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***Human Development as the  
Focus of Local Self-Governance:***

**HERE AND NOW!**



**NATIONAL HUMAN DEVELOPMENT REPORT OF THE KYRGYZ REPUBLIC 2012**

This cover page symbolizes the role of local government as a basic part of the system of governance in the Kyrgyz Republic, which is the closest to people. It represents a tight link between the local government and conditions for human development, including the traditions and origin of power in Kyrgyzstan, which is vested in its people. The author of the original poster, which was used to develop this publication's cover, Aibek Eshaliev, is a participant of a contest of posters and photographs entitled 'Live here and now!' organized in 2011 by the United Nations Development Programme (UNDP) in the Kyrgyz Republic and by the Soros-Kyrgyzstan Foundation and the Development Policy Institute (as part of the "Voice of citizens and local government accountability: the budget process" project sponsored by the Government of Switzerland). This contest provided an opportunity for all residents in Kyrgyzstan – regardless of their age, sex, ethnic origin and place of residence – to visualize their attitude of the local government, their expectations and role in local community development, and human development through the prism of the local government.

The information campaign to promote the National Human Development Report in the Kyrgyz Republic for 2012 began in 2011 and will go on until the end of 2013. This campaign includes television programmes, e-mails, articles, presentations, lectures and poster and photograph contests.

This Report is published in Kyrgyz, Russian and English, and it serves as a channel for the idea of human development in the whole territory of Kyrgyzstan and worldwide. This Report persuasively proves the existence of a direct correlation between local government and the level of human development in the Kyrgyz Republic. This Report, for the first time, considers the local government not only as part of the governance system, but also as the environment for human development.

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*The main partner for UNDP in the Kyrgyz Republic in the process of writing of this Report was the Development Policy Institute (hereinafter – DPI) in Kyrgyzstan. The report writing process was an open one, it involved experts from Kyrgyzstan and abroad. DPI authors' group prepared the text of the Report, calculated the indices and coordinated and processed the survey data for the population and local government. The Group of Experts helped to prepare the Report and provided valuable critical remarks. The UNDP Regional Centre in Bratislava provided valuable methodological assistance, in particular, in the calculation of the indices at the local level. The text of this Report was reviewed by the Group of Experts, coordinators and UNDP Project Managers in Kyrgyzstan, as well as by the UNDP Regional Centre in Bratislava.*

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*Analysis and policy recommendations of this Report do not necessarily reflect the views of the United Nations, the United Nations Development Programme, its programmes/ projects or the Government of the Kyrgyz Republic. The Report is an independent publication commissioned by UNDP. The research and writing of the Report was a collaborative effort by the group of authors, a group of experts and consultants, as well as the result of discussions with government representatives of the national and provincial levels, nongovernmental organizations, local self-governance, local communities and mass media held during its research and development phase.*

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Focus of Local Self-Governance:  
**HERE AND NOW!**

National Human Development Report  
of the Kyrgyz Republic 2012

## FOREWORD

The 5 May 2013 marks the 20th anniversary of independent Kyrgyzstan's adoption of its first constitution, which defined the basic principles, powers and rights of local self-government.

While paying special attention to the role of local self-government and local communities in the assistance and provision of sustainable human development, the United Nations Development Programme (UNDP) in the Kyrgyz Republic has been implementing different programmes and projects for over 15 years. UNDP has used a wide range of measures and actions – at national and local levels – related to the social mobilization of the population for development of local self-government and local communities, eradication of poverty and inequality, and increasing the people's living standards.

During this time, UNDP provided diverse assistance to the country for ongoing reforms in these areas, the development of national strategies and programmes, and their regulatory support. Multiple self-help groups have been formed and supported, grants allocated for resolving local communities' priority issues, including the rehabilitation and development of the local social infrastructure; supported individual entrepreneurship, provided solutions regarding ecological challenges and increased local communities' and local self-governments' readiness for the prevention and elimination of the consequences of natural disasters, increased the capacity of local authorities, introduced Information and Communication Technologies (ICT) in the work of *aiyl okmotus* (village administrations), and involved women and youth in the development processes, among other initiatives.

Following the tragic June 2010 events in southern Kyrgyzstan, UNDP, together with other UN agencies, provided urgent assistance to affected persons and local communities and helped to restore peace and good neighborly relations among people. Representatives of local communities, non-governmental organizations, local and central public authorities directly participated in this work based on a broad-based partnership.

All the above mentioned work, as well as other, equally important aspects of UNDP's work in the Kyrgyz Republic, are aimed to assist the achievement of the Millennium Development Goals (MDGs) in the country and relevant national development goals.

In the past, a lot of work was accomplished, but many serious problems faced by local

communities and local self-government (LSG) bodies are yet to be solved. In this regard, it is encouraging that the Constitution of the Kyrgyz Republic, which was passed by a nationwide referendum in 2010, and the National Sustainable Development Strategy for 2013-2017 approved by President of the Kyrgyz Republic, Almazbek Atambaev, on 21 January 2013, incorporated the priorities related to LSGs' and local community development.

This Report is a comprehensive analytical study of various aspects of LSGs' work in Kyrgyzstan. During its preparation, the opinions of local community members, LSG representatives, civil society organizations and public structures were considered. Along with the use of extensive statistical material prepared by the National Statistics Committee of the Kyrgyz Republic using modern methods, the Report's authors were able to conduct a qualitative analysis of the situation and make analytical conclusions on further directions of LSG development.

The notions of *local self-government* and *human development* are interconnected in the Report. This is an important finding, which convincingly demonstrated that people and their personal needs and development opportunities are at the centre of local self-government. Such an approach, conducted for the first time in Kyrgyzstan, enables us to view LSG in a new light – not just as governance structure, which is aimed to decide on a range of issues, but also as an *environment* and *important condition for human development*. Such an approach brings LSG, its role and significance in the processes of sustainable development in the whole country to a new level. This also opens up new horizons for the legislative and institutional development of local self-government.

The development of the Report, which involved many LSG experts in Kyrgyzstan, allowed, for the first time, the formulation of the *Vision of LSG-2020 and 2030*. This *Vision* allows for the development and implementation of further comprehensive reforms in the area of LSG, the elaboration and realization of policy measures, as well as an evaluation of the quality of the decisions adopted and results achieved by civil society.

This Report consists of four chapters. *Chapter I* provides an explanation of the link between LSG and human development with application of the system of indexes. A brief history of LSG development is provided in *Chapter II*, including the analysis of successes achieved and missed opportunities. *Chapter III* contains representative survey material, describing different aspects of LSG impact in people's lives and the conditions of their development.

Finally, **Chapter IV** summarizes the results of the previous sections, presents the **Vision of LSG-2020 and 2030** and, which is important, offers steps towards the realization of this **Vision** and related concrete recommendations.

The concept of human development uses the system of indexes for measurements and analysis, at the centre of which is the **Human Development Index**, a calculation method which was updated by the UN in the Global Report 2010. The **National Human Development Report in the Kyrgyz Republic 2012** also contains several essential innovations related to the calculation and application of the system of indexes.

For the first time in the Kyrgyz Republic, the **Human Development Index** was calculated based on the level of each municipality (LSG) rather than at the country level. This required significant effort, but such an approach allowed the report's authors to identify interesting and insightful linkages between the level of human development and LSG development, including dependencies, related to the level of confidence in the heads of LSG bodies, local budgets and other aspects of local self-government.

Another essential distinction of the Report was the development of two new indices – the **Municipality Institutional Stability Index** and the **LSG's Capacities Index**. The existing statistical data allowed researchers to calculate only the **LSG's Capacities Index** while, however, both new indices together with the **Human Development Index** will constitute a harmonious and efficient measurement instrument of LSGs' development level as the **human development environment in future**. The analytical centers and researchers in Kyrgyzstan will be able to deepen and expand the use of this tool, but the Report has laid a good theoretical and practical foundation for this, which gives it additional value and cogency.

The preparation of the national reports on human development with UNDP support traditionally includes a broad information campaign, consultations with all stakeholders, organization of competitions and other social activity. Such an approach was used during the preparation of this Report as well.

On behalf of the UNDP, I would like to express gratitude to members of the Report's Advisory Board, experts, local communities, local self-government bodies, state structures, and everyone, who, in one way or another, participated in its preparation and discussion.

I would like to express special gratitude to the group of authors from the Development Policy Institute – a non-profit organization. The au-

thors contributed both their time and effort to the development of the Report, and also a deep belief that LSG will become a favorable environment for human development in local communities and will create better conditions for the development of all people of Kyrgyzstan.

The practical and analytical significance of the Report has quickly obtained confirmation. As the Report was being prepared for publication, the Government and expert community of Kyrgyzstan proceeded with the discussion of a new strategy of local self-government development, taking into account analytical findings and recommendations made during the preparation of this Report. Some provisions in the Report were also reflected in the Sustainable Development Strategy of the Kyrgyz Republic 2013-2017.

However, the life of the Report does not end after its publication. There is no doubt that the extensive material studied in the Report will help scholars and practitioners of local self-government generate and to realize new ideas, aimed at improving municipal services standards and increasing living standards of citizens and local communities, and increase the efficiency of local self-government.

The UNDP in the Kyrgyz Republic will continue to provide assistance to sustainable human development processes in Kyrgyzstan and help in the development of local self-government and local communities. As Ms. Helen Clark, Administrator of UNDP, pointed out in her speech in Bishkek on 16 May 2011 at the presentation of the Second progress Report on Millennium Development Goals' Achievement in Kyrgyzstan: "At UNDP, we are strong advocates for support to Kyrgyzstan as it strives to meet the aspirations of its people for a better life, including through its democratic transition and achieving the MDGs."



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# TABLE OF CONTENTS

<b>LIST OF ABBREVIATIONS</b>	6
<b>CHAPTER 1. Human Development in the Kyrgyz Republic.</b>	7
1.1. The Concept of Human Development and its implications for the Kyrgyz Republic. <i>What is human development and how does one measure the level of human development in different countries? Indices of measurement of human development include validity, reliability, applicability.</i>	7
1.2. Human development in Kyrgyzstan. <i>Key dates for calculating indices in Kyrgyzstan. Changes in the long-term dynamics of the Human Development Index (HDI). New findings: calculation of indices for provinces and municipal clusters. The Human Development Index as mapped out across the various districts and provinces of the Kyrgyz Republic and Multidimensional Poverty Index and its dynamics.</i>	12
1.3. Local Self-Governance Capacity Index (LSG CI) – a conceptual framework of the report. <i>Integration of human development into the concept of Local Self-Governance. The existing structure of the LSG Capacity Index. The outcome of juxtaposing the LSG CI with the Human Development Index. Development of regional statistical capabilities in Kyrgyzstan.</i>	26
<b>CHAPTER 2. Decentralization and the development of local self-governance: 20 years after the start.</b>	31
2.1. Achievements and working models. <i>Stages of development of local self-governance in Kyrgyzstan. Establishment of a legislative basis for LSG.</i>	32
2.2. Missed opportunities and materialized risks. <i>These include the lost advantages of the Soviet model of local self-governance; sovereignty and autonomy granted to executive power structures; and self-governance myths.</i>	36
2.3. Local self-governance and government authority: clear boundaries “in the gray area”. <i>These include the following. An agreed-upon interpretation of the approximate parameters of LSG’s sphere of influence. Open, as well as closed lists of issues of regional importance. Problems of inconsistent laws and regulations pertaining to the responsibilities of LSG. Unresolved issues regarding the hierarchical order of delegating government functions.</i>	40
<b>CHAPTER 3. Local self-governance as an environment for human development.</b>	44
3.1. The relationship between the level of human development and local self-governance. <i>The influence of LSG on the environment affecting human development, development of municipal services for the population. Interest in the system of local self-governance considered vis-à-vis the Human Development Index. Ability of LSG structures to help the individual. Local self-governance as an educational environment.</i>	44
3.2. Local Self-Governance as a factor of political stability, social justice, and reduced inequality. <i>The involvement of the LSG bodies in anticipating and preventing conflicts between communities, such as the events of 2010. Determining the causes of conflict within communities. Looking at aspects of equality in LSG structures’ oversight (gender equality, ethnic equality, addressing age discrimination).</i>	59
3.3. Political, financial and human resources potential of local self-governance. <i>Opinions on who has the actual power and decision-making authority in rural areas, as well as the cities of Kyrgyzstan. The myth of a subsidized rural municipality and the analysis of the causes of ineffectiveness of a two-tier budgeting system and inter-budget relationships. Human resources capacities of LSG and the institution of municipal services: staffing, prestige, and the level of qualification.</i>	69
3.4. Local economic development for the stability of local self-governance. <i>The capacities of local self-governance bodies to affect local markets; corruption in the local self-governance bodies, and cooperation of LSG bodies with the community.</i>	92
<b>CHAPTER 4. Evolution and the vision of local self-governance from 2020 to 2030.</b>	104
4.1. Evolution of the perception of local self-governance: from state to community. <i>A discussion of the nature of local self-governance. The idea of the inherently “non-governmental” nature of local self-governance.</i>	104

4.2. Vision for the future of local self-governance: 2020 through 2030.	105
<i>Differences in perception of local self-governance by some audiences: from optimism and respect to regret and disappointment. Formulating and outlining a vision for LSG-2020 and LSG-2030. The evolution of the proposed vision for local self-governance from 2020 to 2030.</i>	
4.3 Context and challenges in light of the current situation in mid-term perspective.	108
<i>The actual possibilities for local self-governance in 2012 including paths for advancing the rights of local communities. Relevant risks: one-party monopoly, administrative-territorial reforms, advantages and disadvantages of strengthening local self-governance for the State.</i>	
4.4. Towards the vision of local self-governance in 2020 and 2030: recommended changes.	111
<i>The steps to be taken by government to develop system of full-fledged LSG. The steps to be taken by the political community and the structures of the LSG themselves. Critical issues at the start. Future strategy for decentralization and local self-governance development. Recommended measures to be taken.</i>	
<b>REPORT OUTPUTS</b>	116
<b>APPENDIX</b>	117
<b>BIBLIOGRAPHY</b>	153
<b>LIST OF ILLUSTRATIONS</b>	155

## LIST OF ABBREVIATIONS

AA	ayil aimak, rural municipality
AO	ayil okmotu, village municipality
ATO	administrative-territorial organization
DPI	Development Policy Institute
GDP	Gross Domestic Product
GII	Gender Inequality Index
GFP	Group of Family Practitioners
HDI	Human Development Index
IHDI	Inequality-adjusted Human Development Index
IMF	International Monetary Fund
LSA	local state administration
LSG	local self-governance or local self-government
KR	Kyrgyz Republic
MM	mass media
MPI	Multidimensional Poverty Index
NALSG	National Local Self-Governance Agency under the Government of the Kyrgyz Republic
NGO	non-governmental organization
NMS	nursing-midwife station
NSC KR	National Statistical Committee of the Kyrgyz Republic
LSGC	Local Self-Governance Capacity Index
PPP	Purchasing Power Parity
Report	National Human Development Report
RDPE	Regional Department of Public Education (section of the Ministry of Education of the Kyrgyz Republic)
RuHC (ReHC)	rural healthcare committees (regional healthcare committees)
UDPE	Urban Department of Public Education (section of the Ministry of Education of the Kyrgyz Republic)
UNDP	United Nations Development Programme
WB	World Bank



# CHAPTER 1

## HUMAN DEVELOPMENT IN THE KYRGYZ REPUBLIC

### 1.1. The Concept of Human Development and Its Implications for the Kyrgyz Republic

The first Global Human Development Report (GHDR) was published over 20 years ago, in 1990, thanks to researchers Mahbub ul Haq and Amartya Sen. The premise of that report was a simple and accessible idea that development cannot be viewed in restrictive terms of economic prosperity alone, and that the purpose of development ought to be the creation of an environment favorable for an individual to pursue a long, healthy, productive life. “People are the real wealth of a nation” – these were the words with which the comprehensive report started an energetic campaign in support of the new approach to the understanding of development.

The first GHDR began with a clear definition of human development as a process of “expanding people’s choices,” with the option to be healthy, educated, and to have a decent standard of living within the reach of most. At the same time, the GHDR asserted that the concept of human development and wellbeing are multi-dimensional and must include a broader spectrum of individual options, including political freedom, human rights and, to quote Adam Smith, an “ability to go about without shame.”

It is not surprising that the governments and the civil societies of many countries received the main ideas of the GHDR sympathetically, since at the end of the 20th century, having paid a bloody price, human civilization, again, turned to the non-material, humanistic values, realizing that conspicuous consumption and access to goods alone do not make one automatically happy. Mahbub ul Haq’s and Amartya Sen’s proposal to focus on human development fit, surprisingly well, within the individualistic approach of the West, the spiritual practices of the East, and the newest advances in science and technology. The GHDR and the *Human Development Concept* (Concept, hereafter) had a special significance for the former republics of the Soviet Union, including Kyrgyzstan, who were faced with having to choose a path of further historical development. The Concept allowed them to choose in favor of the individual. It is not our objective to evaluate whether the choices made by these countries, and by Kyrgyzstan in particular, were correct or not, but it is obvious that the Concept of human development is becoming more and more significant for Kyrgyzstan with each passing year; it is also evident that the government of the country is often hindered in making important strategic decisions by its lack of understanding of the humanistic idea. That is the idea of the individual as both a source and the goal of development, throughout the entire process of governing and in all activities of governing structures.

It must be noted, that the Concept clearly distinguishes between an approach based on satisfaction of *basic needs* and a *human development* method. In the first case, people are seen as passive beneficiaries of development, with the satisfaction of their basic needs, such as food, shelter, education and healthcare becoming the primary goal. Despite claiming to be people-oriented (“all for the sake of people, all for the people’s wellbeing”) the Soviet planning system was nevertheless based on the principle of basic needs, treating people as consumers of products and services and not as active participants of the development process.<sup>1</sup> On the contrary, the Concept allows people to assume the role of active participants in the development process. One of the central tenets of the Concept is development “for the people and by the people”.

The definition of human development as the “enlarging people’s choices” has become ubiquitous, but it’s not comprehensive by any means. Human development demands preservation of positive achievements over time, as well as the ability to withstand and counteract processes that lead to the impoverishment of people, or increase their oppression and inequality in the distribution of power and goods. Therefore, it is necessary to follow the principles of justice, stability, and respect for human rights, which have been sorely lacking in the latest historical phase of the Kyrgyz State.

Since a dynamic nature, flexibility, and ability to change and adapt in response to people’s needs are the Concept’s key principles, the 2010 Global Report, on the 20th Anniversary of the original report, has proposed a new, expanded definition of the Human Development Concept. This definition meets the needs of development practices in the field, as well as innovations in the scientific method:

<sup>1</sup> Andrey Ivanov and Mihail Peleah (2010). From centrally planned development to human development. Human Development Research Paper 2010/38. See: [http://hdr.undp.org/en/reports/global/hdr2010/papers/HDRP\\_2010\\_38.pdf](http://hdr.undp.org/en/reports/global/hdr2010/papers/HDRP_2010_38.pdf)



*Human Development<sup>1</sup> is the expansion of people's freedoms to live long, healthy and creative lives; to advance other goals they have reasons to value; and to engage actively in shaping development equitably and sustainably on a shared planet. People are both the beneficiaries of and drivers of human development, as individuals and in groups.*

The Concept, as was mentioned above, offers a simpler definition of human development: "development of people, for the people and by the people."

#### THE INDIVIDUAL AND DEVELOPMENT: WHAT ARE WE TALKING ABOUT?

*The primary language of the human development concept and most Human Development Reports is English. Several problems arose in translating the concept into Russian and other languages – the mechanical, literal translation of the term "human development" did not convey the essence of the Concept. In the last two decades, in Russian language publications on the subject, 3 primary terms have emerged and remained in widespread use: "human development," "development of human potential" and "development of humans."*

*In our opinion, the most accurate and the most frequently used is "human development," since it correctly conveys the essence of the human development Concept, i.e., people-oriented development, or put differently, "development of people, for the people and by the people." In the first GHDR, Dr. Mahbub ul Haq wrote: "The main goal of development of any society is to create an enabling environment for a long, healthy, and creative life. People are the real wealth of a nation". It is precisely this people-oriented stand that differentiates the Human Development Concept from other theories of development. It's worth noting that other languages translate the term in an analogous fashion, i.e., by adding a modifying adjective to the word "development"—it is "développement humain" in French, "desarrollo humano" in Spanish, "dezvoltare aumană" in Rumanian, "lidský rozvoj" in Czech and so on.*

*The term Human Capability Development reflects the roots of the Concept, namely the Theory of Human Capital, developed in the 60's by the Nobel Prize laureate Theodore Schultz. The concept of "growth of human capital" presumes investment not only in education, but also in research, preventative healthcare and family planning. At the same time, the "person in development" was still considered in utilitarian, resource-based terms, with improvements in the sphere of economic development remaining the ultimate goal, and the GDP remaining the ultimate yardstick of success. Moreover, the development of human capability did not imply an expansion of people's rights and choices, nor did it imply an opportunity to participate in the development process. The term "human capability development" is most often used in national and regional human development reports in the Russian Federation, and when translating the term "Human Development Index."*

*The term "development of humans" mostly refers to biological, psychological, and anthropological processes, and can be used in a broader, more general and philosophical sense to denote the "development of mankind."*

#### 1.1.1. Measurements of the level of human development

Broadening the framework of criteria and markers used in evaluation was always the cornerstone of the human development concept. However, measuring for the sake of measuring was never a goal in itself. The GHDR offered new ways of thinking about progress, having advanced a simple idea that development is so much more than just growing income. For quantitative measurements the global report uses a set of indices.

The main and most widespread index is the **Human Development Index** (HDI).<sup>2</sup> This index reflects the median achievements of a country in three separate areas of human development: 1) the ability to live a long and healthy life; 2) the ability to get an education and have access to knowledge, 3) an opportunity to have a decent standard of living. However, this index averages out indicators for the country as a whole and does not reflect differences between separate individuals or groups. Thus, according to the data from the Global Report,<sup>3</sup> in 2011 Kyrgyzstan placed 126 out of 187 countries with the HDI value of 0.615, which corresponds to the average

<sup>1</sup> Global Human Development Report, 2010. The Real Wealth of Nations: Pathways to Human Development.

<sup>2</sup> Human Development Index. In the Russian-language literature, it is also commonly referred to as the Index of Development of Human Potential (IDHP).

<sup>3</sup> Human Development Report, 2011. Sustainability and Equity: A Better Future for All. <http://hdr.undp.org/en/reports/global/hdr2011/>.

level of human development. In the time since 1995, the value of HDI in Kyrgyzstan has gone up from 0.545 to 0.615, in other words, by 13 percent, or by 0.8 percent annually.

#### HUMAN DEVELOPMENT INDICES: VALIDITY, RELIABILITY, APPLICABILITY

*The issue of measuring progress of societies has long been of interest to scientists and economists. Starting in the 30s of the XX century, the US and, subsequently, other countries began calculating GDP as a measure of market value of all end-use goods and services (i.e., goods and services intended for direct consumption), produced annually in all economic spheres, on the territory of a country, for consumption, export and accumulation. The HDI markers turned out to be a useful measure of economic progress, but did not take into account social aspects or the dynamics of national wealth.<sup>1</sup>*

*For example, after a natural disaster, such as an earthquake, a large-scale re-building and re-construction effort will lead to an increase in GDP, yet one cannot claim that the quality of life has improved significantly as compared to the time before the earthquake. Moreover, the GDP by itself is not sensitive to inequality and quality of life. Thus, the GDP indicators can grow, despite widespread poverty, lack of access to education, healthcare and clean water.*

*Even more significantly, the GDP (or indicators of its growth) were built-in as goals in many countries' development plans. It was thought that the growth of GDP had to be achieved by whatever means possible, including reducing or cutting government spending on health-care programmes and education (the structural adjustment programmes implemented by the International Monetary Fund and the World Bank). In 1987, UNICEF published a report "Adjustment with a Human Face" which discussed the negative impact of such measures on human lives.*

*The first Human Development Global Report (1990) proposed a new, relatively simple index for measuring human development, which was intended to replace GDP. It was the Human Development Index (HDI). Despite its simplicity, HDI is much better at accounting for non-material aspects of development. From 1990 on, this index has been used in international comparative studies. However, in order to compare such radically different countries as, let's say, the US and Zimbabwe, or Thailand and Kyrgyzstan, it was necessary to use international statistical data, which reduces respective national data to comparable categories, for instance, focusing on the identical age of children at the time of entry into the educational system. A common, internationally compatible HDI is calculated by the UNDP HDR Office in New York and published annually in the Global Human Development Report.*

*Afterwards, different countries began working on national human development reports and adapting the human development indices to their local conditions. In these cases, international comparison was not set as an objective, and the primary focus was switched to tracking the dynamics of indices and calculating the indices for different groups, by region or density of population, for example. This type of calculations required use of modified indicators, therefore, indices calculated for national reports are not always directly comparable with the international indices. However, they are comparable at the level of individual countries with previously calculated indices and allow for an adequate analysis of local conditions, as well as the dynamic movement of indicators in each country.*

*This report uses several types of indices. For the analysis of Kyrgyzstan's position in the world, GHDR indices were used. For the analysis of the dynamics of development in the context of particular provinces, data from the National Statistical Committee of the Kyrgyz Republic (NSC KR) was used. NSC KR data is also used in calculating the HDI on provincial and district levels. Due to the specific objectives of each of the indices, they cannot be compared directly. However, they use identical methodology and reflect socioeconomic conditions on various levels, using a standardized methodological approach. In reality, this means that although the indices are not comparable directly, they belong to the same contextual grouping of indicators and are contextually comparable.*

<sup>1</sup> National wealth – a macroeconomic indicator, representing in a monetary valuation the assets created and accumulated by the society. Source: <http://ru.wikipedia.org/>.

In order to consider the actual distribution of opportunities and choices within a society, the Inequality-adjusted Human Development Index (IHDI) is used. It takes into consideration inherent inequalities in every sphere of human development – healthcare, access to knowledge, standards of living. Therefore, HDI can be viewed as an indicator of the potential for human development in the country at this time, while the IHDI reflects the actual level of human development. The difference between HDI and IHDI measures the “loss” of potential human development as a result of inequality. Thus, according to the 2011 GHDR, an average decline in HDI due to factored-in inequality amounts to about 25 percent. The loss fluctuates between 5 percent (the Czech Republic), to 44 percent (Namibia). In Kyrgyzstan in 2011, the loss of HDI as a result of inequality was 14.4 percent, the highest losses manifested in the index of health (19.8%), with the index of income (12.2%) not far behind. The lowest loss was evident in the education index. For comparison, in Uzbekistan and Tajikistan, the losses connected with inequality amount to 15.1 and 17.6, respectively. In the group of countries with the average level of human development, to which Kyrgyzstan belongs, the average loss is 23.7 percent, while the countries in the region of Europe and Central Asia are at 12.7 percent.<sup>1</sup>

<sup>1</sup> Human Development Report, 2011. Sustainability and Equity: A Better Future for All. See: <http://hdr.undp.org/en/reports/global/hdr2011/>.

<sup>2</sup> Until 2010, two other indicators were utilized – Index of development adjusted for gender and an Indicator of broadening of rights and opportunities of women. They were replaced in 2010 by a single Gender Inequality Index.

<sup>3</sup> Deprivation – inability of the individual or social group to satisfy their basic needs due to lack of access to basic material goods and social resources: food, housing, medical care, education, etc. Source: <http://ru.wikipedia.org>.

<sup>4</sup> Indicators weighed in such a way that the significance of areas (health, education, and living conditions) was equilibrated. Altogether, ten indicators are used, including two in the areas of health and education and six in the area of material living conditions. Households in which the MPI is equal to or exceeds 20 percent, but not more than 33.3 percent, are suffering or are on the verge of multidimensional poverty. Households in which MPI measures 50 percent or higher are suffering profound multidimensional poverty.

**Gender Inequality Index (GII)**<sup>2</sup> is designed to reflect a specific inequality, namely the inequality of men and women in society. This index covers four areas: reproductive health, education, participation in the labor market and possibility of political representation. The value of GII points out the loss of the potential value of HDI due to inequalities between men and women. Based on the data from the 2010 GHDR, gender inequality varies greatly from country to country, from 17 percent (The Netherlands) to 85 percent (Yemen). In 2011, Kyrgyzstan occupied 66th place in the rating of 146 countries, and its losses from gender inequality consisted of 37 percent. For contrast, Tajikistan occupies 61st place, with losses due to gender inequality at 34.7 percent. On average, regional numbers for Europe and Central Asia are 31.1 percent, whereas the loss due to gender inequality in countries with an average level of human development amounts to 47.5 percent.

**Multidimensional Poverty Index (MPI)** indicates the size of the population in a given society experiencing deprivations,<sup>3</sup> i.e., the number of people whose standard of living does not meet the minimal established standards for each of the three areas: health, education, and economic conditions. Multidimensional poverty is viewed as an aggregate of a critical number of areas of deprivation, and a family is considered to live in multidimensional poverty if it's deprived in at least one third of the areas signified by the indicators.<sup>4</sup> The MPI value is the product of two measures: the multidimensional headcount ratio and the intensity (or breadth) of poverty. The headcount ratio is the proportion of the population who are multidimensionally poor (i.e., “how many poor are there?”), while the intensity of poverty reflects the proportion of the weighted component of indicators in which, on average, poor people are deprived (i.e., “how poor are the poor?”). The 2010 GHDR asserted that there are close to 1.7 billion people living in multidimensional poverty, experiencing deprivations in the areas of healthcare, education or standards of living. The minimal value of MPI – 0 – was reported in the Czech Republic and Slovakia, 0.2 percent in the UAE, while Niger showed the highest value – 64 percent. The value of MPI in Kyrgyzstan, as based on 2006 research, is around 20 percent, which puts it in the same category as Syria, Sri-Lanka, and Azerbaijan.

Table 1. The system of human development indexes in Global Reports

What the index indicates?	AREAS OF HUMAN DEVELOPMENT			
	Health	Education	Living standards	Political freedoms
National average of human development achievements in the country	<b>Human Development Index (HDI)</b>			
	Life expectancy at birth	Mean years of schooling Expected years of schooling	Gross national income per capita	
Inequalities in HDI dimensions by "discounting" each dimension's average value according to its level of inequality	<b>Inequality-adjusted Human Development Index (IHDI)</b>			
	Inequality-adjusted life expectancy index	Inequality-adjusted education index	Inequality-adjusted income index	
	<b>Gender Inequality Index</b>			
	Maternal mortality ratio Adolescent fertility rate	Female and male population with at least secondary education	Female and male labour force participation rates	Female and male shares in parliamentary seats
Deprivations across the same three dimensions as the HDI and the number of people who are multidimensionally poor and deprivations with which poor households typically contend	<b>Multidimensional Poverty Index (MPI)</b>			
	At least one member is malnourished One or more children have died	No one has completed five years of schooling At least one school-aged child not enrolled in school	No electricity No access to clean drinking water No access to adequate sanitation House has dirt floor Household uses "dirty" cooking fuel (dung, firewood or charcoal) Household has no car and owns at most one of: bicycle, motorcycle, radio, refrigerator, telephone or television	

Table 2. Global indices of human development in Kyrgyzstan (2011)<sup>1</sup>

<b>Human Development Index (HDI)</b>	0.615
Ranking of Kyrgyzstan in the world	126 out of 187
<b>Nonincome Human Development Index</b>	0.734
Ranking of Kyrgyzstan in the World	100 out of 187
HDI in 2000	0.577
HDI in 1995	0.545
Mean annual HDI improvement (2000-2011), %	0.59
<b>Inequality-adjusted HDI (IHDI)</b>	0.526
IHDI overall loss, %	14.4
Ranking of Kyrgyzstan in the World	71 out of 134
<b>Gender Inequality Index (GII)</b>	0.370
<b>Multidimensional Poverty Index (MPI)</b>	0.019 (2006)
Population in Multidimensional Poverty, Headcount, %	4.9
Population in Multidimensional Poverty, Intensity of Deprivation, %	38.8

The GHDR indices aim to measure the level of human development in different countries of the world. This approach allows an overview of the general, global picture of development. At the same time, this approach has a number of problems. The first problem is the shortage and insufficiency of adequate data. Thus, in 2011, the GHDR presented the HDI for 187 countries, which

<sup>1</sup> Human Development Report, 2011. Sustainability and Equity: A Better Future for All. See: <http://hdr.undp.org/en/reports/global/hdr2011/>.

made it necessary to obtain reliable and comparable data for all of them. The second problem resides in the inadequacy of national indices. What works for the global, general overview, may not reflect the nuanced realities of individual countries, let alone the separate districts and provinces within a country. That's precisely why many countries re-think and re-frame the indices of human development in their reports, presenting their own markers and indicators, not always comparable with the global findings, but able to more accurately reflect the level of human development in a country and its provinces.

#### *HUMAN DEVELOPMENT INDICES IN MEXICO — FROM COUNTRY TO INDIVIDUAL*

*Mexico, a country with a population of 112 million people, uses HDI on various levels. The country consists of 31 states and one federal district. Such administrative delineation represents the first level of disintegration of HDI. Even on this level, the discrepancies in indicators of development are already significant.*

*Moving to the next level, the municipal, requires a reconsideration of indicators and markers used to calculate HDI (for example, the indicator for GDP is meaningless for a municipal entity). On the municipal level, it also proved to be impossible to gather statistical data for the calculation of several other indicators and those indicators had to be changed. The resulting picture reflected the magnitude of differences between municipalities. On one end of the spectrum, there were municipalities with a very high level of human development, comparable to such countries as Norway. On the other end, there were populated areas with low and extremely low levels of human development, similar to such countries as Sierra Leone. Calculating the HDI on administrative and local levels has allowed the researchers to focus their attention on the issue of administrative /territorial inequality, and plan for an adjustment in the distribution of budgets.*

*The next step involved calculating HDI on an individual level. The transition to the individual level allowed for the calculation of indices for particular population groups, groups that are usually not represented in the mean value for the administrative territory or municipality—men and women, migrant families, members of indigenous populations (Indians). Such advanced analyses will enable researchers to further improve government programmes, conduct monitoring and evaluate their results.*

## 1.2. Human Development in Kyrgyzstan

Starting from 1995, a total of 11 National reports on human development, addressing several different issues, were presented in Kyrgyzstan.

**Table 3. National Human Development Reports in the Kyrgyz Republic**

Nº	Title	Year
1	General Human Development Report	1995
2	General Human Development Report	1996
3	Social Cohesion	1997
4	Role and Influence of the State	1998
5	General Human Development Report	1999
6	Democratic Governance for Human Development	2000
7	Democratic Governance: Alternative Approaches to Kyrgyzstan's Future Development	2001
8	Human Development in Mountainous Regions of Kyrgyzstan	2002
9	The Influence of Civil Society on the Human Development Process in Kyrgyzstan	2005
10	Kyrgyzstan: successful youth – successful country	2010

Taking account of changes in the global methodology of calculating indices and the expansion of the human development concept, as presented in the 2010 GHDR, this national report on local self-governance applied new indices to Kyrgyzstan, and made a step forward in calculating indices at the municipal, or local, level.

Since this national report of 2012 (hereafter referred to as the Report) is focused on local self-governance, the authors' team proposed the following key dates as markers in calculating the indices:

- 2006 – the **baseline year**, i.e., the year before serious political and financial changes, but when the major legislative and political initiatives (elections) had been implemented, meaning the LSG is already established;
- 2007 – the year after financial reforms (two-tier budget, see sections 2.2 and 3.3 for more details) and critical political/legislative changes for the entire population as well as the LSG structures, in particular, the adoption of the constitution of 2007, which set the framework for strengthening of the administrative hierarchy;
- 2008—the year the political autonomy of LSG bodies was drastically curtailed (cancellation of direct elections for heads of LSG bodies of smaller cities, towns, and rural municipalities, as well as the revocation of financial autonomy (instituting the Kyrgyz Tax Law, inserting corrections and amendments into the financial-economic premise of LSG and modifying the basic principles of budgetary rights);
- 2009— the year after political and financial reforms (cancellation of elections for heads of executive structure within the LSG, as stipulated in the new Constitution, and the new Tax Code of the Kyrgyz Republic, which considerably diminished the LSG tax base).

### 1.2.1. Human Development Index in Kyrgyzstan—long-term dynamics

During the past 10 years, the HDI in Kyrgyzstan has been steadily growing.<sup>1</sup> The rate of growth has been stalled and the values decreased only in 2005, which was likely related to the political crisis. Such a gap is typical for countries with a medium human development, and the narrowing of the gap is a positive tendency, especially if it persists in the subsequent years.

The mean value of HDI across the country is the average between the lowest indicators in Batken province, and the highest in Bishkek. The highest values of Bishkek are characteristic of the values for the cluster of countries considered in the high level human development countries by GHDR. A consistent, steady increase in the level of human development is being observed, averaging 15 percent in the period between 2000 and 2010. The HDI of Batken and Osh provinces has grown by 11 percent and five percent respectively. At the same time, the HDI in the other provinces of Kyrgyzstan (Chui, Talas, Naryn and Issyk-Kul provinces) has remained practically unchanged, with the growth topping off at one to two percent over the ten year period. The Jalal-Abad Province is the only one to show a decrease of one percent over the same decade.

Table 4. HDI dynamics in the provinces<sup>2</sup>

Provinces	2000	2005	2006	2007	2008	2009	2010	Change in Index in 2010 relative to 2000 in %
Kyrgyz Republic	0.618	0.634	0.636	0.645	0.653	0.658	0.658	106.5
Batken Province	0.548	0.547	0.551	0.573	0.577	0.591	0.609	111.1
Jalal-Abad Province	0.620	0.589	0.591	0.599	0.607	0.611	0.612	98.8
Issyk-Kul Province	0.666	0.648	0.632	0.642	0.658	0.673	0.683	102.6
Naryn Province	0.611	0.603	0.615	0.621	0.629	0.620	0.615	100.6
Osh Province, including city of Osh	0.568	0.577	0.592	0.603	0.600	0.606	0.594	104.6
Talas Province	0.609	0.615	0.627	0.628	0.642	0.612	0.622	102.1
Chui Province	0.617	0.611	0.616	0.618	0.625	0.632	0.628	101.7
Bishkek City	0.654	0.725	0.732	0.734	0.755	0.764	0.770	117.7

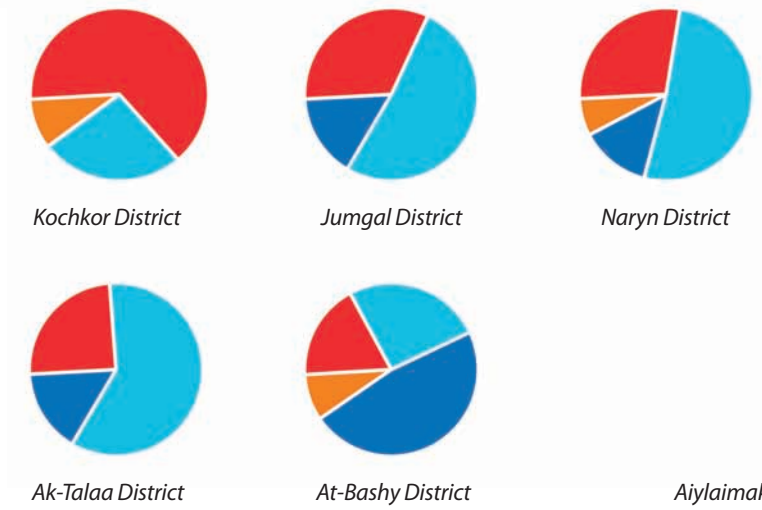
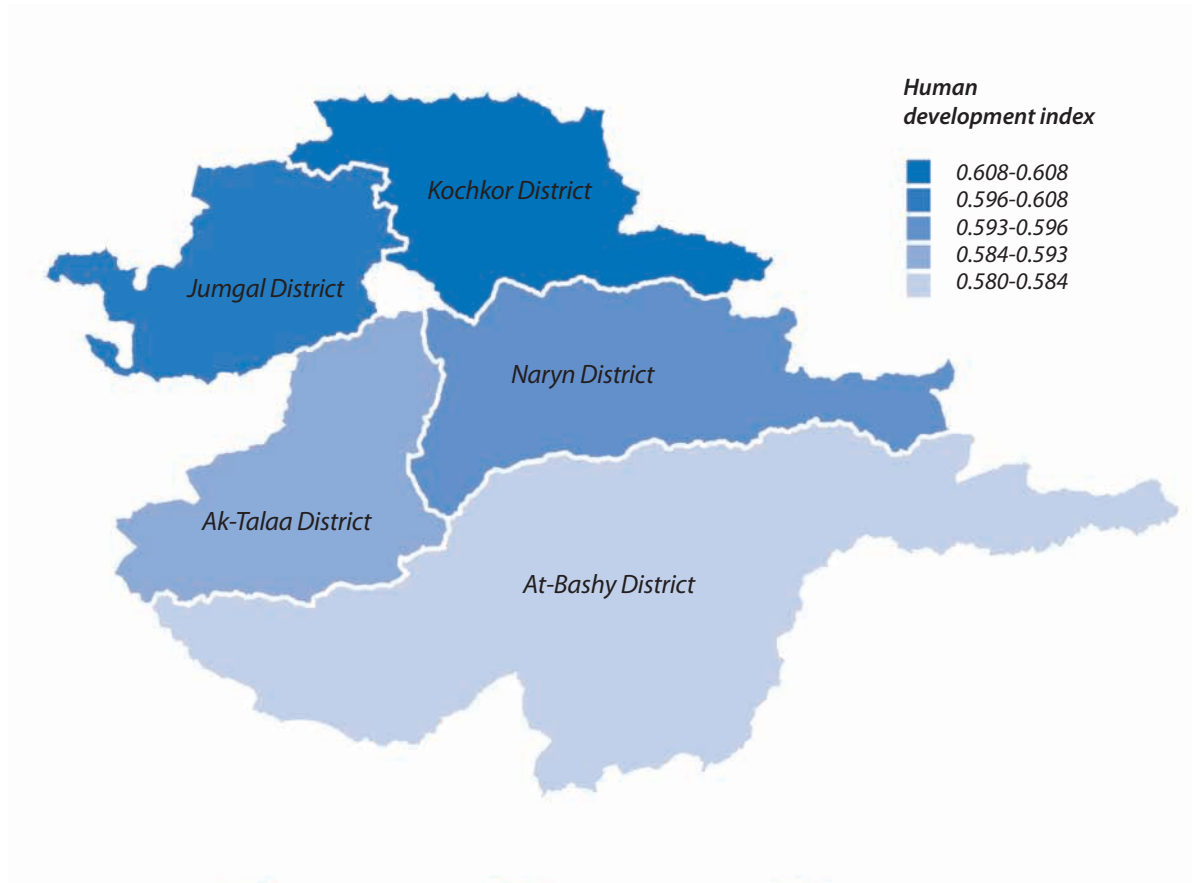
A notable innovation of this Report is the HDI calculation for every municipality of the Kyrgyz Republic, which allowed for more in-depth measurements at the level of individual municipalities and districts.

To show the results of HDI calculations for Kyrgyzstan and its districts in a more visual, and graphic way, maps of HDI for the country as a whole, as well as for each individual district within provinces, have been created.

<sup>1</sup> This section utilizes HDI data issued by the NSC KR, and as such it is compatible, but not directly comparable with the global indices. At the same time, this data allows us to follow the dynamics and the variations in development by provinces.

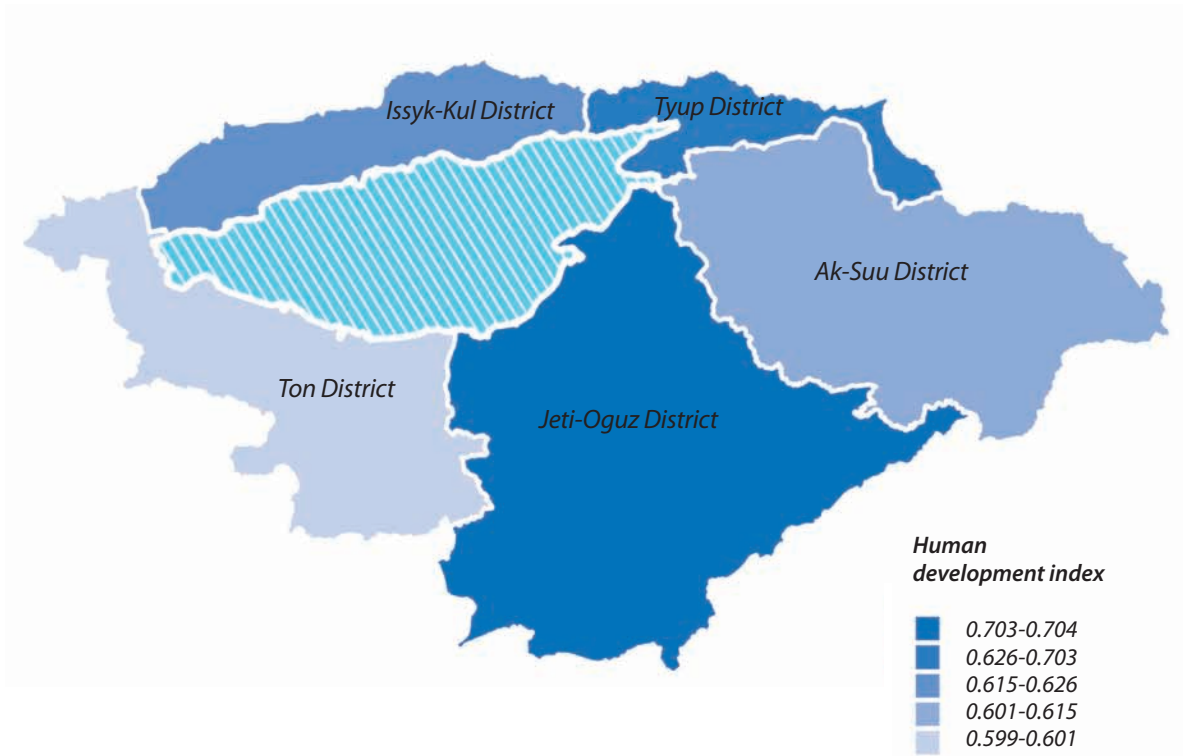
<sup>2</sup> The statistical data used in the calculation of HDI was adjusted to include the first round of comparative studies of international statistics by the World Bank in 2005.

