

I. INTRODUCTION

A. CHILDREN AND THE SOCIAL COSTS OF TRANSITION

In many developing member countries (DMCs) of the Asian Development Bank, the conditions for child development, especially for children from poor families, are visibly not very bright. Child development historically has not been well supported by public funds, and poorer families have had little with which to provide for their children. Education, health care, and a secure environment, have simply not been there to the extent needed by children, even though individual family care and parental affections may be strong.

The situation is somewhat different in the Central Asian Republics (CARs). Here, for several decades until independence in 1991, children enjoyed a high degree of public support, considerable social protection, and relatively good living conditions. Neither the formal nor the informal sectors in the economy relied upon child labor. The social safety net guarded against the most extreme forms of deprivation. Child development was strongly promoted through the comprehensive provision of education and health services, pre- and after-school care, youth groups, and through the lifetime guarantee of employment.

As detailed in this report, it is now proving nearly impossible to maintain the traditional commitment to the needs of children in the difficult economic climate in Central Asia. The current period in the region is termed a transition period in which the countries are moving from the old command-style regime to economies based on market institutions and to political systems based on democratic principles. The change carries with it the potential of free societies and economies

based on rational allocations of resources. But the current period of transition has been characterized by difficult economic conditions. These conditions, developing with independence, have resulted in a massive increase in the incidence of poverty, the emergence of economic problems such as unemployment, social problems including increased crime rates, and sharply reduced public fiscal resources. The transition involves huge social and economic costs; costs which are being borne in many cases by the most vulnerable.

In particular, children are bearing the brunt of the costs of transition. They face the closure of education and health facilities. The task of feeding their children is exacerbated for poor families by declining social assistance allowances. Worsening health indicators, including a greater incidence of malnutrition, clearly show the impact of transition. On balance, the present generation is receiving less investment in human resources development than the last generation. A generation is thus at risk of lower development of its individuals' unique potentials. In turn the country and the region are at risk of slower development and growth.

B. TRANSITION IN CENTRAL ASIA

During the Soviet period, Central Asia witnessed major progress in its social sectors. A comprehensive network of systems providing social services, social protection, and social assistance was established. State-owned and collective enterprises, trade unions, and government agencies operated a wide range of facilities for children and young people, including schools, health centers, kindergartens, canteens, and culture and sports centers. In addition, they often provided housing, transportation, and utility services including heating, electricity, and water at highly subsidized rates. Although a relatively poor region, poverty in Central Asia was masked or cushioned by extensive social protection and social assistance systems providing help on an entitlement basis for many beneficiaries, particularly children and their families. The net impact was to provide a broad range of basic services with access to all. Literacy was nearly universal and an extensive health care system provided widespread coverage.

These systems were costly, especially because under Soviet rule there was little concern for efficiency of resource use. Incentives to minimize costs or closely target beneficiaries were lacking. More than

50 percent of the public budget was devoted to the social sphere. This was only made possible by large transfers from the Central Government of the former Soviet Union. State enterprises and other organizations received budgetary allocations and these were used to subsidize operations. Transfers to Central Asia in the late 1980s represented about 10 percent of regional gross domestic product (GDP). The extensive use of subsidies, both explicit and implicit, was a fundamental part of the overall centrally planned economy and society of the former Soviet Union.

The breakup of the former Soviet Union resulted in independence for the Central Asian Republics in 1991. The two countries dealt with in this report, Kazakstan and the Kyrgyz Republic, emerged with scant warning, from being constituent entities of the continent-sized Soviet Union, to assume the responsibilities of independent nations.¹ Independence resulted in fundamental changes for the political and economic systems and for society. Ultimately the end to Soviet rule offers the potential for developing democratic societies and has already provided expanded political freedom. However, the region is clearly facing a transition period in which the institutions of a democratic society and a market-based economy need to be established and developed.

Many of the changes were borne of necessity and are irreversible. The collapse of central planning meant the loss of the subsidies that had supported the vast and inefficient social systems. Moreover, independence and the chaotic collapse of central planning prompted a severe economic depression in Central Asia. Between 1991 and 1995, national output declined by approximately 50 percent. Limited fiscal resources have restricted social spending. Real public spending for social services, protection, and assistance has fallen by more than half within the last five years. As one result, social infrastructure is deteriorating.

The social costs of this transition period are high. The deep depression and lack of social assistance have multiplied the number of families and individuals living below the poverty line. At the end of 1996, approximately 40-50 percent of the people in Kazakstan and the Kyrgyz Republic were living below the poverty line. Social and

¹ The spelling of geographical names follows usage conventions by the Asian Development Bank. In general, the official names of the countries will be used, Kazakstan and the Kyrgyz Republic, although occasionally the commonly used Kyrgyzstan will be used.

economic problems, unknown under the Soviet system, have emerged. Unemployment is now a concern for people with an estimated 10-23 percent of the total work force lacking full-time employment.

