

**INCUBATORS OF CONFLICT:
CENTRAL ASIA'S LOCALISED POVERTY AND SOCIAL UNREST**

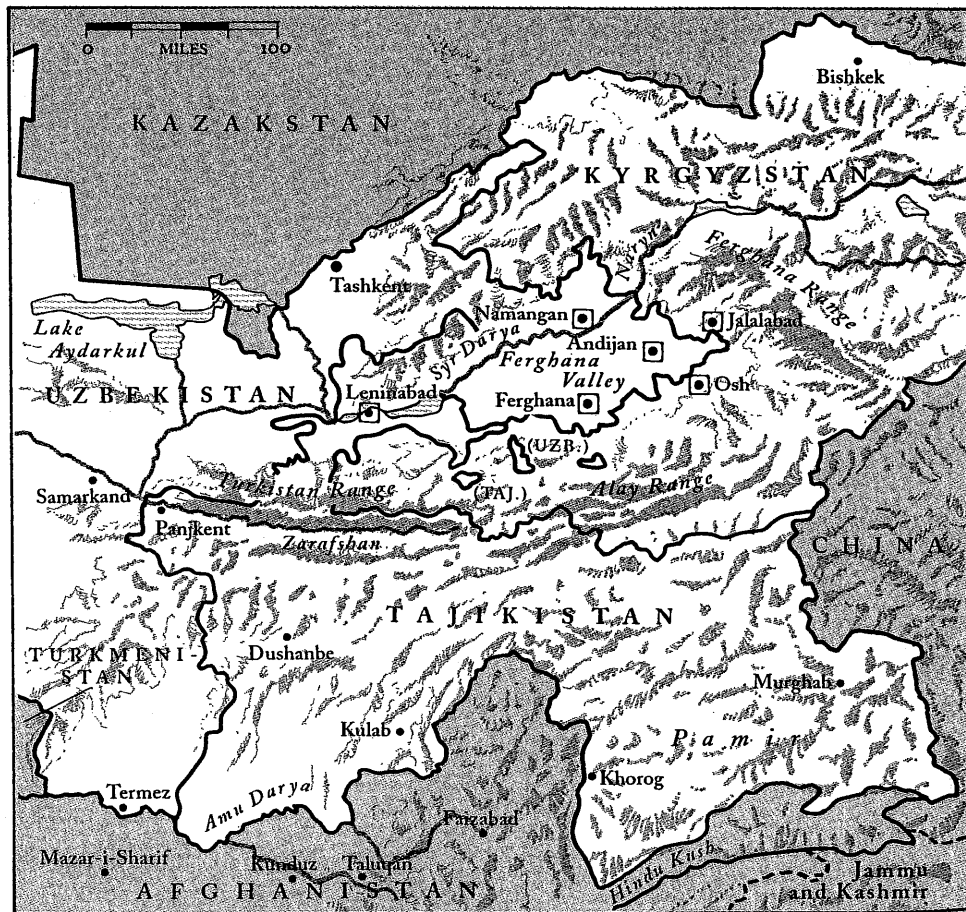
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CENTRAL ASIA

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EXECUTIVE SUMMARY

All the new Central Asian republics have weathered a catastrophic economic storm with the collapse of the Soviet economy and a subsequent array of shocks including exclusion from the rouble zone, disruptive privatisation processes, the drought of 2000 and tumbling world cotton prices. Each shows some signs of being able to improve its national economy, at least in some sectors, but one development clearly has the capacity to render all progress meaningless: in each country which is the focus of the ICG Central Asia Project — Kyrgyzstan, Tajikistan and Uzbekistan — there is a sharply growing disparity between the narrow elite, which benefits appreciably from privatisation and other market economic reforms, and the larger part of the population, which is being driven toward economic desperation.

Even more worrying, there are significant sub-regions and localities in each of these three countries where the situation is so dire for the vast majority of the population that patience is beginning to evaporate and unrest to grow sharply. While most Central Asians have been steadfastly passive in the face of post-Soviet upheaval, indications are increasing in some localities that a breaking point is near. If it is reached, spontaneous uprisings or organised underground political activity, increasing militancy, and a readiness to seek the overthrow of current regimes can all be anticipated. The most dangerous social force is a desperate population that has little to lose.

This report examines the deteriorating conditions affecting significant populations in specific localities across Kyrgyzstan, Tajikistan and Uzbekistan. One manifestation of the neglect of these localities by governments and international donors alike is the fact that it is hard to acquire adequate information about the severity of problems below the level of aggregate national statistics. ICG has culled from field research and available open sources a clear picture of just how bad things have become on a geographic scale that generally is beneath the radar of national and international policy makers.

The report links conditions in some of the worst affected localities and the likelihood that dire poverty — combined with despair and outrage over rampant corruption, repressive policies, and governments' failure to address local needs — could lead to outbreaks of localised unrest with the potential to spread into a wider regional conflict. Many parts of Central Asia are waiting for a spark to ignite them, thanks to a complex array of problems including the spread of underground Islamist activism, rebel incursions, tense ethnic relations, border frictions, geopolitical ambitions, and simmering disputes over land and water.

Four localities receive particular focus because of the severity of their problems: in Kyrgyzstan, Batken Province (the locus of recent militant incursions); in Tajikistan, the Garm Region and Badakhshan Province (remote mountain areas devastated by the Civil War and situated on one of the world's most significant drug trafficking routes); and in Uzbekistan, the Ferghana Valley region and particularly Namangan Province (one of the country's poorest regions despite a strong agricultural base and increasingly the focus of serious unrest).

The problems of such localities should take precedence for both national governments and international donors but they have been virtually absent from policy planning. Urgent measures are needed to combat the increasing probability that violent conflict will grow out of these localities.

RECOMMENDATIONS

To the National Governments of Kyrgyzstan, Tajikistan and Uzbekistan

1. Quickly formulate a coherent strategy for regional and local development with respect to the localities at risk and move just as quickly to fund and implement it.
2. Give local authorities the autonomy and resources to design, implement and seek international assistance for development initiatives tailored to the needs of localities at risk.
3. Cooperate closely with neighbouring governments to address the problems of transnational sub-regions, especially concerning drug trafficking, transportation routes and markets.
4. End restrictions on freedom of speech, political opposition, and the media, all of which are necessary vehicles for calling attention to local needs and building the social consensus required to solve local problems.
5. Support the efforts of civil society to generate healthy debate on social and economic policies to address the problems of localities at risk.

To Governments in Localities at Risk in Kyrgyzstan, Tajikistan and Uzbekistan

6. Don't wait for national policy mechanisms to address social and economic needs but rather be proactive and entrepreneurial.
7. Seize the initiative to guide international assistance to the projects which can best address the needs of localities at risk, taking advantage of emerging interest among donors in providing more funds for conflict prevention programs.
8. Create the conditions which allow communities to address their own needs, including by allowing development of self help organisations and facilitating access by local residents to credit and other resources needed to implement their own initiatives.

To Donors and International Organisations

9. Be constantly aware of the need to look beyond the perspective of the national capitals when devising assistance programs in Kyrgyzstan, Tajikistan and Uzbekistan.
10. When supporting a stronger regional security environment, make reduction of social pressures in localities prone to violent conflict a top priority.
11. Coordinate with each other and with national governments and regional institutions to develop consistent strategies targeted at the economic and social needs of localities at risk.
12. Shift funds from programs favouring the national capitals toward ones focused on localities at risk of violent conflict and seek implementation partners less in national governments and more in local governments, NGOs and community organisations.
13. Build links across borders to address regional problems, in the manner of the Central Asian University planned by the Aga Khan Development Network.
14. Establish and adhere to standards of transparency and accountability to ensure that aid does not feed corruption, thereby increasing economic disparities and social tension and leading to support for militancy.
15. Expand the UNDP conflict prevention project beyond the four pilot communities in Batken Province to localities most at risk elsewhere in southern Kyrgyzstan, Tajikistan and Uzbekistan.
16. Recognise the important role of Islam in Central Asian society and consider Islamic institutions, including local Islamic social institutions that have largely been shunned by the post-Soviet governments, as appropriate implementation partners.

Osh/Brussels, 8 June 2001



CENTRAL ASIA

INCUBATORS OF CONFLICT: CENTRAL ASIA'S LOCALISED POVERTY AND SOCIAL UNREST

I. INTRODUCTION

Poverty and economic distress are not likely causes of conflict in themselves. Combined with other social and political factors, however, the kind of severe economic crisis facing certain localities in Central Asia creates the volatile conditions in which a desperate population could resort to violence when prompted by acts of organized aggression or perceptions of inequity or injustice.

ICG's first report on Central Asia concluded that any new crisis in Kyrgyzstan, Tajikistan, or Uzbekistan is most likely initially to be localised and of a humanitarian nature.¹ But the report also found that there is a sufficient bedrock of grievance, insecurity, mistrust and perceived vulnerability in many parts of these countries that a localised incident — such as a riot, border clash or incursion of militants — could rapidly transform itself into widespread violence, domestic civil unrest, or even interstate military confrontation. This report outlines the seriously depressed economic and social conditions in selected localities of the three countries which have contributed significantly to popular disaffection with the national and local governments and to the potential for unrest. The report assesses the strategic significance of each locality and its prospects for social unrest and violent conflict. Selected localities in Kyrgyzstan, Tajikistan and Uzbekistan are treated in turn, followed by a general overview of the impact of national and local policies and of support from the international community.