### Human development index distribution by district, Naryn Province





### Human development index distribution by district, Issyk-Kul Province



Issyk-Kul District



Ton District



Ak-Suu District

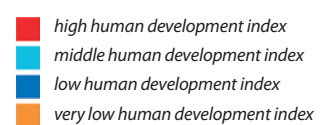


Tyup District

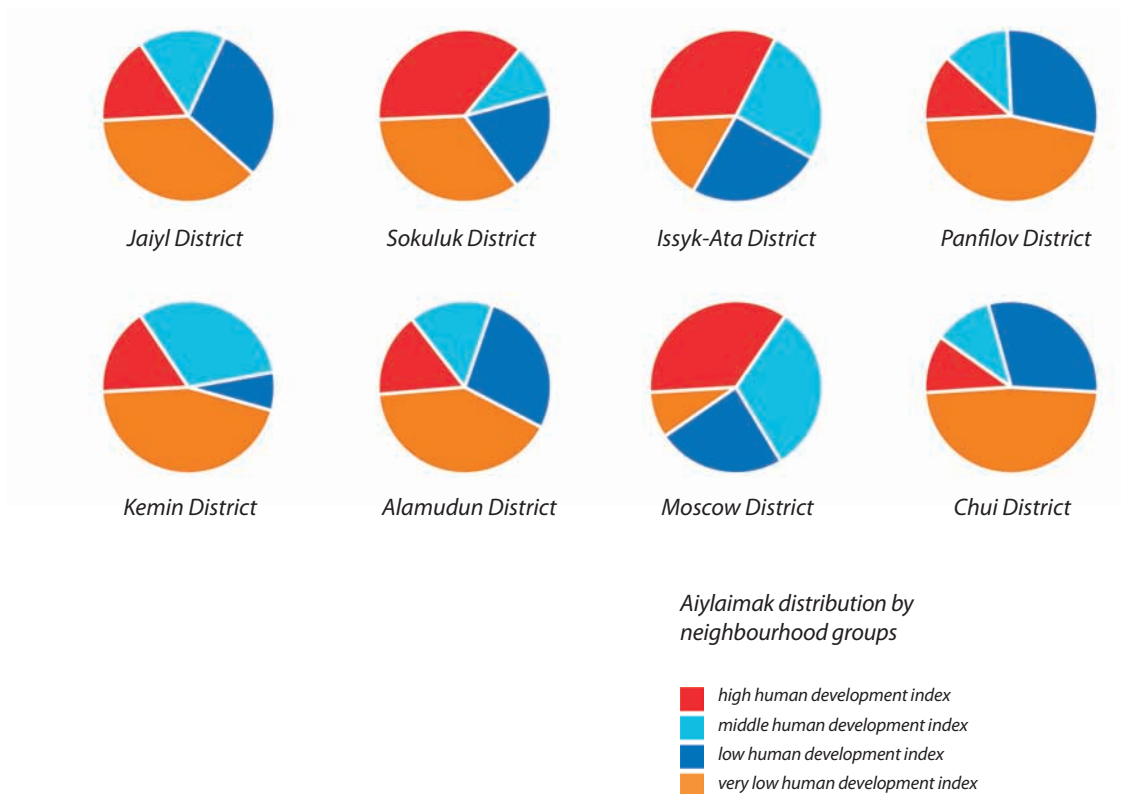
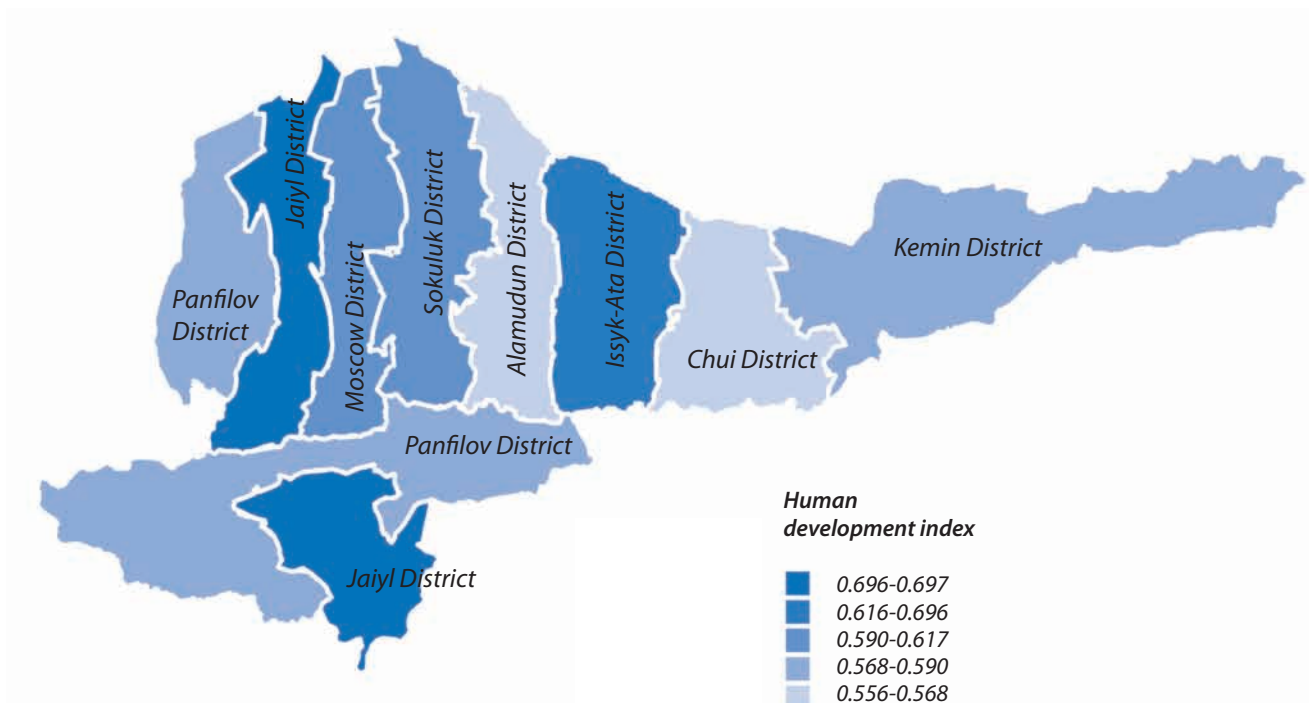


Jeti-Oguz District

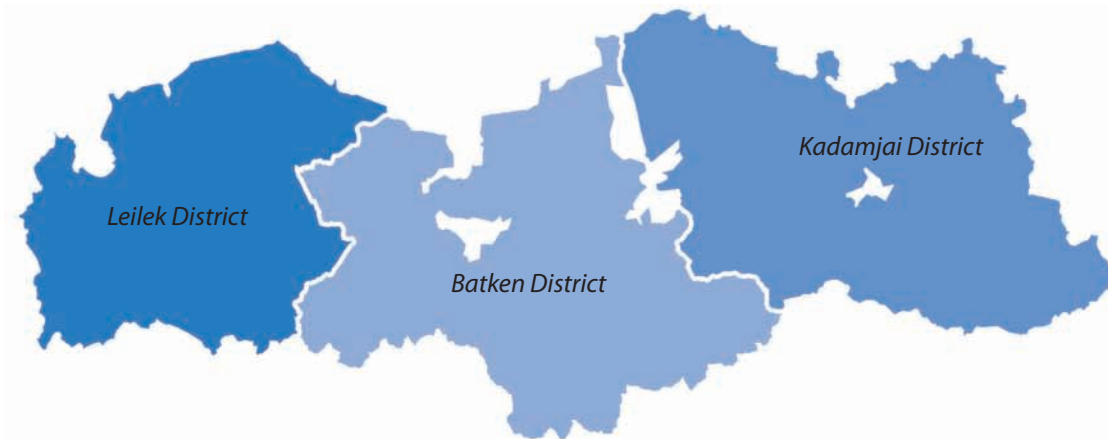
Aylaimak distribution by neighbourhood groups



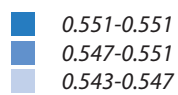
### Human development index distribution by district, Chui Province



## Human development index distribution by district, Batken Province



### Human development index



Leilek District

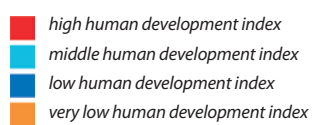


Batken District

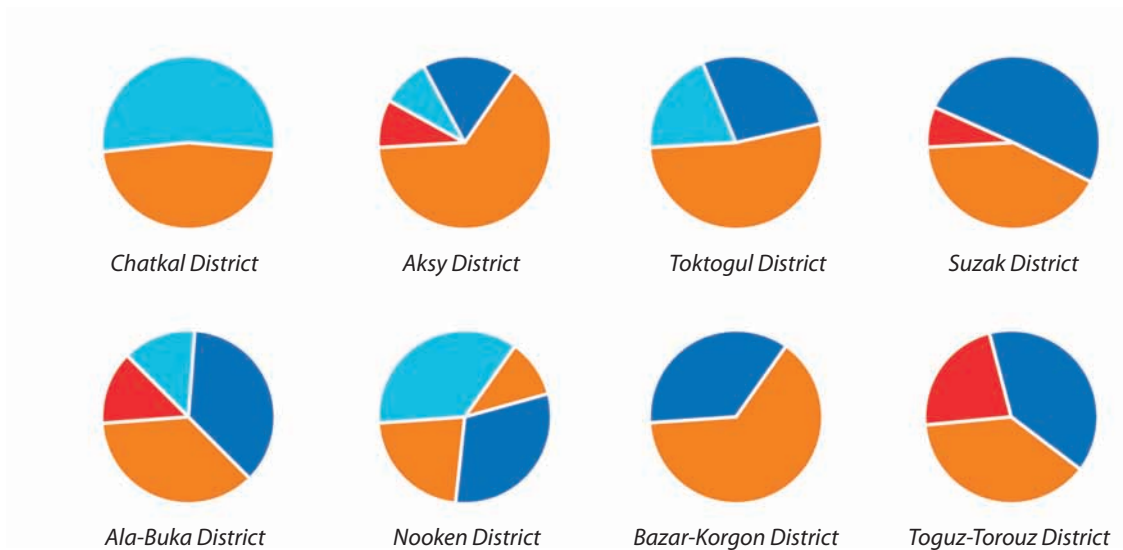
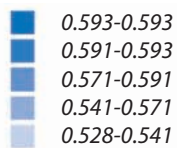
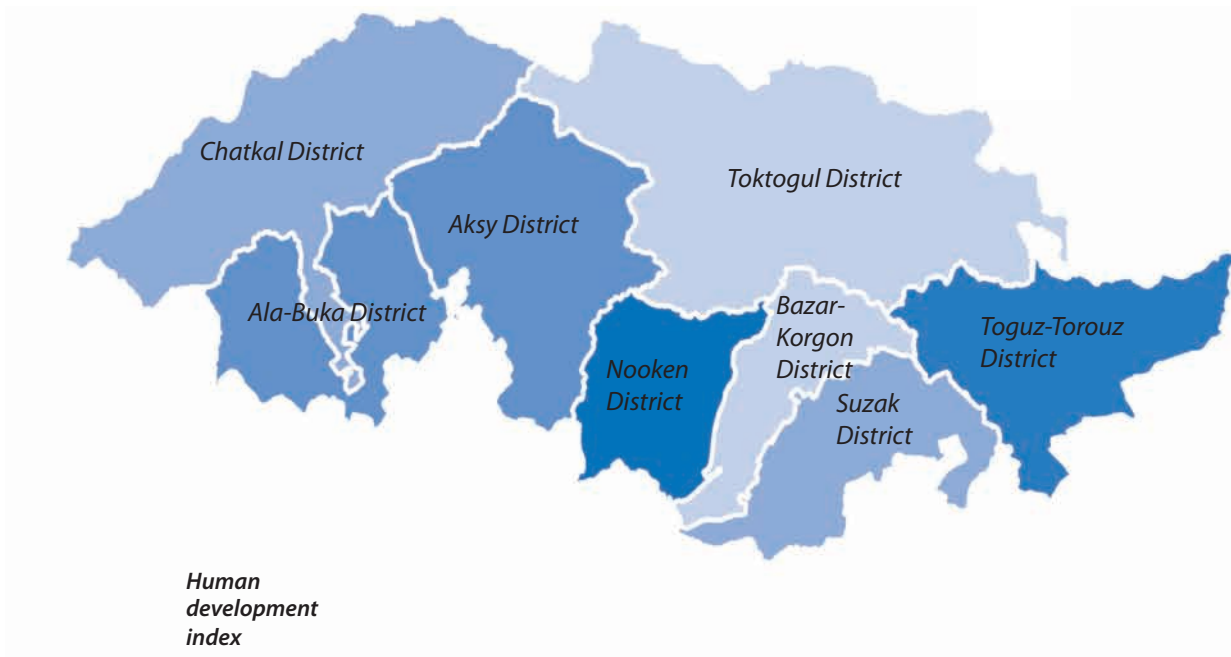


Kadamjai District

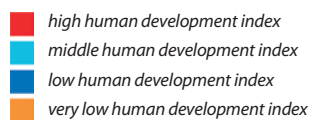
### Aylaimak distribution by neighbourhood groups



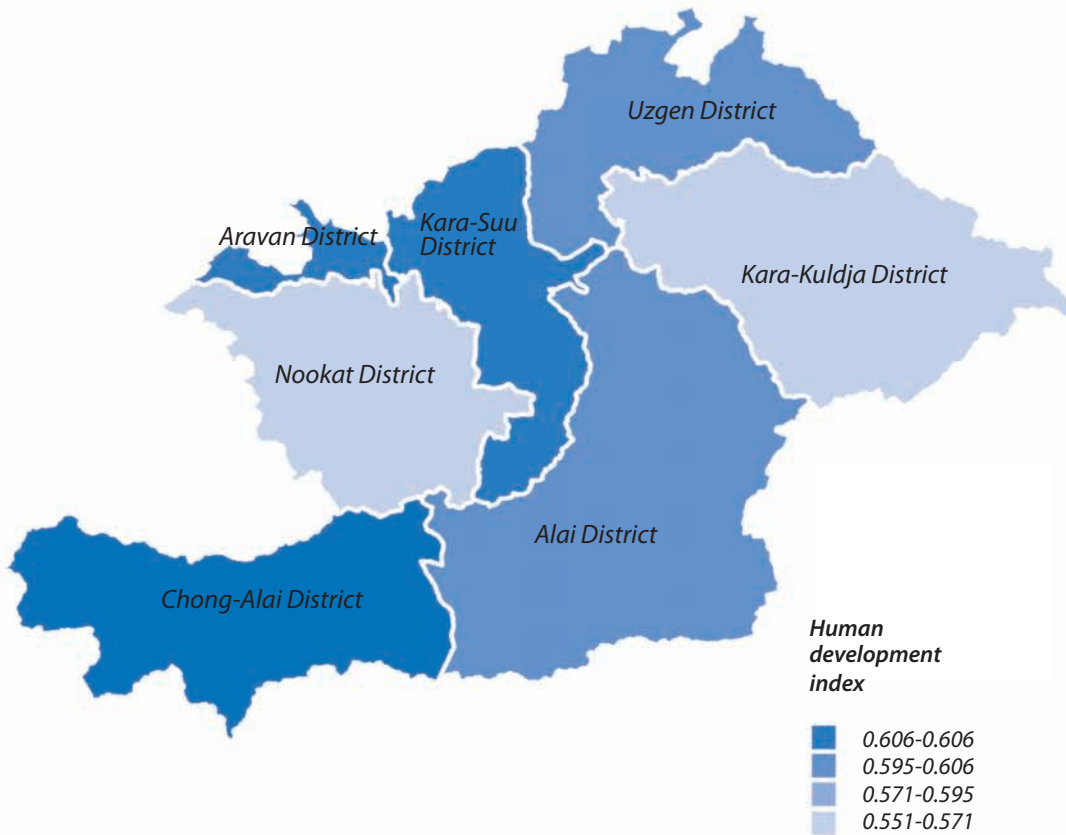
### Human development index distribution by district, Jalal-Abad Province



#### Aylaimak distribution by neighbourhood groups



### Human development index distribution by district, Osh Province



Chong-Alai District



Alai District



Kara-Kuldja District



Aravan District



Nookat District

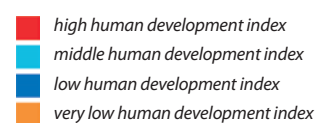


Kara-Suu District

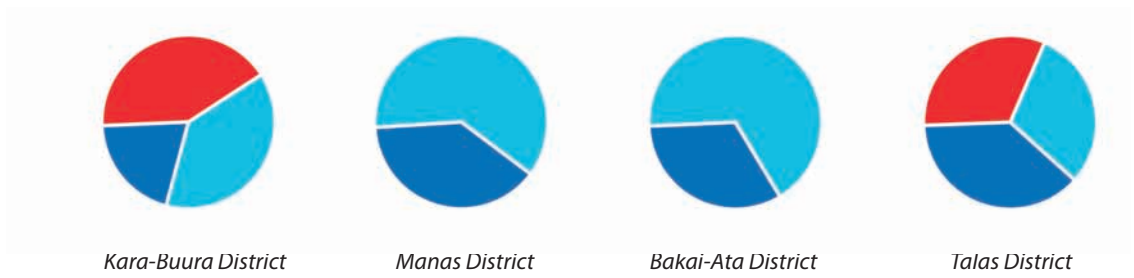
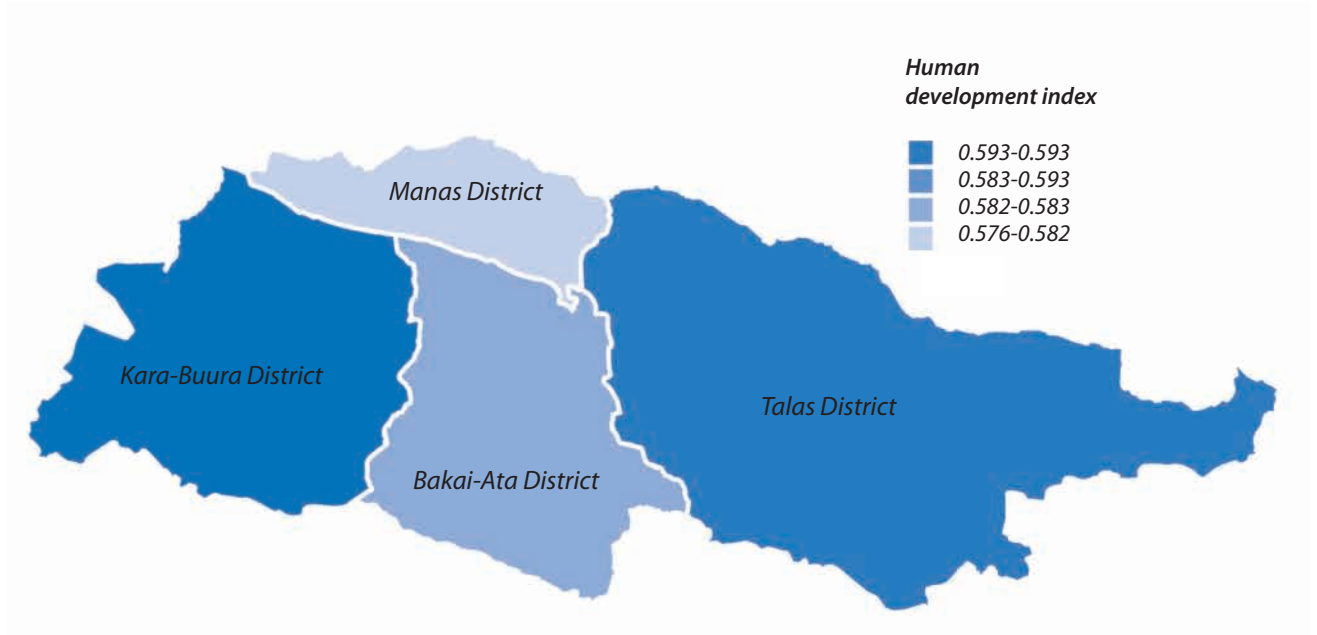


Uzgen District

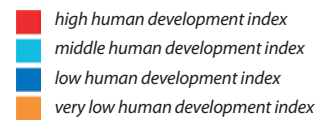
#### Aylaimak distribution by neighbourhood groups



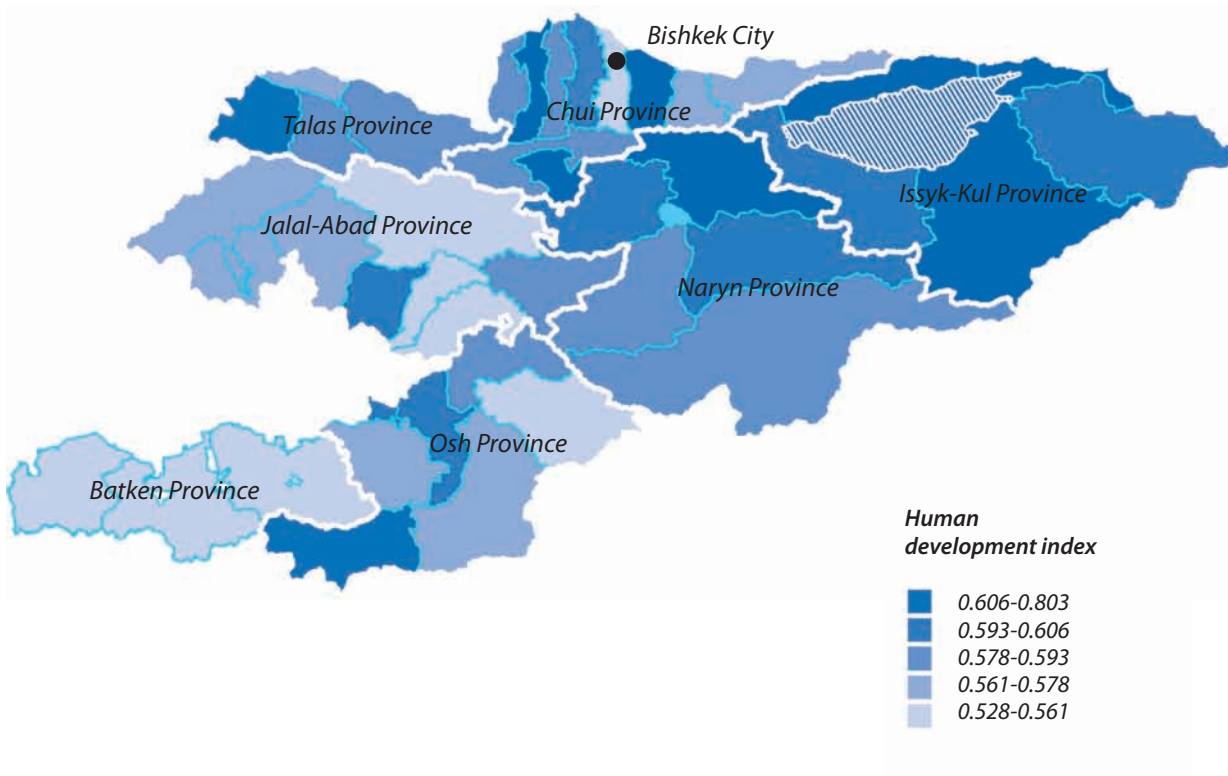
### Human development index distribution by district, Talas Province



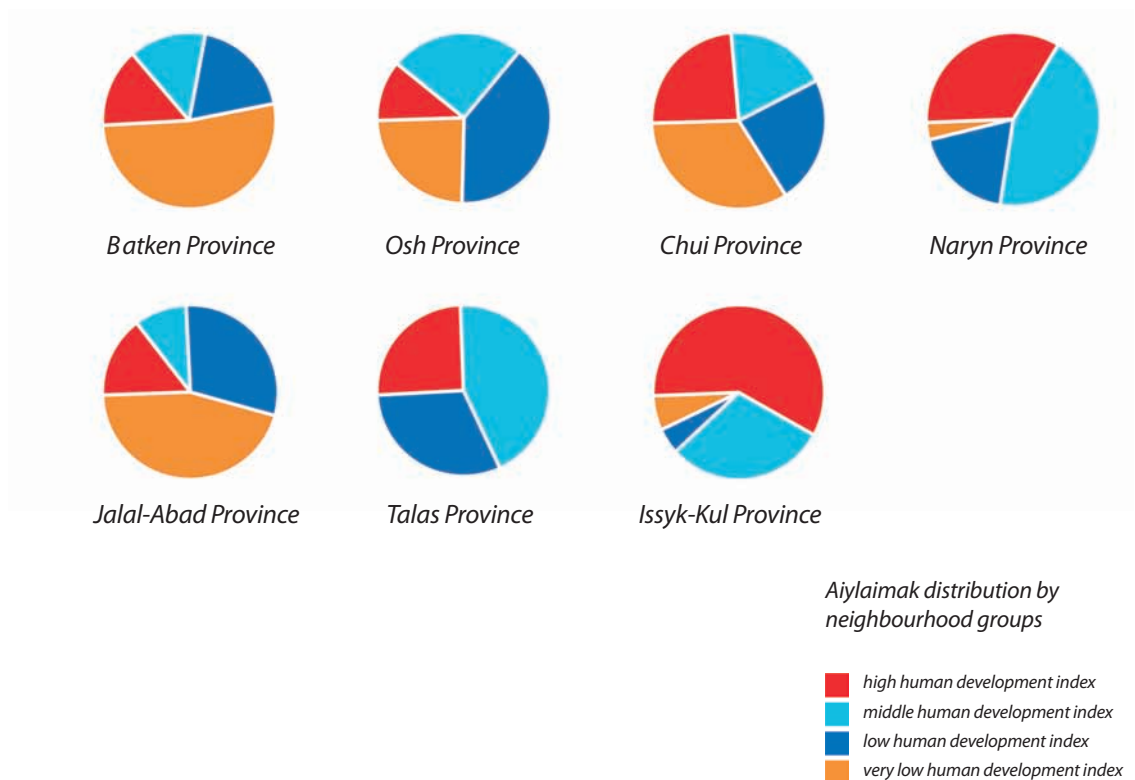
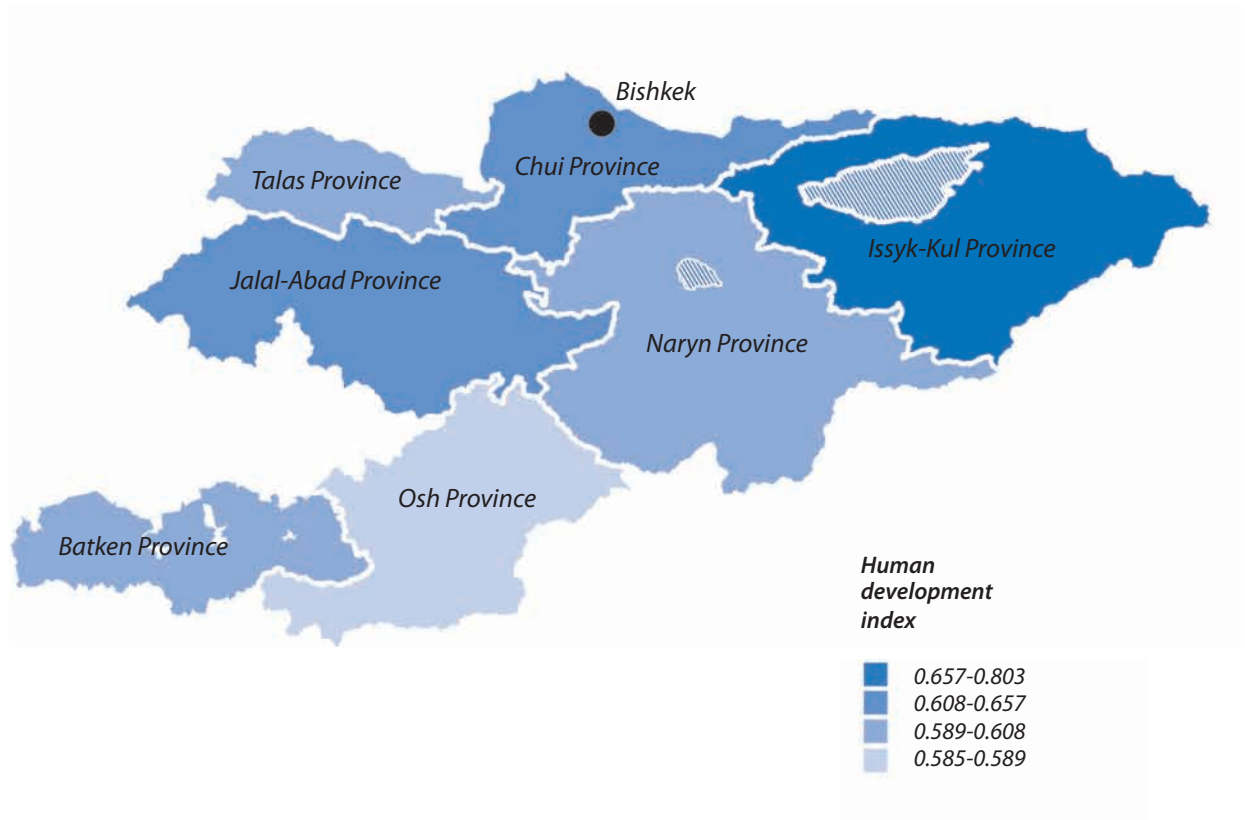
#### Aylaimak distribution by neighbourhood groups



### Human development index distribution by province of the Kyrgyz Republic divided by districts



## Human development index distribution by province in the Kyrgyz Republic





### 1.2.2. Multidimensional Poverty Index

For the purposes of measuring the level of poverty using the “deprivation” approach, those people whose level of consumption does not correspond to the standards of a particular society and whose access to a basic set of goods and services is extremely limited, are considered poor. Hence, poverty is not defined only in terms of a low level of income, or a low level of consumption of products and services of basic necessity, but also in terms of the low nutritional quality of available food, limited access to education and healthcare, lack of adequate living conditions, and other limitations, deprivations and obstacles encountered in the pursuit of one’s fair share of widespread comforts, services and opportunities available in a society.

The measurement of the level of poverty, using the subjective deprivation model, allows us to draw a conclusion that what is significant for the population is their perception of poverty as much more complex than merely living on the edge of physical extinction. Poverty is a state, in which an individual cannot make a decent living considering the established social norms and generally accepted standards.

The Multidimensional Poverty Index (MPI) proposed in the GHDR was adapted to Kyrgyzstan and developed with the methodological and technical support of UNDP Bratislava Regional Office. The source of information for the calculation of the MPI was the database of the integrated random sample of household budgets and labor force, conducted on a regular basis by the National Statistical Committee of the Kyrgyz Republic. For the purposes of calculating the MPI in Kyrgyzstan between the years 2006 and 2010, the following indicators for four areas of deprivation, were used:

#### *I. Health and nutrition:*

- 1) The quality of available nutrition.
- 2) Access to healthcare services.

#### *II. Education and employment:*

- 3) School enrolment or number of unemployed adults.
- 4) The number of people who dropped out of the educational system without completion.

#### *III. Quality of housing:*

- 5) Lack of access to clean drinking water.
- 6) Lack of toilet facilities or sewage.

#### *IV. Unstable standards of living:*

- 7) Levels of relative poverty.
- 8) Presence of debt, which exceeds 30 percent of income.

Also, a household is considered to live in poverty if it experiences simultaneous deprivation in 25 percent or more of all indicators.

The calculations of the MPI demonstrated that in Kyrgyzstan, in 2010, 17.8 percent of the population is subjected to multiple deprivations, which is a de facto coefficient of the spread of multidimensional poverty. This means that almost 18 out of a 100 people are concurrently deprived of two or more goods or services taken as a basis for the calculation of this index.

The intensity of deprivation, which reflects the average degree of deprivation experienced by the poor across all eight indicators within the four areas of deprivation, is at 27.1 percent. This means that families in multidimensional poverty are lacking 2.2 percent goods/services of the eight, serving as the basis for the calculation of this index.

In general, the MPI, which indicates the ratio of poor or economically underprivileged population in the context of the multidimensional poverty methodology, is 0.048 (calculated by multiplying the coefficient of multidimensional poverty by the degree of intensity of deprivation).

Detailed data on the values of MPI from 2006 through 2010, across the Kyrgyz Republic are presented in Table 5.

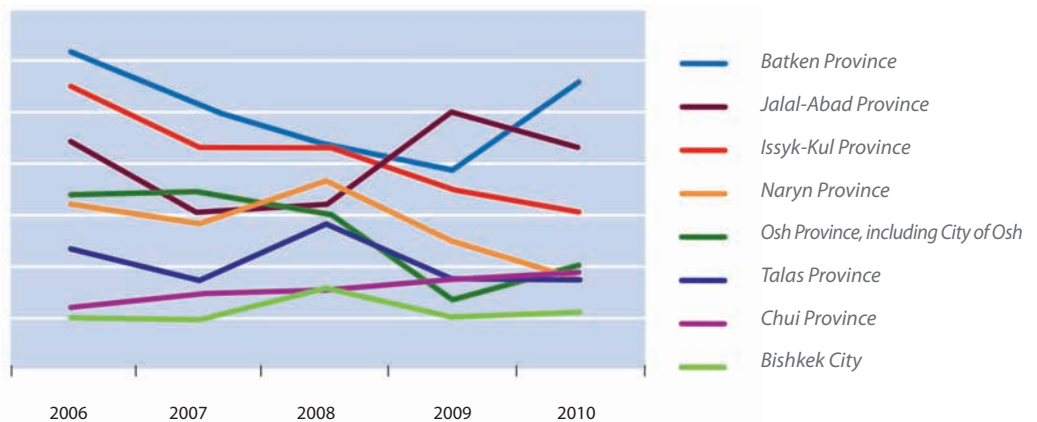
2008 saw the growth of MPI in practically every province of the country, except Naryn and Jalal-Abad provinces. It is remarkable that before 2009, the MPI had been consistently decreasing, but in 2010 rose sharply in Naryn, Jalal-Abad and Batken provinces. In 2010, Naryn and the Batken provinces were the most multi-dimensionally poor, with Osh Province being second, with a large gap between the two. The remaining Jalal-Abad, Talas, Chui, and Issyk-Kul provinces, and the city of Bishkek (listed in the order of descending value of MPI) occupy the third place, also with a large gap.

Diagram 1 clearly shows the deterioration of the situation in Naryn and Jalal-Abad provinces in 2010, as well as in Batken Province in 2009-2010.

**Table 5. Dynamic of MPI (presence of any two deprivations out of the four areas of concern)**

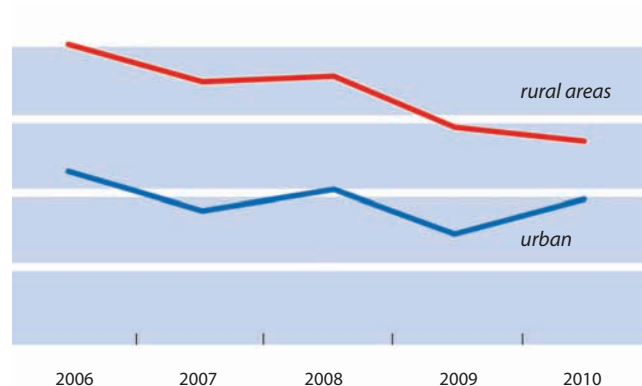
Province	2006	2007	2008	2009	2010
Kyrgyz Republic	0.069	0.059	0.061	0.049	0.048
Batken Province	0.089	0.061	0.065	0.100	0.087
Jalal-Abad Province	0.069	0.069	0.062	0.027	0.041
Issyk-Kul Province	0.064	0.058	0.074	0.050	0.036
Naryn Province	0.123	0.103	0.087	0.077	0.112
Osh Province, including City of Osh	0.110	0.086	0.087	0.070	0.061
Talas Province	0.047	0.035	0.057	0.034	0.035
Chui Province	0.025	0.029	0.031	0.036	0.033
Bishkek City	0.021	0.019	0.030	0.022	0.022

**Diagram 1. Dynamics of MPI by the provinces**



The calculations indicate that the MPI in the rural areas is considerably higher than the corresponding indicators in the urban areas. However, starting from 2009, multidimensional poverty in the cities has been growing, whereas in the rural areas it has been decreasing. Prior to that time, the tendencies of the multidimensional poverty level dynamic coincided. In other words, the gap between the cities and the rural areas is shrinking, as a result of decreasing levels of poverty in the villages and increasing levels of poverty in the cities (see Diagram 2).

**Diagram 2. Tendencies of levels of multidimensional poverty in urban and rural areas**



ИШТЕ





The calculation of MPI in municipalities with different levels of HDI demonstrates that the LSGs with the lowest level HDI have an MPI which exceeds that of the corresponding indicator in the LSGs with the highest HDI by 1.7 times.

### 1.3. Local Self-Governance Capacity Index (LSG CI) – a Conceptual Framework of the Report

If one is to ponder the essence of the human development concept and the idea of advancing local self-governance, one is bound to find they have much in common. The essence of LSG fits nicely into the comprehensive concept of human development. If we were to incorporate the meaning of the concept of human development into the definition of the role and function of LSG, we could note their unmistakably common origins, based on the singular right of an individual to expand his or her choices, and develop oneself by one's own means.

Definition of LSG	Definition of HD
Local self-governance – a real opportunity and the right guaranteed by the Constitution of the Kyrgyz Republic, for local communities to independently resolve issues of local importance, acting in their own interest and on their own responsibility	Human development is the inclusion of the right to a long, healthy and creative life, the right to the realization of other goals that people consider important; and a right to an active participation in assuring equity and sustainability of development on our common planet in the list of human rights. People—individually, as well as in groups— are simultaneously a driving force and the beneficiaries of said development.
<b>Integration of the “human development” concept into the concept of “local self-governance”</b>	
Local self-governance – real opportunity and a right, guaranteed by the Constitution of the Kyrgyz Republic, for the local communities (individuals and groups) to independently (driving force) resolve issues of local importance, acting in their own interest (beneficiaries) and on their own responsibility (a right to an active participation in assuring equity and sustainability of development)	

LSG makes it possible to realize in practical terms that component of the human development concept which distinguishes and differentiates it from the other approaches – that is “development by the people.” Thus, in comparing the goals and objectives of the human development concept to those of LSG, it becomes evident that human development (i.e., people-oriented development effected by the people themselves) is a goal, while LSG (i.e., opportunity for local communities to independently resolve issues of local significance) – the means to achieving this goal. However, a question arises as to whether the LSG bodies always have the capacity to address issues of local importance. A reminder: the capacity to resolve issues of local significance includes two aspects – the territorial resources and the institutional capacities of the municipality.

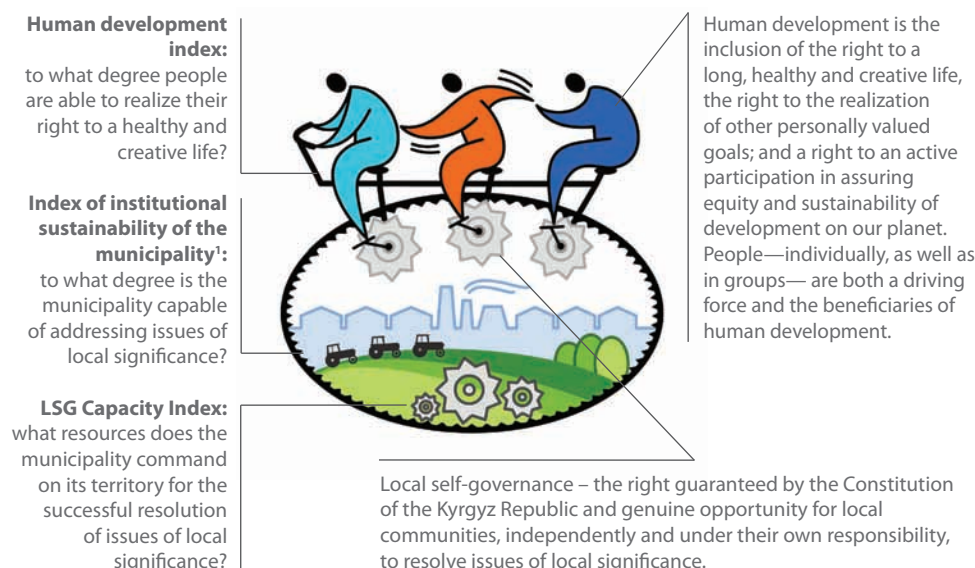
To a large extent, territorial resources determine the capacities of municipalities. The presence of infrastructure, labor resources, and housing resources pre-determine not only human development on a given territory, but also the local government's ability to address local issues.

In this Report we propose an LSG capacity index (hereafter, LSGCI) which, in fact, characterizes the possibilities of a given territory. The index in question is comprised of three areas and six indicators. Each indicator can be either positive or negative, meaning, in the position to either increase the potential of a territory and create resources, or decrease the potential of a territory and deplete resources (see Table 6).

Table 6. Structure of LSG Capacity Index (LSGCI)

Area of influence	Indicator	Influence on the territory's potential
Demographic potential	Demographic burden, children and pensioners	Negative
	Overall coefficient for population mortality (number deceased per 1,000 members of population)	Negative
Social services	Communal areas of inhabited housing per resident (m2)	Positive
	Portion of teachers with higher education	Positive
Economic possibilities	Net worth of financial savings per capita (som)	Positive
	Average monthly salary	Positive

**Diagram 3. Human development and local self-governance**



When we compare the results of the two calculated indices—the HDI and the LSGCI (Local Self-Governance Capacity Index) and their distribution across the territories of the Kyrgyz Republic, several interesting facts begin to emerge. For instance, in Batken Province 40 percent of the municipalities have a high degree of LSGCI, while only 14 percent of those municipalities display a sufficiently high HDI. This speaks to the fact that people living in Batken Province are often not in a position to utilize their municipalities' potential. A similar situation has been observed in Chui Province – the capacity of the municipalities is considerably higher than the HDI. In Osh Province, the situation is different – only 27 percent of the municipalities show the lowest degree of HDI, while the lowest value for the LSGCI is evident in 40 percent of towns and villages. This is an indication of the ability of the people in the Osh province to extract maximum benefit from minimal possibilities. Higher HDI values, as compared to the possibilities of their municipal governments, are also observed in Issyk-Kul and Naryn provinces (see Table 7).

**Table 7. The results of comparing HDI and LSGCI**

	LSGs grouped by indices <sup>2</sup>	1	2	3	4
		Highest			Lowest
Jalal-Abad Province	LSGCI	12%	10%	19%	59%
	HDI	15%	8%	30%	47%
Issyk-Kul Province	LSGCI	46%	34%	10%	10%
	HDI	59%	33%	5%	3%
Naryn Province	LSGCI	13%	42%	34%	11%
	HDI	33%	45%	19%	3%
Batken Province	LSGCI	40%	23%	17%	20%
	HDI	14%	11%	17%	57%
Osh Province	LSGCI	12%	17%	30%	40%
	HDI	8%	24%	41%	27%
Talas Province	LSGCI	24%	37%	32%	8%
	HDI	24%	45%	32%	0%
Chui Province	LSGCI	33%	23%	29%	15%
	HDI	23%	19%	25%	32%
Bishkek (including settlements and villages)	LSGCI	100%	0%	0%	0%
	HDI	100%	0%	0%	0%
Osh City	LSGCI	100%	0%	0%	0%
	HDI	100%	0%	0%	0%

<sup>1</sup> This index has yet to be worked out, however the logic of the application of indices on the LSG level requires its development, which must become the objective of future research.

<sup>2</sup> All municipalities were divided according to the indicators and organized into four groups (quartiles) of equal size. So, the first (the top) group includes a quarter of all municipalities with the highest indicators, and the fourth (the bottom) group includes a quarter of the municipalities with the worst indicators.

It must be noted that the proposed index of local self-government capacity is the first attempt to evaluate the potential of the administrative territories and is based on easily accessible data. At the same time, the NSC KR has in its possession a considerable amount of data on the municipalities, which is rarely used or referred to in public discussion and in the decision-making process, even by the LSG bodies themselves.

To a large extent, the level of LSG advancement by itself determines the level of human development in a given territory, while the level of human development is, in turn, somewhat indicative of the level of advancement of LSG. Thus, since the participation of the local citizens in the solution of issues of local significance is a contributing factor to the success of the work of LSG, the opportunity for the population to participate in the life of the community and be able to deliberate on issues of common interest, becomes of major significance for LSGs.

The higher the level of human development, and the greater the opportunities and degree of interest in civic engagement, the more successful the LSG endeavor.<sup>1</sup>

The very idea of devoting the National Human Development Report in the Kyrgyz Republic to local self-governance turned out to be very productive, and we've yet to delve into the intricacies of the connection between human development and LSG. However, even though direct comparisons remain unfeasible due to lack of measurement and monitoring methodology for LSG, this report is the first step in the direction of drawing some parallels and presenting supporting evidence for the fact that LSG serves as a primary environment for human development, personifying such important concepts as "home," "homeland," "upbringing," "first teacher," "choice," etc.

In the context of this National Report, the indices serve as an objective axis, onto which the national specifics of different areas are "strung," around which the expert opinions revolve, and along which the recommendations and prognosis are shaped. This is extremely important for our country, because one of the global problems of development we face is the absence of objective, reliable indicators of undisputable, factual data needed in planning and conducting any research activity. Our problem, as we see it, lies in the desire to advance unsubstantiated and invalid hypotheses, in our attempts to plan based on nothing more than personal, unsupported assumptions, and an inclination to "tailor" future reality to subjective expectations, without any consideration for the facts or the actual tendencies. A wider use of factual information and statistical data in our lives can become a cure to that malady, a malady especially obvious in regard to the LSG system. The supporters, as well as the opponents of further development of LSG, rely mostly on their personal experiences, on their judgments, occasionally augmented by someone else's opinion and the rare, fragmentary sociological study. Irrefutable factual evidence is conspicuously absent on both sides of the argument.

<sup>1</sup> This statement does not claim an exact match; sometimes, these measurements are not related in an obvious way. For instance, in the USSR, human development was relatively high, while LSG did not exist, although there were powerful executive committees of local Soviets. However, in most cases, the relationship between LSG and the levels of human development is close and self-evident.

It is quite possible that the proposed index (LSGC) will finally offer objective arguments to both sides, which will allow for more adequate and balanced political decisions. It can also serve as a tool of comparative analysis of development of different municipalities across the country. The better the LSGCI is understood and the more widely it is discussed, the more chances of it being utilized by people involved in the actual decision-making on all the different levels. It will also be useful for the government body entrusted with defining the LSG-related policies, as well as for all the citizens of the country in their objective assessment of the quality of work of LSG bodies. In the interim, most of us, including members of the local assemblies and the Government and Parliament of the Kyrgyz Republic, are rarely able to rise above the level of "like or dislike" in our discourse and our assessments.



#### EXAMPLE:

##### INDICATORS OF LOCAL SOCIAL ECONOMY FOR LSG BODIES IN POLAND

Poland is a very interesting example of indicator use in the decision-making processes on the local level. The country implemented administrative-territorial reforms at a very early stage of their transitional period. In 1999, "gmyns" – the LSG bodies were created. While the reforms were often considered only "partially successful," they allowed for the creation of a system of local self-governance responsible for the delivery of a wide scope of public services (including education, healthcare and public assistance), and allocated a budget for it. At the same time, according to expert opinions, two thirds of the budget is derived from the local means, and one third is funded through the implementation of the central government's plans and programmes. The need for governance and decision-making created a considerable demand for statistical data on the local level. On the other hand, databases were created at the LSG level as well, as the local administration kept various registries, for instance, registries of taxpayers, or individuals receiving public assistance.

The database for the administrative territories (local statistics) was created in 1993 for the collection and distribution of data on the levels of "gmyna" (municipality) and "posvyat" (district). The data center prepares standardized publications, such as the "The Profile of the Gmyna" or "The Profile of the Posvyat," and allows citizens Internet access for individual information requests. The metadata and methodological clarifications are also available for all indicators.

The annual compilations are available in the database, starting from 1995, and the quarterly reports, starting from 2002. The Polish Office of Statistics has adopted a gradual approach to data collection, starting with 1,000 of the most vital indicators. This number has gradually gone up to include 3,000 indicators and remained steady at that level. An important attribute of the regional database is its reciprocal relationship with the LSG bodies. On one hand, gmyns keep multiple records (of companies, for example) and other administrative information (in the school records) and are a great source of useful data. On the other hand, gmyns often use information from larger, regional databases for the monitoring of local programmes and projects. As a result, the LSG bodies and the Office of Statistics maintain a collegial, mutually beneficial relationship, which, in turn, assures the quality and reliability of data and encourages its use.

Early in their existence, the gmyns realized the need for monitoring, decision making, and accountability to the citizens. For the purpose of addressing this issue, a set of indicators to be used in monitoring and reporting was developed with UNDP support. The set included about 40 indicators in six areas of the social economy:

1. Financial Capacity:
  - a) resources of LSG;
  - b) collection of taxes and payments;
  - c) investments;
  - d) operational expenditures;
  - e) expenditures on public services.
2. Local Economic Capacity:
  - a) structure of economic agents;
  - b) structure of the private sector;
  - c) technical infrastructure.
3. Labor Market:
  - a) employment rate;
  - b) labor resources and demographic burden;
  - c) opportunities for employment in the private sector;
  - d) official unemployment rates.
4. Human Capital:
  - a) demographics;
  - b) education;
  - c) healthcare and social protection;
  - d) public safety;
  - e) access to culture, sports, and tourism.



5. *Social Cohesion:*

- a) *housing conditions;*
- b) *conditions for the disabled;*
- c) *re-entry into the labor market;*
- d) *gender equality.*

6. *Quality governance:*

- a) *institutions of the gmys;*
- b) *local development strategies;*
- c) *advancing the local economic entities and the gmys;*
- d) *the third sector.*

#### DEVELOPMENT OF REGIONAL STATISTICS IN THE KYRGYZ REPUBLIC

While regional statistics in the Kyrgyz Republic are collected and processed, they are clearly insufficient for the purposes of making quality decisions on the level of LSG bodies. The municipalities do not have their own statistic-gathering capacity, and the set of indicators and markers is selected, first and foremost, based on the needs of the national government. Therefore, the statistical data set on the level of LSGs, rarely offers the LSG bodies adequate data necessary for their work. This situation arose not as a result of the position of NSC KR, but as a result of the archaic data collection system, which is a remnant of the centralized form of government. In other words, our statistical methods exist without taking into account the processes of de-centralization. NSC KR's meticulous and quite difficult work of calculating the indices for NHDR serves to illustrate this point.

Life presents its challenges, and today, with the help and support of the international community, there are noticeable efforts of NSC KR, as well as the LSG bodies, to handle and resolve the issue of municipal statistics. In particular, with the support of UNDP, new types of statistical accountability in emergency situations, as well as the general integration of statistical modules (the "Ayil" software system) are being introduced on the municipal level.



## CHAPTER 2

# DECENTRALIZATION AND THE DEVELOPMENT OF LOCAL SELF-GOVERNANCE: 20 YEARS AFTER THE START

The key lesson that we can draw from the 20-year history of the development of LSGs within the Kyrgyz Republic is the fact that a government with scarce resources and a plethora of problems is inclined to yield to the temptation of controlling the decision-making process from above, excluding from the process the living individual and his needs and development. Such discrimination against specific private, personal, social and individual interests before abstract, governmental ones forces the individual to reconsider the terms of the social contract, the base upon which the government exists.

The second lesson is that, when the political will of the “superstructures” and the reforms carried out by them outpaces the reforms on the ground, the individual feels himself cheated. In his private life nothing has changed! When an individual senses the gulf between the progressive goals of the centralized powers and the inadequacy and passivity of the local ones, he begins to suspect that the central power is cheating him in big and small ways. Speaking generally, when Bishkek says that living conditions are improving but, as before, there is no water in the village, then the resident of the village ceases to believe Bishkek entirely, regardless of the fact that there are improvements in the country as a whole.

The third lesson is that despair and fear of the future is what forces the individual into destructive expressions of extreme dissatisfaction. In other words, these are sensed as insurmountable problems: the complete absence of all emotional and physical comforts in his immediate environment, in his town and village, on his street and in his building. The center’s attempts to take away from the individual resources and opportunities to resolve the situation by himself by means of centralized rule are vain and detrimental.

The unforeseen, but simple and natural relationship between the upheavals of 2005 and 2010 and the inconsistent, ineffective, detrimental government policy in regard to LSG and regional development<sup>1</sup> require new leaders responsible for carrying out strategic decisions. The history of LSG in Kyrgyzstan may be provisionally divided into five stages, the central milestones of which were major changes in legislation governing local self-governance and the praxis of governance. The study of these milestones offers an opportunity to evaluate the role of local communities, and of the citizens of the country, in implementing the functions of governing and in the improvement of their own living standards during the various periods of the country’s history.

Provisionally, these may be characterized as the uninterrupted and often contradictory stages of progress, and also a search for optimal forms and models, largely dependent not so much on the social and economic situation in the country, as on the political prerogatives of the leadership.

