at aid donors. It is recognised that many of these recommendations are currently being implemented in one form or another. However, there is still much work to be done in achieving a better balance and a more co-ordinated and coherent form of international engagement in the region.

### *The International Community should:*

**Work collectively to achieve a shift in the balance of strategy from short-term security interests to developing long-term structural stability within the region. Specifically they should:**

- shift from a policy of strategic containment in relation to Afghanistan to a more proactive engagement which involves providing 'carrots' (reconstruction aid, alternatives to the drug economy), as well as 'sticks' (sanctions and international isolation);

- recognise that the issues of regional security are not simply drugs, terrorism and Islamic fundamentalism, but poor governance and growing inequalities which fuel greed and grievance dynamics;
- recognise that China and India share similar concerns about security in the region and should be included in the development of strategic responses;
- recognise that support for good governance is essential if emerging ‘greed’ and ‘grievance’ dynamics are to be checked;
- take the initiative, perhaps through a conference on the region, to develop medium and long-term strategies and consider their relationship to the current short-term strategies (market economics and security containment); and
- include the International Financial Institutions in this process and ensure that their strategies reflect the risk of conflict.

**Monitor and jointly analyse events which might constitute triggers for conflict. Specifically they should:**

- monitor border incursions, both from Tajikistan and Uzbekistan;
- offer assistance for the demarcation of borders;
- seek ways to reduce tensions between Kyrgyzstan and Uzbekistan over resource issues, perhaps by international mediation;
- monitor land sales following the lifting of the moratorium; and
- monitor ethnic tensions and develop contingency plans with governments to clamp down on any outbursts of violence.

**Make contingency plans for ‘trigger’ events. Specifically they should:**

- make contingency plans with the UNHCR for the movement of refugees from Afghanistan;
- make contingency plans to contain outbreaks of ethnic violence, including strengthening the OSCE presence, international observers etc.; and
- make contingency plans for incursions by Uzbekistan into Kyrgyzstan and possible seizures of territory, including exertion of regional pressures and conditionalities.

*International aid donors should:*

**Adapt a more conflict-sensitive approach to their market reform model.**

**Specifically they should:**

- recognise that slavishly following a market economics model can exacerbate conflict dynamics in the region, which may ultimately undermine their economic reform objectives;
- recognise that WTO membership has created regional tensions that could lead to conflict if not addressed;
- give more attention to the sequencing and overall balance of reform processes. For instance, build institutions before lifting controls. Develop the capacity of the state to provide services to citizens; and
- expand aid programmes in conflict-sensitive areas.

**Strengthen support for activities which promote good governance.**

**Specifically they should:**

- link political and economic support to progress on governance issues, including those relating to poverty reduction such as market cartels;
- consider the application of political conditionalities in relation to economic aid;
- support the OSCE politically and financially to take a stronger role in monitoring political processes and the status of minorities. Britain should press the EU to take a more active role in this process; and
- specifically insist on the separation of the judiciary from political influences, and the freedom of the media.

**Increase support for poverty reduction as a means to promote good governance and the development of civil society. Specifically they should:**

- actively engage in the World Bank Comprehensive Development Framework (CDF) in order to remove governance obstacles to poverty reduction targets; and
- address the governance obstacles that prevent poor people from achieving

sustainable livelihoods, notably through marketing arrangements and developing small and medium enterprises.

**Engage more deeply with civil society by developing their analysis of civic groups in the region and providing strategic and long-term support.**

- Support action research which examines the changing natural role and function of civic groups during the transition period.
- Examine the potential welfare support and peacebuilding role of grass roots Islamic groups in the region.
- Provide core support to NGOs in addition to grants for projects.
- Support the development of community-based organisations through the UNDP and other channels.
- Encourage more International NGOs to work in support of NGOs and CBOs.
- Support NGOs in developing public awareness and advocacy strategies, especially in relation to governance issues.

**Improve contextual analysis and monitoring and evaluation of programmes from a conflict perspective. Specifically they should:**

- apply ‘do no harm’ tests in project design, monitoring and evaluation processes, specifically in relation to social exclusion, ethnicity and opportunities for ‘greed’ by élites;
- develop security procedures and policies which enable them to work effectively in unstable areas;
- consolidate the process of gathering information and analysis through, for example, the ICG, the OSCE, the SDC and the UNDP. Areas to be monitored include:
  - the effects of lifting the moratorium on land sales in the Ferghana Valley;
  - the effects of incursions and refugee flows in the south; and
  - ethnicity in employment and in the distribution of benefits in aid programmes.
- initiate further research on ‘greed’ (emergence of warlords, drugs etc.) and

'grievance' (poverty, social exclusion etc.) dynamics, and the synergies between the two.



# Introduction: the purpose of the report

The report is intended to contribute both to the debate about conflict in Central Asia and to wider deliberations about the analysis of conflict. It follows a methodology used in the three previous reports, namely an initial mapping of potential sources of conflict, followed by an analysis of the dynamics leading to identification of critical possibilities or ‘triggers’. The report examines the role of international actors, especially in the aid field, and then identifies how they can mitigate the possibilities of conflict.

## Summary of the argument

There is no violent conflict in Kyrgyzstan at present, but there are easily identifiable sources of conflict. Many are external: the region is very volatile, with a high level of violence still continuing in Afghanistan, an unresolved civil war in Tajikistan and a series of violent events relating to armed opposition groups in Uzbekistan. There are also a number of serious internal sources of conflict. Land and water issues are acutely sensitive and the drug trade is deeply undermining the legality of the state.

This report is called ‘Disturbing connections’ in order to express two different concepts. The first is that the connections between different possible causes – and more precisely a convergence of ‘greed’ and ‘grievance’ as examined in the report – constitute a potentially threatening situation because one problem can so easily lead to another. An apparently minor problem could quickly develop into outright conflict. The second is that, in terms of response to this situation, a connected or ‘coherent’ strategy by the international community is essential. The report poses the view that the only serious response by the international community would mean sacrificing individual freedoms in order to focus collectively on preventing conflict.

Overall, the report draws attention to governance as the central issue, in

contrast with the current contradictory pressures for market liberalisation, stability and poverty reduction. Manipulation of these external influences, including aid, has created the possibility of state capture at national and local levels. Competition for control of different levels of the government apparatus could itself be a cause of conflict. The report indicates that a form of warlordism could develop, exploiting valuable resources in the periphery, notably land and drugs. There is also a possibility that political oppositions might link themselves to religious movements, which may in turn be linked to militant external forces.

The report analyses these linkages using ‘greed and grievance’ as tools to explore the political economy of conflict.<sup>3</sup> The concept was particularly developed by Paul Collier, who concluded that greed, meaning the drive towards economic advantage, is a much stronger determinant of conflict than grievance, meaning resentments about inequalities, exclusions and so on.<sup>4</sup> This report seeks to examine this proposition in a specific case and show how the two factors interact in this specific context.

Although the report concludes that violent conflict is a real threat, it also concludes that there are realistic opportunities for prevention. As a weak state surrounded by powerful neighbours, Kyrgyzstan is especially prone to centrifugal forces and international interests have hitherto contributed to these centrifugal forces by encouraging Kyrgyzstan to play the role of Western role model in a region of Asian polities. But as regional security issues, largely related to Afghanistan for the moment, become more prominent, there is increasing scope for coherent and co-ordinated approaches focused on issues of governance. The current advantage is that the surrounding international powers share a common interest in stability. The problem is that they seem to be aiming at containment, and this may actually exacerbate structural problems. Instead, the report argues for a more fundamental approach, and argues that this is realistic because of Kyrgyzstan’s size and situation.

# Chapter one

## Sources of conflict

### Physical characteristics and demography

Kyrgyzstan is a mountainous and land-locked country, 20% smaller in land area than the UK and with a population of 4.7million. The great majority of the people live around the periphery of the country, near its borders and away from the massive mountain ranges, (Pamir, Altai and Tian Shan), which occupy most of the central area of the country. An all-weather road between north and south is now under construction financed by external donors. There are divisions between mountain people and plains-people, northerners and southerners and ethnic tensions between the dominant Kyrgyz, Russians who formerly held greater power, and Uzbeks who are strong in trade and agriculture but politically under-represented. Intensive cultivation in the plains contrasts with scattered semi-nomadic and transhumant populations in the mountains. Demographically, Kyrgyzstan has a preponderance of young people in the 15–25 age range, many of them unemployed. The status and education of both men and women had been at a high level during Soviet times, but there are now some indications of decline, especially for women and girls.

The mountainous central topography creates natural divisions and the peripheral areas have closer links with neighbouring countries than with the capital. Bishkek itself lies in the northern plain and has strong links with Kazakhstan. The second city, Osh, is situated in the southern plain on the edge of the Ferghana Valley, which stretches into Uzbekistan – perhaps the most threatening of the neighbouring countries. In the far south lies Tajikistan, still emerging from civil war, and beyond is Afghanistan, centre of the region's turbulence, where open war still continues between the Taliban forces and Massoud's dwindling Northern Alliance. Among such neighbours, Kyrgyzstan has sought a kind of neutrality through close ties with the West. But

in the absence of strong security forces, and with corruption in governance, drugs and associated interests flow through Kyrgyzstan freely.

Until 1991, Kyrgyzstan's role within the USSR was primarily as supplier of livestock. The borders themselves were never precisely drawn and people were free to move across them with Soviet passports. The flow of resources, notably water from Kyrgyzstan and energy from Uzbekistan, was controlled by planners in Moscow. Today the borders are a source of considerable tension and the flow of resources is a potential source of conflict.

## History of recent conflict

### *The Ferghana Valley*

It is difficult to be sure what is an objective account of the violent episodes associated with the end of the USSR. Outsiders tend to bring their own understanding of ethnicity into the interpretation of history. Perhaps one of the best accounts is by the Kyrgyz NGO, The Foundation for Tolerance International, which describes the history as follows

‘Two major conflicts erupted in the Ferghana Valley during the years 1989–1990. In May 1989, in the Uzbek part of the valley, Uzbeks attacked the Meskhetian Turk minority. The Meskhetian Turks had been deported from Georgia in 1944, and many had attained a relative prosperity in Uzbekistan. The political and economic liberalisation policy of former Soviet President Gorbachev had impoverished many Uzbeks, thus setting up nationalist sentiments among Uzbeks and fuelling ethnic hostility. A supposed misunderstanding between an Uzbek and a Meskhetian Turk in a market led to a fight, which sparked countrywide rioting and left about 100 people dead. The central government decided to dispatch the Soviet army in order to end the conflict; they did so by rapidly, deporting an estimated 70,000 Meskhetian Turks from the area.

A year later, in May and June 1990, discord between local communities of ethnic Kyrgyz and Uzbek erupted into disastrous turmoil in the Kyrgyz part of the Ferghana Valley, near the town of Osh. The so-called trigger factor was the

news that the local administration was going to distribute plots of land to landless Kyrgyz at the expense of the Uzbek community. Violence resulted in the death of hundreds of people, and ceased only after the arrival of army troops.'

Today there is fear of a repetition: the Center for Preventive Action report notes that:

*'While the memory of the Osh riots makes all parties aware of the dangers of communal conflict, Uzbeks and Kyrgyz continue to mistrust each other. While individual views differ, as elsewhere, Uzbeks often express fears of the (growing) political power of the Kyrgyz, and Kyrgyz resent the Uzbeks' perceived relative wealth.'*

These previous conflicts, especially the one leading to the expulsion of the Meskhetian Turks, were probably manipulated with a view to economic gain. They were land seizures under the guise of ethnic conflict. Today, in the absence of the Soviet superpower and with a new fluidity in the ownership of land, the opportunities are still greater. If, for example, Kyrgyz nationalists chose to provoke violence they could do so by emphasising border disputes with Uzbekistan or tensions about water resources. It might be possible to manipulate public opinion by claiming (quite plausibly) that the Uzbeks were about to attack Kyrgyzstan. There could be a concerted effort, as in the Former Yugoslavia to arouse 'ancient hatreds'. The Uzbeks themselves seem aware of their political vulnerability and are careful to keep quiet and avoid any possible provocation.