The term hyperdepression describes the collapse of the economy in these localities. That collapse has been far more severe than what the major Western countries experienced in the Great Depression of 1929 when annual GDP declines ran at 10-15 per cent, and unemployment went above 25 per cent. For example, in Kyrgyzstan the share of the population below the poverty line in 1988 was 12 per cent. In 1994 it was an estimated 84 per cent.² Though the situation in Uzbekistan is significantly better, poverty is still as high as 47 per cent. In conditions of severe socio-economic stress, a large population of unemployed young men with no prospect of gainful employment and no access to land creates

¹ *Central Asia: Crisis Conditions in Three States*, ICG Asia Report, No. 7, 7 August 2000. All ICG reports can be viewed at: <http://www.crisisweb.org>.

² *Poverty in Transition* (New York: UNDP, 1998). The UNDP's figures for poverty in Kyrgyzstan in 1997 were lower, though still quite high at 66 per cent overall (85 per cent in rural areas), although this 'reduction' may stem chiefly from 'the new methodology that was applied to define poverty' (*Kyrgyzstan National Human Development Report 1999*, Bishkek: UNDP Kyrgyzstan, 1999, p. 35). The *Kyrgyzstan National Human Development Report 2000*, reported poverty at 79 per cent of the population (Bishkek: UNDP Kyrgyzstan, 2000), p. 31.

considerable potential for violence,³ especially where there are armed groups willing (as in Uzbekistan) or well-positioned (as in Tajikistan) to pursue violent overthrow of national governments. The economic situation in these three countries is likely to worsen further in connection with low cotton prices (the major export of Uzbekistan and Tajikistan), ongoing drought, and accumulated national debt. The next years will see even greater potential for outbreaks of violence than the recent past.

The national governments of the three states have not ignored their particularly depressed localities. Responses have covered a range of policy areas, including welfare arrangements, education, administrative reform, and language policy. Local governments, which have the primary responsibility for administering the national policies and for monitoring community conditions, are also aware of the issues. But the combined policy responses have been too little too late and are most unlikely to restore a sense of a 'social contract' between governments and citizens. The governments lack the vision, the personnel, and the resources to restore a sense of loyalty among their populations and therefore to prevent the rise of violent opposition. Current and prospective levels of international assistance cannot fill these gaps. The report makes specific recommendations for urgent and more comprehensive attention to these 'localities at risk'.

II. BACKGROUND

Independence for the former Soviet republics of Central Asia in 1991 brought economic catastrophe.⁴ The collapse of the USSR meant the end of direct budget support from Moscow.⁵ This affected most areas of civil administration and social security. Other effects of the collapse included a rapid end to the distribution system that carried imports and exports between the Soviet republics, a sharp decline in industrial production, and large-scale emigration of management and intellectual elites. Within one or two years, it became painfully obvious to the governments in Central Asia that the Commonwealth of Independent States (CIS) framework had little to offer their economies, though Tajikistan and Kazakhstan still seem to maintain some hope of benefit.

³ UN Ferghana Valley Development Programme, 'Socio-economic situation in Ferghana Valley.' Available at: <http://www.ferghana.elcat.kg/pe-soci.htm>.

⁴ For example, in Kyrgyzstan, in the six years from 1990 to 1996, GDP fell by 47 per cent; industrial output fell 61 per cent by volume; agricultural output fell by 35 per cent, and capital investment by 56 per cent. Uzbekistan suffered less, with GDP falling by 17 per cent, agricultural output by 23 per cent, and capital investment by 42 per cent. Surprisingly, industrial output actually increased slightly (by 5 per cent). See Umirserik Kasenov, 'Post-Soviet modernization in Central Asia: Realities and prospects,' in B. Rumer and S. Zhukov, eds.: *Central Asia: The Challenges of Independence* (Armonk, N.Y.: M. E. Sharpe, 1998), pp. 33-34.

⁵ For example, direct subsidies from the centre amounted to as much as 20 per cent of the GDP of Uzbekistan and 13 per cent in the case of Kyrgyzstan. Indirect subsidies were also significant, amounting to an additional 6.5 per cent of GDP for Uzbekistan and an additional 1.5 per cent of GDP for Kyrgyzstan in the case of their trade with Russia in 1991. See Boris Rumer and Stanislaw Zhukov, 'Broader parameters: Development in the twentieth century,' in B. Rumer and S. Zhukov, eds.: *Central Asia: The Challenges of Independence*, p. 64.

Kyrgyzstan and Tajikistan, with the poorest resources and the weakest infrastructure, suffered the sharpest economic decline. In Tajikistan, the economy was further decimated by civil war.⁶ Uzbekistan, a major cotton producer with generally a much stronger agricultural base as well significant gold and fossil fuel resources, did not suffer as badly but was still severely affected. Yet despite having the greatest economic potential, Uzbekistan has yet to implement key reforms such as currency convertibility. This has stifled direct foreign investment and impeded trade with its neighbours. The failure to reform recently prompted the IMF to declare its intention not to appoint a new representative to Uzbekistan, causing great concern for the government and diminishing the prospects of other international assistance.⁷

The collapse of the Soviet economy led to a massive restructuring of the economies of Central Asia, three features of which included a shift of employment from secondary industry to rural primary industries, a resulting de-industrialisation, and growth in the relative importance of the trade and services sector.⁸ The impact of the collapse of the centralised system was further aggravated by local actions. Industrial enterprises in the region had large reserves and could have stayed afloat longer had their resources not been sold off at dumping prices or pilfered by company managers.⁹

Outside the Soviet command economy framework, these republics did not have viable economies that could maintain even the relatively low standard of living to which people had become accustomed. Furthermore, the small size of each internal market prevents the emergence of a diversified and efficient economy in the absence of new international partners.¹⁰ These partnerships will be hard to establish due to inadequate transportation links with the outside world. The wealthier economies of Russia and China in principle might hold out some hope but in practice are of little help since the nearest territories — Western Siberia and Xinjiang respectively — are among the two countries' poorest and most isolated. The countries to the south (Afghanistan, Iran and Pakistan) have experienced such turmoil through the 1990s that they have not been able to offer any comfort as a source of long-term economic partnerships.

Since independence, each Central Asian state has followed a different path of economic and social development, according to its particular economic, social, and political conditions, but most Central Asian leaders were attracted by the Chinese model: a 'stable' authoritarian state with a liberal economy. The new states of Central Asia advocate cautious pragmatism in the transition to democracy, arguing that 'genuine democracy' needs a substantial economic base with a developed class of private property owners, and decentralisation of political power needs to proceed gradually. Even the most politically liberal country of the

⁶ Nancy Lubin and Barnett R. Rubin, *Calming the Ferghana Valley: Development and Dialogue in the Heart of Central Asia* (New York: Century Foundation Press, 1999), p. 141.

⁷ Gregory Gleason, 'Uzbekistan's monetary isolationism faces day of reckoning,' *EurasiaNet*, 9 April 2001. Available at: <http://www.eurasianet.org/departments/business/articles/eav040901.shtml>.

⁸ Kasenov, 'Post-Soviet modernization,' p. 35.

⁹ *Ibid.*, pp. 65-66. Indeed, the Central Asian economic catastrophe also had its roots in local developments as early as the 1970s, which included low rates of rural-to-urban labour mobility, reduced labour recruitment, and declining rates of labour productivity. Significant outward migration of skilled labour (mainly Russian speakers) had already begun by the mid-1980s.

¹⁰ This applies particularly to Tajikistan and Kyrgyzstan. Uzbekistan, as the most populous country, has better prospects.

region, Kyrgyzstan, has increasingly favoured a strengthened role for the state in order to maintain control over political and economic transformation. Many Central Asians view Russia's constitutional crises and deteriorating living conditions as proof of the negative potential of reform and the risks of democratisation.¹¹

Privatisation in Central Asia has not produced the expected results, as successful enterprises have been transferred to a narrow, powerful elite. Businessmen in the region frequently complain that officials and bureaucracies are unsympathetic to the development of an entrepreneurial spirit and that continuous government intervention makes the life of private firms extremely difficult.¹² Growing disparities of income and wealth have introduced serious social tensions as the gap between average monthly wages and the minimum that is necessary to live on continues to widen. The Central Asians are among the countries with the widest economic disparities of any in Eastern Europe and the former Soviet Union. These negative economic processes grow out of — and in turn, further reinforce — corruption among the political elite, arbitrary behaviour by representatives of state institutions, and especially of law enforcement bodies, and the consolidation of economic wealth and power in ruling families.

Foreign investment could play a major role in the economic development of Central Asian states and their integration into the world market, but isolation from major international routes and ports and the growing potential for political instability have deterred most investors. The hope of some countries that the mining and processing of natural resources might help them escape their problems at the national level cannot have much positive impact on the localities at risk, even in the medium term. As *The New York Times* observed about the Central Asian countries with oil reserves: 'all are crippled by spectacular corruption and a rapidly expanding gap between rich and poor. None has passed laws to ensure that some of their expected oil wealth reach their poor and expectant masses.'¹³

The economic impact of independence and the ensuing political and social changes has been uneven not only in particular localities, but also in regard to particular social groups. Women have suffered in many parts of the region due to the rapid rise in unemployment and the attitude that they should not displace men in the workforce but instead should stay in the home. Consequently many women have lost the capacity to earn an independent income, which was sometimes the sole income of the family. In some rural areas, there has been an opposing tendency, as men lose their semi-skilled jobs while women, who have always carried the main burden in manual agricultural labour, become the economic mainstay of the household. Where drug trafficking is prevalent, women have also been drawn into the role of couriers as they pass through border controls more readily than men.