**First stage** (April 19, 1991 – December 19, 1991) – the reorganization of the structures of national government into LSG structures (granting to existing lower rungs of the Soviets of People’s Commissars the status of LSG structures) and a large-scale decentralization of governmental authority.

**Second stage** (December 1991 – 1997) – the beginning of intensification of the vertical organization of national governance, the “de-sovietization” of the executive LSG structures along with the simultaneous granting of sovereignty and autonomy to them from the representative government.

**Third stage** (1998 – 2007) – the appearance of an independent system of executive structures of LSG and their subsequent autonomy from local councils accompanied by the gradual increase in opportunities for the members of local communities to actively influence processes affecting them.

**Fourth stage** (2008 – 2010) – rigid centralization of power and the “dwindling” of LSG activity.

**Fifth stage** (from April 2010 – present) – new opportunities for the broad development of LSG.

<sup>1</sup> Government policy before 2010 (especially after 2007) was directed toward the centralization of governing and the creation of a rigidly vertical rule. Under the conditions of scarcity of domestic resources, this policy brought about the impoverishment of the periphery and the weakening of local structures of governance. This became one of the causes of the upheavals of 2005 and 2010.

A detailed exposition of the history of the establishment and development of local self-governance is presented in Appendix 1.

The entire 20-year history of the development of LSG in the Kyrgyz Republic demonstrates that the system of self-governance (as is true of the entire system of national governance) underwent constant, acute, often unjustified and inconsistent changes. The key issue in these changes remained retention of the ability to govern under the conditions of dire emergency situations in the economy and social relations, which inevitably acquired a political character. The primary issue before the people who ruled the country during the corresponding periods kept power in their hands at the expense of excessive and unnecessary centralization, renunciation of reforms in the LSG sphere, and the complete disregard of the needs of LSG. The issues of ensuring human development, the development of the system of local self-governance, etc., were ignored and receded to the background. This was particularly true for the first and second stages (1991-1997) and fourth stage (2008-2010,) when the socio-economic situation was extremely difficult. The urban population, and particularly that of rural municipalities, was on the border of impoverishment. Under such conditions, when the government was unable to satisfy even the most modest economic needs, it was unfeasible to discuss the final realization of all the aspects of LSG in the context of human development. Nevertheless, we should note the substantially neutral position and even support and trust of the population for all government initiatives during the first, second, and third stages for expansion of LSG.

During the third stage (1998-2007) as a result of the general improvement of the economy, as well as the democratization of the electoral processes (the heads of small towns, settlements, villages, began being elected through direct elections,) the appearance of private business-owners (a middle class,) the standard of living improved and the concern of the population with basic survival was replaced with an interest in personal development. Precisely during this period, thanks to the government, which created a legislative environment sufficiently supportive for the development of local self-governance, LSG structures began to more actively influence the living conditions of their communities. However, in 2007, the processes of strengthening LSG systems began to turn backwards, local government became centrally determined, and the interests of the individual again receded to the background. The political events of 2010 did not cause reform of the government in the direction of support for LSG and human development. By the spring of 2012, the opportunity to strengthen government and to create a more supportive environment for human development in the provinces through local self-governance, had not been taken advantage of fully.

## 2.1. Achievements and working models

The first Constitution of the Kyrgyz Republic of May 5, 1993 became one of the most important achievements of the Kyrgyz Republic in the sphere of the development of LSG. It devoted a separate chapter to the LSG issue, declaring that "Issues of living conditions of mountain settlements, villages, towns, districts, provinces having local significance are to be decided on the basis of local self-governance, active in parallel with national authority." The five sections of this Fundamental Law established all the main provisions and principles implicit in the Laws of the Kyrgyz Republic "On Local Self-governance and Local Governing Administration within the Kyrgyz Republic" of 4 March 1992, No. 749-XII. The constitutional status of LSG since that time has not been subject to doubt even during the most difficult times for self-governance (2008-2010). To the contrary, in subsequent revisions of the Constitution (1996, 1998, 2003, 2007), this status was supplemented with norms establishing an independent form of private incorporation for municipalities, municipal services, and municipal educational and healthcare institutions.

One of the unexpected events in the history of the Central Asian republics became the order of the President of Kyrgyz Republic "On Priority Measures for Organization of Local Self-governance in the City of Bishkek" of 4 July 1995, No. 171 and the carrying out on its basis the first free elections for mayor of the capital by the city's population. Even though the election of the mayor of the capital was cancelled as being premature, the law consequently laid the foundation for the introduction of direct elections of the LSG heads of rural municipalities and the heads of small towns (towns of significance on the district level). This significantly enriched the development of LSG and in the opinion of many experts, became the nursery in which were planted the seeds for the popular protests of 2005 and 2010.

**ЗДЕСЬ МОЖЕТ  
БЫТЬ СКАЗКА**

ЖИТЬ ЛУЧШЕ ЗДЕСЬ И СЕЙЧАС



It is worth noting the significant progress made in involving the populace in the work of LSG structures. Thus, at the end of 2001 in the villages, towns, and districts of the republic, popular assemblies were convoked with more than 90 thousand delegates. With the support of the UNDP and other international organizations, country is working on the establishment of community organizations and local development foundations that work closely with LSG structures. The process of social mobilization and the establishment of community organizations and local NGOs allows the involvement of the population in the management of issues of local significance. A significant role has been played by the National Strategy of Decentralization of Government Authority and Development of Local Self-governance Up Until the Year 2010 adopted in December 2002. It represented an attempt to conceptually and concretely define the most important ways and means to help the government achieve the expansion of LSG, as one of the components of human development. Given the faithful adherence to some of its provisions and consistent implementation of its goals, LSG might achieve a large measure of success in the matter of improving people's lives.

In the sphere of LSG financing a large role has been played by the Law of the Kyrgyz Republic "On the Financial-Economic Foundations of Local Self-governance" of 25 September 2003, No. 215, which gave a new definition of the concept of a "local budget." If before this law, the budgets of all administrative-territorial levels of government were subsumed under the local budget, beginning with the provincial budget and extending all the way down to the budget of the municipal council, then, in accordance with the propositions of the new Law, the local budget has been defined as the one comprising only the self-governing structures of villages, settlements, and towns. This means that the provincial and district government administrations which had previously been supported by the local budget, beginning in January 2006 were required to be financed from the republican budget, which enabled the drawing of a clear distinction between LSG and central governing structures. It was precisely 2007 and 2008 that saw the best results of LSG work, because it was in that period that political and financial autonomy achieved its highest development.

The watershed year of 2007 demonstrated the following successes for LSG:

- Rural local communities, village councils and towns of significance on the district level received the right to independently shape, on the basis of direct and secret elections, the structures of municipal authority, as a result of which they became accountable to the citizens who elected them. Precisely this factor of political decentralization to a large degree saved the republic in 2005 from a catastrophic change in authority at the level of villages and towns of district significance, unlike 2010 when during the period of revolution a significant number of these heads were replaced.
- The process of reforming self-governance included the formation of municipal ownership which helped save the remaining public property, left after the process of "denationalization" and privatization at the local level, from being completely appropriated and looted.
- The central and local structures of government authority freed themselves from having to solve a whole range of issues and problems of local significance in the area of public service delivery for the local communities of villages, settlements, and towns, giving them the opportunity to pay more attention to matters of national significance.
- LSG structures, having received a degree of independence in the sphere of decision-making over issues of local significance, began to take independent decisions, to listen more closely to the opinions and proposals of the population, and respond to their needs and wishes in deciding issues of local significance.
- The majority of LSG structures were able to, with the help of the national authorities and international organizations, focus on the development of social infrastructures for villages, settlements, and towns, and new facilities intended for common use.

# ЗДЕСЬ МОЖЕТ БЫТЬ СКАЗКА

ЖИТЬ ЛУЧШЕ ЗДЕСЬ И СЕЙМАС



## 2.2. Missed Opportunities and Materialized Risks

The entire history of LSG in the Kyrgyz Republic is characterized by the gradual narrowing of the participation of common citizens in governance and a decreasing role for the representative structure of self-governance (please see Annex 1 for more details).

The model of Soviet power was more closely aligned with the interests of the public (to factor out the pressure of CPSU) and, in general, took into account its interests in the following ways:

- the elected deputies chose from their own membership members of the executive committee – the Presidium, including a chairperson (who was the head of the Council and the leader of the executive committee), as well as the heads of the working departments of the Presidium;
- the members of the Presidium and the heads of its departments received a salary, which motivated these public officials, beside which, in case of their being relieved of responsibility they maintained their mandate as deputies;
- the specialized departments and leadership of the Presidium, representing the territorial subdivisions of the centralized ministries and departments, were subordinate to the Council in the sense of its human resource hierarchy, which made them adhere in a greater degree to territorial interests than to departmental (ministry) ones;
- the possibility of consolidating the deputy mandate with the official executive duties in the implementation of the Council's decisions represented a substantial economy of finances, as well as increased the productivity of the deputies, due to the competition between the deputies for appointments to one or another paid position of responsibility in the executive body.

A more considerate use of the Soviet model would make possible the wider participation of the population and, consequently, a greater attention to its interests. Only minimal changes would be required, which could be enacted relatively painlessly. In the first place, the process of the “de-communization” of the Soviets, that is, the cessation of the influence of the CPSU was already taking place and gathering steam under Gorbachev. This process intensified particularly after August 1991, when the coup attempt organized by the SCSE was successfully suppressed. Secondly, it would be relatively easy to prevent the administrative-political subordination of the executive committees of the lower-rung Soviets (of small towns, villages, and settlements) to the higher-ranking Presidiums, especially on the level of the village and settlement Soviets, and the Soviets of small towns. The painlessness of such a step may be explained by the fact that there still existed a sufficiently firm financial interdependence between the Soviets on the various levels of government (district, provincial, and national), which could not have been radically changed under those conditions (the rupture of government communications, the diminution followed by the complete cessation of the Soviet Union's subsidies).

Still, already in 1992 this model was changed in favor of the concept of “the separation of powers,” in connection with which the executive power of LSG was initially “governmentalized” by means of the introduction of local government administration, and afterwards, with the appearance in LSGs of their own executive committees (the village council, settlement and town governments), it was made independent of the representative forms of government. This autonomization of the executive structures from the representative structures of LSG occurred as a result of the prohibition against holding of both the duties of elected representatives and the responsibilities of the executive functions. Subsequently, a mechanism for the appointment of executive leaders by the government was introduced and, afterwards, the direct elections of LSG chiefs by the populations of small towns, settlements, and villages.

This autonomization of the executive functions represented a sharp reduction in the role of the elected structures. If at the stage of land ownership reforms (mid-90s and the end of the 20th century) the degradation of the role of local councils was not yet particularly noticed, because the deputies themselves were invited to participate in land ownership and other committees, then with the beginning of the 21st century, this tendency became substantial. This led to a situation in which, on numerous occasions, no prospective candidates placed themselves on the ballot for village and settlement councils.

The concept of “the separation of powers” as applied to local self-governance practically mirrored the national model. The popularly elected President of the Kyrgyz Republic (as the head of government and simultaneously the de-facto head of the executive branch) and the Parliament representative of the Kyrgyz Republic permanently shared power, just as the local council was



**ЗДЕСЬ МОЖЕТ  
БЫТЬ СКАЗКА**  
ЖИТЬ ЛУЧШЕ ЗДЕСЬ И СЕЙЧАС



permanently positioned as parallel to the government appointed or popularly elected head of the village, settlement, or town (on the district level) municipality. The so-called “double (parallel) legitimacy” always carries within it the seeds of conflict. The elected officials of the local councils were accorded a very unattractive choice. They could either acquiesce to the mandate (to rubberstamp all the programmes and reports of the executive structure) or, within the limits of their oversight responsibilities, stand in opposition to the executive structure. In the context of a relatively small community (for example the village,) this preordained conflict does not contribute to stability or effectiveness of government. The problem emerged out of the insufficiently precise definition of LSG structures and the lack of balance between their authorities.

The fact that genuine financial decentralization undertaken in Kyrgyzstan in 2007-2008 was later rejected is highly regrettable. The successes of the local communities in increasing their revenues under the safeguard of the policy of decentralization would have no doubt improved the quality of life and of human development in the local communities. We would note that in 2012 an attempt is being made to return to the successful record of 2007, but the situation is complicated by newly created circumstances and the result of these attempts is not yet evident.

At the present time, the crucial unresolved problems and negative factors in the LSG sphere are:

- the absence of synchronicity in the processes of political, financial, and administrative decentralization, which is reflected in the existing legal foundation;
- the artificial “gravitation” of LSG toward the district level by means of assigning the district councils to the category of local ones (and under the auspices of the national system of executive structures, the local state administrations);
- the retention of a strong influence of central government on the process of shaping the executive structures of town and village LSGs;
- the absence of a national concept for the improvement of the multi-level administrative-territorial organization of the republic, a remnant inherited from the Soviet authorities, which makes it impossible to embark on the development of principles clearly differentiating the functions and authorities between the governance bodies, and which also negatively affects the interrelationships between the bodies of local, state and municipal administrations;
- the retention of substantially centralized inter-budget relationships, resulting in a paucity of subject to local budgets;
- the lack of consolidation of smaller, non-economical municipalities.

The decelerated decentralization of central authority and the insufficient support provided to LSG structures may of course be explained by the fact that the national leadership and politicians do not in full measure account for the potential opportunities that the effective functioning of local self-governance would present for the development of particular territories and for the country as a whole. As a result, constructive ideas and the concept of local self-governance do not receive the necessary attention.

As before, arguments for maintaining and even centralizing power receive greater attention in politics. As such, local self-governance is perceived as a threat to the authority of the center, and a factor breeding separatism. This brings about the adoption of conflicting decisions, including at the legislative level, the lack of effectiveness of reform, and even a rejection of some positive results. Therefore, overcoming the tendencies of centralization of authority and resources is the main problem.

**MYTHS ABOUT LOCAL SELF-GOVERNANCE: “LSG LEADS TO SEPARATISM,  
CREATING A THREAT TO THE UNITY OF THE COUNTRY”**

*It is well known that LSG is based not on territorial divisions, which are capable of leading to separatism and creating a threat to the unity of the country, but on the separation of powers between the different levels of government itself. In other words, the basis of LSG is the division of issues of governance into national ones and those of local significance. National issues possess the same significance for each citizen of the republic, wherever he or she may live, and are therefore regulated and addressed by the central government. These are issues such as national legislation, defense, and international affairs. But there is a complex of other issues which carry greater significance for residents of a particular territory, for example, the functioning of kindergartens. For this reason, such issues are subject to the competency of local self-governance and are regulated by the communities themselves through LSG structures. It should be noted, they are regulated in accordance with laws uniform for the country as a whole. Emerging as they do out of the aforementioned principles of separation of authorities, LSG is incapable of creating a threat to national unity and the growth of separatism.*



It is paradoxical that the “governmentalization” of the executive powers of LSG, its concentration in local government administrations, was accompanied by a parallel weakening of the local state administrations (LSA) themselves, who were progressively losing their position in versus the territorially-based divisions of the central government structures (ministries and administrative agencies). Initially, the LSA possessed substantially broad authorities. Accordingly, the chief of an LSA in agreement with the national government organizes the territorial security services, national health code oversight, national veterinary oversight, architectural and technical controls over construction and other services located under the auspices of their joint oversight. It appoints the leadership of these services in agreement with the higher authorities of national government. Additionally, the LSA chief organizes the use of any emergency services under his means, including those of any LSA subdivisions, and appoints the leadership of the latter. It is only in connection with a narrow circle of national functions (tax collection, trade and tariff services, national security, affairs of national defense, justice, ecological protection, statistics, government archives, forest services, price control and antimonopoly policies) that he had only approval powers over the appointment of the leadership, possessing only the function of coordinating the activities of these authorities. The provincial, Bishkek city, township, and district prosecutors were appointed with the preferences of the corresponding LSA heads in view. However, with the weakening of LSG, the national administrations were progressively immersed in deciding issues of local significance on the one hand and on the other hand the relevant branches of the central ministries began to overshadow their counterpart LSG authorities. The territorial departments of the ministries and agencies were progressively removed from LSG structures and placed under ministerial hierarchies. The authority of LSG leaders of these structures began to inevitably narrow. Finally, as a product of the interminable legislative restructuring, the branches of central ministries and agencies achieved a complete dominance over the local territorial organs and their removal from LSA jurisdiction. This instigated a tendency in national policy favoring the authority of ministerial branches at the expense of territorial control. At the present time, what is called for is an in-depth analysis and development of factually and science-based approaches toward the division of the authority between the levels of government, among these between the territorial ones and the branches of national administrations. Such attempts have been undertaken repeatedly, but never brought to their logical conclusion and instituted.

**MYTHS ABOUT LOCAL SELF-GOVERNANCE:  
“THE SUCCESS OF LSG DEPENDS ON THE MOST EXPEDITIOUS EXECUTION OF  
REFORMS OF ADMINISTRATIVE-TERRITORIAL ORGANIZATION”**

*The absolute necessity of carrying out of reform of administrative-territorial organization (ATO) and its influences on LSG have been aired now for a period of decades. The leadership of the Kyrgyz Republic has begun work on this reform several times, but when time came for their adoption, the matter came to an end. The problem is that the goals and principles of the given reform were not made absolutely clear and remain incomprehensible to the society as a whole and to the various levels of government. One of the most essential cited reasons for reform is the excessive of number of municipalities in Kyrgyzstan and their lack of effectiveness governance. But, under closer scrutiny, it turns out that shrinking the number of municipalities in itself can not be the object of such reform, and that effective governance may only be accomplished through other means under the existing ATO.*

*There is no need to argue over the necessity for reform in principle – it is needed. However, what is doubtful is that it is needed precisely now and that the reform of ATO will solve the problems of LSG and local development. In our opinion, improving the quality of LSG would make human development possible under the existing administrative-territorial framework. At the same time, ATO reform requires colossal financial resources and may create added potential for conflict. Moreover, dissatisfaction with this or other aspect of the reform will inevitably be used by destructive interests to provoke destabilization. Thus, we are convinced that there is no urgency and for the carrying out of ATO reform. The reforms should be approached with balance, from a scientifically-based perspective, as well as with sufficient financial resources.<sup>1</sup>*

<sup>1</sup> In Latvia, a similar reform was prepared over a 10-year period, and accompanied by substantial financial grants from the European Union, however no one is prepared to recognize it as an absolute and complete success. See the following site: <http://rus.db.lv>

### 2.3. Local Self-Governance and Government Authority: Clear Boundaries “In the Gray Area”<sup>1</sup>

Besides the purely structural reorganizations in the sphere of governance and LSG, a problem during the entire 20-year period of reform is the division of functions between the central government and LSG bodies. The questions regarding what issues the LSG level would carry responsibility over, has haunted absolutely all the policy makers and officials for the duration of the entire 20-year history of the sovereignty of the Kyrgyz Republic.

The basic principles of LSG are:

- 1) independent decision making;
- 2) real resources;
- 3) accountability to people for decisions

**Independence** assumes that the population itself determines who will decide the issues of governance (elects its own representatives to LSG structures) and has oversight over the performance of its leadership. In addition, the responsibility (moral, political, and legal) of the public officials for the state of affairs in the local community is exclusively the domain of the local community. The state steps ensures their responsibility only on the initiative of the local community.

**Real resources** assume a variety of labor, financial, and material-technical resources for the purpose of actively and effectively addressing issues of local significance. Consequently, LSG structures must have adequate resources. Under circumstances where sufficient resources exist, the local self-government may be entrusted with a broad range of functions. However, when the resources are scarce or they are excessively centralized (see chapter 3.3), then the range of issues that could be addressed by the LSG markedly narrows. Within the given context, **there exists a common understanding of the approximate contours of accountability of local self-government.** This understanding is most clearly formulated in sections 3.1 and 9 of the European Union Charter on Local Self-Governance, in accordance with which the LSG structures must have the right to “regulate a significant portion of public affairs and direct them” as well as to possess “sufficient financial resources of their own, which they have a free hand in the disposal of.”

The Constitution of the Kyrgyz Republic states that “Local self-governance is a right guaranteed by the present Constitution and the meaningful opportunity for local communities to independently, in their self-interest, and under their own responsibility decide issues of local significance” (page 110 of the Kyrgyz Constitution of June 27, 2010). However, the Constitution does not specify what precisely constitutes “issues of local significance” and therefore the question of the division of issues into local and national ones remains critical. Despite the apparent simplicity of the term “issues of local significance,” its definition affects the breadth and range of LSG responsibilities. As a matter of definition, any issue affecting communal life is one of both central and local significance. For example, issues of healthcare and education are of importance to the central government, but they are also significant to the local community. Even an issue that is on its surface of strictly local significance, such as housing quality within the territory of the community, overlaps with a range of other national issues: sanitation, construction codes and regulations, environmental protection, and land and water usage. It is the corresponding structures of central authority that are responsible for these issues (health and welfare ministries, construction authorities, etc.). If these issues are to be controlled at both levels (LSG and the central government authority,) there is a risk of duplication leading to a situation of “too many cooks spoil the broth.”

For a long time, the list of issues of local significance was an open one. The the laws on LSG assumed that any issues established by legislation could be delegated to local self-government. This presented an opportunity for widening the scope of responsibilities of LSG bodies by the national government. An analysis of the legislation counted more than 30 laws delegating onto LSG structures a range of responsibilities (functions). Such a state of affairs, the scattering of issues of local significance (LSG responsibilities) among the various pieces of legislation and by-laws has complicated the work not only of municipal servants, but even of professional jurists. Moreover, the specified acts did not take into account the ability of the local communities (on financial, human resource, and technical grounds) to effectively assume the additional functions foisted upon them. For example, up to the present time, the structures of LSG and the local budgets have been required to fund education.

<sup>1</sup> The concept of a “gray zone,” introduced into political use by the Norwegian politician Jens Evensen, initially signified the contested part of the Barents Sea watershed. In contemporary political and military texts, it came to refer to the region of a dialogue, process, or military affair, situated at the center of transition from one pole to another, or to a partial realization of a goal. See the following sites: [http://norge.ru/evensen\\_jens/](http://norge.ru/evensen_jens/) and [http://dic.academic.ru/dic.nsf/eng\\_rus\\_apresyan/41745/gray](http://dic.academic.ru/dic.nsf/eng_rus_apresyan/41745/gray)



The determination issues of local significance to be addressed at the LSG level was retained all the way up until the adoption of the Law of the Kyrgyz Republic “On Local Self-governance and Local Government Administration” No. 99 of May 29, 2008. This law established a list of issues for which the LSG structures are accountable to their own populations. All the other issues (functions) must be addressed only as functions delegated by the state.

However, the establishment of a “closed list” of specified LSG functions was not accompanied by an adequate harmonization with other (sectoral) legislation. Besides this, the absence of sufficient financial and material-technical resources among LSG structures impedes their ability to perform their duties.

The absence of harmonized legislation on LSG functions persists to this day and engenders, beside conflicting laws, the desire of the state and of particular government agencies to broaden the list of their own functions in the local self-governments while retaining for itself the privilege of “controlling” LSG activities and disbursing resources. At the same time, this situation engenders the antagonism of LSG bodies and their desire to evade duties irrelevant to them.

Accordingly, the leaders of city LSG structures believe that only 9 of their 22 functions were assigned to them correctly.<sup>1</sup> The functions that are recognized as appropriate (based on jurisdiction) by municipal LSGs include two categories – the management of their own resources (land, budget) and the delivery of communal services of local significance (aside from water supply). In other words, the functions that do not raise objections are directly connected to the distribution of their own resources, those that are actually at LSG bodies’ disposal. The greatest degree of objection on the part of city LSG bodies was raised about responsibilities for the development of national arts and crafts, and the oversight of cemeteries and libraries. Thirteen percent of city leaders consider that these functions have been assigned to local governments incorrectly. This reflects the belief that communities are capable of carrying out these responsibilities independently without the interference of LSG bodies. Following the same logic, as is true for cities, rural municipalities are willing to accept as rightfully theirs without discussion only those functions supported by resources. However, rural LSGs have fewer resources and therefore the functions that they accept as rightfully theirs are fewer. If in the cities such responsibilities number 9, then in the villages there are 6 of them. Additionally, among rural municipalities not even one function gathered 100 percent support for its “correctness” of assignment. It is easy to note that among the leaders of rural municipalities, the number of optimists is seven times lower than among their colleagues in the cities: only two percent of the rural LSG heads believe they have no “problem” functions, while 13 percent of the city respondents believe so.<sup>2</sup>

Beside the absence of harmonized legislation, there is the extremely difficult problem of delegating of central government functions (authorities). For example, LSG structures are forced to perform the duties delegated by the state and dedicate the LSG’s budgetary means to funding them at the expense of the interests of the local community. This is connected to the fact that up until the present time, the mechanisms for delegating and financing government authorities have yet to be determined. In other words, the government “hoists upon” the LSG bodies the execution of its own functions, without simultaneously transferring to them the corresponding necessary means. Additionally, the range of such delegated duties has not shrunk but is expanding. The government has not refrained from delegating to the LSG structures more and more tasks. For example, in one of the districts of Osh Province, the LSG structures have mandated the shooting of homeless dogs, for which the LSG has neither the means nor the human resources, and the issue itself falls under the competency of the corresponding national authorities. At the same time, rural municipalities are still unable to complete the process of registering municipal properties of the local communities, because they do not possess the financial means for national registration of municipal buildings and lands.

The problem of non-harmonized legislation, as well as the lack of resolution regarding the process of delegating government authority engenders a duplication of functions and irresponsibility at all levels of governance. For example, the Law of the Kyrgyz Republic “On Tariffs of Insurance Fees for National Social Security” of January 24, 2004, No. 8 named the LSG bodies as the payee of the farmer insurance payments for lands rented out by the Fund for the Redistribution of Collective Farm Holdings. At the same time, the Law of the Kyrgyz Republic “On the Social Fund of the Kyrgyz Republic” of August 2, 2004, delegates the collection of the same insurance premiums to be a function of the Social Fund.

<sup>1</sup> Gradvaal C., Dobretsova N., Ismailov A., Narusbaeva U. A message from practitioners to politicians: how we live, and what needs to be changed in the LSG system in order to improve the quality of life locally. Report on the results of the sociological research of the personal attitudes of the leadership of local self-government structures of the Kyrgyz Republic to their assigned LSG functions. The Development Policy Institute, 2011. p.26.

<sup>2</sup> Ibid, p. 32.

## RECOMMENDATIONS

1. The range of issues decided at the level of LSG ought to be adjusted depending on the type of LSG: whether it is rural or urban. The list of issues to be addressed by urban self-governments ought to be broader or narrower (depending on the size of the township), but it must certainly be distinct from the list of issues facing rural governments.
2. Issues of local significance may be divided into mandatory and auxiliary. **Mandatory issues** are the issues that cannot be effectively and efficiently addressed at another level (for example, using the resources of the community itself), in view of their necessity to the local community. Thus, the mandatory issues of local significance may include waste collection, street lighting, maintenance and regulation of cemeteries, preparation and issuance of certain papers, management of municipal property. **Auxiliary (additional) issues** are the issues that do not require daily execution and control: placement of advertising and publicity, support of ethnic arts and crafts, development of entrepreneurship, etc. The process of dividing issues into mandatory and auxiliary can start with the existing list of 22 issues subsumed under the exclusive authority of LSG. The established list ought to be divided along lines of mandatory and auxiliary according to the type of LSG, urban or rural.
3. The central government may delegate its functions to LSG bodies on the basis of mutual agreement. In accordance with the Constitution of the Kyrgyz Republic, LSG structures may be empowered by the state as long as they are provided with the material, financial, and other resources necessary for their implementation. The state authorities can delegate to LSG bodies on a legal or contractual basis.
4. LSG bodies face challenges in performing even their own functions as a result of the shortage of financial resources. At the same time, they have to perform many delegated central government duties, drawing only upon the means local budgets. The heads of LSG bodies, particularly during the past several years of de-facto centralization of authority, have developed a detrimental habit of prioritizing the national government's duties and assignments at the expense of issues important to local communities. The issue of priorities must change to reflect genuine decentralization, including the election of leaders of LSG structures, instead of their appointment by central authorities.
5. The insufficient funding for their functions is evident. This speaks of the necessity of legislative changes in the system of the financial-economic foundations of LSG. The existence of difficulties in carrying out such functions as supplying drinking water, supplying functioning sewage systems and treatment facilities, maintenance of municipal roadways, prove the importance of legislative reforms in the sphere of financing LSG. For LSG bodies at the rural level, the differentiation of, and the reflection of such differentiation of responsibilities in the legislative sphere, in the provision of drinking water between the local LSG bodies and the associations of water users is essential. In cities, as in the villages, a more effective use of the system of municipal contracts on the basis of competitive bidding is possible. A similar approach can be used for those functions that, according to LSG heads, are least important to their work.
6. The process of delegating national government authority, unfortunately, has never been elaborated in the new Law of the Kyrgyz Republic "On Local Self-Governance" of July 15, 2011, No. 101. The law did not clearly regulate this issue. The municipalities are excessively burdened by the national government duties delegated to them that oftentimes are not supported financially. As a result, the national government bodies, through their respective legislative acts, have transferred onto the municipalities duties at the expense of LSG revenues. As a result, the overwhelming majority of municipalities, particularly rural ones, became dependent on government funding, in other words, on handouts. It ought to be noted that they are in this situation not only as a result of the inadequacy of their own revenue potential, but also because a significant portion of the local budget is devoted to the fulfillment of national commitments, which ought to be funded from the budget of the republic. As to the provincial policies and local economic development, the government has "coasted on" and continues to "coast on" local self-governance, naively believing that it will handle the delegation of national-level functions without the requisite financial support. It is therefore essential to replace the declared norms regarding the necessity of funding the delegated functions through well-defined mechanisms. If the delegation takes place without attention to such mechanisms, then the municipality must retain the right to refuse

fulfilling such functions. The simplest mechanism would be an individual approach, that is, the incorporation of municipalities (every village charter involves such bylaws) would require the listing of all responsibilities delegated from the national government. This would give the municipality the opportunity to more effectively defend its right to demand from the government (the Ministry of Finance of the Kyrgyz Republic, Government of the Kyrgyz Republic, Parliament of the Kyrgyz Republic) the necessary financial resources during the shaping of local budgets. Yet another possibility may be the group approach, in which the government delegates a set of identical responsibilities to a group of municipalities identical in type, but again on the basis of a mutual agreement.

Unfortunately, the new Law of the Kyrgyz Republic “Regarding local self-governance” of July 15 2011, No. 101 does not contain precisely defined mechanisms for delegating responsibilities and their financing. As a result, the structures of LSG risk remaining “errand boys” vis-à-vis the national authorities, fulfilling the functions of others without remuneration.

## CHAPTER 3

# LOCAL SELF-GOVERNANCE AS AN ENVIRONMENT FOR HUMAN DEVELOPMENT

### 3.1. Relationship between the Level of Human Development and Local Self-Governance

#### *INFLUENCE OF LSG ON THE ENVIRONMENT AFFECTING HUMAN DEVELOPMENT*

*The level of human development across the Kyrgyz Republic and all its territories is defined in terms of the development of LSG. It is here, on the level of the LSG, that the most important basic services are delivered, services that create an environment for human development. Here, an individual receives primary and secondary education, which, to a great extent, determines one's future life path. Here, first aid is administered and preventative medical services are delivered and the foundation for a healthy life is laid through the availability of pre-natal and neo-natal and OBGYN services. It is precisely here that children are brought up and acquire the cultural and social skills of future citizens.*

*It goes without saying, that further decentralization and strengthening of local self-governance will improve the quality of all the aforementioned services and further the conditions for human development.*

#### 3.1.1. Municipal services for the population

Much of human development depends on the availability and accessibility of social services. Ideally, the structures of LSG should be in the position to deliver, in the most efficient way possible, the entire range of services required to satisfy a citizen's daily needs.

In accordance with the laws of the Kyrgyz Republic, the LSG structures are responsible for the delivery of most such services. However, the quality of the delivery of these services leaves much to be desired. Citizens often directly express their dissatisfaction with these services, while the LSG representatives, in turn, doubt whether they should be dealing with these issues at all. Much regarding the creation of conditions supporting human development depends on whether one or another important service is available and accessible, at what distance, and under whose competency its delivery falls.

The Kyrgyz Republic "Law of Local Self Governance" #101 of July 15, 2011, in Clause 18 defined 22 independent functions, assigned to LSG structures:

- 1) assuring economic development of a corresponding territory;
- 2) managing municipal properties;
- 3) determining, approving, and implementing the local budget;
- 4) providing local populations with drinking water;
- 5) insuring the functioning of sewage systems and water treatment plants in populated areas;
- 6) insuring the functioning of municipal roads in populated areas;
- 7) providing lighting of public areas;
- 8) insuring the functioning of cemeteries and delivery of burial and memorial services;
- 9) landscaping and decorating public areas;
- 10) insuring the functioning of public parks, sports arenas and places of recreation;
- 11) organizing the collection, removal, and recycling of household trash;
- 12) insuring the functioning of the municipal transit system and managing public transportation within populated areas;
- 13) protecting and preserving objects and sights of local cultural and historic value;
- 14) overseeing and managing the work of local libraries;
- 15) establishing the rules for land-ownership and assuring adherence to the existing norms and rules of urban planning and architectural development;
- 16) overseeing placement of advertisements and billboards on the territory of the corresponding populated area, and assuring it meets the legislative requirements of the Kyrgyz Republic;
- 17) cooperating and assisting with maintaining security and public safety;
- 18) creating conditions conducive for the development of ethnic arts and artisan skills;

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- 19) creating conditions conducive for organized leisure activities;
- 20) overseeing the implementation of children's and youth services and events;
- 21) creating conditions for the development of physical education and team sports;
- 22) assisting in prevention and neutralizing of consequences of emergency situations.

Not all the functions, outlined by this law as inherent functions of the LSG, are perceived as such by the LSG structures (see more in the section 2.4. Local self-governance and government authority: clear boundaries "in the gray area"). The LSG structures are more willing to deliver services in the areas where they feel they have sufficient resources. In the areas where no local resources are available such as in the sphere of water supply and sewage services, they are reluctant to get involved.

The citizens feel otherwise—people are less concerned with the availability of resources than they are with the quality and the accessibility of a service. Hence, in the opinion of the majority of the population (69%), the LSG should be charged with maintaining comfortable living conditions for human development (water supply, sewage and water treatment, street lighting, trash removal and recycling, etc.) Only 18.4 percent feel LSG should share these responsibilities with the national government bodies. In regards to creating conditions for elementary and secondary education (opening and operation of schools and kindergartens/daycare centers), providing healthcare services (opening and maintaining hospitals, emergency rooms, etc), and employment assistance for the youth, citizens want to split the responsibility between the LSG infrastructure and the national government.

On questions related to environmental protection, prevention of emergencies and maintaining law and order most citizens are inclined to view as belonging to the sphere of competence of the national government<sup>1</sup>.

#### PRINCIPLES OF MUNICIPAL SERVICES DELIVERY<sup>2</sup>

**Availability** – the provided public and municipal services should be available for all categories of service recipients.

**Quality assurance and customer orientation** – state and municipal organizations must provide their customers with quality public and municipal services, while assuring that all procedures are designed to minimize the costs on the part of the customer.

**Accountability** – public and municipal institutions must regularly report to the public on their service delivery activity.

**Transparency** – the recipients of public and municipal services have the right to familiarize themselves with the activity of the government and municipal institutions in the area of service delivery.

**Equal access** – the offered public and municipal services must be available to all types of service recipients, without discrimination against particular categories of citizens, or refusal to deliver services based on disability, nationality, language, race, or religion.

**Customer participation** – the customers are allowed to participate in compiling a single, central, government register of public and municipal services, in developing standards and criteria, and in evaluating the public and municipal services.

**Efficiency** – the public and municipal services have to reflect the principle of cost per value.

<sup>1</sup> Practice has shown that issues, such as prevention of emergency situations, can be effectively solved at the level of local communities, through LSG. That the citizens themselves still do not completely understand this is due to the paternalistic expectations of the public for government protection.

<sup>2</sup> Draft Law of the Kyrgyz Republic "On Public and Municipal Services."





#### REDUCING THE RISK OF NATURAL DISASTERS: AN EXAMPLE OF A CLEARER DELINEATION OF RESPONSIBILITY BETWEEN STATE AND MUNICIPAL GOVERNMENTS

*Disasters occur when extreme natural conditions or technological failures intersect with human vulnerability. Here, we see a relationship between forces of nature and social vulnerability. Poor populations suffer from disasters more often and to a greater extent. It's extremely important to remember that although it is impossible to prevent natural disasters, it is possible to soften and minimize their effect (disaster risk reduction).*

*Development of policies and strategies of disaster prevention and elimination of disaster aftermaths and consequences of emergencies is, by all means, a State's function. In the event of a natural disaster, the state, on a central, national level, must accumulate resources for maintaining technically prepared and properly equipped emergency response and rescue units and for monitoring high risk situations, as well as engaging in costly preventative measures and drills.*

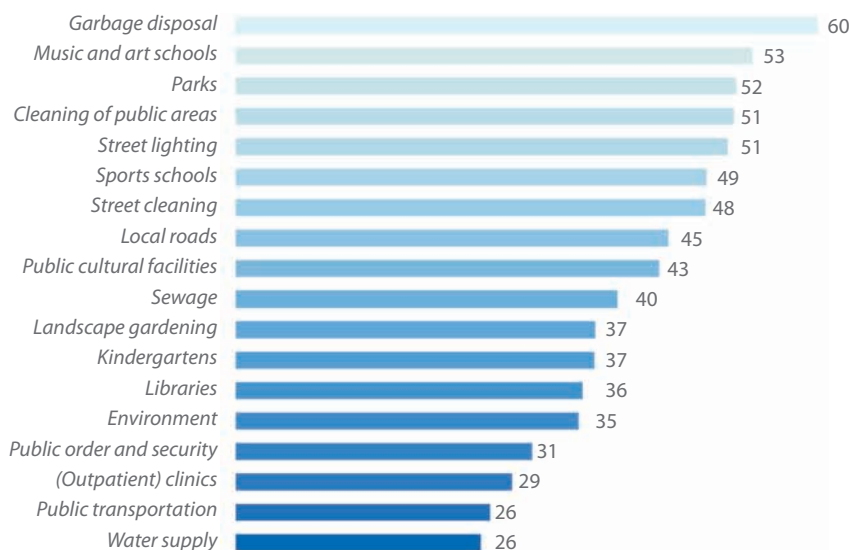
*At the same time, the LSG infrastructure must also be ready for emergencies, as they are the first responders on the scene (even if this is not formally stipulated in legislation). In international practice, one of the main elements of reducing vulnerability (disaster risk reduction) is the level of preparedness of the local government and the local population itself. Moreover, in the event of an extreme situation, the local government is often faced with having to eliminate the consequences at their own expense.*

*The UNDP launched its Disaster Risk Management Programme in Kyrgyzstan in 2005. Since then, the programme organized events to develop disaster preparedness capacity in 56 pilot LSG bodies; it also delineated and clarified functions and responsibilities among the various administrative levels within the local governments, providing recommendations on improving national disaster statistics and ways of factoring risk management expenditures into local budgets.*

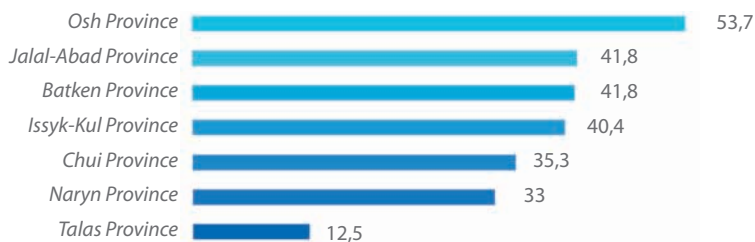
*The practice of allocating grant money for prevention and mitigation of natural disasters, designed to reduce disaster risks, and the introduction of statistical tracking of investments and major funding sources, produced positive results in terms of openness, transparency and sustainability. Starting in 2011, the pilot rural municipalities (AA) began incorporating into their budgets resources for the prevention of emergency situations. The pilot municipalities (aimaks) pioneered the process of taking formerly abandoned structures and sites under the auspices of the LSG hierarchy, which resulted in the introduction of special criteria for the selection of remedial projects proposed to obtain grant funding for repairs and rehabilitation of such sites.*

Obviously, the LSG have experienced difficulty in assuring the quality of services they provide to the population. Therefore, it is not surprising that many citizens have expressed a high level of dissatisfaction with most of the municipal services. Citizens are least satisfied with the trash collection and removal service (60%), art and music education in primary schools (53%), the conditions of parks and the cleanliness of public squares (52% and 51%), the state of sports and athletic education (49%), the cleanliness of local streets and the condition of local roads (48% and 45% respectively), the condition of cultural and heritage sites (43%), and the condition of the sewers (40%) (see Diagram 4). It must be noted that people's concerns are not merely material and pragmatic, such as the condition of the roads and the sewers. They are also, and to a greater extent, related to the conditions conducive to nurturing a well-rounded personality. Such programmes include development and proliferation of music, athletic and art in schools, as well as maintenance of cultural and heritage sites. More than every second respondent expressed dissatisfaction with all of the above-named services. Every third and fourth from the ones sampled also expressed negative attitudes toward the rest of the available services. That is libraries, ecology, public order and safety, healthcare, public transportation and water supply (see Diagram 5).

**Diagram 4. Rate of dissatisfaction with the resolution of issues of local significance (as a % of all respondents)<sup>1</sup>**



**Diagram 5. Rating of LSG bodies, whose work is evaluated by citizens as "excellent" or "good" (as a % of all respondents)**



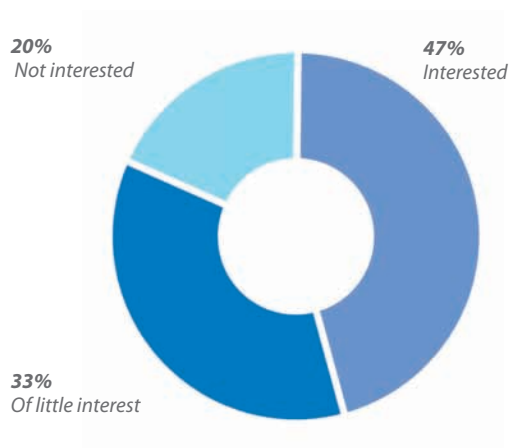
1 This and the following diagrams (except those for which a reference to a particular source is given) present the data obtained in the course of sociological research, conducted in preparing this Report. A sample of the survey instrument is given in Appendix 2.

2 Results of sociological research on levels of satisfaction with services provided by the LSG structures in 2007, 2008, 2009. A branch of the Urban Institute in the Kyrgyz Republic. The Archives of the Development Policy Institute.

### 3.1.2. Interest in the system of local self-governance

Considering that the LSG is the most immediate and grass roots form of government, one would expect more attention paid to LSG on the part of the population. The degree of people's satisfaction with it, serves as an important incentive for the work of LSGs. A survey showed that less than half of the respondents were definitely interested in the activity of LSG – 47 percent of respondents, with 80 percent claiming to be somewhat interested (see Diagram 6). At the same time, the level of interest toward the work of LSG structures grew only minimally over the years (in 2007, the part of the population somewhat interested in LSG activity was at 77%)<sup>2</sup>.

**Diagram 6. Are you interested the work performance of LSG?**



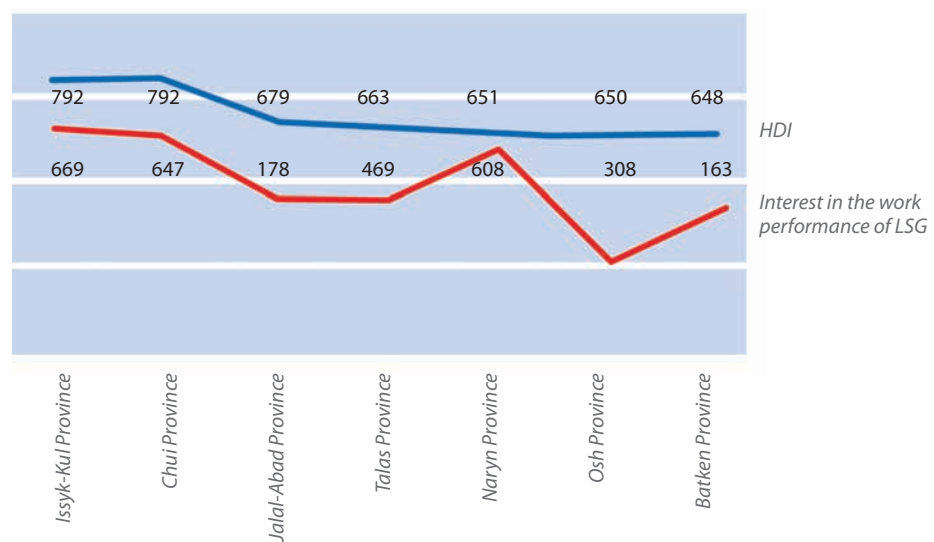




A geographic spread of expressed interest in the activities of their local LSGs shows that the most significant interest is demonstrated by people in the Issyk-Kul (60.8%), Chui (64.7%) and Naryn (60.8%) provinces. In contrast less than half of population of Jalal-Abad (47.8%), Talas (46.9%) and Batken (46.3%) provinces were interested in LSGs.

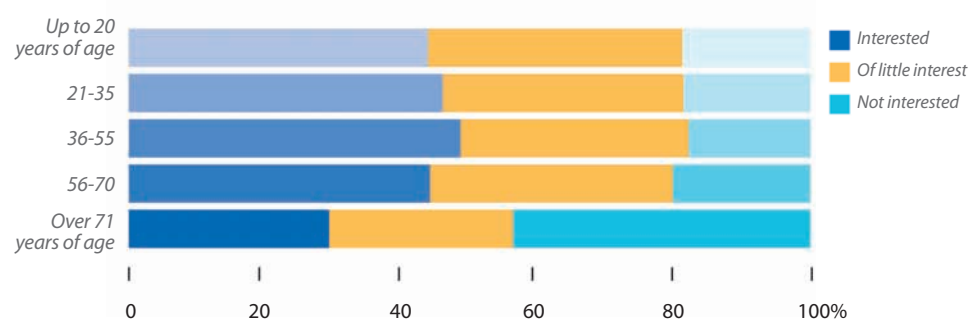
There appears to be a correlation between the level of interest in the activities of the local LSG structures and the Human Development Index in the provinces of the Kyrgyz Republic (see Diagram 7). The absolute leaders in the area of citizen interest – the Issyk-Kul and Naryn provinces' LSG bodies are also ahead of the rest of the country in the level of HDI, which reaches its maximum value in the country.

**Diagram 7. Relationship between HDI and level of interest in the work performance of LSG**



It is interesting that the interest peaks in the most stable age category – 36 to 55 years old. As a rule, this category is the most financially secure, having achieved the pinnacle of their professional growth. More often than not, these people are the breadwinners (primary earners) of their families, tax payers (including the local taxes) and the main consumers of municipal services (see Diagram 8). One can imagine that, as direct taxpayers carrying the burden of paying for the municipal services, this group of citizens would, indeed, be interested in the activity of their LSG. Past the age of 70 the interest of citizens in the work of LSG decreases sharply.

**Diagram 8. Interest in the work of LSG among age groups (as a % of respondents)**



It must be noted that there are people who are inclined to project their personal feelings and attitudes toward the head of the local government onto the entire institution, its staff and scope of activity. Doubtless, this approach has some merit. The scale of the municipal power and its immediate relationship with the population implies that people have more opportunity to socialize and communicate with the leaders directly and be in personal contact with them. Thus, in every village, the elder is a personal acquaintance, and every AA leader is known and familiar to his constituents. A survey, conducted as part of research for this Report, confirms that three out four Kyrgyz citizens (75%) personally know their mayor or head of the village municipality.

**Diagram 9. Name recognition of executive heads of LSG structures (mayors and heads of village councils, AO) as a % of all respondents**

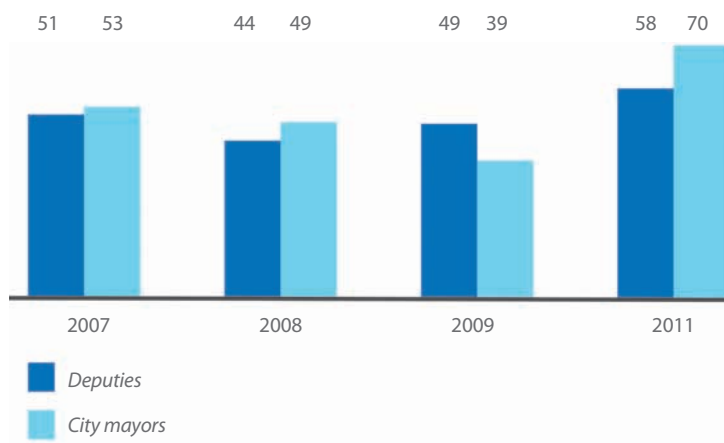


If one were to consider the level of name recognition and familiarity of local mayors and heads of village municipalities in geographic representation, one would notice an inverse correlation. The higher the level of familiarity/notoriety, the lower the level of citizens satisfaction with the work of LSG bodies and vice versa (see Diagram 9). This is supported by a popular opinion that the less conspicuous the LSG, the better job it seems to do. In other words, if the roads are good, we take them for granted, but if we fall into a pit or an open man hole, we immediately think of the LSG body that failed us by allowing such a situation to occur.

When we compare the data obtained from this survey with the data from similar surveys in recent years, we notice that the level of citizen awareness regarding their LSG representatives and leaders, especially town mayors, has grown. In 2008, a decline in interest was observed, due to the temporary revocation of elections for LSG officials, however, in the past four years, the percentage of people who know their mayors rose from 44 to 58 percent<sup>1</sup>.

