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Clinton Presidential Records
First Lady's Office
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FOLDER TITLE:

The Trip of the First Lady to Kazakhstan, Kyrgystan, Uzbekistan, Russia, and Ukraine,
November 9-18, 1997 (Laura) [Binder] [3]

2012-0869-S

kc962

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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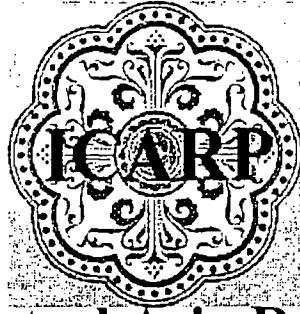
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

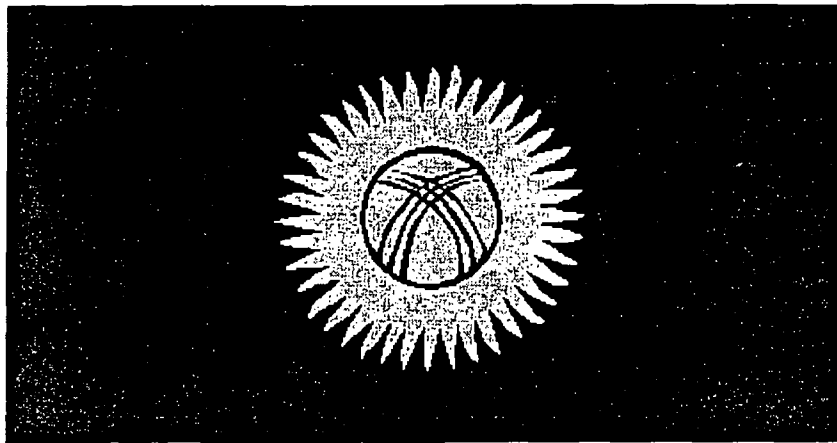
Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
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BACKGROUND ON KYRGYZSTAN



Interactive Central Asia Resource Project Description of Kyrgyzstan

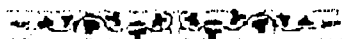


Kyrgyzstan is located in eastern Central Asia bordering China, Kazakstan, Tajikistan and Uzbekistan. Its has a total land area of 76,641 square miles with a population of about 4.4 million. Its capital city, Bishkek, has a population of 626,900. The population consists of 52 percent Kyrgyz, 21 percent Russian, 13 percent Uzbek, 2.5 percent Ukrainian, 2.4 percent German, and 1.6 percent Tatar. The country has an annual population growth rate of 2 percent. The official language is Kyrgyz, but here too there have been disputes with the "indigenous" Russian population over linguistic and citizenship claims.

Kyrgyzstan declared its sovereign independence on December 12, 1990, shortly after Askar Akayev was elected president by the Supreme Soviet. On October 13, 1991 Akayev became the country's first freely elected president. He was unopposed in the election. As president Akayev is both head of government and head of state, a feature common to all of the Central Asian republics. He presides over a constitutionally founded government that is comprised of the 313 member Zhogorku Keneshom (legislature) and the Supreme Court. The president appoints a prime minister who forms a government. The current government was formed on December 18, 1993. The current legislature, formerly the Supreme Soviet, was elected during the Soviet period and did not stand for election until March of 1995. Akayev himself faces an election in December of 1996. The major political parties include the Communist Party of Kyrgyzstan and Alta-Mekel and Erkin, both of which are small Kyrgyz nationalist parties. Akayev is the only sitting president of the Central Asian region who was not a former Communist.



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Quick Facts

GEOGRAPHY

Official name:

Kyrgyz Republic; digraph: KG (KS)

Location:

Kyrgyzstan is situated in Central Asia bordered by Kazakhstan, Uzbekistan, Tajikistan and China

Capital:

Bishkek

Area:

Total area: 199,900 square km (76,641 square miles). It is about the size of Minnesota. 5.2% - forests, 4.4% - water, 53% - agricultural land, 36% - other

Land Boundaries:

Total 3,878 km, China 858 km, Kazakhstan 1,051 km, Tajikistan 870 km, Uzbekistan 1,099 km

Climate:

Dry continental to polar in high Tien Shan; subtropical in southwest (Fergana Valley); temperate in northern foothill zone

Terrain:

Peaks of Tien Shan rise to 7,000 meters, and associated valleys and basins encompass entire nation. Highest point - Peak Pobeda (7,439 meters)

Natural Resources:

Abundant hydroelectric potential

Significant deposits of gold and rare earth metals

Locally exploitable coal, oil and natural gas

Other deposits of nepheline, mercury, bismuth, lead, and zinc

Irrigated Land: 10,320 sq. km (1990)

GDP: 22,467,800,000 soms (1996)

Currency: Som (\$1 = KGS17.10 (as of October, 1997))

PEOPLE

Population: 4.6 million (01.01.97); unofficial sources: 4,769,877

Age Structure: 0-14 Years - 37% (female 868,108; male 888,479)

15-64 Years - 57% (female 1,377,221; male 1,345,990)

65 Years and Over - 6% (female 185,807; male 104,272)

Population Growth Rate: 1.5%

Birth Rate: 25.97-births/1,000 population

Death Rate: 7.32 deaths/1,000 population

Net Migration Rate: 3.66 migrant(s)/1,000 population

Infant Mortality Rate: 45.8 deaths/1,000 live births (1995 est.)

Life Expectancy at Birth: Total population: 68.13 years

Male: 63.92 years

Female: 72.56 years

Total Fertility Rate: 3.31 children born/woman (1995 est.)

Nationality: Noun: Kyrgyz(s)

Adjective: Kyrgyz

Ethnic Divisions:

Kyrgyz 60.8 %

Russian 15.3 %

Uzbek 14.3 %

Ukrainian 1.5 %

Other 8.1% (includes Dungan, German, Kazakh, Korean, Tajik, Tatar, Uighur and others). Kyrgyzstan has more than 80 ethnic groups

Religions:

Islam, Russian Orthodox etc. The freedom of worship is guaranteed under the Constitution. Most major religions are practiced in Kyrgyzstan

Languages:

The official state language of Kyrgyzstan is Kyrgyz. Russian is also very widely used, and English is becoming popular among the younger generation

Literacy:

Age 15 and over (1989)

Total population: 97%; Male: 99%, Female: 96%

Labor Force:

1.836 million

By occupation:

Agriculture and forestry 38%, Industry and construction 21%, other 41% (1990)

Government

Type: Republic

Head of State: President

Government Power:

Legislative Branch - Jogorku Kenesh (Parliament) consisting of two chambers, with the Legislative Assembly and People's Representatives Assembly

Executive Branch - Government, Local Akimiats (local state administrations), Ministries and State Establishments

Judicial Branch - Constitutional Court, Supreme Court, Highest Court of Arbitration

Adm. Divisions:

Bishkek (capital) and 6 oblasts: Chui Oblast, Jalal-Abad Oblast, Naryn Oblast, Osh Oblast, Talas Oblast, Issyk Kul Oblast

Independence: 31 August 1991

National Holidays:

New Year's Day (January 1)

Russian Orthodox Christmas (January 7)

Orozo Ait (winter) - Muslim holy day celebrated by the lunar calendar (date is not fixed)

International Women's Day (March 8)

Nooruz (March 21)

Kurman Ait (spring) - Muslim holy day celebrated by the lunar calendar (date is not fixed)

International Worker Day (May 1)

Kyrgyz Constitution Day (May 5)

WW II Victory Day (May 9)

Independence Day (August 31)

Constitution: Adopted 5 May 1993

Suffrage: 18 years of age; universal

Member of: More than 30 international organizations, like AsDB, CIS, EBRD, ECE, ECO, ESCAP, FAO, IBRD, ICAO, IDA, IDB, IFAD, IFC, ILO, IMF, IOC, IOM (observer), ITU, NACC, OIC, OSCE, PCA, PFP, UN, UNCTAD, UNESCO, UNIDO, UPU, WHO, WIPO, WTO etc.

Kyrgyzstan's flag was adopted on March 3, 1992 and shows a combination of esoteric and practical symbols. On a field of red - traditional color of the Kyrgyz - is centered a yellow sun with 40 rays, representing the 40 tribes led by the ancient national hero, *Manas*, who united them to form the Kyrgyz nation. Centered on the sun is a red circle containing two crossed sets of three curved lines, a stylized representation of the opening at the peak of a *boz uy* (yurta, yurt) - the traditional Kyrgyz house. The sun symbolizes light, nobility and eternity to the Kyrgyz.

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Ambassador Ms. Zamira Eshmambetova,

Permanent Representative of the Kyrgyz Republic

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U.S. Diplomatic Representation:

Ambassador Anne Sigmund. Embassy: Erkindik Ave. #66, Bishkek 720002

Telephone: [7] (3312) 22-29-20, 22-27-77,

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Additional General Information about Kyrgyzstan

KYRGYZ REPUBLIC: MAIN ISSUES IN BILATERAL RELATIONS

Economic and political reform. Overall, U.S. relations with Kyrgyzstan are close and cooperative. In a region that has not enjoyed a good reform record, Kyrgyzstan is often described as an example for other Central Asian states in terms of political and economic reforms. However, the reforms remain tenuous. While the Kyrgyz Republic leads the Central Asian states in terms of political and economic reform, the U.S. continues to press for democratic institution building.

U.S. Assistance. U.S. assistance to Kyrgyzstan in 1996 totaled approximately \$58.3 million and covers a broad spectrum, including health, education, democratic reforms, agriculture, economic restructuring and law enforcement. The Kyrgyzstanis are seeking additional U.S. assistance in the following areas:

a) **Kyrgyz-American University.** During President Akayev's July 1997 visit to the U.S., he met with George Soros and the Open Society Institute to discuss transforming the Kyrgyz American Faculty (currently a department of the Kyrgyz National University, established in 1993 with USG funds) into an independent American university. Soros promised a donation if the U.S. government would match his commitment. President Akayev also raised the issue with Vice President Gore, who promised to consider it. The U.S. government supports an independent university, building on the Kyrgyz-American Faculty's strengths in business, law, journalism and English language.

b) **Radioactive waste removal.** Radioactive contamination from old Soviet mines, and uranium mining equipment stored in crumbling storage facilities along the Kyrgyz river system, threaten fresh water supplies.

c) **Border guards/Customs training.** Kyrgyzstan has asked for U.S. assistance to remodel its border guard and customs services to function effectively and independently of Russian support.

d) **Mountain rescue.** During his July 15 meeting with Vice President Gore, President Akayev requested U.S. assistance in establishing a mountain rescue specialty unit within the Kyrgyzstani military.

e) **Joint seismic center.** Also during that July meeting, the U.S. offered up to \$250,000 in funding to support the startup and first year's operation of an international geodynamics center in Kyrgyzstan.

f) Afghanistan. Like other Central Asian states, Kyrgyzstan sees the continued conflict in Afghanistan as destabilizing to the region. In August, President Akayev wrote to President Clinton requesting support for his initiative to hold a peace conference in Bishkek. Acting Secretary Talbott replied on behalf of the President, noting our commitment to finding a lasting peace within a UN framework. During his October visit to the U.S., Foreign Minister Imanaliyev discussed President Akayev's proposal, emphasizing that Kyrgyzstan's priority is that a peace conference be convened, regardless of venue or auspices.

More attention at higher levels. The Kyrgyz government places great value on high level meetings as an endorsement of its political and economic reform efforts. President Akayev was disappointed that President Clinton was unable to meet with him during his mid-July visit to the U.S., and due to a scheduling conflict, Kyrgyzstani Foreign Minister Imanaliyev did not have a chance to meet with the Secretary of State during his October 5-7 visit for the UNGA. We are examining possibilities for a high-level meeting in 1998.

KYRGYZ REPUBLIC: POLITICAL AND SOCIAL OVERVIEW

Political freedom. The Kyrgyzstani people enjoy more political freedom than citizens of the other Central Asian states. President Akayev is the only Central Asian president who has not extended his term by means of referendum and who allows political opponents a relatively active role in Kyrgyzstani politics. Kyrgyzstan has several independent political parties that competed in the 1996 parliamentary elections. However, democratic reform and institution building remain fragile and need continued reinforcement.

Presidential elections. In December 1995, Presidential Akayev was reelected in the first multi-candidate presidential elections in Kyrgyzstan. The conduct of the elections was generally free and fair, but in the pre-election period, many candidates had trouble getting needed signatures certified and three candidates were de-registered by court order after being accepted by the Central Election Commission. Two candidates ran against Akayev, although his strongest challenger was prevented from doing so at the last minute. Two opposition campaign workers were arrested just before the elections, held without trial for four months, and eventually convicted of libeling the president.

Consolidation of presidential power. A February 1996 referendum (in violation of the Constitution and the law on referendums) amended the Constitution to give President Akayev more power. The changes gave the president the power to dissolve parliament. It also removed the clause that parliamentarians be directly elected by universal suffrage. President Akayev has continued to strengthen the executive by expanding its staffing and purview, and by forming a personal cabinet within the presidential apparatus. For the most part, the parliament and judiciary tend to be subordinate to the executive, and the overwhelming majority of local government officials are appointed by the president.

Authoritarian tendencies. Akayev has said publicly that his more authoritarian approach is intended to speed implementation of economic reforms, but his discomfort with domestic criticism appears to have motivated him to take a tougher line toward domestic opposition and to backpedal on democratic reforms and human rights. Although Akayev has denied that he is planning to change the Constitution to allow him to run for a third term, or preparing a referendum to extend his second term, such high-handed action cannot be ruled out.

Parliament. Despite Akayev's attempts to strengthen presidential power at the expense of the legislature, the Parliament has demonstrated some independence from the executive branch.

Earlier this year, the legislature overruled a presidential veto and passed legislation to allow it to call for a no-confidence vote on any cabinet appointment.

Judiciary. Kyrgyzstan has also undertaken some steps toward the creation of an independent judiciary. In November 1996, the Constitutional Court ruled that the speaker of the parliamentary lower house had been unconstitutionally elected. The legislature accepted the court's decision and elected a new speaker.

Military. Kyrgyzstan is facing a formidable task in maintaining its 16,000 man armed forces. Reduced budgets have led to growing shortages in all areas of operation, training, maintenance and basic supplies. Kyrgyzstan has a conscription system with an alternative service option. A treaty with Russia allows Russian servicemen to serve in the Kyrgyzstani military on a contract basis. An estimated 4,000 border guards (virtually all ethnic Kyrgyz) still under Russian command are stationed in Kyrgyzstan to guard the Sino-Kyrgyzstan border. A Kyrgyzstani motorized company participated in the successful mid-September joint CENTRASBAT military exercises with Kazakh, Uzbek and U.S. forces.

KYRGYZ REPUBLIC: ECONOMIC AND COMMERCIAL OVERVIEW

Kyrgyzstan is the most reformist of the Central Asian states, but also one of the poorest and most vulnerable due to its relative lack of natural resources. Kyrgyzstan's economic decline has bottomed out, however, and it is beginning to reap some rewards from its economic reform program.

Industrial decline. During the Soviet period, Kyrgyzstan's industries were heavily subsidized and not internationally competitive. Once Moscow's subsidies stopped and inter-republic trade collapsed, Kyrgyzstan's industry suffered. Between 1990-1996, industrial output fell 64 percent, while GDP fell 48 percent. The steepest declines were in the energy, machine building, construction, and chemicals sectors, where production fell by 80-90 percent. According to official statistics, in 1996, 43 percent of enterprises were losing money. Before industry can fully revive, much of Kyrgyzstan's obsolete industrial base will need to be rebuilt or replaced.

Economic reform. In 1993, Kyrgyzstan launched a bold program of economic reform which won the support of international financial institutions. The government introduced favorable laws on privatization, joint ventures, foreign trade and investment, free economic zones, and concessions to foreign investors -- all designed to facilitate the rapid development of a market economy. Also in 1993, Kyrgyzstan became the first republic in the region to introduce its own currency, the som.

Trade, legal and tax reform. Since then, the government has liberalized trade, introduced land rights, and launched a program to privatize large companies on a case-by-case basis. A tax code has been put in place and a new body of commercial law introduced. Kyrgyzstan has also applied for WTO membership, and hopes to accede next year, thanks in part to U.S.-funded technical advice.

Production. By 1995, the post-independence decline in output appeared to end. According to official statistics, GDP grew by 5 percent in 1996, and industrial and agricultural production rose by 11 percent and 13 percent respectively. These positive trends continued in the first five months of 1997. The operations of a large gold joint venture accounted for most of the increase in industrial production. Wheat production grew by 45 percent, and meat production also rose after several years of decline.

