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Title	Tourism after the ‘Tulip’ Revolution : Akayev’s bitter legacy and the prospects for the Kyrgyz Republic
Authors	Schofield, P, Maccarrone-Eaglen, A and Yesiltas, M
Publication title	
Publisher	
Type	Conference or Workshop Item
USIR URL	This version is available at: http://usir.salford.ac.uk/id/eprint/44071/
Published Date	2006

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**Paper presented at conference: “Tourism in Asia: new trends, new perspectives”,
Leeds Metropolitan University, UK, June 10-12, 2006**

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Abstract

Kyrgyzstan’s post-colonial transition from socialism to democratic civil society has been constrained by a number of adverse and interrelated political, economic and social factors. In the early 1990s, the Republic strategically positioned itself as a pro-western, liberal economy in Central Asia and successfully attracted foreign investment as loans, long-term credits and grants for development including tourism. Over the 1990s, however, the Akayev government’s liberal trajectory shifted to a more authoritarian position; it failed to develop the rule of law or address the deepening socio-economic crisis, which finally resulted in the ‘tulip’ revolution of 24th March 2005. The paper outlines the components and dynamics of the ongoing politico-economic transition in Kyrgyzstan with particular reference to the development of tourism, the impact of the insurrection on this sector and the prospects for the future of the Republic.

Introduction

After gaining independence from the Union of Soviet Socialist Republics (USSR) in 1991, the Kyrgyz Republic, a small Central Asian country (198, 500 km²) instigated democratic and economic reforms and established a reputation as a pro-Western, liberal economy, which attracted both the support of Western states anxious to establish a showcase of neo-liberalism in Russia’s backyard and a steady flow of soft loans from international organisations. Democratisation and the adoption of market principles also enabled the state to differentiate itself from its Central Asian neighbours: China, Kazakhstan, Uzbekistan and Tajikistan. At this stage, tourism was identified as one of the key industries with potential for foreign exchange earnings. Tourism’s political potential was also realised in terms of both the creation of a favourable image for the Republic as a ‘Switzerland in Central Asia’ (Haberstrok, 2000; Fletcher and Sergeyev, 2002) and, through its cultural dimension, as a means of facilitating a national identity, an important consideration in a country with deep divisions on the basis of religion, wealth and clan affiliation.

Tourism is not exclusively a post-colonial phenomenon; during the Soviet occupation of Kyrgyzstan, health and sports tourism flourished as sanatoria developed at hot springs and lakes. Foremost among these resort areas was, and still is, the perimeter of Lake

Ysyk-Kol situated in the Alatau mountain ranges that form the northern arm of the Tian Shan, in the north of Kyrgyzstan. There was some contraction of health and sports tourism over the 1990s because of the reduction in the size of the domestic market after independence, but significant remnants of the flourishing Soviet era tourism industry regenerated as a result of demand from Kazakhstan, Uzbekistan and Russia, particularly Siberia, with increasing numbers coming from Western Europe and the USA over the 1990s (Nusurov, 2001); other types of tourism, notably cultural tourism, grew as a result of this international interest. By 2001, the government had outlined its vision for the further development of tourism in Kyrgyzstan in a document entitled: 'Development of the Tourism Sector of the Kyrgyz Republic Until 2010' (KSATS, 2001). 'Health and recreational tourism' together with 'cultural tourism', 'adventure tourism and mountaineering' and 'ecological tourism' were identified as the country's four main tourism product-markets based on its favourable natural attractions and cultural heritage including its situation on the Silk Road. However, the country's outdated political framework, complex economic legacy, social instability, remote location, poor infrastructure and outdated amenities and service standards have proved to be significant constraints on the development of tourism.

Over the 1990s, worsening economic conditions, increasing disparity between the country's northern and southern regions and its rural and urban areas together with political exclusion based on ethnicity, fuelled social unrest and the rapid development of an informal economy. The Akayev government moved to a more authoritarian style of leadership and systematically failed to develop the rule of law or address the deepening socio-economic crisis resulting in the 'tulip' revolution of 24th March 2005. The paper examines the development of tourism over this period and outlines the components and dynamics of the ongoing politico-economic transition in Kyrgyzstan with particular reference to the development of tourism, the impact of the insurrection on this sector and the prospects for the future of the Republic. Given the absence of up-to-date, reliable information from official sources in Kyrgyzstan, where government statistics have been used in the analysis corroborative evidence has been sought in international agency reports, and press and journal articles.

