



Human Development: Concept Paper

**Senior Officials' Meeting
on Central Asia Regional Economic Cooperation
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HUMAN DEVELOPMENT: CONCEPT PAPER

I. INTRODUCTION

1. During the Fourth Ministerial Conference of the CAREC Program, November 2005, Bishkek, Ministers urged that the pace of regional cooperation accelerate, and expressed interest in broadening and deepening the Program to include new sectors – including human development. More recently, during a mission in January 2006 of the CAREC Secretariat to Beijing and Urumqi, PRC requested that consideration be given to including human development (and agriculture, tourism and environment) initiatives in the CAREC Program. Following is a brief concept paper outlining the rationale for including human development in the Program, possible areas for regional cooperation, and issues or questions that need to be resolved before proceeding. The paper concludes with some organizational options for consideration, and a recommendation for an ad hoc working group of interested participants to draft a more focused set of activities for consideration of the SOM scheduled for August 2006. The concept paper is designed simply to facilitate discussion during the next SOM, scheduled in Urumqi for April 10-11.

II. RATIONALE FOR INCLUDING HUMAN DEVELOPMENT

2. The UNDP Human Development Report for Central Asia, 2005 provides considerable insight into the regional challenges concerning education, skill development, health, labor migration, gender issues and other factors critical to quality labor forces and improved living standards. The analysis needs to be extended beyond the Central Asia Republics to other CAREC countries: Afghanistan, Azerbaijan, Mongolia, and Xinjiang Uygur Autonomous Region, PRC.

3. The importance of human development is reflected in the Millennium Development Goals, which emphasize major gains in education, health and gender equality so as to achieve the overarching goal of reducing poverty levels by half by 2015. Achieving the MDGs poses very difficult challenges for several CAREC countries, as their economies contracted by 50 percent or more during the first half of the 1990s. Greatly weakened fiscal positions of the governments resulted in major cutbacks in education and health budgets, with the inevitable result that the accessibility and quality of these services deteriorated badly. Only PRC has experienced uninterrupted rapid growth, but even it has experienced local area strains in its education system. Annex 1 provides human development indicators for CAREC countries; a number of charts illustrate the serious deterioration in human development in the Central Asian Republics during the 1990s.

4. Fortunately, Central Asia is now growing rapidly, approximating PRC's extraordinary economic growth.¹ But the growth is uneven, with petroleum rich countries (notably Azerbaijan and Kazakhstan) growing much more rapidly than Uzbekistan and Tajikistan, among others. And although the Xinjing Uygur Autonomous Region is also growing rapidly, poverty is widespread.

¹ Asian Development Bank, *Central Asia in 2015*, CAREC Policy Brief No. 1, 2005.

5. Reassuringly, the Human Development Indices² for all CAREC countries (Afghanistan excepted as it has yet to be ranked) have been steadily improving since 1995 (see Annex 1). Still, their rankings are much below what is achievable, given their resources and past legacy of heavy investment in human development.

6. Predominately, improvement in these indices, and other indicators, will be determined by national policies and programs, and the degree to which strengthened fiscal positions and improving personal incomes lead to more resources for education, training and health services. Among other considerations, language and other cultural factors normally heavily favor a national focus for human development. Unless strong economies of scale or other benefits are evident, simple observation that countries share common needs may not be a strong rationale for regional human development initiatives.

7. Nonetheless, there are several areas where regional cooperation could greatly facilitate progress in human development. Again, analysis is needed to identify priority needs and practical, results-oriented initiatives. In particular, the key human development issues need to be highlighted, distinguishing between education and health services. The rationale for regional initiatives related to education and skill development includes the forces of globalization, which have greatly intensified the need for quality labor forces to remain competitive. Further, the growing importance of cross-border production and value chains has reinforced the need for comparable and interchangeable labor and management skills. Investors, domestic and foreign, increasingly assess the regional context and not just the country. The rationale for regional initiatives related to health includes the obvious – diseases don't stop at borders.

