



Central Asian Regional Risk Assessment: Responding to Compound Crisis

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Presentation main points

- Why the Central Asian regional risk assessment?
- Good news
- Bad news
- Initial conclusions
- Next steps

Lessons from Tajikistan's winter of 2008:

- Harsh winter produced “compound crisis”:
 - Energy insecurity
 - Food insecurity
 - Water insecurity
- Government, international community were not prepared to respond quickly
 - Humanitarian disasters in cold climates?
 - Right mix of humanitarian, development programming?
 - Disaster preparedness + energy sector restructuring

Spring, summer drought of 2008:

- Exacerbated Central Asia's perennial water governance problems
 - Especially in Syr-Darya basin
- Common property nature of Central Asia's water balance raises spectre of:
 - Tajikistan's problems spreading to other countries (especially Kyrgyzstan)
 - Water, energy, food insecurities deepening socio-economic vulnerabilities

Response: Central Asian Regional Risk Assessment

- Representatives of international community met in Almaty, 21-22 July
 - Preliminary World Bank risk assessment presented, discussed
- Decisions to:
 - Assess risks of regional “compound crisis”
 - Support governments in developing appropriate responses

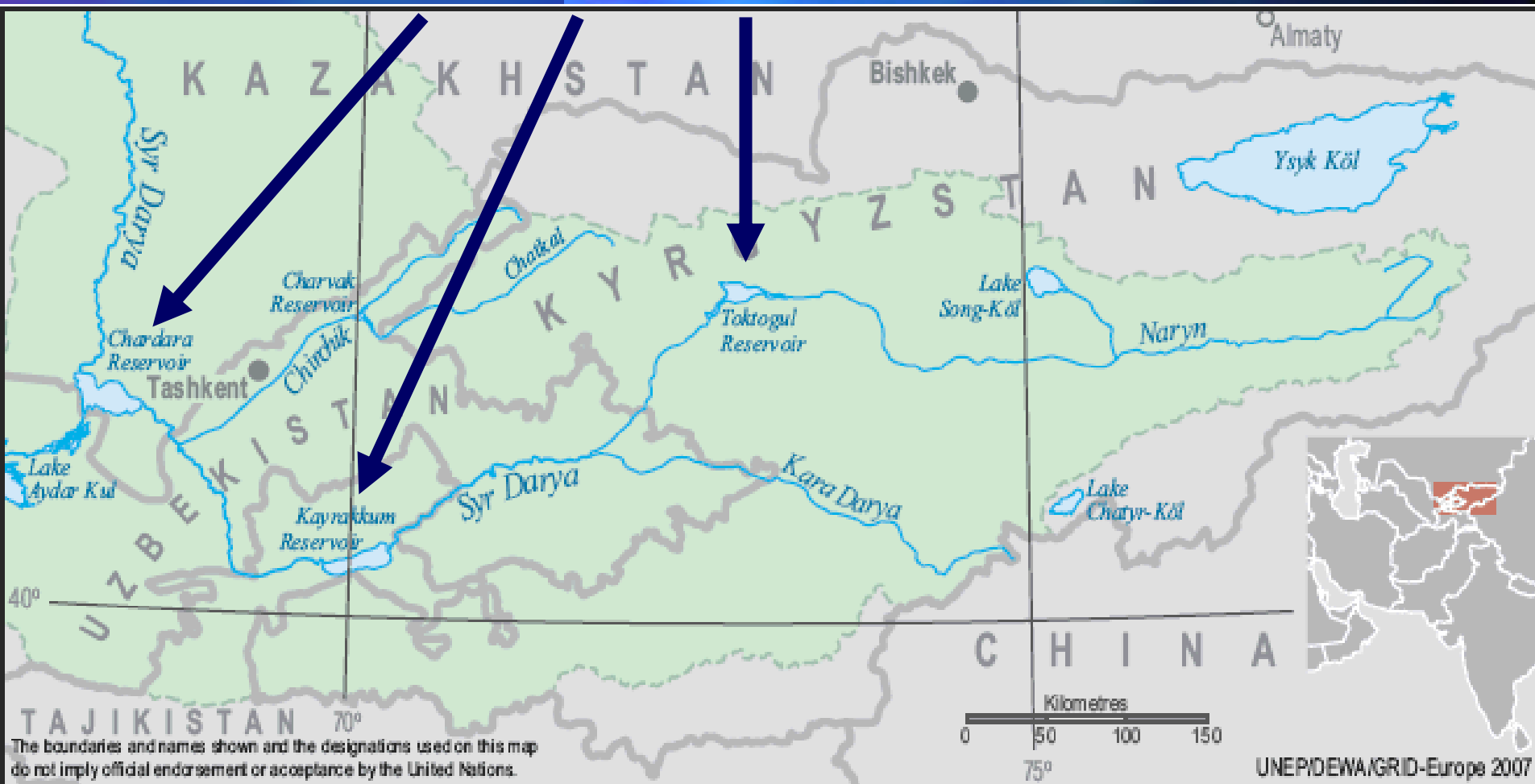
Risk assessment—Key elements:

- Complete initial World Bank assessment
- Identify:
 - “Lessons learned” from Tajikistan
 - Improve international community’s ability to help governments respond
 - Specific threats facing different countries
 - Better ways of combining humanitarian, development programming
- Assessment supported by:
 - DFID, USAID, UNDP (financially)
 - World Bank, others (in kind)

Bad news

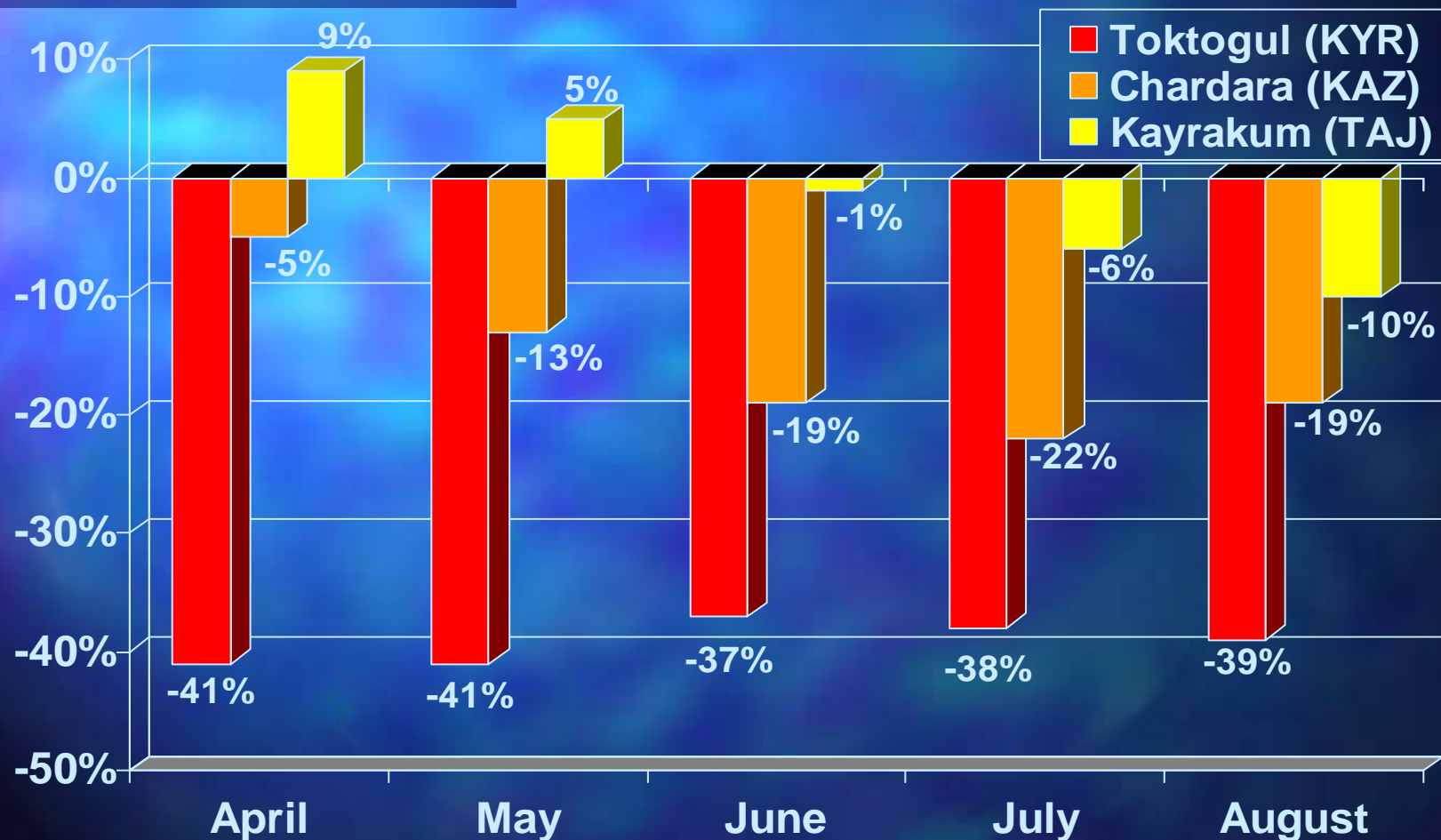
- Clear evidence of severe water shortages in Syr-Darya Basin
- Significant shortfalls in electricity supply in Tajikistan, Kyrgyzstan
- Worrying macroeconomic trends:
 - Higher inflation
 - Higher food, energy prices
 - Slowing growth