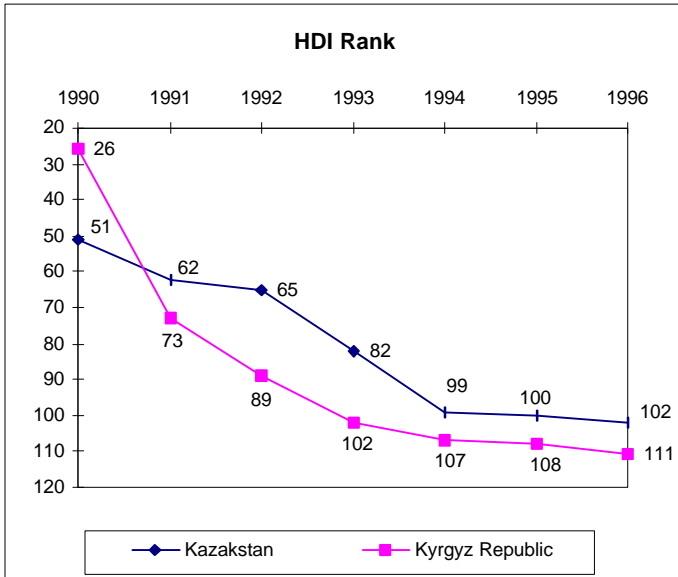
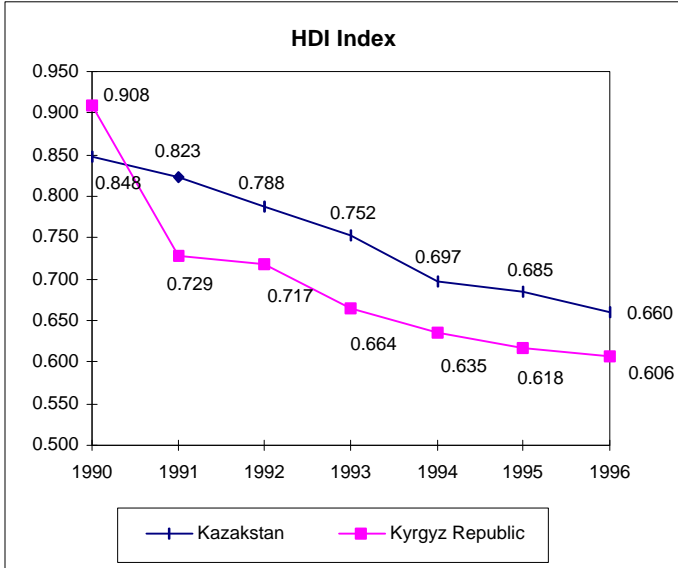
The 1995-1997 Human Development Reports published by the United Nations Development Programme (UNDP), suggest the extent of the problems. UNDP calculates a Human Development Index (HDI) combining measures of economic well-being (national income per capita) with indicators of social progress including measures of literacy and life expectancy. In 1990 Kazakhstan's HDI was reported as 0.848, giving the country a rank of 51 out of 173 countries. The Kyrgyz Republic had an HDI of 0.908 with a ranking of 26. By 1996, the HDI for Kazakhstan had slipped to 0.660 and a ranking of 102 out of 175; the Kyrgyz Republic's HDI had slipped to 0.606 with a ranking of 111 (Graph 1).

Moreover, social and economic distress are magnified in some localities, and there are considerable disparities in HDI within the two countries. In general the rural regions show considerably more poverty and less social development than urban areas although some urban areas have suffered heavy costs. In Kazakhstan, for example, HDI of the different provinces (oblasts) ranged in 1995 between 0.573 (Jambyl Oblast) and 0.866 (Mangystau Oblast). Internationally this would compare to countries like Guatemala (1994 international HDI index 0.572) and the United Arab Emirates (HDI index 0.866).

C. CHALLENGES FOR HUMAN RESOURCES DEVELOPMENT FOR CHILDREN

The enormous social costs are particularly harmful to children and young people. With the collapse of central planning, the delivery of social services deteriorated seriously: now, kindergartens and pre-schools close, hospitals run without medicines or supplies, schools go unheated, and transport systems cease to operate. Social transfers, especially family assistance payments have dwindled in real terms and are often paid only months in arrears. With the deep economic depression, families face the inability to purchase basic necessities including sufficient food and fuel. Malnutrition is becoming more common. Other health problems are clearly worsening with greater infant and child mortality and a generally greater incidence of disease. Families are learning that unemployment is a fact of life in a newly market-based

Graph 1: Declining Human Development



Note: HDI is based on calculations from the 1995-1997 national and international Human Development Reports; HDI ranking is relative to a changing list of countries. See relevant UNDP documents.

Sources: National and International Human Development Reports

economy. Young people face graduation from school without assured jobs; a situation that will worsen in the next 6-10 years as 35 percent of the population is below the age of 18.