8. Experience to date in the region provides some useful guides on practical, results-oriented human development initiatives. ADB's RETA on ICT in basic education, and a recently approved loan to Uzbekistan focused on ICT in education, has generated considerable interest among ministries of education and a regional workshop is planned for the end of 2006. In the health and nutrition sector, ADB's regional five-year program for nutrition and food fortification has proven highly successful, resulting in improved maternal and infant health indicators. The World Bank is playing a leading regional role in HIV/AIDS. The avian flu threat calls for regional collaboration in parallel with global initiatives. Country-based activities, such as ADB's second textbook project and integration of primary health care into the medical system in Uzbekistan, and the joint WB, ADB and other donor education program for Tajikistan, have elements that could be expanded on a regional basis. Following are possible areas that, upon further analysis, could be suitable for regional cooperation.

III. AREAS FOR REGIONAL COOPERATION IN HUMAN DEVELOPMENT

9. Logically, the focus for regional cooperation should be those aspects of human development that relate to trans-border concerns (e.g., skills certification and accreditation, labor migration, and transmission of communicable diseases) or regional sector initiatives (e.g., skills required for developing and managing a regional transportation network).

² The UN Human Development Index is a comparative quality of life measure based on three basic dimensions of human development: life expectancy at birth; knowledge, as measured by the adult literacy rate and the combined primary, secondary and tertiary gross enrolment ratio; and GDP per capita at purchasing power parity in USD. In 2003, 177 countries were ranked from 0.950 and higher to lower than 0.300. Afghanistan was not ranked.

10. Areas for further regional cooperation in human development could include the following:
- **Leadership in Development:** Chinese officials would like to see the Phnom Penh Plan of the GMS Program replicated for CAREC countries; the Plan includes 15 learning programs, designed to create a pool of highly-qualified and competent middle- and senior-level development planners and managers to drive economic and social development in the GMS; since 2003, more than 350 officials have benefited from short-term training courses. modeled after the GMS Phnom Penh Plan; a training program of this scope and magnitude would entail resource commitments in the order of \$800,000 to \$1 million annually, for at least a five-year period; an assessment of the benefits of an initiative of this form would need to be prepared, and CAREC countries consulted on the appropriate training content and form;
 - **Mainstreaming training into sector activities:** the CAREC Program has already included a good deal of training (usually in the form of workshops) relevant to the priority sectors (transport, trade and energy); mainstreaming could be broadened and intensified, as illustrated by the recent workshops concerning trade policy, to build understanding and capacity for implementing measures noted by Ministers during the Fourth Ministerial Conference to reduce impediments to transit trade;
 - **Education-specific initiatives:**
 - **Information technology initiatives.** ADB's RETA on ICT in basic education could be expanded and extended; a regional workshop on ICT may prove helpful in determining areas for collaborative action, including among sub-groups of CAREC countries; leaders of 40 top Chinese information industry companies and scientists met recently in Xi'an to discuss how to help narrow the digital gap between east and west China; through co-financing it should be possible to support a wider regional dialogue;
 - **Research networks.** The Central Asian Gateway, based in Tashkent, networks the Public Policy Research Center (Kazakhstan), the AKI Press Information Agency (Kyrgyz Republic), Asia Plus Agency (Tajikistan) and the Center for Economic Research (Uzbekistan); other research networks are being encouraged by UN agencies (e.g., SPECA); strengthening these networks could contribute to building understanding of the benefits of regional cooperation and developing the analysis necessary for formulating practical, results-oriented initiatives; networking could also contribute to developing centers of excellence in fields such as engineering and financial services;
 - **Sharing best practices/lessons learned.** Realigning the primary, secondary and tertiary education system from the context of central planning to market-based principles has required many adjustments; the realignment is far from complete; CAREC countries could benefit from sharing best practices/lessons learned, perhaps through regional workshops led by regional and international experts; education-related loans and TAs by the MI "six" to CAREC countries could serve as a basis for exchange of experience.