Monetary policy and inflation. Tight monetary policies and improved performance in collecting budget revenues has kept average monthly inflation at 5 percent or less since early 1994,

although there was some slippage in 1996 when the som's exchange rate depreciated by 40 percent. However, in 1997, average monthly inflation has totaled just over 2 percent and the som has appreciated slightly.

Income and wages. Official statistics indicate that income and wages in 1995 and 1996 have largely kept pace with inflation. Poverty, however, remains endemic. According to the World Bank, almost half of the population lived in poverty in the early 1990's and one-third of the population was considered severely impoverished. Unemployment remains a serious problem.

Privatization. The government has steadily advanced its privatization program and restructuring efforts by expanding the use of auction sales, targeting bankrupt enterprises for restructuring, and improving the legal infrastructure for private entrepreneurs and foreign investors. However, the results have been mixed thus far. According to official statistics, much of the construction and retail trade sectors has been privatized. In 1997, according to Western economists, 50 percent of GDP and over 90 percent of retail sales are expected to come through nonstate channels. State regulation has also been almost completely eliminated in agriculture, and the government has transformed most state farms into agricultural collectives; however, the privatization process is hampered by widespread corruption.

Foreign investment. According to EBRD statistics, Kyrgyzstan received only \$122 million in foreign direct investment between 1994 and 1996. Most of this went into a joint venture with a Canadian firm to develop the Kumtor gold mine. The signing of several other agreements with foreign mining firms to develop gold fields should fuel further growth in this sector.

Foreign assistance. Despite the difficulties of reform, government commitment remains strong, with leaders generally open to foreign advice and technical assistance. Donor assistance will remain crucial to the success of continued reforms.

KYRGYZ REPUBLIC: HUMAN RIGHTS OVERVIEW

Democratic progress. Kyrgyzstan is the most open, progressive, and democratic of any of the Central Asian republics. A tradition of consensus building among the Kyrgyz elite has fostered a modest amount of political pluralism and strengthened many democratic practices, despite President Akayev's domination of the government. Kyrgyzstani citizens have the right to free assembly and generally meet without government interference. Permits are required for public marches and gatherings, but have not been denied arbitrarily. The government also has not prohibited labor strikes.

Inconsistency in practice. While the government expresses support for human rights, democracy and the rule of law, in practice respect of these rights is uneven. Local elder's courts responsible for trying petty crimes and local disputes have committed a number of abuses as they have handed out harsher punishments than allowed under law.

Freedom of the press and speech. Press freedom and freedom of speech are more secure in Kyrgyzstan than elsewhere in Central Asia. Nevertheless, there have been incidents of repression including the closing of newspapers in 1994 and the conviction of two journalists for criminal libel against the president in July 1995. In 1997, repression against independent newspapers, journalists, and opposition members increased. In January 1997, opposition activist Topchubek Turgunaliyev was convicted of embezzlement, fraud and abuse of position: he remains in prison. Although independent newspapers and magazines continue to be published, almost all electronic media and a significant portion of print media operate under government control. Earlier this year, several journalists from the opposition newspaper Res Publica were arrested and convicted of criminal libel for insulting one of Akayev's advisors. Several of these journalists served jail time; however, most were freed immediately after conviction, probably in response to pressure from human rights groups and the international community.

USG actions. The U.S. Embassy has actively monitored the progress of the Res Publica cases, and continues to press for greater press freedoms, including redefinition of libel as a civil, rather than a criminal, offense.

KYRGYZ REPUBLIC: ETHNIC AND RELIGIOUS ISSUES

Ethnic and religious make-up. Among Kyrgyzstan's estimated 4.5 million people, 59.7 percent are Kyrgyz, 16.2 percent Russians, 14.1 percent Uzbeks. The remainder include a mixture of ethnic Germans, Ulgurs, and other Slavic groups. Non-Kyrgyz are often lumped together in the so-called "Russian speaking" minority. Growing Kyrgyz nationalism is prompting many minorities to emigrate. Kyrgyzstan is predominantly Muslim (reports indicate 80 percent of the population is Islamic), but religious practices are generally relaxed and there are no signs of a growth in Islamic fundamentalism.

Ethnicity in the government. Ethnic Kyrgyz continue to dominate government positions in far greater numbers than their representation in the general population. The appointment of ethnic Kyrgyz to key judicial positions has led to charges by non-Kyrgyz that the system is unfair and that the courts treat ethnic Kyrgyz more leniently.

Ethnic tolerance and tension. President Akayev has urged calm in ethnic relations and supports a policy of guaranteeing rights and freedoms to ethnic minorities. He has blocked laws that would discriminate against non-Kyrgyz ethnic groups and warned all anti-Russian political parties that such policies are not acceptable. Nevertheless, Kyrgyzstan has experienced ethnic friction -- particularly between Kyrgyz and Russians in Bishkek and between Kyrgyz and Uzbeks in the southern part of the country.

Religious freedom. The Kyrgyz constitution guarantees all citizens freedom of religion, and Kyrgyz authorities have respected this law for the most part. However, the formation of a state religious affairs commission in March 1996, which requires religious groups to register with the state, has raised concerns. Since its formation, Muslim leaders have complained that the commission has begun to make decisions about religious events without consultation. In Naryn province, a Baptist congregation was denied registration and there have been reported instances of Naryn police disrupting Baptist services. In addition, ethnic Kyrgyz Christian congregations and some Muslim congregations with foreign ties appear to face special barriers.

USG activities. The U.S. Embassy has been active in urging the GOK to prevent harassment of religious groups.

KYRGYZ REPUBLIC: EDUCATION ISSUE

Statistics. Krygyzstan has an estimated 97 percent literacy level. Education is compulsory for the first nine years. Approximately 60 percent of all children aged six to 23 were enrolled in schools in 1995. According to 1994 figures, women over twenty-five years of age had completed an average of 9.4 years of schooling and men over twenty-five, ten years.

Deteriorating conditions. Expenditure on public education rose from 4 percent of GDP in 1993 to 6.1 percent in 1995. However, the education system has suffered the same material and financial hardships as other social sectors following the breakup of the Soviet Union, and conditions continue to deteriorate due to an acute shortage of material resources. Teachers are poorly paid and the school system is under stress to maintain standards and quality. Construction of schools lags behind the growth of the school-age population. The number of pre-schools has dropped precipitously. Although there is a network of after-school institutions, only about 10 percent of children participate. In addition to funding shortages, there is a need to address the centralized decision-making process, and to revise and restructure curricula to fit the changed political circumstances.

Benefits from USAID. The educational sector benefits indirectly from USAID's market transition programs. It is also expected to benefit from USAID initiatives in the NGO sector, such as development of associations like PTA.

Kyrgyz American Faculty. In 1993, following a request from President Akayev to Vice President Gore, USIA provided \$635,000 to help establish the Kyrgyz American Faculty (KAF), a department of the Kyrgyz National University. USIA funding supported faculty and curriculum development, student exchanges, library and Internet access. KAF has been a notable success, offering bachelor degrees in business management, economics, journalism, and English as a second language. Recently, law courses were also added to the curriculum. The students of the first graduating class this past June found jobs in business and the public sector. USIA and the State Department are exploring ways for KAF to become a fully independent university. George Soros' Open Society Institute, has indicated an interest in assisting this endeavor.

KYRGYZ REPUBLIC: WOMEN'S ISSUES

Kyrgyzstani law gives equal status to women, but the dramatic drop in family incomes due to the economic transition has put tremendous pressures on the traditional family structure. Alcohol, drug abuse, unemployment, malnutrition, and the breakdown of support systems have all contributed to spousal abuse of women. Although media reports and hospital records tend to document these changes, law enforcement and government programs have not adequately met the increased need for intervention and services.

Women in the work force. Women represent 45 percent of industrial employees, 42 percent of small businesses employees and 36 percent of executives. However, according to the 1996 UNDP report, women appear to face higher layoff and unemployment rates. Every second unemployed person is a woman, and 18 percent of these are mothers with several children. In addition, women appear to have been disproportionately affected by non-payment of pensions. Women receive lower wages, have less access to employment and fewer years of schooling than men. On the other hand, women exceed men in absolute numbers in the population (2.4 million out of 4.6 total), life expectancy, and in secondary education enrollment.

Women in the household. Women generally spend many hours in unpaid household work, including child care. This situation has been exacerbated with the cut-back in government programs, such as free pre-school and after-school programs for working mothers. The Kyrgyz National Statistics Committee has determined that most working mothers cannot afford the fees charged by pre- and after school programs. In rural areas, women often fulfill the roles of homemaker, mother, and wife, not worker. Forced marriage of underage girls is becoming more common.

Legal and social status. In public life, one deputy prime minister, Mira Jangaracheva, (out of three) is a woman. Two ministers (Larisa Gutnichenko, Justice and Asylgul Abdurekhmenova, Labor and Social Welfare) out of eighteen are women, as is the head of the Constitutional Court, Cholpon Baekova. Women's rights are anchored in the Constitution and the legal codes. The Criminal Code provides for "freedom and dignity" of women, and protection against forced marriage or forced abortion. However, judicial enforcement of many of these protections has been weak. Also, social traditions sometimes mitigate against legal action as a redress of grievances.

Kyrgyz government programs. At the UN's Beijing Conference on Women, Kyrgyzstan committed itself to develop a women's program

and to create a comprehensive legal basis to achieve gender equality. With the support of UNDP, the Women's Bureau has set up women's resource centers in each of the regions. Among other things, the centers provide training in establishing NGOs and in grant-writing.

USAID assistance. USAID programs that have benefited women include FINCA (micro-lending, mostly to women traders, farmers, and entrepreneurs), CARANA (training in international accounting standards -- some 75 percent of accountants are women), IBTCI (bank and accounting training -- over half of bank executives are women), Aid to Artisans, and programs to create housing cooperatives, provide NGO training and improve health programs.

KYRGYZ REPUBLIC: POPULATION AND FAMILY PLANNING ISSUES

Future population trends. Like several other former Soviet states, Kyrgyzstan saw its population fall in the mid-1990s due to ethnic Russian emigration and a rise in mortality rates. However, with 37% of Kyrgyz under the age of fifteen and high fertility rates, Kyrgyzstan's population--now at 4.5 million--is expected to almost double over the next fifty years.

Demographic statistics. Post-independence turmoil strongly affected the reproductive situation in Kyrgyzstan. Fertility was 4.1 births per woman as recently as 1985 but dropped to 3.3 by 1995. At the same time, contraceptives from Russia dwindled for several years, which may have exacerbated heavy reliance on abortion. A Bishkek clinic study of its abortion patients in 1995 showed that over 30% had had at least three prior abortions and 80% one or more. Repeated abortions, sexually transmitted diseases, and poor nutrition due to falling incomes all weakened women's reproductive health, causing infant mortality to rise.

Contraception and infant mortality. Kyrgyzstan's performance relative to some of the targets set by the 1994 International Conference on Population and Development (ICPD) held in Cairo falls short in several respects. At just 30% in 1990, contraceptive usage sank to 21% at present, according to First Lady Mairam Akayeva. Most sources put Kyrgyz infant mortality at 30-40 per 1,000 live births, but the U.S. Census Bureau estimates it at 78 (the ICPD target is 50 or fewer). UN Population Fund (UNFPA) data show above-target maternal mortality as well.

Reproductive health. Reproductive health problems highlighted by First Lady Akayeva include retarded physical development among teenage girls, high mortality among mothers of large families, abnormally high births to women age 40-49, low body-weight infants (over 50%), prenatal disease and anemia, inadequate birth spacing, and unwed teenage mothers.

USAID assistance. Kyrgyzstan is one of the Central Asian republics included in USAID's regional Reproductive Health Services Expansion Program started in 1993. To strengthen and focus public policy planning, USAID personnel analyzed the policies and practices that impede modern contraceptive usage, ran strategic planning exercises with the Health Ministry and conducted service provider surveys. They assisted Health Ministry officials to update and distribute medical guidelines for reproductive health services and set up three sites to train several hundred clinicians, pharmacists and other service providers in contraceptive technology. Two demonstration family planning centers have been equipped and opened, and a

reproductive health communication campaign was developed and launched. Because of concerns about the viability of the commercial pharmaceutical sector, USAID trained pharmacists and physicians in customer focus before finally beginning the contraceptive social marketing campaign in Kyrgyzstan as an extension of the Kazakhstan program.

Kyrgyz government and international programs. The Kyrgyz government has mounted an active training and education program in family planning, focused in the south where infant mortality is particularly high. It is also redirecting efforts from the old health system to the nascent private sector and to NGOs for family health and reproductive services. Our embassy reports that Government and donor activities contributed to a decline in abortion rates to 330 per 1,000 by 1996 (from 610 in 1990). The Kyrgyz Ministry of Health is also working with UNDP, UNFPA and UNICEF on basic and reproductive health programs. The Japanese Government is funding a new children's hospital in Bishkek, and the Islamic Bank for Reconstruction and Development is assisting the state maternity hospital. American and other foreign NGOs are helping with clinical staff training and reproductive health campaigns for teenagers.

KYRGYZ REPUBLIC: CHILDREN'S ISSUES

Bleak prospects. Six years after independence, the situation for children remains grim. Despite government efforts, the current socio-economic situation does not effectively guarantee decent living conditions for children. Too often, basic needs for shelter, food and clothing are not met. The rising cost of sending a child to school has raised drop-out rates.

Infant mortality, vaccination and nutrition. In 1996, the U.S. Census bureau estimated Kyrgyzstani infant mortality at 78 per 1,000 live births. Among the serious problems affecting children, respiratory infections accounted for 48 percent of infant mortality, prenatal conditions 22 percent, and diarrheal diseases 13 percent. Immunization rates are quite high by world standards. However, after independence, vaccine-preventable diseases such as diphtheria, polio, and measles re-emerged. In 1994, the Ministry of Health cooperated with UNICEF, UNDP, DANIDA, USAID/BASICS and the International Red Cross in opening a children's immunization center. A range of serious nutrition-related problems affect a large number of children, especially in rural areas, due to large families, low incomes, and poor supplies of major food products.

USAID assistance. USAID has undertaken initiatives in immunization and prevention of child deaths from acute respiratory infections and acute diarrhea which cause 60 percent of infant mortality. The introduction of new training and treatment protocols are expected eventually to reduce infant mortality by half.

Inadequate social safety measures. Traditional social safety measures are unable to cope with the social pressures affecting families. In Bishkek, Osh and Jalalabad, children are regularly observed begging or selling cigarettes and other sundries in the streets, where they are often exposed to exploitation, abuse, and crime. Arrested children are frequently denied lawyers and are reportedly intimidated into confessions by being put in holding cells with adults. The law prohibits the use of child labor under age sixteen, but families frequently call upon their children to work to help support the family.

Orphans. The number of children in full-time institutional care is increasing. "Orphans" (over 15,000) do not necessarily lack parents, but often come from dysfunctional families, often with alcoholic parents. The number of handicapped children (nearly 7,000) is also rising. There are increasing reports of abandonment due to parents' lack of resources to care for children. In many cases, institutions have had to meet increased

needs with no additional funding. Although there is a law allowing international adoptions, Kyrgyzstan has not determined which children can be adopted by foreigners. In 1997, there were no adoptions by U.S. citizens.

NGO assistance. In 1996, the Danish organization "Save the Children" undertook to improve conditions for orphans and handicapped children. Also the "Meerim Children's Fund" (headed by First Lady Akayeva), and "SOS Kinderhof" organized village orphanages for abandoned children. Immediate needs are now being partially addressed, partly due to work by UNICEF, UNESCO, UNHCR, Mercy Corps, Counterpart Consortium, Adventist Relief and France Liberte.

Child abduction. Kyrgyzstan is not a party to the Hague Convention on Child Abduction. Cases of children abducted to or from the Kyrgyz Republic must be handled in the family courts of the country to which they have been taken by local legal counsel. The Department of State is not aware of any pending cases in Kyrgyzstan.

KYRGYZ REPUBLIC: HEALTH ISSUES

Demographic indicators. The economic downturn in the six years since independence has had a large impact on the health sector. The death rate rose from a record low of 6.9 deaths per 1,000 in 1991 to 9 deaths per 1,000 in 1995. Major causes of mortality are cardiovascular diseases, respiratory diseases, accidents, and tumors. Tuberculosis and sexually-transmitted diseases have increased significantly. The country's mortality rate from tuberculosis has doubled in the past five years. Other demographic indicators show an increase in maternal mortality to 80 per 100,000 live births. Nearly half of these deaths are preventable. Approximately 85 percent of Kyrgyzstani women suffer from anemia.

Services and facilities. Like all former Soviet systems, Kyrgyzstan's health system relies heavily on inpatient and tertiary (rehabilitative) hospital-based care. Although an infrastructure exists to provide primary health care, most health resources are directed at tertiary facilities. With a declining health budget, the government is attempting radical changes in its financing of health care services.

