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BRINGING DOWN REGIONAL BARRIERS

REVISITING THE UNDP'S "CENTRAL ASIA HUMAN DEVELOPMENT REPORT 2005"

A keynote address at the
CAREC Institute Research Conference
2022

THE UNDP “CENTRAL ASIA HUMAN DEVELOPMENT REPORT 2005”




- Title: *“Bringing down barriers – Regional cooperation for human development and human security “*
https://hdr.undp.org/sites/default/files/central_asia_2005_en.pdf
- A regional HDR, the first for Central Asia
- Covers the 5 FSU republics of Central Asia
- Prepared 2004-5 by an interdisciplinary international team for UNDP
- With strong participation of Central Asian experts and national advisory groups

WHAT I WILL PRESENT TODAY

- Focus, coverage and key messages
- Highlights by main topics
- Assessment and implications

FOCUS, COVERAGE AND KEY MESSAGES



FOCUS AND COVERAGE: REGIONAL COOPERATION FOR HUMAN DEVELOPMENT AND HUMAN SECURITY

- History and human development trends
- Trade and investment
- Natural resources: Water, energy and the environment
- Regional threats: natural disasters, drugs, crime and terrorism
- Social development challenge: migration, health, education, gender
- Political and institutional constraints and opportunities
- Cooperation with neighbors and international partners

KEY MESSAGES

- Central Asia a pivotal region and land bridge at the heart of Euro-Asia, surrounded by some of the world's largest and most dynamic economies
- Increased regional cooperation and economic integration will produce big gains with a regional economy twice as large as in 2015 relative to 2005
 - costs of non-cooperation high (lost econ. opportunity, disease, natural disasters, environmental destruction, conflict and insecurity)
- Most important areas for cooperation: trade and transit, water, energy, disaster preparedness
 - Border barriers need to be drastically lowered – CA needs borders with a “human face”
- Domestic policy reforms (including social policy) and good governance a key complement to regional cooperation
- The UN Secretary General to appoint a Special Envoy and Representative to follow up on the recommendations in this report

HIGHLIGHTS BY MAIN TOPICS

HIGHLIGHTS: TRADE AND INVESTMENT¹⁴

Analysis

- Severe borders barriers (formal and informal) (quantification of time and cost implications)
- Complex/opaque trade policies
- Poor and poorly maintained transport infrastructure (road, rail, air)
- Wasteful investments to avoid border crossings
- Unsupportive “behind the border” business and transit conditions