Key Syr-Darya basin reservoirs



Source: "Situation Analysis" (World Bank, Almaty, July 2008)

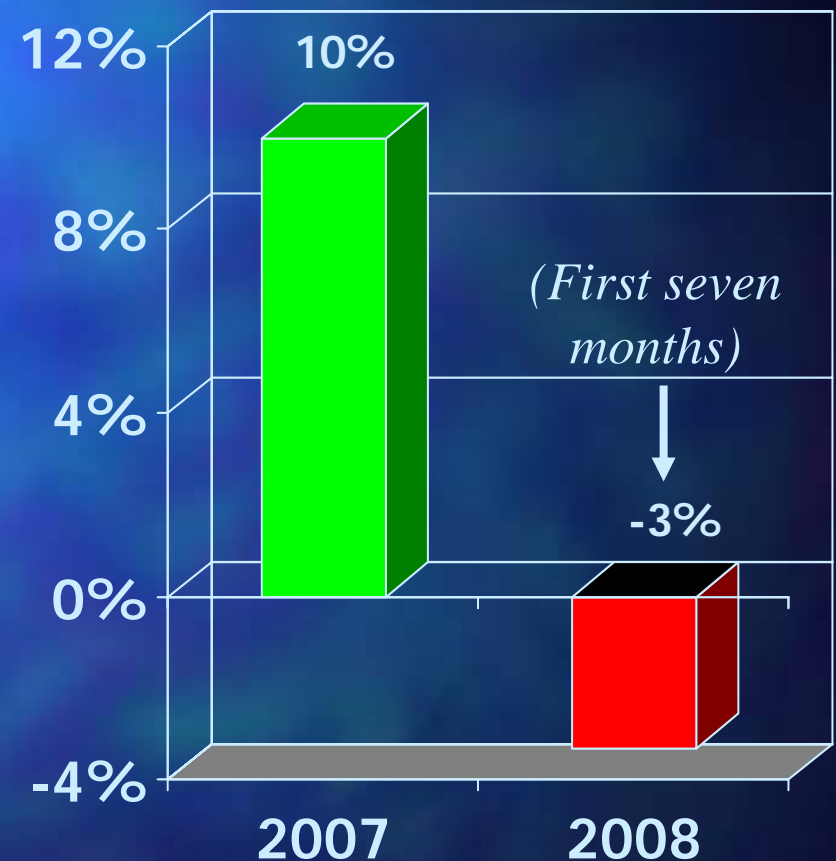
Water levels in Syr-Darya reservoirs falling . . .



2008 data, relative to monthly averages from 1991-2007. Source: SIC-ICWC, provided by Water Agency of Japan; UNDP calculations