Akayev's Reformation of Kyrgyzstan

The disintegration of the Soviet Union and the emergence of five independent republics, Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan and Kyrgyzstan, together with the formation of the Commonwealth of Independent States (CIS) in Central Asia attracted the world's attention because of the area's strategic importance from a geo-political perspective. Subsequent political developments, particularly the wars in Afghanistan and Iraq and the Al-Qaeda terrorist attack on the USA on September 11th 2001 served to focus that attention. Whilst Kyrgyzstan faced similar political and socio-economic issues to the other emerging CIS states, typical of low-income developing countries, its development path was differentiated from the others on the basis of president Akayev's pro-Western democratic orientation (Starr, 1996). The adoption of a market economy was supported by financial aid from a number of international organisations including the World Bank, the International Monetary Fund and the Asian Development Bank (Platt,

1994). The loans were used to bolster its dysfunctional economy characterised by hyper-inflation, increasing shortages and widespread unemployment (Bassani, 1993). Social and economic indicators placed the Kyrgyz Republic in the range of low middle-income developing countries rather than the industrial reforming states with over half of the national output and employment coming from agriculture, despite the relatively small area of fertile land. Three-quarters of their food requirements were met by imports and these problems were compounded by severe environmental pollution and poor infrastructural conditions, including chronic under-funding of medical facilities, unsafe drinking water and poor sanitation systems, which resulted in widespread infectious, nutritional and reproductive health problems (UNICEF/WHO, 1992).

Despite significant progress with respect to market-oriented reforms during the 1990s, economic growth was stymied by the lack of resources, the absence of processing infrastructure, inefficient state enterprises and widespread corruption in both the public and private sectors. Gross domestic product (GDP) plummeted and reached its lowest level in 1995 at about 55% of its 1991 level. By 1996, 70% of private enterprises were bankrupt because the market for their products had not been established and 30% of GDP came from a black economy of independent, unregistered traders (Anderson, 1999), although Harun (1999) reports that by 1998, there had been a significant upturn in the economy and by 2001, the IMF were commending Kyrgyzstan's macroeconomic policy performance: strong growth, low inflation and stability in the foreign exchange market, but also acknowledged that resolute implementation of the new economic programme was needed to enhance prospects for sustained growth and reductions in the state's 1.5 billion USD external debt (Europe-East, 2002). By 2002 the economy had contracted again by 0.5% (Faudel, 2004) and there were 215,000 registered SMEs representing 93% of the total number of economic actors in the country and accounting for 44.3% of GDP; at the same time, the highest growth in economic activity was recorded in the hotel and restaurant sectors (National Statistics Committee of Kyrgyzstan (2003). By 2004, the service sector's contribution to GDP was 32%, a combination of buoyant foreign trade, increasing tourist arrivals and small business taxes (Asian Development Outlook, 2005), but with the exception of a few high-profile projects like the Kumtor gold-mining complex, the economy remains heavily dependent on its agrarian sector (World Bank, 2006).

Theoretically, within the context of post-communist transition, the introduction of privatisation and the diversification of ownership in industrial and agricultural sectors should have created new organisational and social networks that mitigated the worst effects of ethnic, tribal or religious identities (Anderson, 2000). However, there is a general consensus in the political development literature that something more than economics is necessary for democracy to be established and maintained (Linz and Stepan, 1996; Finifter, 1996; Huskey, 1997; Gibson, 1998), particularly where social organisations struggle to compete with more traditional power networks. In the early 1990s, Kyrgyzstan was already experiencing difficulties arising from the complex change in ideology, exacerbated by severe economic and social problems, ethnic and religious cleavages and inter-clan rivalries (Huskey, 1995; Anderson, 1999). The Democratic Party, Republican Party and National Rebirth Party attempted to fill the vacuum left by

the demise of the Communist Party, but it was the two pre-eminent clans, Salto and Saribagish, that dominated state politics. Whilst there was a tolerance of diversity that stems from the country's hospitable tradition, there was considerable suspicion about many of the consequences of the new pluralism, particularly in the religious sphere. Many interest groups, particularly in the south of the country, were not supportive of either democratisation or Akayev's policy of 'selling out to the West', reflecting the close links between Islam and the state (Lipset, 1994). Moreover, there were widespread misgivings about attempts to impose Western notions of a civil society, rooted in individual choice, on a country where group identities are more potent and there is a natural inclination to look for strong leadership within the community and state (Schofield, 2004). In 1994, President Akayev appeared to change his position from advocate of simultaneous political, economic and social reform to that of redeveloping the capacity of the central state and granting the executive more power to push through reform, stressing that democratisation would be more of an evolutionary process. It is uncertain why Akayev reverted to a more authoritarian position. Two dominant theories have been proposed. First, that it was a political necessity to overcome opposition to economic reform and ensure a measure of social and political stability during a turbulent period in the country's development. Second, that Akayev became disillusioned with the classical democratic path to development because laudible policies resulted in sub-optimal outcomes (Huskey, 1995; Nellis, 1999).