¹¹ Mahir Babaev, 'Transition in Central Asia: Role of the EBRD,' in Mehdi Mozaffari, ed.: *Security Politics in the Commonwealth of Independent States: The Southern Belt* (New York: St. Martin's Press, 1997), p. 194.

¹² John Anderson, *The International Politics of Central Asia* (Manchester, Eng.: Manchester University Press, 1997), p. 123.

¹³ Amos Perlmutter, 'The new great game over oil in Asia', *The Washington Times*, 5 May 2000, citing *The New York Times*, 15 November 1999.

Young people have also suffered particularly. The quality of education in many areas has plummeted, and jobs and land have become critically scarce. At the same time, high birth rates have resulted in situations where young people comprise by far the largest segment of the population. Lacking opportunities and a firm social framework, they become a wildcard, readily attracted to popular movements and mobilised for political action.

The underground Islamist political movement *Hizb ut-Tahrir* (Party of Liberation) shows how social discontent can be transformed into a growing opposition force against governments associated with corruption and inequality. In protest against overwhelming corruption in state structures, severe restrictions on civil society, disregard for basic individual rights, and growing impoverishment, tens of thousands have joined, particularly in the Ferghana Valley of Uzbekistan and neighbouring states.¹⁴ Journalist Vladimir Davlatov, in recent interviews conducted in the Ferghana Valley region of Tajikistan, explored the basis of local support for Hizb ut-Tahrir. He cited Qurbonali Muhabatov, a prosecutor in Tajikistan's Söghd Province, as indicating that Hizb ut-Tahrir appeals particularly to the young and unemployed, adding that 'members of the party also see it as their duty to address what they see as a moral deterioration in the fabric of society which, they think, governments have failed to address.' One Hizb ut-Tahrir activist who was arrested earlier this year in Söghd Province on suspicion of setting up a network of supporters noted further, 'The authorities are not able to tackle such problems as declining moral values, increasing divorce rates, prostitution, drugs and the spread of AIDS.' Hizb ut-Tahrir leaflets accuse the Government of Tajikistan of human rights violations and hold it responsible for the death of one individual who was detained without charge.¹⁵ This and other movements play extensively on the sense among the population that the governments are acting in their own interests, while fostering injustice and inequity.

III. SOCIAL AND ECONOMIC CONDITIONS IN SELECTED LOCALITIES

Many of the localities at risk reveal a similar pattern of deprivation and suffering. Nevertheless, they are discussed separately both to emphasise that solutions will need to be local as much as national, and because some represent different sorts of risk of violent conflict. This section outlines the social and economic condition of each locality to the extent that public sources allow some statistical measurement.¹⁶ The statistical picture is fleshed out with information drawn from research experience on the ground. Discussion of each locality relates its social and economic conditions specifically to the risk of violent conflict, referring to trends in public unrest in the area.

¹⁴ See: *Central Asia: Islamist Mobilisation and Regional Security*, ICG Asia Report, No. 14, 1 March 2001.

¹⁵ Vladimir Davlatov, 'Tajik radicals brought to trial,' *Reporting Central Asia*, No. 36, Institute for War and Peace Reporting, 16 January 2001.

¹⁶ The main measures we looked for included poverty levels, food consumption patterns, birth and death rates, marriage rates, levels of education, hospitalisation rates, availability of medical care, crime rates, levels of government expenditure on education, health and welfare, local business activity and economic productivity, unemployment levels, income levels, and similar indicators.

In examining localities, the unit of analysis is most often the province, since social and economic data are often available on that level — although this is not consistent. Just as provincial data can give a much grimmer picture than national data, there is also often a substantial disparity between poorer and richer regions within the provinces examined. The levels of poverty and economic hyperdepression in some smaller localities are even worse than the very bad situation sketched by provincial data.

A. Kyrgyzstan: Batken

Batken Province suffers the worst social and economic conditions in Kyrgyzstan. In 1999 and again in 2000, Batken was also the victim of militant incursions by rebels of the Islamic Movement of Uzbekistan trying to make their way from Tajikistan across Kyrgyzstan into the Uzbek territories of the Ferghana Valley.¹⁷

Located in southwest Kyrgyzstan, Batken Province is the most economically underdeveloped region in the country and the most vulnerable to violent conflict.¹⁸ The province, with its administrative centre in the town of Batken, became a separate administrative unit only in October 1999, when it was split from Osh Province following the first Islamist incursions. This change was justified as a measure to increase state attention to the region's problems, which had been neglected within the larger province. It was seen as a means to diminish any tendency for social and economic depression there to lead to support for anti-government violence.

Southern Kyrgyzstan had already witnessed serious violent conflicts prior to independence, in 1989-90.¹⁹ More recently, the Islamic Movement of Uzbekistan (IMU) made minor incursions into Batken Province in 1999 and 2000, displacing about 5,000 people as internal refugees and putting additional strain on social support systems. A larger rebel incursion is widely expected for the summer or autumn of this year.²⁰

Batken Province is situated in the Ferghana Valley, which also includes two other provinces of Kyrgyzstan (Jalalabad and Osh), Soghd Province of Tajikistan, and Ferghana, Namangan and Andijan Provinces of Uzbekistan. The province is home to about eight per cent (383,000) of the country's population (4.8 million), living predominantly in mountainous rural areas, and has an area of 18,000 sq km. It is

¹⁷ For details, see ICG Briefing, *Recent Violence in Central Asia: Causes and Consequences*, 18 October 2000.

¹⁸ Detailed data on the social and economic indicators for the province have been published and analysed in a September 2000 study by the UNDP's Preventive Development Centre based in Batken. Much of the background material in this section is drawn from that report. See 'Village Level Early Warning Report,' UNDP Kyrgyzstan, Preventive Development in the South of Kyrgyzstan, September 2000.

¹⁹ In 1989, for example, tensions over access to water resulted in a violent conflict in which several people were killed and injured in the village of Samarkandik, close to Varukh, an enclave of Tajikistan's territory within Kyrgyzstan. In 1990, a larger confrontation grew out of a dispute over land in short supply and led to intense fighting between Kyrgyz and Uzbek communities in the areas of Osh, Uzgen and, to a lesser extent, Jalalabad. According to official statistics, a total of 300 people were killed and over 1,000 wounded; more than 5,000 crimes were committed, hundreds of houses were destroyed and mass rapes also occurred. According to unofficial sources reported by the UNDP/Kyrgyzstan, Preventive Development in the South of Kyrgyzstan, 'Village Level Early Warning Report,' more than 1,000 people were actually killed.

²⁰ 'Kyrgyz security officials believe new Islamist incursion imminent,' *RFE/RL Newslines*, 29 March 2001.

subject to harsh climatic extremes, with very hot summers (up to 50°C) and cold winters (down to -15°C).

Batken has an extremely complex political geography with numerous border crossings and an 'archipelago' of three major and some minor territorial enclaves that belong to neighbouring Uzbekistan and Tajikistan. Links to other provinces or countries are hindered by poor roads and border crossings, including the need to cross territorial enclaves. Even between major towns it is often impossible to travel faster than 20-50 km per hour due to poor road conditions. From the town of Batken, the nearest major city in Kyrgyzstan, Osh, is more distant (250 km) than major cities in Tajikistan (Khujand, 130 km) and Uzbekistan (Qoqand, 140 km). Hence the normal flow of goods and people, even within country, is dependent upon interstate political relations and border tensions. Sections of the border between Batken Province and Uzbekistan have been fortified and even mined, and the small number of officially operating border crossings are often closed unpredictably. Kyrgyzstan also plans to install new control points and fences on its border with Tajikistan.

Due to neglect during the Soviet era, the areas that now make up Batken Province were left with minimal economic and political resources after the break up of the USSR, despite the presence of several industrial plants. The principal sources of income in the province are farming and cattle herding, and the main products are apricots, tobacco, wool, leather and dairy products. Many important household items are not available on the local market. Other essential goods, such as pesticides, certain fertilizers, spare parts and medicines are almost impossible to find. Mining and metal industries were developed during the Soviet era, but these are working at a fraction of their previous capacity due to flawed privatisation, lack of investment and the industries' inability to compete on the world market. According to official statistics, the province has 1,200 industrial enterprises, but many are saddled with obsolete technology and plagued by supply shortages and the lack of a market due to the collapse of Soviet-era distribution networks. Batken Province's share of national industrial production is 2.5 per cent,²¹ while the cumulative losses of large enterprises stood at 160 million söms by 1999.²²

According to unofficial estimates, the unemployment rate ranges from 50 to 80 per cent in parts of the province. NGO sources in Batken report that 95 per cent of high school graduates cannot find employment. Batken has the highest birth rate in the country (3.4 per cent in 1998).²³ More than 60 per cent of the province's population says it doesn't get enough to eat, and an even larger part sees this as a cause of social tensions.²⁴ Many of those living on the meagre state salaries are paid several months late. An assessment of social tensions

²¹ *Vechernyi Bishkek* (Bishkek), 16 October 2000, p. 3.