- **Health-specific initiatives:**

- **Common principal issues.** These include reform of health care financing mechanisms (e.g., fees, insurance schemes), institutional reforms, and assuring access to health care by the poor; donors could emphasize regional benchmarking, learning and capacity building;
- **Regional cooperation in the fighting the HIV/AIDS pandemic.**³ In March 2005, the World Bank initiated a \$25 million (plus \$1.9 million from DFID) Central Asia AIDS Control Project, which covers Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan; the World Bank and the UN may wish to give guidance on how CAREC could be proactive in regional efforts to contain and deal with the epidemic; very practical and results-oriented steps could include simple measures such as education programs linked to transport projects; regional initiatives could be supported by funding from Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) and other sources;
- **Regional cooperation concerning other communicable diseases.** Tuberculosis is also epidemic, combining dangerously with those infected with HIV/AIDS and who as a result have weakened immune defenses; as seen from Table 2, the prevalence of tuberculosis in Afghanistan is very high; again, the World Bank and UN may wish to give guidance on how CAREC could be proactive in regional efforts to contain and deal with the epidemic; the avian flu threat is deadly serious; the two-day donor conference in January 2006 in Beijing raised almost \$2 billion to avert a global pandemic; Kyrgyz Republic has received \$5 million in aid to prevent avian flu, to help it compensate farmers whose birds are culled and other preventive measures;

- **Other Areas:**

- **Controlling drug trafficking.** Greater regional cooperation is needed concerning information sharing and lessons learned; also greater inter-agency coordination and cooperation is needed; regular technical meetings of counter-narcotics officials and exchanges of regional experts could be a basis for institutional cooperation;⁴
- **Integrating labor markets:**⁵ There is considerable scope for regional cooperation concerning the rights and protections extended to guest workers; further, there are important interests related to training standards, skills accreditation, education certification, and labor market information; CAREC initiatives to facilitate well functioning labor markets could be highly beneficial;
- **Progress in meeting gender goals:** the MI "six" in partnership with CAREC countries could emphasize regional benchmarking, learning and capacity building in gender

³ Eastern Europe and Central Asia are experiencing one of the world's fastest growing HIV/AIDS epidemics; according to UNAIDS, in 2005 an estimated 1.6 million in the region were infected with HIV/AIDS, a 25 percent increase over 2003.

⁴ The extensive illicit drug industry in Central Asia threatens the stability of the region, is an important cause of the HIV/AIDS epidemic, and the cause of countless ruined lives through drug addiction; the criminology that it fosters and its undermining of human development are well documented in the UNDP Human Development Report for Central Asia, 2005.

⁵ Large numbers of labor force members in Central Asia face limited employment opportunities (notably in Kyrgyz Republic, Tajikistan, and Uzbekistan) and seek employment elsewhere; an estimated 1.5 million are working in Russia, and increasing numbers are migrating to Kazakhstan as its economy continues to grow rapidly;⁵ remittances to Tajikistan make up about 20 percent of its GDP.

programs; also, collaboration in establishing legislative frameworks and compliance with international declarations and commitments.

IV. ISSUES/QUESTIONS FOR CONSIDERATION

11. Consistent with the founding principle of CAREC that it be results-oriented and highly practical, a number of issues or questions need to be addressed in considering broadening of the Program to include human development:

- **Resource availability, both technical and financial.** The question must be addressed as to whether one of the MI partners to CAREC is willing to take the lead in helping participating countries to identify and implement regional human development initiatives; the resource availability must be credible and the level of commitment sufficient to achieve significant results; if insufficient resources are available from within the MI “six”, consideration may need to be given to inviting another donor partner to participate;
- **Bilateral or the two plus principle.** A good deal of human development cooperation could be accomplished through bilateral arrangements or the two plus principle (i.e., subgroups of the CAREC countries); CAREC countries will need to ensure movement towards common goals or objectives (e.g., regional accreditation and certification standards);
- **Overall institutional framework (OIF) effectiveness.** Broadening the CAREC Program to include new sectors (possibly tourism, agriculture, and the environment, in addition to human development) would mean expanding the SOMs and MCs to include additional interests and stakeholders; questions need to be addressed as to the capacity of the CAREC Secretariat and the National Focal Points to take on additional responsibilities; also, questions arise as to maintaining the focus of the SOMs and MCs on CAREC’s core economic sectors (transport, trade and energy); consideration may need to be given to modifying the OIF, possibly by introducing a social dimension (to address tourism, human development and the environment);
- **Coordination with other regional initiatives/organizations.** Ministers stressed during the Third and Fourth Ministerial Conferences that duplication and overlap in regional cooperation should be minimized; Ministers requested that the interrelationship of the CAREC Program with other regional initiatives, including the SCO and the EEC, be reviewed; in particular, consultations will need to be undertaken with the SCO to ensure that CAREC human development initiatives would be complementary.