The 'Tulip' Revolution and the Continuing Crisis

After a controversial extension to Akayev's presidential term in 2000 and the Aksy riots in 2002, when six civilians were shot dead by law enforcement agencies, the fraudulent parliamentary elections in February 2005 were the tipping point for the countrywide protests, fuelled by widespread poverty, increasing inequality between rural and urban areas and between north and south, lack of access to natural resources and perceived corruption at local, regional and national levels including law enforcement. On March 24th 2005, the People's Movement of Kyrgyzstan-led insurrection, culminated in a crowd of demonstrators seizing the Kyrgyz White House in Bishkek, the emancipation of opposition leader, Felix Kulov, who had been imprisoned on corruption charges in 2001, and president Akayev reportedly fleeing to Moscow. Following an unsettling period of chaos and anarchy in Bishkek, an interim government consisting of an alliance between two veteran pro-Russian politicians, President Kermanbek Bakiyev and Prime Minister Feliks Kulov (supported by the southern and northern political elites, respectively) was brokered by Moscow in May.

The new regime promised open dialogue and participation and the sharing of responsibility was initially seen as a positive step towards re-establishing stability, but there are growing doubts about this and about whether the alliance will create a more tolerant environment for independent media, opposition leaders and religious activists. It is interesting that both Bakiyev and Kulov depicted Russia as a history-ordained senior partner to Kyrgyzstan in their inaugural statements, but while Bakiyev endorsed Moscow's calls for an end to the American military presence in Kyrgyzstan, Kulov appeared to support the continuation of Akayev's policy of balancing among Russia,

China, and the United States (Socor, 2005). Additionally, there are growing concerns about the longevity of the Bakiyev-Kulov diarchy as public confidence in the state's ability to maintain security decreases and various interest groups scramble for the country's valuable assets amidst the government's chaotic redistribution of property and ineffectual land reform policies, which have resulted in increased rural to urban migration (Crisis Group Asia, 2005). Clearly, if the Republic is to succeed as a test case for democracy in Central Asia, there must be a genuine commitment by the government to both transparency and the establishment of the rule of law, with the assistance of donor organisations. Without these developments, there is a risk that the government will lose control of institutions and territory with the result that criminality and violence will prevail.

Opinion among Kyrgyz citizens was initially divided on the events of March 24th 2005. Some viewed it as a coup d'état, arguing that it disrupted the political order established by Akayev, whilst others believed that Kyrgyzstan experienced a revolutionary shift towards democracy, an open society and a legitimate state (Marat, 2006). In the immediate aftermath of the revolution, Bakiyev's interim government was accused of a lack of transparency in appointing new cabinet members that would strengthen his personal status rather than selecting on the basis of merit. The Kyrgyz parliament and the Bishkek City Council also criticised Bakiyev for his inability to restore order in the capital following the political upheaval and there were widespread rumours about alleged discrimination against the ethnic Russian minority in the wake of Akayev's departure.

One year after the tulip revolution (for many Kyrgyz, the most difficult year since gaining independence in 1991), there is a consensus over concerns about the government's unfulfilled promises and rising instability stemming from the rapid criminalisation of Kyrgyzstan (organised criminal groups disrupt the work of law-enforcement agencies and support different political factions, exerting strong pressure to protect their own interests), widespread corruption in public sectors and failure to introduce any visible economic reforms. The government's battle against corruption is failing because of its weakness in confronting criminal networks; opportunities to increase state income through the confiscation of illegally appropriated capital have been missed compared with the anti-corruption campaign in Georgia after the 'rose' revolution in 2003. In addition, efforts to reform Kyrgyzstan's constitution have stalled and Bakiyev's decision to conduct a referendum to decide which state system – presidential or parliamentary – would best suit the country is likely to further undermine his approval rating (Marat, 2006). The continuing political assassinations, open challenges to the government by criminal figures and the widespread demonstrations and political skirmishes throughout Kyrgyzstan over the past year have exacerbated the situation. The overall result is a significant loss of public support for President Bakiyev and widespread criticism from both governmental and non-governmental sources because of corrupt regime politics. Not surprisingly, Bakiyev is becoming increasingly authoritarian in his appointment of government members and his curbing of free speech. However, it is interesting that although the current political situation resembles the final years of the Akayev regime, most political actors are striving to avoid another revolution. Instead, an increasing number of prominent politicians have tendered their resignations, including