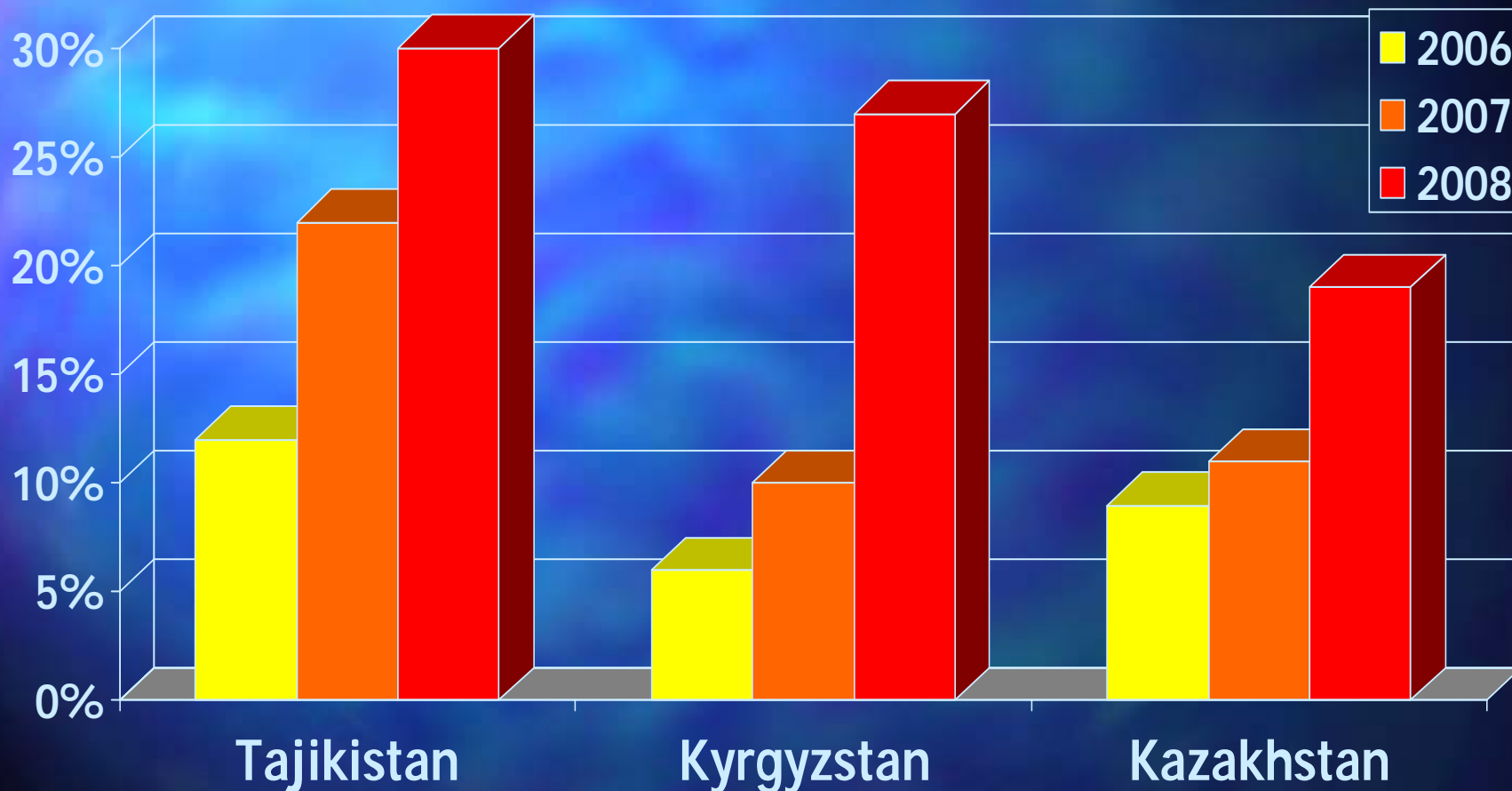
. . . As power cuts, energy prices hikes hit . . .

- Households, businesses in Tajikistan, Kyrgyzstan now facing power rationing, cut-offs
- Impact on Tajikistan:
 - Industrial production down 3.3% through July
 - Water tariffs double in June
 - Electricity tariffs up 20% this fall