V. INSTITUTIONAL OPTIONS

12. The institutional options under CAREC include: (i) Senior Officials' Meetings, which are charged with the coordinating responsibility to ensure the effective implementation of policy decisions made at the Ministerial-level Conference. (ii) Ad-hoc Coordinating Committees, which are established, as necessary, with the main responsibility to coordinate sectoral issues; (iii) Working Groups, which are responsible for the preparation and implementation of agreed priority regional projects.

13. **Option 1: Convene a Regional Meeting on Human Development.** This option could be either at the ministerial level or of senior officials. The objectives of this meeting would be to:

- (i) highlight key human development issues that need to be addressed both on a national and regional basis;
- (ii) identify practical, results-oriented human development initiatives suitable under the CAREC program;
- (iii) discuss the resource requirements and the appropriate organizational framework for implementation.

14. Option 2: Establish an Ad Hoc Coordinating Committee on Human Development.

This Committee (likely with two subcomponents to reflect the differing interests of education and health) could develop a draft proposal on regional cooperation on human development. It would, among other things, examine:

- (i) priority human development needs in the region;
- (ii) identify needs having a regional dimension, and review the rationale for addressing these needs through the CAREC Program;
- (iii) identify the focal areas for cooperation;
- (iv) develop a suggested program of activities;
- (v) identify expected outputs/outcomes and performance indicators
- (vi) recommend an appropriate institutional mechanism; and
- (vii) prepare a cost estimate and identify financing sources.

15. Option 3: Establish a Working Group on Human Development. This would appear to be premature at this juncture. Options 1 and 2 would provide the input and foundation necessary for an effective working group.

VI. CONCLUSIONS AND RECOMMENDATION

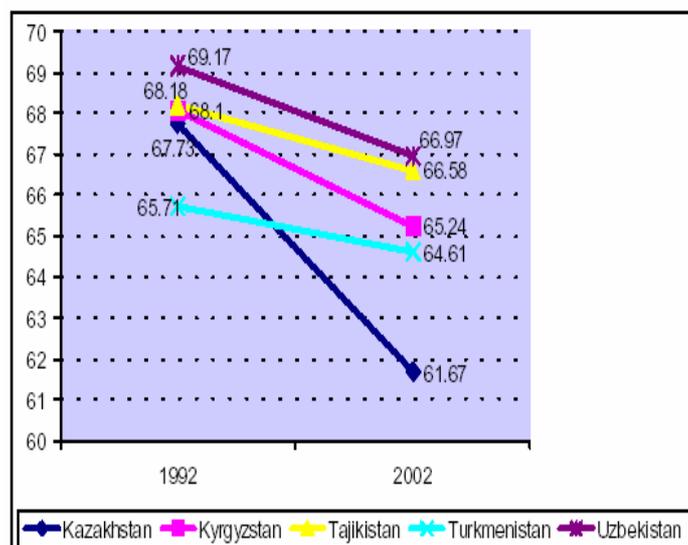
17. There are several areas where regional cooperation on human development under CAREC could contribute in a very practical way to improvements in the functioning of the labor markets, overall competitiveness, and participation by women. Further, additional regional cooperation concerning disease control and other dimensions of health is needed, opening the possibility of practical, results-oriented contributions through the CAREC Program.

18. Further discussion and analysis is needed to ensure that inclusion of human development in the CAREC Program would be properly resourced, and that proposed initiatives would meet priority needs of CAREC countries in a manner complementary to other regional initiatives.

19. It is recommended that an Ad Hoc Working Group be established to report on possible inclusion of human development in the CAREC Program. The report should be presented and discussed during the SOM scheduled for Aug. 2006.