Recommendations

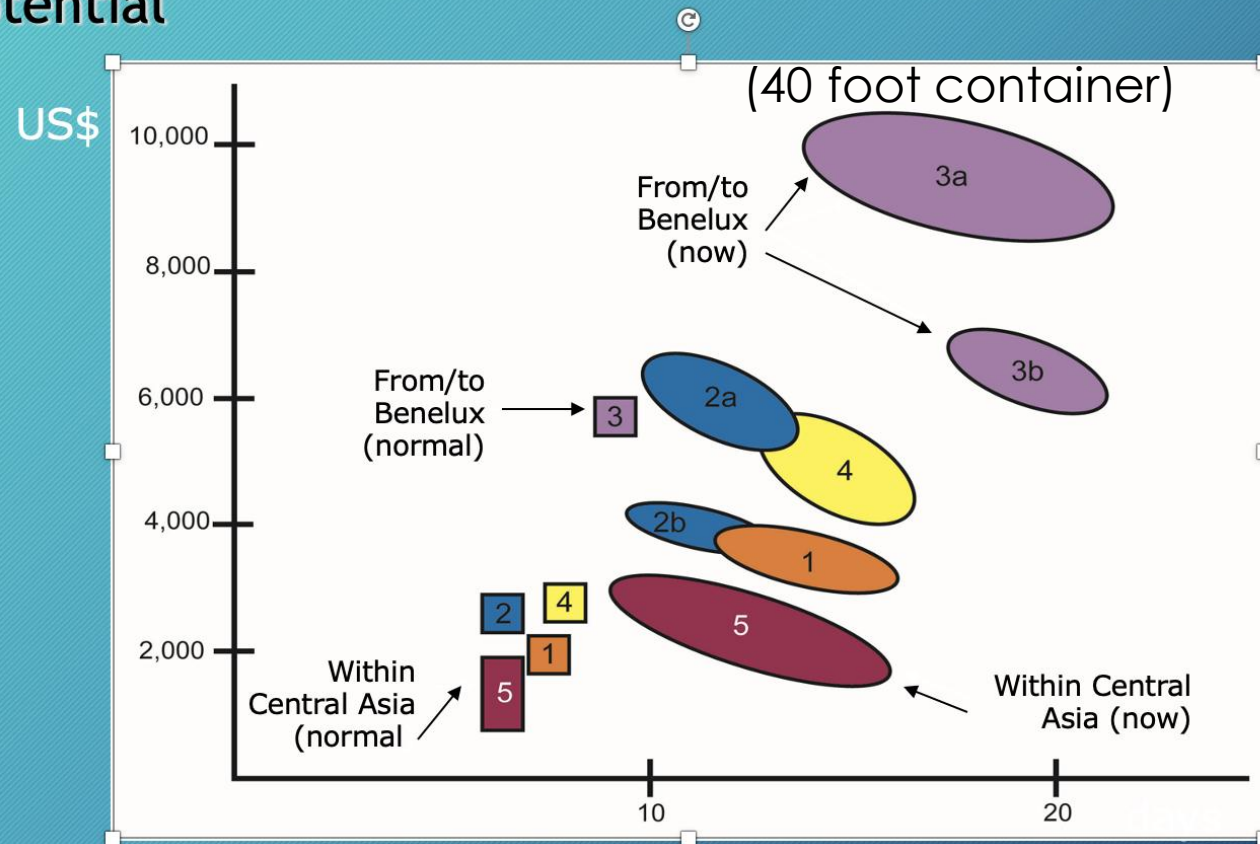
- WTO accession and possible CA common market (LT goal)
- Trade and Transport Facilitation (TTF) policies
- Improve infrastructure (national and regional plans)
- Reform behind border business conditions
- Create effective regional organization
- International support for regional cooperation

What happened? CAREC picked up on this agenda with CAREC corridors, investments, TTF progress; BRI engagement supported infrastructure development

IMPACT OF BORDER BARRIERS

Central Asia's connectivity challenge

Cost and transit time for shipment from/to Central Asia 2004 - actual v. potential