<sup>1</sup> Results of sociological research regarding the level of satisfaction with services delivered by LSG structures, 2007, 2008, 2009. Branch of the Urban Institute in the Kyrgyz Republic. Because no survey of residents of villages is part of framework of this research, it is not possible to present comparable data for rural municipalities.

**Diagram 10. Dynamics of recognition among citizens of representatives of city councils and city mayors (as a % of all respondents)**



#### **DIRECT SPEECH**

*A newborn finds himself immersed not only in the physical reality, nature and family, but also in a social environment, which can be influenced by LSG bodies. The quality and level of the infrastructures, medical and healthcare services, the state of culture, etc. directly influence the development of the young generation in general and on every individual, in particular. In order to improve the level of upbringing and education, the Naryn Town Hall instituted merit stipends and scholarships for the best students of secondary schools, technical/trade schools, and lyceums – overall, 32 endowment scholarships in the amount of 3,000 soms. Straight A students also get special diplomas, and 20 vacation packages to lake Issyk-Kul resorts are distributed among the teachers annually, in order to motivate performance and reward excellence.*

*Town Hall officials remember and acknowledge the heroism and sacrifices of Afghan veterans and people who have lived through the Chernobyl disaster; they try to provide care for the children, elderly, and the disabled. These categories of citizens are offered whatever financial support is deemed feasible.*

*In order to encourage active participation in the civic life of the town, and stimulate interest in the country-wide and world events, the Mayors' office organizes festivities and public events, widely celebrating such holidays as **The Day of the Child, Health Day, Day of the Elderly, WWII Victory Day**, etc., with the pedagogic intent and in order to promote a healthy way of life, the local council passed a law prohibiting the sale of alcohol and tobacco products to minors under the 18 years of age. They also outlawed the use of school children in street cleaning and town maintenance operations. This was in response to the citizen's wishes, so, these decisions of the representatives were popular and widely approved of.*

*With the intent of improving the level of economic literacy of Naryn citizens, we run informational campaigns, budget hearings, and meetings with members of the business community, press conferences and other events. The "Unosh" project was conceived in order to standardize funeral expenses. I am convinced that even the patriotically themed contests such as "Mekenim-Meninardagym" (My Golden Motherland,) as well as some civics contests carried over from the Soviet era, such as "Father, Mother and me – a happy family," a contest for an ideal household/family, an exemplary building, neighborhood, organization, etc., serve an educational purpose.*

*The town's infrastructure is greatly improved due to such contests and initiatives: children's playgrounds appear in the yards of high-rise residential buildings, benches and athletic fields are installed. It is worth noting that we planned a number activities and events aimed at achieving the Millennium Development Goals, gender equality being one of them.*

*The world does not revolve around the Naryn Province, and our youth has to understand that well. In the spirit of multicultural education of the local youth, a joint project, "Kim bolso da anyn ulutu, biz bolobuz ten ukuktuu" (We are all equal, whatever nationality we are) based on the participation of students from secondary schools and specialized educational facilities, was conducted. The Kyrgyz have always been a tolerant people, and we wish to pass that valued quality to the new generation.*

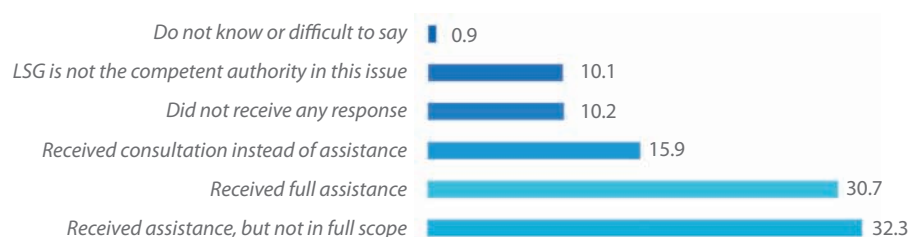
*Ch. Abdyraimkunova, Vice-Mayor of Naryn*

### 3.1.3. Ability of LSG structures to help the individual

The LSG structures are the first tier of power people access in search of help. How adequately do the LSG structures react to the concerns of the population? How satisfied are the citizens with the help they receive from the municipal powers?

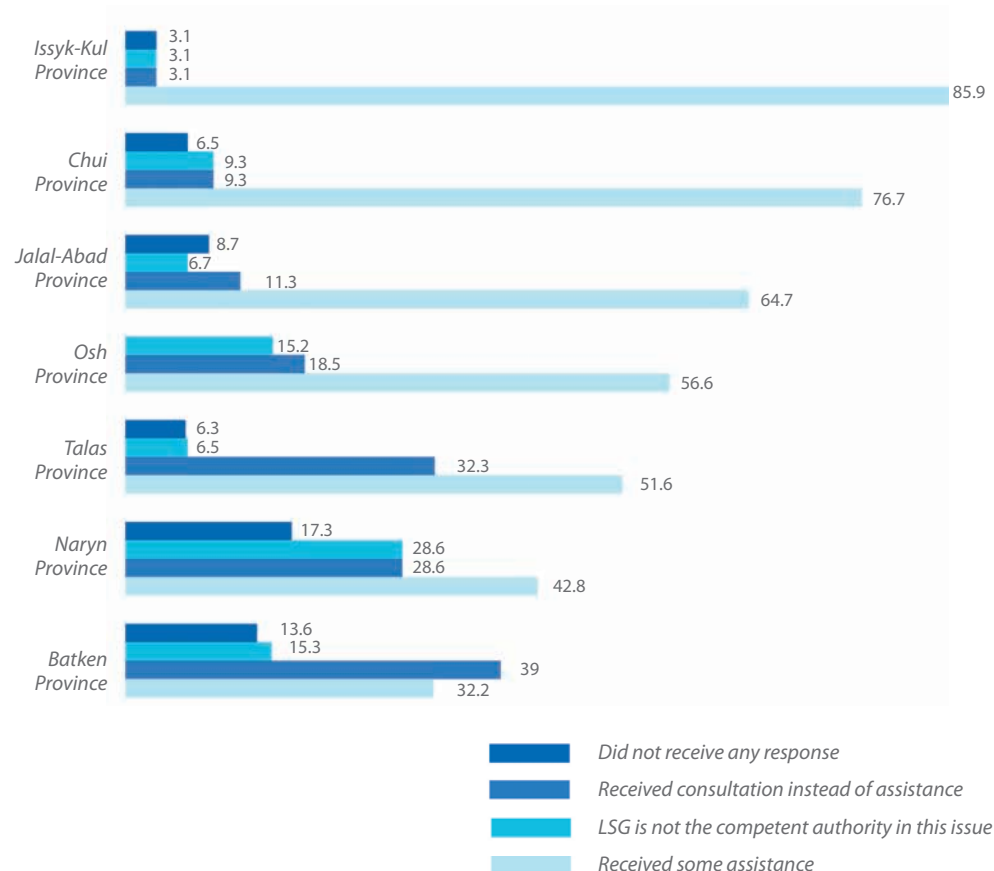
In general, most of the citizens testify to the fact that the LSG structures are appropriate in their response to the inquiries and requests for assistance. More than 30 percent of the respondents feel that they are getting the needed assistance to the fullest extent, another 32 percent feel they do get assistance, but not to the extent desired, while only 10 percent of the sampled citizens feel they have gotten no response (see Diagram 11).

**Diagram 11. Response of the LSG structures to citizen requests for assistance, as a % of all respondents.**



The most “responsive” LSG appear in the Issyk-Kul Province – close to 90 percent of the residents of that province received some degree of help or assistance. Things are encouraging in the Chui Province, as well as in Jalal-Abad Province, where assistance was provided to 77 percent and 65 percent of citizens respectively. The worst quality of response to such requests was recorded in the Batken Province, where only 32 percent of those who requested help were assisted. However, here, 39 percent of the sampled individuals received advice rather than actual assistance, which testifies to the lack of resources for providing adequate assistance (see Diagram 12).

**Diagram 12. Response of the LSG structures to citizen requests for assistance across the provinces, as a % of all respondents**



### 3.1.4. Local self-governance as an educational environment

As a rule, citizens expect help and protection from the structures of LSG on a daily basis. Turning to the government in the time of a cataclysm or a social conflict is instinctual. However, people often turn to the LSG structure for assistance in the resolution of day-to-day situations, family conflict, and social tensions. Are the LSG structures in the position to take responsibility for the moral, emotional environment, traditions, and spiritual values of their citizens?

#### CAN LSG STRUCTURES FIGHT DOMESTIC VIOLENCE?<sup>1</sup>

*The structures of LSG can influence family traditions with the purpose of preserving the best of them. Using the appropriate correctional methods, LSG can alter and amplify the traditional role of a woman in family and society, and assist in advancing children's right to be heard. Conversely, the LSG can fight and help prevent instances of obviously archaic traditions, such as bride kidnapping<sup>2</sup>, or excessive spending on festivities and celebrations.*

*"Two students of the Issyk-Kul State University – Venera Kasymalieva, on 18 December 2010, and Nurzat Kalykova, on 9 March 2011, had committed suicide in response to having been kidnapped and raped" – reports Banur Abdieva, the head of "Leader," the Center for Civil Initiatives. The "aksakal courts" ("the elder councils") various women's and youth organizations, other administrative divisions of public preventative centers, and all concerned parties, such as OBGYN clinic staff, school personnel, and volunteer security patrols, could, with their combined resources, create pilot programmes/committees on rape prevention in select local AOs. Their activity would be specifically aimed at direct prevention and early detection of bride kidnapping, unregistered marriages, marriages between underage parties, and acts of rape or sexual abuse on the level of individual families and households, as well as on the school and neighborhood levels, eventually covering the municipal level and the LSG territory as a whole. Despite the strong influence of established traditions and stereotypes in our country, we can appeal to the common sense and the potential for rational thinking for affecting transformation and development on the level of LSG, where all residents know each other personally" – concludes Banur Abdieva.*

*In Bishkek, the Mayor's office is attempting to fight domestic abuse, and is in the process of developing a special corps of municipal workers—400 people had gone through training, instructing them on the appropriate actions to take in cases of identified domestic abuse<sup>3</sup>. Moreover, the capital's municipal government has developed instructional booklets on various possible courses of action in response to encountering instances of domestic abuse. Separate instructions were issued for medical and healthcare workers, educators, social workers, and representatives of local administrative divisions as well as tenant and block associations, Councils of Elders, women's organizations, etc. Also, the Mayor's office has designed a system of tracking and registering reported cases of domestic abuse and has instituted a referral system for victims of domestic abuse, along with a system of inter-agency cross-referencing of information. The Mayor's office staff is convinced that representatives of the local community, the Department of Family and Children's Services, local Women's organizations, local tenant organizations, such as resident boards and block committees, public Prevention Centers, as well as local community leaders, must systematically meet with the public and conduct informational and educational sessions aimed at decisively preventing abuse.*

*In Osh, the Mayor's office, in cooperation with the Kyrgyz Alliance for Family Planning, is attempting to prevent domestic abuse and bride kidnapping. Bakhytgul Bozgorpoeva, the Alliance coordinator, feels the problem of domestic abuse arises in families due to members of the rural population being "insufficiently informed." However, there are many known cases of young women, under the legally established marriage age, who, being unfamiliar with the institution of marriage, cohabit with men, only to find themselves out on the street a few years later, often with children. She also mentions that in recent years there has been a notable rise in post-partum mortality, many of whom are under 16-17 years of age. She says: "The issue of reproductive health of the new generation has to be addressed on a wide scope, and the LSG structures have to be actively engaged in that process."*

<sup>1</sup> See: <http://oshcity.kg/ru/news/other-news/574-2011-12-09-10-24-01.html>, <http://www.knews.kg/ru/society>

<sup>2</sup> According the Kyrgyz Republic's Ombudsman's Office, in Kyrgyzstan 15 to 16 thousand bride kidnappings happen every year. See at: <http://www.knews.kg/ru/society/8685/>

<sup>3</sup> With support of the UNFPA and the Public Foundation "Democratic Processes Research Center."



The absence of official ideology and propaganda does not, by any means, imply a lack of a spiritual life of the people. However, this spiritual life evolves under the influence of various factors. It also depends on how open or insular a given community is. Without a doubt, the LSG structures are the right authority to monitor and control information – a community's social and cultural pulse. This issue is especially acute and relevant for the LSG structures in remote, mountainous, and isolated areas of the Kyrgyz Republic.

A survey showed that the LSG structures should be involved in the life of society and its formation in terms of monitoring family units, influencing traditions, and adjusting and modifying them so as to create a more comfortable and secure emotional environment for all members of society, including women and children. More than 70 percent of the people sampled stated that the LSG structures are, in fact, the appropriate structures to involve in the issues of upbringing and shaping traditions, as opposed to 16 percent who thought this should be delegated to the national government.

*Members of the local families in the Suusamyrlar Rural Municipality, an isolated community, with poorly developed infrastructure and extremely limited access to cultural and administrative centers, were asked to assess the level of oppression of women in day-to-day situations. The most typical and representative answers were along the lines of "if a wife is at fault, the husband has to scold her" (49%) "she gets what she deserves, since it's usually her fault" (39%), "yes, I beat her sometimes" (25%). Moreover, almost half (over 47%) of male respondents refused to consider this type of behavior in regards to a woman as abusive. The men were convinced that they lived righteous lives and that the aforementioned treatment of a wife had nothing to do with abuse. The majority of men were uninformed, or poorly informed on the issues of gender equality and gender discrimination, and unaware of the consequences of abuse on the health and emotional well-being of a family.<sup>1</sup>*

*From the Law of the Kyrgyz Republic "On State Guarantees of Equal Rights and Equal Opportunities for Men and Women," adopted on August 4, 2008, #184: "The violation of gender equality - active or passive manifestations of behavior involving humiliation, contempt, limiting one's rights or denying privileges based on gender" (Article 1).*

Family traditions and values, the moral climate of a community, are not a static given, but a process, which can and should be directed. They are an integral part of every citizen's upbringing and formulating one's world view. If the community, as represented by the LSG structures, fail to deal with it, other elements will necessarily surface such as religious organizations, extremists, pop-culture, criminal element, etc. At the same time, counting on the LSG center to resolve the issue is naive, to say the least. The LSG structures, though, are able to work with the local traditions and values, limiting the extravagant expenses for "Toi," for instance, but doing so by personal leadership and not by prohibition. For this to happen, the head of the AO (a village elder) must be genuinely invested in the future and wellbeing of his compatriots. Also, through persuasion, personal example and leadership, he can endeavor to fight abuse in the family, bride kidnapping, child labor and unhealthy life-styles, while encouraging people to plan their lives and teaching them financial literacy and responsibility. No administrative privileges or budget increases are needed for this to work. The LSG and its leaders simply need to remember their true nature, their origins, and their higher purpose. If LSG members take it upon themselves to get involved in the issues discussed above, they can rest assured that the immediate practical goals, such as road repair and the exterior painting of the local club building, will be much easier to achieve.

### 3.1.5. Education and healthcare

Education and healthcare are extremely important principles of the human development concept. However, in regards to LSG, as applied in the context of the Kyrgyz Republic, these issues are considered to be contentious. The heart of the matter lies in the fact that the greatest investment in healthcare and education comes from the citizens and the national government, which finances these areas through the national budget.

Healthcare is funded and administered by the national government. The fact that some administrative responsibility has been delegated to the LSG structures is not stipulated by legislation. There is no established process for providing LSGs with the necessary financing.

<sup>1</sup> Final Analytical Report on Comprehensive Study of Socioeconomic Situation of Households in Suusamyrlar Ayil Okmotu with a Focus on Gender Aspects. "IG Consult" Agency and Center for Sociological, Political and Socio-Psychological Research. UNDP in Kyrgyzstan, 2011 (UNDP archives).

The appointment of leadership for municipal healthcare organizations is accomplished either by the local government officials, or by the appropriate LSG structures based on the recommendations of the healthcare coordinating committee and in consultation with the authorized Kyrgyz Republic state healthcare agency.

At the same time, most of the LSG structures acknowledge the fact that they must create conditions conducive to the delivery of healthcare services. This is the opinion of over 75 percent of the sampled LSG officials (excluding those from the Talas Province, where exactly half of the queried LSG representatives are convinced that healthcare should not be in their scope of activities). Moreover, 58 percent of the LSG officials feel that they should be responsible for hiring and cultivating staff for local healthcare facilities. However, when they were asked to really consider whose responsibility it should be to hire and support the local medical staff, they came back with inconsistent and ambivalent responses. This indicates that the relationship between the center, as personified by the Ministry of Health and the LSG structures is not fully determined and has no clear legislative framework. Be it as it may, over 70 percent of the sampled LSG structures representatives agree they have to create conditions for retention of healthcare personnel in their municipalities (see Table 8).

**Table 8. Responses of LSG officials to a question regarding who should be responsible for hiring and cultivating local healthcare personnel, by province, as a % of all respondents**

	Batken Province	Jalal-Abad Province	Issyk-Kul Province	Naryn Province	Osh Province	Talas Province	Chui Province
LSG structures	15.0	20.5	40.0	28.6	15.2	55.0	24.2
National Agency	20.0	30.8	15.0	42.9	33.3	40.0	18.2
LSG as authorized and supervised by national government agencies	65.0	46.2	25.0	19.0	24.2	0	27.3
Don't know or can't say	0	2.6	20.0	9.5	27.3	5.0	30.3

The LSG structures do not possess the resources for aiding healthcare agencies, in particular, for building infrastructure. But, the LSG and the local population solicit investments for repairs and construction of buildings to be used as healthcare facilities. Thus, since 2007, the LSG participation and efforts have attracted funds for the construction of 98 and repair of 337 nurse-midwife centers (NMC) (see Table 9).

**Table 9. Number of newly constructed or rehabilitated NMC**

	2007	2008	2009	2010	2011
Newly constructed	54	15	19	9	1
Repaired (capital repairs/rehabilitation and ongoing repairs)	259	52 (40/12)	26		

The LSG structures facilitate the healthcare efforts at the grass root level. There are three types of medical service delivery structures that have a close relationship with the LSG and the community itself. The first, are local groups of family physicians (LPP), that work in close, yet informal contact with the Town Halls (their offices are often located in municipal buildings<sup>1</sup>) the second, NMC, which also have access to municipal property and are supported through local budgets, and Rural Health Councils (RHC), community groups involved in the prevention of illnesses most common in their communities. Hence, the contribution of the LSG structures to the citizen's state of health is limited mostly to technical and logistical support provided to some facilities.

On the other hand, the RHC's scope of activity is tremendous, and, as experience shows, in many populated areas, joint LSG and RHC ventures contribute greatly to the conditions for human development. For the purpose of institutionalizing this cooperation, a third of RHC, which covers about 70 percent of the villages in the country, and the corresponding LSG structures are preparing memoranda of official mutual recognition and cooperation. However, despite a series of advancements and achievements in this area, we must admit that this process is still in its early stages and its future direction, and the degree of its potential impact is yet to be studied.

<sup>1</sup> City halls also provide substantial support to city hospitals.



In particular, it is important to remember that the cooperation between RHC and LSG has to be supported by a decision of the community, through public procedures (hearings, council sessions), and not merely be the result of a private agreement between heads of organizations, let alone, pressure from the national government.

Initiatives realized jointly by the LSG and RHC structures, can serve as examples of an effective way to battle multidimensional poverty: socially (as in organizing contests, pageants, festivities,) environmentally (planting, landscaping and street cleaning in the village), and economically (fund-raising, leasing or renting out conference facilities, etc.)

In the context of gender equality, the RHC represents a great opportunity for involving women in the decision-making process (thus, 60% of all women deputies elected to local councils are active members of the RHC)

#### RURAL HEALTH COUNCILS AND LOCAL SELF GOVERNANCE

*Rural Health Councils (RHC) are groups of volunteers who coordinate healthcare-related activities in their villages. In 2011, 1417 RHC was working in all provinces of the Kyrgyz Republic, a full 70 percent of villages located in those provinces.<sup>1</sup> In 2010, in order to represent the united interests of all RHC, the Rural Health Councils (RHC) formed a National association. On the grass root level, the RHCs are engaged in informational and educational campaigns on preventative care, vaccinations. They also organize Alcoholic Anonymous groups (AA), build or repair public bath houses, promote breastfeeding and healthy nutrition, and identify people with high blood pressure and other health problems.*

*The RHC ties with the structures of LSG have become progressively stronger since 2010 (for example, in the Naryn Province, 53 percent of RHC confirm a close collaborative relationship with the LSG structures, in the Talas Province – 68% do the same). However, this process is not progressing quickly enough, because some LSG structures are unwilling to view RHCs as equal partners, especially because RHCs often come to LSG with requests or propositions on healthcare issues, which, in the opinion of LSG leaders, exceeds their scope of responsibility and level of competence. At the same time, the more progressive LSG leaders, acknowledging the fact that people's health is a major factor in local community development, welcome and seek out cooperation with RHCs, and often contribute financially to RHC projects. Many RHC also collaborate with LSG structures on things like Public Cleanup Day.*

In terms of Education, the situation is even more ambiguous and controversial. Nominally, a large part of local budgets go towards education, specifically for school-teacher salaries. If these were LSG's own funds, one would be able to claim that LSG structures have a systemic role in education. In reality, though, most of the LSG's educational expenditures are financed through Dedicated Grants that is targeted transfers from the national budget. LSG distributes government funds for local teacher salaries through local budgets. Moreover, the dedicated grants skew the overall budgetary picture, artificially inflating them.

At the same time, the substantive education-related issues are not at all in the jurisdiction of the LSG. All heads of provincial and city departments of education are all employees of the Ministry of Education of the Kyrgyz republic. School principals are appointed by decrees of the Provincial and City Departments of education. These structures are also responsible for on-going in-service training for teachers and pedagogical staff. This type of relationship generates a multitude of problems. The main one being that while the LSG structures are involved in financing education through their local budgets, they are powerless to affect the quality of services provided. At the same time, the local budgets are saddled with an enormous burden of paying for maintenance and utilities for educational facilities.

At the same time, it is necessary to understand that education, including teacher pay, is the exclusive responsibility of the national government, as stipulated by the constitution of the Kyrgyz Republic. In 2010-2011, in an attempt to stabilize the socio-political situation, the government of the Kyrgyz Republic satisfied the teachers' justifiable demands for a pay raise. The government

<sup>1</sup> The Kyrgyz-Swiss-Swedish healthcare project (KYSSHP) in Issyk-Kul and Jalal-Abad provinces – USAID's "Zdrav+" Project have supported the foundation of the RHCs in Naryn, Talas, Chui, Osh and Batken provinces.

had no alternative, as the teachers had been underpaid for many years<sup>1</sup>. However, the government did not think through the sources of revenue for the additional budgetary expenditures and transferred part of the fiscal burden onto the local budgets<sup>2</sup>. For the duration of 2011, on “unofficial” orders from the center, the LSG leaders were pressured to partially compensate the State for dedicated grants, which the national government was simply unable to cover. In September, the government legitimized this unlawful practice by passing a resolution on establishing a temporary method for determining dedicated grant eligibility, according to which the LSG structures were made co-responsible for paying teacher salaries. In other words, the national government assumed unrealistic obligations to the teachers and, being unable to meet them, pawned off some of the responsibility for the hasty decision onto the local budgets. As a result, many municipalities were unable to fully pay for services of local importance such as trash removal, road repair and access to drinking water. For instance, a 2011 local budget of one of the AAs in the Chui Province had set aside one million 300 soms for teacher pay, while all of the expenditures for utilities capital repairs and investments warranted less than 900 thousand soms. In 2012, the situation worsened – the same aimak is now forced to pay out six million soms in teacher pay.

The dedicated grant scenario serves to illustrate the necessity of removing them from the local budgets, and returning the full responsibility for financing education to the national government. Undoubtedly, this means that the LSG structures will lose their administrative and financial connection to the educational facilities, but in reality, the relationship between the village school and the village municipality (AO) will never end.

#### DIRECT SPEECH

*From the tactical point of view, based on our experience, I, as the head of an LSG, would prefer to completely forget about dedicated grants and our formal relationship with the schools. Our being responsible for the schools yields nothing but headaches and fiscal loss. Moreover, the responsibility itself is viewed in terms of “give me money!” I have no authority to directly impact the principal or a teacher, let alone fire him, or express my satisfaction or dissatisfaction with his work. Hence, today I support the opinion that the dedicated grants should be removed from the local budgets, leaving the responsibility for financing the schools to the national government.*

*However, in the strategic sense, as a resident of this village and a patriot of my community, I am vehemently opposed to the separation of primary and secondary education from the LSG’s sphere of influence. My children live and study here, and so will my grandchildren; and I’d like to have an opportunity to affect the quality of their education through my local representative body, the council. Should there occurs a need to intercede with the school activity, I don’t want to have to travel to the provincial capital, or to Bishkek, and try to get in to see some government official. I’d like to see education, as one of the most important factors in human development, under the auspices of the LSG.*

*Let the national government develop standards and monitor adherence to them, let it keep its own obligations, but all other issues related to the daily activity of the schools, including questions of staffing, should be left to the community, whose children study in these schools.*

*Head of village council (AA) of the Chui Province, focus group participant*

*I understand that education is the domain of the government, but the government is somewhere far away, whereas the village administration is right here. Where am I, or the principal of the school to go if we need to organize an athletic event. Or a volunteer event. Or to help a student who has lost his parents? The head of the LSG or the representatives are our first line of defense. We know they will help. Because their own children go to the same school. They went to school here when they were little. Their daughters and wives work here. And that’s how it’s always going to be. So, let the government figure out the financing, because we don’t want our community to feel resentful that we “eat up” most of their budgets, while also taking contributions from the parents. Let the government fix their money issues. But the relationship with the village council (AO) has to remain. Can’t be without it!*

*A village teacher, focus group participant*

<sup>1</sup> Resolution of the Government of the Kyrgyz Republic of September 20, 2011, № 563 «On the transitioning of public education organizations of the Kyrgyz Republic to the system per capita principle financing».

<sup>2</sup> Chekirov A. Per capita financing of the educational system: whose responsibility and whose money?//Municipality. 2012.No. 5. Available at <http://www.dpi.kg/ru/publication/full/44.html>

Thus, education and healthcare are two obviously contentious areas, from the point of view of LSG administration. On one hand, they are managed and financed from the central office, through the appropriate local administrations, on the other hand, being crucial aspects of community life, they cannot be taken out of the scope of the LSG. One can draw two conclusions from this. First of all, the national government must re-distribute and re-assign responsibility on these issues and take care of the financing. Secondly, in terms of human development, at the present time the LSG structures have few opportunities to affect outcomes in either healthcare or education, lacking sufficient resources.

### 3.2. Local Self-Governance as a Factor of Political Stability, Social Justice, and Reduced Inequality

It appears that communities where the representatives of the councils are aware of their political role and demonstrate an on-going effort, to keep potentially contentious issues under constant control (be it ethnic conflict, land disputes, or any other), are the most stable and tranquil. The city of Uzgen is proof of that. In the summer of 2010, it stood firm amidst a raging conflict. Uzgen's secret was simple. Remembering the tragedy of 1990, when Uzgen was the site of a bloody dispute between ethnic groups, the LSG structures of the city diligently monitored the state of inter-ethnic affairs, immediately reacting to the slightest flare-up of conflict.

#### **DIRECT SPEECH**

*Both the Mayor's office staff and the representatives of the local council pay constant attention to the relationships between ethnic groups. Many families here live with reminders of the bloody events of 1990, and, therefore, for us the task of keeping peace in the community was never an empty sound, but a vital necessity. Even a quarrel between teenagers at the market became subject to close scrutiny by LSG officials. While efforts in the area of conflict and violence prevention have always been the utmost priority of the LSG structure. In this context, we have successfully realized several projects, including establishing an institute for mediation, opening "hotlines," and much more.*

*M. Nosirov, vice-mayor of Uzgen*

*If LSG is in fact the seat of power on a given territory then all ventures and facilities, community associations, NGO's and other organizations, regardless of their ownership, have to respect and abide by the decisions of the LSG. This is first and foremost a guarantee of stability and peace for the citizens of a given village, town, or province. In the areas where LSG is taken seriously, respected and endorsed, there exist volunteer citizen patrols, the Council of Ethnic Minorities, civil and non-government organizations, block associations and tenant associations, youth organizations, public health centers, the Council of Veterans of War and Labor, and women's councils.*

*It must be specifically noted that in these cases, the respect of the youth for the older generation is preserved as is evident in their desire to be of help (the Timur Movement, i.e., young volunteers' movement.). People are also more careful in their treatment of public property, they don't break benches, trample on the grass or destroy flowers, vandalize playgrounds, bust light bulbs, or pollute pools and streams. In the areas where all of the above is maintained, the local power structures are able to curtail and contain any conflict and make quick decisions should an unforeseen situation arise. For instance, when we find out that a fight is being staged between students of two competing schools.*

*In finding a solution to this type of an event, we rely not only on the top administrators of our educational facilities and the representatives of the Department of Youth Services, but also on the leaders and members of "Solidarity," the association of ethnic minority groups, which includes representatives of over 12 ethnicities, living in the city of Kara-Balta.*

*In 2010, upon the Mayor's call, all of the leaders of local facilities, ventures, and organizations were mobilized to protect public order, central headquarters were established and security beefed up, especially around sites of vital importance, and round-the-clock citizen's patrols of city streets arranged, which were of invaluable assistance to law-enforcement. The activists put on daily broadcasts, appealing to the citizens to remain calm and maintain order, providing them with the helpline numbers to call in cases of emergency, and updating them on the latest developments in the city and the measures being taken by the local authorities. We also conducted two peaceful public gatherings, intended to squelch rumors, and provide our citizens with information on events in Kara-Balta and the country at large.*

*These efforts paid off. There was not a single instance of ethnic violence in our city, no assaults, inflammatory speeches or incitement to violence. While there were some who wanted to use the difficult time to their advantage and topple the local government they met with enormous resistance. This testifies to the LSG's skillful way of handling the situation.*

*Our city is quite compact and sits in the very center of the Jayil District. The citizens are politically astute and well informed of the changes taking place, not only in their native city, but in the rest of the country. There are informational stands in the City Hall building, which allows citizens to familiarize themselves with this or that decision of the LSG. There is also the city of Kara-Balta website, which updates its entries on a daily basis, posting the latest news and developments in the life of the city. In front of the Mayor's office, we have installed a bulletin board, also informing citizens of the LSG decisions and activities.*

*The real heart of the city, toward which everyone gravitates, is the Palace of Culture — a place of cultural exchange and open communication between people of every nationality. Here is where we hold city-wide, district-wide, inter-district, and provincial events. Just in the first quarter of 2011, 69 different events were held – a festival of ethnic minorities, Native Tongue night, "Goodbye to Winter" festival, a "Nooruz" celebration, "Open Doors Day," performances by nationally acclaimed Kyrgyz artists, premiers of new plays of the Kara-Balta Folk Theater, and many more. All in all, over 14 thousand people took part in these events.*

*LSG pays considerable attention to the flourishing of culture and athletic development, as well as to education and involvement of youth in the decision making process regarding issues of local significance. This, plus the youth initiatives, such as "We Stand for a Clean City!" and school Olympiads, and the "Sport is a Healthy Way of Life" festival, and the various contests, such as "Youth against AIDS," beauty contests, KVN game shows, and many more. The LSG government allocates generous annual funding from the local budget to support these events. In order to assure that the young citizens of our city have an opportunity to obtain decent education, the Kara-Balta city government has donated a building for a new medical college, affiliated with Chui University, and named after Pirogov. This has been of special value to underprivileged or financially strapped families, because it afforded their children an opportunity to study without having to leave home.*

*E. Kim, executive secretary of Kara-Balta Mayor's Office.*

In 2010, the Kyrgyz Republic was shaken not only by political changes, but by a surge of conflicts in many different provinces of the country, the most significant of which were the ethnic riots in the Osh and Jalal-Abad provinces. But were the inter-ethnic tensions the real reason for these conflicts? No one has a definitive answer to this question, not the experts, not the politicians, not the authors of this Report. It's necessary to view the events of 2010 in a proper retrospective, as a complex event, bearing in mind the political cataclysm just prior to these events, the history of inter-ethnic relations in the Fergana valley, the preceding period of political and governance reforms, and the rapid development of the country.

As far as the governance reforms, today no one doubts that starting in 2008 a rigid, vertical hierarchy of government was being established to assert complete control over the entire decision-making process from the White House down to village councils. Any appointment of a leader on any level had to be centrally cleared, as a result, every leader on every level kept the White House in mind when making his decisions. The system of LSG after 2008 had lost all semblance of being

democratic as elections were cancelled and the leaders of executive LSG structures (and in places, even the representative ones) were made subordinate to the central government, as embodied by the LGA, and not to the community.

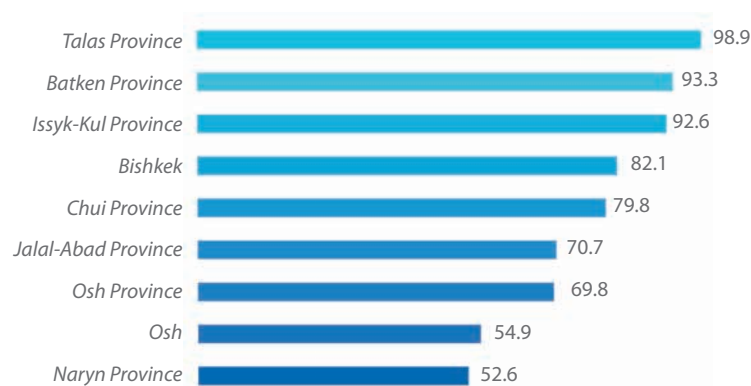
Subsequently, the connection between the local leaders and their communities had been significantly weakened, while their dependence on the Center increased proportionally. It is not surprising that as a consequence of building such a system of governance, the LSG structures became unable to control the situation in their own communities at the time when the country erupted in conflicts. The LSG structures lost the constituents' trust and authority to such an extent that they became early administrative victims, along with the representatives of the national government. The following fact speaks eloquently to the discredit of the LSG structures and the loss of trust in them on the part of the citizens. After the shift of power of 2005, when the leaders of the rural municipalities were still being elected, the people had voted out of office between 20 and 30 heads of ail (rural) districts. In the summer of 2010, after yet another generation coming to power had replaced the previous one, more than 150 LSG leaders were deposed. As a result, the LSG system had shown itself to be unstable and non-viable on the most basic level which in turn contributed to the escalation of uncontrolled conflict. Moreover, being subordinate to the national government, the LSG leaders in place between 2008 and 2010 spoke on behalf of the national leaders, while their actions met with general dissatisfaction among the population. In the end, the growing dissatisfaction was automatically projected onto the central power which in fact, had the ultimate responsibility for every misstep and every unpopular decision by the local powers. All of the above served to erode and destroy the integrity of the governance system, and brought about the overthrow of President Bakiev.

Thus, the ramifications are clear. A strong, viable LSG is not only an effective way of addressing issues of local importance, but also a pillar of a stable system of governing the country as a whole, to say nothing of it being an effective way of managing and controlling conflicts locally.

Coming back to the issue of inter-ethnic relationships in local communities, it would be useful to consider the opinions of citizens regarding the state of inter-ethnic affairs in 2011. The results of the survey showed that 77 percent of the population is generally satisfied with the current state of inter-ethnic relationships and that somewhat unexpectedly the level of their satisfaction is not always related to the ethnic composition of their particular community. Thus, for instance, an ethnically mixed population of the Batken Province expresses almost total satisfaction, 93.3 percent of the respondents, whereas in the mostly homogeneous, mono-ethnic Naryn Province, only 53 percent, did. While in the city of Osh it was 55 percent<sup>1</sup>. It is notable that the highest level of satisfaction with the state of inter-ethnic relationships has been observed in the Talas Province, almost 99 percent.

<sup>1</sup> This situation suggests that in Naryn Province, the citizens are ill-informed regarding the real state of affairs in the nation, and not that the biggest problems indeed lie in the area of interethnic relations.

**Diagram 13. Rating of satisfaction with inter-ethnic relationships as distributed across provinces and provincial capitals, as % of all respondents.**



### 3.2.1. Causes of conflict within communities

In the context of developing this Report, the authors, supported by the UNDP and the Soros Foundation-Kyrgyzstan, organized and held two major conferences to discuss the capacity of the LSG structures on stability and inter-ethnic accord. In the course of the discussion, the participants have been divided into three groups, each one representing a particular mindset and point of view:

1. "government proponents" – representatives of government structures (Parliament of the Kyrgyz Republic, National Government, The Office of the President of the Kyrgyz Republic, LGAs, ministries, and agencies);
2. "the municipals" – representatives of the LSG structures (Local Council Representatives, mayors, and heads of village councils (AA), LSG staff);
3. "the experts" – representatives of national NGOs, the expert community, and the academic circles (in Bishkek this category also included representatives of international donor organizations).

In the process of open discussion, the groups expressed differing opinions (presented in Table 10) regarding the potential causes of social conflict. It must be noted that only two potential causes were mentioned by all groups, poverty and corruption among officials. Interestingly, the first group, "the government proponents," trace the cause of conflict to the people's mentality and their "paternalistic" dependency on the government, resulting in unrealistic expectations, as well as the influence of some external factors. External factors as a potential cause of conflict, were also referred to by the representatives of the LSG.

It is noteworthy that the paternalistic, expectation-orientated view of the government is not noted either by the "municipals" or by the experts, although it is precisely in the development by the people and for the people that the power of the LSG lies.

Both groups – the "government proponents" and "municipals" shared the opinion that neither the local nor the central government structures have the requisite conflict management skills or experience, an obvious self-indictment. The "experts," on the other hand, see the government structures not as incompetent in conflict-resolution issues, but rather unwilling to undertake efforts in that regard.

**Table 10. Causes of social conflict, opinions arranged by group**

Group	Reasons for possible social conflicts
"Government Proponents"	1. <i>poverty among the population</i>
	2. <i>corruption and the unequal distribution of social benefits and privileges</i>
	3. lack of experience among the local and the central government officials
	4. a traditional, passive, dependent mentality of the local population and its representatives, who are used to being taken care of by the State
	5. external factors (influence from abroad)
	6. reluctance of the LSG structures to work on conflict resolution, despite the fact that it is their responsibility
	7. lack of coordination between the actions of the State and the LSG structures
"The Municipals"	1. <i>poverty among the population</i>
	2. <i>corruption and the unequal distribution of social services and privileges</i>
	3. lack of experience among the local and the central government officials
	4. lack of resources and help from the central government
	5. external factor (foreign influence in the guise of various NGOs)
"The experts"	1. <i>poverty among the population</i>
	2. <i>corruption and the unequal distribution of social benefits and privileges</i>
	3. ineffective governing policies
	4. lack of control and oversight from the national government
	5. reluctance of the LSG structures to work on conflict resolution
	6. a poor relationship between the LSG structures and the local population (unresponsiveness of the LSG leaders to the people, as a result of their being appointed by and oriented toward the State)

Note: Ranging took place during focus groups, based on the frequency of mention. The results were recorded in flip charts and verified with the members of the focus-group. Therefore, the above arrangement represents the consensus within focus groups.



It is very significant that all the groups unanimously determined poverty, corruption, an unequal distribution of social welfare and privileges to be the main causes of conflict. In the coming decade, these factors must take priority in local political planning aimed at conflict prevention and resolution.

#### LOCAL SELF GOVERNANCE AS A MECHANISM OF CULTURAL INTEGRATION

Local Self Governance can become the main mechanism for integrating isolated, mono-ethnic, insular communities into the socio-cultural development process. Kyrgyzstan is a multiethnic country, but it has communities that, due to their remote geographic locations, remain relatively isolated and mono-ethnic. The culture of pluralism and the concept of diversity is foreign to them and this provides fertile soil for cultivating intolerance and aggression. The LSG structures are uniquely positioned to facilitate the development of a pluralistic mentality in these communities, fostering cultural exchanges between different ethnicities.

However, the LSG's desire alone is not sufficient to achieve this goal. One must have at one's disposal the most current developments in information technology, to say nothing of such basic things as television and the Internet. However, not all LSGs have these capabilities, and a national policy, providing widespread access to informational resources is obviously needed.

*Providing television reception and radio communications in the districts is only possible on the national level. Unfortunately, there are still remote villages and settlements, where neither television nor radio exist, and the Internet is unheard of. I know of a village still without electricity; and this is the 21 century!*

*What does it mean? It reflects the attitude of the powers that be toward the people, toward the LSG. If their day-to-day problems are left unresolved for years, the people start feeling alienated, disconnected, inferior, and abandoned. This weighs on them heavily. You couldn't even discuss current events with them, because they don't have access to a radio. This is a government responsibility, guaranteeing an education and providing access to information. However, the LSG, in turn, must advocate and voice its constituents' concerns so that the center is aware of them and compelled to resolve them without pushing desperate masses to extremes. I am convinced that only desperation makes a common Kyrgyzstan citizen, who feels he has nothing more to lose, resort to demonstrations, protests, and more radical means.*

*From an in-depth interview with an LSG official*

#### 3.2.2. Aspects of equality in management of LSG structures

The unforgiving statistics give us an image of a typical head of a rural Local Self-Governance structure, a leader of the type of territory where most of this country's population resides. He is a man, an ethnic Kyrgyz, and over 45 years of age (see Table 11). It is obvious that this image does not accurately reflect the entire composition of the Kyrgyz republic, or represent the entire scope of their concerns and interests.

**Table 11. Demographic composition of local rural municipality (AA) leadership in the Kyrgyz Republic, as a % of all respondents**

Gender	Male	Female		
	97	3		
Age	Younger than 30	Between 30 and 45	Older than 45	
	2	33	65	
Education Level	Higher (College)	Vocational Education	High School	
	92	8	0	
Ethnicity	Kyrgyz	Russian	Uzbek	Other
	93	1	3	4

Data on the composition of LSG leadership testify to local environments ripe for the development of inequality in the treatment of different sectors of the population such as youth, women, and ethnic minorities. Let's examine the specifics of representation in the LSG for these groups.

## GENDER EQUALITY

LSG is not working hard enough to create optimal conditions for human development. There are numerous system wide logistical obstacles preventing women from being elected and actively participating in LSG. The yearbook of the Statistical Committee of the Kyrgyz Republics, "The Budget of the Times," shows that women have most of the child rearing and family care responsibility, including care for the elderly and the sick. They are expected to provide for day to day needs of the family, prepare daily meals, and maintain community and family relations. At the same time women are forced to enter the labor market, often as breadwinners. The patriarchal traditions and religious mores, exaggerated in rural areas, limit the women's scope of activity to the domestic and social spheres, burdening them with countless traditional and ritualistic functions (funerals, holidays), and stifling their opportunities for continuing education.

The deterioration of the social infrastructure (day-care centers, extended day programmes in schools, etc.) and the transformation of rural households into self-sustaining units (growing their own food, making their own clothes, etc.) added to an already significant burden for rural women. Young rural women, who carry most of the domestic burden, yet are mostly disengaged from the decision-making process in their community, are the most vulnerable. They do not have access to economic and informational resources, and are often targeted as victims of domestic violence and abuse. The fact that women are relegated to this role and their low level of participation in local decision-making processes, is responsible for the LSG's inadequate effort in terms of creating auspicious conditions for human development (education, family, healthcare, culture, youth, leisure,) simply because there aren't enough women among the leaders of the LSG structures.

The local issues, in addition to the usual water-supply and trash removal problems, include issues of public interest such as collectively organizing public events, traditional ceremonies, observed at the time of marriage, birth, funeral and burial, religious festivals and other holidays; working on improving living conditions in villages and individual neighborhoods, taking part in groups and organizations and participating in local political initiatives, etc. This type of activity is not taken into account, but it demands and implies a significant amount of freely donated time and is viewed as extremely important for the overall spiritual and cultural development of the community. While gender differentiation of labor prevails, women and men are both involved in the activities of their local communities. It has been noted that when local community business is conducted on the basis of volunteer initiative (block committees, tenant organizations, etc.) this type of activity is imposed upon women. When this or similar activity implies compensation or access to power (local council representative or head of AA,) men clamor to do it.<sup>1</sup>

**Table 12. Dynamics in women's representation among elected officials of local councils, 2004-2011<sup>2</sup>**

Province	2004 <sup>3</sup>			2011 <sup>4</sup>			Change, in %
	Total number of representatives	Of those, women	in %	Total number of representatives	Of those, women	in %	
Naryn	983	145	14.75	1,090	17	1.56	-13.19
Jalal-Abad	1,439	129	8.96	1,421	131	9.22	0.25
Osh	1,435	172	11.99	1,672	231	13.82	1.83
Batken	647	61	9.43	686	90	13.12	3.69
Talas	617	64	10.37	647	60	9.27	-1.10
Chui	1,562	376	24.07	1,589	390	24.54	0.47
Issyk-Kul	1,102	184	16.7	998	158	15.83	-0.87
Country totals	7,785	1131	14.53	8,103	1077	13.29	-1.24

<sup>1</sup> Karybaeva M. A., Kochorbaeva Z. I. Gender Aspects of Local Self-Governance. UNDP. Comprehensive Small-Scale Study, 2004.

<sup>2</sup> Count adjusted to reflect the absence of representatives of local councils that were eliminated in 2011.

<sup>3</sup> Karybaeva M. A., Kochorbaeva Z. I. Gender Aspects of Local Self-Governance. UNDP. Comprehensive Small-Scale Study, 2004.

<sup>4</sup> Statistics of the National Local Self Governance Agency under the Government of the Kyrgyz Republic.

<sup>5</sup> Ibraeva, G., Karybaeva, M., Kochorbaeva, Z., Report "The LSG Heads' Election Results, 2005: Gender Analysis." Agency of Social Technologies. UNDP, 2006.

Table 12 demonstrates that during the last 7 years, in spite of numerous reforms not a single province of the country has approached the points where the voices of women have to be taken into account in the process of determining local political priorities. International precedent shows that representation of women in the LSG structures can go up to 30% and more, if certain anti-discrimination measures are put in place. This in turn will positively affect the country's indicators in the area of human development. The experience of many advanced and developing countries in advancing women in the electoral process by using a gender quota system shows a direct correlation between the representation of women in the decision making structures of the LSG and improvements in the areas of social infrastructure development, stamping out gender violence, and budget transparency. Furthermore, the local elections serve as a launching pad for further advancement of women into politics and enhancing their decision making opportunities<sup>5</sup>.

#### SOCIALLY ACTIVE WOMEN IN THE SUUSAMYR VILLAGE MUNICIPALITY (AA)<sup>1</sup>

Every fifth woman age 40 to 49 is involved in community service. The rest are bound to their housework and unable to participate. In general community work takes 2-3 hours of their time (51.4%), or less than two hours (37.8%). The overwhelming majority of these women get enormous satisfaction and fulfillment from performing community work (89.2%), regardless of their age. A considerable number of women (81%) do not attend seminars or training sessions. Lack of free time is cited as the main reason for this (63%), while 8.6 percent claim they do not get information about the available opportunities.

A small number of women (1.2%) mentioned that their husbands did not allow them to get involved in community affairs. Interestingly, all of them belong to the youngest age group. Hence, we can surmise that young women in the Suusamyр AA are not socially active which may eventually negatively affect their functional literacy. More than half of the respondents have a positive view of socially active women (61.5%). The negative view was expressed by 9.5 percent of men, most of whom were younger than 60 years of age. Almost a third of male respondents (29.0%) had difficulty expressing a view.

Despite active participation of women in the events of 2005 and 2010, the overall number of women representatives of the local councils has decreased nationally by 1.24% since 2004. In the Naryn Province the decrease was a whopping 13 percent. A minor growth was recorded only in the Osh, Batken, and Jalal-Abad provinces, ranging from 0.5 percent to 4 percent, which is not significant enough to speak of a radical shift in the status of women. Nevertheless, there are examples of women inserting themselves into the political arena and getting involved in decision making on the local level through the election process.

#### PARTICIPATION OF WOMEN IN THE ELECTIONS FOR KARAKOL CITY COUNCIL<sup>2</sup>

There were four women among the representatives of the 23rd congress. The combined roster included representatives of the city of Karakol, as well as representatives of the Aksuu district. Shortly before the election, by the decision of the Parliament of the Kyrgyz Republic, the city of Karakol lost its status as an autonomous city and was incorporated into the Aksuu district. As a result, the city was left practically without a budget. However, despite the tough conditions, the representatives of the 23rd congress were able to resolve some pressing issues of district wide importance including procuring an emergency ambulance and repairing the OBGYN clinic and birthing center. The 24th congress included only two women representatives.

The elections for the 25th congress were held on October 7, 2007. There were 6 women among the 25 elected officials. Three of them were elected as activists of the social network "Women can do anything!" running as a unified political block. The representatives were elected in eight districts, seven of which had three apportioned seats, while the last had four.

Before the election, the three-woman block had several meetings to plan the campaign and develop a unified platform. As a result, the candidates from the "Women can do anything!" block were elected as representatives to the following positions in the municipal administration (city hall):

- Kendirbaeva D.Sh., director of the Provincial Department of Education, became a Commissioner for Education, Social Services, Youth and Gender Policies.
- Djumambekova, A. Dj., head bookkeeper of "Vostokelectro," became the head of the Housing Authority.
- Turdumombetova S.Zh., the Chairperson of the board of the "Voskhod" condominium, became the City Council President.

B. Abdieva, the Coordinator of the Legal Information Resource Center of the Issyk-Kul Provincial Branch of "Women can do anything!"

<sup>1</sup> Final Analytical Report on Comprehensive Study of Socioeconomic Situation of Households in Suusamyр Ayil Okmotu with a Focus on Gender Aspects. "IG Consult" Agency and Center for Sociological, Political and Socio-Psychological Research. UNDP in Kyrgyzstan, 2011.