USAID assistance. As one of the major donors in the health sector, USAID has provided approximately \$6 million during the past two years to improve the efficiency and quality of health care services. USAID works closely with other donors, especially the World Bank and United Nations Fund for Children, on policy-related issues in health reform and service delivery. In addition, under USAID's hospital partnership program the Kyrgyz government has developed medical partnerships with U.S. hospitals to exchange and transfer technology. USAID has also initiated a new program to improve diagnosis and treatment of tuberculosis.

Reform efforts. The government, with USAID assistance, developed an experimental model of health reform in the Issyk-Kul region to address the problem of health sector financing. The pilot model developed mechanisms to generate revenues through an insurance system, introduced new provider payment systems, and established family group practices to improve primary health care facilities. To date, 90 percent of Issyk-Kul residents have enrolled in a family group practice. With additional assistance from the World Bank and the Asia Development Bank, the government is seeking to expand the Issyk-Kul model nationwide.

KYRGYZ REPUBLIC: ASSISTANCE PROGRAM OVERVIEW

The U.S. government has provided Kyrgyzstan approximately \$340 million in humanitarian, technical, and investment promotion assistance since 1992. This is the highest per capita figure for any of the five Central Asian countries, and reflects the government of Kyrgyzstan's strong commitment to market economic and democratic reform.

Privatization and trade programs. USAID supported the Kyrgyzstan's voucher-based mass privatization program from September 1993 until that program's completion in September 1996. USAID is now focusing on privatizing "blue chip" state enterprises and developing Kyrgyzstan's capital markets. In addition, USAID advisors are assisting Kyrgyzstan develop a legal framework for trade and investment that will facilitate its accession to the World Trade Organization.

Treasury assistance. The Treasury Department funds a resident government debt advisor in Bishkek who counsels Kyrgyzstan's Ministry of Finance and National Bank on the fundamental principles of a government-run securities market.

Small business assistance. The U.S. has budgeted \$12.5 million for the Central Asian-American Enterprise Fund's efforts to develop small and medium-sized businesses in Kyrgyzstan through equity investments and micro-lending. The Fund has committed \$3.7 million for four investments in food processing, light manufacturing, and real estate ventures.

Democratic reform. The United States has budgeted approximately \$8.7 million for democracy building programs in Kyrgyzstan since 1992. USAID focuses much of this effort on supporting the development of non-governmental organizations (NGOs). USAID funds programs run by the International Foundation for Election Systems, the National Democratic Institute, and the American Bar Association. These programs provide NGOs training on how to influence government policy and help build the legal foundation for NGO operations. Another major USAID project seeks to increase the autonomy and effectiveness of regional government structures.

Health and family planning. USAID funds a hospital partnership between Kansas University Medical Center and the Institutes of Obstetrics/Pediatrics and of Oncology/Radiology in Bishkek which focuses on nursing reform, neonatology, family medicine, management training and oncology. Since 1993, USAID has also provided funding for the Central Asia Reproductive Health Services Expansion Program, designed to reduce maternal mortality and decrease reliance on abortion through the use of modern

contraceptives. The program also helped the Kyrgyzstan State Medical Institute develop its family planning curriculum. Other USAID funded programs aim to develop consumer-oriented and cost-effective family group practices in rural areas, and to assist with the implementation of the GOKG's national health care insurance law.

Infectious disease. USAID and the U.S. Center for Disease Control are also operating training programs aimed at battling infectious diseases such as polio, diphtheria, and Kyrgyzstan's two major causes of child mortality -- pneumonia and diarrhea.

Environment and energy. The U.S. has provided over \$7.4 million since 1992 for projects based in Kyrgyzstan to reduce regional economic and political tensions generated by transboundary environmental and energy issues. USAID is encouraging regional cooperation through water sharing and use agreements among all five Central Asian republics which share the Aral Sea Basin. USAID is also working with the government of Kyrgyzstan to establish a legal and regulatory framework for its oil and gas industries. These projects aim to attract investment to the oil and gas sector and to promote the use of cleaner burning domestic energy systems such as natural gas and hydroelectricity.

Humanitarian assistance. Although humanitarian assistance is no longer a major focus of U.S. assistance programs in Kyrgyzstan, the U.S. Department of Agriculture (USDA) did deliver \$13.65 million in food aid under its Food for Progress program in FY 97. The USDA also provided \$22.4 million in food and other commodities to private voluntary organizations operating in Kyrgyzstan in FY 96.

Training and exchanges. USIA runs a full range of programs in Kyrgyzstan including the Fulbright Academic Exchange, the Bradley High School Exchange, the Muskie Graduate Program, and the International Visitors Program for future leaders.

Agriculture exchanges. USAID has provided \$2.5 million to fund farmer-to-farmer programs that provide technical assistance in the agribusiness sector. These programs have brought 151 U.S. farmers and agricultural professionals to Kyrgyzstan as volunteers since FY 92 in an effort to increase Kyrgyzstani access to credit and to provide technical assistance on enterprise start-up, business planning, and product distribution and marketing.

Scientific and business exchanges. Kyrgyzstani managers and scientists also participate in the U.S. Department of Commerce's Special American Business Internship Training Program, which places business and scientific leaders with private U.S. companies for three-to-six month internships.

KYRGYZ REPUBLIC: ENVIRONMENTAL ISSUES

Kyrgyzstan's environmental concerns are centered on pollution reduction and resource protection.

Pollution. Kyrgyzstan's pollution problems are not as severe as those of most of the former Soviet republics due to its comparative lack of industry. However, the areas of Kyrgyzstan where industrialization has occurred have experienced significant environmental damage, including contaminated water supplies, toxic air pollution and hazardous solid waste pollution.

Soviet nuclear waste. Kyrgyzstan is burdened with radioactive waste deposits left by the former Soviet authorities and has been unsuccessful in its attempts to have Russia take responsibility for these deposits.

Commitment to environmental protection. Despite a lack of financial resources, Kyrgyzstan is trying to adopt environmentally sound domestic policies and seems committed to protection of the environment. It has, for example, joined the Globe program initiated by Vice President Gore with two schools in Bishkek now full participants in the program.

Economic pressures. Kyrgyzstan's desire for environmental conservation is at odds with its need for economic development. The country's lack of industrial development makes the exploitation of natural resources Kyrgyzstan's best source for sustaining economic growth.

USG activities. The Department of State has established a regional Environmental Hub in neighboring Uzbekistan to monitor environmental issues in Central Asia as part of the its Environmental Initiative.

KYRGYZ REPUBLIC: OVERVIEW OF U.S. MISSION

Embassy facilities and staff. The U.S. Embassy in Bishkek is located in a crowded interim facility in downtown Bishkek that formerly served as a kindergarten. A new U.S. Embassy Chancery is being built on an 11-acre site in the suburbs of Bishkek. Construction is well under way, with completion estimated for next August and occupancy in September.

Staff. The post has a small staff, with a total of 19 U.S. direct-hire employees, three personal services contractors, and 75 Kyrgyz nationals. Five U.S. government agencies are represented - State, USIA, DOD, AID and Peace Corps. There are approximately 80 Peace Corps volunteers in country.



Kyrgyzstan

President
Askar Akayev
 (since 1990)



Year of Independence: 1991
Population: approximately 4.5 million

Cabinet of Ministers

Prime Minister
 First Deputy Prime Minister (Economics)
 Deputy Prime Minister (Agriculture)
 Deputy Prime Minister (Social Issues)
 Minister of Agriculture & Water Resources
 Minister of Architecture & Construction
 Minister of Cooperation with CIS Countries
 Minister of Culture
 Minister of Defense
 Minister of Education & Science
 Minister of Emergency Situations & Civil Defense
 Minister of Environmental Protection
 Minister of Finance & Economy
 Minister of Foreign Affairs
 Minister of Health
 Minister of Industry & Trade
 Minister of Internal Affairs
 Minister of Justice
 Minister of Labor & Social Welfare
 Minister of National Security (KNB)
 Minister of Transportation & Communications

Apas Jumagulov
Kemelbek Nanayev
Karimshev Abdimomunov
Mira Jangaracheva
Jumkadyr Akineyev
Aleksandr Moiseyev
Yan Fisher
Cholponbek Bazarbayev
Col. Gen. Myrzakan Subanov
Askar Kakeyev
Mumbetjunus Abylov
Kulubek Bokonbayev
Talaybek Koychumanov
Muratbek Imanaliyev
Naken Kasiyev
Andrey Iordan
Maj. Gen. Omurbek Kutuyev
Larisa Gutnichenko
Asylgul Abdurekhmenov
Feliks Kulov
Jantoro Satybaldiyev

Key Kyrgyzstani Officials

State Secretary	Ishenbay Abdurazakov
Chairman, State Property Fund	Askar Sarygulov
Chairman, Kyrgyzaltyn State Gold Mining Company	Dastan Sarygulov
Chairman, National Bank	Marat Sultanov
Chief Justice, Constitutional Court	Cholpon Bayekova
Commander, National Guard	Abdygul Chotbayev
Ambassador to the United States	Bakyt Abdrisayev
UN Permanent Representative	Zamira Eshmambetova

Zhogorku Kenesh (bicameral parliament)

Chairman, Legislative Assembly (lower house)	Usup Mukhambayev
Chairman, Assembly of People's Representatives (upper house)	Almanbet Matubraimov

KYRGYSTAN

Population: 4.8 million

Ethnic Divisions:

- Kyrgyz (52%)
- Russian (21%)
- Uzbek (12%)

Date of Independence: 31 August 1991

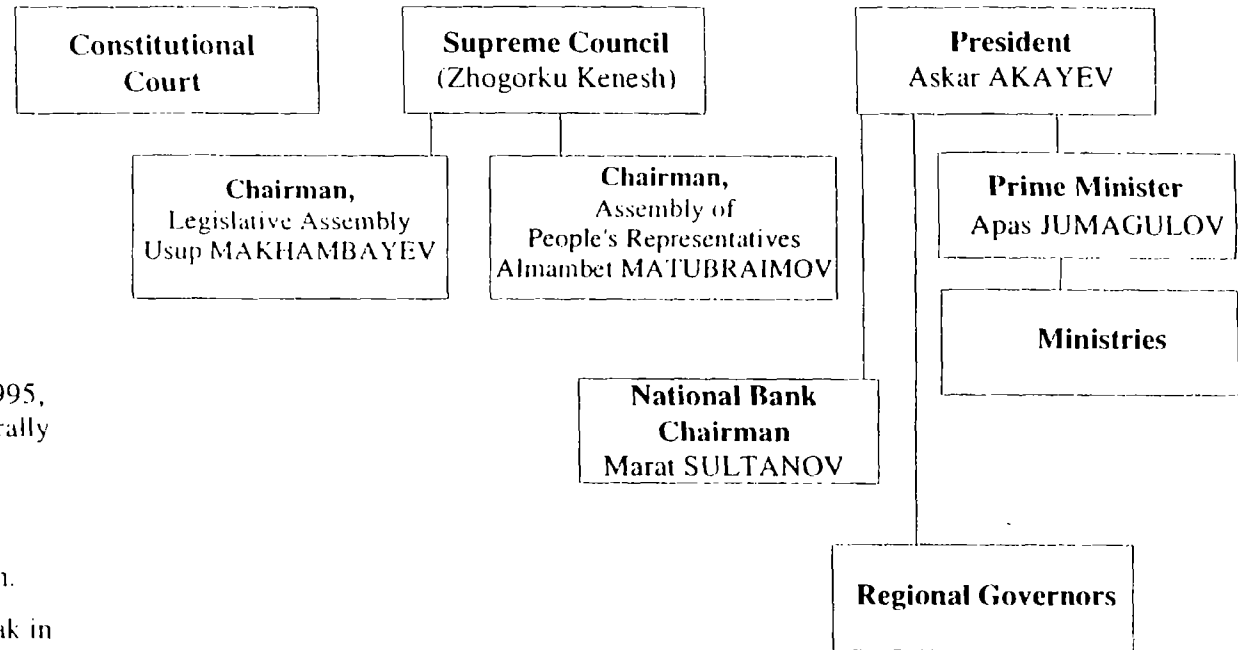
Status of Political Reform:

- The President is popularly elected and has appointment powers to cabinet posts, local officials, and the National Bank, but he needs parliamentary confirmation for appointments to the post of Prime Minister, Prosecutor General, and judges on the Constitutional and Supreme Courts.
- President Akayev was reelected to a second term in late 1995, receiving over 70 percent of the vote in a flawed, but generally open election.
- President Akayev's powers significantly expanded at the expense of the legislature because of a 1996 amendment to the constitution that was passed in a national referendum.
- The Parliament and the Constitutional Court are fairly weak in practice and have squabbled among themselves, leaving the executive branch to dominate Kyrgyzstan's politics

Composition of Legislature:

- The Zhogorku Kenesh is a bicameral legislature composed of 105 deputies.
- The Legislative Assembly--which is more powerful and controls most of the parliamentary powers--has 35 deputies and the Assembly of People's Representatives--which meets several times annually to discuss budget and tax issues--has seventy legislators.
- Akayev's insistence on a bicameral legislature may reflect his desire to reduce the influence of legislators that hail from Kyrgyzstan's Osh region, which generally feels neglected by the current administration

GOVERNMENTAL STRUCTURE



Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. reports	bios (8 pages)	c 1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Speechwriting (Noa Meyer Subject Files)
OA/Box Number: 13007

FOLDER TITLE:

The Trip of the First Lady to Kazakhstan, Kyrgystan, Uzbekistan, Russia, and Ukraine,
November 9-18, 1997 (Laura) [Binder] [3]

2012-0869-S

kc962

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

MAPS

November 12 - Bishkek, Kyrgyzstan

Event: USG Humanitarian Flight (IL-76) to Bishkek and Osh
(AN-26)

Discussion: A USG contracted IL-76 carrying pharmaceuticals for 10 medical institutes in Bishkek, clothing for Bishkek and Osh, and pharmaceuticals for Osh will land the evening of November 11 in Bishkek. This aircraft and a second cargo aircraft (An-26) will be on the ramp in Bishkek and should be downloading cargo while the First Lady is in Bishkek on Nov 12.

Suggested talking points that might be included in the First Lady's remarks concerning the Bishkek humanitarian mission are:

o This humanitarian mission is carrying pharmaceuticals and clothing for both Bishkek and Osh donated through three U.S. private volunteer organizations.

o I want to personally acknowledge the hard work and dedication of CitiHOPE and the Reverend Paul Moore and his staff, who I understand are here today, Heart-to-Heart/The American Academy of Family Physicians, and Americorps/RSVP of Indiana. Their cooperative efforts go well beyond global politics and humanitarian assistance programs and are a shining example that the people of the U.S. care for and support the people of Kyrgyzstan during a period of critical change.

o I encourage you to continue your humanitarian efforts in Kyrgyzstan and the rest of the Newly Independent States during this critical time of transition.

o The aircraft that you see unloading cargo here today is the 30th humanitarian airlift to Kyrgyzstan funded through a USG funded transportation program called Operation Provide Hope which has delivered over \$70 million in humanitarian assistance from the American people to the the people of Kyrgyzstan since 1992.

o By the end of this year, it is estimated that this program will have delivered over \$2 billion in humanitarian assistance to the twelve countries of the Newly Independent State (NIS).

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2 - 11
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KYRGYZSTAN: ARRIVAL/U.S. ASSISTANCE

SCENESETTER

As you deplane, you will be greeted by First Lady Akayeva, Foreign Minister Imanaliyev, Chief of Staff Jumanliyev and U.S. Ambassador Anne Sigmund.

An IL-76 transport plane, carrying humanitarian assistance for hospitals and orphanages in Bishkek and Osh will be unloading medical supplies on the tarmac. You will observe the unloading and make a arrival statement highlighting this assistance. The event is scheduled to last 15 minutes.

BACKGROUND

The humanitarian assistance cargo is in two parts. The Bishkek donation consists of medical supplies and medicines from CitiHope International and Project Hope, and clothing donated by the Retired and Senior Volunteer Program for Allen County Indiana (RSVP). CitiHope and Project Hope's donations will be distributed to three hospitals, four health centers, a research center and an orphanage. The estimated value is more than \$2 million.

The RSVP donation consists of clothing and goodwill items valued at \$5,000. Bishkek Peace Corps volunteer Katie Joley's mother, who is the Director of RSVP, coordinated this assistance. The Peace Corps will deliver the items to those most in need.