²² National Statistical Committee of the Kyrgyz Republic, 'Kyrgyzstan in figures,' Bishkek, 2000 (söm: Kyrgyz national currency, U.S.\$1.00 = 49.4 söms).

²³ UNDP Kyrgyzstan, 'Preventive Development in the South of Kyrgyzstan: The Batken Crisis and Beyond.' Bishkek, 2000. Available online at: <http://www.undp.kg/english/batken.html>

²⁴ The UNDP Kyrgyzstan project on Preventive Development in the South of Kyrgyzstan organized a Preventive Development Forum on 6 February 2001, reporting some of the early results of the project. The project's Vulnerability Assessment Team interviewed people of various social and ethnic groups in four communities in the province. According to their findings, of 384 residents surveyed, only 1.7 per cent of respondents eat three meals a day; 62.2 per cent of interviewees felt their nutrition level was insufficient; and 97.2 per cent believed the lack of food is a major cause for increased social tensions.

conducted in the province by the UNDP in 2000 showed that lack of food, growing unemployment and poverty, increased drug addiction, and corruption and bribery in the state structure are the factors which most negatively affect the socio-economic situation and overall stability in Batken.²⁵

A deeper sense of the despair felt in certain localities can be observed through other socio-economic data on the province compiled by UNDP. There are 26,000 residents in the municipality (*ayil ökmötü*) of Üch-Korgon. In some 73 per cent of its households no one is employed, although many do have access to plots of land on which they grow produce for their own consumption or sale on local markets. Some 98 per cent of all residents of Üch-Korgon, because they receive no wages, consider themselves unemployed, even though many have some form of official employment. As previously mentioned, about 62 per cent of residents consider their nutrition insufficient. These socio-economic pressures often have an ethnic dimension as well. For example, residents of this municipality who formerly worked in a factory in the town of Quvasay in neighbouring Uzbekistan were fired because of their citizenship; among those who appealed for land from the local authorities of Üch-Korgon, those who were Kyrgyz were given land whereas the ethnic Uzbeks often were not.²⁶ Furthermore, in Üch-Korgon, ethnic Kyrgyz on average have larger plots than members of other groups.²⁷

These conditions have led to unrest. When the incursions have occurred over the past two years, the insurgents have found support among the local population of Batken. These are mainly Kyrgyz villagers in remote areas, who are not particularly disposed to Islamism or militancy, but who appreciate that the fighters have treated them fairly and paid them well for food, unlike the remote government they identify with disinterest and corruption. The local authorities have developed contingency plans to forcibly relocate people identified as inclined to be disloyal in the event of new incursions. Such a forced relocation would undoubtedly further amplify discontent.

B. Tajikistan: Badakhshan and Gharm

Situated in the remote southeast of Soviet Central Asia on high-mountain borders with Afghanistan and China, Tajikistan was the poorest Soviet republic. The territory is 93 per cent mountainous, and the main populated areas are in the valley areas of the north and southwest. With the fastest-growing population in the USSR, Tajikistan suffered from population pressure and high unemployment even in the Soviet era.²⁸ The process of structural social and economic reform, which began in the late 1980s as part of Perestroika, was soon interrupted by the Civil War (1992-97). Because of the sharp economic contraction which followed independence, the government has been unable to provide many basic social services, and the estimated rate of poverty climbed to 83 per cent.²⁹ Although the overall political and economic situation has stabilized somewhat since the Peace Accord in 1997, living conditions were again dealt a severe blow with the

²⁵ ICG interview, Batken, February 2001.

²⁶ ICG interview with a local official, Batken, April 2001.

²⁷ 'Village Level Early Warning Report,' UNDP Kyrgyzstan.

²⁸ Richard Pomfret, *The Economies of Central Asia* (Princeton, N.J.: Princeton University Press, 1995), p. 98.

²⁹ *Asian Development Outlook* (Oxford/New York: Asian Development Bank, 2001), Available at: <http://www.adb.org/Documents/Books/ADO/2001/taj.asp>.

Russian financial crisis and the deterioration in Tajikistan's terms of trade in 1998-99. The Mountain-Badakhshan Autonomous Province³⁰ and Gharm region are situated in some of the less productive parts of Tajikistan. Both suffer from acute poverty and extremely high unemployment rates.

Badakhshan

The largest province in Tajikistan, Badakhshan borders on China in the east, Kyrgyzstan in the north, and Afghanistan in the south. Situated around the Pamir Mountains, which are some of the highest in Eurasia, this province is the poorest and most inaccessible part of the country. Its population is generally referred to as the Pamiris, an aggregate term which encompasses a number of groups speaking separate languages. The Pamiris are predominantly adherents of Nizari Isma'ilism.³¹ During Soviet times, Badakhshan was highly dependent on the centralized distribution network and was relatively well supplied due to its strategic importance. The province accounts for 45 per cent of Tajikistan's total territory (64,000 sq km) but just over 3 per cent of its population (203,500 in 2000).³²

Agriculture is the mainstay of the economy in Badakhshan as in Tajikistan generally. Farms produce rice, wheat, barley, legumes, grapes, fruits, and nuts. Livestock breeding also is important. Agricultural methods are largely unmechanised and production is insufficient for domestic food needs. Aside from agriculture, the most important economic activity is the generation of hydroelectric power. Badakhshan is rich in silver, gold, rubies and lapis-lazuli (a semi-precious stone), but exploitation of these natural resources is not cost effective due to lack of communications and industrial infrastructure. According to one scholar, in the past only 1.8 per cent of the Government of Tajikistan's annual capital investment was directed to Badakhshan.³³

In 1999, Badakhshan's official unemployment rate was 11.5 per cent, four times higher than the national average. However, because Tajikistan has been reluctant to acknowledge true unemployment levels, and there are few incentives for the unemployed to officially register, the real level is generally considered to be much higher. According to official statistics for 1999, the unemployment level in Tajikistan as a whole was only 3.2 per cent, but the World Bank estimates it to be closer to 30 per cent.³⁴ Zulfiya Safarmamadova, head of the Humanitarian Programme of Mountain Societies Development Support Programme of the Aga Khan Foundation, told ICG that the most pressing socio-economic problem in

³⁰ The Mountain-Badakhshan Autonomous Province, also referred to by its Russian acronym GBAO (*Gorno-Badakhshanskaia avtonomnaia oblast*), is commonly known as Badakhshan — the term which will be used here for brevity.

³¹ Isma'ilism is a branch of Shi'ism, making the main Pamiri population religiously distinct from the main Sunni population of Central Asia. Though officially classified as Tajiks, the Pamiris include a number of distinct identities and mutually incomprehensible languages which are somewhat distantly related to Tajik (Persian).

³² *Tajikistan Human Development Report 1999* (Dushanbe: UNDP Tajikistan, 1999), Chapter 1. Available at: <http://www.undp.tj/publications/NHDR/nhdr99chap1.htm>; 'Tajikistan grapples with unemployment,' *RFE/RL Newslines*, 18 October 2000.

³³ Aziz Niyazi, 'Tadzhikistan: Regional'nye aspekty konflikta,' in A. Malashenko, B. Coppieters, and D. Trenin, eds.: *Tsentralnaya Aziya i Kavkaz* (Moskva: Ves Mir, 1997), p. 59. Available at: <http://pubs.carnegie.ru/CRS/publi/etni-1/niayzi.htm>.

³⁴ *Tajikistan Human Development Report 1999*.

Badakhshan is unemployment: 'Unemployment forces our men to leave their homes and move to other regions of the country, to within Central Asia, or to Russia. Today we have the gender balance of one man per eight women, and many young men use drugs because of lack of vision of a better life.' The average salary in Badakhshan is U.S.\$3-5 per month, and people often have to wait for several months to receive even these wages.

Badakhshan's harsh climate and geography make agricultural production very difficult. In some areas the soil is fertile, allowing good crops to grow, but in others it is severely damaged or useless for farming. Most food items are imported from neighbouring regions of the country and are expensive for local inhabitants. For instance, in Kharugh,³⁵ the capital, the prices in January 2001 were: U.S.\$0.50 for a kilogram of flour, U.S.\$1.80 for a kilogram of potatoes, and U.S.\$1.10 for a kilogram of beef. In the national capital, Dushanbe, the prices were \$0.30, \$1.00 and \$0.80, respectively.

The Civil War exhausted most of the region's economic and material resources, and today people are left with little or nothing. Whereas previously the region had been well supplied from Moscow, during the Civil War even local distribution networks were essentially cut off. A local political commentator told ICG, 'The Republic-level administration has not played much role in the region's economic and social life. We have been able to survive only thanks to UN agencies, the Aga Khan Foundation and a few other international organisations.'³⁶

The border between Badakhshan and Afghanistan is impossible to control. As a result, the area serves as one of the major routes for the drug trade, which passes from Afghanistan through Badakhshan to Osh, Kyrgyzstan, and on to Russia. While drug trafficking does not produce much prosperity in the local communities, it does offer a minor source of income for some ordinary people when other sources are completely absent. Women, in particular, have been drawn into work as small time drug couriers. The trade also carries with it an array of social problems ranging from corruption and addiction to the spread of disease. One source reported to ICG that for most of the years since independence, the central government has abandoned the region. Criminal business provided one of the only ways to survive in the difficult war conditions. The source warned that conditions would become even more difficult in Badakhshan if the government continued to neglect economic development.³⁷

Many local farmers complain that agriculture in Badakhshan will never be able to supply the region adequately due to land scarcity. Families often have five or six children per household, while possessing only about 0.3 hectares of land. The absence of tractors, agricultural equipment and fertilizers further reduces the effective use of land. According to the Humanitarian Programme of the Mountain Societies Development Support Programme of the Aga Khan Foundation (AKF), in 1999 Badakhshan produced 33 per cent more wheat, 22 per cent more potatoes and 15 per cent more vegetables than in the previous year. But as the AKF maintains, food security is still a major problem.³⁸

³⁵ Known in Russian as Khorog.