<sup>2</sup> Gender Policy Assessment of the Country. Project of the Administration of the President of the Kyrgyz Republic, Government Office of the KR and UNDP "Women in Government and Politics." Funded by the SIDA, 2008.

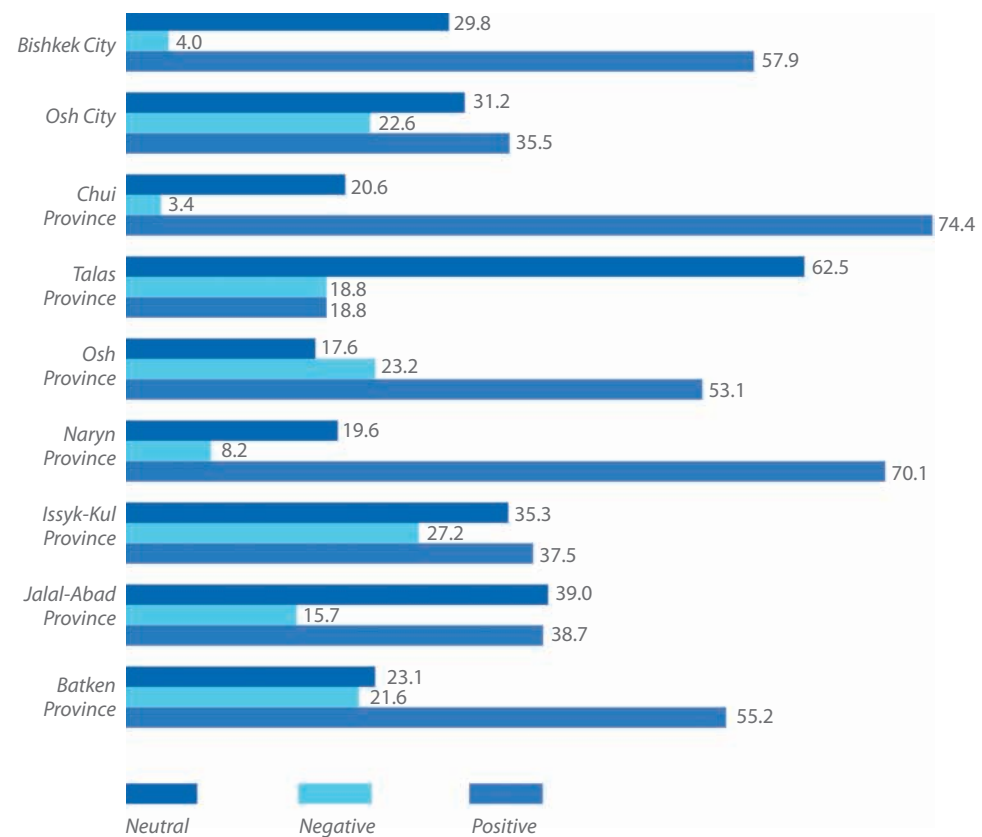
However, such political behavior on the part of women is the exception rather than the rule. At the same time, the situation among the leaders of executive structures of LSG is even direr than that of the female Representatives. Thus, while the number of female representatives was 13 percent in 2011, the female heads of municipalities (AA) barely exceeded three percent. Moreover, positive dynamic tendencies evident in the comparison of data from 2004 and 2011, are attributable to the reduction in the number of leadership positions in LSG as a result of enlarging the municipalities (AA), and not to the growing number of women leaders.

**Table 13. Comparative gender analysis of rural municipality (AA) leaders of the Kyrgyz Republic**

	Bcero	2004 r.			Total	2011 r.			Dynamics of women's representation among AA heads
		Of them:		Percentage of women		Of them:		Percentage of women	
		F	M			F	M		
Heads of AA	482	14	461	2.90	459	14	445	3.05	+0.15

At the same time, most of the citizens of Kyrgyzstan (51%) view participation of women in the work of LSG structures in a positive light and consider it necessary, 34 percent are neutral on the subject or have difficulty expressing an opinion, and only 15 percent are negatively or adversely disposed. Most respondents, who do not want to see women among the LSG officials, live in the Issyk-Kul, Osh or Batken provinces. The differences between men's and women's responses are to be expected, 61 percent of women evaluate their participation in LSG positively, while only 42 percent of men agree with them.

**Diagram 14. How do you view the participation of women in the work of LSG structures, (as a % of all respondents)**



Almost half of the survey respondents are convinced that gender should not be a criterion in the election of an LSG leader or official. The highest degree of acceptance for a female leader was demonstrated by residents of the Talas Province<sup>1</sup>, 75 percent think that a woman may be a better leader for a village or a town. The lowest level of tolerance toward the idea of female leadership was shown by the residents of the Batken and Osh provinces, about 31 percent. Such a significant range of opinion reflects regional differences in people's attitudes toward the role of women in the home and in the public sphere.

**Table 14. Regional opinions regarding who would be a better leader for a town or a village (as a % of all respondents)**

Respondent's replies	KR	Batken Province	Jalal-Abad Province	Issyk-Kul Province	Naryn Province	Osh Province	Talas Province	Chui Province	City of Osh	City of Bishkek
"Male"	38.1	31.3	46.9	43.4	35.1	31.1	75.0	50.0	18.3	20.6
"Female"	11.0	19.4	7.9	6.6	14.4	10.6		19.7	8.6	8.7
"Makes no difference, as long as the leadership skills are there"	47.3	49.3	42.5	50.0	48.5	51.3	25.0	29.4	66.7	63.1
"Don't know or can't answer"	3.6		2.8		2.1	7.0		0.8	6.5	7.5

In the Kyrgyz Republic, a quota system is applied when filling government service positions, which many consider to be an instrument of gender equality. Quotas are not used in local self government, but the authors of this report found it interesting and useful to find out just how most citizens would feel about the possibility of instituting quotas for women in the executive and legislative branches of LSG. Around 40 percent of the survey participants see no need for quotas, considering business qualities and not gender to be the deciding factor. A little more than seven percent do not think women should be involved in LSG in any capacity. Every fourth person is ready to allow women a 30 percent quota, every fifth respondent is willing to raise it to 50 percent. In total, about 47 percent of the survey respondents are proponents or supporters of the quota system.

#### ETHNIC EQUALITY

The format of this report prevents us from being able to focus more narrowly on the issue of representation of various ethnic and national minorities in their local councils. We will briefly outline the issue and present related profile data on LSG leaders in relation to the total population. Table 15 demonstrates that only Kazakh nationals, who comprise no more than one percent of the population of the Kyrgyz Republic, have proportionate representation among the LSG leaders.

**Table 15. Qualitative analysis of ethnicity of the rural municipality leaders (AA), as a % of all respondents**

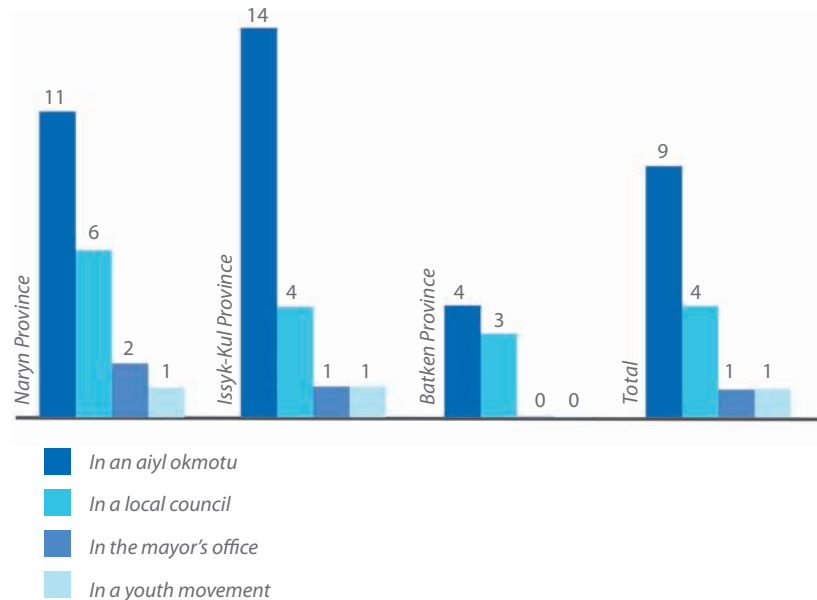
Ethnicity	Number of AA leaders, according to NALSG in %	Percentage of population of the corresponding ethnicity, as per NSC of KR census	Under- and over-representation in the LSG structures, in relation to the number of total population, in %
Kyrgyz	93.25	71.0	22.25
Russian	1.09	7.8	-6.71
Uzbek	3.27	14.3	-11.03
Kazakh	0.65	0.6	0.05
Other	1.74	6.3	-4.56

<sup>1</sup> Talas Province was the only one in the entire country that in 2010-2011 was headed by a female governor.

### ADDRESSING AGE DISCRIMINATION

The young are also minimally involved in the decision making process on the local level.<sup>1</sup> Diagram 15 shows that no more than 6% of the local youth between 18 and 30 years of age participated in making decisions on the level of their local council, whereas their representation among the leaders of the executive LSG structures was merely 2% of the total number (or just 10 people under the age of 30).<sup>2</sup>

**Diagram 15. Participation of young constituents in the decision-making process at the local level**



The participation of youth in the traditional processes of representative democracy is extremely low. Thus, according to the results of the election for the local councils of the Kyrgyz Republic, held on October 5, 2008, 7,647 representatives were elected across the country. Out of that number, only 9 percent were 30 years of age or younger and those between 30 and 45 years old comprised 45 percent of the total number. As far as the participation of youth in the power hierarchies of local representative structures, the overall number of officials elected as city and district councils was 62 out of which only 16 people, or 25.8 percent, were between 30 and 45 years old. The overwhelming majority (74%) of the elected leaders of the local councils are older than 45 years of age. Therefore, one can conclude that the younger generation is underrepresented in the local government.<sup>3</sup> The main implication of this is that the LSG structures do not create conditions conducive for the proper representation of different socio-demographic groups, limiting opportunities for equal advancement and fulfillment of their representational and political rights.

To sum up, can the LSG actively contribute to decreasing the potential for violence and serve to stabilize the State and its society? The answer is a resounding “yes,” and there are many examples to support this. There are very large village municipalities (AA) and entire cities comprised of multiethnic populations, where the representatives of the local councils and the legislative officials of the LSG are constantly monitoring their relationships and devoting significant effort to assure peace and interethnic harmony. There are many villages like that in the Chui and the Fergana valleys that have not become hotbeds for tension or conflict and have not given in to outside provocation, despite their multiethnic compositions, even in the times of political strife and. The secret of these municipalities is simple. Their leaders and LSG officials consider it their responsibility to foster tolerance and respect for diversity, although no law spells it out as their direct task. Here, the community is synonymous with LSG and the tiniest signs of intolerance among the youngsters signal the elders to unite in opposition to redouble their educational efforts<sup>4</sup>. Ironically, just a few kilometers away from such villages there are others where the LSG officials are busy with fulfilling expectations and following orders of the district councils, paying attention to the “temperature” of the community only after the “flames” have been stirred up.

There are village municipalities (AA) where the LSG officials strive to make resource management as transparent as possible while also assuring equal access to these resources. This significantly reduces the possibility of conflict as people see fair governance and accept it at face value. There are

<sup>1</sup> Increasing the participation and role of youth in the decision-making process at the local level. Research results of the “Soros Foundation – Kyrgyzstan” and OO “Kyrgyz Lawyers” Association, 2011. Available at [www.soros.kg](http://www.soros.kg)

<sup>2</sup> Of these, 3 people in Chui Province, 3 in Naryn Province 3, and one person each in Batken, Jalal-Abad, and Osh provinces.

<sup>3</sup> Kyrgyzstan: successful youth – successful country. National Human Development Report, 2010. – UNDP, 2010.

<sup>4</sup> The city of Uzgen may serve as an example: there, the not-for-profit organization “Eret,” operating over a period of many years in close cooperation with the city authorities and with the support of donors, created a network of mediators. The mediators have become one of the stabilizing factors in the unrest of the summer of 2010.



also communities where due to corruption and unfair practices the potential for conflict remains ready to flare up at any moment and people are suspicious of each other and of their LSG officials. All of this affects the social stability of the country as a whole. Improvement of the environment for human development on the most immediate level of governance is impossible without assuring equality and protection of all citizens including women, youth, and the ethnic minorities.

The role of LSG in maintaining social equilibrium is great, however, LSG cannot be considered to be the only or even the main factor of continued stability in Kyrgyz society. Much depends on the national government (the parliament, the cabinet, the courts, etc.) that are entrusted with enforcing the strict policies of tolerance and equality in the face of the law, as well as insuring strict legality of all processes and procedures in the government apparatus, including in the LSG structures. Besides, there are other factors such as civil societies and outside players (countries and international organizations).

The first major condition necessary for successfully minimizing potential causes of conflict is the political will of the rulers of the country to maintain and enforce equality of all its citizens in the eyes of the law. Followed the implementation of a national ideology based on the concept of supremacy of the Law. In other words most conflicts are born out of inequality of treatment in the Law of certain groups of citizens. Resources and access to them occupy but a second position in the rating of potential causes of conflict.

The second major condition necessary for successfully minimizing potential causes of conflict is the existence of an effective legislative base with responsibilities for resource procurement and administration (municipal budgets and property), as well as service delivery. It would also legislatively determine the means of creating local power structures and the procedures for oversight and accountability of the LSG structures to its constituents.

The third necessary condition is the creation of an unambiguous and understandable system of law enforcement as well as the forceful and decisive application of sanctions stipulated by law to any violations.

The fourth condition necessary for successfully minimizing potential causes of conflict is supplying the LSG structures with adequate financial resources enabling them to increase their own resources (budgets) via expanding their tax base.

Finally, the fifth is the establishment of concrete opportunities for training and re-training municipal personnel.

### 3.3. Political, Financial and Human Resource Potential of Local Self-Governance

The maturity and work readiness of the LSG structures are measured by political, administrative, and financial autonomy. The depth and scope of the given autonomies, the degree of freedom of LSG, depend not only on the political will of the center and the strategy of national leadership, but also on the preparedness of the municipalities themselves to assume this autonomy.

*AUTONOMY (Greek, autonomia) – self-governance. The term is used to describe an individual person, group of people, or organization. An autonomous individual is a person capable of directing his own actions which according to Kant is the necessary condition for the reasonableness of an individual's action. An organization or community is called autonomous when it is capable of independently directing its activities. The relationship between an independent group of people and the independence of a single person is complicated by the necessity of distinguishing between the collective independence of the group and the independence of the individual members of the group as exemplified in the writings of Rousseau. The notions of the independence of the individual are tightly interconnected with the meaning of freedom. For example, I will possibly (according to some definitions of freedom) need access to resources that at the present time I do not possess. Upon receiving them I will expand the boundaries of my freedom and independence<sup>1</sup>.*

<sup>1</sup> Политика. Толковый словарь. Сост. Андерхилл Д., Барретт С., Бернелл П., Бернем П. и др. Под общ. ред. д. э. н. Осадчей И. М. — М.: Изд-во «Весь мир», 2001.

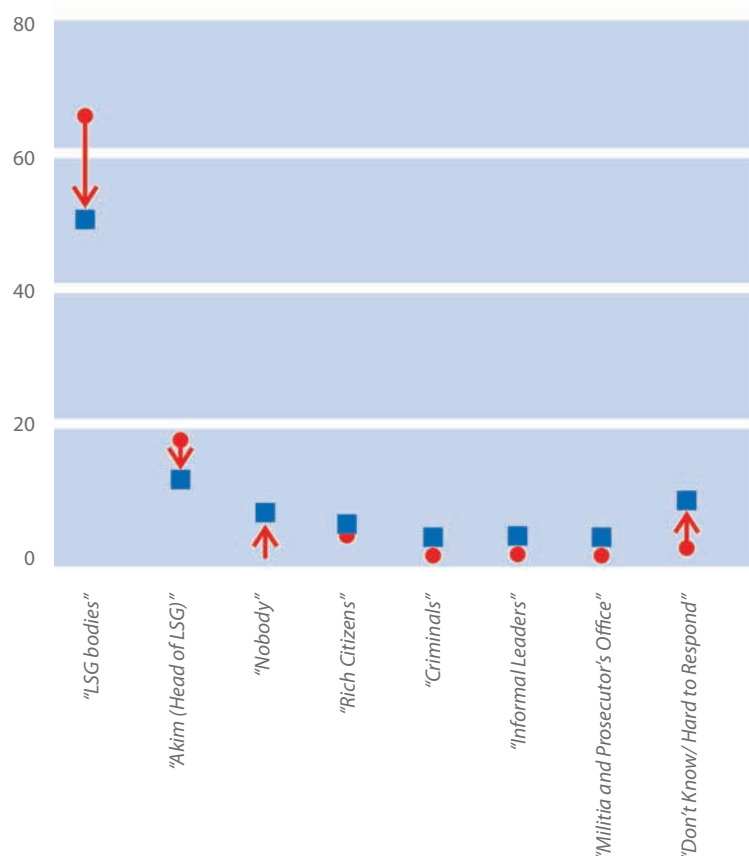
For this reason, considering the past, present, and future of LSG in the context of human development, we must try to evaluate the political, financial, and human resource potential of LSG, while understanding the part administrative autonomy plays in human resource potential.

### 3.3.1. Political potential of local self-governance

Here we will evaluate the political potential of LSG structures from the perspective of the LSG structures themselves, the beneficiaries of political autonomy. Such a positioning emerges out of the nature of local self-governance, namely that the citizens must determine the depth and measure of degree of political autonomy. The legislation, developing within the parameters of the resolutions of the Constitution of the Kyrgyz Republic, must adequately reflect the citizen's ideas regarding LSG and correspond with their expectations. For this reason in constructing the system of LSG in the process of decentralization it is essential to consider the expectations and preferences of the citizens, something that has not been done previously during the drafting of the legislation pertaining to LSG.

Who according in fact should have authority in the towns and villages of Kyrgyzstan? Slightly more than half of all citizens believe that the authority belongs to LSG structures versus nearly 13 percent who believe the authority belongs to the local state administration in the form of the local head, i.e., "akim" (see Diagram 16).

**Diagram 16. Opinion regarding to whom authority in town and village actually belongs, as % of the total number of respondents**



**Note:**

blue squares on diagram 16 show the opinion of citizens, red arrows the opinion of the representative of LSG. In some instances it is clear that the representatives of LSG significantly overestimate the approval of their authority ("LSG structures," "akim") in comparison with citizens and in some instances greatly underestimate the influence of groups ("criminals," "police and judiciary," and even "no one").

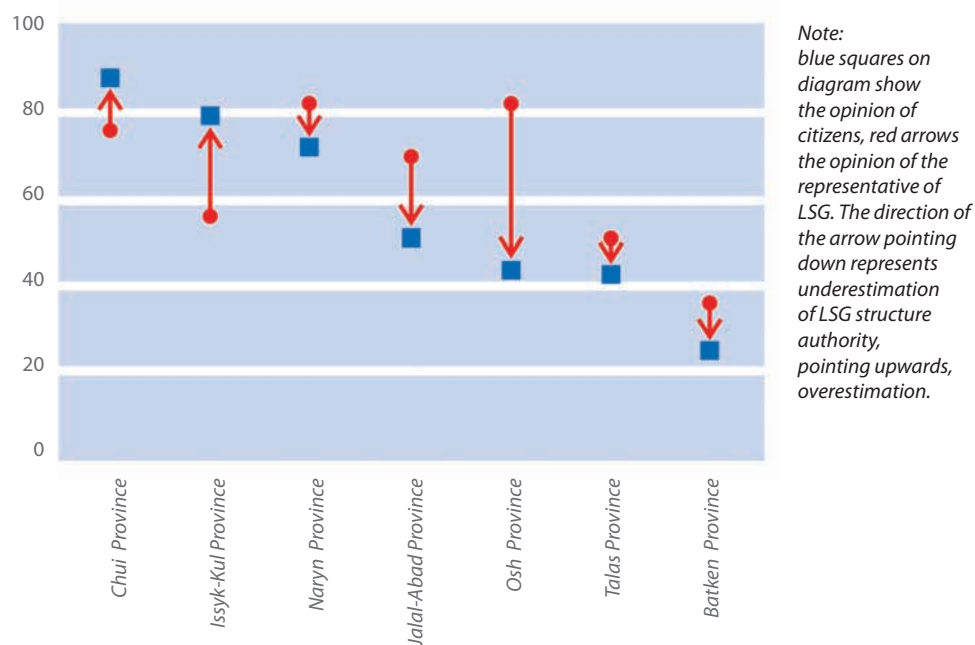


**Table 16. Disparity in opinion of representatives of LSG and citizens regarding the extent of authority in the hands of LSG, as % of the total number of respondents**

	Batken Province	Jalal-Abad Province	Issyk-Kul Province	Naryn Province	Osh Province	Talas Province	Chui Province
Opinion of LSG	35.0	69.2	55.0	81.0	81.8	50.0	75.8
Opinion of citizens	24.6	50.9	78.7	71.1	43.1	42.7	86.6

In Table 16 and in Diagram 16, we can see that citizens and representatives of LSG structures differ in their assessment of the extent of LSG authority. There emerges a “gulf” reflecting the illusion of the representatives of LSG regarding their complete competency on issues of local significance (almost 67% of responses of LSG representatives, but only 51% of citizen responses). Moreover, when divided by province, a substantial spread in opinion is evident. For example, Issyk-Kul LSG staff “underestimate” themselves, (citizens “grant” actual authority to LSG in greater proportion), while in Osh they substantially overestimate themselves (there, citizens “grant” actual authority to LSG at a rate fully two times lower).

**Diagram 17. Disparity in opinion of representatives of LSG and citizens regarding the extent of authority in the hands of LSG, as % of the total number of respondents**



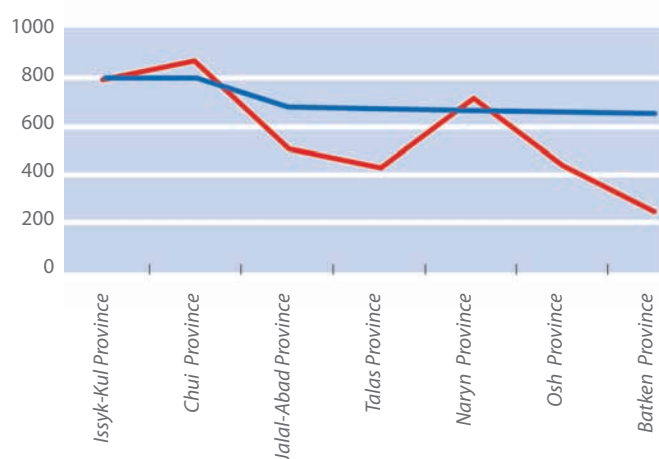
Moreover, citizens are inclined to consciously “transfer” power not only into the hands of local national administration, but also into the hands of wealthy landowners, organized crime, informal leaders, law and order, and even, something that is particularly disturbing, into the hands of religious leaders. Thus, approximately 3 percent of residents of Osh and Batken provinces queried answered that authority is actually in the hands of local leaders (see Table 17).

**Table 17. Opinion regarding to whom authority in town and village actually belongs, by province (as % of the total number of respondents)**

	Kyrgyz Republic	Batken Province	Jalal-Abad Province	Issyk-Kul Province	Naryn Province	Osh Province	Talas Province	Chui Province	Osh City	Bishkek City
"LSG structures"	50.7	24.6	50.9	78.7	71.1	43.1	42.7	86.6	31.2	27.8
"Akim"	12.7	45.5	21.1	2.2	15.5	5.9	8.3	8.4		8.7
"Organized crime"	4.5	3.0	4.1	1.5	1.0	2.1	1.0		19.4	11.9
"Informal leaders"	4.2	1.5	3.1	2.9	1.0	5.3	20.8	1.3	6.5	3.2
«Wealthy residents»	5.7	6.7	2.8	8.8	1.0	4.7	15.6		9.7	10.7
"Religious leaders"	0.9	3.7				3.2				
"Police and judiciary"	4.1	5.2	1.9	0.7	1.0	1.5	6.3	0.4	1.1	16.7
"No one"	7.3	9.0	4.1	1.5	2.1	19.1	4.2	0.8	9.7	6.0
"Other"	0.5	0.7	1.6				1.0	0.4	1.1	
"Don't know or can't say"	9.4		10.4	3.7	7.2	15.2		2.1	21.5	15.1

In geographical context what sticks out is the substantial differences in attribution of actual authority to LSG structures. Thus, the lowest percentages of those who believe that LSG have real authority live in Batken Province and in Osh city, 25 percent and 31 percent respectively. The highest estimation of LSG authority is among residents of Chui (87%), Issyk-Kul (79%), and Naryn (71%) provinces. It is precisely Chui and Issyk-Kul provinces that concurrently show the highest human development index (see Diagram 18). Thus, a tight correlation is in evidence between authority (as perceived by the citizens) of LSG structures and the level of human development (see Diagram 18). Speaking of correlations, it bears mentioning that the causal relationship here may be traced from either direction. On the one hand, for legitimate LSG structures that are respected and whose authority is not doubted by the citizens it is easier to mobilize citizens and engage them in the collaborative determination of local issues. A high level of human development and the improvement of quality of life, not only legitimizes the efforts of LSG structures in the eyes of citizens, but also provides these structures with the human resources necessary for resolving urgent issues.

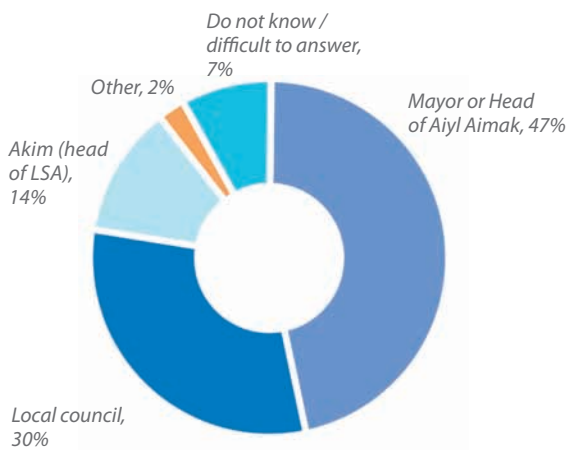
**Diagram 18. Correlation between HDI and percentage of citizens who believe that authority belongs entirely to LSG, as % of the total number of respondents**



In the perception of the citizens, the distribution of power within the LSG itself assigns a diminished role for the representative branch that is to the local council. As is shown in section 2.1, the system of LSG structures was conceived as the highest authority, i.e. the final word in decision making,

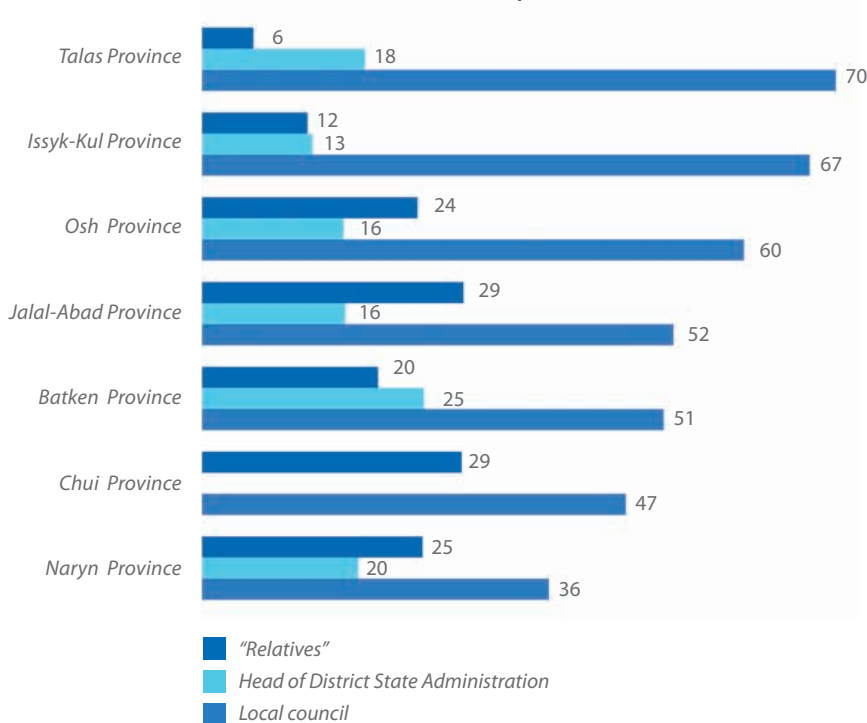
belonged to the head of the executive structures who, in one way or another, is accountable to representatives of the national authority (the prime minister of the head of LGA). As a product of the 20-year history of the gradual dwindling of the role of representative LSG structures (councils) citizens hold an ambivalent opinion of the local council. Only 30 percent of citizens believe that the supreme authority within local self-government belongs to the councils, while approximately one half (47%) are certain that authority in its entirety resides in the hands of the executive structures of LSG and their leadership (see Diagram 19).

**Diagram 19. Opinion of citizens regarding who is the “top leader” in LSG, as % of the total number of respondents**



The opinions of citizens regarding whose decision must be implemented by the executive branch of LSG authority vary significantly among the provinces of the republic. Thus, the majority of residents of Talas Province (70%) correctly assign the rightful decision making authority to local councils, whereas in Batken Province, people who correctly perceive the highest authority to be the local council number only half that. A significant percentage of citizens believe that the executive structure implements their own decisions. There are also many who assign the authority to issue decrees to the competency of the local representative of the administration.

**Diagram 20. Opinion of citizens by province regarding whose decisions are implemented by the executive structures of LSG, as % of the total number of respondents**



Within the context of this survey staff of LSG structures were asked at what territorial level should municipals services be managed. The response represents the purpose of LSG and 83 percent of LSG staff believes it belongs at the town and village level.<sup>1</sup>

**Diagram 21. Opinion of municipal employees regarding what level LSG ought to work, as % of the total number of respondents**

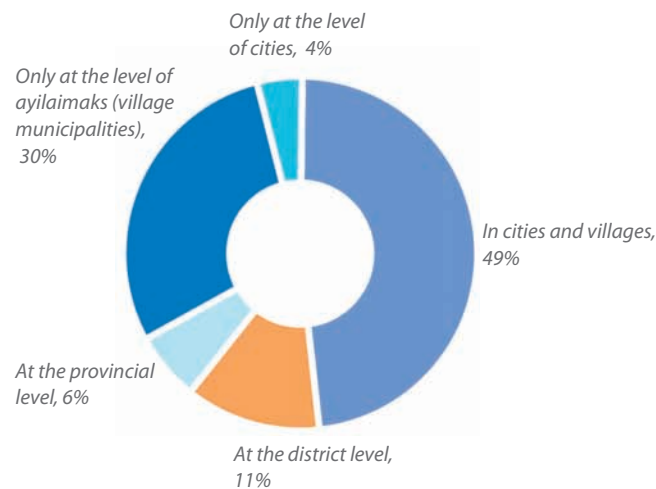


Diagram 21 presents responses to this question. At the same time it is worrisome that every tenth municipal employee is prepared to transfer LSG to the district level, thereby distancing the population from the providers of municipal services. The authors of the Report believe that such an opinion is a product of political pressure and of the administrative superiority of district administrations over the local self-governments.

Pressure by LGA indeed remains an absolute and permanent problem for LSG, etc. LGA continues to believe that, as the representatives of the national government they possess supreme authority in deciding all issues on the territory entrusted to them, including issues of local significance, delegated by legislation exclusively to the competency of LSG structures. Moreover, the local government administrations at the district level view the LSG structures as their territorial subordinate divisions, often (for example, imposing demands, issuing orders). And this is sufficiently characteristic to be considered a mass phenomenon and is perceived by the LGA to be self-evident and reasonable<sup>2</sup>.

*In the Kyrgyz Republics, leaders of local national administrations are not aware of the legislated regulations, their responsibilities and authorities. For example, to me, as the head of LSG, the head of LSA issued an order, to which I answered: you are not authorized to give me orders. My responsibility is political, and you are not my master. But the heads of LSA all the time try to reprimand us, impose demands. I am absolutely convinced that I am responsible only to the local community and the local council. If the head of LGA wants to in some way officially document my inadequacies or violations, he must write with his evaluation to the local council and let the representatives review the issue. He can also turn to the National Local Self Governance Agency under the Government of the Kyrgyz Republic or the District Attorney's office. But he has no right to pressure me directly. I am not his subordinate. This is my personal position, however, far from all my colleagues – the heads of LSG – are able to resist the LGA chiefs. The majority simply accept these reprimands silently. So this is how we live. The head of LGA himself, someone who can and must show a good example in decision-making, demonstrates incompetence, ignorance of laws, or the flouting of them.*

*From materials of an in-depth interview with a former head of LSG*

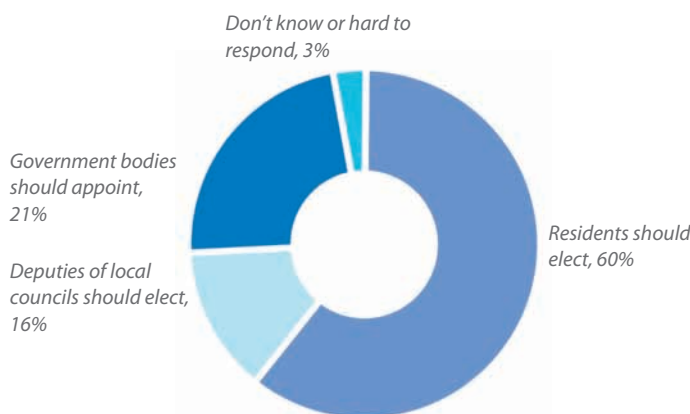
<sup>1</sup> Residents of both villages and capitals gave similar variations on the responses "Only at the village (AA) level" and "Only on the town level," so that the authors considered it reasonable to pool these responses.

<sup>2</sup> According to data collected by the Community Oversight Council of the National Local Self Governance Agency under the Government of the Kyrgyz Republic.

Not a small role in the maintenance of the subordinate status of LSG leaders that they are accountable to the national government, LGA, and their own communities (for more detail, see section 2.4.). However, additional confusion and counterarguments for pressure on LSG from the side of LSA is provided by the system of appointing LSG leaders, retained in the Law of the Kyrgyz Republic, "On local self-governance" of July 15, 2011 №101, even in the face of reforms and the reconciling of laws in the Kyrgyz Constitution of 2010.

Many inadequacies of LSG, would be solved if the heads of LSG were indeed made accountable to the local community, either in the guise of local councils or through direct elections. In other words, the mechanism by which the LSG leader comes by his position determines the structure of accountability and the leader's effectiveness. For this reason, the LSG system faces the question, "Elections or appointment?" (See Diagram 22).

**Diagram 22. Elections vs. appointment of leadership of LSG, as % of the total number of respondents**



The country's citizens unequivocally express support for elections (almost 76%) of those 60 percent believe that elections must be direct and 16 percent indirect, through representatives of local councils. Only 20 percent support the appointment of heads of LSG by national authorities. The results according to province yield a complex picture, but only the residents of Batken and Chui provinces oppose direct elections: Approximately 30 percent of the residents of Batken Province support elections through the local councils and approximately 30 percent of residents of Chui Province support appointment by national authorities.

Summing up this evaluation of the political potential of LSG structures, we must acknowledge that the population demands from the LSG greater political accountability, greater political independence, and increased political autonomy to support a more effective resolution of issues of local significance. LSG structures do not entirely feel themselves prepared to assume such a level of political autonomy and must improve their accountability before the local communities, to better reflect the expectations and priorities of the citizens. All this leads to the conclusion that the quickest possible return to a system of genuine elections on the LSG level, without national interference even in the guise of LGA is necessary. The form of these elections ought to be determined by the community. Particular attention in the implementation of the strategy of decentralization ought to be devoted to Batken Province as it has been observed that the population there expresses an inclination to transfer complete authority to the government which is dominated by people who are likely to transfer that power to religious authorities.

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Given conditions in which the LSG structures obtain their political authority, are they prepared to independently manage the municipality and independently resolve issues of local significance? In order to answer this question, it is essential to evaluate the financial and human potential of LSG structures as well as their capacity political will.

### 3.3.2. Financial potential of local self-governance

The financial potential of LSG and local budgets are the same thing. Today, local budgets represent 15 percent to 20 percent portion of the consolidated national budget<sup>1</sup>. Only 15 percent of budgetary resources are applied to the resolution of the day to day issues facing the citizenry, i.e., issues of local significance such as road maintenance, water supply, trash removal, the organization and maintenance of kindergartens, etc. Moreover, in the Kyrgyz Republic, only the national budget is growing and the pace of growth exceeds that of local budgets (see Diagram 23). The national budget is that which belongs to structures of state authorities responsible for the resolution of issues of national significance such as national security or foreign affairs.

Diagram 23. Growth dynamics of revenues for national and local budgets<sup>2</sup>, in millions of soms

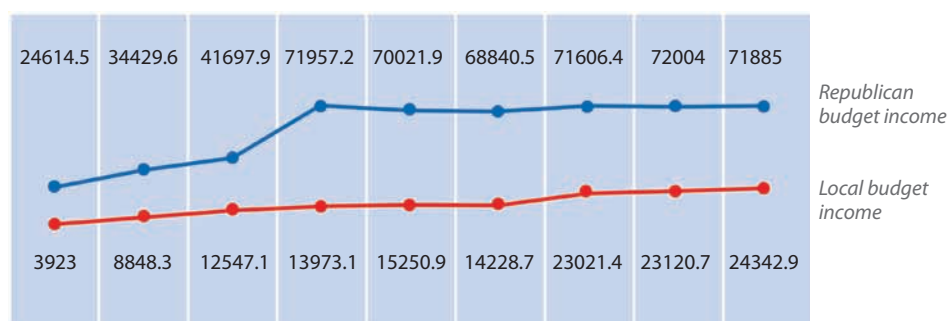


Table 18. Growth dynamic of the size of local budgets, in billions of soms

Type of budget	2005	2006	2007	2008	2009	2010	2011	Projection for 2012	Prognosis for 2013	Prognosis for 2014
Local budget	6,248.5	5,251.2	8,998.4	12,790.2	13,441.8	15,637.8	20,639.8	22,454.6	22,390.5	23,510.6
Dedicated grants	2,223.9	2,134.1	2,283.1	3,232.2	4,171.6	4,062.2	3,929.5	10,760.0	10,760.0	10,760.0
Equalization grants	320.1	247.1	186.3	423.4	806.9	947.5	763.2	954.9	957.8	953.5

<sup>1</sup> Unfortunately, aggregate data for the cumulative size of local budgets does not exist. The Kyrgyz Ministry of Finance publishes only data on the total sums flowing into local budgets from the national one. The territorial departments of the Ministry of Finance of the Kyrgyz Republic possess data on the budgets of specific municipalities, however a cumulative database is not maintained. As a result, a majority of experts make use of estimated data.

<sup>2</sup> Data for 2012-2014 are taken from the draft Law of the Kyrgyz Republic "On the National Budget for 2012 and the Mid-Term Forecast for 2013-2014" of April 17, 2012 № 41.

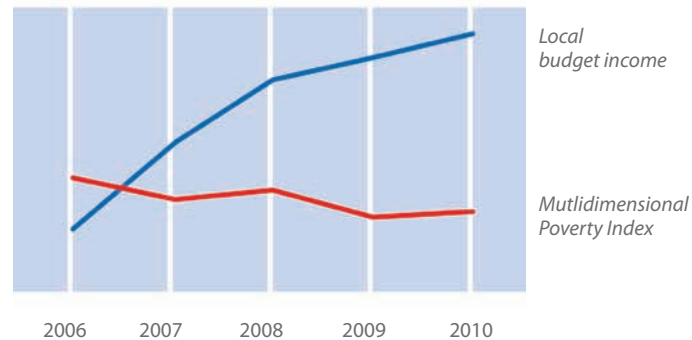
Does this mean that the needs of the residents of towns and villages for municipal services are growing slower than the needs of all citizens for national services? Certainly, there is no basis for such a conclusion. Does it mean that the quality and scope of national services have grown sharply beginning with 2009 compared to municipal services? Support for such a conclusion is likewise absent. The evolution and tempo of growth of local budgets speak to the fact that the quality and scope of municipal services is a low priority for the national government.

Research has shown that local budgets are directly connected to multidimensional poverty. The higher the revenues of local budgets and the higher their growth rates, the faster the levels of multidimensional poverty will decline. That this may be an effect of the macroeconomic situation where the overall economic growth simultaneously fills local budgets and decreases poverty cannot be rejected out of hand. The local structure of authority possess an advantage of informational asymmetry they know local problems far better than the national government, but have far fewer resources.



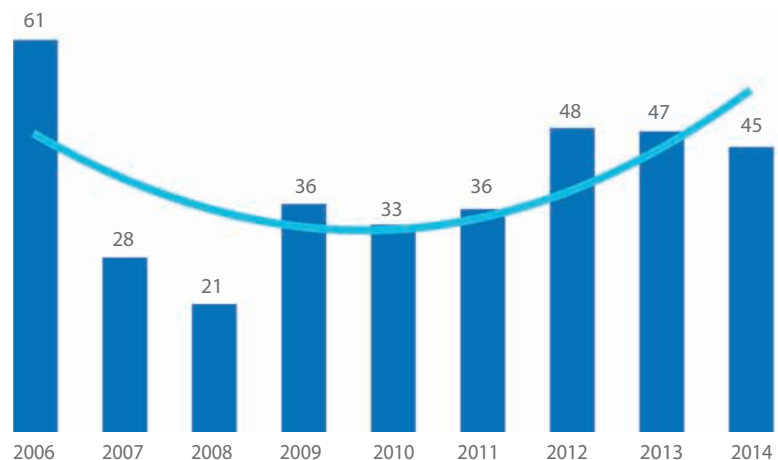
ПРОЗРАЧНЫЙ БЮДЖЕТ – ПОНЯТНЫЙ БЮДЖЕТ

**Diagram 24. Influence of local budgets on multidimensional poverty**



After the reform of inter-budget relations in 2007 the financial condition of municipalities greatly improved. But in 2009, the financial circumstances of LSG structures began to worsen as a result of which nearly 80 percent of municipalities (according to budget proposed for 2012 – 393 villages – AA) in Kyrgyzstan became dependent on the national government. In essence the policies of the previous Kyrgyz government were focused upon keeping the municipalities artificially dependent on the injections of funds from the national government, themselves a product of the concentration of means at the center. This tendency becomes particularly clear beginning in 2009 (see Diagram 25).

**Diagram 25. Increase in national grants as a percentage of local budgets<sup>1</sup>, as %**



Moreover, the dependency of municipalities is a situation manufactured artificially through the workings of the centralized budgetary system. It is simply more convenient and profitable for the Government of the Kyrgyz Republic to collect all the money centrally in order to retain the municipalities in a helpless and subservient position. But, this is not beneficial to the citizens. The lack of sustainability, domestic migratory flows, and people's dissatisfaction are all produced precisely by the centralization and ineffectiveness of resolving local issues. For this reason, decentralization, especially financial decentralization, is at the "heart" of reform, the reconstructed spine of which may support both economic development and political stability. In Kyrgyzstan, financial decentralization is often tied to a transition to two tiered budget. Such a system of inter-budgetary linkages is often the subject of criticism. It is essential to understand what impedes such a budgetary system from improving the situation of LSG structures.

An analysis of the implementation of budgetary reform shows that the two tiered budget system addresses all the requirements determined by the principles of local self-governance. There are: 1) involvement of the local community in the decision-making process, 2) independence of local self-governance structures, 3) possession of financial resources necessary to resolve affairs of local significance, and 4) collegial relationships between the LSG and government structures.

<sup>1</sup> Data for 2012-2014 are taken from the draft Law of the Kyrgyz Republic "On the National Budget for 2012 and the Mid-Term Forecast for 2013-2014."



The successes of the reform during the period 2007-2008 serve as proof. In just one year substantially positive results were achieved under new circumstances, especially by rural structures of local self-governance (see Table 19).

**Table 19. Some indicators of the effectiveness of local budgetary process in 2007-2008**

Indicators	2006-2007	2007-2008
Revenues of local budgets (village SLSG)	894 million soms	1,167 million soms
Number of subsidized rural municipalities (AA)	320	301

In the first year of reform a distinguishable pattern emerged improving the health of local budget. Vivid proof of this is that the number of subsidized village councils decreased by 19 municipalities. Moreover, the predictions of the opponents of reform regarding collapse for Kyrgyzstan's entire system of financing proved false. In that year, not a single budgetary structure suffered collapse. The results of 2007 showed that the reform was moving in the right direction and significant possibilities have emerged not only in the budgetary sphere, but in the development of local self-governance as a whole.

At the same time despite the significant successes of the initial period the reforms in the budgetary sphere as a whole did not yield the expected results:

- in the period from 2008 to 2011, the revenue base of local budgets shrunk significantly, which led to a lowered revenue potential and influenced the growth of the volumes of equalization grants,
- "flows" of resources from budgets of LSG structure into district budgets raised the level of administrative dependency of LSG on district administration,
- spending commitments, often unjustified, increased significantly,
- the question of financing of delegated government authorities was left undecided,
- LSG structures were practically excluded from the process of managing revenues flowing into local budgets.

In 2008 the Government made a decision to change the system of inter budgetary relations. As a result of the apportionment rate of the sales tax due remitted to local government was reduced. In addition there was a return to a district budget funded by sales tax and income tax. Moreover, the pace of growth of district budgets exceeds several times the growth rates of the budgets of rural LSG structures (see Table 20).

**Table 20. Pace of growth of local budgets 2008-2012**

Type of budget	2008	2009	2010	2011
Village (AA) budgets	130.5 %	104.3 %	122.1%	95.1%
District budgets		289.3%	142.3%	119.1 %

Such an accelerated tempo of growth in district budgets means that in 2012 the size of the 40 district budgets (652 million soms) corresponded to 32 percent of the entire sum of all village budgets of 363 villages (AA; 1412 million soms). These "flows" of budgetary resources under the control of the district administrations contributed significantly to a loss of LSG autonomy.

Simultaneously with the reduction in the sources of revenue, the spending commitments of the LSG structures expanded significantly due to:

- increasing salaries of servants in the social sphere (education, culture, social services);
- increasing salaries of municipal servants;
- increasing fees for housing services;
- other factors, including inflation.

The largest factor in this increase was the transition of the educational system to a per capita principle of financing. Within the framework of the new system of financing a portion of educational expenditures including responsibility for a portion of teacher salaries must be financed out of the local budget.

*All the activities of the village municipality (AO) rest on the Law regarding LSG and are based on the principles of self-sufficiency, self-regulation, and self-financing. The formulation of plans for the socio-economic development of the territories in Batken Province including districts and rural municipalities (AA) is developed in accordance with the functions of the respective level or structure of government. Thus, at the rural municipality (AO) level these plans consist of 22 issues of local significance divided according to sources of financing, local budget, national budget, and grants received, etc. Each head of each structure of government including LSG faces the issue of identifying the sources of financing for resolving issues of local significance. In other words, including any sort of undertaking in the plan, the leader must understand what source can be tapped to finance its implementation. In accordance with this approach, the development strategy for the Batken Province is being formulated with resources in mind, those that are available to each of the administrative levels. For example, if trees need to be planted, the first question is how to pay for it? Therefore, only those activities should be planned that the leader can finance and realize. If a function concerns the district, then it properly belongs not under the plan of the village administration (AO) but of the district.*

*Salizhon Khomrabaev, Head of the Government's Department for Economic Development and Investments for the Batken Province*

The independence of structures of local self-governance is determined by their capacity to perform the functions delegated to them by the central government to finance these out of their own revenues. Dependency in the form of transfers from the center limits the ability of LSG structures to independently decide various issues. Equalization grants transferred to the local level are general in character and their size often make it possible to cover only current expenses (expenditures protected by clauses, part of the expenditures for communal services, and other ongoing expenditures).

Government policy in the area of developing LSG must be directed toward creating conditions to increase the revenue potential of local budgets and gradually shrink the number of subsidized municipalities (AA). If the current budget policy does not support the decrease in the number of subsidized municipalities (AA), but instead causes their number to grow then the system of inter-budgetary relations needs to be revised. Precisely this state of affairs has come about in recent years in regards to the local budgets of rural municipalities (AA).

**Diagram 26. Increase of equalization grants in local budgets of subsidized villages, in millions of soms**





As remarked earlier, because a real decrease in the number of subsidized municipalities (AA) occurred from 2007 to 2008, the period is rightly considered a “golden” time for the development of LSG in the Kyrgyz Republic. In subsequent years, we may observe an increase in the number of subsidized rural municipalities (AA,) which in 2012 reached 393. Moreover, the total number of rural municipalities shrunk during the same period from 472 to 459.

Two seemingly mutually exclusive factors are observed: the growth in revenues for local budgets and the growth in volume of equalization grants. According to logic, the growth in revenues ought to lead to a reduction in volume of equalization grants and, consequently, to a decrease in the number of subsidized rural municipalities (AA). In reality, such a dynamic does not exist, but the concern is that the negative tendency will worsen, if corrective measures relative to the system of inter-budgetary relations are not taken in time.

So that the rural municipality (AA) does not “fall” into a pit of dependence, the pace of growth of the spending obligations of the LSG structures should not exceed the growth rate of the potential revenue of local budgets<sup>1</sup>.

In the opposite case, a situation arises in which the gap between the spending obligations and the revenues will be covered by increasing reliance on equalization grants. The situation arose after 2008. Why did such a situation arise?