Trade, Industry and Tourism Minister Almazbek Atambayev in April 2006, accusing Bakiyev of failing to tackle corruption and nepotism. He has been replaced by First Deputy Prime Minister Medetbek Kerimkulov (Wetherall, 2006). Given Bakiyev's current trajectory, it is likely that government and non-government support will deteriorate further.

Within the context of this discussion, it is possible to highlight a number of key changes to the political, economic and social environment together with features which haven't changed in Kyrgyzstan since the revolution.

Key changes:

- Southern elites now occupy key government positions, breaking the hold on power established during the Soviet era.
- Many Russians have fled the country since the revolution, reflecting the feeling of growing insecurity among minority groups.
- The balance of power between state and non-state actors has shifted; organised crime groups have formed a parallel authority structure and at least 24 groups are currently active throughout the country.
- The rules of politics in Kyrgyzstan have changed; mass mobilisation has been seen to be an effective tool to protest against an undemocratic government.

Features which remain unchanged:

- Widespread corruption still permeates all state structures.
- Deep inter-ethnic cleavages still persist in Kyrgyz society.
- The government have failed to introduce economic reform; unemployment rates remain high
- There is no encouragement of an independent mass media.
- The multi-vector policy, with a balance between Russia, China, and the US is still the main international strategy.
- Kyrgyzstan is still a politically, economically and socially unstable country.

One of the key priorities for the government is the introduction of viable economic policies to address unemployment and tackle poverty. This in turn, will strengthen civil society, alleviate inter-ethnic tensions and curtail the activities of organised criminal groups. However, overall economic performance will depend on how soon the state can achieve political stability. Meanwhile, although Kyrgyzstan has received 3 billion USD in foreign investments from the IMF, the World Bank and other sources since 1993, the Republic remains one of the poorest countries in the world with about 40 percent of the population living below the poverty line, approximately three quarters of whom live in the rural and mountainous regions (World Bank, 2006).

Strategic Development of Tourism

After such an eventful year in the political history of Kyrgyzstan, one predictable conclusion to be drawn is that its impact on tourism was negative. The effects of the revolution, the scheduling of presidential elections for July, the continuing social upheaval and the western media coverage of events not surprisingly resulted in a modest tourist season in 2005. Whilst the effect on inbound tourism flows from CIS countries, particularly Kazakhstan, was minimal, the security concerns of western tourists took their toll. In April 2005, airline tickets and accommodation bookings were cancelled and travel companies were attempting to calm foreign partners in an attempt to salvage what they could from the season. Moreover, in the immediate aftermath of the revolution, many of the largest new tourism projects, driven by the funding agendas of international development actors and the dependency of the government on external technical assistance, such as those scheduled in the Issyk-Kul resort zone, were delayed pending the outcome of the election (Palmer, 2005; KyrgyzInfo, 2005). Kyrgyzstan has still not reached normalization and investment is still at bay (Times of Central Asia, 2006). Furthermore, there has been considerable frustration with the slow development of tourism over the past year and there are claims that it has fuelled the informal economy; Jasek (2005) reports that it is no coincidence that there was a significant increase in the marijuana crop around the tourist-dependent Lake Issyk-Kul in 2005.

As yet, it is difficult to assess the revolution's longer term impact on the development of tourism in Kyrgyzstan. The country's 'under positioned' tourism product may benefit from the exposure because consumer awareness of the Republic in the world's major tourist generating areas is poor and/or indistinguishable from other Central Asian countries. International news coverage of the 'tulip' revolution was however brief, but this reduced exposure was probably a blessing rather than a blight given the increasing importance of security on tourist destination choice. In recent times, the industry has survived the cumulative effects of three poor tourism seasons from 2001 to 2003 resulting from 9/11, the wars in Afghanistan and Iraq, and the outbreak of SARS (Table 1). Its strategic importance for raising the per capita levels of foreign exchange earnings and enhancing regional development by creating economic opportunities in some of the most underdeveloped areas of the Republic means that the development of this sector has been and continues to be a priority; increasing the volume and value of tourism are key objectives for the state, although the average tourist stays in Kyrgyzstan for only seven days and spends between 50 USD and 70 USD (State Agency for Tourism and Sport, 2004). Tourism accounts for approximately 4% of the GDP and in 2004, tourism accounted for 10% of all exports (KyrgyzInfo, 2005). Tour operators have consistently shown annual growth rates of between 10% and 25%, but this development has been centred on the capital with few of the benefits being disseminated to rural areas. The development of rural tourism has been spearheaded by Community Based Tourism (CBT), instigated by the Helvetas organisation in 1994 under the Community Based Tourism Support Project (CBTSP).