### *Incursions from the south*

In the last two years there have been several violent incursions into Kyrgyzstan from the south. It seems, from the ICG's report,<sup>5</sup> that the main force behind these events is the Islamic Movement of Uzbekistan (IMU), a political organisation seeking to overthrow President Karimov. While the IMU has wider religious purposes, the incursions seem to be directed at political objectives. In

August 1999, a group of heavily armed fighters, thought to be from the IMU and numbering up to 1,000 in total, entered southern Kyrgyzstan and seized thirteen hostages, including four Japanese geologists, their interpreter, an Interior Ministry General and several Kyrgyzstani soldiers, one of whom was eventually executed. The remaining hostages were eventually released, possibly after the payment of ransoms. According to the ICG report, quoting Russian military agencies, this group may have around 5,000 armed fighters.

All the information about Islamic fundamentalist groups must be viewed with extreme caution. They are scarcely viewed dispassionately in the West, and the threat of Islamic terrorism is also an element in President Putin's claim to popularity in Russia. In October, President Karimov criticised what he saw as Moscow's exaggeration of the threat of Islamic fundamentalism in Central Asia. Clearly there are interests which 'talk up' or 'talk down' the situation and, particularly, seek out wider conspiracies linking Islamic fundamentalism with international terrorism in the West and with support to Chechen separatists in the Russian Federation. This presents the possibility that any Islamic group could be perceived as a threat or made to seem a threat. Yet, some aspects of Islamic fundamentalism have different origins. Throughout Central Asia, there has been a significant revival of interest in religion after the demise of the USSR and perhaps as a social response to increasing poverty. There is a risk that innocent religious activity could be wrongly linked to militancy and terrorism.

A factor which might add to Kyrgyz fears is that their armed forces are very weak (see below) even in relation to Russian forces still present along the southern border. There could easily be a perception that Kyrgyzstan was justified in repressive measures because of this insecurity. Under this line of argument, the Tajik minority in the south might be viewed with suspicion. Uzbekistan's military forces have bombed targets in Kyrgyzstan, in pursuit of IMU 'terrorists'. According to the ICG report, this was done without prior authorisation and could, therefore, fuel resentments against Uzbeks in the Ferghana Valley.

### *Recent border disputes*

Poorly demarcated borders have led to violent disputes, especially where there are opportunities to make large amounts of money out of differential prices or tariffs. There is considerable tension in the Ferghana Valley arising from Uzbekistan's decision to impose tariffs and visa requirements on what had previously been an open border. Incidents in the south are less well known but are also quite common. In an incident in Samarkendek District, for example, there was a dispute about the positioning of a lucrative petrol station on the borders. This led to a village leader being stoned and created tense rivalry between Tajiks and Kyrgyz peoples. According to the Foundation for Tolerance International (FTI), there are about 150 locations where territorial disputes have arisen between Uzbekistan and Kyrgyzstan and over 70 locations of similar dispute between Tajikistan and Kyrgyzstan.

### *Resource disputes*

Water is a critical issue throughout the region. Most agricultural activity depends on irrigation, and the absence of superpower control over local political interests now opens the possibility that local élite's will neglect collective needs and, in the extreme case, co-opt water resources for themselves. A number of such disputes have been reported. On the wider scale, there has been tension between Kyrgyzstan and Uzbekistan over the supply of water from major reservoirs. This caused Uzbekistan to withhold energy supplies. The issue is now under surveillance as part of regional security arrangements.

## **Structural sources of conflict**

Having commented on actual conflicts, we now look in more detail at the underlying structural tensions, which may lead to open conflict in the future. Table one summarises the causes of potential conflict according to sector and location.

**TABLE 1: SOURCES OF LATENT OR OPEN CONFLICT IN THE FERGHANA VALLEY**

	<b>Security</b>	<b>Political</b>	<b>Economic</b>	<b>Social</b>
<b>International/ Regional</b>	<ul style="list-style-type: none"> <li>• Terrorist incursions</li> <li>• Militant Islamic groups</li> <li>• Regional interests e.g. Water and land</li> <li>• Spillover effects from Afghanistan</li> <li>• Russian guards</li> <li>• China/Uighur</li> <li>• Separatist issue</li> </ul>	<ul style="list-style-type: none"> <li>• Russian and regional political influences</li> <li>• Leverage from debt</li> <li>• Fundamentalism as politics</li> </ul>	<ul style="list-style-type: none"> <li>• WTO accession leading to regional tensions</li> <li>• Growth in regional drugs trade</li> <li>• Lack of export markets</li> <li>• Population growth in Ferghana</li> <li>• Out migration of Russians</li> </ul>	<ul style="list-style-type: none"> <li>• Transnational religious networks</li> <li>• Influence of the Russian and Uzbek media</li> </ul>
<b>National</b>	<ul style="list-style-type: none"> <li>• Poorly equipped and trained security forces</li> <li>• Internal and cross border migration</li> <li>• Ethnic bias and corruption in security forces</li> </ul>	<ul style="list-style-type: none"> <li>• Growth of titular Nationalism</li> <li>• Patronage politics</li> <li>• Dependent judiciary and media</li> <li>• Corruption</li> <li>• Subverted electoral process</li> <li>• North-south divide</li> <li>• Decline in law and order</li> </ul>	<ul style="list-style-type: none"> <li>• Debt crisis</li> <li>• Failed privatisation</li> <li>• Uneven development</li> <li>• Brain drain</li> <li>• Unemployment</li> <li>• Growth in informal and black economy</li> <li>• Inequality</li> </ul>	<ul style="list-style-type: none"> <li>• Decline of social safety nets and services – education, health, pensions</li> <li>• Changing demography – increase of youth</li> <li>• Growing drugs use</li> <li>• Religious mobilisation</li> </ul>
<b>Local</b>	<ul style="list-style-type: none"> <li>• No confidence in police and Judiciary</li> <li>• Urban crime</li> <li>• Protection rackets</li> <li>• Landmines</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of decentralisation</li> <li>• Exclusion of ethnic groups</li> <li>• Faulty elections</li> <li>• Local patronage systems – domination by local élites</li> </ul>	<ul style="list-style-type: none"> <li>• Land and water disputes</li> <li>• Discrimination in employment</li> <li>• Poverty</li> <li>• Poor business environment</li> <li>• Corruption</li> <li>• Lack of aid ‘trickle down’</li> </ul>	<ul style="list-style-type: none"> <li>• Exclusion from services</li> <li>• Legacy of ethnic conflict</li> <li>• Low social cohesion</li> <li>• Decline of inter-community links across national borders</li> <li>• Ethnic tensions</li> <li>• Lack of information</li> <li>• ‘passivity’ of communities</li> </ul>

### *Security issues*

The weakness of Kyrgyzstan’s security forces not only leads to internal fears, but also makes it vulnerable to external pressures. The numbers of people in the armed forces for the region are:<sup>6</sup>

- Kyrgyzstan 6,800
- Tajikistan 7,000
- Uzbekistan 50,000
- Kazakhstan 46,800

This imbalance gives Kyrgyzstan a particular sensitivity towards Uzbekistan, and, therefore, to the activities of its Uzbek minority.

The issue interacts with a different relationship over resources, in which Kyrgyzstan holds the most important asset – water. Under the Soviet system, water flowed from Kyrgyzstan's reservoirs to Uzbekistan during the summer for irrigation purposes, and the gas came back to Kyrgyzstan in winter for heating. Poor political relationships between the two countries have upset this delicate balance. Added to this is a fear that Kyrgyzstan is not doing enough to control the IMU. Most recently, Kyrgyzstan's accession to the WTO angered its larger neighbours, which then imposed border tariffs. This creates a sense of grievance among Kyrgyz people in the border areas – a grievance that might be turned into hostility towards the vulnerable Uzbek population.

If political relationships deteriorated, Uzbekistan might seize water reservoirs in the Toktagul and Naryn cascade on the Syr Darya River. Uzbekistan's forces on the border certainly have an overwhelming capacity to do so. What restrains Uzbekistan, as observers note, is the threat of retaliation from Russia. This issue gives Russia considerable power in the region; it also creates a further sense of fear among Kyrgyz people, which could conceivably be turned against Uzbeks.

A further problem exists in relation to the Uighur separatist movement in China. Kyrgyzstan has found itself under severe pressure not to harbour people seeking refuge from the Chinese authorities. The significance of this issue is not that China might invade, but that the problem draws China into the politics of the region and gives China an interest in Kyrgyzstan's stability. The Uighur separatists are reported to have links with the Afghan, Tajik and Uzbek militant groups. On 24 August 2000, China and Uzbekistan signed an agreement on military co-operation allowing Uzbekistan to call on Chinese support in the event of external aggression.<sup>7</sup>

The most immediate threat to regional stability is the possibility of refugee flows, which might follow the fall of Alliance forces in northern Afghanistan. As many as 400,000 Tajik refugees might leave their homes if the Taliban were

victorious. UNHCR has made plans for a response in Tajikistan, but it is quite possible that refugees would find their way to Kyrgyzstan, as in the past, and this could upset the delicate balance between Kyrgyz and Tajiks in the impoverished southern regions.

There is a common fear in the West that the Taliban, perhaps in collusion with drug traders, will seek to destabilise the region. This now seems to subsume all other international interests and has itself become a factor in regional security and politics. In September 2000, US Secretary of State Madeleine Albright met President Karimov and informed him that the US was 'willing to provide political, moral and even material aid against the insurgents if necessary'.<sup>8</sup>

Faced with a common threat, the governments of the wider region have come together in a number of security agreements. Kyrgyzstan is a participant in a number of these, notably in the Central Asia Economic Union (CAEU), bringing together Tajikistan, Kyrgyzstan, Uzbekistan and Kazakhstan. However, doubts remain whether these agreements are much more than statements of intent.

### *Political issues*

The particular problem for Kyrgyzstan is that the external factors constantly interact with the internal ones. The central issue is governance. All observers refer to a general decline in law and order, but this widespread observation is not backed by official statistics, which continue to reflect the rosy view which Kyrgyz politicians wish to project to investors. Most statistics derive from Government sources, which are under the influence of political bosses. Contrary to general perception, the number of registered crimes decreased between 1997 and 1998 according to the UNDP's Human Development Report. With monthly pay for the police at around US\$40 per month and the chance of extracting as much as US\$1000 from a single truck stopped at the border, it is not surprising that the attention of the police is not directed towards law and order. For the ordinary policeman the opportunity to 'rent'

radar check apparatus from senior officers can bring in a regular income of US\$100 per day. The policeman's greed leads directly to public grievance.

Corruption and inefficiency might be minor irritations if it were not for the way in which state capture tends to consolidate itself into cliques, and cliques take on an ethnic character which can be exclusive. A second serious effect is that corruption in the state sector undermines the capacity to raise revenues, and if government staff are not paid they may use their office to extract wages directly from the public. This process will not be directed against the strong but against the vulnerable. All these processes of greed create grievances. It is perhaps in the employment of government staff that the greatest tensions are created. Russians have been progressively marginalized from positions in state industries where they used to be dominant. This exclusion of minorities coincides with a decline in central controls. The ethnic composition of the security forces is overwhelmingly Kyrgyz, according to local reports, making it unlikely that minorities will challenge the security forces, but making it possible that the majority might use the support of the security forces to further repress minorities. The Foundation for Tolerance International reports that the security forces are actively discriminating against Tajik and other minorities in the south.

Kyrgyzstan is undergoing a triple transition – from autocratic to democratic governance, from a command to a market economy and from socialism to capitalism. The attention of international actors has tended to focus on the economic transition; however, it is the failure of the political transition which is at the heart of current problems. Central Asian states are engaged in a quest for definition of a new form of governance following Communism, and they are strongly drawn to autocratic models. Kyrgyzstan has been seen as a 'success story' of Western concepts of governance, but it is by no means clear that the trend is towards democracy at all. Since independence, the trend has been rather the reverse, culminating in the heavily criticised presidential election process of October 2000.