The change concerned the sales tax apportionment rate, a decrease from 100 to 25 percent. The reduction in the apportionment rate for this type of tax caused losses for local budgets of rural municipalities of nearly 0.4 billion soms. At the same time, the size of the equalization grants for rural municipalities (AA) increased in 2009 only by 272 million soms and by 2011 this increase, in comparison with 2008 was only 596 million soms. In this way, conditions were created under which the growth of revenue was reduced by the low apportionment rate of intergovernmental taxes. It is important to note that in 2007 when the sales tax had the status of a local tax and was directed in its entirety (100%) into the local budget it represented a significant increase in revenues for local budgets and the decrease in the number of subsidized rural municipalities (AA) was obvious. Thus, we propose that a gradual increase in the apportionment rate of intergovernmental taxes be viewed as the main means to improve the revenue potential of the local budgets of villages (AA). Very promising also is the minerals tax (royalties) which presents significant prospects for improving the revenue potential of local budgets. Additionally, the nature of this tax is that 100% of the royalty is practically useless to the national budget so that it may be transferred to the local budgets. Financial decentralization reforms must be established on the following principles:

- government establishes a system of inter-budgetary relations and rules guiding the formulation and implementation of local budgets in which the revenue portion of local budgets may permit the financing of spending obligations associated with issues of local significance and nationally delegated functions to guarantee the fulfillment of specified social standards;
- government guarantees to LSG structures genuine independence in managing their own financial resources;
- government formulates a transfer policy on the grounds of substantiation, transparency, possibility of prognostication, and fairness in distribution;
- government facilitates a partnership between the national and LSG structures and gives the LSG access to budgetary information, and collaborates in improving revenue collection;
- government facilitates and creates conditions for raising the capabilities of LSG structures to manage financial and other resources.

It must be remarked that the majority of the above principles do not require additional resources. The question of sufficiency or insufficiency of revenue sources must be decided within the larger context, taking into account for specific programmes the above principles. In part, it makes no sense to consider the totals for revenue sources if locally no possibility for their collection is ensured. The chief responsibility of government is to create conditions supporting the development of LSG structures, particularly in the sphere of independent management of finances.

Does the current situation with respect to local budgets reflect these principles? The existing system of inter-budgetary relations and the securing of revenue sources must satisfy the implementation of the minimum spending obligations of LSG structures. This base-level requirement is reflected in the method of formulating the equalization and dedicated grants. But the existing conditions are clearly insufficient to motivate LSG structures to dig themselves out of the “dependency hole.” It would seem that the direct revenues of local budgets represent substantial sources, but analysis of

<sup>1</sup> The revenue potential of a local budget – assessment of revenues available to local budgets based on the level of economic development, structure of the economy, as well as the tax base, the source of revenue inflow into the local budget in accordance with the legislation of the Kyrgyz Republic.

the data shows that, at this ground level, no system exists for their effective collection and inclusion on the expenditures side. It would seem that, before discussing the necessity of supplementary local revenue sources, the government must formulate a system that permits them to administer these funds with maximum efficiency.

More indicative in respect to the effectiveness of collection are local taxes. The land tax and the property tax. Despite the seemingly limited number of local taxes, dividing them according to type, we may obtain a sufficiently wide tax base. The land tax consists of 5 types of taxes levied on agricultural lands and on non-farm property. Despite the fact that the actual collection rate of non-farm land tax is practically twice for that of agricultural lands, LSG structures are unable to enforce a sufficient degree of oversight and effective collection of this type of land tax due to the absence of tax collectors. Obstacles inherent in the collection mechanisms for non-farm land taxes must be overcome through establishing cooperative relations between the National Tax Service and the LSG structures, possibly through legislation. Moreover, it is essential to patiently analyze the utility of a complete administrative transfer of this type of tax to LSG structures, as it would complicate the procedure for billing and payment (see Table 21).

**Table 21. Income from land tax for 9 months of 2011**

Land tax for use of farming lands, in soms	Land tax for land use in populated areas and non-farming land, in soms
187,836,412	354,046,821

It so happens that the newly introduced property tax apparently has no substantial effect on the revenue portion of the local budget. However, this applies only to category 1 real estate properties. Additionally, the more promising categories 2 and 3 of commercial real estate properties are neither analyzed nor discussed. Experience shows that even given the insufficiently worked out administrative mechanisms for categories 2 and 3 collections for these significantly exceed those for category 1. Yet the LSG structures have no opportunity to improve the administration of these types of taxes as they have no authority to collect information on commercial properties and the national tax collection structures do not view LSG structures as partners in collaborative administration. For this reason a significant portion of commercial real estate properties are not subject to taxation. Improvement in tax collection for commercial real estate is a far more promising subject of discussion than issues of removing preferred statuses for category 1 properties. During the collection of taxes on motor vehicles (group 4) the problem of lack of access to information arises often (the numbers of registered automobiles within the given municipality) which makes it impossible to effect optimal collection for this type of tax. Similar complications arise with regards to practically all taxes (see Table 22).

**Table 22. Income from property tax for 9 months of 2011**

Real estate tax on non-commercial property, in soms	Real estate tax on commercial property, in soms	Tax on motor vehicles, in soms
53,428,533	390,597,187	435,564,825

The above examples convincingly show that during the preparation and implementation of the reform conditions for supporting a partnership between government and LSG structures for cooperating on improving the budgetary process were not created. Thus, before discussing the question of further expansion of the revenue base of local budgets it is essential to establish at the ground level conditions supporting the optimal collection of all sources of income by LSG structures.

The practice by the Ministry of Finance of the Kyrgyz Republic and its territorial departments of establishing target indicators (control numbers lowers the level of independence of LSG structures and substantially affects their capacity to effectively carry out the budgetary process. Despite the fact that the Law of the Kyrgyz Republic "On the Basic Principles of Budgetary Rights" of June 11, 1998 №78 dropped target indicators the Ministry of Finance continues this practice.

One of the key issues in the revision of the budgetary process on the local level is the capacity and ability of the LSG structures to institute an optimal collection of revenues. As has been previously mentioned, the National Tax Service of the Government of the Kyrgyz Republic is vested with the exclusive authority to administer all types of taxes. The literal interpretation of this doctrine has to a significant extent dampened the ability of the LSG structures raise their tax collection rates and in some cities, tax departments have been eliminated from the municipal administrations. A more



common recommendation for improvement in this sphere is transferring the administration of some types of taxes to LSG structures. Additionally, taking into account the implementation of the Presidential Decree of the Kyrgyz Republic of August 1, 2007 PD № 361 – “On the Carrying Out of a Pilot Project for the Transferring of the Functions of Administration of Local Taxes and Collections, and of Intergovernmental Taxes Flowing in Their Entirety into Local Budgets to LSG Structures” – it would be better to discuss the issues pertaining to the Government tax service delegating some authorities to the tax services of LSG structures. Moreover, it is essential to understand that the administration of a tax is a broad and includes: registration and listing of tax payers; collection of the tax; handling of tax returns; calculation of reconciliation statements to superior government structures, rights and responsibilities pertaining to tax-related debt collection; and fulfilling requirements for inclusion of information in the central data base of the national tax service. In discussing the issue of transferring authority to the tax services to LSG structures, it is essential to consider the question of effectiveness. It is extremely important to consider the interest of the taxpayers themselves so as to avoid over-complicating the process of filing and paying taxes.

Among tax revenues are intergovernmental taxes, portions of which are directed into local budgets as part of the income and sales tax. The apportionment of these taxes is carried out on a discriminatory principle, the apportionment rate being higher for cities than for the rural municipalities (AA). This logic is inconsistent as it violates the principle of fairness in regards to urban and rural residents. This principle has been preserved in the 2012 tax code, which illustrates the portion of the income tax as paid by each tax base:

- cities of national significance – 50%;
- cities of provincial significance – 40%;
- town of district significance – 40%;
- rural municipalities (AA) – 10%;
- neighborhoods – 30%.

Regarding non-tax revenues, the local budgets also face a number of hurdles some of which are due to legislation, others to the LSG structure's own shortcomings for example its inability to effectively manage municipal property.

It bears recalling that the reforms of 2007 had a substantial influence on the economy and budget of the country. At that time, among the list of local taxes was a sales tax which the LSG structures were capable of exerting an influence on increasing collection levels. Initially, the collections from this tax in 2007 exceeded the predicted levels by 134 percent (although the real administrative coefficient represented 0.32, i.e. the collection rate was 32% higher). The same year there was a national budget surplus – and the budgetary revenues in comparison with 2006 increased by 42.4 percent!<sup>1</sup>

The political pronouncements of the government leadership and the projected budget for 2012 offer hope that financial decentralization reforms will be continued in the Kyrgyz Republic. Is there a foundation for these reforms and what must be done for their successful implementation? Undoubtedly, the initial stage of reform in 2007-2008 may serve as a foundation for further successful steps, as it produced a number of positive results namely:

- the legislative base proclaimed the independence of local budgets;
- among the key participants of the budgetary process (staff of the Ministry of Finance of the Kyrgyz Republic, of LSG structures, representatives of local councils,) the historical memory persists of the successful testing in 2007-2008 of the two-level decentralized system of budget formulation;
- the potential of LSG structures has increased, especially among the representatives of local councils, who have come to better understand their role in the budget process;
- the existing system of inter-budgetary relations has secured permanent revenue sources behind the local budgets;
- the policy of transfers has become more substantiated, predictable, and transparent;
- a record of significant successes in the work of the treasury system makes it possible to resolve issues relevant to the formulation and implementation of local budgets;
- the level of transparency on the part of the National Treasury in publishing budgetary information broken down by each LSG structure has risen.

<sup>1</sup> Analysis of Kyrgyzstan's New Local Budget System. Decentralization and Local Self-Governance Development Programme. USAID / The Urban Institute, 2009. Archive of the Development Policy Institute.

The LSG reforms of 2007-2008 in securing for LSG their own dedicated sources of revenue yielded a substantially positive economic effect in Kyrgyzstan as a whole in the form of a substantial rise in nominal GDP and a budget surplus. But most importantly, the municipalities began to sense their own power and capacity to resolve issues of local significance.

Many Kyrgyzstan politicians like to refer to the experience of foreign countries, Russia among them. This is fine when the people and the nation stand to benefit. It appears we have here an example of just this sort of useful borrowing. At the end of 2011, the President of the Russian Federation, D.A. Medvedev, declared: "National finances must shift toward districts and municipalities"<sup>1</sup>. The Russian President's ideas imply the necessity of measures for increasing the portion of revenues flowing into provincial and local budgets within the structure of the consolidated budget of the Russian Federation. Is this a coincidence? Moscow no longer desires to manage the everyday life of its citizens, justifiably concluding that this lies within the purview of local self-governance. Similarly, for Kyrgyzstan, the issue of financial decentralization is by now a high-priority issue closely connected with the potential for further human development.



General recommendations in respect to the development of the financial potential of LSG are:

- government must undertake a multi-faceted programme of reform of financial decentralization which would include not only the reworked plan for inter-budgetary relations and fixed revenue sources, but also account for the creation of conditions that contribute to the LSG structures' abilities;
- urgent measures are needed to improve the potential of LSG structures in the budgetary process sphere;
- the revised process of budget transfers must be understandable and transparent for the LSG structures;
- genuine cooperation must be firmly established between the national and LSG structures in improving the budgetary process at the local level.

### 3.3.3. Human resources potential of LSG and the municipal service institute

Human resources are probably the most important single component of LSG structures without whose continued improvement the realization of administrative and political autonomy is impossible. Moreover, the staffs of LSG structures are correctly considered to be of all the representatives of authority the body closest to the population. They take upon themselves much of the flood of problems and citizen concerns, and decide a large number of issues of local significance. To a large extent, the quality of life of the population of the Kyrgyz Republic depends on them.

For this reason, an objective evaluation of the human resources potential and a determination of the main goals for its improvement and development is a task of the greatest importance. According to 2010 figures, the total number of municipal servants is 11,809<sup>2</sup>, whereas national servants number 38,494 people, that is three times as many. It serves no purpose to compare the effectiveness of national and municipal servants under the existing Kyrgyz Republic system of evaluation of labor records, however, it is evident that the human resources of the LSG system significantly lag behind the abilities of the national structures of government.

#### *MUNICIPAL SERVICE IS NOT COMPETITIVE IN COMPARISON TO NATIONAL SERVICES*

*A definition of municipal service<sup>3</sup> appeared simultaneously with the definition of national service, and it was initially assumed that both services would be compatible in case of transfer of a servant from one structure to the other, that is, continuity of service would not be interrupted, and all ranks and possibilities for career advancement would be preserved. However, with the passage of time as a result of legislative changes municipal service has become characterized as "second class," in comparison with the national one. This has diminished the attractiveness of municipal service for a significant number of people.*

*T. Omuraliev, former Minister of Local Self-Governance and Regional Development of the Kyrgyz Republic*

At the same time, the salary and quality of life levels of the employees of the LSG system, particularly in rural municipalities are some of the lowest in comparison with other levels of government. The minimum salary base of the head of village LSG is 7,000 soms per month, executive secretary – 7,000 soms, budget planner – 2,100 soms, specialist – 2,100 soms per month. In comparison, employees of national provincial administrations earn a base salary of 3,000 soms This factor plays a key role in issues of staffing LSG structures<sup>4</sup>.

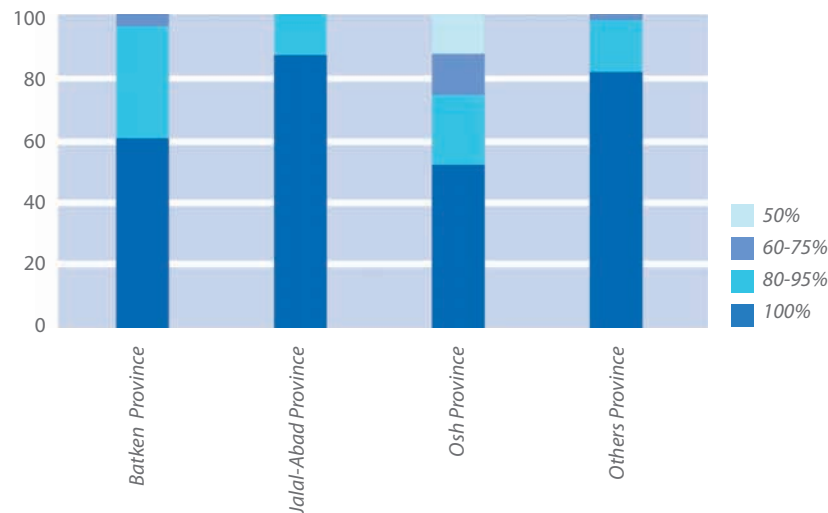
<sup>1</sup> Available at: <http://www.rg.ru/2011/11/14/gossovet.html>

<sup>2</sup> Management Academy of the President of the Kyrgyz Republic provides different data for the number of municipal servants – 18,000. The number of representatives of local council, according to the data of the National Local Self-Governance Agency under the Government of the Kyrgyz Republic (2011) totaled 8,103 people.

<sup>3</sup> Municipal service is a professional occupation of the citizens in LSG bodies in positions that are not elected and paid by the local budgets.

<sup>4</sup> It must be noted that in appearance, the staff of LSG and LSA are paid substantial sums, as almost in every instance the formula used to calculate official salaries incorporate an exaggerated coefficient.

Diagram 27. Levels of staffing of LSG structures in several provinces of the Kyrgyz Republic<sup>1</sup>



More than other professions, LSGs are experiencing shortages of the following specialists: lawyers, fiscal planners, social workers, agronomists, computer specialists. Some villages have no veterinarians. The national schedule for village administrations (AO) approved by the Government of the Kyrgyz Republic, limits the number of specialists the village government is entitled to, but gives it some freedom in deciding the combination of specific specialists. In other words, what specialist to hire – a lawyer or a veterinarian – the village (AO) itself decides. For this reason, complaints about the absence of a lawyer are not entirely justified. However, entirely founded are complaints about the qualifications of the lawyers and other specialists. Indeed, it is difficult to attract qualified specialists to join the staff when the base salary is 2100 soms per month.

Focus group participant

<sup>1</sup> Land, water, human resources, budget: capabilities and needs of LSG structures. Comprehensive evaluation of the state and needs for technical support of LSG structures of Batken, Jalal-Abad, and Osh provinces in several spheres of activity. – Development Policy Institute, funded by the OSCE center in Bishkek, 2011.

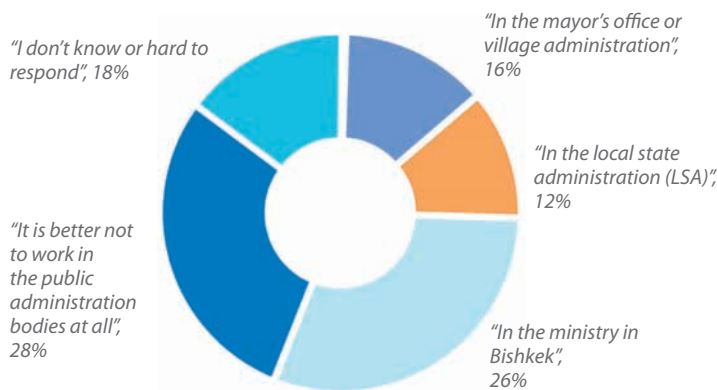
<sup>2</sup> Bishkek is the official capital of the Kyrgyz Republic. The second city in size, Osh, has the status of a southern capital, and therefore a variety of national structures are local there, for example, the Ministry of Emergency Situations of the Kyrgyz Republic.

The LSG structures cannot compete with the local national administrations on the basis of salary and as a result a drain is observed of the most highly qualified municipal person into national service. As a result of established traditions, the district-level national administrations see LSG as subordinate structures and, correspondingly, LSG staff considers transfer into LGA to be a career advancement. Only a very small minority of municipal servants understand the independent character of LSG and are capable of withstand the pressures from LSA. Even fewer are those who see municipal service as their long-term career perspective (accepting LSG heads, whose main motivation is achieving a certain scope of power) (see Diagram 27).

In addition, many specialists prefer to work in big cities like Bishkek or Osh.<sup>2</sup> A full 26% of respondents said they would most prefer to work in a national ministry job in Bishkek (see Diagram 28).



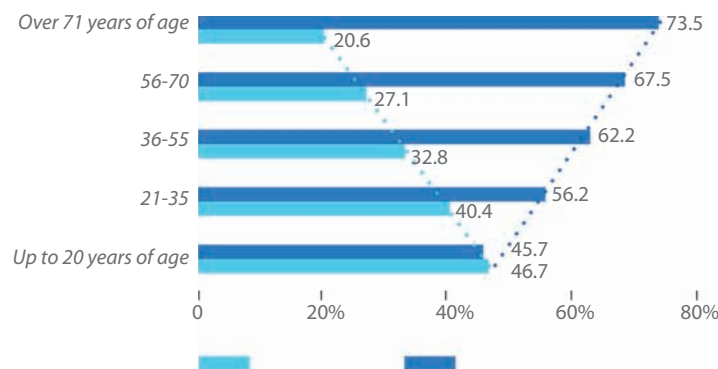
**Diagram 28. Preferences relative to work in government structures, as % of the total number of respondents**



An even greater number of people, approximately 29 percent, do not want to work in any type of government job. The lowest percentage wanting to work in LSG structures is among residents of Issyk-Kul Province (7%), the highest percentage in Naryn Province (25%). As a national total, only 16 percent of citizens are interested in work in LSG structures.

There is a clear decline in interest in a management-level position in local self-government with age. This may be explained in part by the fact that in obtaining professional and life experience, people are less likely to believe they may fulfill themselves at the LSG level. Moreover, the main reasons that people want to be employed in a position of responsibility in LSG are to work for the benefit of their community for people from 20 to 70 years of age and stability of work for people older than 71 (see Diagram 29).

**Diagram 29. Desire to work in a responsible position in LSG, as % of the total number of respondents**



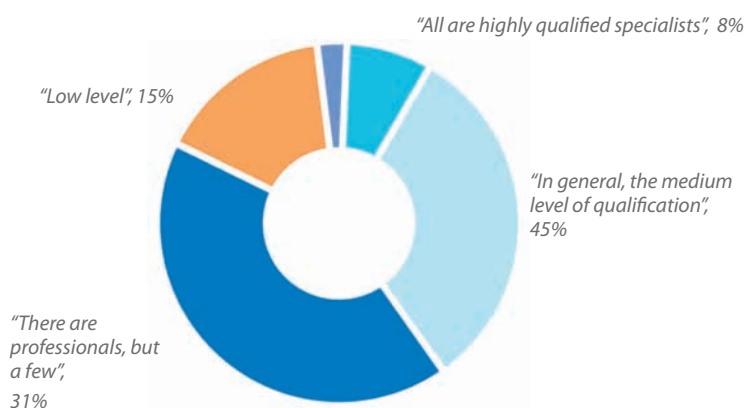
An analysis of the problem of staff mobility shows that in a majority of municipalities staff turns over not more often than every 2-5 years, however, 34 percent of respondents indicated that staff changes every year (after 1 year). Most likely to leave work at the village administrations (AO) are construction foremen, tax inspectors, accountants, and economists. Leaders also complain about the turnover among village elders, whose work is poorly paid, but whose scope of work expands constantly<sup>1</sup>.

*The most sensitive issue is human resources, particularly their high turnover rate at the LSG level. The pay is low and the last round of raises applied only to two categories – the chief and the executive secretary. As for the lower-ranked employees, who perform the largest portion of the work, their salary was kept at the two-three thousand som level. Personnel who stay at the village administration (AO) are more likely to be women, who are “tied” to their house, family, and homestead, and so have nowhere to go. They are precisely the ones who carry the weight, considering the income as a small supplement to their revenues for example from the family cow. The local tax inspector once told me that he would be better off buying two cows.*

<sup>1</sup> Land, water, human resources, budget: capabilities and needs of LSG structures. Comprehensive evaluation of the state and needs for technical support of LSG structures of Batken, Jalal-Abad, and Osh provinces in several spheres of activity. – Development Policy Institute, funded by the OSCE center in Bishkek, 2011.

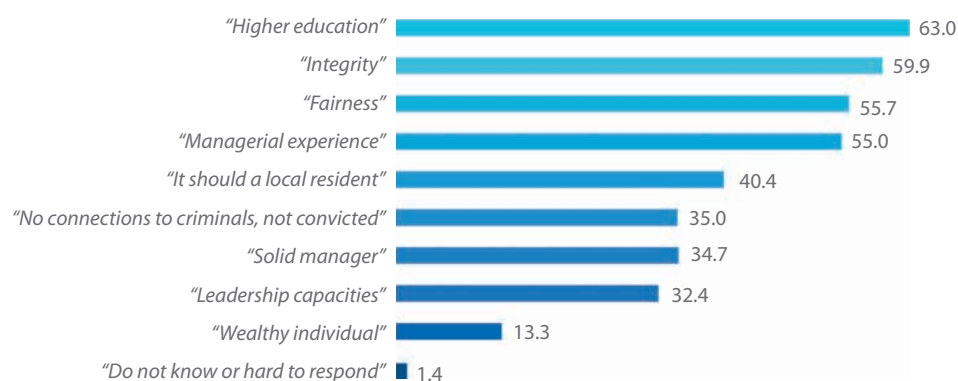
Citizens evaluate the level of preparedness of the staff of local LSG as average (see Diagram 30). However, one ought to keep in mind that the leaders of LSG structures rate the level of staff according to their evaluation of their own work. In order to adequately evaluate the overall level of work effectiveness it is necessary to conduct comprehensive testing and other studies based on objective criteria. Additionally, an analysis of the work of the focus group revealed that LSG staff often themselves rate the overall level of work as “average,” but when the discussion involves specific specialists they responded that the level of work-effectiveness was “low.”

**Diagram 30. Citizen rating of the level of qualification of city or village administration (AO) as % of the total number of respondents**



Much of the evaluation of the quality for municipal servants rests on the requirements for job applicants specified by law for filling vacant positions. Regarding mayors and heads of village administrations (AO) the law sets forth the following qualifications: higher education and work experience, service at either the national or municipal level or in public educational or healthcare institutions of no less than 5 years (for heads of AO, not less than 3 years). Regarding the other personnel, the law regarding municipal service sets forth corresponding criteria for each position, including higher education for some of them. Moreover, for quite some time, there have been arguments that higher education should not be a criterion for a candidate for the position of leader of a municipality. However, citizens believe (see Diagram 31) that first among the requirements an LSG leader must possess is higher education, followed by honesty and then fairness and the length of the experience as leader.

**Diagram 31. Opinion of citizens regarding what qualities the leader of LSG must possess, as % of the total number of respondents**





*Much depends on the leadership qualities of those “who are in charge”. This is equally true for both the leadership of the country and for the leader of town hall (AO). The role of personality in the history of humanity is well-known and must not be ignored. At the present time, I meet such people less and less often, whom the people may follow. During Soviet times, much attention was devoted to the training of leaders of production managers. This was one of the mainstays of public life of any town or village. A person was raised in rank only if there were no “blemishes” on their record.*

*So what is going on now? Not so long ago, during discussions regarding the election of the town’s mayor, one of the participants proposed removing such a requirement as higher education for candidates to the responsible position of mayor. It turned out that he was the acting temporary mayor of the town who had no university degree under his belt. In his defense, the man cited a member of the Kyrgyz parliament who supposedly said that some leaders have two higher degrees but work worse than those with a high school education. In my opinion, such an approach to personnel training is unacceptable.*

*Z. Kydyraliev, ex-Chairman of the City Council of Bishkek City*

*Problems in municipal service are many. We are unfortunately obliged to accept the situation, when people without the appropriate training come to work and the city hall. We have no choice but to take not the best of the best, but the least unskilled. Besides, we are still often faced with a situation, most regrettable, in which people are hired not according to their business skills and level of professionalism, but as a result of regional lobbying. It exacerbates the situation that, having accepted on staff an inadequately trained specialist, we lack the opportunity to raise his qualifications. All this has motivated the city hall of Naryn to develop our own policy regarding the improvement of municipal service by raising the qualifications of the personnel. But, as they say, one can’t fight a battle alone; there are not enough resources, and most importantly, there are not enough skills. This is really a problem that requires a national policy.*

*H. N. Moldokadyrov, vice mayor of Naryn*

*In my 17 years of work experience in the village administration (AO) not a single graduate of a specialized degree programme in “national and municipal government” came to work in the village administration. I have not heard of it happening in any of the neighboring villages. We accept applicants on the spot and we train them in their main responsibilities on the job. We could really use courses to raise our qualifications! There are so many positions in municipal service that require more practical, technical skills, rather than a basic university education, and so we have to pass on this “how to” knowledge through mentoring. But this is not the right way and we find our selves behind the pace of progress in municipal administration, and it all has a negative effect on the quality of services. On the other hand, the personnel of LSG structures have no incentive to raise their qualifications as they are sure that whether they study or not, salary will not increase, and they will not be promoted. These are the two main problems that must be resolved: to create centers (courses) for raising qualifications and to «tie» the results of the efforts of the employee in the educational sphere to their career advancement and salary level. Regarding the subject matter of the education we are most in need of today, it is basic clerical work, administration technologies, conflict resolution, and community outreach.*

*G. Ismailova, Executive Secretary of Ivanov village municipality (AA)*

The qualification level of municipal servants and a systematic approach to its improvement are the key problems in discussing issues of improving municipal service. Moreover, the system of education may be provisionally divided into two categories: basic courses and courses for raising qualifications and retraining municipal servants. Both categories having their specific problems and tasks deserve attention and analysis. However, from the perspective of an immediate strategic impact on improving municipal service the second category connected with the raising of qualifications of employed staff of LSG structures is of particular interest.

Analysis has shown that no single system and guidelines for organizing a system for raising the qualifications of municipal servants exists. Moreover, the analysis reveals a significant downward trend in the level of preparation of the LSG personnel. This is connected with the fact that in recent years, the "old guard" that had developed excellent organizational skills in government during the Soviet period is leaving service due to retirement. As a result of low salaries, relatively low trust in municipal service new personnel have no ambition to work in their specialization and attempt to find employment in the national government or in business. The available positions have become occupied by people lacking relevant education, experience, or even much of a desire to make an effort on the job. In the absence of a system of mandatory continued education the level of qualifications of municipal servants began to rapidly decline. An additional factor contributing to depressed interest in municipal service has been the government policy regarding LSG in recent years, a period during which the authority of local government has declined and their authority and resources shrunk.

During this time, international organizations have made substantial financial investments and conducted large scale training at the local level in many different fields relevant to development of LSG and local communities. Doubtlessly, this type of education has played a positive role. The main problems of the training approach, that deprive it of effectiveness is a lack of relationship between the results of training and career advancement and pay.

And so we may note that the system of raising qualifications of municipal servants as a whole has yet to be formulated and if this problem continues to be ignored the entire local self-governance reform may stall. The current situation is characterized by fragmentary efforts, often political in nature, bringing no visible effect and bearing no relationship to a systematic approach in education. The main problems in this sphere are:

- absence of an incentive and remuneration system for municipal servants that encourages continued education;
- absence of an evaluation system with education requirements for municipal servants (area of specialization, staffing needs);
- low level of compliance with requirements of the Law of the Kyrgyz Republic "On Municipal Service" of August 21, 2004 #165;
- establishment of educational programmes corresponding to the capabilities of educational institutions, and not just with the needs of LSG structures in mind;
- financial limitations.

The revision of the Law of the Kyrgyz Republic "On Municipal Service" of August 21, 2004 #165, currently in force prescribes a specified relationship between starting a job, career advancement and level of qualification, and the appropriate education. Moreover, a fairly high level of responsibility is placed upon the LSG structure leaders in fulfilling the mandated requirements. This law also takes into account the urgency of financing this education out of the means of the local budget. However, even the simplest proposals regarding the necessity of raising qualifications and in certain cases retraining staff are not at present being carried out. Moreover, the staff members of LSG structures are themselves not interested in receiving continuing education.

At the same time, it important to recognize the work of some educational institutions which graduate municipal servants and that are attempting to provide training to staff of LSG structures. At the top of the list is the Center for Continuing Education at the Academy for Government Administration and Government and Political Science Institute at the Kyrgyz National University. Even at these educational institutions, the establishment of departments and of the educational programmes is carried out not according to what is needed, but based on the availability of faculty and funding at these institutions.

The first order of business is formulating a Plan for improving qualifications and to accord it appropriate status through legislation. The following issues must be reflected in this "conception:"

- implementation of an effective law in the area of development of municipal service in accordance with the proposals of the Plan;
- specification of roles, functions, and authorities and the responsibilities of government agencies so empowered according to the realization of the Plan;
- specification of possibilities for career advancement and financial remuneration tied to the level of qualification of the municipal servant;
- necessity of tying continuing education to officially established qualifications;



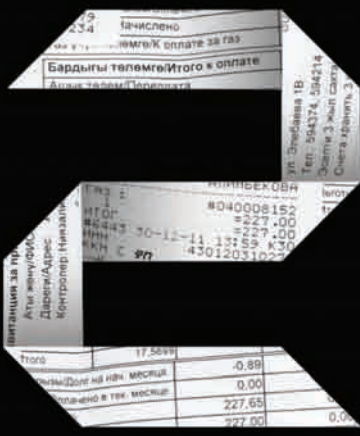
АШЫК ТӨЛӨМ



БАРДЫГЫ ТӨЛӨМГӨ



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ЭЛЕКТРИЧЕСТВО



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ЗА ТЕЛЕФОН



ИТОГО К ОПЛАТЕ

# КОММУНАЛЬНЫЙ АЛФАВИТ

30 ДНЕЙ МЕСЯЦА – КАК 30 БУКВ АЛФАВИТА. КАЖДЫЙ ДЕНЬ НУЖНО ДУМАТЬ ОБ ОПЛАТЕ КОММУНАЛЬНЫХ УСЛУГ – В ДЕНЬ ПО БУКВЕ. ЧЕРЕЗ МЕСЯЦ СЧЕТ ЭТОТ НАЧИНАЕТСЯ С НОВА ПОПРАВКА: АЛФАВИТ В ПОСТЕРЕ ПОКАЗАН НЕПОЛНЫЙ

ИСТОРИЧЕСКИЕ ОБЪЕКТЫ Г. КАРАКОЛ  
НУЖДАЮТСЯ В РЕСТАВРАЦИИ



- documentation, proving completion of course of continuing education in the form of an official certificate must be confer preference in career advancement and financial remuneration;
- identification of sustainable sources of financing;
- forming an evaluation system of educational requirements for municipal servants specific to each type of task group and discipline;
- formulating a conception of a “contract” for providers of education or training, possibly based on a competitive bid system;
- formulating a system of evaluating the educational process and the effectiveness of the training in the performance of the functions of the LSG staff.

The Plan must be discussed and implemented with the participation of all interested parties, including the national agency with authority over LSG affairs, the national human resources administration, representatives of institutions of higher education, the LSG structures, and experts in the field.

The implementation of the Plan may take place in stages and a significant role in the initial stage may be assigned to international organizations which are able to effect a smooth transition from the pilot model to the stage of wide scale implementation. Implemented measures must establish a systematic approach to issues relevant to raising qualifications of municipal servants and contribute to improving the quality of services provided to the population.

Based on the surveys presented here and on the results of other research, the authors of the present Report have concluded that no effective system of evaluating municipal service and the quality of work of LSG as a whole exists in Kyrgyzstan today. The only instrument which permits an evaluation of the quality of work of LSG is surveying the level of satisfaction of the population with municipal services. The fairness and adequacy of this instrument notwithstanding, it cannot remain the sole one, particularly as it is used rarely and it requires substantial financial expenditures. To achieve improvements in municipal service and in the administrative potential of LSG structures it is necessary to develop objective and quantifiable criteria for the evaluation of potential abilities and actual results of the work of LSG structures as a whole and of each individual staff member. Moreover, there are no doubts that the main criteria of this evaluation system must become the ability to improve the living conditions of the population and foster human development. The government is attempting to create such a system, but its implementation is a long way off.

### 3.4. Local Economic Development for the Stability of Local Self-Governance

Local self-governance and local economic development are two mutually dependent things. LSG is capable of becoming a catalyst for local economic development by encouraging the widening of the tax base. LSG can improve the local economic process not so much by creating special conditions for business, but by means of implementation of programmes that support local business, such as exhibits, fairs, festivals, educational and informational meetings, etc. However, currently, lack of sufficient funding, technical savvy, qualified staff and specialized knowledge prevents LSG from becoming a catalyst for local development. Moreover, LSG has yet to overcome corruption, a chronic malady affecting government structures in Kyrgyzstan.

Despite the fact that the Concept of Human Development denies the primacy of economic development as a determining factor in people’s satisfaction with their quality of life, economic growth, especially on the community level, is an extremely vital issue for Kyrgyzstan. It is an issue related to the inequality between the center and the provinces, which fuels social and political. As of today, no established and agreed upon definition of “local economic development” exists. According to some experts’ opinions, for the LSG officials “local economic development” is the means of achieving economic growth with the goal of maximizing employment in order to widen the tax base. In a more general sense, “local economic development” is a *comprehensive strategy, aimed at optimizing local resources for the sake of creating and preserving local jobs, and for the reinforcement and advancement of local business enterprise.*<sup>1</sup>

“Local economic development” encourages cooperation between local private, central, and municipal interests and offers an opportunity to devise and implement a general development strategy to optimize local resources and competitive advantages to stimulate the local economy

<sup>1</sup> Asibaliev Zh., Dobretsova N., Narusbaeva U. Local economic development. Textbook. – American University of Central Asia, 2010.

by creating new jobs. Local economic development revitalizes educational, cultural and athletic activity of the community and enriches the social life of every population group. The end result of local economic development is stability, improvement of every family's lifestyle, and enhancement of development opportunities for each individual.



#### PRESERVATION OF HISTORICAL LEGACY IN KARAKOL

*In the process of designing an economic development plan for the city of Karakol, preserving the unique heritage of Karakol, currently in jeopardy, became an issue of great importance. The city's historical environment is being modified. Old buildings and structures become dilapidated and are demolished or, in the best case scenario, sold. However, often the buyers brazenly change them to suit their tastes without regard for their architectural or cultural value. The new, standard, cookie-cutter structures as seen everywhere in the rest of Kyrgyzstan are of significantly less interest architecturally and do not fit into the surrounding historical architecture. The troubling tendency to replace architecturally unique Karakol buildings with standardized construction is growing. Such changes can bring about the total loss of architectural integrity and cohesiveness of the city. Unfortunately, in Kyrgyzstan the need to preserve the historical legacy of Karakol has not reached popular awareness. The city is not even included in the very short (four place names only!) list of the republic's heritage sites.*

*Karakol is one of the centers of international tourism. Modern tourists are primarily interested in the authenticity and the unique spirit of a place, something that distinguishes it from all other places. Thus, preserving its uniqueness is of direct commercial advantage to the city, especially in the long run.*

*As the cultural potential is realized, and the wealth of the city grows new construction projects should resemble typical Karakol architectural styles and the entire city environment should become the object of collective pride and care.*

*As part of a project<sup>1</sup>, a reconstruction of a portion of Zhamansariyev Street (between Toktogul and Orozov) to its original appearance (as it appeared 120 to 140 years ago) was undertaken and successfully accomplished. The streets and sidewalks were paved with cobble stones, and benches, garbage receptacles and street-lights in the style of the 19th century were installed. The main objective was preserving the city's historical identity to both enhance tourism and raise historical awareness.*

Local economic development remains on the periphery of the political establishment's awareness its predilection is for developing large-scale programmes and global strategies and prioritizing projects based on country wide significance. This is despite the fact that people's actual economic activity takes place in specific towns or villages, meaning, on municipal territory. That is exactly why today the issue of local economic development has to be moved to the forefront. Developing municipal economies serves a triple purpose. Firstly, it raises the standard of living of towns-people and villagers, improves village and town infrastructures, and offers solutions to social issues. Secondly, it strengthens the economic potential of the country as a whole. And thirdly, it lays the groundwork for social changes by including and incorporating the population including local business into the decision making process on the local level.

In modern-day Kyrgyzstan, LSG structures cannot be passive by-standers in the economic development of their territories. They have to become a moving force in the development of their municipalities. As such, they can assume two distinct approaches to the problem of local economic development.

First, they must actively cultivate a climate conducive to business and create an atmosphere supportive of existing businesses and attractive to new business. They must encourage entrepreneurship, foster private enterprise, and insure the functioning of the services needed to conduct business. Secondly, one of the major tasks of the LSG structures is the expansion of the economic potential of the territory, primarily by providing such infrastructure as transport, communications, land allotments, industrial facilities, energy and water supply plants, etc.

<sup>1</sup> USAID's Project "Decentralization and Local Self-Governance" implemented by the Urban Institute in the Kyrgyz Republic in 2006-2009.

*In the opinion of the experts of the World Bank, "the goal of local economic development consists in raising the economic potential of the province to make possible normal economic development in the future while raising the standard of living for all." The partners in this process, including the public, business and non-governmental organizations, cooperate with the goal of creating conditions more conducive to economic growth and full employment<sup>1</sup>."*

Is it possible for us to say that local economic development consists in the expansion of revenues of local budgets as a result of which a municipality is able to provide expanded and improved services? The answer is both yes and no. Certainly, the revenues in a local budget have a great bearing on provision of services to the public, but this is not the main goal of local economic development, which is directed toward putting the money in the citizens' own pocketbook, not in the public coffer. These two things are often confused in Kyrgyzstan because the structure of LSG organs includes financial-economic departments. Even though the word "economic" figures in their name these departments do not take an active role in improving the business environment on the ground in the local economy. Such a department concerns itself with receiving revenues from the entrepreneurs, but does not provide for their needs. LSG structures have become accustomed to consider local entrepreneurs as "cash cows" one deals with when it is necessary to collect taxes and other fees.

The main objective of local economic development is the flourishing of the community as a whole. The expansion of business among the community and consequently the expansion of the tax base supports economic development and leads to an overall growth of wealth among the members of the community. An increase in employment leads to the greater circulation of money within the society. The broadening of the tax base allows the local authorities to offer residents more services without raising taxes or lowering the per capita costs of services provided. In this respect, the relationship between economic successes and the community's wealth is a very direct one.

In the context of local economic development, local self-government in the Kyrgyz Republic has to address two tasks in the short-term:

1. to identify the causes of failures in local markets; for Kyrgyzstan, the issue of activating the real estate market is particularly important: to effectively use local lands and include them into economic circulation<sup>1</sup>;
2. to get rid of failures in the work of governance institutions; in the context of Kyrgyzstan, it means the adoption of appropriate legislation or the behavior of the officials that raise the cost of doing business and the risks for local investors, i.e., corruption<sup>2</sup>.

The authors have analyzed the situation as it concerns the resolution of the following tasks.

### **3.4.1. Ability of LSG structures to affect local markets**

At the present time the most effective means to support a revival of economic activity at the level of municipalities in the Kyrgyz Republic is the effective management of municipal property. The municipal property of local communities consists of 8,844 properties with a net worth of 10 billion soms<sup>3</sup>. At the present time, 4,038 (49.9%) municipal sites have been national registered which includes those that received national recognition in the form of a deed of municipal property, 1,615 (23.3%). This means that only one quarter of the sizeable total of municipal property including lands needed by business can be brought into market use. Three quarters of the wealth of municipalities consist in what is called "dead weight" that does not fulfill its economic function.

The national registration of the status of municipal lands and properties without which it is impossible to complete any legal deals with these properties represents of serious problem. Only a handful of village municipalities (AA) have carried out their own inventory of lands and partially registered their deeds with the Government Registrar<sup>4</sup>. The overwhelming majority of rural municipalities possess only imprecise, fragmentary evidence, received by the Government Registrar as part of the systematic registration of the 1990s. At the same time, the local registration organizations, the provincial structures of the Government Registrar, have declared that for many of the village municipalities (AA) that all the documents for registration in accordance with the Resolution of the Government of the Kyrgyz Republic have already been prepared<sup>5</sup>. However, to

<sup>1</sup> Available at: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTURBANDEVELOPMENT/EXTLED/>

<sup>2</sup> Abrahms S., Murphy A. The development and realization of strategies of local development in the countries of Central, Eastern, and South-Western Europe, Budapest Open Society Institute, 2005.

<sup>3</sup> Based on data from the National Local Self-Governance Agency under the Government of the Kyrgyz Republic of January 1, 2010.

<sup>4</sup> Government Registrar is what in Kyrgyzstan is called the Department of the Census and Registration of Deeds for Real Estate, part of the National Registration Service.

<sup>5</sup> Resolution of the Kyrgyz Republic Government of October 16, 2008, # 580 "On Taking Inventory and Finalizing the Government Registration of Municipal Property Sites."





complete the process of registration is not possible as the village municipalities do not possess the means to pay for the registration work. The local registration services cannot do so without pay since they are self-funded organizations.

This problem is ubiquitous and its resolution requires effort from all sides. It bears noting that, under the systematic registration the municipal properties have only completed a “preliminary” registration which is not a guarantee of its protected status. The municipalities must bear this in mind as the efforts of ministries and agencies to remove from municipal properties the most attractive properties have not ceased. The claim of one of the government ministries to a range of objects in the provincial city, for which the municipality possesses an Official Title Deed of Municipal Property is an example. The official title deed and completed registration of the rights of municipal property serve as a defense. If these documents did not exist, the city most likely would have lost these properties.

Of great importance is the level of access to information regarding the availability of land and other municipal properties, something that can be established on the basis of the presence or absence at the village council of a public copy of the register of municipal properties. The most open in this regard turned out to be Batken Province. Here 48 percent of LSG structures had a copy of the register of all municipal lands displayed for the community in the village administration (AO) building. It is worth noting that making the register public is practically the only means of achieving transparency in the area of managing municipal property. Public hearings and public town hall meetings discussing strategy and reporting on management of properties have not been a practice in recent years.

As a result of absence of transparency and the requisite oversight, misuse of municipal property by the executive structures of LSG has been on the increase. Such instances have become particularly frequent since the wholesale replacement of local leaders after the events of April 2010.

As part of the survey of 200 leaders of LSG structures of the Kyrgyz Republic it was revealed that in an overwhelming majority of village municipalities (AA) there is a demand for land from the private sector. The greatest demand for land from the private sector is observed in Jalal-Abad Province – 95 percent; in Batken the demand is 94 percent, in Osh Province – 83 percent. Moreover, demand for land from the private sector in the three provinces listed above is clearly higher than the analogous indicator in the other provinces of the republic where it barely exceeds 70 percent. Seventy three percent of rural municipalities actively utilize land auctions to rent from the Fund for the Agricultural Cooperatives<sup>1</sup>. Cities also utilize land auctions and bidding, however, their outcomes rest on the level of readiness of the LSG structure to establish fair and unbiased relationships with the private sector.

#### HOW CAN LSG FACILITATE BUSINESS (OR NOT) AND IMPROVE THE BUDGET (OR NOT)

*During the mid-2000s, two Kyrgyzstan cities comparable in economic potential and population size, roughly at the same time conducted auctions to sell their undeveloped land parcels. At that time, the value of their commercial property was analogous and the land lots put on sale were also similarly valued by the appraisers. And yet, the results of the auctions were shocking. One of the cities received as a result of the sales several times the income of the other. The entire secret consisted in that the first city broadly advertised the forthcoming sales to business and assured a real competitiveness among the bidders, while the second passed the information among “their own” and the auction participants were shadow fronts. At the same time in this second city where the auction was a false front business was unable to obtain land for the construction of new projects.*

*Based on the Report authors’ experience*

The LSG structures can also influence the growth of business on the territory of municipalities. Such mechanisms as business incubators and guarantee funds are used worldwide. Business incubators have yet to become a common practice of municipalities in Kyrgyzstan and guarantee funds have made only their first steps.

<sup>1</sup> Land, water, human resources, budget: opportunities and needs of LSG structures. A comprehensive accounting of the conditions and needs in the technical support of LSG structures of Batken, Jalal-Abad, and Osh provinces in several spheres of activity – Development Policy Institute, sponsored by of the OSCE Center in Bishkek, 2011.



#### GUARANTEE FUND

*One of the most recent innovations in local economic development in Kyrgyzstan is the creation of local guarantee funds to support the development of small and medium-size businesses in the districts. A guarantee fund makes it possible to resolve the problem of limited access to credit due to lack of collateral. A guarantee fund can be created quickly on the municipal level which makes it possible to quickly make decisions whether to provide a guarantee. The first stage of implementing this innovation has consisted in working out the mechanism based on the Western European model. The mechanism was adapted in the Kyrgyz Republic and implemented in the cities of Kara-Balta and Jalal-Abad where in the summer of 2009 the first local guarantee funds were set up. However, these foundations have yet to be used, however, in 2011 the municipality of Kara-Balta revisited the issue and reinstated the fund.*

Within the context of this research the survey participants also believe that the LSG structures must assist in the development of folk crafts (50%); the organization of festivals and other marketing efforts in support of the advancement of the economic potential of the territory (50%); and even provide loans for the purpose from the local budget (nearly 60% of the respondents); additionally, nearly half think that the LSG structures can do this in cooperation with the governmental organization.

*In 2009, we ran in Naryn the First International Festival "Kyrgyzshyrdagy," and in March of the same year, a business forum at which a series of projects was presented, 19 of which found the support from sponsors. An overwhelming majority of these proposals will be realized in Naryn.*

*Under a mayoral decree a facility belonging to the municipality was made available for ten years rent free to one of the craft cooperatives that trains all those interested in making felt products for export, wool-dyeing and spinning, and design of items that are part of a bride's trousseau. All these services are popular and in great demand among the population.*

*Ch. Abdyraimkunova, vice-mayor of Naryn*

Assisting the development of business by means of regulating the system of licenses and permits at the local level is a complex issue. On the one hand, the LSG structures are closer to the entrepreneur and would be able to streamline the process, however, they do not possess the capacities for overseeing such procedures. The complexity of this situation is reflected in the survey results. The participants were divided into three sizeable groups. A third of the citizens believe that LSG structures should regulate the rules governing of business start-up, including issuing construction permits, licenses and the like, a third are certain that this ought to be in the purview of the national government only; and a third of the respondents believe that these issues should be resolved jointly by the LSG structures and the national government. However, all the groups agree that the municipality is able to and must do all that is possible to simplify this procedure and make it accessible to the users. Some of Kyrgyzstan's municipalities are attempting such measures with various degrees of success within the context of the implementation of small scale projects is the creation of a "One-Stop-Shop."

### 3.4.2. Corruption throughout the structures of local self-governance

According to surveys of public opinion carried out by various organizations in the past few years<sup>1</sup>, the level of trust in LSG structures, the branches of government closest to the people, has been relatively high. The LSG structures have occupied the top of the rating scale for people's trust, yielding first place variously only to religious organizations, non-governmental organizations, and mass media. A high level of trust towards local self-governance is evident. Placed in direct contact with the population, LSG structures have considerably fewer opportunities to secretly take advantage of their official positions to steal and remain undetected.

Indeed, the head of an AA or a mayor of a small town is not able to hide anything from his neighbors and constituents, not the purchase of a new car, not the renovation of his house, not even the construction of a new fence. Therefore, the income of LSG leaders and officials is, perhaps, the most transparent financial information on a government structure in the country. On the other hand, the LSG leaders and officials understand full well that their constituents' attitudes toward them affects their work in the most direct and vital way. All one has to do is remember that almost 30% of AA heads were deposed as a result of the events of April, 2010. Not a single fishy deal or iffy deed on the LSG level remains unpunished, if not by the national government and its controlling agencies, then by public opinion and by actions of the locals.