Community Based Tourism

CBT is a form of eco-tourism in which local communities are involved in both the process of development and the management of the tourism product; additionally, most

of the income from tourism stays within such communities. CBT advocates the integration of tourism with social, economic and environmental considerations at the local level to ensure development remains viable and consistent with local character and Cooperation founded in

Table 1: International Tourism Arrivals and Expenditure

Year	Arrivals	Expenditure
1996	48,601	4,200,000 USD
1997	87,386	7,100,000 USD
1998	59,363	8,400,000 USD
1999	48,272	14,100,000 USD
2000	58,756	15,300,000 USD
2001	98,558	32,000,000 USD*
2002	139,589	53,000,000 USD*
2003	341,990	65,000,000 USD*
2004	398,078	97,000,000 USD*

Source: National Statistical Committee of the Kyrgyz Republic (2005)/WTO (2006)*

values. CBT is supported by Helvetas, the Swiss Association for International 1955. Helvetas is an independent and non-profit organization that works to improve living conditions in 22 countries in Asia, Africa, and Latin America. Helvetas' activities in Kyrgyzstan started in 1994 and currently comprise seven projects: the Kyrgyz-Swiss Agricultural Programme, the Agricultural Vocational Education Project, the Community Based Tourism Support Project, the Legal Assistance to Rural Citizens Project, Organic Cotton Production and Trade Promotion Project, Local Market Development Project and Tourism Destination Marketing for the Kyrgyz Republic Project.

The Community Based Tourism Support Project (CBTSP) started in 1999, offering marketing and institutional support to local communities and also providing the capacity building of local representatives of tourism services in rural and mountainous regions. Today 15 CBT groups are functioning in various regions of Kyrgyzstan. These groups of tourist service providers are self-governing non-commercial organizations, which have been trained by Helvetas in the basics of tourism development and hospitality. In January 2003 all the CBT groups amalgamated and established their own Kyrgyz Community Based Tourism Association (KCBTA): "Hospitality Kyrgyzstan". The goal of KCBTA is to promote local CBT groups in the tourism market of Kyrgyzstan and give them comprehensive support in the area of marketing, training and organizational development as well as representing the interests of members of the association at national level. One of the main tasks of KCBTA is to raise the economic benefits (income and employment levels) of selected rural areas through tourism in order to improve the living standards of people. KCBTA is trying to achieve this objective through a pro-poor strategy that includes the development of CBT as a niche, the integration of CBT into the mainstream tourism industry and the development and implementation of policies conducive to rural CBT. To achieve these goals, KCBTA works in close partnership with other stakeholders involved in rural development, tourism, training and SME development (Raeva, 2005a).

The main market for CBT is culture and adventure tourists from Western countries; the domestic and regional (CIS) markets are as yet undeveloped. The KCBTA marketing strategy focuses on cooperation with tour operators as opposed to competing against them

because local communities lack the requisite finance, experience, skills and contacts to be competitive. Tour operators receive 10% commission from all services provided by the communities and an additional discount on bed and breakfast services. In 2004, CBT introduced a three-tier (low, middle and high) ‘eidelweiss’ quality grading system for accommodation. Currently, 63 houses (43%) are at grade 1 (low), 47 (34%) are at grade 2 (middle) and 11 (8%) are at grade 3 (high). At the same time an accreditation system for tour guides and transport drivers was introduced with 38 (83%) guides and 35 (76%) drivers achieving the requisite standard.