In reality, Kyrgyzstan adopted many of the 'forms' of democratic

governments, but has not embraced the 'norms' of democratic practice. Democratic institutions are poorly consolidated and lack roots in democratic politics. To a great extent there has been a process of 'state capture' involving a seamless transition between the old and the new élites. The gap between formal procedural democracy and substantive democracy is evident at all levels of government. There is no independence of the judiciary from the executive. The trappings of democracy are present (trained judges and ballot boxes, for example) but no separation from the directives of the state. Judges take their orders from politicians. The result is that, for the ordinary citizen, redress for injustice is not available.

This failure to separate goes deep into the heart of governance and there are few checks and balances restraining the political élite. The absence of a strong opposition, a robust political party system and an independent media, all reflect and reinforce the lack of a democratic political culture. Official documents, including some put out by donors, refer to a free press as one of the country's achievements. However, the government has successfully retained its monopoly over printing facilities and uses its advertising budget to make or break newspapers. Its most effective tool has been legal cases in which the courts are practically directed to follow the government's wishes. But the government is careful to keep a semblance of plurality, even if only to exploit it. One of the 'independent' newspapers was forced, under threat of legal action, to print an article in praise of the president, just before the elections. Several commentators have observed that the outward image of Kyrgyzstan as 'an open house' is a myth.

The president's determination to stay in power has already taken him through a constitutional crisis, (he is now beginning his third term as president whereas the constitutional limit is two terms), in which the judiciary did exactly what he wanted. In the parliamentary elections of February 2000, and the recent presidential election, he has, according to *The Economist* magazine, made a sham of democracy. Protests by the OSCE, overseeing the elections on behalf of the EU, and by the USA, have been delivered but have made no

difference to the result. But this is not a simple case of autocracy. Behind the president are powerful regional or clan leaders who could challenge presidential authority if they wished. This makes it difficult for the president to avoid trade-offs and concessions, whether he wished to or not. Ultimately, the threat is not simply the emergence of an autocratic presidency but that the threat of such an event could encourage the development of warlordism. The international community, which has hitherto allowed the president to exploit their inputs, with senior representatives even travelling with him on the election campaign, has a very important role to play in this process.

The allocation of posts in government, many funded by aid inputs, has become a sophisticated system of patronage, which has survived the most robust attempts at reform. It displays a remarkable continuity with the Soviet apparatus, being an all-male group of power brokers, some with influential wives in the wings, who trade benefits from the state among themselves. The president controls the strongest 'clan' and transcends purely regional clans through his right to appoint governors and judges. The president's strength lies in his failure to reform the Soviet systems of central control.

The trend is towards further entrenchment of autocratic governance under a semblance of Western-style democracy. According to the OSCE representative, 'we see a hardening of policies regarding civil society and political opponents'. Ominously, those in power are now emphasising the need for stability and authoritarian models of government. The president earned the admiration of the West as a reformer who came from outside the Soviet system and relied on intellectuals and academics as advisers. According to informed sources, he now relies on advisers from the security establishment.

Because of its geography, the central power in Kyrgyzstan must be active in balancing regional powers and restraining centrifugal forces. Patrimony from Western aid has been a significant element in this process. Calls from the West to respond to regional claims have resulted in certain outward appearances of decentralisation. The government has declared an intention to move two ministries to Osh in the Ferghana Valley. If the move actually happens, the state will

lose patrimony in the form of jobs in Bishkek, and the process may have significant ethnic implications, but not perhaps for the ruling élite. Russians in Bishkek may be further marginalized, while Kyrgyz may add to their dominance in the Ferghana Valley. The government (and UNESCO) sponsored celebration of Osh as a second Kyrgyz city, and its 3000th anniversary, has been perceived by Uzbeks as a sign of Kyrgyz irredentism.

In responding to Western demands for macro-economic reform, the state has been careful to preserve certain élite interests. Budgets for education and health services have declined, and poor people commonly reported that they had to pay for services which were previously free. But the numbers of civil servants has not been reduced. An externally imposed review of the civil service in 1998–99 actually led to an increase in numbers employed by the state, and a consolidation of patronage system through opportunities to select those who stayed and those who were made redundant.

### *Economic issues*

With the breakup of the Soviet system, and despite Western efforts to the contrary, Kyrgyzstan has experienced a process of de-industrialisation. Subsidies from Moscow were suddenly cut and industries linked to Russian markets have collapsed. Kyrgyzstan is now the poorest of the Central Asian republics. GDP per capita has dropped from US\$ 850 in 1993 to US\$ 440 in 1997. Unemployment is now widespread and there has been a significant out-migration especially by the Russian population.

But despite the lack of production, the country has continued to consume. External debt now amounts to 134% of GDP, according to World Bank figures. This debt has serious political dimensions because a large part of it – US\$170million – is in the form of short-term loans, with Russia by far the largest creditor. In effect, Russia has political control over Kyrgyzstan. If the Russians do not agree to reschedule the debts there will be a financial crisis, serious cuts in government expenditure and massive inflation.

The president's popularity partly depends on the perception that he can

attract Western funds. For the time being, the international financial institutions, especially the IMF, continue to 'talk up' the situation and emphasise the need for continued investment. They may wish to prove that their economic prescriptions work, but the gap between the vision and the reality continues to widen. The IMF still continues to refer to Kyrgyzstan as a spearhead of the market economy approach in Central Asia, among countries that have resisted IMF models.

Kyrgyzstan's accession to the WTO was seen in the West as a triumph, but has actually done little to help Kyrgyzstan. It resulted in the borders with Uzbekistan being closed in retaliation, while a flood of cheap Chinese goods has undermined local production. Kyrgyzstan has few advantages enabling it to compete in global markets. A privatised shoe-factory in Kyrgyzstan, for example, was unable to compete with Chinese imports and had to export its products to precarious markets in Europe. This was only possible because Kyrgyz labour rates – at about US\$20 per month – could undercut cheap suppliers in Central Europe. But the opportunities for exploiting cheap labour are distinctly limited, especially because factories are hampered by official interference and corruption, and also because of the distance from markets. It seems unlikely that sheer poverty will provide an escape from economic problems.

Few of Kyrgyzstan's industries are still functioning. Business people have shown little confidence in the country's long-term prospects. The privatisation of state-owned businesses led to asset stripping and then the closure of many of them, causing unemployment. With a biased legal system, lack of raw materials and limited markets, Kyrgyzstan has been unable to attract significant Foreign Direct Investment, apart from a modest input in the gold industry. According to informed sources, the sectors of the economy that have any potential, such as mobile telephones, have been cornered by members of the ruling élite. Independent businesses cannot operate because of constant harassment by a range of officials seeking bribes.

Industrial production, however, was never a very significant element in the overall economy. The largest element is agriculture, which still accounts for

45% of the GDP and nearly half of all employment.<sup>9</sup> Here too there are serious problems. At the time of privatisation in 1998, each member of the Collective Farm, *Kolkhoz*, including children and dependants, received the same amount. The average Kyrgyz family of five people would receive less than half a hectare – about an acre. Such tiny holdings are not viable, even for subsistence farming. Some have already disposed of their land, even though land sales were technically illegal until early 2001. In the rural areas, there is a marked polarisation of wealth. The team met richer farmers who had been able to consolidate large farms of a hundred hectares and, more remarkably, quickly, suggesting corrupt practices from the outset.

Under the land-distribution process, 25% of the total available was held back by local government. This land, often the best, is auctioned; but, in practice, it always ends up as the property of the local élite, either because they are the only people with the money to rent the land or because they manipulate the auctions, or both. It seems likely that when the moratorium on land sales is lifted, destitute people, estimated to be 20% of the total, will sell their land.

Following the distribution of communal assets, livestock numbers have fallen from around 18 million to about 4 million. Many people were given animals when the *Kolkhoz* broke up and promptly sold them as meat. At that time prices fell, but now the price of meat has risen dramatically. This process has tended to favour the Kyrgyz farmers, and discriminates against the Uzbeks, who rarely engaged in livestock production.

**BOX 1: CASE STUDY OF IMPACTS OF LAND PRIVATISATION**

A Kyrgyz farmer interviewed by the team, whose father had been director of the *Kolkhoz*, had already acquired 30 ha of farmland. He has diversified into specialised seed production and acquired a lorry to transport his goods. He told us that he was always ready, with cash in his hand, to buy up any available land. In his view, it was inevitable that a substantial number of people would have to leave the land, although he had no idea what alternative was available to them. He regarded it as a necessary process of change. Poorer

people, to whom we asked the same question, said that they had to hold onto the land because the only alternative was starvation. When the same question was put to the World Bank representative, we detected both concern about the impending impoverishment and also an acceptance that 'consolidation' was an inevitable process. Such a process, we may infer, could lead to the formation of an entrepreneurial rural society with opportunities for agribusiness and export. But what about those who lose out?

Perhaps the most important shift has been the loss of productive capacity and the informalisation of the economy. Kyrgyzstan has been described as a 'bazaar' economy, in which there is very little productive activity or inward investment. According to some respondents, a number of areas in the south no longer engage in the cash economy but live entirely by subsistence farming and a very limited use of barter. This is not by choice, but out of necessity arising from poverty. But barter systems extend further up the economy too. In Osh, the going rate for a prostitute is a shot of opium or a bottle of vodka.

While at the lower levels barter is simply a reflection of poverty, at higher levels it represents an attempt to avoid taxation. This creates a vicious circle in which the state is unable to pay its staff and so corruption increases. The 'grey economy' offers massive returns, especially in relation to the flow of drugs through Kyrgyzstan from Afghanistan. This illegal activity is sponsored and controlled by criminal gangs with links into the local and national political élites. At present, the trade seems to offer enough profits for all the different players and there are few reports of violent competition. But it may be only a matter of time before conflicts appear. Any attempt by the state or external actors to moderate the profits and control the trade might be met by a violent reaction. If threatened, it will be in the interests of drug traders to minimise the state's ability to interfere, and they may choose to do so by deliberately creating conditions of instability.

The connections between the drug trade and religious fundamentalism

remain difficult to ascertain. The ICG concludes: 'The best specialist research indicates that the role of Islam in politics in Central Asia is much less threatening than the more extreme images suggest.' But Western and Russian perceptions are a factor in themselves. The extreme view is that Osama bin Laden in Afghanistan is at the centre of a web of Fundamentalist groups, supporting rebels in Chechnya and terrorists who attack American ships in the Red Sea. The concept is supported by theoretical and pseudo-academic study, such as Samuel P Huntington's 'Clash of Civilisations', which maintains that Islam is essentially aggressive. Russia and the USA have joined together to impose joint sanctions against Afghanistan. Whether or not there is a network of Islamic militant organisations, the fear that there might be is beginning to dominate foreign policy and inexorably turns the focus of attention towards containment of security threats to the West, rather conflict prevention in a more basic sense.

### *Social issues*

The government's estimates show real incomes falling by over 73% between 1991 and 1997. The ADB notes a rapidly deteriorating social services provision and increasing social disintegration, concluding that 'The collapse of government stores and the sharp rise in food prices have caused malnutrition and hunger in remote rural areas'. Comprehensive poverty surveys suggest that, in late 1993, about 40% of the households were living below the poverty line and 35% in severe poverty. In 1996, 49% of all families were living below the poverty line with the corresponding figure in rural areas as high as 70%. The 1993 Human Development Report gave the Kyrgyz Republic a ranking of 83rd out of 173 countries. In 1997, the ranking was 97th out of 174 countries. Given the continuing socio-economic difficulties, a further deterioration in the human development index may be expected.

In relation to other countries of Central Asia, the fall in expenditure on health and education has been particularly severe in Kyrgyzstan. In Uzbekistan, which has not been so deeply influenced by Western aid requirements, the fall

over the period 1991–96 was 40%, whereas in Kyrgyzstan it was 60%. The decline in the quality of services and the introduction of user-fees has contributed to growing perceptions of exclusion and grievance.