Social problems have followed the breakdown of public control and the collapse of the economy. Crime rates have risen sharply, particularly crime involving young people. Existing substance abuse problems such as those involving alcohol have increased and new problems involving drug and drug trafficking have surfaced. These problems exacerbate the economic pressures facing families and reduce the ability to care for children and help them develop to their potential. In the extreme, some particularly vulnerable groups of children have been left without any support; the phenomenon of homeless children has emerged in Central Asia.

As detailed in this report, children of this generation are receiving seriously lower levels of support than those enjoyed by the last generation. An entire generation is at risk, facing a lack of investment in its human development. This lack of investment will seriously curtail the developmental potential for the region.

However, the transition period and emerging market society also offer new opportunities for children and young people. The decrease in security occasioned by the collapse of Russian socialism is countered by the increase in freedom of choice. When new jobs emerge, changes in the labor market will provide a range of choice for personal development unknown in the former Soviet Union. Similarly, a reformed education system, providing new access to information and encouraging critical thinking, will provide scope for personal fulfillment unmatched under the previous regime.

Children are aware that the world they are now a part of is by no means the one of their parents' childhood. When permitted by the available resources, they are avid students of foreign languages, computer, and business skills; studies designed to allow them to become better integrated in the new economy and society around them. They readily understand that their country is now part of a global and relatively open economy. In many ways, the young are among the most open to change.

Photo 1: Central Asian Children Facing an Uncertain Future



D. NEED FOR COMPREHENSIVE CHILD DEVELOPMENT POLICY IN THE CENTRAL ASIAN REPUBLICS

Awareness of the social dimensions of development and the special needs of the younger generation is growing among Governments, non-governmental organizations (NGOs), and the international community. The skills and attitudes of children and young people will help determine the future of the country. It is their development that will provide sustainable growth in a viable economy. Any country-based development strategy needs to provide the appropriate conditions and future opportunities for children. Promoting child development is an investment in the future of a society.

Like other cross-cutting issues child development needs to be considered in all aspects of national development planning and programming. Planning sensitive to the needs of children must provide for greater opportunities and an essential equality of opportunities throughout the different phases of childhood and adolescence. The

education sector is a natural focus, as is the health sector. However, given the deteriorating economy, there are problems to rectify in housing, water supply, sanitation, heating, transportation, family assistance, public employment programs, and public safety. The following six areas appear to be the most important for the future development of children and young people in Central Asia:

- The deterioration of the education sector, including the collapse of the preschool system, must be countered by providing sustainable fiscal resources, a new curriculum relevant to today's world, and access for all children regardless of their families' economic position.
- The decline of the health care system must be reversed giving special attention to pre- and postnatal care and child nutrition. Access to medical care must be ensured and this will demand assistance for poor families to pay for user fees and the provision of transportation for those in need.
- The serious ecological problems in Central Asia must be overcome. In some instances, such as near the Aral Sea, environmental problems have produced horrific health conditions and sharply limited economic livelihood for families.
- Infrastructure and public service investments must consider the needs of children and their families, for example, in improved school transportation and heating for schools and other public centers.
- Labor market policies and the vocational education system must provide opportunities for young people to enter the job market.
- The most vulnerable of children, those with special needs including orphans and the homeless, must be supported. This must ensure their basic needs for food, shelter, personal security, care, and nurturing to allow them to develop to the extent of their capacities.

E. THE ASIAN DEVELOPMENT BANK AND THIS STUDY

In mid-1996, the Bank embarked on a study to better understand the impact of transition on children and better design its programs of support for Kazakhstan and the Kyrgyz Republic. The two studies analyzed the socioeconomic and cultural implications of the transition process on children and young people. Fieldwork was done by staff consultants in May and June 1996 under a participatory teamwork approach involving both local and international experts as well as representatives from different bodies of the Governments and private sectors. The research in both countries was coordinated with other economic and social analyses on changes in gender relations and the social costs of transition.

Interviews with government officials, representatives of the international community, and NGOs were combined with field visits to health and education facilities, factories, agricultural enterprises, and small workshops. In Kazakhstan, the team was headquartered in Almaty and fieldwork done in the primarily agricultural oblast of Kokshetau in the north, and the mining area of Taldykurgan province in southwest Kazakhstan near the Chinese border with the small company town Tekeli as its capital. In the Kyrgyz Republic, the team was located in the capital Bishkek and major work was done in the two agricultural areas of Chui and Osh, and the mountain region of Naryn Oblast. Survey information was collected on street children and children in bazaars. These two focused studies complement other work by Bank staff in the course of providing assistance to the Governments, particularly in education and local government operations.

The results of these studies were incorporated into the Country Operational Strategies of the Bank for the two countries and provided the basis for this book. It is hoped that this book will render information and guidance to decision-makers and encourage child-sensitive policies to improve the condition of children and the future prospects of children through better human resources development.