The development of CBT in Kyrgyzstan is illustrated in Table 2. There has been a steady increase over the past five years and it is encouraging that CBT project membership has increased over 2005 with four new groups being added despite the political upheaval. The new members were Bokonbaevo, on the south shore of Issyk-Kul, Suusamyr village in the Chuy oblast and Aral and Kopuro-Basar villages in the Talas oblast. The number of tourists who visit CBT groups in Kyrgyzstan has increased significantly over the past five years and it is interesting that 5,122 tourists were received during 2005, an increase of 5.4 % in comparison to 2004 (Table 3). Southern CBT groups did however experience a decrease in tourists. Total income in all CBT organizations was only 3,985,386 soms, an

Table 2: KCBTA Membership 2005

<i>Members per group:</i>	<i>Years</i>					
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
Kochkor	14	41	38	30	32	32
Naryn	15	21	22	12	15	13
Jalalabad	9	18	20	20	11	13
Arslanbob		20	12	20	22	27
Kara-Suu		25	20	11	20	23
Karakol		24	15	18	17	20
Kazarman			9	11	15	9
Talas				14	43	17
Tamchy						12
Osh				16	28	18
Shepherds Life					101	101
<i>New CBT groups:</i>						
CBT Bokonbaevo						20
CBT Aral (Talas)						25
CBT Bakay-Tash (Talas)						20
CBT Suusamyr (Chuy)						12
Total	38	149	140	152	304	362

Source: Raeva (2005b)

Table 3: Effects of the Political Situation on CBT in 2005

	Number of tourists		
	2004	2005	Difference, %
CBT Kochkor	1164	1588	+36,43%
CBT Naryn	205	360	+75,61%
CBT Karakol	264	473	+79,17%
CBT Tamchy	314	231	-36,43%
CBT Kazarman	134	75	-44,03%
CBT Jalalabad	864	269	-68,87%
CBT Karasuu	77	72	-6,49%
CBT Arslanbob	687	545	-20,67%
CBT Talas	156	143	-8,33%
CBT Osh	232	217	-6,47%
Shepherd's Life	763	888	+16,38%
CBT Bokonbaevo	-	133	
CBT Kyzyl-Oi	-	128	
CBT Kopure-Bazar	-	0	
CBT Aral	-	-	
Total	4860	5122	+5,4%

Source: Raeva (2005b)

increase of only 3% (Table 4). This is the result of the political situation; as would be expected many international tourists cancelled their trips to the Republic and as a result, a higher proportion of CBT customers were short stay business tourists who buy mostly B&B services resulting in lower income overall (Raeva, 2005b).

Overall, the CBT concept is working well in rural areas where there are very few alternative sources of income and social relations are strong, although progress is slow because rural populations have demonstrated a lack of market orientation and entrepreneurial skills. CBT income represents 30% - 40% of total family income and represents a redistribution of tourism wealth from the dominant Bishkek-based tour operators to Kyrgyzstan's poor rural communities.

Environmental Considerations

Given the significance of the Republic's natural resources in its tourism development strategy, environmental management and protection are key issues. Over the last decade,

a range of environmental projects has been funded through international cooperation. For example, the instigation of the Issyk-kul biosphere reserve (funded by GTZ/NABU in

Table 4: Income from CBT Projects in 2005

Organization	Income		
	2004	2005	Difference, %
CBT Kochkor	914'388	1'166'497	+27,57%
CBT Naryn	132'109	234'705	+77,66%
CBT Kazarman	47'170	29'450	-37,57%
CBT Karakol	260'241	about 500'000	+92,13%
CBT Tamchy	228'557	210'135	-8,06%
CBT Jalalabad	461'649	203'680	-55,88%
CBT Arslanbob	530'805	512'490	-3,45%
CBT Kara-Suu	264'860	185'840	-29,83%
CBT Osh	227'204	137'385	-39,54%
CBT Talas	183'593	101'990	-44,45%
Shepherd's Life	617'412	510'071	-17,39%
CBT Bokonbaevo	-	152'003	
CBT Kyzyl-Oi	-	41'140	
CBT Kopure-Bazar	-	0	
CBT Aral	-	-	
Total	3'867'988	3'985'386	+3%

Source: Raeva (2005b)

1995), conservation of biodiversity in the South Kyrgyzstan mountains ecosystem (funded by UNDP/GEF in 1998), biodiversity preservation in western Tien Shan (funded by GEF/EU in 1999), regional co-operation for sustainable mountain development in Central Asia (funded by ADP in 2000) and the rehabilitation of Mailii-Suu uranium tailings (funded by EU in 2001). Moreover, although Kyrgyzstan has produced an array of environmental laws and regulations, their weak enforcement remains a serious threat to the management of the country's natural resources and the protection of environmental quality (World Bank, 2002). Whilst some regulations and incentive structures are inherently difficult to enforce, the key issues are capacity constraints among responsible government organisations and severe funding shortages. Moreover, there is also a lack of accurate environmental data to assist decision-making. These constraints must be overcome if the deteriorating condition of the country's land resources is to be reversed and sustainable development is to be achieved in mountain areas. The majority of the country's landscapes are dominated by mountain ecosystems and most of the poorest communities are located in these environments. As such, these constraints are also a hindrance to the development of the government's poverty alleviation efforts. The success of efforts to reduce poverty and establish the basis for sustainable economic

