

Caucasus and Central Asia as “South countries”

Accountability of global financial institutions: first steps by Central Asia NGOs

By Charles Buxton¹

Introduction

The development of the civil society sector in FSU could be called a “shotgun marriage” between local citizens or initiative groups, on the one hand, and external donor agencies on the other. The aim of both parties was to somehow to respond to rapid pauperization and increasing social and economic inequality. Some 30-40% of GDP in the region had been lost during the shock therapy administered to FSU, and many of the new Western “transition doctors” knew almost nothing about the region they were about to take an increasing responsibility for financing. For example, in the mid-1990s DFID had to re-think its definition of poverty to account for the millions affected by the break-up of the USSR. Undoubtedly, newly created NGOs were used to win acceptance for / distract attention from / deal with problems arising from the roll-back of socialism and its institutional set-up in the region.

In Central Asia, INTRAC’s studies on civil society development chart the encounters between new NGOs and donors. Studies on civil society networking in the region showed how by the early 2000s, key NGO leaders and activists had got acquainted with the wider world of (Western-funded) development and human rights. At the same time, international donors tried intermittently to coordinate their actions and share the feedback gained from civil society. In many sectors the country UN office played a lead role in these efforts; many programmes included a networking component. For example, INTRAC’s 2001-04 programme for civil society institutional development in Central Asia included a section on improvement of communications and dialogue between donors and civil society. As part of this, its country offices ran quarterly round tables to bring together donor policy and practice in civil society development over a period of 3-4 years in Almaty, Bishkek and Tashkent. However, these were primarily meetings for donors, with local NGOs attending for particular discussions rather than on a regular basis. No mechanism was found to select more formal or regular representatives of the NGO sector – a problem that continues up to this day.

The language of progressive International NGOs was often more radical as regards globalization and geopolitical influence than that of their Central Asia counterparts (at least in public - “kitchen table” discussions are a different matter). Among UK-based INGOs, there is the public critique of post 9/11 aid policy in the region by Christian Aid in publications like “The New Cold War”, or Oxfam GB on world trade relations. These INGOs have often found it difficult to draw country offices or independent local NGOs into campaigns with a “political” content.

One of the indicators of underlying geopolitical factors is the way in which international agencies and donors have gradually redrawn the boundaries of the FSU region. Thus, in the 1990s the European Union’s PHARE programme focused on the East European countries, while TACIS took the ex-Soviet countries, reflecting the Soviet-era spheres of interest and association. A key moment for FSU countries and civil societies came in the mid-2000s with the advent of the EU’s Neighbourhood Policy and the exclusion of Central Asia from this privileged status². In return, the EU developed a quite ambitious funding programme for CA 2007-13. Once again, leading European agencies adopted a proactive and progressive stance. For example, the Aprove group of international development agencies got organized early in the process. They brought together their local NGO partners / programme implementers in the region, took them to

¹ Regional manager for INTRAC (International NGO Training and Research Centre) since 2001, based in Bishkek

² The EU did not go so far as US agencies that now placed Central Asia in a region with Afghanistan and Pakistan.

Brussels to study EU institutions and policies, and helped to set up a lobbying group called the “Central Asia Platform”. A paper was produced arguing for programme priorities defined by Central Asia NGOs. The Platform carried out baseline work analyzing local NGO perceptions of the EU and its communication and funding mechanisms in the region. This was fed back to the EU’s regional office as the new strategy was being written.

The EU’s Central Asia strategy has many strong points but after 9/11 civil society development was no longer top priority. NGOs were included in poverty alleviation programmes in Tajikistan and Fergana Valley, in institution-building and European partnership schemes like IBPP, NSA, EIDHR – and many good projects have been implemented across the region. But the drawbacks are serious: 1) the volume of support to civil society is inadequate; 2) the programme is oriented on relatively big (bureaucratically cumbersome) grants, excluding smaller and less experienced NGOs; 3) the EU deals with government, business and civil society in entirely separate compartments (hence the human rights critique of EU policy in repressive states); 4) the programme is built on the neo-liberal model³.

In this complex environment, the Central Asia Platform had a huge task in coordinating the response of its own members, many of whom were new to engagement with the EU and writing their first funding applications, let alone the civil society sector as a whole. Platform leaders helped the EU launch a first set of “dialogue days” in Kazakhstan, Kyrgyzstan and Tajikistan. But it proved difficult to develop the network into a fully representative forum covering EU policy in several countries and a whole range of sectors, and gradually its momentum was lost.