The Osh mission consists of pharmaceuticals donated by Heart-to-Heart International, valued at over \$700,000, to be given to the Osh Free Medical Clinic. RSVP has also provided \$5,000 worth of children's clothing which Osh-based Peace Corps volunteers will distribute.

PARTICIPANTS

Government of the Kyrgyz Republic

First Lady Mayran Akayeva

Foreign Minister Muratbek Imanaliyev

Chief of Staff, President's Office, Kubanychbek Jumanliyev
(TBD) Kyrgyz Ambassador to the U.S., Bakytbek Abdrisaev

American Embassy

Ambassador, Anne Sigmund

Deputy Chief of Mission, Angus Simmons

NGO Representatives

Citihope, Reverend Paul Moore and his staff

KYRGYZ REPUBLIC: ARRIVAL STATEMENT/U.S. ASSISTANCE PACKAGE

- I am delighted to be here in the Kyrgyz Republic.
- Under President Akayev, the Kyrgyz Republic has been a leader in Central Asia in building a democratic nation with a market economy, in a multi-ethnic society.
- The Kyrgyz government also recognizes the importance of education and women's rights, and, while modernizing its economy, the need to protect its environment.
- The United States has been a committed partner in these endeavors, providing assistance in democratic institution-building, economic reform and education.
- Many of our efforts have been in partnerships with non-governmental organizations. I am particularly pleased to highlight such an effort today.
- The aircraft unloading cargo here today is the 30th humanitarian airlift to the Kyrgyz Republic from Operation Provide Hope, a U.S. government-funded transport program.
- This humanitarian mission is carrying more than two million dollars worth of pharmaceuticals and clothing for hospitals Bishkek and Osh (pronounced like "ocean") donated through three U.S. private volunteer organizations; CitiHope International, Project HOPE, The Peace Corps, Heart-to-Heart International, and RSVP.
- I wish to acknowledge the hard work and dedication of Madame Akayeva, without whose assistance this humanitarian mission could not have been coordinated.
- I would like to praise the dedication and hard work of the Reverend Paul Moore and his staff at CitiHope, who I understand are here today, as well as Heart-to-Heart/The American Academy of Family Physicians, and Americorps/RSVP of Indiana.
- The United States recognizes that the Kyrgyz Republic has undertaken a difficult journey towards a freer and more inclusive society.

- I commend President Akayev for his leadership in that endeavor, and look forward to meeting with him later today.
- I am confident that our discussions will strengthen the diverse and close ties between the United States and the Kyrgyz Republic.
- I thank you for your very warm reception this morning and look forward to my visit here. God bless you all.

Tour Market / FINCA Roundtable Discussion

FINCA FACTSHEET

FINCA Worldwide

Founded in 1984, The Foundation for International Community Assistance (FINCA) is a nonprofit, private voluntary organization. In 13 developing countries (Mexico, Guatemala, Honduras, El Salvador, Costa Rica, Ecuador, Peru, Haiti, Dominican Republic, Uganda, Malawi and Kyrgyzstan) as well as the U.S. (Washington, D.C. and Minnesota), FINCA Village Banking programs provide small loans, a savings program and technical support for the self-employed poor, helping them to work their own way out of poverty. Since 1989, USAID has provided \$23 million to FINCA International affiliates including El Salvador (\$10 million), Nicaragua (\$1.5 million), Malawi -- through World Learning (\$1.47 million), Kyrgyzstan (\$6.2 million), Uganda (\$1.77 million), Honduras (\$1 million), Tanzania (\$1 million) and Ecuador (\$250,000).

A Village Banking group consists of 20 to 50 neighbors-usually 80% or more are women-who come together to guarantee one another's loans, to administer group lending and saving activities and to provide mutual support. By offering credit, not charity, to these women, FINCA enables them to start or improve their own small businesses, which provide a steady source of employment and income for themselves and their families. Throughout most of the world, working capital-the money needed to start or expand a business-is simply not available to the poor. During 1996, FINCA provided \$16,911,051 in working capital for 69,888 small businesses in 14 countries.

FINCA Kyrgyzstan

In 1994 FINCA received a \$6.2 million grant from USAID to establish a microenterprise credit project in Kyrgyzstan. In two and one-half years of operations, FINCA Kyrgyzstan (F/K) has successfully refined and implemented its international proprietary business technologies to help meet the needs and improve the lives of the economically disadvantaged of Kyrgyzstan. To date, F/K has disbursed over US \$1.4 MM to approximately 15,000 individuals with a bad debt expense of less than US \$500. The project is operating in three Oblasts and has 100 national employees. During the period ending June 30, 1997, F/K reported an increase in the number of active Village Banks from 349 to 421 representing a net gain of 21%.

Over 85% of loan recipients have been women. With the collapse of the Soviet system many men lost their jobs and families lost a comfortable life style as food became expensive and scarce and schools and medicine were no longer free. Self-employment became the only hope for some. With the help of FINCA, many women were able to obtain small working capital loans to buy rice, eggs and other products which they could sell in the local bazaars. Through FINCA's Village Banking savings system these women have increased their working capital and income which allows them to purchase butter, sugar, and meat-luxuries they previously could not afford.

FINCA Briefing Paper

FINCA Worldwide

What is FINCA

Founded in 1984, The Foundation for International Community Assistance (FINCA), is a nonprofit, private voluntary organization. In 13 developing countries (Mexico, Guatemala, Honduras, El Salvador, Costa Rica, Ecuador, Peru, Haiti, Dominican Republic, Uganda, Malawi and Kyrgyzstan) as well as the U.S. (Washington, D.C. and Minnesota), FINCA Village Banking programs provide small loans, a savings program and technical support for the self-employed poor, helping them to work their own way out of poverty. FINCA's first major partnership with USAID was in El Salvador in 1989 when USAID provided \$10 million to FINCA to establish and build the CAM (Centro de Apoyo a la Microempresa).

What is a Village Banking group

A Village Banking group consists of 20 to 50 neighbors-usually 80% or more are women-who come together to guarantee one another's loans, to administer group lending and saving activities and to provide mutual support. By offering credit, not charity, to these women, FINCA enables them to start or improve their own small businesses, which provide a steady source of employment and income for themselves and their families. FINCA's average loan per borrower is only \$144, yet the accumulated savings of members exceed \$3.2 million.

Why credit

Throughout most of the world, working capital-the money needed to start or expand a business-is simply not available to the poor. In its twelve years, FINCA has proven that, given access to credit, poor people can create their own business, repay their debts and set aside savings for the future. During 1996, FINCA provided \$16,911,051 in working capital for 69,888 small businesses in 14 countries. These businesses provided critical income for families, and in some cases, employment for additional family members or members of the community. While income and profits are hard to measure, FINCA-supported small business generated \$3,746,783 in family savings worldwide-an average of \$54 per family. While \$54 may not seem like a lot of money, it represents three weeks pay in Uganda and over three weeks salary in Malawi and Kyrgyzstan.

Who benefits

The typical FINCA borrower is a woman between 25 and 44 years old, supporting, or helping to support, three children. She has little hope of being hired by a business outside of the home. She wants to start her own small business that would allow her to

earn the income needed to feed, clothe and educate her children. She has a plan to improve her life and that of her family, yet she is too poor to qualify for a loan from a commercial bank. A FINCA loan is clearly the best-and perhaps the only-hope she has for improving her prospects.

FINCA in Kyrgyzstan

FINCA's performance in Kyrgyzstan

In 1994 FINCA received a \$6.2 million grant from USAID to establish a microenterprise credit project in Kyrgyzstan. In two and one-half years of operations, FINCA Kyrgyzstan (F/K) has successfully refined and implemented its international business technologies to help meet the needs and improve the lives of the economically disadvantaged of Kyrgyzstan. To date, F/K has disbursed over US \$1.4 MM to approximately 15,000 individuals with a bad debt expense of less than US \$500. During the period ending June 30, 1997, F/K reported an increase in the number of active Village Banks from 349 to 421 representing a net gain of 21%. The project is operating in three Oblasts (Chui in the north and Osh and Jalal-Abad in the southwest) and has 100 national employees. FINCA's activities in Kyrgyzstan directly address USAID's Strategic Objective 1.3 "Accelerated development and growth of private enterprises" and is highly regarded by the Ambassador and USAID Country Representative there.

F/K has established and maintained the highest level of financial performance among microfinance practitioners in Kyrgyzstan. F/K charges a positive interest rate through the effective design and implementation of an appropriate pricing structure. By charging interest rates that sufficiently cover administrative costs, expanding the scope of operations, and creating an efficient institutional structure, F/K has consistently posted gains towards self-sufficiency. In May 1997, F/K achieved its first month of financial self-sufficiency, or break-even, after two years of lending. FINCA Malawi, Honduras and Nicaragua have also achieved financial self-sufficiency. In addition, F/K has maintained repayment rates in excess of 98%, the highest return in both the informal and formal sectors.

Through August 1997, F/K has expended \$3.0 MM of USAID funds in grant management, on-site technical assistance, local operations, overhead and loan capital. F/K has utilized this funding to develop the institution as a financial intermediary, capitalize the loan portfolio, subsidize operating losses and purchase fixed assets. Therefore, USAID's funding has been used as a catalyst to build efficient operations and scale.

Who receives the loans

Over 85% of loan recipients are women. With the collapse of the Soviet system many men lost their jobs and families lost a

comfortable life style as food became expensive and scarce and schools and medicine were no longer free. Self-employment became the only hope for some. With the help of FINCA, many women were able to obtain small working capital loans to buy rice, eggs and other products which they could sell in the local bazaars. Through FINCA's Village Banking savings system these women have increased their working capital and income which allows them to purchase butter, sugar, and meat-luxuries they previously could not afford.

Future performance projections

In the coming years, FINCA will accelerate the rate of microfinance activities. To date, F/K has leveraged USAID funding by directly lending \$1.4 MM in funds originating from USAID. F/K clients have lent approximately \$2.0 MM of their personal savings, a direct result of USAID's funding. Combined lending-USAID and client savings-through August 1997 totaled \$3.4 MM, 113% of grant funds expended. This ratio will increase over the successive periods. The remaining grant funds, \$3.2 MM, will yield nearly \$13 MM in loans originating from USAID grant funds during the period from September 1998 to August 2000. Moreover, clients are projected to lend \$17 MM for the same period extrapolating from historical data. Thus the expected ratio of total combined lending-USAID and client savings-for the remaining grant funds through the year 2000 will equal nearly 800%.

USAID funding to FINCA

Since 1989, USAID has obligated \$23 million to FINCA International affiliates including El Salvador (\$10 million), Nicaragua (\$1.5 million), Malawi -- through World Learning (\$1.47 million), Kyrgyzstan (\$6.2 million), Uganda (\$1.77 million), Honduras (\$1 million), Tanzania (\$1 million) and Ecuador (\$250,000). Of the \$23 million, \$16.9 million has been spent on projects that continue to benefit tens of thousands of poor families. FINCA programs disbursed \$20 million in loans last year. The funding for the Honduras and Tanzania projects was just obligated and has not yet been disbursed. USAID recently approved a grant to Shorebank for operations in the Caucasus new projects that will include a \$6.94 million subagreement for FINCA to start three affiliates (Armenia, Georgia and Azerbaijan) and a technical assistance Hub in Georgia.

FINCA has also received two Matching Grants from USAID. The first Matching Grant for \$1 million began in September 1992. The second Matching Grant is for \$4,997,706 for the five year period ending September 1999. In addition, FINCA has received start-up funding for its Village Bank Capital Fund and for implementation of a FINCA Affiliate Financial System through USAID's Implementation Grant Program (\$1.1 million grant and \$1 million MSED loan).

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In Latin America, Africa and Asia, an international nonprofit foundation has created a 3,000-strong network of autonomous village banks

HONDURAS

For as long as anyone can remember, the women of Siguatepeque, a rural pueblo in central Honduras, have produced ceramics. You can see them for sale on the side of the highway that runs between the capital city of Tegucigalpa and the northern city of San Pedro Sula: great stacks of flower pots, urns, plates and ornamental pieces in the shapes of roosters, parrots, dogs, cats and caimans.

Six years ago, most of the women worked for a man - let's call him Don Alejandro - who purchased the pottery the women made, and resold them to a wholesaler who trucked them to retail markets in Tegucigalpa. The women of Siguatepeque were poor, and disorganized. Most of them sold the pieces as fast as they made them, for a fraction of what Don Alejandro and the retailers earned on them. They had no choice: they needed the money to buy their daily food.

In 1990, when I was looking for a suitable place for the first village bank to be organized by the Foundation for International Community Assistance (FINCA) in Honduras, a friend of mine suggested I go to Siguatepeque. The organizational meeting took place with about thirty women, in Don Alejandro's house. Our host was quite chagrined when, halfway through the meeting, I explained that the bank was for women only. Still, Don Alejandro was a good sport, and supported the idea that FINCA would make \$ 50 loans to the assembled women to invest however they felt best, and that, four months later, they would repay the loan with interest of 3 per cent per month. Another condition of the loan, I explained, was that they would save at least 20 per cent of it, or \$ 10.

I kept waiting for some of the women to drift away, or to be scared off by the interest or the savings requirement, but they all remained, nodding solemnly, as if they understood and were in complete agreement. I didn't tell them it was only the second time I had organized a village bank. But as I was to learn from this and subsequent organizing meetings, they all go this way. It was as if the women already knew how the system worked. It was that simple.

told me she intended to borrow 100,000.

The men in the village, who had initially viewed the village bank with suspicion, now welcomed it. As the Kimantu village chief told me: "When the women first started to hold their meetings, we men were concerned. We thought they were talking about divorcing us. But then, when we saw them earning money, and they no longer came to us for money to buy salt, and pay school fees, we saw that the village bank was a good thing. But Mr. Scofield, I have one question." "And what is that?" I asked. The chief grinned. "Can you create a village bank for us men?"

In many communities of Uganda, Aids has left its brutal imprint, sweeping away husbands, wives, and sometimes entire families. In most cases, however, the children survive, to be raised by the village as a whole. Many Ugandan village bankers are supporting not only their own children, but those orphaned by deceased relatives and neighbours. It is an intensely sad, but at the same time inspiring experience to meet these selfless, struggling mothers. "Women who are in village banks are seen as the most responsible members of the community," was the way one observer put it. "It is natural that people look to them, when they want a secure future for the children they leave behind."

KYRGYZSTAN

Can microenterprise succeed in a country where, until recently, private enterprise was officially discouraged, considered immoral, and, in some cases, even outlawed? In 1994, FINCA established the first village banks in the newly independent state of Kyrgyzstan, Central Asia, in the capital city of Bishkek.

With the snow-capped Himalayas as a backdrop, Bishkek is a city just coming to life, economically, after years of surviving on subsidies from mother Russia. Today, an estimated 15 per cent of the population is unemployed, and more expected as state-run enterprises are privatized or closed altogether. Increasingly, the population is moving to self-employment as an alternative to the meagre wages of the public sector.

Today, the village bank Bereke ("Blessing") is receiving its first loan. Village banks are smaller in Kyrgyzstan than in other countries in the FINCA network, reflecting an added cautiousness on the part of the members towards their neighbours, the vast majority of whom have never operated a business. FINCA has learned to respect the members' appreciation of local conditions as being far superior to its own, and seldom intervenes in decisions regarding the selection of the bank's members, or in the loan approval process. In this case, most of the fifteen borrowers will be investing their loans in consumer goods, to be sold in the local market. A great feast for the visitors was laid out on a gorgeous, hand-woven rug in the village bank president's living room. Other rugs, of equally dazzling patterns, adorned the walls. These rugs, which sell domestically for less than \$ 10, can command over \$ 100 in export markets. Though it was only mid morning, glasses of brandy were offered and accepted.

The meeting began, presided over by a democratically elected President, Treasurer and Secretary. The President followed the standard village bank agenda: financial report, approval and disbursement of loans, and collection of obligatory and voluntary savings. Besides the small size of the village banks, the methodology has suffered little modification in its adaptation to the Kyrgyz context. Contrary to initial warnings that no one would be interested in small

loans in Kyrgyzstan, FINCA has found the demand to be strong. To date, FINCA Kyrgyzstan has reached 2,300 borrowers, and, in a country of five million, the word is just beginning to spread.

GRAPHIC: Illustration; Photograph

LANGUAGE: ENGLISH

IAC-CREATE-DATE: March 24, 1997

LOAD-DATE: March 25, 1997

KYRGYZSTAN EVENT PAPER: FINCA ROUNDTABLE AND MARKET TOUR

SCENESETTER

In Novo Povloka village you will meet a total of 24 FINCA bank members, divided into two roundtables of 12 members, each roundtable representing a village bank. The roundtable participants are microentrepreneurs, primarily women, who have businesses in the local market.