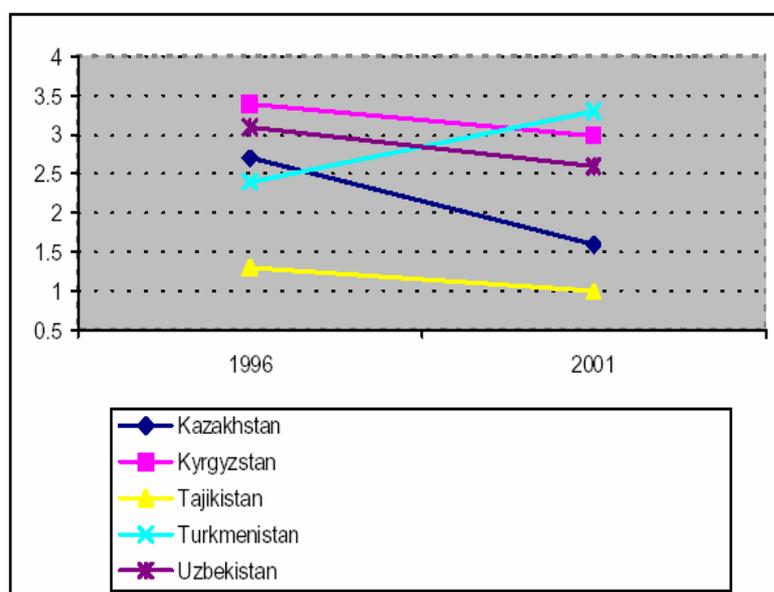
Annex 1: Human Development Indicators

Chart 1: Life Expectancy at Birth, 1992 and 2002



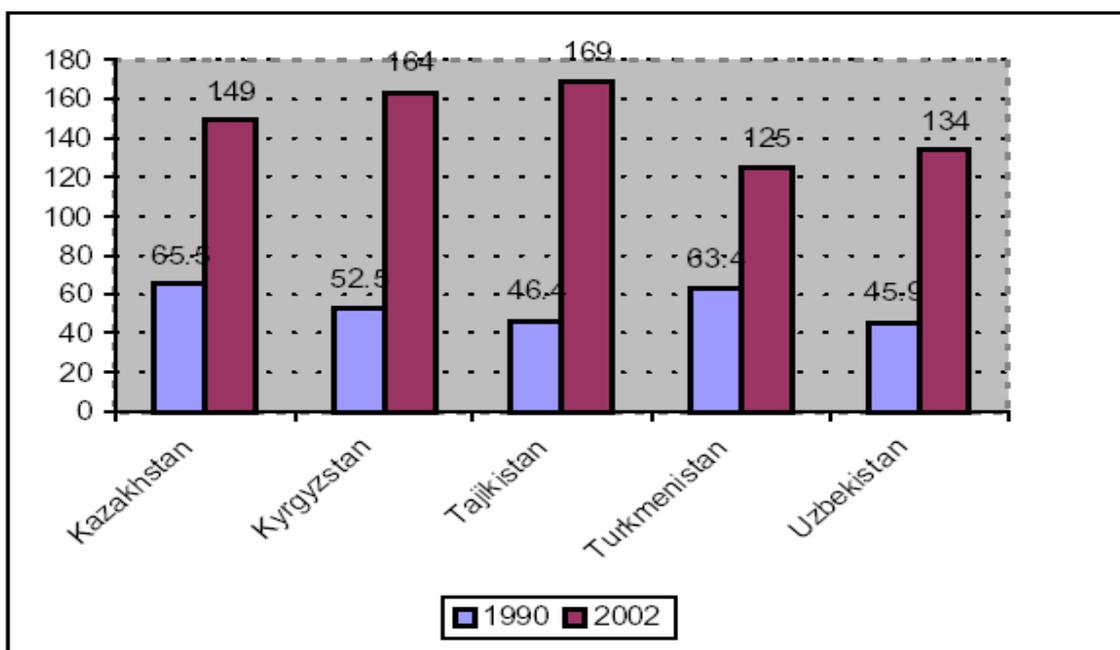
Source: World Development Indicators, World Bank, 2004

