

Conclusions

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An Overview of Problems

Protection of Living Standards

The Central Asian countries have achieved relatively reasonable standards of living comparable with many middle income and upper ranks in developing countries. The recent economic crises with major disruptions in economic activities are adversely affecting living standards. Unemployment is increasing and many households are experiencing difficulties in meeting basic needs.

The situation in Central Asian countries is quite different from most developing countries trying to overcome the firm grip of poverty. Rather than moving up from very low income levels, their problem is protecting what they have achieved and preventing a further slide in income levels and other standards. The countries of Central Asia have in the past had relatively favourable indi-

cators of human resources — including the gender dimensions of these indicators—something in which most developing countries are pretty far behind.

Protection and Sustainable Use of Natural Resources

In spite of the fragile environment, the region is richly endowed with many valuable resources that are in demand outside the region. There are also certain natural resources, such as water, which are commonly shared by the different countries of the region. In the past, during the period of control by the former Soviet Union, use of natural resources was guided by only one consideration; that of exploitation. Economic and environmental factors did not play much of a role in decision-making, resulting in many uneconomic activities that dangerously damaged the environment in many areas. The challenge for the coun-

tries of the region is to improve the conditions of degraded natural resources and to use these on a sustainable basis for the benefit of the people. Many communities closely associated with the use of certain resources in the past, such as the nomads, want a greater say than before in how these resources are to be used in the future.

Pollution Control

This is probably the most serious challenge for the region. Soil, water, air, and other resources show very high levels of pollution — almost equal to those seen in the developed countries. There is also extensive degradation of forests and rangelands. Fortunately, there is a growing concern in the region about the levels of pollution, and different measures are being applied to deal with it — including control of many polluting activities, both agricultural and non-agricultural. A unique form of pollution was also reported from the region in the form of rocket-debris and efforts to regulate this are also taking place.

Economic Crises

Many of the countries of Central Asia have experienced serious economic crises, following the dissolution of the former Soviet Union and the recent economic crisis in Russia. The countries are in a period of transition from a centrally planned economy to a market-oriented economy, and this has led to the closure of many activities that lacked the means to sustain themselves. Shortage of goods and lack of resources to import needed goods and services, as well as to maintain the previous economic structure with its huge subsidy and administrative apparatus, have resulted in increasing hardship for many. It is said that the poorer groups of people are suffering the most and previously unknown forms of inequality are beginning to appear in these societies.

Lack of Decentralized Decision-Making

Among the main difficulties encountered in the transition to a market economy are the lack of experience and the absence of appropriate institutional mechanisms to facilitate decentralized decision-making. These problems are being seen in industry, in the market, in local government, in different departments, and even in communities. The entire system was geared to receiving orders from the top and acting on these, irrespective of their appropriateness for the unit in question. Taking responsibility and being accountable for one's decisions and actions take time to develop as experiences in the region are demonstrating.

Ownership, Tenancy and Access Rights

Another important problem in the transition to a market economy and the management of natural resources has been the absence of well-defined systems of ownership and tenancy rights, and consequently ill-defined access rights. With a history of only state control over all natural resources and lack of private ownership of land, difficulties are being encountered in creating a system of private ownership that is both responsible and accountable. The issue of ownership is also related to the question of prices and taxation. While concerted efforts are being made, the change is slow and not without many difficulties.

Private ownership and management cannot function effectively without a well-defined legislative framework through which various types of contracts can be enforced. Laws without enforcement are a serious problem, hampering the transition to a market economy.

Priority Issues

While all the above-mentioned problems are very important, the common link be-

tween all of the above problems is the issue of alternative institutional development to facilitate the transition to a market economy. Institutional development can promote private decision-making that is responsible and accountable; encourage the growth of entrepreneurs, risk taking and new investment; permit participation by multiple stakeholders; and effectively cover the vacuum created by the retreat of a heavy government. The change from centralized decision-making to a participatory decentralized system of management has to take place in an evolutionary context - 'learning by doing' on many fronts and being flexible enough to correct mistakes as they appear. While there are many areas in which the region can learn from the rest of the world, some of the most difficult problems are overcome only by hard experience.