HIGHLIGHTS: WATER, ENERGY, ENVIRONMENT

Analysis

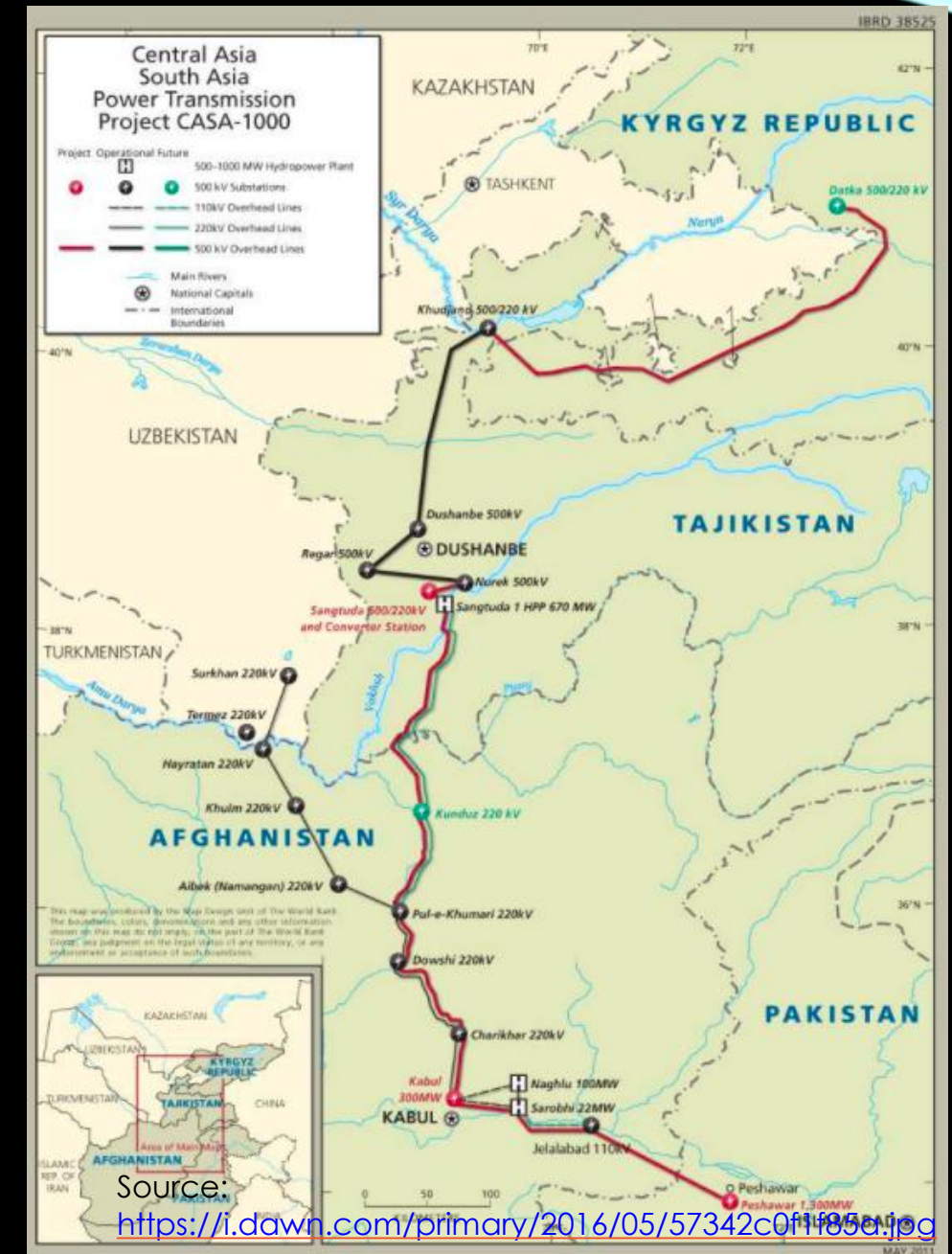
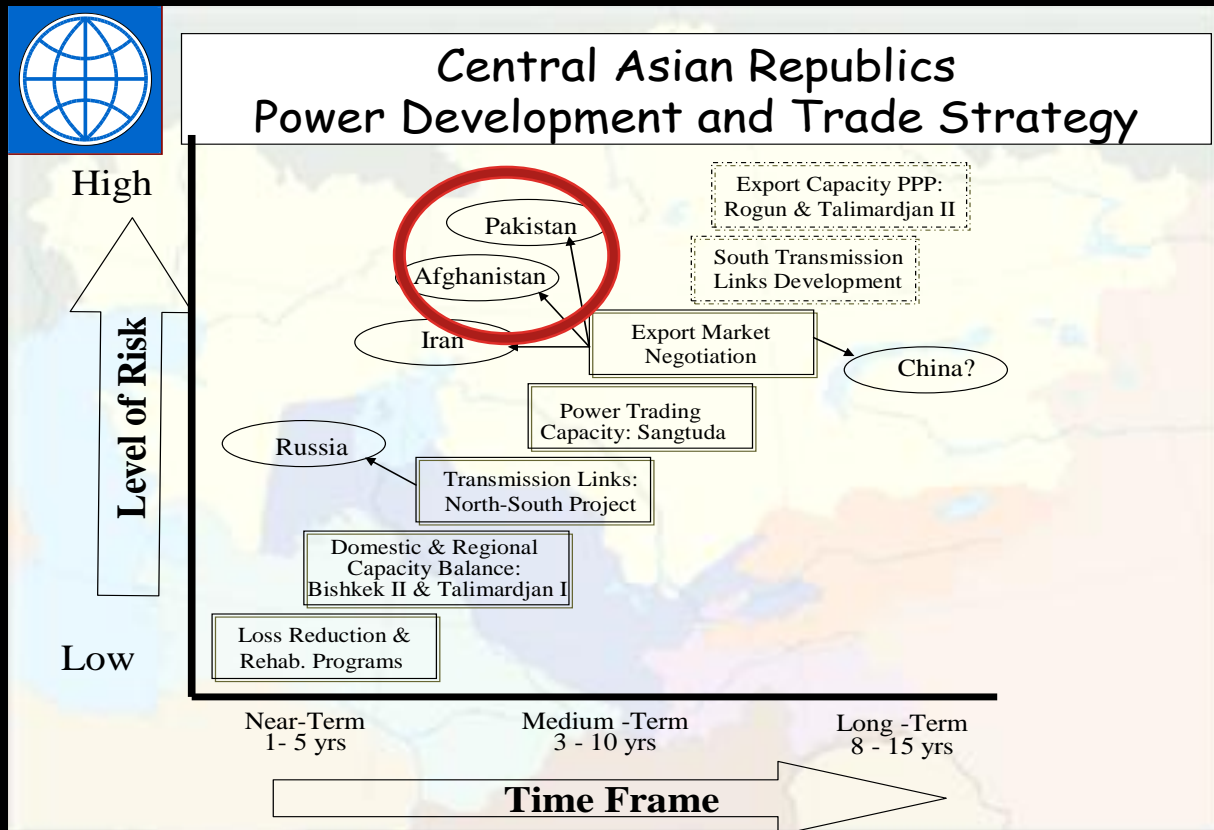
- Dramatic inefficiencies in domestic management of water and energy
- Regional cooperation essential to optimize development/use/export of water/energy
- Water/environmental hotspots (cross-border community conflicts, dam safety, radioactive tailings, water/air pollution, etc.)
- Quantific. of some benefits/losses