Chart 2: Public Expenditure on Health as % of GDP



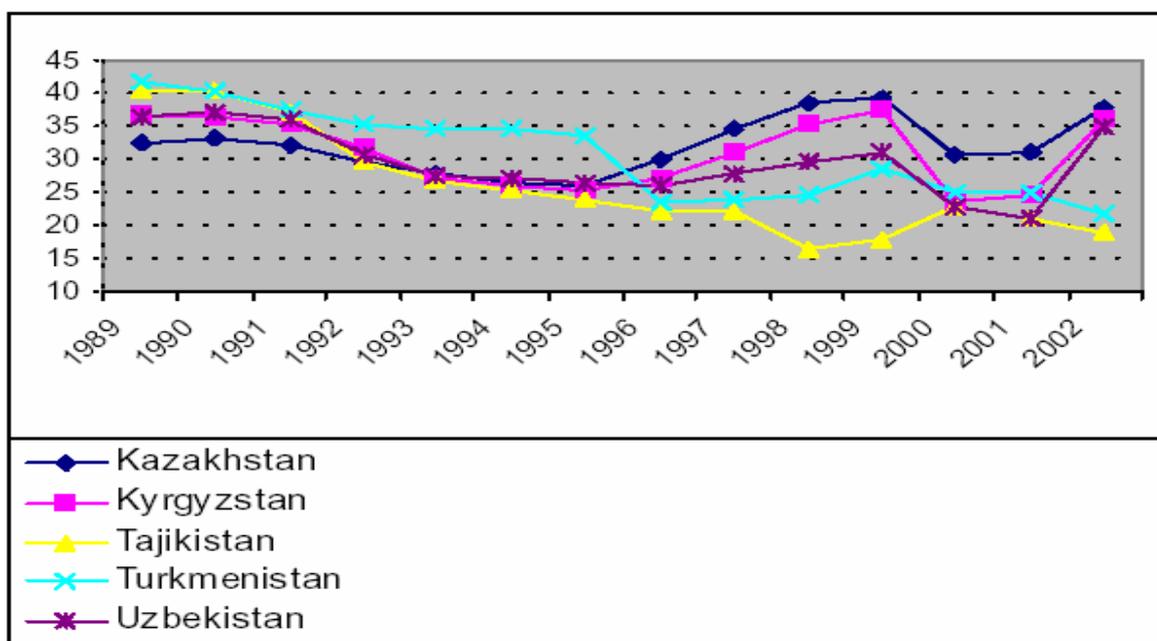
Source: UNICEF, The TransMONEE Database 2004, <http://www.unicef-icdc.org/resources/transmonee>

**Chart 3: The Incidence of Tuberculosis
(Number of cases per 100,000 people in 1990 and 2002)**



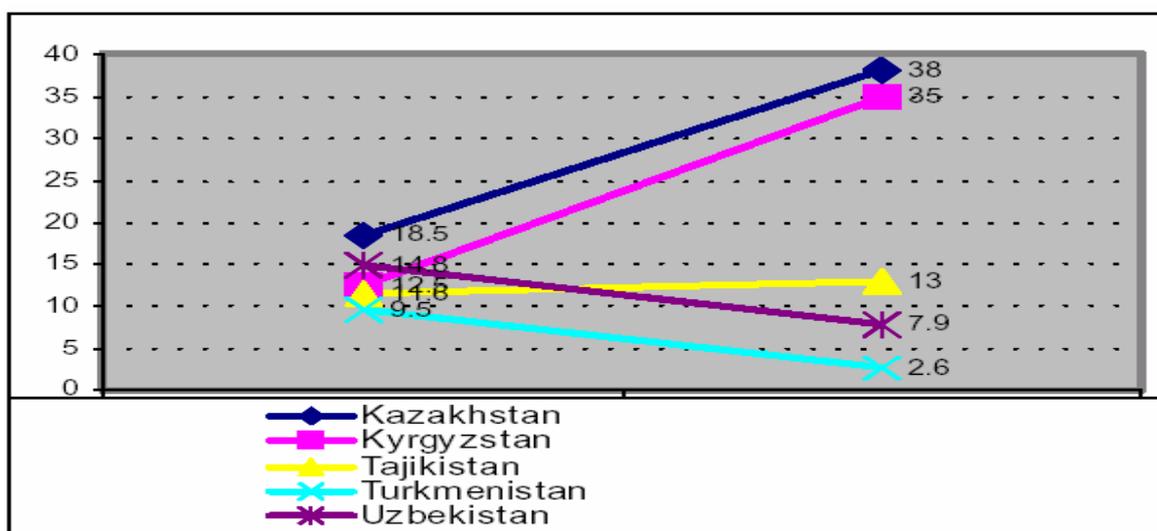
Source: <http://data.euro.who.int/cisid> and UNDP Human Development Report, 2004