Novo Povloka is approximately 20 minutes from Bishkek. The motorcade will proceed to the single family home where the village "Bolsun" bank group meets. There will be three-four people outside the home to greet you and the press may also be present. As you enter the home, you should remove your shoes.

You will hold the roundtable sitting in traditional fashion on the carpeted floor of the meeting room. The estimated time of the roundtable is 10 minutes. You will then tour the Novo Povloka market, viewing stalls owned and operated by FINCA members.

The second roundtable will meet in a traditional Kyrgyz yurt, and you should remove your shoes before entering. You will observe a typical "Saykal" bank meeting and have a brief discussion with bank members.

BACKGROUND

FINCA is operating under a four-year, \$6.2 million USAID grant. It is a microfinance program which targets the poor, providing lending and savings services. To date, FINCA has made approximately 20,000 loans. Repayment rates are in excess of 98 percent.

In Novo Povloka, FINCA has established eight village banks with 100 active members. Over 90 percent of bank members are women. The average loan size is \$250. Members have used their loans to expand their businesses and excess profits to improve their families' standard of living. It is estimated that each FINCA client partially or fully supports eleven others from their small businesses.

PARTICIPANTS:

USAID

John Bayer

C.J. Rushin-Bell

FINCA/Kyrgyzstan Management Staff

Mark Rostal, Chief of Entourage

Kim Kuznia, Osh Regional Manager

Steve MacLeod, Osh Manager

Reuben Summerlin, Financial Services Advisor

Kirsten Weiss, Business Training Manager

Indira Ruzieva, Bishkek Finance Manager

Galena Griniova, Osh Senior Accountant

Ainura Turdalieva, Bishkek Financial Services Manager

Nurjan Miasheva, Osh Financial Services Manager

Vladimir Kovaliov, Bishkek Internal Audit Manager

Ainura Turgunbaeva, Osh Office Manager

TALKING POINTS

- To the poorest women microentrepreneurs, \$80 is a fortune. They can invest this money to make their labor more productive.
- Village banks can break the vicious cycle of poverty. Without credit, poor people may work hard, but stay poor because of lack of opportunity and capital.
- FINCA borrowers receive working capital so that their efforts become more productive.
- As village bankers become more productive, they increase their income and are able to accumulate savings for other investments and for family emergencies.
- 70 percent of the world's poor are women. Worldwide there is an increase of women-headed households, in which a mother is the sole support for her children.
- Women invest more of their income in their families. Extra cash in the hands of mothers lifts a family out of poverty faster than increased income in the hands of men.
- Having a steady income and a savings account raises a woman's self-esteem and status.
- Village banks are grassroots democracy in action: members elect their leaders, design their by-laws, keep their books, manage their funds and are responsible for loan supervision.

Courtesy Call
on President Akayev

KYRGYZSTAN: MEETING WITH PRESIDENT AKAYEV

SCENESETTER

You will pay a courtesy call on President Akayev at the "Beli Dom" (White House). In the meeting, Akayev will probably be accompanied by Foreign Minister Imanaliyev and his Chief of Staff Jumaliev. Akayev speaks a few words of English, but will probably speak Russian for the meeting.

In this meeting you should praise President Akayev for the political and economic reforms the Kyrgyz Republic has taken thus far, and reaffirm the warm and friendly relations between the U.S. and Kyrgyzstan. You should encourage President Akayev to continue the reform process, in particular in the areas of human rights, press freedoms (making libel a civil, rather than criminal offense), and democratic institution-building. You should remind President Akayev that foreign investors need a legal and commercial framework which upholds negotiated contracts, and is fair and transparent.

President Akayev may bring up his idea of holding a regional peace conference on Afghanistan. This, and other bilateral issues were discussed on October 29 with the Secretary of State's Special Advisor to the Newly-Independent States, Ambassador Sestanovich. Ambassador Sestanovich spelled out the U.S. position on these issues during this meeting. President Akayev may also ask why he could not meet with President Clinton during his private visit to the U.S. in July (President Clinton's schedule did not permit such a meeting).

President Akayev is friendly and engaging, and will probably present you with a gift, as well as offer presents for the President and Chelsea. At the conclusion of the meeting, you and President Akayev will proceed to lunch in Beli Dom.

KYRGYZ REPUBLIC

TALKING POINTS FOR MEETING WITH PRESIDENT AKAYEV

General

- Pleased at this opportunity to strengthen our relations and bring Kyrgyzstan to attention of all Americans.
- Kyrgyzstan is taking brave stand on political and economic reform in difficult circumstances.
- Appreciate Kyrgyzstan's political & economic reform efforts under your leadership. Realize this is not easy - regional and domestic pressures against reform exist. Respect your determination to "stay the course".

Human Rights/Democracy-Building

- Pleased with Kyrgyz progress on human rights and reform, you are showing way forward in Central Asia in this important area.
- Pleased at your commitment to hold free, fair and truly democratic local elections in 1998-99 and presidential elections in 2000 - this is visionary leadership.
- Pleased at release of journalists held on criminal libel charges, and your efforts to promote legislation for protection of the rights of journalists and freedom of the press.
- The ability of non-governmental organizations, such as the Soros foundation, to operate freely is a hallmark of civil society and democracy. Such organizations are critical avenues of support for your reform efforts.

Economic Reform

- Praise economic reforms accomplished thus far - realize next step is to attract greater investment.
- Continue institution-building efforts as way to promote right climate for investors.

- Renegotiation of contracts hinders Kyrgyzstan's ability to attract foreign investment, which needs a level playing field.
- Pleased at your progress thus far towards WTO accession.

(If Asked) President Akayev's Afghan Peace initiative.

- Common interest in ending the conflict with emergence of broad-based, multi-ethnic government, capable of addressing reconstruction, narcotics problem, terrorism, refugees, and human rights.
- U.S. committed to finding a lasting peace achieved within a UN framework.
- U.S. seeking ways through UN for countries with influence in or concern over Afghanistan to join in an effort to find a settlement. Support UN Secretary General's appointment of Ambassador Brahimi.

(if asked) Mrs. Akayeva: assistance with one of her humanitarian projects

- Aware of her commitment to better the lives of the Kyrgyz people. The U.S. has provided support to the Kyrgyz Republic in a number of humanitarian areas. I cannot promise anything, but please convey the details of this initiative to Amb. Sigmund so that it can be considered in our overall dialogue.

Lunch Hosted
by President Akayev

KYRGYZSTAN PAPER: LUNCH WITH PRESIDENT AKAYEV

Lunch will be served in the dining room of the presidential residence Beli Dom. You will be seated at the head table with President Akayev, First Lady Mayram Akayeva, U.S. Ambassador Anne Sigmund, and Foreign Minister Imanaliyev.

Toasts are the most important part of a Kyrgyz formal meal, and President Akayev will make a long toast in your honor. A long and flowery toast indicates the toast-giver highly values the honored guest. Once the President has made his toast, it is permissible to eat while other guests give toasts throughout the meal. You should respond to President Akayev's toast with a toast to him and the Kyrgyz Republic. Mention of the First Family would be well received, as the Kyrgyz place great value on close family ties.

President Akayev has visited the U.S. a number of times, most recently in July when he met with Vice President Gore. (He did not meet with President Clinton due to conflicts in the President's schedule). Madame Akayeva believes that she and the First Lady have much in common - professional women balancing the demands of First Lady and mother. This includes children far away at college (Their oldest daughter has just married and lives in Kazakhstan, the oldest son is studying at the University of Maryland, their second daughter is in Boston and their youngest son is in Bishkek). Conversation about coping with common family experiences would not be out of place.

KYRGYZ PARTICIPANTS

President Askar Akayev
First Lady Mayran Akayeva
Prime Minister Apas Djumagulov
Deputy Prime Minister Kemelbek Nanayev
Deputy Prime Minister Ms. Mira Jangaracheva
Foreign Minister Muratbek Imanaliyev
State Secretary Ishenbay Abdurazakov
Kyrgyz Ambassador to the U.S., Bakytbek Abdrisaev
Minister of Agriculture Karimsher Abdimomunov
Minister of Labor Ms. Asylgul Abdurekhmenova
Minister of Education Askar Kakeyev
Chairperson, Constitutional Court, Ms. Cholpon Beyekova

TOAST POINTS

- Thank you Mr. President. I am very glad to be here today.
- As I look around me, at the different groups represented here today, I am reminded of values which I hold dear.
- It is the coming together of diverse groups, in harmony and commitment, which is the greatest catalyst in creating a civil society.
- There may be differences, but all are committed to working towards a common goal of a better life for our children.
- This is how a strong family functions, and from this point, a strong community grows, dedicated to democracy and civil society.
- The "leaders" within a family are those who are open to other opinions. They are also those who dedicate themselves to improving the family via their compassion and charity work.
- As we share this wonderful meal Mr. President and Madam Akayeva, I would like to think of myself as a guest of your Kyrgyz "family".
- I raise my glass to you Mr. President, and to your remarkable efforts to place Kyrgyzstan on the path of democratization and economic reform.
- May the warm relations between our two countries grow even stronger.

ENHANCED REMARKS: KYRGYZ-AMERICAN UNIVERSITY

- I am honored to be part of this ceremony, an important first step in founding an independent Kyrgyz-American University.
- Since independence, the Kyrgyz Republic, under President Akayev's leadership, has sought enhanced cooperation with the West.
- The Kyrgyz Republic has become a leader of political and economic reform in Central Asia. The Kyrgyz people recognize the value of education and look to preparing a new generation of leaders. I commend President Akayev for his vision in this area.
- The U.S. is proud to be involved in this democratic transformation. This common commitment to the development of democratic institutions is a strong bond between our nations.
- We are here today to recognize an important achievement in the Kyrgyz Republic's democratic transition, the founding of an independent university.
- The work of independent, non-governmental organizations is the hallmark of a democratic society.
- In 1993, President Akayev asked Vice President Gore for assistance in establishing a center for training future business and government leaders of the Kyrgyz Republic.
- From this initiative, the Kyrgyz-American Faculty was created.
- With assistance from the United States, including faculty and curriculum development, student exchanges, library and Internet access, the Kyrgyz-American faculty has grown into a thriving institution.
- The Kyrgyz-American faculty offers bachelor degrees in business management, economics, journalism, English as a second language, and, personally gratifying for me, law courses.
- The positive results are evident. The students of the Kyrgyz-American faculty's first graduating class are of the highest quality and will contribute to the building of democracy and a market economy in the Kyrgyz Republic.

- It is from these dynamic, motivated young people that the future reformers and democratic leaders of the Kyrgyz Republic will be drawn.
- We build on this tradition today, as we lay the groundwork for an independent Kyrgyz-American University.
- We look forward to close cooperation with the administration and faculty of the Kyrgyz-American University and the Open Society Institute, our partner in this endeavor.
- We hope that, as the Kyrgyz American University matures, it will come to symbolize our most important "American" values.
- These include the freedoms of thought and expression, respect for basic human rights, support of strong and independent community institutions and development of all individuals to their greatest potential.
- Let me close with this image: the bright future of the new Kyrgyz-American University can be seen in the flag of the Kyrgyz Republic - a traditional sheltering structure, the tywn/duk ("TOON-duk"), home of community values and learning, as the source from which radiant beams spread across the landscape.
- So too will the students of the new Kyrgyz-American university stream forth to a bright future to spearhead the growth of democracy in the Kyrgyz Republic and Central Asia.

American
Community Event

KYRGYZSTAN: AMERICAN COMMUNITY EVENT/DEPARTURE

SCENESETTER

At least 100 members of the American community in Bishkek will be at the airport. They will include American Embassy employees, AID workers and contractors, Peace Corps volunteers, NGO representatives, and their families. Press and Kyrgyz government officials may also be present.

You will greet members of the American community and make brief departing remarks before being seen off by First Lady Akayeva, Foreign Minister Imanaliyev and Chief of Staff Jumanliyev and U.S. Ambassador Sigmund. The event is projected to last 30 minutes.

PARTICIPANTS

Government of the Kyrgyz Republic

First Lady Mayran Akayeva
Foreign Minister Muratbek Imanaliyev
Chief of Staff, President's Office, Kubanychbek Jumanliyev
(TBD) Kyrgyz Ambassador to the U.S., Bakytbek Abdrisaev

American Embassy

Ambassador Anne Sigmund
Deputy Chief of Mission Angus Simmons

KYRGYZ REPUBLIC: DEPARTURE STATEMENT

- I am deeply touched by the generous and kind hospitality shown to me by President Akayev, Madame Akayeva and all those I have met today.
- My discussions with President Akayev were marked by the spirit of cooperation that has long been a part of our relations with the Kyrgyz Republic.
- I have spoken with women entrepreneurs, who, via financing for microenterprises, are empowering themselves and their families.
- They are not only the foundation of a modern market economy, they represent grassroots democracy in action.
- I encourage the Kyrgyz Republic to continue the brave course it has chartered, to work towards promotion of democracy human rights, press freedoms, and the free functioning of non-governmental organizations.
- These are key elements as the Kyrgyz Republic begins its next stage of nation-building.
- President Akayev, the warmth of your and your wife's welcome will remain with me. I thank you for your hospitality.
- I thank Ambassador Sigmund and her staff at the American Embassy for their hard work and superb efforts in coordinating this visit.
- I am also grateful to Ambassador Abdrisaev ("Ab-dri-sigh-ev") at the Kyrgyz Embassy in Washington for his assistance in preparing for this visit.
- Lastly, I thank the people of Kyrgyzstan for their warm smiles of welcome and their courage in striving for a better world. May God bless and protect you all!

BACKGROUND ON UZBEKISTAN

Uzbekistan

U.S.-Uzbekistan Relations

The dissolution of the Soviet Union in December 1991 brought an end to the Cold War and created the opportunity to build bilateral relations with the New Independent States (NIS) as they began a political and economic transformation. The U.S. recognized the independence of Uzbekistan on December 25, 1991, and opened an embassy in the capital, Tashkent, in March 1992. The U.S. Ambassador is Henry Lee Clarke, who assumed the post on August 24, 1992.

In January 1992, the U.S. initiated the Coordinating Conference on Assistance to the New Independent States in response to the humanitarian emergencies facing these states. The resulting Operation Provide Hope provided desperately needed food, fuel, medicine, and shelter.

The cornerstone of the continuing partnership with Uzbekistan and the other NIS is the Freedom for Russia and Emerging Eurasian Democracies and Open Markets (FREEDOM) Support Act, enacted in October 1992, which directly addresses their military, political, and economic transformation. On September 30, 1993, a new \$2.45-billion assistance package for the NIS, funded with a combination of fiscal year (FY) 1994 and 1993 supplemental appropriations, was passed by Congress and signed into law by President Clinton. It will continue to address political and economic transformation and humanitarian needs.

Through December 1993, the U.S. has provided about \$17 million in humanitarian assistance and \$13 million in technical assistance to Uzbekistan. The focus of U.S. assistance is support for its transition to a market economy and democracy and the provision of humanitarian assistance.

Uzbekistan at a Glance

Located in the heart of Central Asia between the Amu Darya and Syr Darya Rivers, Uzbekistan long has been a center of Muslim culture. Conquered by Muslim Arabs in the 7th century AD, its territory was overrun by the Mongols in 1220. In later centuries, separate Muslim city-states with strong ties to Persia emerged. Russian trade with Uzbekistan grew during the 16th and 17th centuries, and in 1865, Russia occupied Tashkent.

By the end of the 19th century, all the territory that constitutes the present Central Asian republics had been brought under Russian rule. Rivalry between Russia and Britain was contained by having Afghanistan as an independent buffer state and by agreeing that East Turkestan was under Chinese control. The Russians destroyed the Khanate of Kokand, but left the Khanates of Khiva and Bukhara under native emirs as protectorates. Russia placed the rest of

Central Asia under colonial administration, invested modestly in development of infrastructure, promoted cotton growing, and encouraged settlement of Russian colonists.

In 1924, following the establishment of Soviet power, the Soviet Socialist Republic of Uzbekistan was founded from the territories of the Khanates of Bukhara and Khiva and portions of the Fergana Valley that had constituted the Khanate of Kokand until the Russian conquest in 1867, when they were included in the Governorate-General of Turkestan. The Uzbek nationality was consolidated out of the core Muslim Turkic urban and settled agricultural population that had previously been called "Turkestani" or "Sart." Uzbekistan declared its independence on August 31, 1991.

According to 1992 estimates, the population of Uzbekistan is 21.5 million. Its territory is 477,000 square kilometers. □

Humanitarian Assistance.