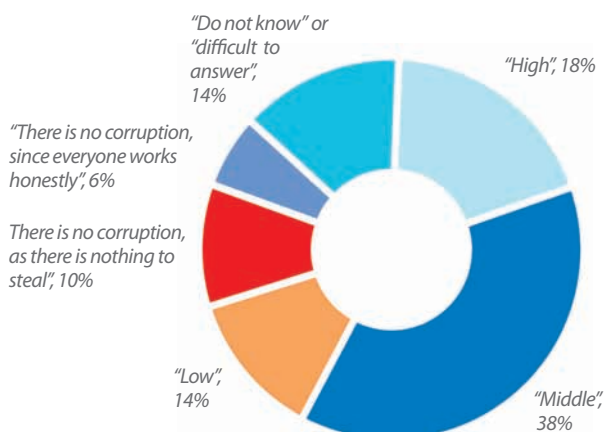
At the same time, the top LSG officials remain the most unprotected political leaders in every regard. The provincial councils, that appoint them, easily sacrifice them if need be, especially when trying to demonstrate to the provincial powers their efficiency in fighting corruption. Moreover, occasionally the leaders of LSG are literally forced to commit violations in order to satisfy the provincial government's demands to finance their non-essential regional needs and projects out of the local budgets. Such a situation had occurred in the Chui Province where under the previous administration, high-rise multi-apartment buildings and a business centers were built at the expense of the local budgets. The LSG leaders basically "carved up" their local budgets to accommodate the request from the "above." At the same time, such essential things as village roads, child-care centers, schools and other important objects of social infrastructure of local villages remained seriously underfunded. Could it have been easy for them to refuse to do what they were pressured to do, if this pressure was applied by people (provincial councilmen) on whom their jobs depended?

Thus, the heads of LSGs are in great need of support and trust from their local constituents and have limited budgets therefore they have fewer opportunities for corruption. They are, however, susceptible to administrative pressure from higher administrative authorities (LGA).

The results of the survey, conducted in preparation for this Report, show that only 18 percent of the respondents consider the level of corruption in the LSG structures to be high. Somewhat more than a third (38%) consider the level of corruption to be "medium," and 20 percent of the surveyed citizens think there's no corruption in the LSG structures at all (see Diagram 32).

<sup>1</sup> For example, the sociological survey of IRI, «Mood of the Country», 2009.

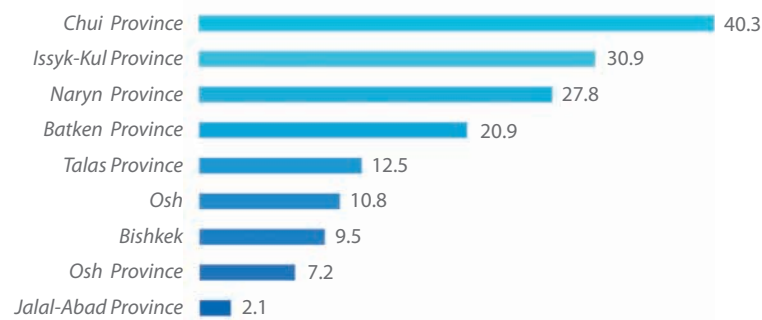
**Diagram 32. Evaluation of the level of corruption in executive structures of LSG, as % of the total number of respondents**



In comparison with residents of villages, urban residents are three times more likely to come face to face with elements of corruption. Thus, 33 percent of urban citizens believe that the level of corruption in LSG is high, but only 10 percent of rural residents gave the same response. At the same time, the number of village residents who think there's no corruption in LSG because there's nothing to steal is four times higher than the number of city dwellers with a similar opinion (3.7%). According to the opinion of the respondents, the most corrupt LSG structures were those of the city of Bishkek, where almost half of the citizens queried think that the level of corruption in the municipal LSG is high and another 20 percent feel it's at least "medium". About half of the residents of Jalal-Abad, Osh, and Talas provinces also consider the level of their local LSG's corruption to be "medium" or "average". It must be noted that this data reflects the subjective opinion of citizens on the level of corruption.

On the basis of the administered survey, one can devise a provincial rating scale, which graphically represents the level of trust in the LSG structures and reflects the number of people who are convinced that the absence of corruption in LSG structures is due to either lack of tempting resources or absolute and total honesty on the part of the LSG leaders and officials (see Diagram 33).

**Diagram 33. Rating of trust in LSG structures (percentage of citizens certain no corruption among LSG structures exists) (as % of the total number of respondents)**

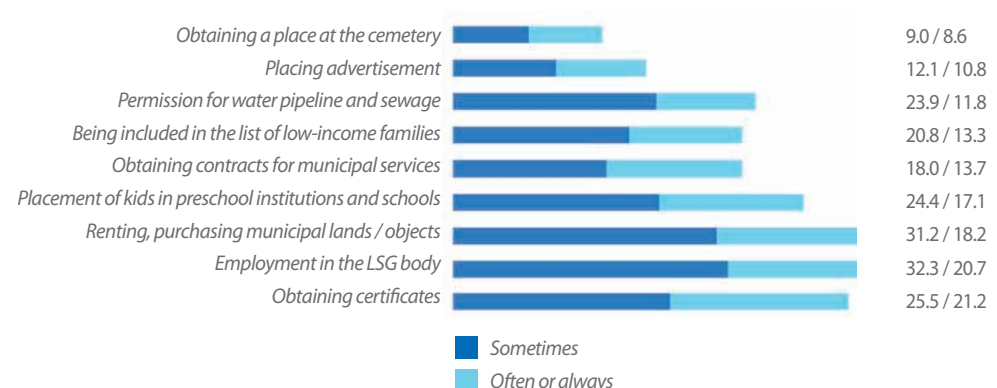


This rating demonstrates that Osh Province experiences the lowest level of trust and confidence in their LSG. The Issyk-Kul Province tops the chart with the highest degree of trust, 40 percent of citizens which is 10 percent more than the next highest.

Be that as it may, more than half of the queried residents of Kyrgyzstan acknowledge the presence of some corruption on the LSG level. However, are they able to substantiate it with any specific examples?

Diagram 35 shows that more often than not the citizens are forced to enter into a corrupt relationship with the LSG officials when obtaining licenses or certificates (21.2%), applying for jobs (20.7%), leasing or buying municipal lands or sites (18.2%), and placing children into educational institutions (17.1%). The lowest incidence of corruption is encountered in the process of obtaining a cemetery plot at a municipal cemetery.

**Diagram 34. Percentage of citizens who have had to offer gifts or bribes to obtain services, as % of all respondents**



ПРОЛЬЕМ СВЕТ  
НА ГОРОДСКОЙ БЮДЖЕТ!  
ШААРДЫК БЮДЖЕТКЕ  
ЖАРЫК ЧАЧАБЫЗ!

ПРОЧЕМУ НЕ ТРАТИМ НАДОБИ А ДОРОГИ РАЗБИТЫ?  
ПРОЧЕМУ БЮДЖЕТНЫХ СРЕДСТВ ТРАТИТСЯ НА РЕМОНТ ШКОЛ?  
ПРОЧЕМУ ПРИШЕ НЕ ОПРАВЛЯЮТСЯ НОВЫЕ ДЕТСКИЕ САДЫ И ЗАКРЫВАЮТСЯ СТАРЫЕ?  
КОГДА БУДУТ ОСВЕЩЕНЫ ВСЕ УЛИЦЫ ГОРОДА?  
КАК РЕШИТЬ ПРОБЛЕМУ ПРЕДПРИЯТИЯ ГЕНДИШКО АЛЬЯНОГО ТРАНСПОРТА?  
КАК РЕШИТЬ ПРОБЛЕМУ ЧИСТОТЫ В НАШЕМ ГОРОДЕ?  
КАК ПОДНЯТЬ АВЕСТИ ЧИСТОТУ В НАШЕМ ГОРОДЕ?  
КАК ПОДНЯЕТ СОЦИАЛЬНЫЕ ЖИЗНИ?  
КАК РЕШИТЬ ПРОБЛЕМУ ПУНКТОВ В ГОРОДЕ?  
КАК РЕШИТЬ ПРОБЛЕМУ ЗАКРЫВАЮТСЯ СТАРЫЕ?

ПРОДАШ  
ШААРДЫК  
БЮДЖЕТ



So, are the citizens willing to accept corruption in the LSG structures? Despite the fact that the level of corruption in the LSG structures is lower than in the central government agencies, the issues that the LSG officials deal with have to do with the most basic day-to-day concerns. Do the citizens consider being pulled into corrupt dealings in connection with these simple issues acceptable at all? The results of the survey show that the overwhelming majority (80%) feel that corruption in local matters concerning their basic survival is unacceptable!

One of the mechanisms of citizen control over the activity of LSG structures is the local council, under whose direct responsibilities falls the oversight of LSG activity, which includes requesting periodic reporting. To what degree is the local council able to fulfill its responsibilities? Is it successful in monitoring the work of the executive structures of the LSG? Almost a third of the local population is uninformed in this regard. A little over a third of the respondents are sure that the representatives of the local councils do oversee and monitor the activity of the executive structures, but do so badly or inadequately. Only 14 percent are satisfied with the quality of local councils' performance of their oversight functions. In terms of geographical differences, the Batken residents' opinion regarding the quality of their local council's oversight functions stands out as unusual. Around 30 percent of the sampled population feels that the councils oversee and monitor the work of the LSG structures effectively. Residents of Chui and Osh provinces are the least satisfied with the fulfillment of their local councils' oversight function (approximately 8%).

**Table 23. Citizens' opinions regarding quality of their local council's oversight of executive LSG structures, as % of the total number of respondents**

	Overall	Batken Province	Jalal-Abad Province	Issyk-Kul Province	Naryn Province	Osh Province	Talas Province	Chui Province	Osh City	Bishkek City
"Yes, fully effective"	13.8	28.4	13.8	14.7	19.6	13.8	19.8	8.8	8.6	7.9
"They must, but do so poorly"	35.2	26.1	31.1	36.0	45.4	27.0	52.1	49.6	38.7	30.6
"They must, but are not allowed the opportunity"	14.1	15.7	16.7	4.4	22.7	17.6	14.6	9.7	15.1	10.7
"It's not their responsibility"	6.9	2.2	11.9	1.5	6.2	10.3	8.3	3.8	5.4	4.8
"Don't know" or "Can't answer"	30.0	27.6	26.4	43.4	6.2	31.4	5.2	28.2	32.3	46.0

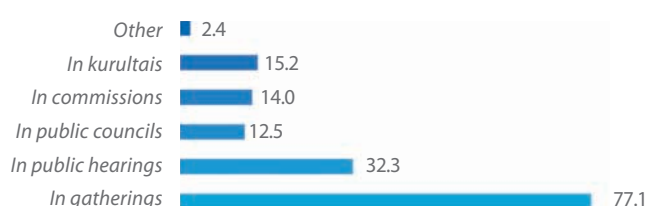
### 3.4.3. Nature of interactions of LSG structures with the community (civic participation)

It is not by accident that the section on citizen participation in the civic process is to the theme of local economic development. Moreover, citizen participation implies total transparency and general access to the information generated by the LSG. The citizens' desire to help the local self governance process and facilitate the creation of an environment conducive to human development, usually arises in places where municipalities and their leaders are eager to share with the population the responsibility for local decisions and their consequences. Fully revealing all pertinent information regarding projects planned, decisions made, finances expended, property acquired, and other important issues is major tool in sharing this responsibility.

As was discussed in section 3.2., the health of the LSG system affects the stability of the system of government in the country as a whole. The strength of the LSG is its ability to effectively resolve issues of local significance and is directly connected to its accountability to the citizens, its openness and transparency, and its readiness to share the responsibility for all decisions and their ramifications with the community. In other words, the formal as well as the informal connection between the LSG structures and the population their information exchange and their business relationship, their ability to join forces in order to achieve common goals and find optimal

solutions for common problems, has now become a guarantee of continued improvement of citizens' lives, as well as of the overall social stability in the country. In reality the LSG structures interact and communicate with the population more than any other government institution. The practice of holding village assemblies (town-hall meetings) is well known as is the fact that the LSG heads have an ongoing, almost daily dialogue with the public. There are also numerous examples of the citizens' voluntary contribution to the local decision making process. An overwhelming majority, 77 percent participants of the survey conducted in preparation for this Report, confirmed their participation in meetings and assemblies held by their LSG officials (see Diagram 35). Another 32 percent took part in public hearings and 12 to 15 percent are occasionally involved in the work of committees, advisory boards and traditional caucuses.

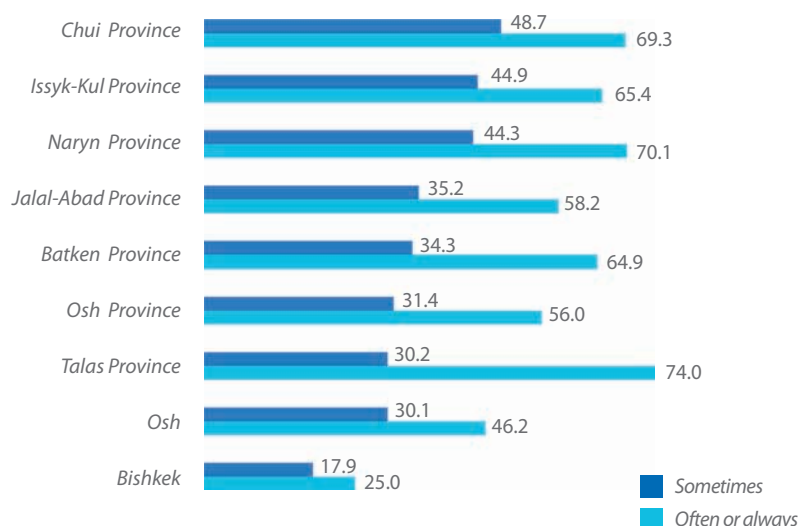
**Diagram 35. Citizens' participation in LSG activities (as % of the total number of respondents)**



In general, the majority of the citizens of the Kyrgyz Republic (almost 60%) are willing to actively take part in making decisions of local importance, to participate in public works intended to beautify their village or town, for example. The most active in this regard are residents of Issyk-Kul, Naryn, Talas, and Chui provinces, where the number of people wishing to get involved in public projects reaches 70 percent and more. The most active group appears to be people between 36 and 55 years of age. Paradoxically, the expressed desire to participate is considerably lower than the actual participation rate. Thus, the country-wide average for people involved in public projects is 35 percent of citizens. The largest disparity between desire to participate and actual participation is observed in the municipalities of Talas Province. Here 74 percent express a desire, while only 30 percent in fact participate (see Diagram 36).

This shows that in their efforts to improve the conditions in their territories, the municipalities underutilize the capabilities and the energy of the community. Furthermore, this speaks to the fact that the LSG structures still lack community organization and mobilization skills. Perhaps, this also means that the citizens are not sufficiently motivated to engage in civic activity. They are not always aware of how their contribution benefits the municipality and the community at large.

**Diagram 36. Opportunity for direct participation by citizens in community work and other public projects, as % of the total number of respondents**



*Public budgetary hearings have been held in the various municipalities of the Kyrgyz republic since 1999. In many cities the first and the second hearings were attended by a tremendous number of people. However, people did not want to participate in the hearings a third time. An attempt to get to the bottom of this effect revealed that people felt they got no feedback on their wishes, suggestions, and recommendations regarding budgetary priorities. This undermined the people's belief in the meaningfulness of their participation, leading to disenchantment. People felt they were simply being used and refused to participate in such events.*

*As a result, the city government was compelled to implement additional feedback mechanisms, informing the citizens of the fate of their suggestions and recommendations after the hearings.*

Widening of the scope of one's rights and capabilities is invariably tied in with civic activity which is an opportunity for all people, including the poor and the marginalized groups of the population, to be heard and allowed to meaningfully participate in the debates and discussions affecting their lives. This idea resonates with most people, especially the civically-minded. The majority of people in the world strongly believe that widening of the scope of one's rights and abilities as well as citizen participation in the political process are an integral part of human development.<sup>1</sup>

*UNDP POVERTY REDUCTION PROGRAMME began its activity in Kyrgyzstan in 1998 with the goal of improving the possibilities of the impoverished parts of the population for social-economic development by uniting them in groups of mutual cooperation. At different stages of this programme's existence the number of participants varied depending on government needs and the socio-economic situation in the country. In the time it was in operation, the Programme covered more than 200 villages from all the provinces of the Kyrgyz Republic.*

*Following from its socio-economic orientation, the Programme actively cooperated with the LSG structures on issues of poverty reduction and eradication, employment support, job creation, and community mobilizing including encouraging community organizations to obtain institutional status. The main priority during all stages of activity was continued training for the purpose of raising the competency level of LSG officials in dealing with issues of community organizing, socio-economic planning, and community development with special attention paid to gender aspects and the interests of the most vulnerable population groups.*

*The activities of the programme were integrated into development plans for the local municipalities (AA). 74 Marketing Consulting Centers (MCC), whose main objective is to increase the effectiveness of economic activity of the village residents, especially women and the youth, were created and took hold in all provinces. The LSG structures assist in by providing quarters and office-space. Within the Programme framework around 2,000 mutual cooperation groups were established involving 14,100 individual members. New legal entities were formed as a result of the institutional legitimization of the Associations of mutual-cooperation groups. Thus, under the umbrella of the Association 34 NGOs, 31 cooperatives, and 12 micro-credit agencies were registered.*

*With the assistance of UN volunteers and with the support of the LSG structures, the Programme helped 100,000 Kyrgyz citizens, or 2 percent of the population of the country to improve their socio-economic standing by strengthening the community organizing, developing micro-financing, and offering grants for developing local infrastructure and encouraging small businesses in rural areas. Social organization and micro-financing became effective working tools for reducing poverty in the country.*

*The "Localizing Millennium Development Goals" project is one example of successful cooperation between the Programme and the LSG structures in the Naryn Province (2010).*

<sup>1</sup> Global Human Development Report (2010). The Real Wealth of Nations: Pathways to Human Development. UNDP.



*In three village municipalities (AA) (Min-Bulak, Uchkun, Kazybek) and two districts (Naryn, Atbashi,) the provincial administration established resource centers, outfitted with state of the art office equipment and expert staff trained in data gathering and processing and the analysis of the Millennial Development Goals (MDG) on the local level.*

*Another fruitful and successful experience was the partnership with LSG structures in the South of the country after the events of 2010. The LSG was an active participant in implementing new interventions aimed at rebuilding the destroyed small business infrastructure in the affected villages, retraining the youth through the Vocational School system, and creating new jobs, all in the context of rebuilding peace and lowering ethnic tensions in the region.*

## CHAPTER 4

# EVOLUTION AND THE VISION OF LOCAL SELF-GOVERNANCE FROM 2020 TO 2030

This chapter contains important elements for the development of the strategic document and action plan (roadmap) on the decentralization and development of local self-governance. The chapter presents an opportunity to peek into LSG's "tomorrow" and obtain answers to a number of crucial questions at the outset, in order to avoid mistakes.

### 4.1. Evolution of the Perception of Local Self-Governance: from State to Community

The LSG-related legal reforms are now at a decisive stage. The most recent legislative decisions are of a transitional character and require the attention of all the interested parties in order to develop strategic direction and define a vision for LSG from a long-term perspective.

It is essential to renew the dialogue between the Parliament of the Kyrgyz Republic, the Kyrgyz Government, LSG bodies and the expert community on the role and tasks of LSG in the political and social system of the Kyrgyz Republic. The issue is that all discussions of the role and activity of LSG are undertaken exclusively between the parliament and the executive and are not linked to the real needs of the local people living in a particular territory. Moreover, the discussion is conducted in technical language that revolves around "delegated authorities," "inherent functions," "autonomies," "fiscal mechanisms" and other terms incomprehensible to the general population. The conversation regarding the issues and the reform of LSG over the past 20 years has become a permanent fixture among experts and politicians. The fact that genuine financial and administrative decentralization has not in recent years advanced beyond the discussion stage, suggests problems in the way the issue is framed.

The problem is that all of us, including the government, LSG bodies themselves, and society, have become accustomed to perceive LSG as no more than simply one of the levels of national authority, a certain extension of the district government administrations and other government structures. Everybody has for some reason forgotten, that the nature of LSG is entirely different, that it arises out of the nature of the issues themselves that LSG addresses. Daily issues of local significance, are entirely earthbound and mundane, and require no involvement of the government. It is entirely pointless to attempt to regulate them from the "White House." Traditionally, among local issues are trash removal or water pipe repair. But in actuality, there are a range of issues that have become problems in the Post-Soviet era. We are speaking of such important, but non-material things, such as traditions, family values, social harmony and even the moral climate of society.

The only level of government capable of addressing these issues is local self-governance. However, such things are not considered part of the "portfolio" of LSG authorities and responsibilities. Figuratively speaking, today LSG stands with its back to the people and the community, facing the authority, whereas for the effective resolution of issues of local significance it must be facing the community, with its back to the official authority. Much has been said and written about the reasons for this, the key reasons are financial dependence on the center and subordination to the state administration. But if we look closer, there is but one reason: LSG is not a government, but a direct democracy (people's power), yet everyone perceives it to be an extension of the government.

Within the framework of the development of this Report, the authors' group organized discussions about hypothetical paths of development<sup>1</sup>. More than 60 participants were divided into three groups: "public officials" from the executive and legislative branches of the national government; "self-government workers" from LSG bodies; and "experts" from academia and NGOs. The first two groups – "public officials" and "self-government workers" were unable to step outside the stereotypical frame of reference of local self-governance, imposed "from above." In their opinions and recommendations they repeated the traditional leitmotif of "separation of powers," "delegation of authorities," "the inadequacy of local budgets," "imperfect legislation," etc. Only the "experts" managed to somewhat enliven the picture, confidently declaring: yes, LSG is capable of making decisions regarding human development in their entire range, but for this it must have the will,

<sup>1</sup> See materials of the conferences that were held in Bishkek and Osh, "Effective Local-Self-Governance – Basis for Stability, Inter-ethnic Accord and the Creation of Conditions Conducive to Quality of Life and Human Development in the Kyrgyz Republic," July 2011.



and only after that the resources. Moreover, the will can arise only within an LSG that has its face turned to the people.

All the groups support the statement that LSG can make a direct impact on quality of life and human development, personal development included. The assumption was voiced that LSG does not create conditions supporting development because the leaders of LSG/8 are subordinated to the national government and must give priority to its interests. Citizens are also not able to have a genuine influence on LSG bodies. In other words, in order to create conditions conducive to human development, the LSG bodies themselves must be robust in terms of institutional stability, especially in its financial and administrative aspects (see section 3.3).

Until the idea of the “non-governmental” nature of LSG takes root in the heads of those who make decisions positive changes in the effectiveness and cohesiveness of LSG will not occur. For this purpose, it is urgently necessary to simply “sever” LSG from the government, which can be done through the implementation of genuinely representative elections which will guarantee the accountability of the LSG leadership to the population. However, the Law of the Kyrgyz Republic “On Local Self-Governance” of July 15, 2011 № 101, adopted by the Parliament and signed by the President of the country in the summer of 2011, does not provide for such elections. It remains to be hoped that the temporary status of the law, something that was remarked upon by the members of government and by parliamentarians during its adoption, will allow for the needed changes in 2013.

## 4.2. Vision for the Future of Local Self-Governance: 2020 Through 2030

### 4.2.1. Perception of LSG – 2011

The survey, carried out as part of preparation of this Report, groups of participants were offered a choice of no more than three emotions that they experience towards local self-governance, from among the offered list. The analysis of the answers reveals the group participants to be in solidarity in their feelings of OPTIMISM.

*Diagram 37. Graphic representation of emotions which local self-governance evokes as a whole (based on the “Cloud Tags” techniques’).*



A surprising result is the absence of a sense of RESPECT for LSG among non-governmental agencies, representatives of local councils of northern districts, and the representatives of the Parliament of the Kyrgyz Republic. In addition, the share of RESPECT for LSG turned out to be higher among the participants of the roundtable held in Osh.

A significantly large portion of participants experienced feelings of DISAPPOINTMENT and FRUSTRATION, especially those in the roundtable held in Bishkek (representatives of local councils and experts). It is possible that this was caused by the rejection of decentralization in 2008-2010 and the subsequent powerlessness of LSG organs in maintaining stability in the country, as was demonstrated in the summer of 2010.

<sup>1</sup> This method of graphic representation of priorities is based on the principle of repetition: the more often the word is used, the larger the font size its letters are written in. This method is widely used on the Internet for identifying the most frequent needs or the most popular themes and words. Likewise, this method is used in strategic planning relevant to public opinion.



As to the difference in the perception of LSG on the part of municipal servants and citizens, among the staff of municipalities the system evokes, primarily, a sense of optimism, among citizens, respect. However, among citizens there are a significantly higher number of those who do not experience any emotions toward LSG, or feel frustration and disappointment.

*Diagram 38. Graphic representation of emotions which local self-governance evokes from citizens (based on the "Cloud Tag" techniques").*



*Diagram 39. Graphic representation of emotions which local self-governance evokes from LSG staff (based on the methodology of "Cloud Tags" technique").*



This picture visually characterizes the existing attitudes towards the system of LSG bodies. However, for the Kyrgyz Republic, it is important to imagine what the system should become in another 10 to 20 years, in order to correctly set goals and develop a reliable "roadmap" for progress toward these goals. Put more simply, the Kyrgyz Republic, its people, all the levels of government and the expert community are in need of a Vision for LSG for the mid- and long-term perspectives. This Report attempted to conceptually formulate the Vision. In their work on the draft Vision, the authors relied on the opinions of leading LSG experts, who took part in the discussions during roundtables and in-depth interviews. The process revealed that experts from the Osh and Jalal-Abad provinces<sup>1</sup> are not eager to look very far ahead, into 2030. At the same time, they can sufficiently and clearly distinguish the primary characteristics of LSG in 2020. Experts from other provinces of Kyrgyzstan were bolder and were able to express views about the year 2030.

<sup>1</sup> Local self-governance in the Kyrgyz Republic: yesterday, tomorrow, and in 20 years. Analytical notes of the results of round tables on "Strong Local Self-Governance – the Basis of Stability, Interethnic Harmony, and the Creation of Conditions Supporting Quality of Life and Human Development in the Kyrgyz Republic," conducted within the framework of the of the National Human Development Report 2011-2012. – Bishkek, 2011.

#### 4.2.2. Vision for LSG-2020<sup>1</sup>

Relying on the composite opinion of experts, the authors of this research suggest a Draft Vision “Local self-governance in the year 2020.”

**Local self-governance in the Kyrgyz Republic in the year 2020 is a stable system of financially and administratively independent LSG bodies that are capable of improving the quality of life of the population through the provision of quality municipal public services due to availability of financial resources and skilled staff. An accountable and transparent system of LSG bodies is based on improved legislation and adequate territorial organization and has earned the trust and support of its citizens.**

With the help of the “Cloud Tag” technique, the authors visualized the LSG Vision – 2020, and the result visually demonstrates the priority of financial independence in the state of the system of LSG bodies in 2020.

Diagram 40. Graphic representation of LSG Vision – 2020 (based on the “Cloud Tags” technique).



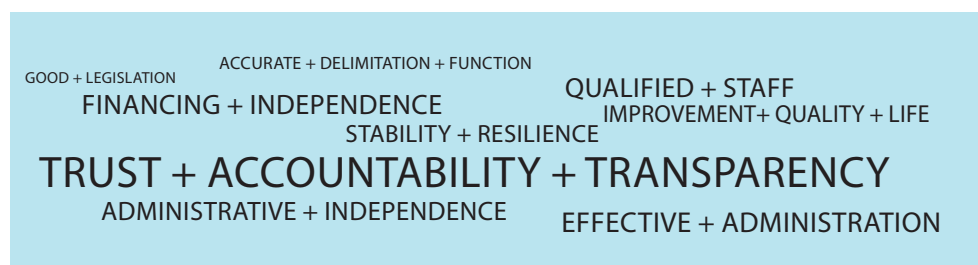
#### 4.3.2. Vision for LSG-2030<sup>2</sup>

Relying on the composite opinion of experts, the authors of this Report suggest a Draft Vision “Local self-governance in the year 2030.”

**Local self-governance in the Kyrgyz Republic in the year 2030 is a sustainable system of financially and administratively independent LSG bodies absolutely trusted by the population due their transparency and accountability to citizens. The system of LSG bodies aims at improving the quality of life on the territory within their jurisdiction and solves the issues of local economic development. The success of LSG is based on skilled staff, financial independence, effective management, and administrative autonomy.**

With the help of the “Cloud Tags” technique, the authors visualized the LSG Vision-2030, and the result demonstrates the priority of the troika of trust, accountability, and transparency for the development of the system of LSG bodies in the year 2030.

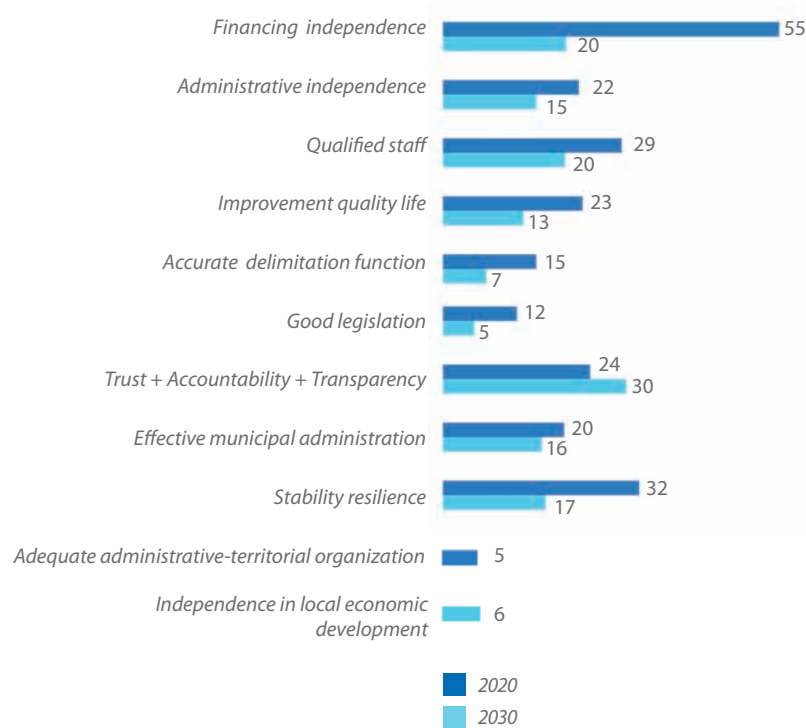
Diagram 41. Graphic representation of LSG Vision-2030 (based on the “Cloud tags” technique).



<sup>1,2</sup> The characteristics cited by experts from Osh were different from those cited by experts from Bishkek. For this reason, we cite only those characteristics that are comparable in their general meaning.

The comparison of the perception of the LSG system in 2020 and 2030 shows that during the given decade the system is bound to change. The authors compared the importance of various characteristics for the state of LSG in 2020 and 2030 and obtained a composite result for the development of LSG as represented in Diagram 42.

**Diagram 42. Evolution of Vision for local self-governance from 2020 to 2030**



If we consider how politicians and experts view changes in the LSG Vision from 2020 to 2030, we discover that financial independence becomes considerably less important. This may represent the expectations of the respondents that in 2030 LSG bodies will achieve financial independence. Similarly, to some extent administrative independence and effectiveness of municipal governance is also reduced in relevance. Other issues emerge as being of primary importance, chief among them being the troika of trust, accountability, and transparency. The issues of qualified staff and the effectiveness of municipal governance become more relevant. Additionally, independence in local economic development appears as a new characteristic.

### 4.3. Context and Challenges in Light of Current Situation in Mid-Term Perspective

Familiarity with the history of the development of LSG, as well as an analysis of the research results and a comparison of the obtained data with the international precedents provides a basis for the following unequivocal conclusions:

- 1) *local self-governance, being closer to the individual citizens than any other level of government is a necessary component for human development;*
- 2) *LSG itself requires a high degree of attention from the government and society, and this attention should not be limited to short-term party or narrow economic interests.*

Now, the country has a unique chance to empower local self-governance with real opportunities to:

- 1) strengthen the political, administrative, and financial-economic independence of local communities;
- 2) increase the effectiveness of delivery of public services necessary for comprehensive human development.

There are prerequisites for this to happen, including:

- 1) a new Constitution of the Kyrgyz Republic, which provides a broad scope for a genuinely democratic basis of LSG;
- 2) a multi-party system, an active civil society, and a multiparty Parliament of the Kyrgyz Republic that are capable of resisting attempts to centralize authority and place limitations on LSG;
- 3) a track record in the area of LSG development accumulated during 20 years of national independence;
- 4) requisite legislation, insufficiently harmonized though it may be;
- 5) the desire of the people for a system of government that will guarantee an opportunity for communicating to authorities the population's preferences and desires;
- 6) a large body of expert municipal servants with the opportunity and desire to improve the system of LSG.

It only remains to make a political decision and to express the political will.

It is essential to unequivocally resolve the issue of the maximum broadening of the rights of local communities:

- the right to form their own executive structures without any participation from the central government;
- the right to decide for themselves how the executive structures of LSG will exercise their responsibilities, determine their organizational structure and staffing, and the compensation of the latter;
- the right to broaden the revenue base of local budgets and provide the power to collect taxes, fees, and other revenues;
- the right to increase the role of local councils and their representatives in the activities of the executive structure and in local lawmaking.

However, during the formation of the Government of the Kyrgyz Republic by the newly elected Parliament of the Kyrgyz Republic in 2010, issues of LSG did not receive the necessary attention. The Government formed by the Parliament in 2011 likewise did not include these issues in its Programme<sup>1</sup>, despite the fact that the Agreement on Coalition stipulated strengthening LSG and actively supporting its development<sup>2</sup>.

For this reason, the fact that the legislative project in the LSG sphere initiated by the Government of the Kyrgyz Republic did not stipulate any measures to develop LSG is not surprising. The draft law on local self-governance suggested by the Government was practically indistinguishable from the previous Law of the Kyrgyz Republic, "On Local Self-Governance and Local State Administration" of May 29, 2008 №99.

The attempts of parties (which were regrettably successful) to use LSG as a tool for achieving their parochial party goals particularly raises concerns. In the service of the political interests of political parties, and flouting popular opinion, the Parliament adopted amendments to the Law "On the Election of Representatives of Local Councils" which for all purposes institutionalized the monopoly of parties over participation in the election of city councils. Now, the right to nominate candidates for city councils belongs exclusively to political parties. This circumscribed the existing constitutional rights of citizens, and of independent local leaders, who would prefer not to join one or another political organization, but wish to participate in local self-governance and be of service to society.

Additionally, no attention was given to substantive arguments against the adoption of "party monopoly" on the right to be elected a parliamentary representative of a city council. Stated briefly, the aforementioned arguments consist of the following:

- the aims of party building at the given moment contradict the nature of local self-governance. The essence of local self-governance consists in uniting people with the goal of local and independent responsibility for the resolution of issues of local significance, and not splitting of people along lines of political principles. Issues of local significance cannot have a political platform. People must participate in the governance of their own territory and learn to carry co-responsibility together with LSG structures for the resolution of issues of local significance;
- development of local self-governance in no way contains a threat to national security and territorial cohesion of the country;

<sup>1</sup> The Programme of the Government of the Kyrgyz Republic approved by the Parliament's Resolution of December 17, 2010, № 26-V (Appendix to the Agreement "On the Formation of a Coalition of Blocks, "Unity and Development," in the Parliament of the Kyrgyz Republic During the Fifth Congress" of December 17, 2010. – Legislation of the Kyrgyz Republic of January 17, 2011 № 3.

<sup>2</sup> Agreement "On the Formation of a Coalition of Blocks, "Unity and development," in the Parliament of the Kyrgyz Republic During the Fifth Congress" of December 17, 2010.

- individual accountability of representatives of local councils is today more important to residents of villages and cities. This is more effective (they may be queried directly) than the complicated process of gaining access and getting responses from the central governing structures of political parties. Representatives, elected according to party lists, are in reality only accountable to their party and not to the local community. Thus it is hard to imagine a situation where people will turn to the central committee or the party headquarters in Bishkek on the issues of a non-functioning water supply system or sewage;
- international law mandates fair access to participation in local elections, independent of political affiliation (OSCE Copenhagen document<sup>1</sup>, the UN Office of the High Commissioner for Human Rights<sup>2</sup>, the Venice Commission of the Council of Europe<sup>3</sup>, OSCE Office for Democratic Institutions Human Rights<sup>4</sup>).

Another real risk is in forcing reforms of the administrative territorial organization. Now, it is hard to determine the optimal sizes for municipalities and how many are needed to effectively solve issues of local significance, for the simple reason that local self-governance, despite its 20-year history, is not fully functional. It is necessary to first put into effect genuine decentralization, to develop the potential of LSG structures, and only then decide how to shape its territorial organization. If the reform was conducted by force immediately, such a reform would only exacerbate the lamentable position of the provinces, leading to even more chaos and lack of accountability. Moreover, administrative-territorial reform requires additional budgetary expenditures, which would not improve the budgetary situation in the country as a whole.

Currently, despite the relatively favorable conditions for kick-starting the development of local self-governance, there are several pitfalls that might deprive LSG of all hopes for correcting the errors of the past.

The inadequate understanding of the nature of LSG on the part of many politicians. Confusion about LSG which is often misperceived to be simply the lowest level of the state apparatus. The inexplicable refusal to consider the advantages of a developed LSG for nation and political party building; unwillingness to creatively approach the issue of development of local self-governance based on local specifics. The urge to simplify and unify the system of self-government, as well as other risks such as insufficient finances and insufficiently skilled personnel, etc., currently create an unhealthy climate.

At the same time, the results of research and surveys conducted in all the provinces of the country and reflected in this Report demonstrate that a full-fledged LSG is, at a minimum:

- an object expected and desired the local population;
- a means of "relieving" the central government from functions not proper to it;
- a means of overcoming the negative zero sum results of competition between political parties for power, in the process of which the party that has not succeeded in winning the parliamentary election, has the opportunity, through its work and victories at the LSG level, to compensate for the shortcomings in its political situation at the central level and through this influence state policy;
- a means, through the efforts of local communities, to develop the economy and support cultural and social health.

It is evident that the pluses of LSG outnumber the minuses. Therefore, despite risks and some minimal expenses, the government should undertake systematic and comprehensive measures for further decentralization of state authority and the development of local self-governance.

1 Available at the site: <http://www.osce.org/odihr/elections/14304>.

2 Available at the site: <http://www.unhchr.ch/tbs/doc.nsf/0/d0b7f023e8d6d9898025651e004bc0eb>

3 Available at the site: <http://www.venice.coe.int>

4 Available at the site: [http://www.venice.coe.int/docs/2011/CDL-AD\(2011\)025-e.pdf](http://www.venice.coe.int/docs/2011/CDL-AD(2011)025-e.pdf)



## 4.4. Towards the Vision of Local Self-Governance in 2020 and 2030: Recommended Changes

### 4.4.1. The steps to be taken by government to develop a system of full-fledged LSG

Most important is to act consistently and consciously and provide LSG with real political and financial autonomy. A comprehensive strategy for the development of local self-governance based on the LSG Vision-2020 must be developed. The major tasks of such a strategy should include the provision of political, administrative, and financial autonomy for local communities and their decision-making bodies with a clear delineation of issues for which LSG must be held accountable. The effective implementation of this strategy requires an independent and fully empowered body capable of developing and putting into practice the government's LSG policy. The Parliament of the Kyrgyz Republic should pay close attention to the development of LSG.

### 4.4.2. The steps to be taken by the political community and the structures of LSG themselves

The issue of strengthening of LSG's political influence has matured, so that LSG could act in the name of local communities as an equal partner in discussions with the Government of the Kyrgyz Republic. In connection with this, three factors are of overriding significance:

- 1) influential national politicians and political parties must come to the side of LSG, who can make it their "trump card" fulfilling their promises made at election time;
- 2) the modified system of elections and accountability has to result in the emergence of strong local politicians at the LSG level who will be supported by the local community and will work in its interest, and therefore, by cooperating with others, will be able to effectively defend the interests of LSG at the national level;
- 3) the role of the association of municipalities (of the Union of Local Self-Governments) must be reformatted so that the legislation related to LSG become subject to negotiations with the Government of the Kyrgyz Republic, and the interests of LSG are effectively defended (regrettably, no negotiation process between the Government of the Kyrgyz Republic and the LSG structures has been introduced within the Kyrgyz Republic to this date.

### 4.4.3. Critical issues at the start

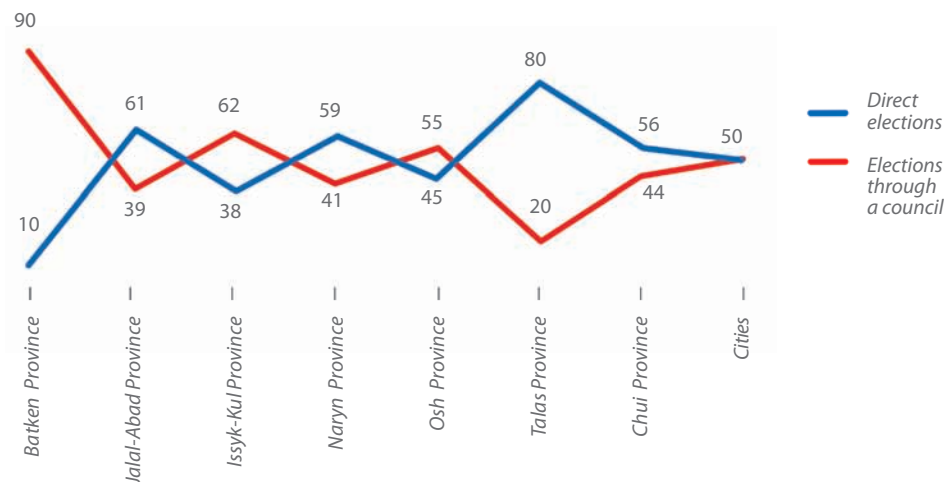
The forecasting of the work necessary for achieving the goals has formulated several conceptual issues for the government.

1. **How many levels of local self-governance do we need:** one (village and city level) or two (village and city level + district level)? The choice of the first option would significantly simplify the division of functions between the state administration and LSG bodies. In the view of the authors, the district level exceeds what is optimal for local self-governance. Distance from the center, where services may be obtained, the population size, and other parameters directly affect the degree of self-governing bodies. The popular representation in LSG bodies also falls significantly at the district level: if at the village level a single representative represents approximately 200 people, at the district level one delegate would represent a 1,000 or more people. As a result, the interests of minority groups suffer; they are simply "lost" among other, larger groups. Other drawbacks for oversized municipalities are costs of services and the size of the municipal labor force. If it is necessary to address the issues of large territories through the creation of elected bodies, then such bodies should not be detached from the village and town councils. These councils must be represented in these elected bodies (district councils) by their own representatives.
2. **Should LSG be introduced in border and marginally populated areas?** What the national security concerns and these communities have the capacity for LSG? Administrative-territorial units that may have LSG must be determined by the law according to the Constitution of the Kyrgyz Republic. This means that there may be administrative-territorial units in which LSG will not be introduced in the interests of security, as well as for well-grounded reasons of governmental effectiveness.
3. **How to increase the role of the local councils which are the representative bodies of LSG.** It is time to cease the detrimental policy of shrinking the power of local councils in favor of the interests of executive structures. The executive bodies of LSG must report to the representative structures and not to government officials. The final decision over the fate of the

leadership of the executive body should be made by the local council and not officials of the central government. The representative of the central government (prime minister or another official) has the right to appeal to the council on the responsibilities of the head of the executive body, but not the right to either appoint or dismiss him or her. Moreover, it is necessary to conclusively decide the issue regarding the status of the local council's deputy. It must not automatically mirror the republican system of governance based on the key principle of separation of powers. First, it is uneconomical. Second, it is ineffective and undermines the authority of the councils.

4. **Should the mechanism of forming the executive bodies of LSG be uniform for the entire country or may the regulation of this process be contingent?** The nature of LSG consists precisely in that the local community must itself decide most issues (of course, within the limits set by the law). Among such issues are the selection of the mechanism by which the local community will shape its executive bodies: either through direct elections or by appointment from the local council. If the law were to allow local communities to decide the issue in their statutes, then the government would entirely validate its intentions to develop genuine people power. The 2010 survey<sup>1</sup> conducted during the development of the Constitution of the Kyrgyz Republic demonstrated a diversity of opinions by the country's population about the mechanism to shape the local executive organs. There are those who support direct elections and those who prefer election through the local councils, but without the interference of the government in the process. However, there are also citizens who advocate for the appointment of mayors and heads of local councils (AO) by the government. Given such a range of opinion, it would be a major political misstep if the government were to establish only one mechanism. For example, it would be unwise to force Batken Province, with 90 percent of population supporting elections through local councils, to follow the same path as Talas Province, where 80 percent is for direct elections.

**Diagram 43. Distribution of opinion on the procedure of electing leaders of LSG bodies, as a % of the total number of respondents<sup>2</sup>**



5. **Can financial decentralization be effective without a parallel increase in political and administrative autonomy?** Many politicians and officials believe that, as a priority, the issue of financial decentralization and inter-budgetary relations must be conclusively decided before any political reforms are undertaken. But we must not forget that the successes in raising the revenue of local budgets in 2007-2008 were in large part due to the fact that the leaders of LSG at the time were elected by the population directly and were therefore able to take advantage of the results of increased budgets. If they had been accountable to the government officials, their successes would have been considerably less impressive. This eloquently attests to the necessity of a "comprehensive" and multi-faceted reform.

6. **How to introduce a new individualized approach into the area of delegated government functions?** The mechanism of the delegation of government functions and authorities has not been developed fully and is not being implemented. The blanket method of delegating a long list of functions to all LSGs does not take into account the specific capacities of different LSGs<sup>1</sup>. Besides this, the fact that such delegation has yet to be legislated formally,

<sup>1,2</sup> My Local Self-Government in My Constitution. Development Policy Institute, 2010.



as is mandated by the Law of the Kyrgyz Republic "On Local Self-Governance" of July 15, 2011 № 101, undermines the LSG system, the budgetary system, and the delineated responsibilities between the central government and the LSG structures. The delegation of functions and authorities are not financed by the government because they tend to be overlooked during the annual budgeting process. In such a situation, the legitimate and more effective method of delegation is represented by the individual approach, in which a list of delegated functions and authorities are specified in the laws on the establishment of administrative-territorial units (in a city or in rural municipality (ayil aimak)). As an alternative, the group method of delegation, in which various functions and authorities are delegated (based on negotiations) to a group of municipalities of one type (for example, a group of towns, a group of major flatlands or a group of remote mountain villages) may and ought to be used.

7. **How to harmonize and raise the status of legislation on local self-governance?** Politicians and the legal community must solve the issue of the legal status of LSG without delay. The issues of LSG represent issues vital to the power of the people and, correspondingly, must be regulated by laws that possess the greatest force, as opposed to the common (trade) laws. Ideally, such legislation ought to possess the status of a constitutional law or code. This will make it possible to use the "guillotine principle"<sup>2</sup> in resolving legal conflicts.
  
8. **How to improve the financial capacities of LSG structures?** The mechanism to transfer financial resources to LSG structures in connection with their functions and authorities is yet to be regulated. It is necessary to build up their own revenue sources from local taxes, as well as certain deductions from taxes shared with the national government. Even cities of provincial significance that represent national economic centers and provide a lion's share of the national budget, under the stipulations of the Tax Code of the Kyrgyz Republic, receive subsidies. Based on the current legislation, it is essential to legally establish the level of budgetary provision to LSG bodies to further the fiscal decentralization within the country and help develop the financially self-sufficient LSG bodies. In international practice, according to the European Charter of Local Self-Government, profitable sources accumulated within local budgets must cover no less than 2/3 of the budgetary needs of the LSG bodies. In Kyrgyzstan, now the corresponding level is no more than 21-22 percent. To determine the level of budgetary independence of the LSG bodies, it is essential to develop a system of minimum social standards, which will allow local functions to be priced (22 issues of local significance, spelled out in the Law of the Kyrgyz Republic "On Local Self-Governance" of July 15, 2011 № 101). The size of local budgets, in comparison to the national budget, must be increased from 15 to 30-40 percent.
  
9. **How to strengthen municipal property and broaden the rights of LSG bodies to dispose of objects located within the territory of the local community?** During the period from 1999 to 2009, a significant increase in the size of municipal property, due to the transfer from the national government of a large number of holdings, took place. Nevertheless, there remains a serious problem of incomplete inventory of national possessions, especially land, and of their improper registration. Incomplete inventory and registration significantly complicates the utilization of municipal property, especially of such a valuable resource as land which impedes local economic development. The regulations of the Land Code of the Kyrgyz Republic establishes the lands of populated areas to be municipal property, except for those lands that belong to the national government or private persons. And while the property rights of private persons are already formalized, such legal formalization of government lands is yet to be completed. The government bodies themselves do not pay necessary attention to the problem of registering state-owned lands and the LSG bodies do not have the authority to request information from the departments in charge of registering real estate. Therefore, it is necessary to:
  - complete inventory of state-owned lands in populated areas;
  - broaden the rights of LSG bodies to receive information on real estate within the territory of the corresponding municipality.

<sup>1</sup> See the Decree of the Government of the Kyrgyz Republic "On Delegation of Some State Authorities to the Local-Self Governance Bodies" of 12 September 2000 #563.

<sup>2</sup> In legislative practice, "the guillotine principle" designates a law established in conjunction with a collection of statutes and acts approved after the law itself is enacted. According to the "the guillotine principle," such interim legislative acts are in effect during the law's introduction, or to bring it into agreement with the code, within a designated period of time. At the expiration of the period set forth, acts that are neither renewed nor brought up to date automatically lose their authority.

#### 4.4.4. Future strategy for decentralization and local self-governance development

To achieve significant results in implementing the strategy, it is necessary to consistently apply the following principles.