³⁶ ICG interviews, 27 February 2001, conducted in Osh with residents of Kharugh.

³⁷ ICG interview, 28 February 2001, with a resident of Kharugh.

³⁸ 1999 Annual Report, The Humanitarian Programme of Mountain Societies Development Support Programme, Aga Khan Foundation.

The Tajik National News Agency 'Khovar' has reported that more than half of Badakhshan's children are malnourished; 73 per cent of children aged between six and twelve suffer from lack of iodine; and 97 per cent of married women and almost 90 per cent of pregnant women have anaemia. The occurrence of night blindness, bleeding gums and rickets is very high among children under five due to nutrient deficiencies.³⁹

Even during Soviet times there was a certain level of tension between Badakhshanis and the central government. This received its clearest expression in the formation of the political movement 'Lali Badakhshan' (Ruby of Badakhshan), which objected to what it saw as Dushanbe's exploitation and sought political autonomy within Tajikistan. This movement, along with many from among the population of the region, was aligned against the Communist group which gained control of Dushanbe during the civil war. Opposition combatants sought refuge in this mountainous region or passed through to Afghanistan. Thus Badakhshan was cut off from the rest of Tajikistan through most of the civil war and acquired de facto autonomy. Outside of Badakhshan, Pamiris were targeted for killings, and they were driven out of their apartments in Dushanbe. Since the Peace Accord, calls for Badakhshan's political autonomy have not widely re-emerged, and any expression of political discontent is tempered by the recognition of the region's vulnerability. The Aga Khan, as leader of the Isma`ili group predominant in Badakhshan, has sought to promote reconciliation within Tajikistan. For now, the hard-pressed population of Badakhshan is refraining from violence.

Gharm

Gharm, in the east-central part of Tajikistan, borders Badakhshan on the south and east and Kyrgyzstan on the north. The region is not an administrative unit per se, nor is it contained within one of Tajikistan's four provinces — rather, it is an informal term applied to the eastern districts of what are known as the 'Districts Subordinated to the Republic' (*Raiony respublikanskogo podchineniia*), which comprise such populated mountain valley areas as Tavildara, Qarategin (including the town and district of Gharm), and Jirgatal.

More than 95 per cent of the residents of the Gharm region live in rural areas. During Tajikistan's civil war, the population provided some of the strongest support for the Islamic Renaissance Party and other elements of the United Tajik Opposition (UTO). The most severe and prolonged fighting of the war occurred in parts of Gharm, particularly in Tavildara (located on the road from Dushanbe to Badakhshan). Until the signing of the 1997 Peace Accord, the region was largely a no-go area for providers of international assistance, and most economic activity ground to a halt. The area has remained unstable and receives minimal support from the government. A number of districts in Gharm are still under the administrative control of UTO field commanders rather than civil administrators appointed by the national government.⁴⁰

³⁹ Tajik National News Agency Khovar, 30 November 2000.

⁴⁰ 'United Nations Consolidated Inter-Agency Appeal for Tajikistan: January - December 1999,' (New York: United Nations, December 1998), p. v.

Thanks to a relatively mild climate and rich water resources, Gharm's inhabitants are able to grow vegetables, fruits, and cereals. They also rely heavily on animal husbandry. However, last year the region was severely affected by a drought, said to be the worst in over 70 years. Local authorities say that they will need imported wheat, seed-potatoes and fertilizers to be able to produce enough crops to feed the region's population. The United Nations has launched an urgent aid appeal for Tajikistan's drought affected regions.⁴¹

Gharm's strategic position has made it a focus of new tensions as a result of the Islamic Movement of Uzbekistan's incursions into southern Kyrgyzstan in 1999-2000. The IMU's forces are believed to maintain bases of operation in the Gharm region from which they are suspected of having launched their attacks into Kyrgyzstan. Gharm also still faces violence from unresolved tensions over power sharing that resulted in the assassination of a civilian district administrator on 3 June 2000.⁴² The future economic development of Gharm region will depend on political and security developments in Afghanistan and within Tajikistan itself.

C. Uzbekistan: The Ferghana Valley

This section focuses on the Ferghana Valley, a broader geographical entity encompassing three of Uzbekistan's most populous provinces.⁴³ Localities there are the most at risk of violence in Uzbekistan due to a complex array of social and economic pressures. Transport links with Tashkent and the rest of the country are problematic as routes either cross the territory of neighbouring countries or traverse difficult mountain passes. Neighbouring territories in Kyrgyzstan and Tajikistan are extremely poor and were formerly highly dependent on trade and other interactions with the heart of the valley in Uzbekistan.

The 1999-2000 rebel incursions were focused in particular on this region. A group of insurgents made its way along the perimeter of the valley on the territory of Kyrgyzstan, from where they proceeded into Uzbekistan, to within 80 km of Tashkent, and disrupted transport connections over the pass between Tashkent and the Ferghana Valley. As a consequence of these incursions, Uzbekistan has severely restricted movement in and out of the region, with numerous roadblocks controlling traffic even within the country, and has laid landmines along undemarcated sections of its borders with Tajikistan and Kyrgyzstan.

The greatest attention is given here to Namangan Province, in the north of the Ferghana Valley. While economic stress and the potential for unrest are comparable across the valley, Namangan is noteworthy as the locus of the first Islamist uprising in post-Soviet Uzbekistan, in 1991. That event brought to prominence Tahir Yuldash and Juma Namangani, who have since become, respectively, the ideological and military leaders of the Islamic Movement of Uzbekistan (IMU), the group behind the 1999-2000 incursions. Despite an

⁴¹ 'Tajikistan drought continues,' *BBC News* (online), 12 January 2001. Available at: http://news.bbc.co.uk/hi/english/world/asia-pacific/newsid_1114000/1114764.stm.

⁴² *Asia-Plus Blitz* (Dushanbe), No. 104 (517), 5 June 2000.

⁴³ The economic and social stresses in the Ferghana Valley have been relatively well studied in the report of the Council on Foreign Relations' Ferghana Valley mission, though four years have passed since that mission was undertaken (see Nancy Lubin and Barnett Rubin, *Calming the Ferghana Valley...*).

extensive government crackdown on unofficial Islamic activities in this area, a recent source put the number of unauthorised imams in the city of Namangan at 1,181.⁴⁴

The Ferghana Valley's population is approximately six million, and it is home to four of the country's largest cities: Namangan, Andijan, Ferghana and Qoqand. The Valley contains 37 per cent of the country's arable land, virtually all of which is dependent on irrigation. During the Soviet era, the Ferghana Valley was highly developed, and at independence the new government of Uzbekistan was able to maintain a relatively good level of economic activity. However, high population density and high population growth rates have since combined to make the Ferghana Valley quite vulnerable to social pressures of the sort experienced in much poorer parts of neighbouring countries. About 28 per cent of Uzbekistan's population lives on the valley's 4.3 per cent of the country's territory, and the population density is about 340 people per sq km, the highest in Uzbekistan.⁴⁵

Notwithstanding the elevated levels of economic activity in the Ferghana Valley, its industries (both primary and secondary) need to be restructured and adapted to new markets. Soviet-era structures remain in place in sectors of the economy, leading to poor performance relative to gross national output. For example, in 2000, Uzbekistan's GDP grew by 4 per cent and the state budget deficit grew less than 1 per cent. But agriculture grew only by 3.2 per cent, whereas industrial production grew by 6.4 per cent. The reason is that the government has resisted reforming the agricultural sector, and the planned, state-run economic model remains largely intact. While collective farms have nominally been made 'private', they are still required to produce cotton and wheat for sale exclusively to the state at well below market prices. Some parts of the agricultural sector are stronger because they grow produce for sale on domestic markets which can be relatively profitable, whereas other farmers carry more of the burden of cotton and wheat production. Thus, from the perspective of conditions in specific localities, the figures for growth of agricultural output at the national level are misleading.

In the industrial sector, some high-profile government initiatives (such as the Daewoo automobile factory in Andijan Province) have attracted attention, but local firms generally lack investment funds and an efficient structure. Urban unemployment is rising. No accurate unemployment data exists for Uzbekistan, but observers generally assess the rate for the Ferghana Valley as above 30 per cent.⁴⁶

⁴⁴ Catherine Poujol, 'L'Islam en Asie centrale: la part des héritages, le prix des transitions', in *Les pays de la CEI* (Paris: Documentation Française, 1999).

⁴⁵ *Uzbekistan National Human Development Report 2000* (Tashkent: Centre for Economic Research, 2000). Available at: <http://www.cer.uz>.