Through Operation Provide Hope, launched in February 1992, the U.S. delivered food valued at more than \$500,000 and medicines, vaccines, and medical supplies valued at \$5.5 million to Uzbekistan to meet critical emergency needs. Medicines worth more than \$500,000 have been delivered under the Emergency Medicines Initiative. The American Red Cross has received \$500,000 to provide regional service and capacity-building of local Red Crescent societies in the Central Asian republics. The U.S. also completed a program to immunize more than 500,000 infants in four states of Central Asia, including Uzbekistan. Cold chain equipment and other supplies were donated, as well as follow-up technical assistance and workshops on cold chain equipment and immunization

Principal Government Officials

President: Islam Karimov

Prime Minister: Abdulhashim Mutalov

Foreign Minister: Saidmukhtar Saidkasimov □

policy. Under the Medical Assistance Initiative, administered by Project HOPE, a private voluntary organization, \$4.8 million in medical assistance has been provided. In response to an explosion at an oil well in spring 1992, the U.S. airlifted fire-fighting equipment to Tashkent.

In FY 1994, the U.S. Department of Agriculture is providing about \$4.2 million in food aid, distributed by a U.S. private voluntary organization to vulnerable groups in Uzbekistan.



Assistance To Support the Transition to a Market Economy.

The U.S. will provide \$30 million in 1994 to support an enterprise fund for Central Asia that will assist privatization. Technical assistance and training programs have been provided in the fields of privatization, market economy, entrepreneurship and small business development, the U.S. state and federal tax system, financial consultations, tax policy and economic advisement, agribusiness and agricultural development, training and research, labor and management relations, international trade and investment, environmental health, maternal and child health, and medical information systems. A hospital partnership program between the University of Illinois Hospital and the Tashmen Medical Institute No. 2 was established in December 1992. The Peace Corps is working in Uzbekistan with a focus on English teaching and small business development.

Assistance To Support the Transition to Democracy. Technical assistance and training programs have been provided on the rule of law, review and assessment of the constitution, election law and criminal law, law enforcement training, foreign policy, diplomacy, tolerance and pluralism, leadership and organizational skills, building a political consensus for economic reform, independent media, English language training, the U.S. educational system, university administration, and academic exchanges.

Bilateral Trade Relations. An Overseas Private Investment Corporation agreement with Uzbekistan, which encourages U.S. private investment by providing direct loans and loan guarantees and by assisting with project/investor matching, entered into force on October 28, 1992. A trade agreement guaranteeing reciprocal most-favored status to the products of each country was signed on November 5, 1993, and entered into force on January 13, 1994. On March 1, 1994, a bilateral assistance agreement and an open lands agreement were signed. A bilateral investment treaty and a treaty for the avoidance of double taxation are under

discussion. The U.S. Export-Import Bank has made available short-term financing insurance for U.S. investments to assist businesses to export goods and services to Uzbekistan. It also made the first preliminary commitment based on sovereign risk in the NIS to Uzbekistan.

Military Issues. Uzbekistan has accepted relevant arms control obligations of the former Soviet Union. It has acceded to the nuclear Non-Proliferation Treaty as a non-nuclear weapons state. It is organizing the Uzbek National Army, a force of about 35,000.

Political Conditions

Uzbekistan declared its independence on August 31, 1991. Islam Karimov, the First Secretary of the Communist Party under Soviet rule, was elected President of the Republic of Uzbekistan in December 1991. He and the highly centralized executive branch dominate the political scene. Despite the government's official goal of creating a multi-party democracy, little progress has been made in Uzbekistan's transition from Soviet authoritarianism toward a more pluralistic democracy. The People's Democratic Party of Uzbekistan (PDP), successor to the Communist Party, remains the dominant party. Its members include the majority of the Supreme Soviet, elected in February 1990 for 5-year terms. Only one other party, the Fatherland Progress Party, legally exists in Uzbekistan. An adviser to President Karimov created this party, apparently to give some semblance of a multi-party system.

To control the political arena, political parties, like all other social groups, are required to officially register with the government. It denied registration to some political groups and other associations and has required groups that were already registered to re-register, effectively closing down the Erk (Freedom) and Birlik (Unity) parties, the most serious opposition groups.

Compared to the Soviet era, Uzbekistan has made some progress in passing progressive legislation. In December 1992, parliament adopted a new constitution establishing specific

rights for individuals and groups and legislation defining citizenship and minority rights and protecting religious freedom. The new constitution also prohibits censorship. New legislation gives workers the right to create and join trade unions and declares all unions independent of the state's administrative and economic bodies. These new laws eliminate the union's role in state planning and in enterprise management, emphasize their responsibility for "social protection," and empower unions to bargain collectively but not to strike.

Despite the new legislation, the security services remain instruments for maintaining government control over society and are responsible for various human rights abuses. In fact, security forces moved government observance of human rights backward in 1993 compared to 1992. Security forces suppressed opposition political parties and movements by frequently detaining or arresting opposition activists on trumped-up charges. In 1993, the government tried two political dissidents on charges of insulting the President's honor. Although both trials ended in guilty verdicts, the defendants were released under presidential amnesty.

The government prohibits unsanctioned public meetings and bans demonstrations. Although expressly prohibited by the constitution, press censorship continues. In March 1994, security forces arrested eight Erk members and charged them with distributing anti-government literature. The atmosphere of repression reduces freedom of expression and makes it increasingly difficult to criticize the government.

Foreign Relations

Uzbekistan is a member of the Commonwealth of Independent States and a supporter of close political and economic ties among its members. It also is a member of the United Nations, the North Atlantic Cooperation Council, and the Conference on Security and Cooperation in Europe (CSCE). In early 1994, the U.S. successfully encouraged Uzbekistan to assign a permanent representative to the CSCE

in Vienna and to open a human rights dialogue in the CSCE to help improve its performance in this area.

Uzbekistan supports regional and international efforts to resolve the conflict in Tajikistan. It has agreed to participate in a peace-keeping force.

Economic Outlook

Uzbekistan is committed to a gradual transition to a market economy in order to avoid social disruption. In November 1993, after Russia expelled it from the ruble zone, Uzbekistan issued the som coupon as an interim currency until conversion to a permanent currency later in 1994. Monetary financing of a government deficit resulting from continued subsidies of energy products, basic consumer goods, and state firms has fueled high rates of inflation.

Uzbekistan is the most populous of the Central Asian states and Uzbeks are the third-largest ethnic group in the former Soviet Union after Russians and Ukrainians. It is the world's fourth-largest producer of cotton and has developed a chemical industry based on the by-products of cotton processing. Its economy has suffered from an overdependence on cotton production and from the effects of severe environmental damage near the Aral Sea.

Uzbekistan produces significant amounts of natural gas and is expanding its oil and gas sector. It also is an important region for raising cattle, sheep, and silkworms and has large

reserves of gold, copper, lead, zinc, and tungsten. A significant uranium producer in the NIS, Uzbekistan suspended exports to the U.S. in 1992 in the face of a dumping suit brought by U.S. uranium companies. It may be allowed limited uranium exports in the future. Uzbekistan depends on nearby states for virtually all industrial and some food products.

With its rich and diverse natural resource base, the Government of Uzbekistan has high hopes for foreign investment and joint ventures. The government has announced a number of reform measures to attract foreign investment but continues to control international trade through strict regulation of import and export licensing.

Although the government maintains control of the majority of large enterprises in key sectors of its economy, it has begun to promote privatization. A privatization committee established in October 1992 has made progress in privatizing small businesses in the retail, services, and light industry sectors. Privatization also has continued apace in the real estate sector, with nearly all single-family housing now in private hands. In early 1994, the Uzbekistan Government successfully concluded the first two in a series of privatization auctions designed to transfer state corporations to the private sector.

Uzbekistan is a member of the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development. The Government of Uzbekistan became a signatory to the Convention on Settlement of Investment Disputes Between States and Nationals of Other States in March 1994. In 1992, it joined the Economic Cooperation Organization—an Islamic economic bloc which includes six Islamic states of the former U.S.S.R., Afghanistan, Iran, Pakistan, and Turkey.

Environmental Issues

Uzbekistan has participated in conferences on regional environmental issues and has proposed the creation of a Central Asian organization to resolve the problems of the Aral Sea. It has established the "Fund for Ecology and Health of Uzbekistan," which is designed to increase public consciousness and understanding of environmental problems, a ministry of energy and electricity, and a ministry of minerals and water resources. On April 20, 1994, the Government of Uzbekistan signed a memorandum of understanding with the U.S. for a USAID-sponsored Aral Sea project covering potable water and environmental education.

The country suffers serious environmental problems as a result of its cotton monoculture, which caused agricultural pollution, and is actively seeking additional international assistance to address this issue. ■

UZBEKISTAN: MAIN ISSUES IN BILATERAL RELATIONS

Interest in U.S. ties. Despite its slow pace of internal reform, Uzbekistan actively seeks closer U.S. ties. It has supported U.S. positions in the UN on controversial issues such as Iran and Cuba; it has cooperated actively in efforts against weapons proliferation and narcotics; and it has been an active participant in Western security initiatives under Partnership for Peace, OSCE and the Euro-Atlantic Partnership Council. Uzbekistan is also a member of the Central Asian Peacekeeping Battalion (Centrasbat) with Kazakhstan and Kyrgyzstan, which in September held joint military exercises that included U.S. participation.

Mutual benefits. Uzbekistan values closer relations with the U.S. to assure its independence, counter the regional ambitions of Russia and Iran, assert its own regional role, and attract western investment. The U.S. in turn recognizes Uzbekistan as a regional leader, representing relative stability in a turbulent region; a growing market for U.S. exports (\$350 million in 1996); a producer of natural resources such as gold, uranium, and natural gas; and as a likely regional hub for infrastructure such as pipelines, transportation, and communications, in which U.S. firms seek a leading role.

- **Joint commission.** The desire for closer relations on both sides has led to an agreement to form a Joint Commission, chaired by Ambassador-at-Large Sestanovich and Foreign Minister Kamilov, to be inaugurated in Washington, most likely in January 1998. Formation of the Joint Commission, an idea endorsed by President Clinton in his June 1996 meeting with Karimov, institutionalizes our effort to build closer relations. While both sides seek to deepen military and regional cooperation, the Commission will also serve to push political and economic reform.

Differences. Despite close cooperation in a number of areas, there are sources of friction in our bilateral relationship. These arise from Uzbekistan's slow pace of economic reform, poor human rights record and sometimes meddlesome regional activities.

a) **Economic reform.** Reform has stalled since Uzbekistan's October 1996 decision to restrict currency convertibility. This has reduced IFI programs and hampered foreign companies seeking to invest. Other concerns are slow movement on medium/large-enterprise privatization and bureaucratic obstacles to investment and trade. More positively, a new tax code was passed in April; we will monitor its implementation closely.

b) Human rights. President Karimov, a former Uzbek Communist Party First Secretary, has fallen far short of his declarations in favor of a democratic society and free press: the government refuses to register human rights NGOs or real opposition parties; there remains pervasive press censorship; and there have been numerous reports of beatings and torture by police. Karimov, a former Uzbek Communist Party First Secretary, defends his political record by claiming the need to defend the state against ethnic and fundamentalist unrest.

c) Regional aspirations. Despite its fear that the conflict, instability and Islamic fundamentalism in neighboring countries could spill across its porous borders and threaten its own secular state, Uzbekistan has taken some potentially destabilizing actions within the region. Uzbekistan has supported renegade ethnic Uzbek officers in neighboring Tajikistan, which threatens to disrupt that nation's fragile peace process. Moreover, in Afghanistan -- although it has at times played a moderating and constructive role -- the Uzbek government has supported ethnic Uzbek military activity, which helps perpetuate Afghanistan's civil conflict.

Future relations. The U.S. believes that Uzbekistan's stability and prosperity could better be assured by a firmer commitment to economic and political reform, an issue we will pursue in the Joint Commission. Lack of progress on both fronts will jeopardize continuation of some USG assistance and undermine the overall relationship. We also continue to encourage Uzbekistan to maintain a neutral role in the civil conflicts in neighboring Tajikistan and Afghanistan. In addition, we want to build on the success of September's Centrasbat exercise by making it an annual event, and to expand IMET and other forms of training for Uzbek military forces.

UZBEKISTAN: POLITICAL AND SOCIAL OVERVIEW

Uzbekistan is politically one of the least changed states in the former Soviet Union. Power is now concentrated in the hands of President Karimov instead of the Communist Party, but the legislature functions largely as it did in the Soviet era. There is no independent judiciary.

Consolidation of presidential power. During his first few years as President, Karimov focused on consolidating power. He outmaneuvered his rivals within the government and crushed the largest non-Communist political opposition movement in Central Asia, although he did so largely without resort to force. A former First Secretary of the Uzbek Communist Party, Karimov was elected President in a contested election in December 1991 in which the most popular prospective candidate, Abdurahim Pulat, leader of the main opposition movement, was not allowed to run.

Opposition. Following a student riot in early 1992 and mounting opposition criticism of the regime, police suppressed Birlik and Erk, the two main independent political movements that had emerged during the era of perestroika. The authorities also cracked down on Islamic activists in the Ferghana Valley. Opposition and religious leaders were harassed, beaten or arrested. Others, including Birlik Chairman Pulat, Erk Chairman Solikh and former Grand Mufti of Uzbekistan Sadiq were forced into exile.

Popular support. Despite his use of repression, Karimov appears to have popular support. A 1996 International Foundation for Election Systems (IFES) poll showed that over two-thirds of the respondents said that they were satisfied with "the situation in Uzbekistan today," and three-fourths said that the overall quality of their life today was either "very good" or "fairly good" -- indicating high levels of satisfaction, according to U.S. polling experts.

Status quo. Absent a rapid deterioration in the economic situation, Karimov is likely to succeed in his bid to stay in office past the year 2000. This reflects not only his successful repression of opposition and public acceptance of his approach to reform, but also the cohesive nature of the population (three-quarters ethnic Uzbek), an unbroken history of authoritarian rule, and the a growing sense of national identity that Karimov has helped build. Although the legacy of repression in Uzbekistan probably stifled the level of dissent expressed to the pollsters, the uniform results nevertheless suggest that many Uzbekistanis appreciate the stability that Karimov has brought to

the country and accept his claim that political reform must be implemented gradually to prevent chaos.

Attention to western concerns. As Karimov has attempted to attract foreign investment, he has sought to accommodate, at least superficially, Western concerns about human rights and democratization. Karimov allowed Radio Liberty to reopen an office in Tashkent and has allowed the establishment of local independent television stations. The government invited the OSCE to hold a seminar on human rights in Tashkent and permitted the brother of Birlik Chairman Pulat, Abdumannob Pulat, who was given political asylum in the U.S., to return to Uzbekistan and attend the meeting.

Superficial reforms. Nevertheless, democratic reforms have been largely cosmetic. In practice, the Uzbekistani Government continues to restrain, either directly or indirectly, fundamental freedoms. Karimov broke his promise to consider his current term in office -- extended by a March 1995 referendum -- as his last, by having parliament to declare in August 1995 that he is eligible to run again in the year 2000.

UZBEKISTAN: ECONOMIC AND COMMERCIAL OVERVIEW

Energy and agriculture. Uzbekistan's labor-intensive economy is centered on agriculture and mineral extraction. It has been less vulnerable to the disruptions experienced by other countries of the former Soviet Union, because rapid growth in the production of oil and gas -- which grew by 130 and 19 percent, respectively, between 1991 and 1996 -- allowed Uzbekistan to reduce its oil imports at a time when energy prices were increasing sharply. Uzbekistan -- a net gas exporter -- took advantage of these higher prices and increased gas exports. In addition, the government's policy of shifting crop acreage from cotton to grains and other crops increased domestic food supplies, heading off social tensions and the need for food imports.

Economic performance. Uzbekistan's GDP declined 17 percent, but industrial production held steady, between 1990 and 1996 -- easily the best performance of all the CIS countries. Nevertheless, rapid energy growth has masked steep drops in other industrial sectors, including metallurgy, chemicals, and construction materials, ranging from 33 to 59 percent between 1990 and 1995.

Trade. Foreign trade has performed better than in other CIS countries. Although total two-way trade in 1996 was an estimated 50 percent of the 1990 level, exports to hard currency non-CIS partners -- mostly of cotton -- more than doubled during that period, and Uzbekistan was the only CIS country to import more from non-CIS partners than it had in 1991.

Reform. While initially rejecting serious economic reforms, in mid-1994 Uzbekistan implemented a macro-economic stabilization policy and other reforms with IMF guidance to deal with high inflation and to attract greater foreign investment. State control over the economy, however, remains strong. The government's tight rein on credits and deficit spending has reduced average monthly inflation from more than 20 percent in 1994 to four percent in 1996 and an estimated three percent in 1997.