The expression that ‘religion is the opiate of the masses’ takes on a different sense in Kyrgyzstan. Today, the Communist legacy could be described as the main opiate, making people ready to suffer grievances without protest. By contrast, religion can be the set of value systems which enable people to withstand the threat of depression, drug-taking and alcohol. In the future, religion could be an uniting force, addressing issues of destitution and possibly acting as a focus for opposition. Unfortunately, Western preconceptions about Islam have tended to negate its potential to play a useful role in the democratic process.

Society has become deeply fractured, even at the level of the family. The rapid changes during the last decade, and particularly the process of de-industrialisation, have left many older people without a sense of purpose in life but better able to come to terms with rural subsistence. For young men and women, however, the lack of a future is an issue of acute importance.

The impact of the transition on gender roles has been mixed. On the one hand, women have lost opportunities for employment, but not more than men. Studies point towards women’s ability to adapt more quickly than men do in the informal market and to pursue a wider variety of coping strategies.<sup>10</sup> As the Human Development Report notes, ‘unexpected poverty, marginalisation of society and a number of other factors have led to a revival of the tradition of early marriage, isolation and a decrease in the prestige of having a formal education’. Impoverishment has also led to an increase in prostitution and the trafficking of women. In the case of men, impoverishment is more likely to result in migration in search of work, and a willingness to accept dangerous or badly paid work for lack of any alternative.

Such poverty, coming after the economic security of Soviet days, undoubtedly gives rise to a widespread sense of grievance. But it is questionable whether poor people have the resources to stage any kind of protest or opposition on their own. Poverty is experienced individually and differently by different

social groups. Poor people are unlikely to mobilise spontaneously around their grievances but they could be mobilised, especially the disaffected young men, by the forces of greed. The danger lies in the potential for interaction.

## Conclusions

Underlying the issues described above is a deeper process of change, leading to a fundamental conflict between tradition and modernity. Following the Communist period, Central Asian states are involved in a quest for identity. The outward form is a quest for political identity, but there is also a quest for national and personal identity, which shows itself in revival of ethnicity and renewed interest in religion. The quest for identity could be directed against an excluded group such as foreigners, the very poor or followers of another religion.

Global and regional processes interact with the regional and internal causes. External pressures first of all make Kyrgyzstan a symbol of Western economic policy. Then they make it a symbol of resistance against the threat of Islam and drugs. What is lacking is the ability to see Kyrgyzstan for itself, a small state crammed between powerful neighbours in which the internal structures are crumbling.

# Chapter two

## The dynamics of conflict

### Scenarios

In this next stage of the analysis, we examine the linkages between the most significant sets of issues and focus on those actors who might deliberately seek to use conflict to achieve their ends. From the analysis above three particular chains have emerged.

- Regional tensions over resources, borders and ethnicity in the Ferghana Valley.
- Regional instability, migration and poverty in the south.
- International security interests, religion and drugs.

These sets of issues can be examined as scenarios in order to pinpoint factors affecting the way in which they might develop.

### *Scenario one: the Ferghana Valley*

The tensions between Uzbekistan and Kyrgyzstan over water resources, border demarcation and tariffs in the Ferghana Valley are exacerbated by the inequality of military forces and the weakness of the Kyrgyz State compared with Uzbekistan's autocracy. The significance does not lie only in the possibility of incursions by Uzbekistan's forces but also in the fears which this inequality creates.

UNEQUAL SECURITY: SELECTED INDICATORS FOR CENTRAL ASIAN COUNTRIES

	Area square km 000s	Population million	Military expenditure million US\$
Turkmenistan	488	4	88
Tajikistan	143	6	19
Kazakhstan	2,717	17	232
Uzbekistan	447	24	200
Kyrgyzstan	198	4	11

The sources of tension over resources, especially water, between Uzbekistan

and Kyrgyzstan have already been described. There are currently 130 land disputes in border areas. The airports in Osh and Jalal Abad are built in such a way that all aircraft have to take off and land through Uzbek territory, leaving Uzbekistan the option of paralysing Kyrgyzstan's air communications. Undoubtedly there are tensions. But could there be violent conflict?

Leaving aside the possibility of outright war, the likely scenario is that Kyrgyzstan's Uzbek minority could become the scapegoats for regional tensions. Uzbeks number about 14% of the total population, according to national statistics quoted in the 1999 National Human Development Report. Nearly all Uzbeks live around the Ferghana Valley, where they hold valuable land and occupy prominent positions in trade, but enjoy very little representation in government. In some areas, the population balance between Kyrgyz and Uzbek nationals is almost equal.

The land distribution process, after the end of the collective system, has left many people in possession of very small plots. More powerful farmers are keen to acquire more land. They may choose to do so legitimately but there is little to stop them using illegitimate means, exploiting the links between the state, the judiciary and the police. 'Common' land has already been appropriated by élite groups. The imminent lifting of the government moratorium on land sales will make it much easier to apply pressure on small farmers to sell their land. Undoubtedly, there will be many distress sales, but the danger lies in élite groups using their power to deliberately create 'distress', by putting people into positions where they have such an immediate need for cash to pay taxes or fines, for example, that they have no choice but to sell.

The most extreme form of this process would be to use hostility against the Uzbek minority as a pretext for land seizures. Because of widespread fears and resentments about Uzbekistan over resource and border issues, it might not be difficult to increase the levels of ethnic tension and then 'spark' an event. The history of violent conflict in the past makes such a scenario more credible, and could also be one of the pretexts that could be used. Although 'ancient hatreds' may not be widely held, there will always be a few people ready to express their

grievances through violence, and it only takes a very few such people to start a conflict. But how serious are the ethnic divisions?

Historical evidence indicates that the 'ethnicities' of the region are a recent creation, derived as much from occupational as from cultural divisions. Kyrgyz people are associated with livestock, whereas Uzbeks are farmers and traders. In the 1920s, the Russian rulers solidified these looser identities into Tajik, Uzbek, Kyrgyz and Kazakh peoples, and celebrated the 'culture' of each as if they were entirely separate. The process was strengthened in the 1920s, when the region was physically divided into Republics based on ethnic division. The intention was political: to undermine any possibility of a wider union based on Islam or a revival of old Khanates across the region.

The USSR had many genuinely cosmopolitan characteristics. There were opportunities for widespread travel, and ethnicity was treated as a colourful entertainment. Inter-marriage between ethnic groups was common up to the 1980s, but suddenly become uncommon when the borders of the old USSR became international boundaries in 1991. Border tensions have increased the trend towards division. The process has involved a significant shift in identity, notably the loss of a Soviet identity. The tendency, especially in times of economic and social stress, is to turn to other forms of identity. In the Ferghana Valley, new Uzbek houses are decorated with the traditional carvings, which make clear the ethnicity of the owner. On balance, the possibility that the Uzbek minority could become victims of a plan to seize land and assets cannot be discounted.

### *Scenario two: migration and poverty in the south*

In the newly created Batken oblast in the south, Tajiks are in the majority in some areas. In a group of seven villages comprising Uch-Korgon Aiyl Okmotu, the proportion of Tajiks is 62.6%, according to the UNDP 'Village Level Early Warning Report'. The UNDP report describes an increasing level of tension, by people's own estimation, and a number of conflicts, predominantly over land and water issues. Verbal evidence from the Foundation for Tolerance

International suggests that, where such conflicts take place, the authorities tend to take the side of the Kyrgyz.

As in the case of the Ferghana Valley, the danger lies in the linkage between unpopular external events and a vulnerable local minority. Local Tajiks could be accused of sympathy with the incursions from the south or of harbouring terrorist groups. In Batken GorUprava the same UNDP report notes, 'there are occurrences of disputes between the population and the local administration concerning distribution of land and humanitarian aid'. It is unclear whether 'local administration' is a euphemism for 'local élite', but this may be the case, and it may be that there are predatory forces – 'greed' – waiting for a chance to unleash conflict as a means to economic gain.

### *Scenario three: Islam, terrorism and drugs*

One of the main factors driving Western policy in the region is fear that it is becoming a centre for religious extremism, terrorism and drugs. US Deputy Secretary of State, Strobe Talbot, expressed the US position in these words:

*'If economic and political reform in the countries of the Caucasus and Central Asia does not succeed – if internal and cross-border conflicts simmer and flare – the region may become a breeding ground of terrorism, a hotbed of religious and political extremism, and a battleground for outright war.'*

As Edward Said and others have often pointed out, Islamic fundamentalism today is more of a reaction to failed governance and poverty, than a serious military threat to the West. The danger of the Western perception is that it could lead to over-reaction. In particular, the attempt to deprive the regime in Afghanistan of its income from drugs could have serious repercussions for Kyrgyzstan where local Mafias could easily trigger violent conflict in order to create the conditions in which they could continue to operate.

To date, the incursions from the south show little sign of being any more than expressions of opposition to Karimov's government in Uzbekistan. But offers of Russian and Chinese support to Karimov could further increase the

tensions and, perhaps, encourage military escalation. The outcome of external attempts to limit terrorism and drugs may be to increase the existing authoritarian tendencies, not only in Uzbekistan but in Kyrgyzstan too.

The advantage of the current situation is that external interests show a remarkable convergence. The disadvantage is that the common interest in security could lead to repressive tendencies, which could exacerbate the structural problems underlying conflict. Any attempt to exert greater external control in the Central Asian 'borderlands' could result in an attempt by local predatory élites to create instability, in order to continue or expand their economic activities.

## Critical events and triggers

The lifting of the moratorium on land sales will be especially critical in the Ferghana Valley, and could offer an opportunity for local élite's to use the authority of the state to take land from poorer people. The process could take on an ethnic dimension. It would involve manipulating public and international opinion to make it seem that the state was victim rather than aggressor. International fears about terrorism could be invoked. An intervention by Uzbekistan could be a pretext for repression against the Uzbek minority. The extreme form would be 'ethnic cleansing', intended to drive Uzbeks into Uzbekistan.

In the south, the most immediate trigger would be the defeat of Massoud's forces in northern Afghanistan resulting in a large flow of Tajik refugees. Although UNHCR has made plans to respond in Tajikistan there are possibilities that refugees would come to Kyrgyzstan. Directly or indirectly, the issue might give a pretext for repression in the southern areas, especially against Tajiks. The refugees would include large numbers of highly experienced fighters. In search of resources to continue their struggle, the group might challenge others for control of the drug trade and might establish *de facto* control of areas in the south. Regional security pacts might lead to an escalation of conflict.

Thirdly, direct international or regional attempts to limit the drug trade

could precipitate violence. The value of the drug trade is easily enough to pay for substantial armed forces, and there are plenty of weapons in the region easily available to mercenary forces. A situation similar to that in Colombia becomes conceivable. A group controlling trade in drugs could front its activities by an appeal to 'grievance' and poverty. Whereas in Colombia the ideology is revolutionary, the ideology in this region could also take on a religious fundamentalist character, drawing on deep problems of identity.

## Conclusions

Our analysis shows a multiplicity of problems, and we have explored the way in which connections could cause a crisis in one area to spread to another. The indications are that crisis will not occur spontaneously from grievance and poverty. But the analysis shows the emergence of several actors who might seek to use violent conflict to achieve their ends. Among these are elite groups from the Communist period seeking to seize land, political opponents of the Uzbekistan and Afghanistan regimes and drug dealers throughout the region. In terms of 'greed and grievance' analysis, the 'primary commodities' driving conflict would be land, the quest for political power in a fracturing state and drugs.