Chart 4: General Secondary Enrolments (gross rates percent of 15-18 population)



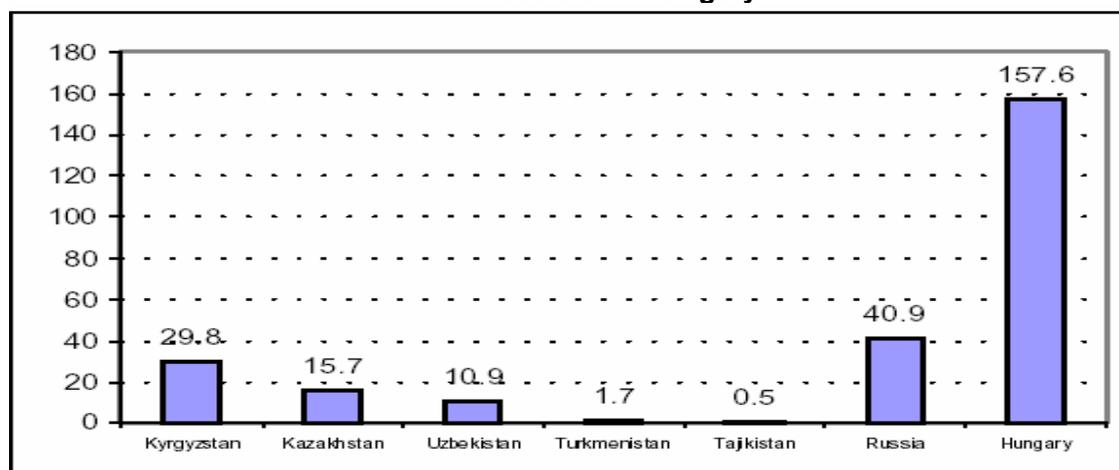
Source: The TransMONEE Database 2004, <http://www.unicef-icdc.org/resources/transmonee.html>

Chart 5: Higher Education Enrolment in Central Asia (gross rates, % of population aged 19-24). CAR, 1989 and 2001.



Source: The TransMONEE Database 2004, <http://www.unicef-cdc.org/resources/transmonee.html>

Chart 6: Internet users per 1,000 people (MDG) in 2002. Central Asian States, Russia and Hungary



Source: UNDP Human Development Report, 2004, New York, 2004, pp. 180-2.

Table 1: Human Development Indexes for CAREC Countries

Rank No.	Country	1990	1995	2000	2003
62	Russian Federation*	0.817	0.770	--	0.795
80	Kazakhstan	0.767	0.721	0.731	0.761
85	People's Republic of China	0.627	0.683	--	0.755
97	Turkmenistan**	--	--	--	0.738
101	Azerbaijan	--	--	--	0.729
109	Kyrgyz Republic	--	--	--	0.697
111	Uzbekistan	--	0.679	--	0.694
114	Mongolia	0.673	0.633	0.657	0.679
122	Tajikistan	0.696	0.629	0.630	0.652
	Afghanistan	--	--	--	--

Source: UN Development Programme Report 2005.

* Formally invited to participate, which is under consideration by the Government.