Recommendations

- Improve national management of water, energy, environment
- Regional coop. on water, energy and cross-border environment issues
- Support civil society addressing these issues, cross-border community cooperation
- Reg. and international organizations to focus on these issues (incl. adoption of global conventions)

What happened? Cooperation limited; CAREC focused on power grid reintegration, not water, until recently; CASA1000

REGIONAL POWER EXPORT VISION (2005) AND REALITY (CASA1000 ca 2020)



NATURAL DISASTERS, DRUGS, CRIME AND TERRORISM

Analysis

Significant regional threats from:

- Major natural disaster risks (esp. seismic)
- Important transit route for drugs, and drug-related crime
- Terrorism threats (Afghanistan)
- Limited national and regional risk preparedness and response capacity
- Narrow focus on security solutions, rather than underlying societal drivers

Recommendations

- Comprehensive national risk response and reduction strategies, balancing security and social aspects
- Build capacity for national disaster preparedness and response
- Cooperate with and prepare to support neighbors
- Regional and international organizations to focus on these risks.

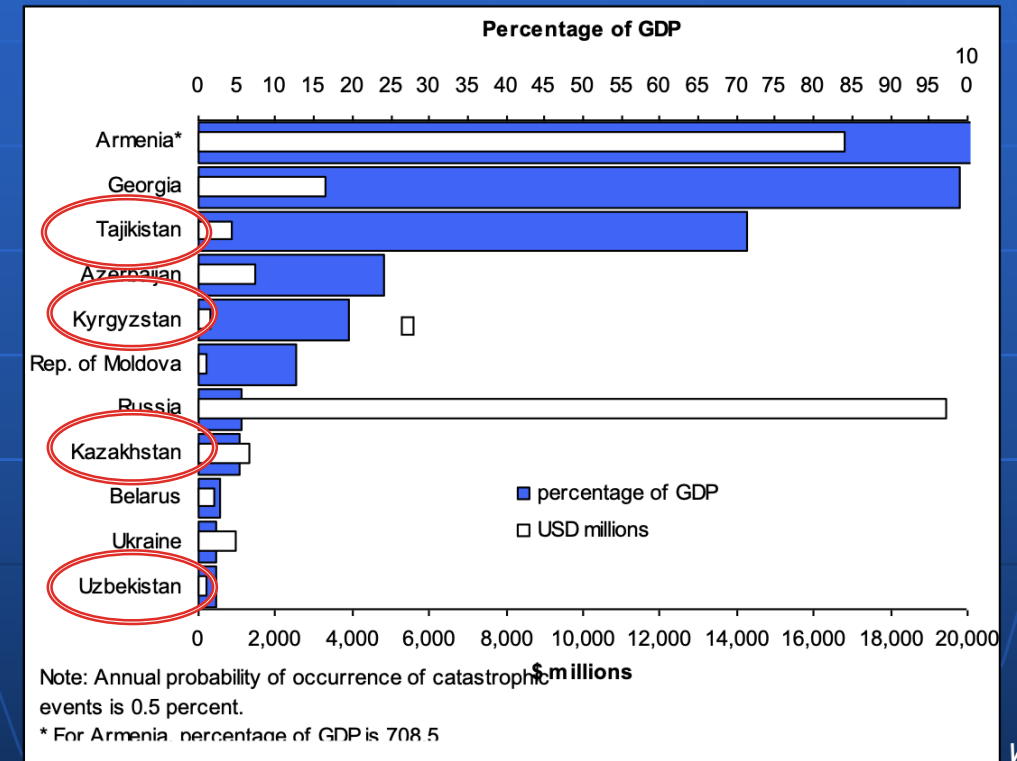
What happened? Limited focus and progress UNDP's CARRA initiative; CAREC has not dealt with these issues systematically.

CENTRAL ASIA SEISMIC HAZARD AND ECONOMIC LOSS POTENTIAL

Seismic Hazard Areas in Central Asia



Economic Loss Potential from Catastrophic Events



MIGRATION, HEALTH, EDUCATION, GENDER

Analysis

Region faces common challenges in

- Managing migration
- Restoring quality health services and responding to epidemic threats
- Improving education and advanced skills acquisition
- Stemming erosion of women's rights

These are predominantly national issues, less regional

Recommendations

- Exchange experience on best practice, establish common standards/norms, support information and knowledge exchange
- Allow cross-border access to education and health services for border communities
- Regional and international organizations to support region-wide initiatives to improve social conditions

What happened? Limited progress to date; CAREC 2030 strategy focused on social issues

POLITICAL AND INSTITUTIONAL CONSTRAINTS

Analysis

- National authorities more concerned with protecting than with sharing national sovereignty
- Legitimate cross-border activities often stifled (esp. for small business and traders), while illegal ones (smuggling, drug trade, etc.) overlooked
- Corruption pervasive
- Potential vicious cycle, as poor governance leads to rising popular resentment and opposition is in turn crushed by increasing government control;
- These factors limit regional cooperation

Recommendations

- Liberalize economic and political systems, greater transparency and accountability
- Pursue regional cooperation as part of a beneficial cycle, with economic and social gains underpinning reforms
- Regional organizations to organize peer reviews of reforms, conflict resolution, support for CSOs
- International organizations to support governance and institutional reforms

What happened? Not much; not a focus of CAREC

COOPERATION WITH NEIGHBORS AND INTERNATIONAL PARTNERS

Analysis

- Russia and (increasingly) China principal neighbors, also Afghanistan and Iran
- MDBs, UN agencies and IMF principal international partners; supporting CAREC as a significant opportunity
- All interested in a stable, prosperous, transit-friendly CA region
- But limited focus on supporting regional economic integration and cooperation and constrained in addressing key governance obstacles

Recommendations

- Expand scale of engagement
- Focus not only on national, but also regional dimensions
- Support governance reforms
- Coordinate across partners
- Help build strong regional organizations
- UN Special Envoy

What happened? No regional organization for CA only; EAEU includes 2 CA countries; CAREC