# Chapter three

## Responses

### Overview of international involvement

#### *Aid flows*

The focus of this section is mainly on the international community because that is where aid agencies are most likely to have influence. In the case of Kyrgyzstan, that influence is substantial because of the country's small size and the relatively large amounts of aid. According to the UNDP, the total amount of assistance received during the 1992–98 period was US\$ 1.7 billion, giving an average of US\$ 361 per capita, the highest in Central Asia. The pattern of aid in 1999 was as follows:<sup>11</sup>

#### TOTAL DEVELOPMENT ASSISTANCE FOR KYRGYZSTAN DISBURSED IN 1999

Source of Aid	US\$ million
Bilateral	70
ADB, IDB and EBRD	50
World Bank	31
IMF	12
UN System	10
International (NGOs)	20
<b>Total</b>	<b>US\$193m</b>

#### *IFIs, market economics and positive images*

Kyrgyzstan has been used as the spearhead for market economics in Central Asia. A factor that inhibits a realistic view of the current situation is that financial institutions are reluctant to admit failures, and they do not wish to undermine their investments by being critical. The result is a tendency to select positive achievements and figures showing an upward trend. The Asian Development Bank, for example, still refers glowingly to the heyday of 1998, before the Russian economic crisis.

*'At the Consultative Group meeting in May 1998 the Government's reform efforts were lauded by the donor community, and the Kyrgyz Republic was*

*recognised to have been at the forefront in implementing stabilisation and economic reforms among countries that were once a part of the former Soviet Union. It is the first Central Asian republic to 1. successfully complete an IMF-supported Enhanced Structural Adjustment Facility (ESAF) program; 2. get formal membership of the World Trade Organisation; and 3. allow private ownership of land’.*

The World Bank’s Country Brief proclaims that, ‘During 1996 and 1997 the economy grew by 7 percent and 10 percent respectively’, but this was mainly because the preceding years had seen a spectacular collapse, and there was then a small recovery. The long-term trend is definitely downwards. The Bank’s own ‘Data Profile’ shows a fall in GDP from US\$ 3.3 billion in 1995 to 1.6 billion in 1998. GNP per capita (Atlas method) is reported to have fallen from US\$ 720 in 1995 to US\$ 360 in 1998 and US\$ 300 in 1999.

The fall in income across the region has actually been quite extraordinary even by long-term global standards. Comparisons are difficult but:

*‘Even at the lowest point of the Great Depression of the 1930s, GDP in the USA did not fall below three-quarters of its pre-Depression level, whereas in several Central Asian Republics it has been more than halved.’<sup>12</sup>*

Despite Western inputs, Kyrgyzstan’s economic performance has been similar to that of other states of the Region. But the increase in inequality, measured by the Gini coefficient, has been higher.

*‘The fastest increase was in the Kyrgyz Republic where the coefficient increased by 0.017 per annum... The rise in inequality was most pronounced in the Kyrgyz Republic – an early reformer – and least pronounced in Uzbekistan – a slow reformer.’<sup>13</sup>*

The World Bank Country Brief lists the successes:

*‘Following independence, the government liberalised most prices, created a national currency, introduced a liberal trade regime, and eliminated most*

*capital controls. Substantive progress in tightening fiscal policies followed, including the initial modernisation of the tax system and a comprehensive reform of budgetary procedures and intergovernmental relations. The monetary policy framework and instruments were overhauled, in parallel with successful reform of the financial sector. Non-tariff barriers have been removed and export taxes have been eliminated on all goods. In November 1998, the Kyrgyz Republic became the 133rd and first Commonwealth of Independent States (CIS) member of the World Trade Organisation.’ But there is a discrepancy between changes in process and changes in reality.’*

Budgetary processes may have been reformed, but a financial crisis is looming because the government has not kept expenditure under control. Despite much talk of restructuring and retrenchment, wages in the public sector have actually increased by 20% in the current year. During the period before the presidential elections, funds, including donor funds, have been shifted within government budgets according to political directives, and it is by no means clear that they can be replaced. Privately, representatives of financial institutions refer to an impending financial crisis.

Reform of the financial sector has not prevented the collapse of banks. There is currently no reliable commercial bank. Accession to the WTO has been regarded as a coup for the West, but has actually been disastrous for Kyrgyzstan. It has undermined revenue collection and offended trading partners in the region, leading to a destructive tariff offensive. The World Bank explains away the problems as if they were external, ‘the termination of budgetary support from Moscow, the disruption of the CIS’s trade system, and a large deterioration in the Kyrgyz Republic’s terms of trade – primarily due to large increases in import prices of oil and natural gas’. But a great deal of the problem is attributable to the failed attempt to turn Kyrgyzstan into a model Western economy.

Kyrgyzstan’s politicians have sought to get what they can from all sides. Connections with the West can be used as a bargaining lever with Russia. But

the process hides the actual failure of Kyrgyzstan's economy and political systems. If the backers decide to stop their support, the effects would be disastrous. In fact, it is not the West which has the stranglehold, but Russia. Whereas Western loans are on soft terms and few are repayable in the next decade, the Russian loans are short-term and Kyrgyzstan cannot offend its largest trading partner and supplier of energy. This gives Russia the ability to retain its military presence in Kyrgyzstan and use its influence in the pursuit of wider regional objectives, which may, or may not, be in Kyrgyzstan's own interest.

Kyrgyzstan itself is economically and politically insignificant compared with the giants of the region. Its only significant asset is water. About half of the irrigated land in Uzbekistan, and all the irrigated land in Turkmenistan, rely on water from the Syr Darya River in Kyrgyzstan.<sup>16</sup> Russia's continuing grip on Kyrgyzstan's economy also gives it a hidden influence over other countries of the region.

### *Aid and governance*

There is no structured model of transition in Kyrgyzstan. The democratic framework is more or less in place, but the application is lacking. This discrepancy between forms and norms encourages a tendency, both internally and externally, to underestimate the seriousness of Kyrgyzstan's problems and to resist the need to consider the possibility of conflict. Although donors are aware of some of the problems, they are inclined to hope that things will get better, although there is no reason to believe that they will.

Is good governance a real interest of the West? In 1997, US Deputy Secretary of State, Strobe Talbot, declared that conflict in the region had become the focus because, 'It would matter profoundly to the United States if that were to happen in an area that sits on as much as 200 billion barrels of oil'. But Central Asia has little direct bearing on Caspian oil and Kyrgyzstan is an energy importer. If Kyrgyzstan is no longer the spearhead of market liberalisation, what is it? The signs are that Western concerns are shifting towards security, but this is not necessarily the same as a shift towards an emphasis on democratic governance.

There is an argument that economic advance can be achieved without the full panoply of democracy and human rights. China and the Asian ‘Tigers’ are cited in Central Asia as models of a new mixture of strong governance and economic focus. The chief of the presidential election campaign in Kyrgyzstan has been congratulated by the president for publishing an article calling for transition to be viewed as a very long process indeed, and urging that, in the meanwhile, authoritarian systems should be studied carefully. The commentator pointed out that this was ‘a very convenient theory’, which might be used to justify the president continuing in office for a third or fourth term. The OSCE Ambassador has drawn attention to the fact that his advisers are increasingly drawn from the security establishment and that there is ‘a hardening of attitudes regarding civil society and political opponents’.

President Karimov of Uzbekistan has publicly taunted Akayev for not being a ‘real’ leader and allowing all sorts of debate and dissidence. Personal rivalries between Central Asian presidents could become a factor in a shift towards more autocratic policies generally within the region. Such personalised forms of government present increased risks of conflict. Uzbekistan’s autocratic system has already led to the formation of armed opposition groups, and has been used to justify political repression.

Although Western aid remains tied to principles of democratic governance, there is a danger that these principles could be discarded in the interests of short-term security, and a shift could occur towards ‘strong government’ capable of repressing drug traders and Islamic militants. The dangers of such a course are evident from the analysis in this report.

### *Aid and poverty reduction*

Instead, the new element in aid circles in Bishkek is an increased emphasis on poverty reduction. This might seem to be a timely response to increased awareness of the risks of conflict arising from impoverishment, but more likely it is simply a reflection of global policy shifts, especially the World Bank’s new orientation. For the last year, The Bank has been working on a Comprehensive

Development Framework (CDF), but with limited success. One factor is that the UNDP developed a poverty reduction strategy and proved unwilling to yield ground to the World Bank.

But it is the International Finance Institutions (IFIs), rather than the bilateral aid donors, which call the shots in Kyrgyzstan. This has been the dominant pattern throughout the transition. According to ADB’s Country Assistance Plan 2000-2002, cumulative donor inputs to Kyrgyzstan (rounded) are as follows:

**TABLE 2: CUMULATIVE DONOR INPUTS 1993-2000**

<b>Multilateral</b>	<b>US\$ million</b>	<b>Bilateral</b>	<b>US\$ million</b>
ADB	328	China	17
EBRD	111	Denmark	30
EU	52	Finland	3
IDB	41	France	4
IFAD	18	Great Britain	2
Nordic Fund	6	Germany	73
OPEC	5	India	5
UNDP	19	Japan	285
USAID	73	Korea	12
World Bank	440	Kuwait	9
		Norway	1
		Pakistan	10
		Switzerland	31
		Turkey	77
		USA	–
		Netherlands	16
<b>Total</b>	<b>1,094</b>		<b>554</b>
<b>Grand total</b>	<b>1,648m US \$</b>		

Although the IFIs carry clout, their involvement could be characterised as working ‘around’ conflict, meaning that they basically ignore the issue. Some bilateral donors, such as the US, could be said to work ‘in’ conflict, meaning that they work on issues connected with conflict, such as governance, even if they do not have an explicit conflict focus. A tiny group of bilateral donors and multilateral organisations work directly ‘on’ conflict, meaning that they have an explicit conflict focus and may have a strategic analysis. In the next sections we examine these three types in more detail.

## External actors

### *Working 'around' conflict*

Most of the international financial institutions work 'around' conflict. The Asian Development Bank, for example, acknowledges poverty issues, gender, human development and the environment, but does not work explicitly on them. Its objectives in brief are to:

- support the government's macro-economic reform activities;
- encourage the private sector; and
- enhance the long-term potential of the country.

The World Bank's objectives includes poverty reduction and to:

- facilitate restoration of economic growth;
- foster an appropriate legal and regulatory environment to support the emerging private sector;
- strengthen institutional capacity, in particular the management of finance; and
- assist the government to mitigate poverty and protect vulnerable segments of society.

The largest bilateral donor, Japan, is exclusively focused on economic issues and appears to use its aid mainly to support business opportunities for Japanese companies. The other main bilateral donors, Germany and Turkey are thought to have similar interests.

The EU's financial inputs are important, but it has an extremely low level of representation, having decided to focus on the accession countries and others closer to Western Europe. Despite increasing international concerns, EU funding levels are now falling further, with currently a programme of only 13 million Euros over two years. According to the local TACIS representative, the EU is not analysing the possibilities of conflict in the region.

The above organisations provide over 90% of the aid flows. Some privately expressed the view that their attempts to bring about fundamental economic

reforms have been thwarted. They have passed the 'carrot' stage and now find they have to rely on the 'stick'. They have instituted strict mechanisms to control diversion and corruption, including the direct supply of materials. Few donors had confidence that any funds passing through the Ministry of Finance would reach their ultimate destination. After several years of reform programmes, they did not have enough confidence in the national banks to leave their own funds on deposit. But there was little sign that these organisations had linked the stalled economy to more general blockages in political progress, and the increasing risk of conflict.

### *Working 'in' conflict*

Most of the smaller bilateral donors work 'in' conflict, in the sense that they may not have an explicit conflict strategy but their main focuses are on governance and poverty issues and some of them recognise the possibility of conflict. The main example of this type of approach is the US Government, through **USAID**, which has supported a range of programmes directly relating to governance. They have trained over 5,000 government staff in the financial and administrative sectors but USAID officials express concern about the lack of real progress. Corruption and nepotism remain as serious as ever.

USAID works through and funds a number of international and national NGOs. The governance sector is also addressed in a significant way by the **Soros Foundation**. Up to now, the assumption has been that the government seriously intends to adopt democratic models; but after eight years of very limited results, agencies are beginning to wonder whether it is enough simply to offer assistance, and even compete with each other for good projects in the governance sector. Instead, there is a realisation that change may only come about under pressure, and that donors need to work more closely in order to achieve results.