*Tajikistan: Volume of industrial output.
Source: CIS Statistical Office*

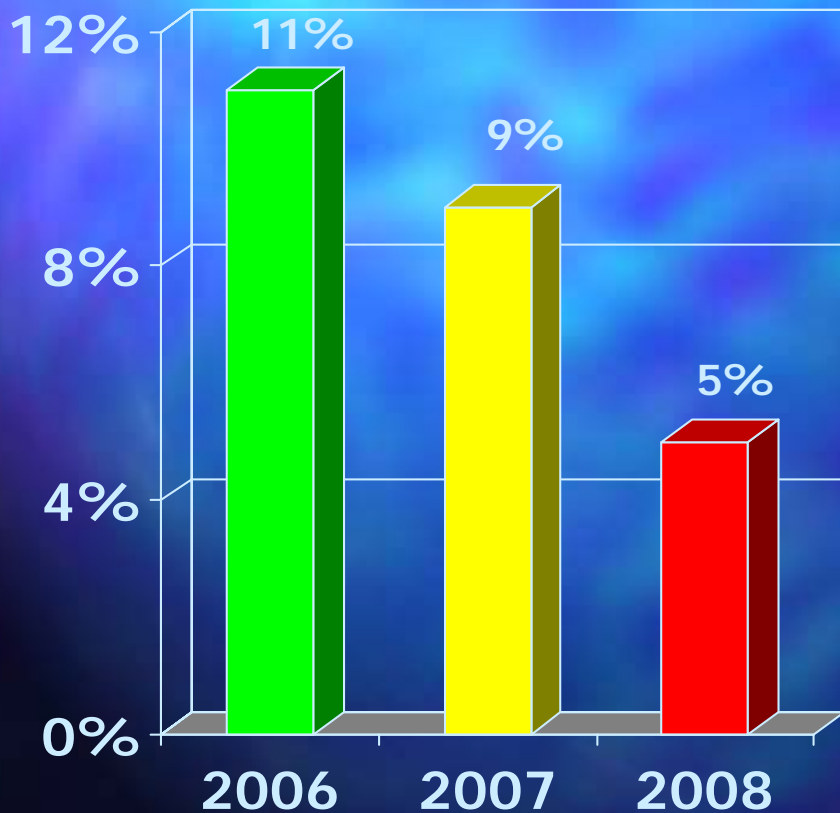
... And inflation accelerates



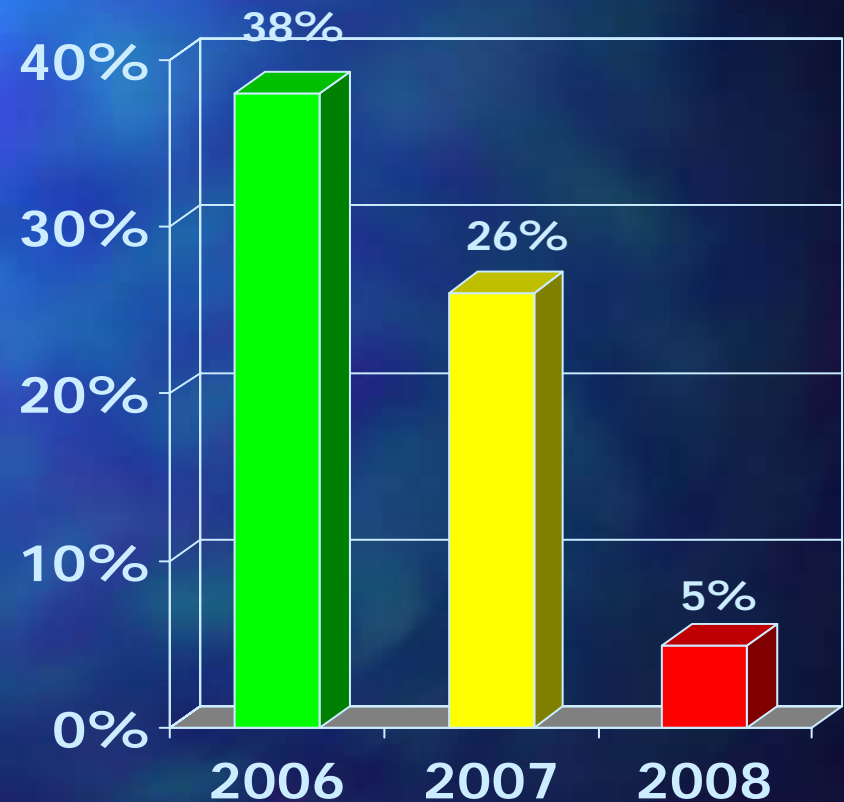
Average annual consumer price inflation rates (2008 data are for first seven months). Source: CIS Statistical Office

Knock-on effects from Kazakhstan?

Slowdown in GDP growth . . .