growth including tourism, are directly dependent on correlative improvements in environmental and natural resources management. Whilst CBT is addressing social and economic issues in rural communities, its success is ultimately determined by the state of the primary resource on which it is based – the landscape and its ability to sustain the traditional Kyrgyz way of life. The ability to further develop Kyrgyzstan's nascent tourism industry hinges on sound environmental management and on the preservation of the rich endowment of flora and fauna as well as the integrity of mountains, lakes and other landscapes. It is therefore important that the employment generated by investment in productive sectors of the economy such as CBT, is not undermined by the uncounted costs of pollution and resource degradation which diminish the attractiveness of the country's rich endowment of flora, fauna and mountain landscapes.

Weak enforcement of environmental laws and regulations remains a serious constraint to the protection and management of the country's natural resources and the protection of environmental quality. Reversing the deteriorating condition of the country's land resources and achieving a sustainable development in mountain areas are resource management priorities. Within this framework, the most acute environmental problem in is the Soviet-era legacy of uranium exploration. There are 36 uranium tailings sites and 25 uranium mining dump sites in the country. Many of these are located in areas which are highly prone to earthquakes and landslides; some of them in close proximity to river basins which are sources of potable and irrigation water for both the Republic and the Central Asian region. Additionally, there are over 230 mining facilities, which produce more than 600 million cubic metres of toxic waste per annum. Outdated technology and inadequate environmental legislation are damaging the environment. Inefficient use of natural resources and inappropriate farming practices also degrade the land (Karavaeva, 2005). These are key issues for a country which is attempting to develop a sustainable tourism product based in large part on its natural resources.

Vocational Education and Training

Another key issue for the development of tourism in Kyrgyzstan is vocational education and training. Much of the employment in the Republic is concentrated in low-productivity areas such as small-scale farming and trade and repair services in the informal sector and the relative increase in the economic importance of mining is not reflected in increase employment. The highest growth rate in employment has been experienced in the hotel and restaurant sectors with a 50% increase in the period from 2001 to 2004. Given the country's flat population pyramid and the large number of young people entering the work force every year, the labour market will face serious problems in the short term. Tourism development therefore represents an opportunity to address the country's economic crisis and the problem of social exclusion, but the difficulties the Republic has experienced in its transition to a market economy are reflected in, and weigh heavily on, the state's vocational education and training system. The latter, comprising 80 vocational lyceums and 34 vocational schools at primary level and 51 institutions at secondary level, has been slow to restructure and adapt to the changing needs of the Kyrgyz market economy and external influences; it has experienced a marked decrease in participation rates over the past decade because of its inability to

provide relevant skills and meet expectations of employers, parents and students in terms of the quality of education and access to it.

The situation is further aggravated by the fact that vocational education does not have a clearly defined place and role at local, regional or national levels or within the overall education system. Moreover, reform is constrained by inadequate public funding (total expenditure on education decreased by 0.6% between 1991 and 2003) and the absence of mechanisms for attracting private sector resources to support and further development (Faudel, 2004). Many of the recent changes, including the development of new curricula to address labour market needs, have been funded by donor agencies such as the German Association for Technical Cooperation (GTZ), Helvetas and the United Nations Educational, Scientific and Cultural Organisation (UNESCO). The Ministry of Labour and Social Protection are however addressing key issues such as the vocational education sector's improvement in responsiveness to the labour market and its overall quality through the National Poverty Reduction Strategy, the initial implementation phase of the Comprehensive Development Framework until 2010. The Ministry for Education and Culture is also addressing the issue of access to training, particularly for disadvantaged groups in rural areas and re-training of the unemployed.

Conclusions

The 'tulip' revolution and its aftermath highlight the complex nature of social processes, political participation, inter-ethnic dynamics and political development in Kyrgyzstan. Given the short period of time since the revolution, the absence of reliable tourism statistics for 2005 and the political instability of the Central Asia region, it is difficult to judge the prospects for tourism in the Republic. A number of scenarios are possible. The best case scenario will follow a period of political stability and the return of confidence and investment by the international community together with the instigation of meaningful reforms focusing on poverty alleviation, socio-economic infrastructure development and employment generation. From 1991 to 2005, foreign direct investment was encouraged by the state's privatisation policy, its favourable tax regime, property purchase legislation (excluding land) and unlimited repatriation of profits for international businesses. As a result, there was a dramatic increase in foreign investment in a range of sectors including tourism. The economy still gains much of its momentum from mining, but tourism is beginning to play an increasingly important role because of its invisible export potential.