⁴⁶ The figure for officially registered unemployment is in the range of 1-3 per cent (*Uzbekistan National Human Development Report 1999*, Tashkent: Centre for Economic Research, 1999, p. 25). Claims about the level of unemployment in the region vary widely, ranging as high as 80 per cent, though this figure is unsubstantiated and probably a wild exaggeration. Without indicating a source, Ahmed Rashid, claims 'International aid agencies estimate that the unemployment level approaches 80 percent in the Ferghana Valley and adjacent areas' ('IMU gradually developing into Pan-Central Asian movement,' *Eurasia Insight*, 3 April 2001. Available at: <http://www.eurasianet.org/departments/insight/articles/eav040301.shtml>).

The Ferghana Valley represents a weak link in the security of Uzbekistan not only because of its economic difficulties, but also because it is poorly connected with the rest of the country. All rail links between the Ferghana Valley and Tashkent cross Tajikistan, and only one road connects the valley to the capital and beyond. Should insurgents cut off this road as they sought to do last summer, the Ferghana Valley would have no road connection with the rest of Uzbekistan.

The involvement of the population of the Ferghana Valley with Islam is higher than in most other parts of Uzbekistan. ICG's recent report on Islamist mobilisation in Central Asia highlighted the factors leading to increased radicalisation, including high youth unemployment and other economic stresses.⁴⁷ There is considerable potential in this region for political movements identifying with Islam to use religion as a banner for mobilisation or armed rebellion against national governments, especially Uzbekistan's. While few people openly support militant approaches, support for Islam is widespread in the Ferghana Valley. One man from the city of Ferghana, who was earning a monthly wage equivalent to about U.S.\$4 (3,000 sóms) told ICG that only 'Islam can save the present society.' Orientation toward Islam is not directly linked with militancy, and indeed the most popular underground movement, Hizb ut-Tahrir, firmly disavows violence. Yet sympathy and support for violence is growing sharply.

Corruption is widespread. It constitutes both a way to survive and a strong obstacle for young people trying to gain a place in society. In interviews, young unemployed men who travelled to Tashkent to seek employment relate that such trips are full of risk. The police make a practice of demanding 2,000 sóms of every person entering Tashkent, and 1,000 sóms if they are caught within the city.⁴⁸ During a conversation with ICG at the Lake Rahat area of Tashkent's outskirts, a young Uzbek from Marghilan in the Ferghana Valley declared with considerable frustration: 'We are not extremists, terrorists or drug traffickers, but if anyone leads the fight against the rulers, we will be first to support them and shoot all cops in Tashkent. Police accuse us of wrongdoing anyway. They rob us openly in our own country. We are treated as animals or slaves.' Another man added: 'Our rulers' attitude towards us is worse than the Russian Communists.'

Many young people have come to the conclusion that there is no legitimate future for them and have turned to illegal activities, such as the black market and participation in underground groups. A large portion of Uzbekistan's youth is forced to enter the shadow economy or pursue corruption in official positions in order to survive. This emerged, for instance, from conversations that ICG conducted with traders and labourers working at Yangi-Bazar, a market in the central area of Andijan. One trader's view is typical: 'You can see people around here who sell hard currency illegally, and the police do not bother them if a share is given for protection.'

⁴⁷ See: 'Central Asia: Islamist Mobilisation and Regional Security,' *ICG Asia Report*, No. 14, 1 March 2001.

⁴⁸ ICG interview in early January 2001. 2,000 Uzbek sóms is approximately one-fifth of the official average monthly salary. The amounts demanded by police have steadily increased.

Namangan Province, in the northern part of the Ferghana Valley, is one of its poorest regions, and the social and economic situation there is the most difficult. Namangan has the highest population density in Uzbekistan: around 464 inhabitants per sq km. Table 1 offers a comparison of some social indicators for the provinces of the Ferghana Valley together with Tashkent.

Table 1: Population Growth and Employment Levels in Regions of Uzbekistan⁴⁹

	1998 Population (millions)	1998 Natural Population Increase (per 1,000 people)	1997 Rate of Employment (% of able-bodied)
Tashkent City	2.1	7.6	79.0
Andijan Prov.	2.1	18.3	75.3
Ferghana Prov.	2.6	17.7	77.3
Namangan Prov.	1.9	18.2	64.3
Uzbekistan Overall	24.0	17.2	73.4

There is a considerable disparity between official figures for the registered unemployed in various parts of Uzbekistan (one to three per cent) and the able-bodied who are not officially employed (21 to 36 per cent).⁵⁰ Even these higher figures undoubtedly hide large numbers of people who derive no appreciable income from their official employment. Still, Namangan Province's official figures are the worst in the country at only 64 per cent employed, and this is clearly linked with rising discontent, especially in the urban areas, and with manifest opposition.

Namangan Province has attracted some foreign capital,⁵¹ but in general, most firms lack needed investment.⁵² The province's main economic activity remains centred on agriculture, and the sector is unreformed. Most farms are de facto bankrupt and only continue to operate on the basis of free finance from the government and government-controlled enterprises.

The growing population in Namangan Province is rapidly exceeding the availability of land. It has become impossible for parents to give part of their small allotments to each of their sons. Those who are not given land are forced to migrate to the city of Namangan to find work. Namangan city is becoming overcrowded, and unemployment is rising (having already reached about 50 per cent according to unofficial statistics). Conditions in urban areas of Namangan

⁴⁹ These data derive the *Uzbekistan National Human Development Report 1999*, pp. 25-26 and Table 22, and are based on official statistics.

⁵⁰ *Uzbekistan National Human Development Report 1999*, pp. 25-26.

⁵¹ The Press Service of the President of the Republic of Uzbekistan quotes figures of U.S.\$152 million as capital invested in foreign joint ventures in the Province (8 August 2000; available at: <http://www.press-service.uz/news/n08082000.htm>).

⁵² A new enterprise in Namangan, called Nambum, producing paper, experienced difficulties at the beginning and failed to get production going. The enterprise lacked money and did not manage to establish a balanced cash flow. A British company, British Quick Stop, eventually came in to support the firm financially, and it has begun to produce at full capacity, up to 10,000 tons of paper annually ('British company launches Uzbek pulp and paper mill,' *Central Asia & Caucasus Business Report*, Interfax, 20 March 2001).

Province are among the worst in Uzbekistan, as reflected, for example, by the infant mortality rate, which has ranged between 27 and 32 per 1,000 live births annually between 1995 and 1999, as compared to national averages which range from 20 to 26 per 1,000.⁵³

Levels of desperation are also reflected in patterns of crime. A senior law-enforcement official in Namangan told ICG that over recent years the most common types of stealing had changed from theft of major valuables such as expensive antiques, jewellery and money to petty theft of clothes hanging on clotheslines in courtyards. He also observed, 'Now we are more involved in political investigations rather than pure criminal cases... In general, most of the cases are politically based — 'extremists and terrorists', and then — theft of various kinds. After the February 1999 bombings in Tashkent we get more and more charges on illegal possession and sale of drugs and weapons, though frankly, these cases are politically motivated. We have to jail those who think differently,' the source added.⁵⁴ President Karimov's campaign of political repression in the Ferghana Valley has intensified the popular distress caused by increased economic and social tensions. In Namangan, many young men have been detained simply because they wear beards or clothing that reflects a religious orientation.

The post-independence years have seen more unrest in Namangan Province than in any other part of Uzbekistan. There have been periodic incidents of violence and unrest, the most prominent of which was a series of demonstrations in 1991 which led to the occupation of municipal administration buildings and an assault on President Karimov himself when he came to address local authorities. Another murky episode climaxed in November-December 1997 when a number of policemen were killed in several separate incidents.⁵⁵ Officially, these events have been designated as the acts of the 'Wahhabi' movement⁵⁶ in the Ferghana Valley, though there is also a possibility that they were connected with organized crime.

Unrest in the Ferghana Valley has not been limited to Namangan. Recently in Andijan more than 300 people protested in front of municipal administration buildings. Most were women holding placards that proclaimed, '2001 will be the year of lonely women and orphans.' They demanded that their husbands and sons be released from prison.⁵⁷ The number of political prisoners held in Uzbekistan — chiefly in two major detention camps in western Uzbekistan — is estimated to be at least 5,000. Many of them come from the Ferghana Valley region.

⁵³ *Uzbekistan National Human Development Report 2000*, Table 31.

⁵⁴ ICG interview with a senior official in Namangan with an in-depth knowledge of the patterns of law enforcement activity.

⁵⁵ 'Policemen murdered in eastern Uzbekistan,' *RFE/RL Newslines*, 18 December 1997.

⁵⁶ 'Wahhabi,' in the context of late Soviet and post-Soviet political rhetoric, is a term applied to all Islamic groups which are outside of the control of the state. They need not have any connection with the Wahhabi movement associated with Saudi Arabia and other parts of the Islamic world.

⁵⁷ Bakhodir Musaev, 'Uzbeks losing patience: Uzbeks take to the streets to air anti-government grievances,' *Reporting Central Asia*, no. 47, 10 April 2001. See also: 'Uzbek women demand release of relatives jailed for "religious activity",' *Voice of the Islamic Republic of Iran* (Radio; Mashhad), 26 March 2001, reported by *BBC Monitoring*, Central Asia Unit.

