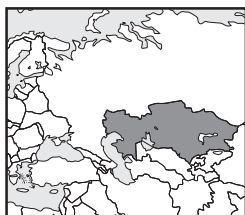


To the detriment of women, children and the poor

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The policy of structural adjustments has led to a sharp reduction of social expenditures and the collapse of the social services sector. Privatisation of social sector entities has failed. Firms offered for sale were not in good condition or in great demand, so investors did not bid on them. In addition, privatisation of health and education has reduced accessibility, and had a negative impact on the poor and on women and children in particular.

Privatisation in Kazakhstan started in 1991 and was carried out in several stages: the retail trade and service sector from 1991 to 1992; the agro-industrial sector from 1993 to 1995; fuel and energy, transport, health, education, science and culture from 1996 on. Between 1991 and 1998, 17,070 entities were privatised; 3,276 were joint stock companies and economic partnerships and 2,606 entities were in the social sector.¹ In 2002 about 800 entities in the social sphere are slated to be privatised.

Before 1991 state ownership of companies was more than 90%; currently it is 20%, while the share of private companies is 80%. In nearly all sectors of the economy the influence of the private sector is prevalent. In 1999 the share of the private sector of the country's GNP was 50%; 70-75% of industries and 95% of businesses in agriculture and construction have been privatised.

But restructuring the economy has not led to more efficient businesses or services. The policy of structural adjustments has led to a sharp reduction of social expenditure and the collapse of the social services sector. For example, subsidies for housing and utilities, public transport and bread products have been abolished. The state revenue policy over the last years has stressed fiscal discipline as a way of combating inflation.

At present, in connection with the programme on fighting poverty, there is discussion about subsidising the utilities sector and health system to reduce consumer prices for services in these critical areas. At existing average income levels, half of the population is forced to choose between buying food and paying utilities.

On the one hand, privatisation of social sector entities has failed. Firms offered for sale were not in good condition or in great demand, so investors did not bid on them. On the other hand privatisation does not guarantee improvements in performance. Privatisation in the areas of health and education has reduced the public's access to these services.

Private health: inaccessible for the poorest

Privatisation in the health system is moderate: in 2001 the share of the private sector in the health system was 13.4%, including 11% of hospitals and 21.5% of outpatient clinics. The role of private medical institutions, funded from private sources, is limited, since the government covers most of the medical services provided to the population. The privatisation of pharmacies has been more dramatic; more than 57% of pharmacies have been privatised.

The quality of private medical institutions and pharmacies, as a rule, is high. However, access to them for the lower income groups is limited because of high prices. State-provided medical services are generally of lower quality. According to a survey of 1,000 households conducted by the World Bank, the

level of satisfaction of the population in hospitals is 61%, in ambulance services 56%, and in outpatient clinics 53%.²

The deterioration of the education system

Pre-schools

Between 1991 and 2001 the number of kindergartens in cities was reduced by eight times (87.5%) and the number of children in them by seven times (85.7%), whereas in the rural areas the situation is even worse: 23 times (95.6%) reduction of kindergartens and 30 times (96.7%) reduction of children in them.

An absence of kindergartens (day nurseries) is typical for most villages. Currently 10.8% of children receive comprehensive pre-school education services; in rural areas only 2.4% do.

In the public kindergartens that remain, fees have been introduced, the rates of which, as with private kindergartens, are too high for poor families. There is limited access to services that are integrated with the pre-school programme, such as providing meals and primary medical and sanitary aid, including vaccinations. This has a dual negative impact: children are not adequately prepared to start school and their mothers and grandmothers, who have to look after them and provide early education, must forgo other types of activities such as income-generating jobs.

Secondary schools

Secondary education in Kazakhstan is obligatory. According to the World Bank survey, the level of satisfaction of respondents in state education services is as follows: primary school - 51%; secondary school - 55%; universities - 64%. «However, education services are perceived to be relatively corrupt, with 18% of households saying corruption was very widespread... only the courts and the police were perceived to be more corrupt.»³

The worsening of the education system has an impact on families. Many services previously provided through public schools, such as health and nutrition, nowadays have to be provided through the resources and efforts of the families themselves. Since women are traditionally engaged in bringing up children, reduction of social services and access to them creates a greater burden on women. Growing poverty and reduced accessibility and quality of education make it difficult for families to ensure a good education for their children. In such situations women have to re-orient their time toward their families, becoming forced housewives.