The worse case scenario for Kyrgyzstan is characterised by the radicalisation of opposition parties, religious movements and the pervasive socio-economic conditions in the south of the country resulting in mass civil disobedience and increased military intervention by major global powers. However, given the current situation and the political trajectory of the Bakiev-Kulov alliance, the Republic seems set to continue down the path to democratisation. Therefore, the most likely scenario is that in the short term, foreign direct investment and international development assistance in Kyrgyzstan's infrastructure and capacity building will remain low due to political instability, the weak legal system and rampant corruption; poverty, unemployment and political exclusion will

continue to fuel ethnic tensions, discontentment with the government and recruitment in Islamic opposition groups in the south of Kyrgyzstan. In the medium term, if the government can stabilise the internal unrest, unite the Republic to restore credibility and facilitate the faltering democratic process because of a genuine commitment to constitutional change, transparency and the development of the rule of law, the prospects for development including tourism are hopeful.

There is no question that the revolution liberated the nation from a corrupt, autocratic regime. Kyrgyzstan now has a second chance to rebuild its liberal democracy, eradicate both its widespread corruption and clan-style politics and implement sound economic policies to alleviate the country's severe poverty. However, the events over the past year since the change of regime suggest that the country's problems won't be solved immediately or even at all. Indeed, given the deepening economic and social crises, the government may already be running out of time; the one time *wunderkind* of the international donor community must now convince critics both at home and abroad of its good intentions and ability to address urgent issues, but for the moment, the uneasy Bakiev-Kulov alliance appears to be in the balance; the key question is whether or not Kyrgyzstan's economy and society are ready for democratisation. Kyrgyzstan's multi-ethnic identity and recent history have combined to demonstrate that the country is still torn between its traditional culture, Soviet patterns and Western influence. At present, the state's underdeveloped civil society and backward economy don't provide a platform for change and Kyrgyzstan is vulnerable to the dynamics and policies of its more powerful neighbours. Clearly, the development of a modern civil society in Kyrgyzstan is a key factor on its road to democracy. What is less clear is whether domestic interests or Central Asian neighbours will permit the Republic to consolidate democratisation without which, it will struggle to attract international attention and achieve its integration into world markets. As a result, the prospects for tourism in Kyrgyzstan are difficult to ascertain, although a number of key indicators suggest the outlook is uncertain in the short term. Foreign investment into tourism facilities and infrastructure is slowly increasing. Within the last two years, new hotels have opened in Bishkek and Naryn, the number of international flights has increased, including direct services from a wide variety of destinations, and both tour operators and CBT projects have shown promise. Additionally, the government's adoption of the 'Hospitable Kyrgyzstan' tourism master plan and the instigation of the national DMO will enable the state to co-ordinate both the strategic development and international marketing of tourism for the first time. If political stability can be instigated and maintained and adequate investment can be secured for community based projects, tourism may evolve into a sustainable system that is compatible with its natural environment and traditional culture. Without transparency in government and intervention with respect to investment and policy implementation, particularly in relation to infrastructure development, environmental protection and the development of suitable personnel, the tourism industry will develop slowly and inappropriately.

International media coverage of the Kyrgyzstan's 'tulip' revolution may have had a detrimental effect on tourism development in the short term, although it has arguably increased awareness of what was formerly the least known of the little known Central

Asian states. The Republic has significant potential for tourism development based on its natural resources, favourable climate, distinct culture and warm hospitality, and the revolution has provided a window of opportunity for Kyrgyzstan's democratisation. Now the euphoria has passed, it is hard to put a positive spin on the continuing political instability of the past twelve months and the new administration must implement radical measures to address the economic and social crises left by the old regime. It is uncertain whether Kyrgyzstan will successfully develop tourism in the long term. What is certain is that without political and economic stability, a strong legal system and the eradication of corruption, both foreign direct investment in Kyrgyzstan's infrastructure and international development assistance for capacity building will be limited. Additionally, given the increasing importance of security and customer service in consumer decision-making and destination experience, the future of the Republic's tourism industry will remain in the balance.

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