Privatization. Housing and small-scale enterprises, mostly in retail and services, have been almost fully privatized. Employment in the state sector dropped from 67 percent in 1991 to 43 percent in 1996, and 95 percent of retail sales last year went through enterprises not owned by the government. Large-scale privatization has barely begun, however, and the government's approach has favored current employers and managers over a process more open to the public. In 1996, the government further changed privatization procedures to encourage the participation

of foreign investors. The government has permitted private ownership of livestock and expanded privatized cotton production. While most consumer prices are close to world levels, Uzbekistan maintains artificially low prices on cotton and wheat. Moreover, the government retains state orders -- as high as 50 percent -- on the cotton and wheat crops, as well as complete control over cotton exports, and it strictly controls participation in hard currency exchanges.

Foreign investment. Economic reforms have improved the foreign investment climate in Uzbekistan, but potential investors continue to face problems from an inadequate legal infrastructure and a cumbersome, often corrupt, bureaucracy. In October 1996, the government restricted the number of banks authorized to conduct foreign exchange transactions. Several small-scale investors have shut down operations, and major foreign investors have noted difficulties in purchasing foreign exchange to meet external obligations and repatriate profits. Although more than 1,200 joint ventures have been registered in Uzbekistan, only about half were operating in 1996.

UZBEKISTAN: HUMAN RIGHTS

Slow progress. Uzbekistan is an authoritarian state with limited civil rights. The government has failed to make significant progress on human rights concerns and political reforms. Chosen President by a 1991 election that was neither free nor fair, Islam Karimov had his term extended to 2000 by a 1995 Soviet-style referendum. The government continues to deny registration to independent political parties and other groups critical of the government, while creating several parties to support itself. It also continues to hold political prisoners. Police and security services use torture, harassment and illegal searches against activists. Police often beat criminal suspects to obtain confessions.

Freedom of the press. Press censorship remains pervasive. Almost all newspapers are government-owned, and citizens have little access to foreign newspapers. Radio Liberty, the Voice of America, BBC radio and expensive local cable television channels are among the few sources of uncontrolled news, but even their reporters face harassment. Freedom of expression is constrained by an atmosphere of repression and concrete measures including a law against "offending the honor and dignity of the President."

Positive steps. Nevertheless, some potentially positive steps on human rights were taken in 1996 and 1997. It remains to be seen to whether these measures are truly reforms or merely superficial. In 1997, legislation was enacted to increase access to information and protect journalists; to reform the penal system and protect the rights of prisoners; and to establish an ombudsman's office to monitor and investigate human rights abuses. During the summer of 1996 authorities permitted Human Rights Watch/Helsinki and Radio Liberty to open bureaus in Tashkent. In addition, just prior to a meeting with President Clinton in June 1996, President Karimov released fifteen political prisoners and invited exiled human rights activists to return to Uzbekistan. Later that year he established a National Center for Human Rights devoted to training professionals in human rights issues.

UZBEKISTAN: ETHNIC AND RELIGIOUS ISSUES

Discrimination claims. Despite official Uzbekistani government policy favoring the development of a multi-ethnic society, a number of non-Uzbek ethnic groups claim official discrimination. For example, some groups claim that their communities are shortchanged in distribution of government resources. This discrimination appears to apply particularly to those groups who are most isolated, such as the Karakalpaks who occupy the ecologically-devastated northwestern corner of the country near the Aral Sea.

Language issues. The government is moving to replace Russian with Uzbek as the official language by the year 2000, a move that is seen as disadvantaging the quarter of the country's 24 million people for whom Uzbek is not the first language. In addition, legal proceedings are often conducted in Uzbek without Russian translation, even when they involve Russian speakers, and Russian suspects are routinely forced to sign confessions written in Uzbek.

Freedom of religion. Uzbekistan's constitution provides for freedom of religion and separation of religion and state. Many groups worship freely, including the majority of (Sunni) Moslems, Jews, Russian Orthodox and several other Christian denominations. However, the government suppresses some religious groups and activities. For example, to counter what it perceives as extremist Islamic views, the government limits the expression of political views by religious leaders in sermons and elsewhere, and effectively controls the Islamic religious hierarchy. Authorities continue to use the tactic of convicting Islamic religious leaders on trumped-up criminal charges (e.g., possessing drugs and ammunition) to suppress their suspected criticism of government policy. Moreover, at least one evangelical leader has been arrested and briefly jailed for operating an unregistered church. Other evangelical groups have had difficulty registering and, as a consequence, operate in legal limbo. Acting on orders from presidential staff, customs officials confiscated and held for most of 1997 a shipment of 29,460 Bibles belonging to the Uzbekistan Bible Society.

UZBEKISTAN: EDUCATION ISSUES

High literacy. The high educational level of the Uzbek population is a great asset to this Central Asian nation. Literacy is near universal at over 98 percent in both rural and urban areas. Educational methods and curricula, however, are often outmoded and inappropriate, and rural schools are less well-equipped than their urban counterparts.

Deteriorating conditions. As in other social sectors, the Uzbek educational system experienced significant material and financial constraints following the breakup of the former Soviet Union. As a result, serious problems relating to the maintenance of educational institutions and the provision of necessary equipment and supplies such as textbooks have emerged. For instance, many schools, especially in rural areas, have no telephone, no running water, and no sewage system. In addition, low teacher salaries have caused many of the most talented teachers to leave teaching.

Length of schooling. Despite this bleak financial situation, the total mean years of schooling for both men and women in Uzbekistan exceeded 11 years in 1994. Also, the percent of all persons aged 6 to 23 enrolled in school was approximately 50 percent in 1994. However, this figure is over 10 percent lower than the equivalent figure for 1992. Also disturbing is the fact that the percentage of 19-year-olds still enrolled in full-time education declined from 31 percent in 1992 to 26 percent in 1994.

Continued decline? The needs in the educational sector must be addressed fairly quickly to preserve the quality and availability of education for all children and young adults. Hence, during coming years, Uzbekistan must try to maintain its educational achievements by revising and restructuring curricula to meet the requirements of a modern, independent nation. Assistance is also urgently needed for maintenance of the basic educational infrastructure, especially in rural areas. Education has not been a sector of specific concentration for USAID work.

UZBEKISTAN: WOMEN'S ISSUES

Women's rights. Uzbekistan has acceded to a number of international human rights-related treaties, almost all of which prohibit discrimination based on gender. Both the Constitution and the 1992 law on citizenship prohibit discrimination on the basis of sex. However, enforcement mechanisms are inadequate, and women are unaware of their rights and too poorly organized to advocate for themselves effectively.

Traditional society. Uzbekistan is a traditional society in which Islamic culture is becoming more of a presence. Women assume that raising children and managing the home are exclusively the domain of women. Early, arranged marriages are common, and young brides are expected to have a child within the first year of marriage and to care for their mothers-in-law.

Education. The female literacy rate in 1990 was 96 percent, which compares very favorably with a 60 percent rate worldwide. Opportunities for women to obtain an education are declining, however. Because traditional attitudes toward women favor early marriage and child rearing, education for women receives a low priority. The government has abolished the compulsory attendance law, making it easier to keep girls out of school. Declining financial support for state schools has resulted in the best educational opportunities requiring entry payments amounting to bribes. Economically hard-pressed families are more likely to do this for sons, for whom a career is considered as required, while keeping daughters at home.

Economic Participation. Women's employment and labor force participation is high (71%), but women tend to be employed in low-skilled occupations or in low-paying occupations such as education and health. Women make up three-fourths of the country's doctors and nurses and 60% of teachers, but only a third of technicians and engineers. Women seeking to be entrepreneurs face a host of obstacles, including cultural attitudes, family and household responsibilities, and lack of access to family assets, which reduces access to scarce credit.

Political representation. The proportion of women represented in Parliament has dramatically decreased since independence. Before the 1989 elections, due largely to a quota system, women comprised 35% of the Supreme Soviet. Now, only 13 of the 250 deputies in Parliament, or five percent, are female. Few women hold influential positions in the executive branch and those that do tend to serve in ministries dealing with social issues such as health and education. A woman deputy prime minister was appointed to handle women's affairs. She is the only female in

the Cabinet and has no program funds or real power. Women serve as deputy governors for women's affairs at the province and district levels, but have no program funds and limited chances to put issues forward in a male-dominated environment.

NGOs. The Republican Women's Committee, a government-sponsored NGO headed by the Deputy Prime Minister, has supported a few useful projects. A number of women-oriented, grassroots NGOs deal with specific gender issues but, as with most NGOs in Uzbekistan, they are weak and lack depth in their leadership.

International activities. A national delegation was sent to the United Nations Fourth World Conference on Women in Beijing as well as to the 1996 meeting in Bucharest. Support from outside the country permitted key women leaders not affiliated with the government to attend the Beijing conference. Since Beijing, the government has prepared a paper entitled "The Government's Conception on Improving the Status of Women". In May 1997, a Gender in Development Unit under the Republican Women's Committee, financed by the UN, began developing a National Action Plan to be based on the Government's concept paper.

Social benefits. Under the Soviet Government, a comprehensive system of social benefits assisted women and gave them preferential treatment, including child allowances, maternity leave, and favorable retirement pensions allowing earlier retirement than men. Unfortunately, this system of social welfare is grossly underfunded. Benefits are too small and often paid late. Until it is reformed, women are likely to suffer disproportionately.

Demographics.

Female population - 11.5 million (50.5% of population) (1995)
Number of women 15-45 in 1995 = 5.6 million; in 2015 = 8.9 million
Life expectancy - 72 years (as opposed to 66 for men)
Total fertility rate - 3.8

UZBEKISTAN: POPULATION AND FAMILY PLANNING

Projected trends. With a total population of approximately 23.7 million, Uzbekistan is the third most populous country in the former Soviet Union. With the current population growth rate of 2.5 percent, the population will dramatically increase in the next fifteen years and is projected to reach 35.7 million by the year 2025. Forty percent of the population of Uzbekistan is less than 14 years of age. Fertility in Uzbekistan has declined in recent years by one child. Total Fertility Rate (TFR) for women is 3.3 children.

Contraception. Currently, reproductive health services are available at hospitals and polyclinics at the oblast, rayon, and city levels, and at primary health care institutions through the public sector. According to demographic and health data, knowledge of contraceptive methods is virtually universal among Uzbekistani women and 51 percent of currently married women are using a modern method of contraception, primarily in-uteri devices. Most of the women obtain their contraceptive method from the public sector.

International assistance. The United Nation Fund for Population (UNFPA) with the EU credit has supplied the contraceptive for the public sector. This may change in the future as the commercial sector becomes more active. USAID is helping the Ministry of Health to improve the accessibility and availability of contraceptives through the commercial sector. However, the recent adoption of regulations to control and limit foreign exchange for businesses have affected USAID's efforts.

Abortion. An abortion rate of 0.7 abortions per woman in Uzbekistan is lower than estimates for other areas in the former Soviet Union. These lower rates are largely due to greater availability and use of alternative contraceptive methods.

UZBEKISTAN: CHILDREN'S ISSUES

Decline in social services. Despite recently increased efforts on the part of the government of Uzbekistan to address the general downturn in the country's social indicators, preoccupation with macroeconomic issues as well as real budgetary constraints has meant that social services for the most vulnerable groups -- especially children -- are shrinking and in danger of not furnishing even minimum support. Some 41 percent of the population is under the age of 16; this places high demands on scarce social services.

Nutrition. A wide range of serious nutritional problems affect a large percentage of children, especially in rural areas. Among the major reasons are large families, low family incomes and sporadic supplies of major food products. The USAID-funded 1996 Uzbekistan Demographic and Health Survey (UDHS) found that close to 15 percent of the child population is stunted and another three percent wasted. This is in line with percentages generally found in Central Asia, but higher than those for other areas. Breast-feeding is almost universal in Uzbekistan; 96% of all children are breast-fed during their first four to six months of life. This satisfies the World Health Organization recommended minimum four months of breast feeding.

Infant health care. Almost all births in Uzbekistan (94%) take place in health facilities and under the care and supervision of trained medical personnel. Uzbekistan provides a full range of inoculations (polio, measles, BCG and DPT/DT) to 85 percent of the children aged 12 - 23 months. The highest coverages are for Polio 1 and Diphtheria 1, 99 percent. The lowest is for measles, 89 percent. USAID addressed vaccine security issues early on in Uzbekistan and Central Asia. It provided technical assistance to modernize antiquated and inefficient immunization protocols. USAID has also been in the forefront of helping combat other diseases by providing vaccines and associated assistance.

Aral Sea. In the Aral Sea zone, children have been especially susceptible to the air and waterborne diseases associated with the ecological disaster area. Although the infant mortality rate has fallen in recent years, it remains higher than in other areas of Uzbekistan. USAID mobilized resources quickly in 1994 to fulfill Vice President Gore's commitment to the area. Uzbekistan shared with Kazakhstan in USAID's \$22 million Aral Sea Initiative to bring potable water to people of the Aral Sea region. This initiative has now shifted from infrastructure projects to ones addressing water policy and sustainability.

Adoption law. While international adoptions of Uzbekistani orphans are legal, government officials are not in agreement on who has authority over such adoptions. Only three foreign adoptions took place in FY 1997. Uzbekistan is not a party to the Hague Convention on the Civil Aspects of International Child Abduction. Thus, cases of children abducted to or from Uzbekistan must be handled in the family courts of the country to which they have been taken. When such cases are brought to the attention of the Department of State, the natural parents are advised to retain legal counsel in the country to which the children have been taken. The Department of State is not aware of any pending cases in Uzbekistan.

UZBEKISTAN: HEALTH ISSUES

Major problems. Uzbekistan's major health problems include high maternal and infant mortality rates; poor women's health, including reproductive health; intestinal and parasitic infections; high rates of cardiovascular diseases; and increasing incidence of tuberculosis and vaccine-preventable diseases, including polio, diphtheria, and anemia, particularly in women and children.

Deteriorating conditions. Historically, the national health care system in Uzbekistan was comprehensive. Services available to a large percentage of the population were provided mainly free of charge. However, health sector resources have declined since the breakup of the former Soviet system, reducing health care quality, accessibility and efficiency.

Drinking Water. Lack of access to potable water continues to be a major problem for half a million people in the Aral Sea area. This is a main cause of higher incidences of diarrheal disease in the region. The government and USAID have already improved two large water treatment plants serving half a million people in the Aral Sea region through installation of chlorination and other water cleaning equipment. These efforts immediately improved drinking water quality, which in turn reduced health risk. A regional effort in water management and water pricing is underway.

Reform and USAID assistance. Recently the Government of Uzbekistan has indicated readiness to pursue health reforms more consistent with a market-oriented economy. USAID is focusing on issues of health care financing and improved primary health care. This complements USAID's existing assistance in improving access to contraceptives through the private sector; reducing vaccine-preventable infant deaths; strengthening epidemiological monitoring of infectious diseases; and developing hospital partnerships with U.S.-based hospitals to transfer modern clinical technologies. USAID has provided some \$3 million to the health sector in the past two years, in addition to roughly \$5 million to improve water supply systems. USAID works closely on health issues with the World Bank, the World Health organization, and other United Nation Agencies.

UZBEKISTAN: ASSISTANCE PROGRAM OVERVIEW

Total funding commitment. The United States has provided approximately \$137.5 million to fund humanitarian aid, technical assistance and investment promotion activities in Uzbekistan since 1992. These programs seek to lay a basic foundation for market economic and democratic reform in an effort to encourage the government of Uzbekistan to embrace such reforms in earnest. The U.S. has contributed an additional \$16.5 million to the UNHCR and International Organization of Migration's 1997 Joint Appeal for the CIS Migration Conference follow-up for programs in Uzbekistan, as well as Kyrgyzstan and Kazakhstan.

Funding for economic reform. U.S. funding since 1992 for private sector development and economic restructuring in Uzbekistan totals approximately \$18 million. This relatively low figure compared to aid to other NIS reflects the slow pace of economic reform in Uzbekistan to date. Despite declarations to the contrary, the Uzbek government has been reluctant to implement many of the reform ideas generated by U.S.-funded programs. In addition, Uzbekistan's restrictions on currency convertibility undercut its efforts to attract foreign investment.

Economic programs. Our programs are nevertheless helping to lay the groundwork for a market-oriented economy by working with selected, reform-minded GOU officials. USAID has fielded a team of resident advisors that has been working closely with Uzbekistan's government on tax, fiscal, and financial reform. These advisors played a key role in drafting Uzbekistan's new tax code, which parliament passed in April 1997. USAID advisors are also working to draft new laws on budget formulation, reform the pension system, train banking system supervisors and streamline Uzbekistan's legal framework for international trade and investment in preparation for possible WTO membership.