** Formally invited, but only selectively participates.

Table 2: Population Change and Migration Rates in Central Asia, 1989-2002

	Total Population		Absolute Change		Migration
	1989	2002	Total	Natural Increase	
Kazakhstan	16,465	14,821	-1,644	1,722	-3,365
Kyrgyz Republic	4,291	4,974	684	1,044	-360
Tajikistan	5,109	6,380	1,271	1,965	-694
Turkmenistan	3,534	5,500	1,966	1,103	863
Uzbekistan	19,905	25,211	5,306	6,377	-1,071

Source: Excerpted from Timothy Heleniak, .An Overview of Migration in the Post-Soviet Space, in Immigration, Forced Migrants, and Refugees in Central Eurasia, ed. Cynthia Buckley and Blair Ruble, The Kennan Institute, Washington, DC,

**Table 3: Selected Health and Education Indicators for CAREC Countries
(Latest year, usually 2000-2003)**

Indicator	Afghanistan	Azerbaijan	Kazakhstan	Kyrgyz R.	Mongolia	PRC	Tajikistan	Uzbekistan
% of pop. below min. dietary needs	--	15	13	6	28	11	61	26
Under 5 mortality rate (per 1,000 live births)	257	91	73	68	68	37	118	69
Infant mortality rate (per 1000 live births)	165	75	63	59	56	30	92	57
Maternal mortality ratio (per 100,000 live births)	1900	94	210	110	110	56	100	24
HIV/AIDS: proportion of condom use to overall contraceptive use	--	4	6	7	10	4	1	3
Prevalence of tuberculosis (per 100,000 people)	671	109	152	140	237	245	267	156
% with access to improved water (urban/rural)	19/11	95/59	96/72	98/66	87/30	92/68	93/47	97/84
Life expectancy (female/male)	42/41	68/62	67/56	68/59	69/62	70/73	63/59	69/63
Net enrolment ratio, primary ed.	--	80	91	89	79	95	--	--
Ratio of girls to boys in primary ed.	0.52	0.97	0.99	0.97	1.04	1.00	0.95	0.99
% of pupils that reach grade 5	--	--	--	--	--	100	--	--
Gross secondary enroll. ratio % (female/male)	12/32	81/84	92/92	92/91	90/78	69/71	78/94	94/97
Literacy rate Of 15-24 year olds*	--	100	100	100	98	99	100	100

Source: ADB Key Indicators 2005

* Test literacy would indicate much lower rates.

Table 4: MDG Goal 3 “Promote gender equality and empower women”:

Country	Target	Assessment
Kazakhstan	Target 1. Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015	Ratio of girls to boys in secondary education On track Ratio of young literate females to males On track Women's pay as percentage of men's Unlikely Proportion of seats held by women in national parliament. Unlikely
Kyrgyzstan	Target 1. Eliminate gender disparity in employment and managerial opportunities	Share of women among students of higher educational institutions: On track Ratio of women's wages to men's wages: Unlikely Share of women in the economically active population Unlikely
Tajikistan	Target 1. Eliminate gender disparity in primary and secondary education by 2005 and at all levels of education no later than 2015	Ratio of girls to boys in primary and secondary education Unlikely ... Ratio of young literate females to males On track Share of women employed in non-agricultural sector Unlikely Women's pay as percentage of men's Unlikely ...
Turkmenistan	Target 1. Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015 Target 2. Reduce by 2015 gender inequality as regards incomes on the labor market	Primary education coverage level of girls to that of boys On track Secondary education coverage level of girls to that of boys On track Higher education coverage level of women to that of men Unlikely Women's pay in non-agricultural sector as percentage of men's n.a. n.a.
Uzbekistan	Target 1. Achieve 100 percent gender equality in primary and general basic secondary and secondary special and vocational education by 2005; and improve gender balance in higher education by 2015	Ratio of boys and girls in primary and basic secondary education, measured by gross enrolment rates Unlikely Share of women in wage employment in the non-agricultural sector Unlikely Representation of women in parliament On track Ratio of men and women in higher education, measured by gross enrolment rates On track Ratio of boys and girls in general secondary, secondary special and vocational education measured by attendance rates n.a. Ratio of women's wages to men's in the agricultural and non agricultural sector . n.a

Source: J. Cukrowski et al., National Development Millennium Goals: A Framework for Action. Annex 1, The Millennium Development Goals, Targets and Indicators: A Global Agenda. UNDP, Bratislava, 2005.