Critique of the IFIs – 1) HIPC

By the early 2000s, leading NGOs from Central Asia had begun their own critique of the work of international agencies⁴. The overthrow of President Akayev in Kyrgyzstan in March 2005 was accompanied by a wide, civil society led, discussion about the results of development initiatives over the past 15 years. One of the most dramatic results of this was the rejection by Kyrgyzstan of the World Bank’s HIPC (highly indebted poor countries) program. Using information and arguments from, on the one side, the INGOs involved in debt relief and global accountability issues, and on the other, a certain amount of prejudice about poor countries in different continents, civil society swung the government against the HIPC scheme and it was abandoned in early 2007.

Analysis of the HIPC debate shows that CSOs in Kyrgyzstan adopted three positions: neutral, centrist and radical. A distinctive feature of the radical coalition was a significant number of “new” (post-March 2005) women’s and youth organisations. But they also included well-established groups – for example, several human rights and environmental NGOs with links with global civil society. The radical groups enjoyed the initiative all through the debates, with arguments based on positions set out in global anti-debt campaigns⁵. Typical questions were: From the beginning of 1990s the IMF and WB gave us large credits, so why is Kyrgyzstan in such a difficult situation now? What was this money spent on? What were the real outcomes of the first Poverty Reduction Strategy (PRS) in Kyrgyzstan? They put forward various alternatives to further borrowing from the World Bank – e.g. internal borrowing – and demanded the full or part cancellation of the IMF debt as having been “illegitimately” entered into by the Akayev government.

³ See the paper by International Crisis Group on the EU’s new strategy, 1997 (though in the sphere of the economy ICG appears to support the neo-liberal path – see a number of reports attacking state-led development in Turkmenistan and Uzbekistan).

⁴ See Chapters 3-4 in my book *The Struggle for Civil Society in Central Asia: Crisis and Transformation*, published by Kumarian Press, USA, May 2011).

⁵ See the global campaign organised by Jubilee 2000 and War on Want (UK), and ‘Beyond HIPC: Debt cancellation and the MDGs’ (Oxfam UK). This section is taken from analysis by Moldosheva, see *The Struggle for Civil Society in Central Asia: Crisis and Transformation*, Chapter 8.

Some of the campaign tactics of the anti-HIPC forces were new in Central Asia. Thus, representatives traveled to the “Civil 8” meeting in Moscow in summer 2006 where they issued an appeal to East European and NIS countries. In Bishkek, street demonstrations used slogans like: “IMF money is death”, “The Government is using terrorist methods”, or “If you’re for HIPC, you’re not for Kyrgyzstan!” During the debate about HIPC, independent experts and local think tanks played an increasingly important role. The press began to discuss alternatives to loans and credits and the future of the second Poverty Reduction Strategy – with many inclining to the view that it should focus more on economic development⁶. This was the first time in the history of structural reforms in Kyrgyzstan that key development dilemmas had been so publicly and energetically debated.

Since 2005, the World Bank and other IFIs have actively promoted civil society involvement in discussions around donor policy arising from the “Paris Declaration” and the “Aid Effectiveness” debate. Kyrgyzstan NGOs and experts have played an active role in this.

Critique of the IFIs – 2) NGO Forum on ADB

For a wider and more long-term engagement with the IFIs, we can look at the work of the NGO Forum on ADB (henceforth Forum) monitoring the Asian Development Bank (ADB) in the Caucasus and Central Asia region. The Forum is an independent body, not funded by ADB, describing itself on its website as “an Asian led network of NGOs and CBOs that support each other in order to amplify their positions on ADB’s policies, programmes and projects affecting life forms, resources, constituents – the local communities.”⁷

The NGO Forum is critical of ADB in particular and IFI policy vis-à-vis Caucasus and Central Asia, on both the macro and micro level. Thus, in a recent set of notes entitled *NGO Forum Asian Development Bank: integrated development or struggle with poverty?*⁸ (April 2011), the Forum notes the various definitions of the Central Asia region in transition period – as CA republics (CARs), FSU republics, transition countries, developing countries. Common to many of these is the understanding that this region is rich in natural resources but isolated and undeveloped. The ADB is quoted: “The CARs were poorly prepared for independence: they badly need to develop both governance and infrastructure”.