The **OSCE** has played an extremely important role in monitoring electoral processes. The High Commissioner for Minorities has been involved in a discreet way in monitoring and mediating in relation to ethnic tensions, especially in the Ferghana Valley.

### *Working 'on' conflict*

The number of organisations working to implement conflict strategies is so small that they can be described individually.

**UNDP.** This is the only multilateral organisation with a specific focus on conflict. The Ferghana Valley Development project, first outlined in 1996, is a regional and comprehensive programme designed to prevent conflict. The plan was that the project would: pay equal attention to income generation and job creation; peace education; inter-ethnic and inter-country confidence building; promotion of trade, (and related dialogue on the maintenance of boundaries), and the improvement of security conditions.<sup>15</sup>

The project has been effectively blocked by Uzbekistan's refusal to cooperate. As the Center for Preventive Action records, full implementation of this project has been stymied thus far by objections from Uzbekistan. Uzbekistan officials told us that this program needlessly infringed on sovereignty, as the states of the region are already handling these problems through their domestic policies and other international agreements, such as the Interstate Council. They also protested that the UNDP proposal was drafted without their participation and could instigate rather than contain unrest.<sup>16</sup>

Since March 2000, the UNDP has also begun to monitor events through its 'Project on Preventive Development for Southern Kyrgyzstan'. The latter project is closely tied to government, its objectives being:

- to support Government and local authorities with information capacity...
- support institutional and policy reform...

Although the UNDP seeks to do this through partnerships with civil society and by 'genuine application of participatory development',<sup>17</sup> there must be some doubts about this process, given the view from other local sources that it is the government and local authorities which may be the prime source of the problems.

The **UNHCR's** presence has been gradually reducing, and budget cuts might force its complete withdrawal. Nevertheless, the UNHCR is working on plans

for the possible influx of refugees from the south.

Alone among bilateral donors, the **Swiss Development Corporation (SDC)** has also developed an explicit conflict prevention strategy based on a strategic analysis. They have focused especially on the Ferghana Valley, but project work has been limited to Kyrgyzstan because they have been unable to find partners in Uzbekistan. Through Helvetas, the SDC has initiated a project of ‘Legal Assistance to Rural Citizens’ (LARC) which is associated with the Government’s Rural Advise and Development Service (RADS) in which DFID is also involved. The Swiss involvement is intended to mitigate the dangerous effects of land distribution, by providing legal assistance to farmers. Even Helvetas has been unable to fully counter the problem of patrimonialism in the government service. Because no Uzbek lawyers had been recruited by the government, the Uzbek population did not come forward, despite being almost equal in numbers to the Kyrgyz and very vulnerable.

The SDC has also been involved in local conflict mediation in southern Kyrgyzstan through the single NGO with an explicit conflict focus, **Foundation for Tolerance International**. The Foundation has been active in the field of public awareness, notably through a newsletter and a Youth Radio Project, and conducts training on conflict issues in schools and universities. Tolerance recognises the regional dimensions of the problem.

A significant contribution to international understanding has been made by a small group of academic institutions, notably by Anara Tabyshalieva and her colleagues at the **Institute for Regional Studies** (Bishkek). Unfortunately, the Institute’s work – like that of most NGOs in Bishkek – does not reach the mass of the people.

## **Internal actors and conflict: the government**

The fact that the government itself recognises the threats to security may be deduced from its active involvement in a series of top-level meetings and summits. Security mechanisms have been established to resolve regional differences over resources, especially water, and trade. Despite the tensions caused by the

WTO issue, there have been important moves towards regional economic cooperation, notably through the Central Asia Economic Union (CAEU), and there is the wider grouping of the Commonwealth of Independent States, as well as the Shanghai Five which draws in China. Russia continues to maintain a substantial security force in Kyrgyzstan and Tajikistan, with the explicit objective of protecting the CIS region from instability in Afghanistan.

There has been much less attention to internal security issues. The division between the north and the south of the country is being addressed by the construction of an all-weather road, with ADB and World Bank assistance, and there is a plan to move two government ministries to the south; but these steps would appear to be aimed at political support rather than security issues. The increasing marginalisation of the Russian, Uzbek and Tajik minorities does not seem to attract attention.

On the crucial issue of land sales, the government has hitherto shown sensitivity to conflict risks by maintaining the moratorium. But it is doubtful whether it has the capacity to manage the tensions that will emerge when the moratorium is lifted in 2001. A September 2000 USAID report, 'Lifting the Moratorium on the Sale of Land in the Kyrgyz Republic', concludes that the rural population lacks basic information necessary to function in a land market. Opposition to the principle of land sales seems to be particularly high in Jalal Abad, where there is a high Uzbek population, and the report notes that, compared with an average of 53% in favour of sales, the figure is only 45% among Uzbeks. By contrast, the figure is 61% among Russians and there is a huge majority in favour of land sales in Chui Oblast, where many Russians live. This would seem to reflect the view that Russians may still be considering the option of migration, whereas among Uzbeks this is not the case. There is also a strong age differential on the issue, with only 38% of pensioners in favour of land sales, perhaps indicating their fear that younger relatives will sell land and migrate, leaving them without support.

In conclusion, little appears to have been done to prevent the land issue from becoming a major source of distress and possibly of conflict, especially in the

Ferghana Valley. The capture of judicial systems by local leaders, who may be interested in land-purchases, presents a dangerous scenario which the government has not yet shown willingness to address. Similar observations could be made about increasing tensions in the south.

There is a growing suspicion that government actions are becoming more directly self-interested, but public statements are being tailored to suit the audience. As one major donor put it, 'the president says what the international community wants to hear'. The government has become adept at describing its actions in the appropriate terminology. For example, recruitment to government service follows strict outward forms, reflecting 'equal opportunities' and is conducted by panels with independent advisers. But, in practice, the leader of the process merely has to hint at his wishes for the other members of the panel to fall into line.

The government has shown little inclination to tackle the crucial issue of drugs. The trade takes place openly, and profiteering is obvious. The recent opening of a Mercedes showroom in Osh indicates both the presence of money from drugs and the government's failure to control it. The level of manipulation applied to elections suggests that the government is by no means sure of popular support, and this suggests that the threat of rival clans deriving support from regional bases is significant. Instead of liberalising the political institutions, the government seems to be reacting by ever-increasing manipulations, creating greater divergences between the reality and the outward forms.

# Chapter four

## Strategic options

### Change through poverty reduction?

Progress on economic and governance issues seems to have come to a halt. The donor community is turning its attention to poverty reduction. Is this a sign of desperation, of giving up, or is it a real tool for change? Perhaps the conclusion has to be that it is one of the very few areas left where there is room for manoeuvre.

Kyrgyzstan has been chosen as one of the pilot countries for the World Bank's Comprehensive Development Framework (CDF) process, which seeks to draw together different actors into a coherent approach to poverty. In the last few months, the World Bank has conducted a number of round-table discussions and is in the process of drafting a Poverty Reduction Strategy Paper, in consultation with the government. But, those who had attended the first sessions noted that government ministers did not seem to be serious about the process, and were simply interested in securing additional funds. UNICEF and NGOs commented that they had been unable to feed into the CDF process. The sections of the papers on social protection were considered particularly weak. Concerns have been expressed at the cost, said by UN officials to be US\$ 600,000.

The process has been viewed by the UNDP as an unnecessary duplication of the National Sustainable Human Development Strategy (SHD), which was approved by the government in May 1997. The UN Resident Co-ordinator has lobbied extensively for the earlier strategy to become the basis for any future CDF document. She secured the president's approval for this in November 1999, the purpose and scope of the CDF process was in some doubt. The UN Co-ordinator has criticised the World Bank: It is very clear from the materials developed for the first workshop (on Poverty reduction) that there is a very narrow understanding of the complexity of such issues as poverty. The papers

prepared by the government directly demonstrate the World Bank's traditional view of poverty. Key issues to be addressed within sectoral programs of Health, Education and Social protection also tend to focus on rationalising the costs of these programs. While economic growth is advocated as the key for poverty reduction, the equity element in economic growth is not at all considered.<sup>18</sup>

Although UNDP has not launched a direct critique of the theory of growth-led poverty reduction, the above statement reveals that there are some serious doubts. In our discussions, the World Bank Representative was willing to acknowledge some difficulties in reconciling his role as a proponent of growth-led policy with his obligation to directly address poverty reduction through the CDF. One of the very few actors to venture into this issue is the UK's Save the Children Fund which notes the connection between policies of tight fiscal control, which the financial institutions strongly advocate, and declines in social services. 'A new trend in the Kyrgyz Republic is a collection of various fees for schools... Although cost for education is increased for the user, its quality is lower than during the Soviet time. All these features make children from poorer families less competitive than children from well being families...'<sup>19</sup>

In another report published from London Save the Children makes explicit the link between these problems and aid policy<sup>20</sup>: In many transition countries, user charges – fees for medical treatment or school attendance – have been introduced. This is part of an explicit strategy to reduce public expenditure on social services and to increase the contribution of families, communities and the private sector. In addition, parents usually have to provide children's books and stationery, and often contribute to school maintenance, and, in many countries, parents must provide their own drugs. Official exemptions for poor families and for certain vulnerable groups – seen by doctors as guaranteeing poor people access to key social services – are not implemented in practice, as service staff demand payment, administrators find exemptions too bureaucratic and time-consuming, or people are ashamed to collect their exemptions.

All these issues undoubtedly cause deep grievances, and donor policies in

Kyrgyzstan have undoubtedly contributed to greater inequality. But we cannot make a direct link between inequality and conflict. To begin with, global analysis, notably Collier's, suggests that there is no direct correlation. If the reason is that each experience remains individual, and, therefore, cannot be transmitted into collective action, we might expect that a sudden precipitation into poverty of an entire class might perhaps lead to an extreme reaction. Or we might argue that extreme poverty would be of concern to society as a whole, and might unite a range of people into a form of opposition, which might include violence.

Arguably poverty reduction strategies could further fragment the experience of poor people. It might reduce the possibility of conflict, but could also undermine the pressure for democratic and legitimate opposition. The issue, perhaps, is to define what 'poverty reduction' is. Does it mean small welfare packages or does it mean engaging poor people in the processes of change? This question leads to another. Is the prevention of conflict in the interests of poor people if they are suffering widespread injustice?

Would conflict necessarily be in the interests of poor people? Our analysis suggests that the 'greed' factors are in a much better position to exploit conflict than the 'grievance' elements. A popular uprising might easily be turned to the benefit of those in control of the state machinery.

Consequently, the argument turns back towards an attempt to use poverty reduction as a means to engage poorer people in the processes of gradual change, without conflict. But to make such a strategy viable, serious changes are needed. If the current aim is to reach the poorest and provide a sustainable livelihood, there are considerable doubts whether the current poverty-reduction projects do so.

The main focus has been on micro-credit. Mercy Corps and FINKA run programmes on behalf of USAID, and the UNDP provides technical support to the World Bank's programme, through the parastatal Kyrgyz Agricultural Finance Corporation (KAFC). With about five years of experience, there is now a common approach using a 'group guarantee' system to ensure that

individuals repay. High repayment rates have been achieved, but it is not so clear that micro-credit reaches the poorest, or that it would prevent conflict.

The evaluation of UNDP's programme in Osh Oblast revealed that although repayment rates were nearly 100%, only 30% of the beneficiaries could be classified as the poorest people. UNDP has tried a number of ways to reach the poorest people. They have used savings schemes as a way of preparing very poor people who might not be used to the disciplines necessary for repayment. But many of the loans simply do not yield adequate returns to service the debt and to create the assets for sustainable business.