Central Asian-American Enterprise Fund. The USG has also pledged \$150 million to capitalize the Central Asian-American Enterprise Fund, which operates in Uzbekistan, Kazakhstan, Kyrgyzstan and Turkmenistan. We created this fund to support the development of small and medium-sized enterprises in Central Asia by making equity investments and providing micro-lending services. The fund has invested \$23.4 million in 10 Uzbek businesses in the manufacturing, food processing, construction, and service sectors. Unfortunately, currency convertibility problems have prevented even greater Fund activity in Uzbekistan thus far.

Democracy and human rights. The GOU has moved slowly on democratic reform, continues to repress its political opponents and resists the emergence of an independent media. Democracy-building aid activities have consequently been limited to working to strengthen civil society by supporting the development of a variety of NGO's in areas such as women's rights, advocacy for the handicapped and general human rights. People-to-people

programs such as USIA exchanges, farmer-to-farmer programs, and the Department of Commerce's SABIT Business Internship Program contribute to the development of Uzbekistan's civil society. Another project assists 16 local television stations.

Health care programs. Since 1992, the U.S. has allocated approximately \$7 million for improvements in Uzbekistan's health care system which have benefited women and children in particular. At the national level, the U.S. is helping Uzbekistan create a computerized national disease surveillance system. At the local level, USAID is beginning a major project that will develop pilot programs for financing rural hospitals.

Family planning programs. Underlying these programs is a focus on women's reproductive health and children's health. USAID supports two family planning programs that seek to reduce rates of maternal morbidity, infant mortality and abortions by creating model training clinics and conducting public education campaigns on the use of modern contraceptives. Recent data from project sites throughout Central Asia indicate a significant decline in abortions and increase in contraceptive use in recent years. USAID and the U.S. Center for Disease Control are also operating training programs aimed at battling infectious diseases such as polio, diphtheria, and Uzbekistan's two major causes of child mortality -- pneumonia and diarrhea. A medical partnership between Tashkent State Medical Institute and the University of Illinois at Chicago Teaching Hospital has been awarded over \$1.5 million in grants since April 1995 for work on treatment of high-risk pregnancies, training in neo-natal resuscitation, and establishment of a Women's Wellness Center.

Environmental programs. The USG has provided nearly \$9 million for environmental programs in Uzbekistan since 1992. A large portion of these funds have financed projects that address the environmental disaster zone surrounding the Aral Sea. USAID has provided \$7 million for capital improvements in water treatment facilities in communities near the Aral Sea. USAID has also sponsored intense efforts to promote regional cooperation on water management and sharing. Thanks to this initiative, the presidents and prime ministers of Uzbekistan, Kyrgyzstan and Kazakhstan are close to agreement on a common water management policy. USAID has also funded pollution control projects at a major oil refinery and cement plant.

Energy programs. The U.S. has recently initiated a new project that aims to develop a legal and regulatory structure for Uzbekistan's energy sector. The goal of this program is to create the necessary conditions to attract foreign investment.

Humanitarian Assistance. We have delivered \$58.7 million in medical equipment, medicines, and other commodities donated by the U.S. Department of Defense and private voluntary organizations since 1992.

UZBEKISTAN: ENVIRONMENTAL ISSUES

Serious problems. Caused largely by the former Soviet regime's mismanagement of natural resources in the region, Uzbekistan's environmental problems include depletion of water supply, deteriorating water quality, water contamination from both agricultural pesticides and fertilizers and industrial enterprises, increasing water salinity, public health crises, improper waste and wastewater disposal, and air pollution from the industrial sector, concentrated in Tashkent province. Uzbekistan's economy relies largely on agriculture and extraction of natural resources, both carried out in an unsustainable manner, particularly with respect to water use.

Aral Sea disaster. Uzbekistan includes the southern portion of the Aral Sea. Due to Soviet agricultural development policies, large amounts of water were diverted from this sea for irrigation, leading to its shrinkage to slightly more than half its previous volume. The massive diversion of water from the two main tributaries, the Amu Darya and the Syr Darya, in combination with unsustainable agricultural practices, has destroyed the Aral Sea as a viable ecosystem and ruined local economies in the process. The U.S., along with the World Bank, UNDP, the EU, and Canada, is now focused on trying to stabilize the situation; any hope of restoration is dim at best.

USAID assistance. Much of USAID's initial focus has been on the urgent public health needs arising from the sea's degradation. Several million people living in the sea's basin have been deprived of access to safe water and have experienced abnormally high rates of morbidity, non-specific diarrheas, and viral hepatitis. In response, USAID undertook a series of multi-million dollar potable water projects to provide increased clean water access to over a million Central Asians. Some \$7 million of capital improvements including new disinfection systems, coagulation units, and expanded testing capabilities were provided to potable water treatment facilities in the major towns of northwestern Uzbekistan. Uzbekistan has committed resources to insure the ongoing maintenance and operation of these renovated facilities. USAID has provided legal and regulatory review to help develop Uzbekistan's National Environmental Action Plan, and has emphasized use of economic instruments to promote environmental improvements and discourage liability hazards.

Water sharing and management. Donors including USAID, the World Bank, UNDP and the EU have sponsored intense efforts to promote cooperation among the five new Central Asian Republics in water management and sharing, thereby addressing the underlying causes of the Aral Sea disaster. From workshops and a demonstration

project to promote concepts of water pricing, protection of water resources for beneficial uses, and water demand management, donors have shifted to application of these principles at the Toktogul Reservoir, the largest multi-year storage facility in Central Asia, used primarily for irrigation and secondarily for power production. Acreage under irrigation provided by Toktogul water generates hundreds of millions of dollars from cotton and other crops in Uzbekistan and somewhat less from rice and other agricultural production in Kazakhstan.

Competing needs. Acute tension has arisen from competing needs for power generation for winter heating of homes in Kyrgyzstan and irrigation of crops in the summer for downstream countries. A series of year-long agreements between the countries on the dam's operation and the sharing of water have collapsed.

Water management agreement. Over the last year and a half, USAID has worked with the Interstate Council of the Republics of Kazakhstan, Kyrgyzstan, and Uzbekistan (ICKKU) to establish a multi-year agreement applying the principles of water pricing and demand management. The result is a draft agreement which ICKKU will submit for approval by the three governments by early 1998. USAID intends to assist in successful implementation of the agreement. Based upon the lessons learned through Toktogul, USAID also plans to assist with the development of other water basin management agreements along the Syr Darya. On a more local level, USAID is helping to form agricultural water user associations through training seminars and drafting of sample incorporating documents.

Waste minimization. Over half of Uzbekistan's industry is centered in Tashkent Oblast. Principal environmental problems are air emissions of particulates from power plants and cement plants, wastewater from chemical plants, and disposal of solid wastes from mineral extraction and processing. To tackle these, USAID funded demonstration projects in waste minimization in two industries. An oil refinery and a cement plant installed pollution reduction equipment, resulting in large energy and dollar savings and substantial reductions in carbon dioxide and particulate emissions.

Environmental NGO Development. Non-governmental organizations are a key means of overcoming the Soviet legacy of environmental mismanagement. USAID has funded ISAR, a non-profit organization that supports NGOs working on environmental issues in the Newly Independent States since 1993. ISAR has awarded \$500,000 in small grants (from \$300 to \$5,000) to local NGO's to conduct concrete actions in environmental education, awareness, monitoring, and law; alternative energy; sustainable development; sustainable agriculture; and related areas.

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HEADLINE: Aral Sea: From bountiful waters to poisoned desert: Watershed for 54 million Asians nearly dry

BYLINE: RICHARD BOUDREAUX; THE LOS ANGELES TIMES

DATELINE: MUINAK, Uzbekistan

BODY:

The old man roams what used to be the floor of the fourth-largest lake in the world, coaxing a ram, a goat and a cow in search of food in what is now relentless desert.

Not far away is the rusting hull of the fishing boat in which three decades ago he sailed high above, on the surface of bountiful waters. The marooned wreck stands askew amid a ghostly fleet anchored in salty dunes.

Stopping his tiny herd in a patch of desert grass, he encounters a stranger who inquires about the Aral Sea.

"I can no longer imagine any sea out there," replies Sanginkik Saktaganov, turning his lean, weathered face north toward the horizon where the shore disappeared. "I don't think it will ever come back."

It is a pitiful epitaph for Central Asia's dying fountain of life, uttered from a harsh and poisoned landscape that is the region's costliest legacy of Soviet rule. The presidents of the five countries dependent on the sea have joined to lobby for worldwide help, but they have received only modest commitments and even less relief.

Until 1960, the Aral was one of the world's great bodies of water, producing nearly 200 tonnes of fish a day, much of it hauled in boats like Saktaganov's to a huge cannery in this onetime coastal city.

Then, in one of humankind's cruelest assaults on nature, Soviet engineers began diverting the two Aral tributaries into the desert to irrigate the world's largest cotton belt.

Today, the sea has shriveled to less than a third of its former volume and has been split into near-lifeless lagoons, its nearest shore 50 kilometres from here.

The Aral watershed, which sustains most of Central Asia's 54 million people, is poisoned.

Chemical pesticides and fertilizers wash from irrigated cotton fields into the Amu Darya and Syr Darya rivers, polluting much of the region's drinking

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water, its soil and the sea.

Toxic salts and dust blown off the exposed sea bottom by blinding windstorms turn everything greyish-brown.

Millions of people are sickened by the air and water, and impoverished by the loss of fish and fertile land. The drying of the Aral, whose water volume moderated the weather, has brought Sahara-like extremes of hot and cold to the valleys nearby, cutting the growing season by two months.

Worst of all, the Soviet Union, which created this mess, is not around to clean it up.

The five Central Asian republics that emerged from the Soviet collapse in late 1991 lack the resources to cope. Their most ambitious plans for the

Aral watershed stop short of reviving the sea or even halting its shrinkage.

The Caspian Sea, 500 kilometres west of here, is rising. But building a canal and pumping the spillover to the Aral would cost \$ 280 billion, and officials say that's utopian. Reversing one of Russia's northward-flowing Siberian rivers toward the Aral -- an old Soviet idea -- is rejected as ecocidal.

"All the parties recognize that restoring the sea to its 1960 level or anything approaching that is just not feasible," says Peter Whitford, manager of the World Bank's Aral basin aid project. "But a lot more can be done to meet the human needs in the disaster zone and to put land and water management on a more rational footing."

According to a March 1993 appeal by Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, the World Bank helped these countries draft 19 such projects -- expected to cost \$ 450 million over several years -- and organized a June 1994 donors conference in Paris.

The results were disappointing. Donor nations pledged \$ 31 million of the \$ 40 million requested for a one-year start-up phase and delivered just \$ 15 million -- mostly for studies by western consultants.

But some small improvements are under way.

On the desolate shore of a small lake near Muinak, four bulldozers kick up clouds of dust as they flatten the sandy ground for seedlings. Workmen are laying irrigation pipes to the new forest from the nearby Amu Darya.

The UN-financed project is the first of a series of "green belts" that will shield the Amu Darya delta from poisonous Aral dust.

The U.S. Agency for International Development has brought safer drinking water to about 500,000 people by cleaning up 29 wells in Kazakhstan and building or upgrading seven water treatment plants in Turkmenistan and Uzbekistan.

But little help has come to this dried-up fishing port, despite a plaintive billboard at one entrance. In English it reads: "The catastrophe of the Aral Sea ... is a disaster on a global scale, which Uzbekistan and its neighbors cannot cope with alone."

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Few places have been hit as hard as Muinak.

The cannery, still its chief employer, takes a reduced catch from nearby reservoirs and fish farms. But impatient creditors have cut off tin supplies, leaving the cannery's 860 employees without pay for most of this year.

People loitering on dusty streets talk of illness, hunger, desperation.

Uzbek President Islam Karimov, accused in Muinak of ignoring the town, has led the criticism of foreign donors for not giving more.

But the World Bank is delaying a new appeal for donations until the Central Asians show more will to confront the problem. They have not kept two pledges -- to give real power to a five-nation body to push Aral basin projects, and to set aside one per cent of each nation's income to pay for them.

Saving precious water in the basin will depend on other hard decisions.

Turkmenistan and Uzbekistan, whose leaders resist free-market reform, have yet to set prices for water use -- a step to control waste.

Nor have Central Asian leaders begun to compromise over sharing rivers that flow through all five countries. A Soviet-era plan of water allocation remains in effect as they try to write a new one; in practice, each hoards what water it can and mistrusts its neighbors.

Meanwhile, the Aral continues to lose more water to evaporation than it gains from rainfall and its beleaguered tributaries. Scientists expect it to stabilize at about half its current size.

GRAPHIC: Map: Knight-Ridder Tribune graphic / Map locates Aral Sea

Color Photo: Sergei Kivrin, Los Angeles Times / Fishing boat stranded in Uzbekistan, where the sea has retreated 50 kilometres

LANGUAGE: ENGLISH

LOAD-DATE: December 29, 1996

EMBASSY OVERVIEW: TASHKENT, UZBEKISTAN

Location and staff. Embassy Tashkent opened in March 1992 and moved to its present site in a former Soviet Youth Center about five miles from downtown Tashkent later the same year. Staffed initially by fewer than ten full-time Americans, the Embassy has grown substantially to reflect the increasing complexity of U.S.-Uzbek relations and U.S. interests in the region. The Embassy now has about 32 full-time direct hire American positions plus several local hire Americans.

Offices and programs. The State Department complement includes political/economic, political/military, administrative and consular sections. In addition, the newly-created regional environmental office is located here, covering the five Central Asian states most affected by the Aral Sea crisis. The following agencies also are present in Tashkent:

USIS. USIS is staffed by a Public Affairs Officer and a Regional English Language Specialist.

USAID. USAID for Central Asia is based in Almaty, but represented in Tashkent by one direct-hire American.

Foreign Commercial Service. The Foreign Commercial Service is represented by a Senior Commercial Officer, who also oversees the operations of the American Business Center here.

Defense Attaché. The Defense Attaché Office (DAO) is headed by an Army Lieutenant Colonel assisted by an Operations Coordinator. DAO oversees the Partnership for Peace Program and the bilateral military educational and training exchanges.

Peace Corps. The Peace Corps maintains two programs countrywide, one focusing on English teaching and the other on small business development and education, with about 50-60 total volunteers.

Other. Family services for resident Americans are developing gradually as funding increases and Uzbek officials become more comfortable dealing with an international business and diplomatic presence. There is a locally organized International School and an International Clinic. The U.S. government contributes significantly to both institutions.

UZBEKISTAN: ARRIVAL STATEMENT

- Asalam aleykum, azeez dostlar. (Greetings, dear friends.) I am very pleased to be here in Uzbekistan, a country rich in history and culture, and in natural and human resources.
- Uzbekistan for many centuries has been a key point in east-west trade along the great Silk Road and a marketplace both of goods and ideas.
- It is thus fitting that independent Uzbekistan should now seek a role fully integrated with, and open to, the rest of the world.
- The United States is proud to support Uzbekistan in this process. We are optimistic that Uzbekistan has a very bright future ahead of it, based on its long history and its rich natural and human resources.
- Uzbekistan's next challenge is to consolidate economic and democratic reforms, while creating partnerships among the government, non-governmental organizations, and the private sector, that will bring greater well-being and freedom to its people.
- In my visit here, I hope both to understand better Uzbekistan's past and to encourage it in its development as an independent and prosperous state.
- This is an exciting time for Uzbekistan and I am happy to be able to help in building strong, friendly ties between the people of the United States and of Uzbekistan.

UZBEKISTAN: DEPARTURE STATEMENT

- I want to thank the people of Uzbekistan for their great hospitality during my visit here. In Tashkent, Bukhara, and Samarkand, the warmth of my reception has been unparalleled, and I am deeply grateful.
- My thanks as well to the staff of the American Embassy, and to the all others, American and Uzbekistani, who made us feel at home and worked very hard to ensure that this was a productive and pleasurable visit.
- My visit to Uzbekistan has been a wonderful opportunity to become more familiar with the rich history and culture of this land.
- I was very impressed with the progress in nation-building that this country has made over the first six years of independence.
- Nation-building involves a serious investment in areas that assure the ability of citizens to contribute to the nation. For a young nation such as Uzbekistan with a growing population, this means a focus on health, education, and a clean environment.
- I am pleased with the initiatives in these sectors that I have seen. The U.S. government has been able to play a direct role in this process. I hope that we will find the means to continue and even to expand our work.
- It was my special pleasure to open the Women's Wellness Center in Tashkent and to visit the USAID-supported Artisans' Development Center in Samarkand.
- In closing, I want to thank President and Mrs. Karimov for their generous hospitality and the warmth of their greeting. Thank you again for a wonderful visit.