SCENARIOS

Projected

Actual



CAREC
EAEU
BRI
Uzbekistan

Scenario	Basic characteristics			Probability and time horizon
	Borders	Regional institutions	Scope of cooperation	
Pessimistic	Largely closed	Very weak	Very narrow, superficial	Unlikely
Status quo	Open, but high transaction costs	Weak/ineffective/multiple and competing	Across a wide range, but mostly superficial	Possible, indefinite
Cluster integration	Open borders between some countries in the region and relatively closed borders between other countries	Weak formal institutions, but effective multilateral and bilateral agreements for cooperation and integration among the cooperating countries	Across a wide range and relatively intensive in some areas, for the countries that cooperate	Most likely, over 3 to 5 years
Proactive cooperation	Open and low transaction costs	Strengthened regional institutions with efficient informal regulation of regional links	Across a wide range, and relatively intensive in at least some areas	Possible, over 3 to 10 years
Deep integration	Very open	Strong formal institutions	Broad and deep cooperation	Unlikely, maybe in 20 to 30 years

ASSESSMENT AND IMPLICATIONS

SPECIAL FEATURES/STRENGTHS

- Focus on and agenda setting for regional cooperation (at time of nation building)
- Comprehensive coverage and interdisciplinary approach/team
- Explicit focus on social and governance aspects
- “Inside-out” perspective – CA expert participation and opinion survey
- Quantification of benefits of cooperation and of costs/losses of non-cooperation/inaction
- Alternative cooperation scenarios and their implications
- Recommendations for national governments, regional organizations and international community
- Cooperation between UNDP, ADB (trade) and World Bank (survey)
- The report represents a useful “baseline” for all who are today working on regional cooperation and economic integration in Central Asia

BUT IMPORTANT TOPICS MISSING, FROM TODAY'S PERSPECTIVE

- **Sectoral and functional perspectives** – agriculture, industry, services; labor and financial markets; urban-rural; tourism
- **Climate change** – adaptation challenge mentioned only in passing, not focus of serious exploration, no mention of mitigation, carbon footprint, renewable energy, etc.
- **Internet connectivity** – again, mentioned in passing, but not as a significant force of connectivity, change, risks (e-commerce, e-government, security)
- **Pandemic threats** – epidemic threats mentioned (SARS, avian flu, HIV/AIDS), but pandemics a la COVID not envisaged
- **Threats to sovereignty** – politically (from resurgent Russia), economically (from super-economy China)
- **Concepts and terminology** – green economy, growth and finance, economic corridors, land-linked (instead of land-locked), smart cities, e-commerce; digital transformation