A significant factor is the high rate of interest demanded by KAFC, currently 28–32% per annum. This makes it impossible to build up capital and, therefore, many of the loans simply support a single cycle of trade or agricultural inputs. After the winter, the farmer again has no crop inputs for the spring. But the wider problem may be the stagnant economic climate. Repeatedly we were told that the loans might be useful as temporary stopgaps, but there were few cases where they had lifted people out of poverty into sustainable livelihoods. The problem is that the next level of entrepreneurial activity – small and medium enterprise – is paralysed by failures of governance, notably corruption and marketing cartels, and by the stagnant economic climate.

Micro-credit may enable a person to sell cigarettes in the market, but this scarcely constitutes an escape from poverty. Instead, micro-credit may reveal to poor people the obstacles preventing them from reaching the dream of a free and fair market. Few, if any, aid agencies have engaged with poor people to analyse and discuss the governance issues which arise from the projects. There is huge scope to bring in NGOs and CBOs in a consultative process to find solutions to poverty problems, but there are few signs so far that the World Bank CDF process is responding to this need. What may be needed to make it do so is further work by NGOs at the local level. Bilateral donors could encourage this, by funding projects which ultimately lead to the engagement of poor people in the CDF and in other dialogue with government.

Options of helping the poorest are beginning to narrow for other reasons.

Following the incident in 1999 when Japanese nationals were taken hostage, and repeated incursions in the south since then, donor organisations are now limiting their involvements in these extremely poor areas. The UNDP is pulling out UNVs from the poorest area of the country, Batken Oblast in the south. Without such engagement, there appear to be two implications: firstly, people may descend further into isolation and abject poverty and, secondly, they may develop ideologies, which either relieve or transform their situation. Fundamental religion is already on the increase. The possibility of politicisation, as in Nepal, cannot be totally discounted. A combination of religion and political ideology could be particularly volatile.

Another volatile uniting force could be ethnicity. As currently constructed, micro-credit and other conventional projects do not necessarily reduce ethnic tensions and might even increase them. In general, the ethnic groups remain quite separate in relation to micro-credit, forming their own self-guaranteeing groups along ethnic lines. This in itself could be a cause of tension, if one ethnic group was perceived to be favoured. According to our information, the ethnic composition of the beneficiary groups and the staffing of the micro-credit projects are not being monitored, leaving open the possibility of a tendency towards ethnic discrimination.

Monitoring of the gender balance has become fairly widespread in aid projects, especially those operated by the UNDP. In Osh, the UNDP noted that the percentage of women beneficiaries had risen from 40% to 56%, and there was a target of 60%. Similar targets could be set for ethnic balance and for the proportion of loans given in areas of tension.

In conclusion, poverty reduction is one of the very few options by which fundamental problems can be addressed, but only if it is seen as a means to that end, rather than an end in itself. There is scope for donors to work much more creatively through NGOs, to draw attention to public policy issues and to address the obstacles which stand in the way of poor people. The CDF process offers an ideal framework for the debate at national level. At a more mundane level, donors need to keep a sharper watch on aid programmes to ensure that

they do not exacerbate ethnic tensions. Projects should be assessed and monitored with an explicit intention to ensure that benefits reach those in need without discrimination.

## **Change through diplomatic strategy?**

One of the main questions is whether US policy, having been focused on privatisation and free markets, will shift towards governance or towards security. Since 1992, the US has pumped US\$179 million into the process of privatisation and financial reforms. The ICG has warned against examining Central Asia with a Cold War lens, which detects dangerous Russian influences but sees little else. But the new 'convergence' of US and Russian concerns, (shared by the regional superpowers, China and India), about fundamentalist terrorism and drugs, contains some new risks, especially for small, weak countries like Kyrgyzstan. Their own security could be sacrificed for international interests. Or, more immediately, their internal development could be ignored.

If this means abandoning emphasis on good governance and simply asking for Akayev's support, the tendency will be to promote autocratic government. The implications for internal and regional conflict could be serious. The argument for good governance rests not only on the value of democracy, but also on the experience that democracy is the best defence against militarism and conflict. The consolidation of power in the president's hands could only be achieved at the expense of other clan leaders and potential warlords inside Kyrgyzstan. The current balance of power could be shifted and peripheral leaders might see an option in breaking away in opposition to the centre. Compared with Uzbekistan, the opportunities to do so in Kyrgyzstan are much greater. Leaders based in the Ferghana Valley could easily manipulate matters, in order to dominate the trade in drugs or the new market in land. If challenged, they might resort to violence. This could bring in Uzbekistan.

In the event of conflict inside Kyrgyzstan, the Russians would be in a controlling position, not only because of the lever of debt and the presence of troops, but also because the presence of a large Russian minority being badly

treated would give plenty of opportunity to assuage domestic and international opinion by taking firm action. The West has to look beyond the current issues surrounding Afghanistan, towards the longer-term issue of control in the region. With China's entry into regional politics, it could be argued that Kyrgyzstan now occupies the centre of A Great Game, and, if Afghanistan's experience is anything to go by, such a position entails endless conflict.

These disturbing trends, and the increasing possibilities of conflict, seem to have bypassed the attention of the world's second superpower, the European Union. Even among European member states, there has been relatively little funding for the crucial role played by the OSCE, which remained severely understaffed throughout the presidential election period. In Osh there were only two Representatives, with the task of monitoring elections in the Ferghana Valley, a region of intense political conflict and a history of violence. Conceivably a stronger European involvement, through the OSCE, might have averted the distorted elections which actually took place.

But the EU's position reflects an underlying question whether Central Asia matters at all to the West. Although donors have expressed concern about the issue of governance, the Kyrgyz government has actually been given a very free hand. Up to 1999, by far the largest element in external assistance was Balance of Payments Support, being 45% of the total.<sup>21</sup> Basically, external actors have been propping up Kyrgyzstan with aid. This has meant that there was insufficient leverage to insist on real changes in the governance sector.

The most dangerous strategy for the West at this stage would be a crackdown on 'terrorism' and drugs. In the case of the former, moderate opinion in Uzbekistan and elsewhere might turn against the West, feeling that it was an attack on Islam. A crackdown on drugs would encourage drug-barons to sever their links with the state, and operate in such a way as to undermine its capacity to control them. In the midst of this, the final defeat of Massoud's forces could send a wave of refugees, highly armed, across the region looking for opportunities to make money as mercenaries.

An alternative strategy would be to focus attention and conditionalities

around the issue of governance as the best means to long-term stability. This would put the West on the side of the poor and those with grievances. Such a shift would entail a different perspective on the issue of governance; one designed to allow pluralism, but also, very steadily, to root out corruption, nepotism and, ultimately, provide a solid base from which to tackle the free trade in drugs. In this report we draw attention to the issue of ethnicity because it has been relatively neglected, and there is a tendency to play down the issue as part of the 'positive images' approach. It is time to monitor the issue closely. Not because Kyrgyzstan is simmering with ancient hatreds, but because it is simmering with opportunities for greed which might be transposed into an ethnic dimension.

Public information deserves much greater backing from the international community. In the last few years the Soros Foundation has done a great deal, but, ultimately, has not been able to apply leverage to the government to tackle issues like nepotism in public recruitment. The high level of education in Kyrgyzstan should act as a factor which can be used to build a wall of awareness against conflict. But, in practice, levels of information appear to be low and falling. The freedom of the press is diminishing, and USAID's study of the land moratorium issue reveals that 'Only 36% of those interviewed knew of the moratorium and of those, even fewer understood the terms of the moratorium'. Ultimately, it is this lack of engagement by ordinary people which is the root cause of instability and conflict.

## **Change through civil society?**

It may be time to consider a different relationship between donors and NGOs. Instead of treating them as contractors, it may be better for bilateral donors to focus on their independence. Their fundamental role should be to develop awareness of public policy issues and to help more and more people to engage in the issues of governance. The implication is that donors should make more effort to build up the capacities of NGOs, not simply in the technical sense, as in the past, but in terms of values. Of course, donors cannot confer

independence, but, by funding NGOs in a sensitive and trusting manner, they can help build them develop. A model of such a relationship is the Swiss Development Corporation's relationship with Tolerance.

In doing so it is important to recognise that the tradition of NGOs in the post-Soviet countries is different from the common Western perception. For a long time, NGOs have been practically wings of the state, representing interest groups, such as youth, women, war veterans etc. Unfortunately, the Western 'contractor' model follows in a similar tradition. NGOs have become 'wings' of the international community. But the 'international community' is not directly responsive to what people feel and want. The result is a top-down form of civil society, which is no civil society at all.

The World Bank's Comprehensive Development Framework includes a commitment to involve NGOs and, therefore, opens up the prospect of dialogue between the state and the international community for control of them. Until the CDF, the sector was treated by government with what one report calls 'well-disposed neglect',<sup>22</sup> but more recently, the sector has been brought within direct state influence by the creation of NGOs by government itself, or by its close associates. These are sometimes referred to as Government Organised Non-Government Organisations – GONGOs. From the government's perspective, the political opposition often picks up on information from NGOs and uses their analysis as criticism. Therefore, the Government feels justified in creating its own supporters.

A further weakness of NGOs is that few of them have any significant level of grassroots support. Typically, they are groups of intellectuals in the capital. They think that their own perceptions are enough; they have no democratic instinct. The UNDP's work on decentralisation indicates that there are, in fact, plenty of Community Based Organisations (CBOs), although they are not always recognised as such. At the simplest level, it is very common for groups of farmers to come together to share tools and other equipment or to manage the irrigation process. But there is a huge potential to develop this capacity into other areas. For example, in the Osh area, the marketing of tobacco is in the

hands of a cartel, which is driving down prices. Local CBOs could get together and seek alternative marketing strategies. This could also involve educational and organisational work around rural issues, such as the land reform process.

Reducing regional variations should have an impact on conflict. The UNDP has supported the Government's Decentralisation Programme, by providing capacity building support and small grants at the level of village administration and Community Based organisations (CBOs). Findings in relation to DFID's projects, suggest a serious danger that any project implemented through government will tend to reinforce local élites. Although the UNDP's project shows a mobilisation of local resources, one wonders exactly who is paying and why. Are local élites putting pressure on local people to make 'voluntary' contributions, which they can ill afford? Is this another example of the continuity of the old Communist system?

## Strategic risks

In this changing situation external actors will need to balance their policies between interconnected risks.

- Autocratic government produces a risk of violent opposition.
- Restricting the flow of drugs may indirectly provoke conflict.
- The drive to modernise, especially in land consolidation, could provoke ethnic violence.
- Each scenario has a possible dimension of regional conflict.

The emergence of autocratic government in Kyrgyzstan is now practically a fact, following the October elections, but the nature of internal tensions deserves further study. There is some evidence of a warlord type of political economy developing, and, if so, it could draw on resources from drugs and political support from surrounding countries.

In the short-term, it remains to be seen whether the manipulations of public funds in the last few months before the elections, and the danger of financial crisis, can be covered over. Much depends on Russia, which is in a

strong position to consolidate its long-term interests, while enjoying the support of the USA in relation to Afghanistan. It remains a possibility that Russia might seek to develop conflict, in order to divide and rule, as it has done in the southern Caucasus.

A focus on drugs and terrorism in the region is likely to increase the chances of conflict and might divert attention away from poverty issues. It has recently been decided to scrap the 'alternative development' response to the problem of drugs in Afghanistan and to focus purely on erecting a security belt around the country. Such an approach is wrong-headed as only it addresses the symptoms of the problem and fails to tackle the root causes.

Although grievances about poverty are unlikely to be the direct cause of conflict, they provide an environment in which there will be increasing numbers of people with little to lose if the opportunity of gain through violence is offered.

Have things shifted since Strobe Talbot's famous statement on behalf of the US Government in 1997? If economic and political reform in the countries of the Caucasus and Central Asia does not succeed – if internal and cross-border conflicts simmer and flare – the region could be a breeding ground of terrorism, a hotbed of religious and political extremism, and a battleground for outright war. It would matter profoundly to the United States if that were to happen in an area that sits on as much as 200 billion barrels of oil. This is yet another reason why conflict resolution must be Job One for US Policy in the region. It is both the prerequisite for, and an accompaniment to, energy development.