The Forum’s objections are: 1) yes, but we have become poorer since independence, especially in rural areas; 2) CARs have shown they value their independence and are prepared to make efforts to develop; 3) a huge number and variety of external agents – government, banks, international bodies, development programmes – have vied for the attention of their leaders. Some external agencies wanted access to new markets, others – military-political gain – and this was hard to deal with. Nonetheless, the NGO Forum accepts that ADB has taken a key role, both in individual countries and in the regional association CAREC. But major obstacles exist like corruption, poor project design, demoralization of the population, degradation of local culture, education system, failure of governments to decentralize.

⁶ An important critique of IFI policies was produced by Kyrgyzstan’s Bureau of Human Rights and Rule of Law in June 2006: “Virtual cancellation of poverty and real decrease in living standards: a critical analysis of the national strategy for poverty reduction (PRS-1)”.

⁷ See <http://www.forum-adb.org>. Director: Dr Avilash Roul avilash@forum-adb.org. Central Asia Coordinator: Maya Eralieva maya@forum-adb.org

⁸ *The Role of ADB in Central Asia and the Caucasus: Mainstreaming Development or Reducing Poverty?* by Avilash Roul and Maya Eralieva, in Focus Asien

Examples of ADB programme monitoring by Forum members

The Forum tries to bring together an analysis of the role and performance of the ADB, relying on experienced NGO leaders and independent experts and stimulating research into the progress and results of ADB funded projects. These are often enormous, multi-year projects supported by a large, closed bureaucracy: multinational companies, programme management units and their government counterparts. When we look at the work of Forum members, informing local communities and taking up individual complaints, an image comes to mind – a fly on the back of an elephant!

A good example of this is road infrastructure projects like the Western Europe to Western China road complex. At a meeting held in October 2010, experts from Kazakhstan reported on progress in consultation with the community in South Kazakhstan (Taraz and Chimkent) on a 17 million USD project. Activists had held workshops to inform the population and one of the key issues was environmental impact. The result: over 40 complaints forwarded to ADB, the formation of a monitoring committee, and high-level political contacts established with local authorities and the relevant ministries.

In Tajikistan, an ADB road project linking Dushanbe to the Kyrgyzstan border via the Rasht Valley has involved compulsory resettlement in several villages. The main problems identified by Forum members in Tajikistan are poor information to the population and lack of attention to the rights of those affected. For example, the rules regarding compulsory resettlement (including provision of equivalent housing and/or monetary compensation) are not observed. Disputes about the valuation of property and businesses lost to development remain unresolved. In Armenia, local residents have complained about an ADB-funded road scheme at high altitude (over 3,500 metres in some places) where minimal information was provided to the population and in some cases there are serious concerns about the design. Problems identified by activists: the ADB website is in English and project details are considered confidential to the Bank and national government.

Economic reforms. NGO Forum meetings are beginning to provide a way of sharing ideas on international development policy and practice. Thus, at a regional meeting organized by the Forum in Bishkek in October 2010, a NGO leader provided an independent report on the ADB project "Improving the investment climate in Kryrgyzstan". This paper demonstrates how national government releases further grants and credits from the IFIs by passing new laws. For example, a public-private partnership law was pushed through parliament in 2009 by ex-PM Daniar Usenov and the Ministry of Economic Development. The aim of the legislation was defined as improving the investment climate so as to support sustainable economic growth and job creation. This law was adopted without any public consultation or independent assessment. It has no environmental or community safeguards and, in the opinion of civil society experts, fails to ensure the responsibility of private sector businesses to society as a whole. In some areas there are clear loopholes for corruption. The formal adoption of the law released over 35 million USD in grants from ADB plus 1 million USD in technical assistance.

Kyrgyzstan is viewed by ADB as a "pro-reform" country (the image established by President Akayev in the 1990s by virtue of economic shock therapy, access to the World Trade Organisation, and a "multi-vektor" foreign policy). Since collaboration with ADB began in 1994, the country has received 71 grants for technical assistance to the value of 41.2 million USD. The report on the investment climate project says a lot about what is going on these days in the "good governance" field. That is, it illustrates the successive adoption and non-implementation of government "reforms" – a way of keeping the foreign aid and credits coming in, paying government or consultant and expert groups. In the 1990s this works was contracted out to international consultants in the main (at vast expense) while now local experts have an increasing share of the pie. This is right but when will the reforms begin to work, one may ask?