IV. RESPONSES TO THE PROBLEMS OF LOCALITIES AT RISK

The central issue of this report — the link between localised poverty and social tension on the one hand, and the prospects for violent conflict on the other hand — has not been even remotely grasped by the national leadership of Uzbekistan, if its policy actions are any indication. In the capital of Tashkent, one sees the lavish symbols of the new Uzbekistan in the form of freshly built monumental architecture and wide avenues dotted with traffic police. As long as the national indicators appear to be relatively strong, and there are tight controls on who is allowed to enter the capital, it seems that the country's destitute regions are out of the consciousness of policy makers. The same tendencies can be observed to some extent in Kyrgyzstan and Tajikistan, though the urgency of their problems and their relatively more pluralistic political systems cause awareness of the risk of social unrest to be higher.

Kyrgyzstan was already conscious of potential tensions before the incursions into Batken in 1999, but those events ratcheted up the level of attention several notches. The government and the United Nations Development Programme (UNDP) have established a project in Batken Province — the Preventive Development in the South of Kyrgyzstan project — which is targeted precisely at the central issue raised in this report. Similarly, Tajikistan, in partnership with the Aga Khan Foundation, has worked on issues of localised economic and social deprivation in Badakhshan. As the following review of responses suggests, however, the combined efforts of these parties and other donors are unlikely to have a significant impact on the underlying economic factors and sources of tension. Badakhshan may be an exception, but there even bigger social forces, notably the war in Afghanistan and a coming crunch on drug income, could easily threaten the gains.

The highly commendable aims of the UNDP project in Batken Province are to 'support the Government of Kyrgyzstan and the local communities to identify the root causes of (potential) conflicts, and to take the necessary measures for conflict prevention.'⁵⁸ The program has set reasonable parameters for each of its individual projects, especially since it is predicated on community participation; but overall, it is severely under resourced and lacks the appropriate political profile and engagement of national and local governments to conduct effective conflict prevention.

The Village Level Early Warning Report issued by the Preventive Development Centre in Batken appears to be a model planning document for addressing social and economic conditions in a locality at risk⁵⁹ though the UNDP acknowledges that it will take some time to refine the survey and the associated analytical and reporting processes. The next step, however, is to decide on policy responses and to mobilise sufficient funding support. A project of this type can serve as an input for policy development by aid organisations as well as local and national governments. The project is obviously limited by its small budget, which is U.S.\$250,000 for the two years, March 2000-March 2002. So far, it is only working in four of the eighteen administrative districts of Batken Province on a pilot basis.

⁵⁸ See Appendix A for a more detailed statement of the goals of the program.

⁵⁹ Bishkek/Batken: UNDP Kyrgyzstan, September 2000. Available at:
<http://www.pdsouth.elcat.kg/vlewr/index.html>.

An examination of projects specifically designed for Batken Province shows considerable resources are being devoted to aspects of conflict prevention. But much is going to the upgrading of border guard capacities, and comparatively little is going to areas such as health and education where significantly increased spending might contribute to the alleviation of social tensions.⁶⁰

The Aga Khan Development Network (AKDN),⁶¹ in cooperation with the Government of Tajikistan and supported by a number of other donors, has made a series of innovative interventions that have undoubtedly had a significant impact on social tensions and attitudes to violence in Badakhshan. However, there is far less certainty that these programs have restored a sense of social contract between a majority of local residents and the central government. The lion's share of AKDN support has been devoted to Badakhshan, inhabited by the Aga Khan's followers. AKDN has undertaken only a small number of projects in Gharm.

One of AKDN's most impressive accomplishments has been the promotion — and near achievement — of self-sufficiency in grain production in Badakhshan, a goal that had seemed unattainable because of environmental limitations. Land privatisation has been built into this program, in part because of the agenda set by some of the agencies funding the project, including the U.S. Agency for International Development (USAID), the Canadian International Development Agency (CIDA) and Scandinavian governments. While the project has been resoundingly successful in many respects, the insistence on privatisation down to the individual level has had to be relaxed in some areas. It was simply creating conditions that many farmers found unviable, and they eventually were allowed to aggregate their landholdings into larger collective units. The useful lesson to be drawn is that stakeholder perceptions must be taken into account, and the implementing agency's predetermined agenda can be inappropriate. AKDN's projects in other areas such as local health care and education have been less comprehensive and ambitious but have gone some way toward transforming the remnants of the Soviet system into an effective mechanism for meeting people's needs.

AKDN has also undertaken projects of much broader regional significance, most notably creation of the University of Central Asia in Kharugh, by agreement with the presidents of Tajikistan, Kyrgyzstan and Kazakhstan.⁶² This university is intended to be a Western-style teaching and research institution serving a broad region of mainly mountainous territories that are inhabited by 25 million people and extend from the Caucasus to Kashmir.

⁶⁰ Analysis of information ICG collected and collated from the UNDP in Kyrgyzstan.

⁶¹ The Aga Khan Development Network is composed of a number of institutions engaged in various forms of development assistance, including the Aga Khan Foundation (AKF), the Aga Khan Fund for Economic Development (AKFED), and the Aga Khan Trust for Culture (AKTC), working in social, economic and cultural development respectively. For information, see: <http://www.akdn.org/>.

⁶² Press release: 'World's first mountain university founded along the Silk Route: President Nazarbayev and Aga Khan conclude international treaty (Astana, 31 August 2000). Available at: http://www.akdn.org/news/news_083100.html.

By contrast, Uzbekistan has resisted the involvement of international aid providers, contending that there is no significant poverty in Uzbekistan or that it is able to address its own problems. NGOs which sought to set up soup kitchens in some of the Ferghana Valley's poorer communities have been harassed and ultimately blocked from operating by local authorities who felt the activity would emphasise their inability to meet the needs of the population.⁶³ Maintaining the image that there is no need has taken precedence over meeting needs.

There are important variations in the practices of the three governments toward localised poverty and social tensions but none has integrated a coherent concept of regional development or poverty alleviation in localities at risk into national economic planning. Where national data collection has sought to explore this issue, the collation of results is inadequate for or under utilised in subsequent policy analysis. What attention there is in national planning to poverty alleviation is usually conceived in terms of reducing the total population under the poverty line, as opposed to addressing the problems of areas that may not have large populations, but could incubate wider unrest and conflict.

This lack of attention to localities and regions can be attributed in part to the relative newness of the governments and competing priorities of macroeconomic stabilisation at the national level. In addition, most international donors — even those which in other parts of the world are sensitive to localities at risk — have only come recently to the region, have a relatively weak analytical apparatus for addressing local conditions, and have not developed adequate data sources on the regional or sub-regional conditions. Nor do most donors in Central Asia show a sustained commitment to targeting their aid to specific localities at risk.

Where some donors and implementers have targeted the localities at risk in one form or another, their efforts have often been subject to the vagaries of funding cycles and changing priorities. The French NGO ACTED (Agency for Technical Cooperation and Development) provides one of the more inspiring examples of the valuable work that can be done on a limited budget with creative project design. ACTED worked in one of the most hard-hit areas of Badakhshan Province (Murghab District in the Eastern Pamir area) among those who were not the primary recipients of AKDN assistance. It provided support to privatised agricultural cooperatives among Kyrgyz herdsman on a budget of U.S.\$165,000. Another ACTED project, in Batken Province, also focuses on agriculture, helping farmers to develop the market tools to operate in the new economic environment (on a budget of U.S.\$100,000).⁶⁴

USAID offers an example of a large organization with broad programs which has in the past implemented a more or less one-size-fits-all approach to assistance but has become increasingly aware of the need to tailor programs to the specific needs and possibilities of areas at most risk of conflict. In May 2001, USAID's regular review of priorities paid particular attention to the conditions leading to conflict and the need to build flexibility and responsiveness into programming according to the specificities of localities.⁶⁵ Previous USAID assistance has focused on broad regional programs such as democracy building and privatisation, though with some effort to address each country's specific

⁶³ ICG interview, Tashkent, December 2000.

⁶⁴ ACTED Newsletter on Ferghana Valley, Fall 2000.

⁶⁵ ICG interview, Washington, DC, May 2001.

problems. Perhaps the best example of the latter was in some of the areas of Tajikistan worst affected by the civil war, such as Gharm and Badakhshan, where USAID has funded projects implemented by AKDN and others to help settle former combatants and build private farming.

Other assistance to these hard-hit localities has been more of a one-time and humanitarian nature. For example, in July 2000, Russia delivered fifteen tons of baby food and one ton of medicine to several parts of Tajikistan, including the localities at risk.⁶⁶

Planning documents and processes prepared jointly by national governments and international organisations in some Central Asian countries pay passing attention to regional considerations. For example, the Comprehensive Development Framework of the Kyrgyz Republic up to 2010 mentions regional and local development ('Regions, towns and villages'), but this document is still in its early development, and the regional and local policies have yet to be formulated. The January 2000 report, 'Poverty Reduction and Growth Facility Policy Framework Paper, 2000-2002', prepared by Kyrgyzstan in collaboration with IMF and World Bank staff, states that the 'government is aware of the need to arrest and then reverse the continued worsening of social indicators, and in this context it will begin discussions with the Fund and the World Bank to develop a Poverty Reduction Strategy Paper to be completed by March 2001.' The paper sets as a goal a 50 per cent reduction in the poverty level in the Kyrgyz Republic but as of March 2001, the proposed poverty strategy paper had not been written, and until it is, there is little prospect that new policies will be put in place. This document will also need to be more attentive to the localities problem than current indications suggest it will be. In the meantime, though the government is supposed to be improving the targeting of social benefits, creating a monitoring program for poverty and developing an evaluation system for specific policy measures, ICG has not been able to confirm any progress.