The Role of the Government

The governments in the region have the most difficult task of not only retreating from certain activities but facilitating the development of new institutional arrangements, enforcing the new rules of the game, and creating the environment for the growth of new opportunities. Much of the cleaning-up operations will be the responsibility of the government. If there is clearly a retreat in many economic sectors, the same may not be true in the social and environmental sectors, although even here the traditional roles may need to change so that government activities create conditions for other actors to enter if they so desire.

Apart from the management activities, the government should play an active role in terms of promoting regional and international cooperation.

The Role of the NGOs

The NGO concept is a new one in the region and, while there are many good examples, there is still a long way to go.

NGOs have an entrepreneurial role, a catalytic role, an advocacy role, and an awareness-raising role. The entrepreneurial role is seen from the many rural development initiatives that have been undertaken. This role needs to be substantially strengthened in the context of a withdrawing government and other infant private sectors. The catalytic role is evident in the affairs of the local community where experience in taking responsibility for local development in social, economic, and environmental areas still needs to be generated. The advocacy role is seen in terms of promoting the interests of the local people and the community. At a time when economic priorities dominate, there is a big danger of side-stepping local issues. Similarly, when there are choices between economic and environmental sectors, it may be only on account of NGO advocacy that environmental factors get priority. Clearly there are many areas in which advocacy is necessary, and this role is best played by NGOs. Insofar as awareness-raising is concerned, this role is both local and national. The transition from a centrally-planned to a market economy has left many grey areas about which the government and all the actors need to know more. The role of NGOs in the future development of the Central Asian countries is indeed very crucial, and the policy of the government towards NGOs may well determine the extent to which NGOs can discharge their responsibilities effectively.

Role of the Private Sector

The increasing role of the private sector in all aspects of the economy and the environment is crucial for successful transition to a market economy. The private sector needs to play a pivotal role in boosting new investments and mobilising the resources needed to promote economic activities, both old and new. All the main sectors are in need of huge investments. Infrastructure is in need of repair and maintenance. For-

tunately, the region is endowed with a highly educated labour force that is relatively cheap. While the role of the private sector is all encompassing, in order for it to play an active role, the government needs to create an appropriate environment with laws and mechanisms for enforcement of these laws. Peace is essential for investments to grow and governments have a key role in providing for the maintenance of law and order.

Ultimately it is a matter of partnership between the private sector, the government, and the community move together towards the path of sustainable development in the region.

The Role of Regional Cooperation

Regional Cooperation in the region is a matter of economic and environmental necessity and, therefore, politically desirable. Sharing common resources and a similar type of environment, the region needs to work together to make the most efficient use of common resources such as water. Apart from harnessing some natural resources on a sustainable basis, there are many unique natural resources that need to be protected and preserved, and this is not feasible without strong regional cooperation. There are also important economic opportunities that could be better promoted under a regional framework than by individual countries.

There are already very encouraging experiences in cooperation on an interstate basis and in the future this should be emphasised and promoted in both economic and environmental endeavours.

The Role of International Cooperation

International Cooperation is essential to provide adequate levels of support to the region so that it can make a successful transition to a market economy. The region is experiencing serious economic difficulties and, in spite of fairly promising potentials, it is facing crises in terms of resources. The international community has a key role to play in this respect.

The other area in which the international community can play an important role is in providing technical assistance to the region — particularly in economic matters regarding market operations and in many others such as law, arbitration procedures, and also in sociocultural aspects that have been generally neglected in the past.

The **Urumqi Declaration** and the **Altai Declaration** are the most important outputs of this Conference and these reflect all of the concerns stated above. In fact, in some areas, they go far beyond calling for specific action in different fields.