Problems of communications and transparency

The role of the NGO Forum is to raise consciousness and inform people about their rights, starting at the lowest level, then to build knowledge, engage with national government and create coalitions on wider issues. Through its engagement with the ADB-funded road schemes referred to above, the Forum has succeeded in getting higher level of compensation for some victims. However, activists comment, for example, that after more than ten years of work in Tajikistan the ADB still has no proper complaints procedure, no transparency in project operations, and no effective system of legal aid for those affected negatively.

In 2010-11 Forum members lobbied for improvements to the ADB's "accountability mechanism". They made proposals on 1) who can complain⁹, 2) how to submit complaints (e.g. in remote areas, dealing with the language issue), 3) the transparency of the accountability process (by which complaints are examined and the results – successful or unsuccessful - communicated to the complainant), 4) how civil society can make an assessment of ADB projects as a whole, including the timescale and procedure for submitting wider assessments. The international aspect is crucial here. Thus, road, energy and other major infrastructure projects are often financed by a substantial list of IFIs – typically each contributes to a stretch of the road. The multinational character of the enterprise forces CSOs to take a cross-border approach too. Recently, Forum members have been scoring successes using the accountability mechanism; for example after complaints about quality of works in a school rehabilitation programme in Tajikistan and on compensation to small shop-keepers along the road from Kyrgyzstan to China via Torugart. These complaints forced the bank and government to sit down with local people and NGOs.

A question of principle: is national government an ally or an enemy in the struggle with ADB?

Setting the perspective of the struggle is a major challenge for CSOs. There is widespread distrust not just of the IFIs but also national government structures. While accountability mechanisms may be more visible at local level (via elected deputies, formal complaints procedures, information available in local papers and local language) few would argue that they are satisfactory in FSU region. Should CSOs use IFI mechanisms to launch attacks on government policy – e.g. in education or health? Or should they try to work with their own governments to limit the damage or reduce the credit burden falling on low income countries from as a result of IFI programmes? The experience of the NGO Forum is that in some cases, like for example, the road schemes in Kazakhstan, campaigns relating to ADB have helped civil society develop accountability mechanisms within their own government. Activists now have better relations with local officials, can request information according to set procedures, and are even sometimes called in by government as experts (but within certain political boundaries).

Corruption and inefficiency in project implementation: results of civil society scrutiny

In Tajikistan, the government's anti-corruption department is monitoring several ADB schemes and some cases have been identified in irrigation programmes. The department has successfully requested project information from the ADB office to be supplied in Russian. Forum members in Tajikistan organized round table discussions in different provinces but discovered that information is very sparse on the ground and citizens have little idea how to take complaints to court.

⁹ One interesting fact came up in discussion: that complaints can only be made by a person directly affected by a project. This appears to exclude complaints regarding the damage caused by projects to other species or natural habitats from, e.g., road or water schemes.

The ADB's safe and clean water programmes in Kyrgyzstan are described by the Forum as a "dirty business". The main problems have been corruption, poor implementation and quality of drinking water systems created. After a series of complaints, a parliamentary commission looked into the programme and 18 criminal cases were opened against contractors for misuse of funds. An ADB monitoring mission in 2005-06 showed an absence of financial and technical control and the impact of programmes on health in rural communities had not been studied. The local population had contributed 5% of the costs of building the new systems, but in several villages water was not been delivered to households as promised. The ADB agreed a grant of 31 million USD to correct these mistakes and complete a second phase in the programme: a big success for the Forum's watchdog efforts.

'Reformist' and 'rejectionist' approaches to the issue of IFI roles in Central Asia / FSU

As a large network, the Forum includes reformists and rejectionists on the role of IFIs and globalisation. The debates on, for example, the environmental effects of road schemes, can be very heated. The difficulty of getting a response to formal complaints submitted to ADB, and the time involved in this, leads many to question the value of a reformist approach. On the other hand, real political opportunities to pose an alternative (such as the HIPC campaign) do not come by very often. Here the character of the Forum as a regional grouping stretching far beyond Caucasus and Central Asia, with access to resources to organize meetings and produce good quality, well researched publications, has been a huge benefit.