V. CONCLUSIONS

Conflict prevention in Central Asia needs to take significantly more account of the link between localised poverty and social tensions in specific localities. Tajik political analyst Rashid Abdullah emphasises that the essential political problem in any country of Central Asia is the domestic crisis of authority, and the external factors of instability act only as accelerators of the already developing internal negative processes.⁶⁷ The internal factors shape the influence of external influences, not vice versa, as some governments of Central Asia would have the world believe by regularly putting their problems down to international terrorism, transnational drug cartels, or fundamentalists in Afghanistan.

⁶⁶ *Asia-Plus Blitz* (Dushanbe), No. 555, 28 July 2000. Available at: <http://www.internews.ru/ASIA-PLUS/blitz/555.html>.

⁶⁷ Sayasat Rayisov, 'The situation in Central Asia: The Tajik experience,' *Trans-Caspian Project* (online), 18 December 2000. Available at: <http://www.transcaspian.ru/cgi-bin/web.exe/eng/8884.html>.

The crisis of authority is directly linked to sustained impoverishment in the important localities identified in this report. Popular frustration has already transformed itself into the growth of new political and social structures that threaten the governments' frail security arrangements. Impoverishment has fed the drug business, with an estimated 40 per cent of the heroin consumed by Western Europe coming through the Central Asian countries, and much of that through such socially depressed areas as Badakhshan and Gharm. Even the earnings from drug trafficking, which have benefited some entrepreneurs of contraband and corrupt local officials in many localities covered by this report, are now under threat due to the campaign in Taliban-controlled areas of Afghanistan to destroy the poppy crop.

The increasing gap between a small group of wealthy people, represented by narrow political and entrepreneurial elites who are widely implicated in corruption and a highly skewed process of privatisation, and an absolute majority struggling with hunger has already brought people claiming to speak for the poor into violent confrontation with the governments of the region. In this regard, the only questions remaining are how quickly groups espousing violence can win new adherents to their cause and how sharply and quickly that violence can escalate. A scenario for which no government in Central Asia is well prepared is that of Timisoara, Romania in 1989, where demonstrations over food shortages and unpaid wages snowballed into a popular revolt. It is with this example in mind that one should evaluate the still low frequency of public manifestations of hostility towards the governments in the form of demonstrations or strikes.

This report highlights the ineffectiveness of existing development programs (local, national and international) in most of the localities at risk of violent conflict, in terms of reversing the high levels of poverty and the mood of crisis and discontent. The report has noted the several well-conceived programs, with the explicit goal of conflict prevention, that have been implemented. In a sparsely populated area like Badakhshan, these may just be working. But for the more densely populated areas, as praiseworthy as the development programs are, they are too few and too thinly spread to prevent the coming storm. None of the programs currently in prospect for Batken can provide jobs for even one tenth of the 95 per cent of high school graduates who face unemployment.

This report also highlights the degree to which national economic development plans in the three countries under study are just that — plans for the development of the country as a whole. In a manner familiar from Soviet times, the governments are focused on improving national indicators while neglecting particular localities. The failure to guarantee freedom of speech and representative democracy in each country only ensures less attention, not more, to the impoverished localities — until the situation explodes.

External actors dealing with the national governments as partners in development cooperation or in any external support program, even in the security sector, need to take considerable account of the dominant mind-set, which puts national or capital city considerations ahead of concerns for particularly depressed localities. But external actors also need to take account of potential conflict between the goals of pulling a population out of poverty through broad advance of the national economy and the constraining effects on that advance of social unrest arising from localised poverty and other social pressures. This is not addressed to

any significant degree in any available planning documents of the governments of Central Asia or of the international financial institutions with which they work. The issue of depressed regions appears in some of the documents, but usually only in general terms of the need to look after regional development, rather than in terms of the link between poverty, social tension and potential conflict.

It is very easy to get a deceptive impression of calm and prosperity in Central Asian countries. In the capital cities one is surrounded by some of the best infrastructure in this part of Asia. Both Soviet and post-Soviet governments have set great ideological stake in the outward appearance of modern development, particularly in showcase cities. As a guest in remote rural areas, too, one is often honoured by the slaughtering of a sheep and great quantities of food. What one may not realize is that this can be the only meat that the household sees for weeks and that the support of neighbours was necessary to gather such a generous meal. Many of the elite who live privileged lives in the capitals have very little idea of the hardships faced in some parts of their countries, sometimes quite nearby. In an environment where dissonant voices are suppressed, it is possible to imagine that there is no discontent and the population is endlessly patient. However, not only the sheltered elite and not one country but also the entire region may bear the terrible consequences of ignoring the plight of those most poor and disaffected.

Osh/Brussels, 8 June 2001

Appendix A: UNDP Project KYR/00/005: Preventive Development in the South of Kyrgyzstan⁶⁸

The overall development objectives of the program (which supersedes the UN Ferghana Valley Development Program) are to support the Government of Kyrgyzstan, as well as local communities, to identify the root causes of (potential) conflicts and to take the necessary measures for conflict prevention in the South. Because Kyrgyzstan is a thoroughly rural society (two-thirds of the population lives in the countryside, the rate being even higher in the south), the *ayil ökmötü* or municipalities will be the focal point for problem identification and preventive development efforts. Over the last few years, the UNDP (through the presence of the UNV at the grass-roots level) has acquired extensive experience in rural/village community development through its Participatory Poverty Alleviation Program (already on-going in several villages of Batken Province) and the Decentralization Program. This experience will form the basis of the UNDP Preventive Development Program in Southern Kyrgyzstan, as well.

The program has three basic components:

- 1) Support Organizations and Their Functions - A Preventive Development Centre (PDC) will be established at the province level to facilitate both social mobilization and area-based participatory development. This PDC is to function as: a) a program coordination centre; b) a resource centre promoting social harmony and peace building for preventive development through training and technical support services; c) an information centre on preventive and participatory development; and d) will be equipped with an 'early warning system' that is linked to information required to promote preventive development (government offices and local authorities, UNDP projects, UN agencies, community organizations, international NGO's, academic institutions, and others).
- 2) Social Mobilisation and Community Capacities for Co-operation and Development — Social mobilisation and area-based participatory development will be important tools to develop social harmony and peace. Development priorities and threats are perceived and approached differently by different social and ethnic groups. In order to tap into the best potential, the formation of mixed-gender and multi-ethnic self-governing institutions will be emphasised. Besides supporting the empowerment of women, such a process will take advantage of the potential that women possess and may allow communities to find different institutional options for participatory development other than the traditional approach, which is creating social tensions and divisions. As in the UNDP Participatory Poverty Alleviation Program, community members will be linked to external credit and will receive training in the creation and management of small business enterprises, similar to the UNDP/UNIDO SME project. The decision-making process will be participatory and consensus-based, and the benefits should gradually reach each member to avoid exclusion.

⁶⁸ Taken from UNDP/Kyrgyzstan's project description. Available at: <http://www.undp.kg/english/descriptions.html>.

- 3) National Institutional and Policy Reform - Preventive development requires national-level support and intervention, which create the enabling institutional environment for the genuine application of participatory development and act as tools of transparency and accountability. Key interventions or components at the macro level will be, amongst others:
- The formation of an advisory council at the national level consisting of decision-makers from government, non-government and academic institutions;
 - The development of the capacity for a national-level Early Warning System (EWS) by establishing linkage with other UNDP projects and in partnership with the Congress of Local Communities (CLC) and preferably also with the Organization for Security and Cooperation in Europe (OSCE);
 - The fostering of decentralization by making it obligatory for municipalities and district authorities to engage in participatory planning and decision making with community organizations;
 - The encouragement of Kyrgyzstan's government to engage in regional co-operation, especially with Tajikistan and Uzbekistan.

A Memorandum of Understanding has been signed with UNDP Tajikistan in order to coordinate cross border activities such as the Swiss-funded UNOPS project for reestablishing social infrastructure (e.g., irrigation canals) in Northern Tajikistan and Southwest Kyrgyzstan.

Although the Preventive Development in the South Program is expected to be extended to all of Southern Kyrgyzstan, its initial area of activity will be in the recently created Batken Province.

Appendix B. Glossary of Acronyms

ACTED	Agency for Technical Cooperation and Development
AKDN	Aga Khan Development Network
AKF	Aga Khan Foundation
CIDA	Canadian International Development Agency
IMF	International Monetary Fund
IMU	Islamic Movement of Uzbekistan
SME	Small and Medium Enterprise
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
UNOPS	United Nations Office for Project Services
UNV	United Nations Volunteer
USAID	U.S. Agency for International Development
UTO	United Tajik Opposition

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ICG's approach is grounded in field research. Teams of political analysts, based on the ground in countries at risk of conflict, gather information from a wide range of sources, assess local conditions and produce regular analytical reports containing practical recommendations targeted at key international decision-takers.

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Former Minister of Foreign Affairs, Finland

Thorvald Stoltenberg

Former Minister of Foreign Affairs, Norway

William O Taylor

Chairman Emeritus, The Boston Globe

Ed van Thijn

Former Minister of Interior, The Netherlands; former Mayor of Amsterdam

Simone Veil

Former Member of the European Parliament; former Minister for Health, France

Shirley Williams

Former British Secretary of State for Education and Science; Member House of Lords

Grigory Yavlinsky

Member of the Russian Duma

Mortimer Zuckerman

Chairman and Editor-in-Chief, US News and World Report