1 Privatisation in the Republic of Kazakhstan. See: http://www.president.kz/articles/economy_container.asp?lng=ru&art=privat

2 World Bank. *Kazakhstan: Governance and Service Delivery: A Diagnostic Report*, 24 May 2002. See: <http://www.worldbank.org.kz/pdf/KazGovEng.pdf>

3 *Ibid.*

Higher educational institutions

In September 2001 there were 185 higher educational establishments, two thirds of which were not state run. Non-state institutions enrol about 35% of students overall. Sixty-seven percent of students of the state higher educational institutions pay fees. There is a firm public opinion that a good quality education can be provided only by the state controlled higher educational establishments; young people with less preparation study at private colleges and universities and corruption there is higher. Over the last years the process of privatisation of the higher educational establishments is being completed through incorporation, with sale of shares to the professors of these institutions guaranteeing them further work there.

The negative impact of privatisation on women

Closures or privatisation of the institutions providing utilities and social services most directly infringes upon the interests of women and children, who are the main consumers of these services. Moreover, budget reduction and civil service cuts in these areas, where the majority of employees are women, have also had an adverse impact on women's employment and salaries.

Currently the system of granting of social benefits in Kazakhstan is being improved by targeting assistance to more vulnerable groups. However, obtaining benefits for children and socially targeted assistance is often complicated by the need for documentation, which can be costly to obtain.

- **Wages.** In Kazakhstan, more women are working in areas directly related to provision of services (such as health and social services, education, the hotel and restaurant business and finance). Women workers tend to be concentrated in the very areas of the social infrastructure where salaries are being reduced because of inadequate budgets.
- **Health.** The low quality of health among women is shown in the high percentage of anaemia (70%) due to poor nutrition. This in its turn affects infant mortality. In environmentally unfavourable zones the number of cancers has risen.

Worsening situation of the rural population

In rural areas the number of primary medical institutions has sharply decreased. At the beginning of 1999, 1,200 populated rural areas had no local medical services. Of the 5,400 primary medical and obstetric facilities and 1,810 primary medical and obstetric health centres that provided medical aid to pregnant women and nursing mothers in 1991, by 2001 there remained 4,700 and 441 respectively. Such practices as vaccination, diagnostics, and preventive examinations have all but disappeared. According to the data of the National Statistics Agency, in 2001 over 31% of sick people had to travel at least four kilometres to reach outpatient clinics or other centres to obtain medical aid.⁴ There are no ambulance services. In some cases women have to deliver their children at home.

Rural schools are particularly hard hit by withdrawal of state funding. One hundred thirty rural schools are in a state of emergency. Coal supply is a problem in wintertime. The sanitary conditions in many rural educational institutions (availability of toilets, access to water) do not meet acceptable standards, affecting the general conditions and health of children.

Depriving poor children of education leads to a further deepening of social inequality and perpetuates poverty to the next generation. The lack of educational and employment opportunities in villages has caused a migration to larger towns of many people whose range of possible pursuits include both ordinary legal and socially dangerous activities (such as commercial sex, drug traffic, robbery, sale of children). Daily violation of labour and other rights of economically disadvantaged groups is observed, with women being the most vulnerable.

According to the data of a National Human Development Report survey of 1,800 households in six provinces (*oblysy*) of the country (Almaty, Atyrau, East Kazakhstan, Karaganda, North Kazakhstan and South Kazakhstan), 61% of respondents can barely meet their minimum material requirements. One-fourth of the respondents reported having to sell their property (clothes or furniture); 29.7% of respondents do not have winter clothes for all members of the family; one-fourth do not have money for essential medicines; 49.2% buy fruits and vegetables only in season (in summer), when they are not expensive. Only 3.2% of rural people receive free medical services; 70% of respondents lack necessary medical services near their homes. A little more than a half of respondents expressed satisfaction with the quality of medical care.

The majority of rural people are dissatisfied with the quality of potable water (51.5%); only about 4% have hot water at home. Only 42.7% of rural communities have a centralised water supply. Fewer than one-third of houses in populated areas have telephones. Moreover, in 2001 communication services were tending to reduce the number of telephone stations and increase service cut-offs to customers who are unable to pay.

Some sparsely populated rural areas are cut off from basic transport. In such provinces as Akmola, Kostanai and East Kazakhstan, 8.2%, 7.6% and 6.1% of households indicate that they need to travel more than one hour to reach the nearest public transport stop. In 2001 disruptions in electricity supply of households were noted as «very frequent» by 17% of rural households and as «frequent» by 25% of households. The most unstable situations were observed in Zhambyl (43.3%), Kzylorda (30.3%), Kostanai (27.8%) and Karaganda (16.5%). Over 91% of rural people in Zhambyl and over 56% of those in South Kazakhstan suffered from disruptions of their gas supply.

Conclusion

At this stage privatisation is viewed as a structural element of state policy with the anticipated long-term benefits of a wider tax base, the generation of jobs, and the supply of local markets with goods and services of local producers. However, no social programmes are being introduced to analyse the consequences of privatisation on the people or to improve the poor's access to social services. ■

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⁴ United Nations Development Programme (UNDP). *National Human Development Report*. Kazakhstan, 2002, (in printing).