The argument "in defence of left views"¹⁰ draws attention to the fact that while new political and economic rights were promoted during the transition period (e.g. political pluralism, civil society and entrepreneurship), others were subjected to sustained attack (e.g. full employment, free health and education, Soviet style maternity benefits). Ideologically, the new powers-that-be insisted that these rights were "out of date" or "not applicable" and that the expectations of the rights holders (i.e. the population) just showed how dependant they had become on the state. The arguments being developed by Forum members about the need to enhance the rights to be informed, to participate or be compensated show a determination to limit the losses from the uneven development of the last 20 years. In some aspects, its position seems to be moving towards the critique of capitalism that prevails in much of the developing world (see the World Social Forum agenda).

The fact is that many policies promoted by the major donors are still wrong.

Box: Wrong direction of IFI energy policies – the failure to support central heating systems

Figures quoted by Bakhadur Khabibov from the Consumers Association of Tajikistan:

- In 2008, the population of in Tajikistan used 2.9 million thousand kWatt hrs of electricity, or 23.2% of the country's total consumption.
- In 1991, the population used 1.5 million thousand kWatt hours – or 9.1% of total consumption.
- In 1991, electricity was available 24 hours a day, all year; while in 2008, it was severely restricted in the winter period, just as in previous years. In five major cities – Dushanbe, Khojend, Kurgan-Tube, Kulyab and Chkalovsk, there are 1044.5 thousand inhabitants or about 14% of the total population of Tajikistan. In 2008, these 14% accounted for 41% of total electricity use in the country.

The author comments that while one can say that electricity was available more or less 24 hrs per day in the capital, by comparison with 1991, the cost of the supply had gone up by over three times. This shows the problems caused by a policy based on privatization of energy

¹⁰ Title of an article in the *Special Caucasus and Central Asia issue of Bank Watch*, March 2009, by Zulfia Marat from the Kyrgyzstan Human Right Bureau (47-50).

assets and a focus on individual electricity consumers, rather than repair and update central heating systems.

(Source: *Special Caucasus and Central Asia issue of Bank Watch, March 2009, 51-53*)

CSO role in promoting new policy agendas

A similar situation exists with regard to climate change. In 2009, the Forum made a study of how far ADB projects take climate change into account. They discovered that none of the projects agreed so far in Caucasus or Central Asia include an adaptation component. A year earlier, a special meeting on Water held by the Forum in Astana considered problems relating to irrigation and water use as a model for cooperation among the countries in the region.

Conclusion

The examples described above show that Central Asia NGOs have begun the slow and complex process of entering global civil society. Organisations in the region are still relatively distant from the main debates or “inner circles” (as are CSOs in China or the Middle East countries)¹¹. However, leading NGOs now regularly attend international conferences, not just in Europe and USA, but also in the South Asia and Pacific region, and place issues regarding the FSU region and transition countries on the agenda. Their work to develop better public awareness of the work of international agencies is very important to the future of the countries in the region.

The case studies show that major decisions almost always have a political dimension. HIPC was won partly because the new government thought it had an alternative to World Bank loans – new investment from Russia and Kazakhstan. However, small countries like Tajikistan and Kyrgyzstan have limited room for manoeuvre between the demands and ambitions of the big powers. For example, President Bakiev thought he had successfully played off Russia and USA with regard to the Manas air base in summer 2009, but later events showed that he had been “too clever for his own good” - as various regional commentators have noted.

The questions raised by campaigners around HIPC, World Bank and Asian Development Bank programmes go to the heart of national government policy in FSU. They illustrate the potential of civil society to tackle issues around global governance and accountability. According to Scholte (2004), the civil society contribution to accountable governance has four main components: 1) transparency (ie making information available to key stakeholders), 2) policy monitoring and review, 3) pursuit of redress (for damage caused by bad decisions or misguided policies), and 4) promotion of formal accountability mechanisms (for example, independent evaluation units). We can see elements of all these in the work of civil society in Central Asia in recent years.

Charles Buxton, charliebuxton@hotmail.com, charlesb@intrac.kg

¹¹ See analyses of the structure of global civil society, e.g. Anheier, H. and Katz, H. 2006. Global interconnectedness: the structure of transnational NGO networks. *Global Civil Society 2005/06*:240-65