. . . And investment in housing construction



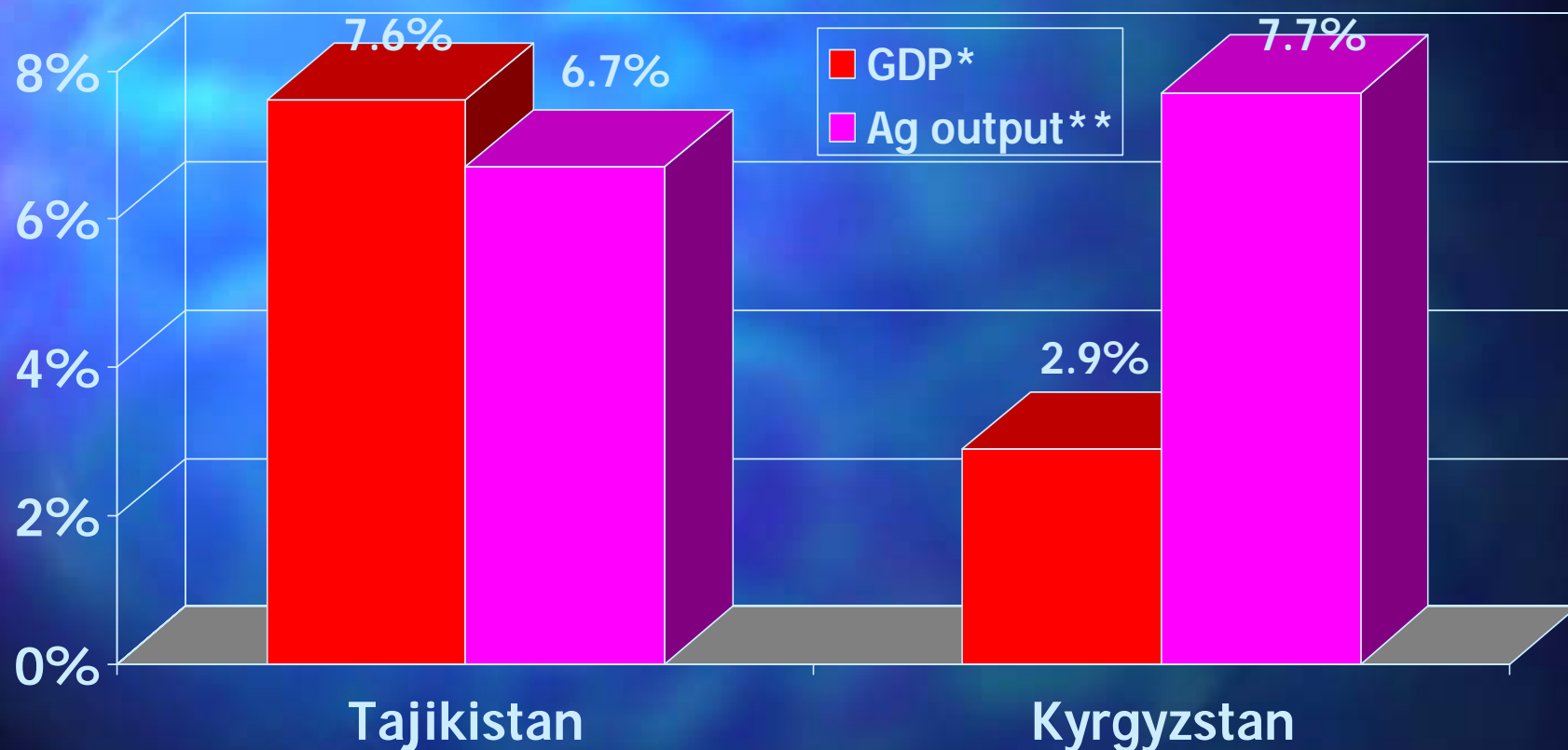
Source: National Statistical Office (2008 data are for H1)

Fortunately, there's also some good news

- Amu-Darya: Nurek water levels seem normal
- Growth seems to be holding in Tajikistan, Kyrgyzstan:
 - GDP
 - Agricultural output
- Higher food prices:
 - Are now moderating . . .
 - . . . Rural poverty reduction?
- Governments are responding
 - Fuel procurement, stockpiling
 - Energy sector rehabilitation