On the whole, the scenario is playing out as predicted. Attempts at economic and political reform have failed. Internal and cross-border conflicts are simmering. Drugs and radical Islam seem to be combining with political opposition into a dangerous assault on the region's stability. The problem is that each reaction has disadvantages and dangers.

One option for Western actors is to withdraw, relying on other regional actors to pursue the issue of security. The ICG report, however, argues for a

more proactive form of engagement, based upon a broader analysis of what constitutes the Central Asia region:

*‘Major powers and international agencies should stop treating policies toward Central Asian states as a sub-set of policy toward Russia. Japan and China, together with the World Bank and IMF, are potentially greater determiners of regional order, and the activities, interests or capacities of Pakistan, Afghanistan, Iran and India are also significant factors. A more helpful perspective from which to view the Central Asian states may be as part of a larger ‘Inner Asia’ region. Such a concept would see countries like Tajikistan, Kyrgyzstan and Uzbekistan as having much in common with Mongolia and Afghanistan.’<sup>23</sup>*

Recent events in Afghanistan, and the perceived threat of Osama bin Laden, have precipitated a convergence of interests amongst the regional actors. This growing appreciation of the need to address security concerns within a regional framework is a positive trend. However, if regional co-operation is limited to a focus on ‘terrorism’, tightening borders and attempting to ‘ring fence’ Afghanistan, this is unlikely to bring about sustainable peace in the region. Structural stability in the long run depends on addressing the structural issues contributing to chronic instability, such as the failure of governance, lack of public involvement, accountability and so on. Ultimately, there is no alternative to Talbot’s original proposition that without these the region would slide into insecurity and conflict. Is it too late?

It depends how the convergence of interest around security develops. If it becomes a repressive process, designed to stop the drug trade and suppress militant opposition, greater and greater security measures will be needed. As Russia is the only global power likely to actually field troops in the region, such a policy strengthens Russia’s hand. And Russia has shown little interest in issues of democratic governance. The scenario leads to a resurgence of Russian power, in the name of global security interests.

# Chapter five

## Conclusions and recommendations

### Conclusions

There is no escape from the conclusion that the political issues have to be addressed. The global convergence around security issues could be used to apply overwhelming pressure on the governance issue. But this might expose the difference of strategic view between West and East (including Russia). The new form of The Great Game is a tension between two different concepts of governance: one democratic and the other autocratic. At the economic level, the conflict is between notions of enterprise free of state control and those which are managed by it. At the social level, the conflict is between modernity and tradition.

The political and economic transition in Kyrgyzstan has resulted in cataclysmic changes in Kyrgyz society. The end of collective systems in agriculture and industry has caused massive social and psychological effects. People's ability to understand the pace of change is at breaking point, and they may easily cling to what is tried and tested: tradition; religion and autocratic government.

Whether the problems outlined in this report represent the 'growing pains' of an emergent democracy, or the precursors for open violence, remains to be seen. Our analysis tends to point towards the latter. One lesson is clear from the past decade: that the transition process will be much longer and more complex than originally envisaged by Western donors. The imported models and quick fixes that had been applied in Eastern Europe have even less chance of success in the Central Asian context, where the collective pace of change is slow. One small country cannot be made to move far faster than its neighbours do. The whole notion of Kyrgyzstan as a spearhead of Western values is flawed.

This does not mean that such ideas should be entirely jettisoned. It is not that ideas of personal freedom will not succeed in Central Asia, but that there has to be a balance with security. The lesson for the international community may be to focus on the realities on the ground, rather than rely on imported forms of governance and economic management. Hopefully, this study has shown that ideological viewpoints are dangerous, especially in relation to a small and vulnerable country such as Kyrgyzstan. The danger of any kind of Great Game is that the country where it is played out tends to be ignored.

In that sense, it has been an advantage in this report to focus specifically on Kyrgyzstan, looking outwards towards the region rather than taking a fully regional view as most commentaries do. This approach also helps us to identify the shadowy actors who might have an interest in violent conflict and may now be playing their own Great Games, calculating interests and possibilities around drugs, land and political power.

For long-term stability, we come back to the long process of state building, which has been interrupted by the long period of Soviet power. In terms of aid responses, the process has to look more closely at what is happening at the ‘grassroots’ – developing the independence of civil society, both from the state and from the donors. Strategically, it means getting a better balance between macro-economic reform and issues of governance. In the short-term, in order to address the severe poverty which is now emerging, external assistance may be needed to support social safety nets.

## Recommendations

Our recommendations are divided into those that are directed towards the international community as a whole, and those aimed solely at aid donors. It is recognised that many of these recommendations are currently being implemented in one form or another. However, there is still much work to be done in achieving a better balance and a more co-ordinated and coherent form of international engagement in the region.

*The international community should:*

**Work collectively to achieve a shift in the balance of strategy from short-term security interests to developing long-term structural stability within the region. Specifically they should:**

- shift from a policy of strategic containment in relation to Afghanistan to a more proactive engagement which involves providing ‘carrots’ (reconstruction aid, alternatives to the drug economy), as well as ‘sticks’ (sanctions and international isolation);
- recognise that the issues of regional security are not simply drugs, terrorism and Islamic fundamentalism, but poor governance and growing inequalities which fuel greed and grievance dynamics;
- recognise that China and India share similar concerns about security in the region and should be included in the development of strategic responses;
- recognise that support for good governance is essential if emerging ‘greed’ and ‘grievance’ dynamics are to be checked;
- take the initiative, perhaps through a conference on the region, to develop medium and long-term strategies and consider their relationship to the current short-term strategies (market economics and security containment); and
- include the International Financial Institutions in this process and ensure that their strategies reflect the risk of conflict.

**Monitor and jointly analyse events which might constitute triggers for conflict. Specifically they should:**

- monitor border incursions, both from Tajikistan and Uzbekistan;
- offer assistance for the demarcation of borders;
- seek ways to reduce tensions between Kyrgyzstan and Uzbekistan over resource issues, perhaps by international mediation;
- monitor land sales following the lifting of the moratorium; and
- monitor ethnic tensions and develop contingency plans with governments to clamp down on any outbursts of violence.

**Make contingency plans for ‘trigger’ events. Specifically they should:**

- make contingency plans with the UNHCR for the movement of refugees from Afghanistan;
- make contingency plans to contain outbreaks of ethnic violence, including strengthening the OSCE presence, international observers etc.; and
- make contingency plans for incursions by Uzbekistan into Kyrgyzstan and possible seizures of territory, including exertion of regional pressures and conditionalities.

*International aid donors should:*

**Adapt a more conflict-sensitive approach to their market reform model.**

**Specifically they should:**

- recognise that slavishly following a market economics model can exacerbate conflict dynamics in the region, which may ultimately undermine their economic reform objectives;
- recognise that WTO membership has created regional tensions that could lead to conflict if not addressed;
- give more attention to the sequencing and overall balance of reform processes. For instance, build institutions before lifting controls. Develop the capacity of the state to provide services to citizens; and
- expand aid programmes in conflict-sensitive areas.

**Strengthen support for activities which promote good governance.**

**Specifically they should:**

- link political and economic support to progress on governance issues, including those relating to poverty reduction such as market cartels;
- consider the application of political conditionalities in relation to economic aid;
- support the OSCE politically and financially to take a stronger role in monitoring political processes and the status of minorities. Britain should press the EU to take a more active role in this process; and

- specifically insist on the separation of the judiciary from political influences, and the freedom of the media.

**Increase support for poverty reduction as a means to promote good governance and the development of civil society. Specifically they should:**

- actively engage in the World Bank Comprehensive Development Framework (CDF) in order to remove governance obstacles to poverty reduction targets; and
- address the governance obstacles that prevent poor people from achieving sustainable livelihoods, notably through marketing arrangements and developing small and medium enterprises.

**Engage more deeply with civil society by developing their analysis of civic groups in the region and providing strategic and long-term support.**

- Support action research which examines the changing natural role and function of civic groups during the transition period.
- Examine the potential welfare support and peacebuilding role of grass roots Islamic groups in the region.
- Provide core support to NGOs in addition to grants for projects.
- Support the development of community-based organisations through the UNDP and other channels.
- Encourage more International NGOs to work in support of NGOs and CBOs.
- Support NGOs in developing public awareness and advocacy strategies, especially in relation to governance issues.

**Improve contextual analysis and monitoring and evaluation of programmes from a conflict perspective. Specifically they should:**

- apply 'do no harm' tests in project design, monitoring and evaluation processes, specifically in relation to social exclusion, ethnicity and opportunities for 'greed' by élites;

- develop security procedures and policies which enable them to work effectively in unstable areas;
- consolidate the process of gathering information and analysis through, for example, the ICG, the OSCE, the SDC and the UNDP. Areas to be monitored include:
  - the effects of lifting the moratorium on land sales in the Ferghana Valley;
  - the effects of incursions and refugee flows in the south; and
  - ethnicity in employment and in the distribution of benefits in aid programmes.
- initiate further research on 'greed' (emergence of warlords, drugs etc.) and 'grievance' (poverty, social exclusion etc.) dynamics, and the synergies between the two.

# Endnotes

- <sup>1</sup> The mining of the Uzbek border by the Uzbek military has led to the deaths of 27 Tajiks, mainly women and children. Such inappropriate security responses exacerbate tensions, which may assume ethnic dimensions.
- <sup>2</sup> Promoted by the '6 + 2', international working group on Afghanistan consisting of the 6 neighbouring countries plus Russia and the United States.
- <sup>3</sup> See Berdal, M and Malone, D 'Greed and Grievance- Economic Agendas in Civil Wars' Lynne Rienner 2000
- <sup>4</sup> See articles at [www.worldbank/research/conflict](http://www.worldbank/research/conflict).
- <sup>5</sup> ICG *Recent Violence in Central Asia* 2001.
- <sup>6</sup> ICG: *Central Asia: Crisis Conditions in Three States* August 2000.
- <sup>7</sup> ICG *Recent Violence in Central Asia: Causes and Consequences* October 2000 p13.
- <sup>8</sup> ICG *Recent Violence in Central Asia* p14.
- <sup>9</sup> ICG p.11.
- <sup>10</sup> Howell 1996.
- <sup>11</sup> UN Resident Coordinator Report 1999.
- <sup>12</sup> UNDP *Central Asia 2010*.
- <sup>13</sup> *Ibid.*
- <sup>14</sup> ICG.
- <sup>15</sup> UNDP *Ferghana Valley Development Programme* Draft Outline 1996.
- <sup>16</sup> Center for Preventive Action p21.
- <sup>17</sup> UNDP *First Quarterly Report* p.1.
- <sup>18</sup> UN Resident Coordinator Report for 1999 p32
- <sup>19</sup> Tabyshalieva, Shukurov and Bainazarov, Institute for Regional Studies 1999.
- <sup>20</sup> Expenditure cuts and user charges in Education and Health in Transition Countries, September 2000.
- <sup>21</sup> UN Resident Coordinator Report 1999 p14.
- <sup>22</sup> LINKS *The State of Civil Society in Central Asia*, April 1998.
- <sup>23</sup> *Central Asia: Crisis Conditions in Three States*, August 2000.



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## Acronyms

CBO	Community Based Organisation
DFID	UK Department for International Development
EBRD	European Bank for Reconstruction and Development
FCO	Foreign and Commonwealth Office, British Government
GDP	Gross Domestic Product
ICG	International Crisis Group
IMF	International Monetary Fund
IMU	Islamic Movement of Uzbekistan
INTRAC	The International NGO Training and Research Centre
NGO	Non-Government Organisation
OSCE	Organisation for Security and Cooperation in Europe
PCA	Programme-level Conflict Assessment
RADS	Rural Advice and Development Services, Kyrgyz Government
SCA	Strategic Conflict Assessment
SCF UK	Save the Children, UK
UNDP	UN Development Programme
WTO	World Trade Organisation