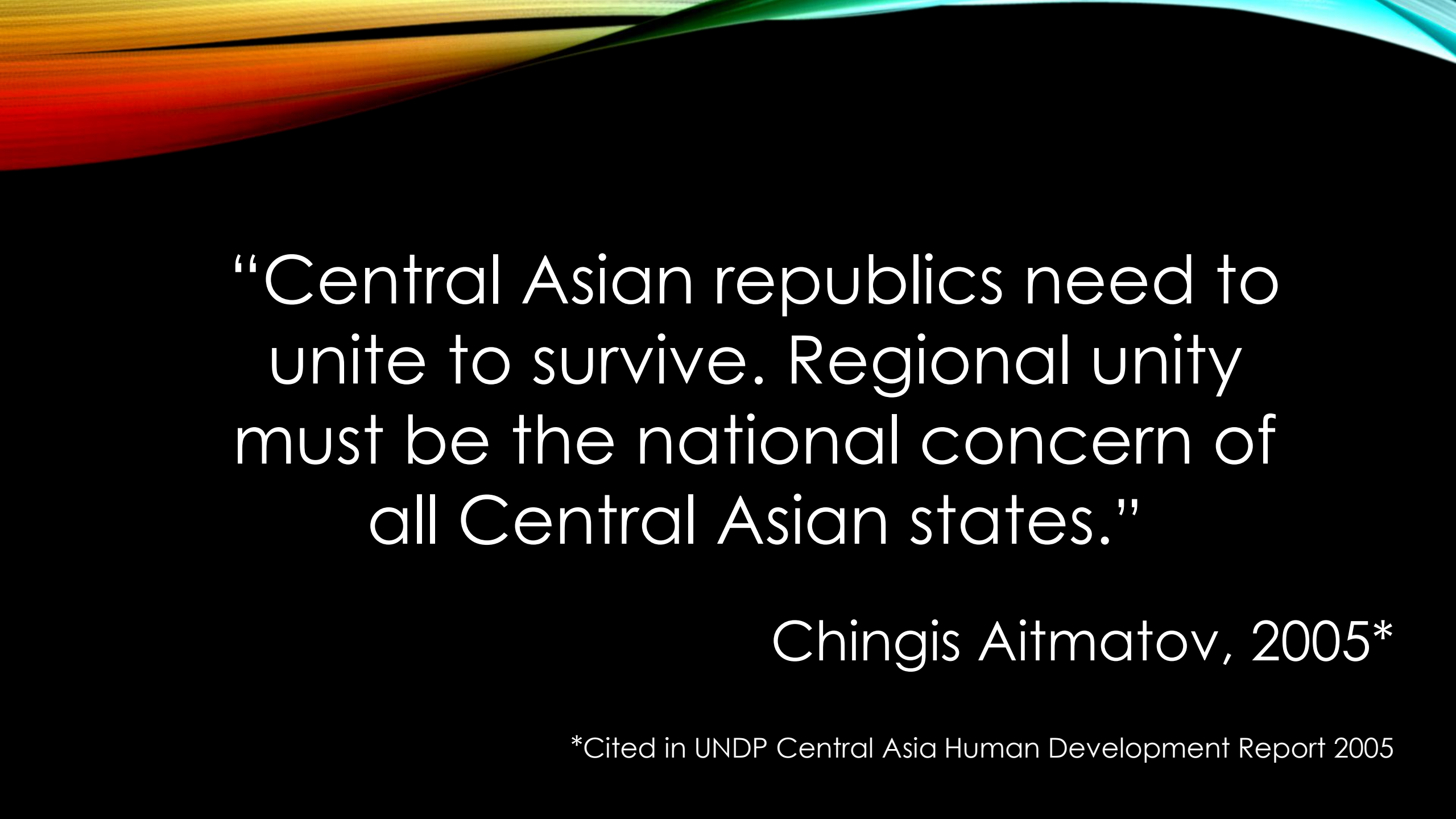
AND LIMITED IMPACT

CA WDR 2005, despite its limitations, correctly identified the cooperation agenda at the time, but with limited impact. Why?

- Very limited dissemination
 - Main follow-up with CAREC (CAREC SOM and Ministerial 2005 presentations; Johannes served as special adviser to CAREC 2005-2010)
 - UNDP followed up on disaster preparedness (CARRA), but limited impact
 - No UNDP follow-up in-country at high level, no building on local engagement
 - Special UN Envoy not appointed
 - Other development partners did not systematically focus on region (v. country), with the exception of CAREC
- Water too controversial; the social agenda not inherently “regional”; the governance agenda politically sensitive
- Proposals for strengthening regional organizations too optimistic
- The economic argument and quantification of benefits/costs carried little weight when faced by political reality

FINALLY, SOME IMPLICATIONS FOR FUTURE RESEARCH AND POLICY

- We economists mustn't be discouraged by the apparently overwhelming power of politics – need to hammer away at the message that economic benefits and losses are real, computable and make a difference in peoples' lives; CAREC and CI are excellent platforms for this.
- At the same time, we have to pay more attention to the politics:
 - to understand who are winners and losers and find ways to compensate deserving losers
 - to realize the need for constituency/coalition building
 - to reach and convince leaders
 - to be patient and build on opportunities for action when they arrive
- We mustn't forget the “old” issues over the “new” (trade and investment remain critical; water and energy resource need better management; O&M remains a critical challenge; seismic risks remain high; and long-standing environmental challenges remain important, not just climate change)
- Publication of reports is only the beginning of the process; if you want impact, you – or at least your institutions – need to find ways to influence policy and programs



“Central Asian republics need to unite to survive. Regional unity must be the national concern of all Central Asian states.”

Chingis Aitmatov, 2005*

*Cited in UNDP Central Asia Human Development Report 2005