GDP, farm output growth holds up in 2008



Source: CIS Statistical Office

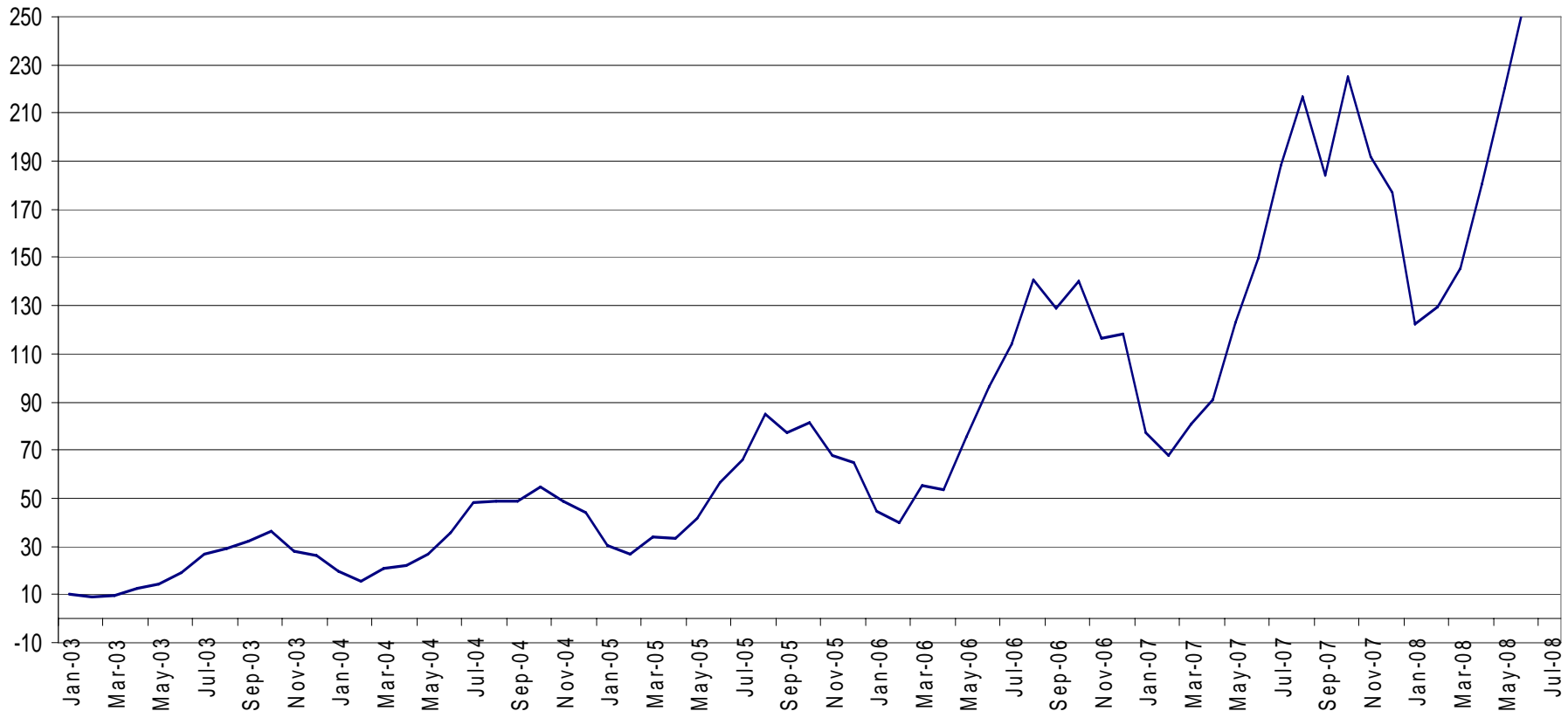
** For H1; ** For first seven months*

Remittances: Also holding up?

Tajikistan: Inflowing Remittances, 2003-2008 (in mln USD)

(IMF data, courtesy of UNDP Tajikistan)

Millions



Initial conclusions

- Bad news:
 - Severe water tensions in Syr-Darya basin
 - Electricity shortages in Tajikistan, Kyrgyzstan
 - Inflation rates are “too high for comfort”
- Good news:
 - Amu-Darya water tensions not (yet) so serious
 - No major consequences for growth
 - Governments are responding
- Is 2008 an exception?
 - Will this happen every year?

Next steps

- Problems are clear, effectiveness of responses are not
- UNDP consultants are working on response issues with
 - UN country teams, governments, international communities
 - Regionally
 - In Tajikistan, Kyrgyzstan
- Initial results expected mid-October

Большое спасибо!