1. **Coherence and complexity of measures** directed at the synchronized provision of political, financial, and administrative autonomies (as was mentioned above). It is precisely the synchronized and coherent introduction of measures that will help avoid problems that have troubled the most recent history of LSG in Kyrgyzstan (see Appendix 1). Unbalanced and asynchronous in political, financial, and administrative decentralization creates a threat to the entire reform process and, particularly, to the achievement of the human development goals<sup>1</sup>.
2. **Consideration of local specifics** and a customized approach will avoid a one-size-fits-all mechanism for the significantly diverse LSG bodies. The differences in local conditions (ethnic makeup of the population, capacities of the LSG, relationship to the economic center, etc.) make virtually every LSG unique. The concrete implementation of decentralization reforms must take into account this local diversity, which will help avoid the problems of mechanically “transplanting” models that, for example, work in Bishkek to the soil of Ak-Tash.
3. **Preliminary testing for all innovations.** All radically new measures must be planned and implemented on a pilot basis, which will make possible better preparation or the full-scale introduction of decisions and allow modification taking account of the results of preliminary testing.
4. **The effective utilization of the legal, material, and human resources available at any given moment in time.** Our analysis, on the basis of HDI and the LSG capacities (see section 1.3,) shows that, in a number of cases, an LSG with scarce resources may achieve success and, conversely, those possessing resources may not reach their level of potential. Every innovation in policy and legislation ought to meet the above criteria. Such a practical realization of legislation will achieve tangible results in decentralization for human development.
5. **Phase implementation.** Measures must be divided into several phases, each with clearly defined tasks and key indicators. At the completion of each phase, it is essential to monitor and evaluate the achieved interim results with possible corrections of tasks for the next stage. The duration of each phase, except for the first one, must be equal to the mandate of the local councils, four years. Such stage-by-stage implementation of reform will help focus on the key issues at each stage, without scattering efforts in many directions.
6. **Consistency.** Each consecutive phase must be the direct continuation of the preceding one, and be based on the “do no harm” principle. It is for this reason, monitoring, evaluation, and fine tuning of tasks are necessary after each phase. Such a consistent approach will support the achievement of strategic goals. Such phase and planned establishment of the practices of effective management will result in more sustainable results than a rushed reformation of the LSG system.

#### 4.4.5. Recommended measures

Based on the aforementioned policy principles in the area of LSG reform, it is important to undertake the following measures as the foundation for a decentralization strategy and the development of local self-governance.

1. **In the area of the LSG development policy and the improvement of the LSG's legal basis,** the following is essential:
  - a) Adoption of new legislation at the constitutional level governing LSGs. It is essential to inventory this legislation simultaneously, and apply “the guillotine principle” to all other regulatory laws delegating any other extra functions on top of those specified in constitutional law or code to the LSG bodies;
  - b) Three-stage implementation of the legal basis of LSG. Moreover, at all the stages, the principle of the clear delineation between central government functions and authorities from and those of the LSG, with requisite stock-taking of current laws and regulations:
    - stage one, no longer than 1-2 years in duration, must be dedicated to guaranteeing the enactment of the norms of the of the new law (code), and of the laws concerning

<sup>1</sup> It is worth noting that the given problem is not characteristic of Kyrgyzstan only. For example, in Poland, the decentralization reforms were carried out during the very first stage of the transition period. Moreover, they were carried out synchronously – the political, administrative, and fiscal decentralization was implemented cohesively. By contrast, in Slovakia, a country with a long history of LSG, fiscal decentralization was implemented a year after the administrative one, which created massive problems, for example in the funding of education – the LSGs became immediately responsible for schools, but no money was yet made available.



the financial basis of LSG (if these are not included in the law) on secure footing. It is urgently necessary to eliminate the inconsistencies in laws regulating the activities of local self-governance, to bring the sectoral laws in compliance with the new law (code). Stage one has to eliminate contradictions in the legal basis, the duplication of functions both between the central government and LSG bodies and within the LSG bodies themselves. Besides, it would be wise to apply the individual approach to the delegation of government functions and authorities in place of the “one size fits all” approach utilized earlier. This approach assumes that modifications and amendments of laws specific to different types of administrative-territorial units can be introduced where the list of specific functions and authorities delegated to that unit will be spelled out. It will create a strong likelihood of central government co-financing of the implementation of the delegated functions and authorities granted to the LSG bodies;

- stage two, 5-6 years in duration, must be dedicated to monitoring the effectiveness of the laws and achieving a sustainable and consistent functioning of LSG bodies, as well as local state administrations. This should take place under a new law on local self-government (code) addressing matters of local significance. Simultaneously, at this stage it is necessary to conduct a functional analysis by sectors of public service delivery in the areas of healthcare, education, and public security (sectoral functional analysis), to assess the feasibility of transferring parts of these functions and authorities to LSG bodies;
- stage three – transfer of the issues of healthcare, education, and public security to LSG, as well as preparation for the transfer of other functions.

**2. In the area of financial-economic autonomy of LSG, the following is essential:**

a) decentralization of financing:

- stage one: during the first year increase local taxes and fees;
- stage two: in broad consultations with LSG bodies and the public – develop a system of minimal social standards, which will determine the costs of specific services, in accordance with the new law on local self-governance (code). Then develop standards for the delegated government functions and authorities and a mechanism for calculating their costs. Develop a system to guarantee funds and municipal bond. Develop and test on a pilot basis a system of equalization of local budgets, based on mutual assistance;
- stage three: depending on the results of pilot projects in equalizing local budgets either implement this system within the entire territory or reject this system altogether;

b) municipal property and the broadening of the rights of LSG bodies to dispose of or manage this property:

- at stage one: 2-3 years – complete the inventory of national lands in populated areas and register municipal lands; broaden the rights of LSG bodies to receive information on real estate within the territory of the corresponding town or rural municipality (AA);
- at stage two – decide on the transfer of additional property to municipal ownership; to provide broad government support for LSG bodies in restructuring the debts of municipal service providers (possibly with the transfer of debts of municipal providers of water, heat supply, and sewage to the national government).

**3. In the area of municipal service it is essential to:**

a) at stage one:

- introduce a system of objective evaluation criteria for the municipality's quality of work ;
- develop a system of remuneration, based on work performance;
- introduce a robust system of on-the-job professional development for municipal servants;
- change the programmes and contents of university courses on municipal service, introduce new specializations in municipal administration, for example, local economic development and municipal conflict management;

b) at stage two (as the municipal revenues increase):

- stop setting remuneration rates (salary scales) in a centralized manner for municipal servants;
- stop national financing of the wages and salaries of municipal servants.

This strategy must be long term, a minimum 10 years, be flexible, have qualitative and quantitative indicators, and have a clear-cut system of monitoring and evaluation. The strategy must be immune to possible modifications or repeal for political reasons on the. That is why it must be necessarily approved by all the institutions of highest authority: the President of the Kyrgyz

Republic, Parliament of the Kyrgyz Republic, and the Government of the Kyrgyz Republic (although this method has not yet been provided in the Constitution of the Kyrgyz Republic or by established precedent). To establish such protection, it is necessary to pass a special law on strategic documents, possibly assigning this law constitutional status. This will make it possible to avoid frequent changes of strategic national plans (not just in the area of LSG) to satisfy changing political contingencies.

It is also essential to synchronize LSG issues with administrative reform (reform of national bodies of executive power). Well-developed LSG must be balanced with strong local state administration (LSA). The weakness of these structures (in terms of laws and the application of laws in practice) in comparison to the territorial branches of ministries and departments will inevitably impel the heads of state administrations to meddle in LSG affairs. Therefore, special attention must also be paid to the question of the structure, authority, and role of these administrations in the system of national executive power.

## REPORT OUTPUTS

1. Results of a survey of representatives of LSG bodies and citizens of the Kyrgyz Republic on the influence of LSG on human development (sampling, questionnaire, tabulated results by gender, age, and provinces).
2. Timeline of the report development.
3. Local self-governance in the Kyrgyz Republic: today, tomorrow, and in 20 years. Analytical notes on the results of the conference “Effective Local Self-Governance – Base for Stability, Interethnic Harmony, and the Establishment of Conditions Supporting Quality of Life and Human Development in the Kyrgyz Republic,” within the framework of development of the National Human Development Report – 2011-2012, Bishkek, 2011.
4. In-depth interviews with experts, politicians, and LSG representatives.
5. Presentations of individual aspects of this Report.

# APPENDICES

## APPENDIX 1

### STAGES OF DECENTRALIZATION AND DEVELOPMENT OF LOCAL SELF-GOVERNANCE IN THE KYRGYZ REPUBLIC: RECENT HISTORY

The history of LSG in Kyrgyzstan may be provisionally divided into five main stages. Studying these five stages provides an opportunity to evaluate the roles of the local community and of the country's citizenry in the implementation of the functions of government and in raising their own standards of living.

Tentatively, these stages may be characterized as an uninterrupted search for the optimum forms and models.

**First stage** (April 19, 1991 – December 19, 1991) – reform of the national authority and LSG structures (granting to the existing lowest rungs of the Soviets of people's commissars the status of LSG structure) and the maximum decentralization of national governance.

**Second stage** (December 1991 – 1997) – the beginning of the intensification of a vertical style of national administration, "de-Sovietization" of executive organs of LSG accompanied by its simultaneous centralization and insulation from elected authorities.

**Third stage** (1998-2007) – the appearance of an independent system of executive LSG structures and its further insulation from councils, accompanied by a gradual openness to participation for members of local communities in influencing LSG activities.

**Fourth stage** (2008-2010) – rigid centralization of authority and the "dwindling" of LSG activity.

**Fifth stage** (since April 2010) – new opportunities for the broad development of LSG.

#### FIRST STAGE (1991) – the modification of national authorities into LSG structures

Kyrgyzstan faces issues relative to choosing forms of governing its territories. At that time, the future administrative model and the principles of governing at the territorial levels and units were yet poorly imagined. However, some of the politicians, national figures, and citizens were certain that in contrast to the rigidly centralized and strictly controlled system of Soviet power, the administration of the territories of a democratic republic must be decentralized. This would stimulate the political and productive activities of local government structures, and the initiative and independence of the population. This certainty was reinforced by an existing law, "On local self-governance in the Kyrgyz Republic," adopted back on April 19, 1991 to aid the implementation of the USSR Law, «On the common origins of local self-governance and local cooperatives in the USSR» of April 9, 1990. The Soviets of People's Deputies of the lowest rungs (beginning with those of villages and settlements and ending with the regional ones) were declared to be LSG structures, having lost their status as local branches of national authority. The law conferred on the local Soviets of People's Deputies certain rights and freedoms<sup>1</sup>.

After the rejection on August 31, 1991 of the leading role of the Communist Party of the Kyrgyz SSR, local authority in the sovereign republic was transferred entirely into the hands of the local Soviets of People's Deputies. Up until that point these bodies had played only a decorative role in the Soviet government-party system and did not represent genuine popular authority. The degree of decentralization of national power was substantial<sup>2</sup>. It seemed then to the proponents of democracy that a period of decentralization of administration of local affairs and its incorporation into community life on the principles of LSG, had dawned. However, the local Council of People's Deputies still remained subordinate to the higher standing executive and administrative structure. The chairmen of the regional, Bishkek city, district, and town Soviets of People's Deputies were elected at sessions and approved by the President of the Kyrgyz Republic. The chairmen of village and settlement Soviets were elected at sessions and approved by the chairmen of the higher standing Soviets. In case of unsatisfactory performance of their service duties or commission of illegal acts, the chairmen of Councils at any level could be removed by a decree from the President of the Kyrgyz Republic or by a majority vote of the national Council.

Practically the entire spectrum of governmental issues fell within the sphere of responsibility of the Councils (economics, socio-political issues, social order, etc.) The presidia of the Soviets contained their own sub-committees or departments, governing all aspects of life.

Great significance was assigned to other forms of populist governance such as local referenda, public discussions, and meetings as well as elections.

<sup>1</sup> Administrative Departments of the Supreme Soviet of the Kyrgyz Republic, 1991, № 8. – pg. 263.

<sup>2</sup> According to pg. 10 of the Law of the USSR, "Regarding the related origins of local self-governance and local communes in the USSR" of April 9, 1990, the national authorities had no right to interfere in decisions under the scope of the responsibilities of the local Soviets.



Local Soviets possessed the broadest authority on their own territories, as well as wielding substantial influence on the local branches of the national government. However, strict centralization persisted in the area of budgetary authority. The higher standing Councils had the right to interfere in the budgets of the lower ones.

A more substantial distinguishing characteristic of this system was that the Soviet had the authority to make decisions and implement them by itself. This was possible because the presidia of the Soviets as well as the leadership of the Presidium's departments consisted of the Soviet deputies (plus the outside experts invited to take part).

## **SECOND STAGE (DECEMBER 1991 – 1997) – the beginning of the intensification of a vertical style of national administration**

The harsh realities of the initial period of sovereign development of the country became a difficult testing ground for the local Councils as it was for the central authority of the country. The circumstances were such that the entire burden of political, financial-economic, and social issues that arose as a result of the collapse of the USSR was laid on the "shoulders" of the leadership of the country and of the local Councils. Solving these problems demanded extraordinary measures in terms of stimulating economic development, finding internal resources, implementing market reforms and strengthening the law and order aspects in the localities.

Despite optimistic expectations of the ruling elite of the young Kyrgyz Republic, the local Soviets of People's Deputies which held a monopoly on local authority did not successfully fulfill their assigned responsibilities. Firstly, they were used to being the Party's mouthpiece and following its instruction. Second, they were used to working through the executive committees which in 1989 were replaced with Presidia of the Soviets in order to foster the principle of collegiality. The Committees of People's Deputies and their Presidia, designed for collective (collegial) decision-making appeared to be ill-fitted for quick, decisive, and responsible action. The "mini parliamentary debates," unfolding in the sessions of the local Soviets and meetings of the Presidia occupied a significant amount of time and resulted in poor decisions.

There appeared a certain tension between the central State power and the local Councils of People's Deputies. The Councils of all levels were formed back in Soviet times and the elections into those Soviets were conducted on a single candidate basis. Candidates on all levels were selected and nominated by the appropriate structures of the Central Committee of the CPSU. Despite the moratorium on the Central Committee activities in place after the "SCSE putsch,"<sup>1</sup> many of them retained their principles and convictions and were reluctant to support the initiatives implementing a market economy. At the same time, under pressure from the new circumstances following the collapse of the USSR the State had to achieve radical changes in all aspects of human life, instituting reforms meant to re-arrange the entire socioeconomic paradigm. The attempts to "convince" the deputies of local Soviets by applying pressure from above met with resistance from below. Since these structures were collegial, exerting State influence on an individual basis was often impossible or ineffective. The principle of collective rule inherent in the activities of the executive branch of government, did not ensure either personal or a collective responsibility of the deputies of the local Soviet for the consequences of their decisions. In the legislative code, there were no measures for making the Soviet itself accountable for the results of its actions. Bringing an individual deputy to justice was further complicated by his status of immunity from prosecution. The only mechanism available for reprimand was expelling deputies and that could only be done by the decision of the Soviet itself. The head of the collegial executive structure of the LSG, the Presidium of the Soviet was endowed with great independence.

All of this substantially complicated the implementation of reforms initiated by the central leadership of the republic. Lack of support from below jeopardized the results of these reforms. As a result, it was only natural to expect the national government to centralize and consolidate power.

The State officials decided to modify their policies. The argument presented to the public was based on the opinion that the majority of the local Soviets and their independently elected executive structures were incapable of maintaining a reasonable balance between local and the State interests. Moreover, in the process of making decisions which required an objective, impartial approach, the local Soviets were purported to prioritize their local, often openly tribal interests over the State's.

Half a year after the ratification of the Law "On Local Self-Governance," on December 19, 1991, the national government introduced changes to it<sup>2</sup>, which allowed for the leaders of the Soviets to be elected on the nomination of the President. It also instituted a system of administrative subordination to the higher-level presidia instituted. The Head of a superior Soviet was in the position to dismiss the Head of a village Soviet, while the President could dismiss any head of a provincial, district, or city council.

During this period, neither the budgetary rights, nor the decision-making system of the local Soviets changed in any way. However, in less than two months,<sup>3</sup> the "vertical" power hierarchy was reinforced and the presidia of the local Soviets as bodies of

<sup>1</sup> August 19, 1991 the military-party hierarchy of the former USSR, the Army Command and the party functionaries made an attempt to seize power and restore the old order on the territories of the former USSR republics. The attempt was characterized as a putsch and failed.

<sup>2</sup> Law of the Kyrgyz Republic "On the Modifications and Amendments to the Law of the Kyrgyz Republic 'On Local Self-Governance in the Kyrgyz Republic'" of December 19, 1991 № 678-XII. – Journal of the Supreme Soviet of the Kyrgyz Republic, 1991 № 22. – pg. 689.

<sup>3</sup> Except the city (under district control), village, and settlement Soviets, where the presidia were eliminated and their functions were taken over by the chairmen of the Soviets, elected by the Soviets from among their deputy members based on nominations by the head of the local national administration.

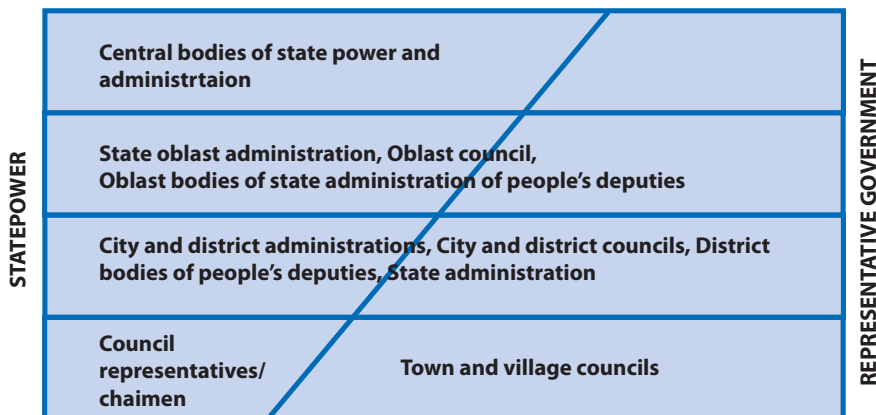
executive power were replaced by local State Administrations<sup>1</sup>. The Law itself was renamed “On local Self-governance and Local Government Administration”. In essence, a hard separation of the LSG representative structures on the district and provincial levels as well as those of major cities (of the republican and provincial accountability) from the executive structures took place. This step accomplished “de-Sovietization” (elimination of the representative basis) and gave autonomy to the executive powers by dissociating them from the Soviet (representative power). It also delineated separate functions and responsibilities for the representative and the executive-administrative bodies. As a result, the executive power of the Soviets was taken away in favor of Local Government Administrations. This led to considerable shrinking of the size of the Soviet, often to just a few individuals. As far as the village, settlement, and city (of district significance) Soviets their heads retained the executive-administrative functions, but the heads themselves became accountable to the Heads of Local Government.

This model marginalized the representative structures (the Soviets) under the pretext of separating and delineating the functions of the representative and the executive-administrative structures of the LSG.

The competency level of the Local Government Administrations far exceeded the competency of the Soviets. In particular, the Head of the Local Government Administration was now put in charge of communal property and asked to administer local budgets. This period could be called the period of “the separation and centralization of the executive structures of the Soviets”. The first Constitution of the Kyrgyz Republic ratified on May 5, 1993 devoted a separate chapter to LSG noting that the vital issues of local importance affecting the population of its villages, settlements, townships, towns and cities, as well as districts and provinces would be resolved on the local level. Thus, the constitution firmly established the principle of Local Self-Governance as the means of dealing with the issues of local importance.

A matrix of local power was created in which the local Council was no longer a part of the network of the state government structure but an executive body independent from the representative structures.

*Diagram 1. Four-level structure of government and territorial administration of the Kyrgyz Republic (since 1992)*



In connection with the right to private property the country saw rapid growth and a steady privatization in the areas of retail trade, agriculture, and industry. The reforms were often introduced via “shock therapy”. All of this needed a radical change of the principles, methods and forms of governance as well as the system of oversight on the part of the local and State government. A clumsy and unyielding system of state governance hampered effective development. An especially difficult situation arose in the rural municipalities where lucrative ventures in retail, social, and service industries were privatized en-mass. In contrast, the schools and the hospitals, sewage and water supply lines and other non-lucrative services formerly (in the Soviet era) subsidized by the State budget and the collective-farm funds found themselves without owners and were looted and pilfered. When faced with the necessity of dealing with the remnants of the municipal services, most local village councils did not have enough resources to guard them. Despite the fact that managing this property was included in the scope of their assigned responsibilities, the district-level governing bodies could protect the abandoned village service-sites either because they did not have sufficient funds in their budgets.

The government of the Kyrgyz Republic understood that without expediting decentralization of power and forming new structures of local government, the situation in the villages could become irreparable.

In 1994-1995, the country saw its first election for representatives of village, settlement, and town councils. These elections were the culmination of a process of formation of the new type of representative LSG structures, structures that were drastically different from the former local Soviets of People's Deputies. They differed not only in numbers (the number of electoral seats was signifi-

<sup>1</sup> Except the city (under district control,) village, and settlement Soviets, where the presidia were eliminated and their functions were taken over by the chairmen of the Soviets, elected by the Soviets from among their deputy members based on nominations by the head of the local national administration.

cantly reduced,) but also qualitatively, since the representatives were now being elected without the overriding influence of the Communist Party Headquarters.

In 1996, a number of modifications, additions, and amendments were introduced into the constitution of the Kyrgyz Republic including some related to the continued development of LSG. For example, the structures of LSG obtained the right to own, use, and manage communal property. In the same year, new executive-administrative bodies (AO) were created at the local village council level<sup>1</sup>. At the same time, all unprivatized objects of social infrastructure of a village became municipal property.

The Head of AO was appointed by the Head of the district (or city) State Administration with approval of the chairman of the district council and the representatives of the local village council. In order to determine the level of their competence a certification system was instituted for AO leaders.

### **THIRD STAGE (1998-2007) – appearance of an independent system of executive LSG structures and its further insulation from councils**

This stage is characterized by the appearance of an election based system in the executive LSG structures and the diminishing role of the representative LSG structures, with a simultaneous widening of the scope of possibilities for actively influencing them, on the part of the local community members.

By 2000, all the cities in the country had adopted Local Self-Governance. The constitutional, legislative, and logistical basis for the rule of the municipal governing bodies was being actively developed and reinforced. The right of LSG structures to own municipal property, including land, was recognized. At the same time new difficulties arose. Firstly, the system of appointing and dismissing heads of local village councils by the Heads of the district State Administrations, led to a high turn-over among the leaders of village LSG. District leaders only need oral approval of the council to appoint representatives and could dismiss them without consulting anybody. Secondly, the legislative foundation for the LSG, needed a way of assigning various rights and responsibilities as well as a way of developing long term measures that would clearly specify the tasks and the goals in the area of decentralization and LSG development.

In order to facilitate a closer collaboration between the LSG structures and the Government, a position of Minister (without portfolio)<sup>2</sup> of the Local Self-Governance Affairs and Regional Development was created in January 2001. In December of 2001, the first country-wide direct election for the leaders of LSG in villages, settlements, and towns of district importance was held. It allowed the break-up of the Government monopoly in selecting municipal leaders.

In 2002, A National Strategy of “Decentralizing government rule and developing local self-governance in the Kyrgyz Republic through 2010,” was adopted at the second Kurultai (Congress) of representatives of local communities of the Kyrgyz Republic. The strategy proposed a complex, multi-factor approach to the task of defining long-term goals and means of achieving them, establishing deadlines and specifying the logistics of decision making.

The strategy identified the anticipated results of the reform by 2010. They included changing the administrative-territorial partitioning of the country, decentralizing the budgetary system, developing human resources, providing minimal legal literacy for the people, assuring access to information, and reaching a gender balance. Skipping ahead, we can say that none of the articulated goals were reached to a full extent: the administrative-territorial reform was never realized, the tide on financial decentralization turned back after 2007, and no gender balance was attained. In terms of developing human resources, the political consolidation led to the defection of the best personnel from the LSG structures. Legal literacy of the general population remains unmeasured. The only breakthrough was in the area of information transparency. However, it was not achieved through any particular efforts on the part of LSG, but rather as a result of a Law #213, passed on December 28, 2006: “On access to the information under the aegis of the Government or the Local Self-Governance structures of the Kyrgyz Republic,” which included not only the transparency requirements for specific types of information, but also a mechanism for achieving openness and transparency.

Despite the temptation to view the results of compliance with the proposed Strategy as separate, individual indicators, such as establishing a staff position of an LSG attorney, for example, or the ratification of the Municipal Service Law, one must not fail to maintain overall objectivity in one’s evaluation of this Strategy. And an impartial, objective look tells us that the Strategy has remained unfulfilled. The main reason for this, however, is not any shortcoming of the Strategy itself. On the contrary, the document is unusually cohesive, practical, and capable of changing LSG standing as well as the lives of the citizens for the better. The real reason for the incomplete implementation of the Strategy lies in the absence of political will on the part of the President, his Government, and the Parliament of the Kyrgyz Republic to pursue further reforms in the area of LSG development.

In regards to developing a legislative basis for LSG, the strategy called for an analysis and inventory of the legislative acts in effect for the purpose of eliminating ambiguities and inconsistencies and codifying the legislative parameters in a unified set of laws. The

<sup>1</sup> See: Decree of the President of the Kyrgyz Republic «On measures for increasing the role and accountability of the heads of local government administrations and of local self-government,” issued March 20, 1996 № PD-103.

<sup>1</sup> The first and only minister was Tolobek Esengulovich Omuraliev – one of the authors of the present report and this chapter.

plan was to adopt the Code on local self-governance in the Kyrgyz Republic by 2010. To this day, the Code has not been adopted, although there was a real opportunity to do so in 2010.

Until 2007, the Government of the Kyrgyz Republic, LSG structures, and civic society made consistent efforts to adhere to this strategy. In the context of these efforts, one would be remiss not to mention the adoption in 2003 of a new Constitution of the Kyrgyz Republic. This constitution empowered the people of Kyrgyzstan through a system of governmental bodies and LSG structures. In 2003-2004, based on the new constitutional stipulations, a series of laws were developed and signed in intended to decentralize governance and develop LSG. They were the Law of the Kyrgyz Republic № 215, "On the Financial Economic Bases of Local Self-Governance," passed on September 25, 2003, the Law of the Kyrgyz Republic № 165, "On Municipal Service" of August 21, 2004, and the Law of the Kyrgyz Republic № 36, "On the Communities and their Unification," passed on February 21. Also at the end of 2004, all the requirements regarding district and provincial councils were removed from the Law "On Local Self-Governance and Local State Administration." In addition, in 2004 the Government of the Kyrgyz Republic, first among the post-Soviet republics, adopted a decision on the establishment of "Local Community Day," which is observed annually on a country-wide scale on the last Sunday of October.

During these years, many Associations of LSG bodies were created. These included the Association of Towns of the Kyrgyz Republic and the Association of Villages and Settlements of the Kyrgyz Republic. The work of these associations contributed significantly to the development of LSG in terms of establishing a legislative basis for networking and information sharing between municipalities. However, the leaders of the LSG structures had little understanding of the essence and the possibilities of local self-governance. This limited the associations' role as potentially equal partners in the negotiation process with the national Government of the Kyrgyz Republic. Subsequently, both associations merged into one, on the basis of which the Union of Local Self-Governance Organizations of the Kyrgyz Republic was established<sup>1</sup>.

Under the revised Election Law of the Kyrgyz Republic nationwide elections were held in October 2004 for rural, township, and city councils. For the first time, there was widespread participation by political parties and non-governmental organizations. As a result, out of the 6,737 elected representatives of local councils, 3003 representatives or 44.6 percent were members of the various political parties.

After the events of March 24, 2005 and the change of leadership of the Kyrgyz Republic, work geared toward further decentralization and solidifying the administrative-legislative base of the LSG structures was stalled. The last "throes" of decentralization and LSG strengthening activity were the December elections of 2005, the second direct popular election of LSG leaders, and the inter-budgetary reform of 2007. This ended the third stage of decentralization of national authority in favor of developing local self-governance in Kyrgyzstan, and ushered in the fourth stage.

#### FINANCIAL DECENTRALIZATION: LAUNCH OF THE YEAR 2007

The Law of the Kyrgyz Republic "On the Financial-Economic Bases of Local Self-Governance" was adopted in 2003. However, its articles concerning financial decentralization were not implemented until the adoption of the corresponding amendments of the Law of Kyrgyz Republic "On the basic principles of budgetary rights in the Kyrgyz Republic" of June 11, 1998 № 78, adopted only in 2004. The main reforms were:

- establishment of a two-level budgetary system (national and local budgets);
- all local taxes and non-tax revenues in their entirety were included in the local budget of the respective city, settlement, or village. Not having to collect revenues to be passed up the budgetary ladder served also as motivation for the LSG structures to collect revenues from their own sources;
- any revenues above those planned for are to be retained within the budgets of the corresponding LSG which also serves as motivation for the LSG structures to collect revenues from their own sources;
- the apportionment of the intergovernmental taxes would remain constant for 3 years, which increases predictability in the planning of local budgets;
- dedicated and equalization grants are to be calculated according to a formula for each city, settlement, or village (formula is based on the difference between the revenue potential and the budgetary expenditure requirements per capita);
- budgetary expenditures, excluding those financed by means of dedicated grants must be determined by the corresponding city, settlement, or village (it is important to note that clarity on this issue was established through amendments to the Law of the Kyrgyz Republic "On the basic principles of budgetary rights in the Kyrgyz Republic").

<sup>1</sup> One of 10 required conditions, among more than 30 conditions of the European chapter on local self-governance of the nations joining the European Union, is the presence in the country of associations and unions of local self-government. In Kyrgyzstan, such an association has functioned since 2000. In 2008, in Nairobi, Kenya, an empowered international commission recognized the Kyrgyz national association of LSG structures one of the best organizations of its type on the world stage and awarded it a joint certificate from UN Habitat and the world organization, "Unified town and local administrations".

As a result, the reform achieved the following aims:

- stimulating LSG efforts in the collection of revenues from their own sources;
- creating a predictable, legislation-based system of preparing and implementing budgets by cities, settlements, and villages, including the establishment of strict budgetary limits;
- establishing a transparent and objective system of equalization of budgets;
- giving LSG structures authority to implement budgetary processes on the basis of local priorities.

In order to differentiate the budgets of territorial units functioning on the basis of the principles of LSG (cities, settlements, villages,) a new definition of "local budget" was established through legislation. Currently, a local budget is defined as the budget of an administrative-territorial unit where the government is constructed on the basis of the principle of local self-government. The purpose of such a change in terminology is to defend the budgetary process of LSG structures in cities, settlements, and villages against interference by territorial branches of the Ministry of Finance of the Kyrgyz Republic. In April of 2007, the President of the Kyrgyz Republic signed the Law of the Kyrgyz Republic "On the National Budget for 2007," which instituted the two-tiered budgetary system and the reform of inter-budgetary relations, inherent in the articles of the Law of the Kyrgyz Republic "On the Financial-Economic Bases of Local Self-Governance" of 2003.

For the first time, the new system provided a stimulus for increasing and collecting revenues. It defined the budget of each LSG structure as a separate entity with clearly defined tax and non-tax revenues that are wholly retained by the local budget. Revenues collected at this level also remain in their entirety under the discretion of LSG structures. Revenues thus became more predictable and transparent. Moreover, the calculation of the remittances from intergovernmental taxes to the city and township LSGs were to remain unchanged for 3 years. The equalization and dedicated grants also flowed directly in the local budgets of LSG. The transfer of revenues from the budgets of LSG into the national budget was eliminated.

**Table 1. Apportionment of intergovernmental taxes in 2007**

Tax	Before 2007	2007			
	LSG	Cities of national significance	Cities of provincial significance	Towns of district significance	Villages (AO)
Personal income tax	0-35%	35%	15%	10%	0%
Corporate tax on profits	0-35%	35%	0%	0%	0%
Mandatory patents	0-35%	35%	100%	100%	100%
Optional patents	0-35%	35%	100%	100%	100%
Universal taxes	0-35%	35%	100%	100%	100%
Taxes on stocks and bonds	0-35%	35%	0%	0%	0%
Tax on income from interest	0-35%	35%	0%	0%	0%

Limitations on the dedication of revenues were also eliminated. Only limitations on the purpose specific use of the dedicated grants remained (for example, paying salaries of teachers). The LSG structures independently determine how to use their own tax and non-tax revenues as well as equalization grants, toward the fulfillment of their responsibilities.

Additionally, the local central administrations of any level below the national were financed in 2007 from the national budget on the basis of an estimation of expenditures as were all structures of national authority. All the budgetary departments that were previously financed out of the provincial and district budgets began to be financed out of the national budget.

After the introduction of inter-budgetary fiscal reforms, the growth of LSG revenues began to play a truly significant role. The combined budgetary data collected from 131 rural municipalities and 17 cities may serve as proof of this<sup>1</sup>. Intergovernmental taxes, local taxes, local non-tax revenue, and national grants all grew significantly in 2007. The increase in local revenue streams during 2007 and 2008 may be explained by an improvement in the collection of revenues. The fact that their own revenues grew faster than national transfers also illustrates that in comparison with previous periods the process of revenue collection has improved and accelerated. Table 9 shows the changes that the main categories of budgetary revenues underwent in the period 2007-2008 for urban and rural municipalities.

<sup>1</sup> Analysis of the new system of formulation of the local budget in Kyrgyzstan. "Decentralization and local self-governance" project, subsidized by USAID and carried out by the branch of the Urban Institute in the Kyrgyz Republic, 2009. Archive of the Development Policy Institute.

**Table 2. Revenue increases for 148 LSG structures in 2007-2008**

	Rural municipalities		Cities	
	Growth in 2007, from 2006	Growth in 2008, from 2007	Growth in 2007, from 2006	Growth in 2008, from 2007
Intergovernmental taxes	179%	120%	261%	123%
Local taxes	262%	146%	150%	125%
Total tax revenues (sum 2 lines below)	207%	131%	193%	124%
Non-tax revenues	155%	126%	160%	82%
Revenue from operating capital	613%	273%	796%	236%
Their own revenues	193%	132%	184%	112%
Grants from the national budget, including equalization grants	156%	127%	149%	112%
Total budgetary revenue	168%	129%	163%	112%

**Table 3. Structure of budgetary revenue sources, based on 148 LSG structures in 2007-2008**

	Rural municipalities			Cities		
	2006	2007	2008	2006	2007	2008
Intergovernmental taxes	14%	15%	14%	10%	16%	17%
Local taxes	7%	11%	12%	16%	15%	16%
Total tax revenues (sum 2 lines below)	21%	26%	26%	26%	30%	34%
Non-tax revenues	10%	9%	9%	15%	15%	11%
Revenues from operating capital	0%	1%	1%	0%	1%	2%
Their own revenues	31%	35%	36%	41%	47%	47%
Grants from the national budget, including equalization grants	69%	65%	64%	59%	53%	53%
Total budgetary revenues	100%	100%	100%	100%	100%	100%

After the district branches of the national administration were deprived of their own budgets in 2007, they turned to the Government of the Kyrgyz Republic with a request to return to a district budget, referring to the fact that in working with planned expenditures the district level administrations were incapable of reacting to emergency situations. The government took this request under consideration and reinstated their previous status, beginning with the 2008 fiscal cycle. However, this time the sources of revenues for the provincial budgets were clearly defined and separated from the revenue sources of LSG budgets.

The Ministry of Finance of the Kyrgyz Republic observed that after the implementation of this reform, the number of LSGs that were independent from the national budget in terms of having their own revenues (not receiving equalization grants,) rose in both 2007 and 2008. However, after the implementation in 2009 of the new Tax code, the number of LSG structures receiving equalization grants rose as a result of losing their own revenues which was due to the decrease in the number of local taxes. The new Tax Code of the Kyrgyz Republic shrank the number of local taxes, and the portion of intergovernmental taxes being remitted to LSG. The resulting revenue was insufficient for the normal functioning of the LSG structure. Additionally, the new Tax Code of the Kyrgyz Republic incorporates no articles either empowering or delegating to the LSG the right to collect local taxes. For more details on the current financial potential of LSG structures see section 3.3 "Political, Financial and Human Resources Capacity of Local Self-Governance."

#### **FOURTH STAGE (2008-2010) – rigid centralization of authority and the "dwindling" of LSG activity**

In the new constitution of the Kyrgyz Republic ratified in 2007 two extremely important principles in the area of decentralization and development of local self-governance were given up under pressure from the reactionary opposition. First of all, direct popular elections for heads of LSG in township (AA,) villages, and district capitals were canceled and instead, as per page 95, these leaders were to be elected by the representatives of local councils based on the nominations from the government. In reality, it meant a move to an appointments system where the top positions in local government would be appointed by the administration of the President.

Secondly, the role of the local council as a representative body had been minimized. While establishing the hierarchical order of the LSG structures and the order of subordination of LSG officials, the top rung was given over to the town mayors and the heads of townships (AA,) villages, and district capitals. The local councils, the true representative bodies of the LSG were given second place. On the other hand in the international practice of constitutional democracy only the place and the role of the representative LSG

structures is stipulated. The LSG body itself is allowed to form and structure a suitable municipal hierarchy and system of subordination based on its local goals and needs. The European Union Charter on Local Self-Governance which serves as a reference for the universally accepted notions regarding self-governance, also states that local self-governance is “practiced by assemblies and caucuses, consisting of members who were elected by means of free, secret, fair, direct and open elections”. These caucuses and assemblies can have executive bodies subordinate to them<sup>1</sup>. Thus, by modifying the hierarchy of the LSG structures, the Kyrgyz Constitution of 2007 foreshadowed the government policy of continuing to limit the role and narrow the function of representative bodies. Moreover, the Kyrgyz Constitution of 2007 preserved the multiplicity of LSG structures. Thus, page 94 allowed for the possibility of creating in addition to the local councils and their executive bodies, various other bodies of the LSG. In other words it laid the foundation for creating alternatives to the local councils and their executive and administrative bodies.

In addition to the aforementioned constitutional restrictions Kyrgyz Republic Law #99, “On Local Self-Governance and Local Government Administration,” passed on May 29, 2008 included a series of changes regulating the way work would be organized inside the LSG structures themselves as well as their relationships with the local Government Administration. In essence, central government rule was instituted everywhere and local self-governance dwindled. The only achievement of the Law was to establish a “closed” list of issues of local significance (private functions of local self-governance).

In terms of their budgetary rights, the LSG was placed in a precarious situation. The new Tax Code of the Kyrgyz Republic, #230, significantly decreased the number of local taxes from eight to two and both of these taxes had numerous exemptions. Thus, the Real Estate Law, as part of the Property Law, had built in preferences for property owners, especially in the rural areas. This substantially undermined the financial independence of the LSG structures and increased the number of poor municipalities.

#### **FIFTH STAGE (SINCE APRIL 2010) – new opportunities for the broad development of LSG**

The current Constitution of the Kyrgyz Republic ratified on June 27, 2010 has made modifications and amendments in the section dealing with “Local Self-Governance. It specifies on page 111 that the system of local self-governance is comprised of:

- local councils— representative LSG structures;
- village and township administrations, mayor’s offices in towns and larger cities-executive LSG structures.

The Kyrgyz Constitution determined that the executive LSG structures and their officials are subordinate and accountable in their activity to the local councils. The rest, the Constitution leaves to be legislated.

This creates a unique chance for the Republic to establish a new legislative basis for LSG which would take into account the wealth of national and international experience in the area of local self governance organization. The new legislative basis should create positive conditions for the political, administrative, and financial autonomy of LSG.

In order to satisfy the principles laid out in the Kyrgyz Constitution, the Law “On Local Self-Governance,” which preserves strict government oversight of the LSG structures was passed on July 15, 2011. It is obvious that the government of the Kyrgyz republic is concerned with stabilizing the sociopolitical atmosphere in the country and intends to play an active role in the process of self-governance in this post-revolutionary stage. However, for all intents and purposes, the new Law retained the old way of forming the executive bodies of LSG. It retained the right of the central government officials to nominate candidates for leadership positions in the executive structures of the LSG. The Prime Minister would nominate mayoral candidates for towns and cities, whereas the heads of national departments would be in the position to nominate leaders of executive LSG structures in the townships. Some experts think that such an arrangement is quite democratic and does not violate the principle of the LSG’s political autonomy because the right to nominate candidates for leadership positions in the executive LSG bodies is also granted to the representatives of local councils. Still, the elections for heads of LSG executive bodies held during 2011-2012 did not live up to the expectation that this law would be liberally applied, that the position of local councils would prove to be stronger and more influential than the position of government administration. It is true that the national government administration did not always claim their right to advance a candidate, allowing local councils to nominate their candidates unopposed. However, the end result was that almost half of the elected LSG leaders were nominees of the local government departments<sup>2</sup>.

Another problem arose from the fact that the Kyrgyz Law preserved the district councils, having called them LSG structures. This created an absurd situation. The district councils are basically representative bodies of the territorial divisions of the Kyrgyz national government, the so called Local Government Administrations (LGA). LGA is accountable to no one but the national government of the Kyrgyz Republic and cannot serve as an executive body of the district councils.

<sup>1</sup> The European Charter on Local Self-Governance was adopted in 1985 by the Congress of local and regional governments of the European Union, and is the most important and multifaceted document outlining the fundamental principles of functioning of structures of local self-governance. The charter is an international agreement, and therefore, takes precedence over the national legislature of each of the member nations. Kyrgyzstan has not joined the Charter, but for many years has been proclaiming loyalty to its principles.

<sup>2</sup> Based on the data of the Central Electoral Committee of the Kyrgyz Republic. Election results for the election of 170 heads of LSG structures in the period immediately following the passing of the Law of the Kyrgyz Republic “On Local Self Governance” (August 2011) and through March 15, 2012. Available on the following site: [www.dpi.kg](http://www.dpi.kg).

Thus, the Law is interim, temporary, and transitional in nature. If the State powers are committed to the democratic way of development and to accountability to the people, then there must be a new, substantive law on local self-governance. It would be even better design a Code of Laws on local self-governance codifying LSG.

Absence of a coherent government policy regarding LSG is another cause for concern. It became clear by the spring of 2012 that in the two years since the last political crisis of 2010, the new generation of leaders did not utilize the opportunity to change their policies regarding LSG, or re-focus them on stabilizing the districts and provinces by encouraging the development of local self-governance. Local self-governance did not become a priority for the Kyrgyz Parliament. As a result, local self-governance was not specified in any of the policy documents of the new government. Moreover, by the spring of 2012, lack of cohesive government policy regarding LSG led to a predictable consequence, a collapse of the LSG decision making system on the national level. This was expressed in the haphazard, erratic reshaping of the government structures responsible for national LSG policy. The National Agency for Local Self-Governance Affairs was eliminated and its role and functions were divided between various different structures. Thus, the responsibility for policy development was given over to the Apparatus Department of the Government of the Kyrgyz Republic without allocating it additional resources.

The function of policy implementation was transferred to the newly created State Construction and Regional Development Agency, an agency of the national government of the Kyrgyz Republic. The expert community was perplexed as to how it was possible for construction to be more of a priority for the Kyrgyz Government than the extremely broad area of regional development which includes and entails political, economic, social, cultural, and even historical aspects of governance. Nevertheless, at the time of completion of this report, in the spring, the situation was such that the functions of the former National Local Self-Governance Agency in a reduced form were assigned to the State Construction and Regional Development Agency, which viewed local self-governance as a low priority. Furthermore, some of the responsibility for government policies regarding LSG went over to departments. Issues related to Municipal Services were given to the State Human Resources office, which did not have qualified specialists or expertise in the area of municipal service improvements (see more in section 3.3)<sup>1</sup>. At the same time, the Kyrgyz Government included on its list of urgent priorities a territorial-administrative reform which demanded enormous financial resources, political stability, and community readiness in order to succeed.

In light of the absence of LSG policy papers and a pressing necessity to continue with the reforms some Parliamentarians undertook disjointed attempts to make changes and corrections to the legislative basis for LSG. This only exacerbated the situation and introduced a chaotic element into the national government's relationship with the LSG structures. Additionally, various proposals and amendments began to be presented to the Kyrgyz Government by individual departments requesting solutions to issues of narrow departmental interest at the expense of local self-governance. Two of such proposals were the "silent" request to transfer part of the financial responsibility for the teachers' pay onto the local budgets and the ill-conceived, standardized work-day which curtailed the capabilities of numerous municipalities. At the same time, neither the politicians nor the government agencies were able to articulate and protect LSG interests.

Hence, by spring of 2012, one could note an absence of a well-conceptualized and practical government policy regarding local self-governance. This testified to a lack of understanding, or at least an underestimation, on the part of the Government, of the LSG's role in the national system of governance, and its significance in achieving stability and economic growth.

Thus, the entire 20 year history of LSG development in Kyrgyzstan, speaks to the fact that the system of local self-governance has been subjected to constant, abrupt, often unjustified and inconsistent changes. The main purpose of these changes seems to have been an attempt to insure compliance (governability) in situations of acute economic crises and to regulate social relationships which were steadily becoming political in nature. The primary goal of the people in charge of the country during the corresponding periods was the preservation of power by any means necessary. These means included excessive and unjustified centralization, abandonment of LSG reforms, and in some cases total disregard for LSG needs. In the process of realizing of this goal, issues of human development were not properly considered. This was especially characteristic of the first and second stages (1991-1997) and the fourth stage (2008-2010,) when the socioeconomic situation was extremely difficult. The urban population and especially the population of rural municipalities were borderline destitute. In this situation, when the government was unable to satisfy even the most basic economic needs of its citizens any conversation about fully realizing all aspects of LSG potential in the context of human development would have been ludicrous. Nevertheless, it must be noted that during the first, second and third stages of LSG establishment and development, the population assumed a relatively neutral and even supportive attitude toward the government and all its initiatives.

During the third stage of development (1997-2007,) as the general economic conditions improved and the creation of a middle class (private entrepreneurs,) led to rising standards of living, the population's concern with basic survival was replaced with motivation to pursue personal development. It is precisely during this period thanks to favorable legislation that the LSG structures began to exert influence over the lives of their communities. However, in 2007 the processes of strengthening and reinforcing the LSG system began to reverse themselves as local self-governance became "centralized". The government had once more relegated the interests and concerns of the population to the background. The political events of 2010 did not serve as the impetus for turning the government's attention to supporting LSG and human development in general. As of now (spring 2012,) the opportunity to solidify and secure the State fostering conditions more favorable for human development has been underutilized.

<sup>1</sup> At this time, in accordance with the decree of the President of the Kyrgyz Republic #44, "On Some Issues of Implementation of Government Policies in the Area of Local Self-Governance," issued on February 17, 2012, the office of the President and the Government of the Kyrgyz Republic is working out the possibility of re-distributing the remaining strategic functions of the eliminated National Local Self-Governance Agency.



## APPENDIX 2

### Comments on Indexing Methodology

The indices in the 2012 National report on human development (Kyrgyzstan) were calculated with certain innovations introduced by the Global report of 2010.

#### **The Human Development Index (HDI)**

Adjustments to the HDI calculations concerned three particular aspects. These are selection of indicators, threshold values, and type of function. In the new HDI the indicators for literacy and educational engagement (sum total of enrolled students) were replaced with medians and the average and anticipated years of education. The average, with 2/3 of value for literacy, placed more significance on the achieved results, rather than on the future projections. In particular, the current HDI for Kyrgyzstan gives us a distorted picture, considering that the country has a literacy rate of near 100 percent. In terms of income, the GDP was not replaced with the Gross National Product because it would be difficult to track and analyze international financial flows in the regional context. The threshold values that were formerly fixed are now established based on the observed maximum value (on a curve). In terms of the type of mathematical functions used, the average (arithmetic mean) was replaced with the median (geometric mean). This approach eliminates the problem of total substitution of components of human development and pays more attention to the imbalance in development. The logarithm for calculating the income index was GDP times 107721 along the entire dynamic set (sequence).

In the area of gender inequality the global report continues to use **the Gender Inequality Index (GII)** and **the Gender Empowerment Measure (GEM)**, adapted to the changes in the HDI. The aggregate value was calculated using the function of the geometric mean. The threshold value for life expectancy was established based on the observed maximum of 86.1 for women and 79.5 for men. Subsequently, it was calculated as a hybrid value. Furthermore, since GII analysis only makes sense as a comparative analysis, a decline of GII relative to the HDI was calculated.<sup>1</sup> Despite some irregularities and imperfections, the GII and the GEM, as tools, are generally adequate for evaluating the dynamics of gender inequality in Kyrgyzstan.

**The Multidimensional Poverty Index (MPI)** was adapted to the context and the specific conditions of Kyrgyzstan. For calculating the MPI in Kyrgyzstan in 2010, the following indicators were used:

- I. Health and Nutrition
  - 1. Quality of food;
  - 2. Access to healthcare services;
- II. Education and Employment
  - 3. Scope of engagement in education of school-age children or the number of unemployed adults;
  - 4. Number of people who have not reached the required level of education;
- III. Quality of Housing
  - 5. Lack of access to clean drinking water;
  - 6. Lack of toilet facilities.
- IV Lack of financial security:
  - 7. The level of relative poverty;
  - 8. Debt exceeding 30 percent of income.

Furthermore, a household is considered poor if the measure of deprivation amounts to 25 percent of the aggregate total of the indicators.

<sup>1</sup> Forsythe et al, 1998.

## APPENDIX 3 MULTIDIMENSIONAL POVERTY INDEX 2006-2010.

Table 1. Components of the Multidimensional Poverty Index (MPI)

Categories	Specific indicators
Health	Consuming less than 2100 kcal
	Unable to get medical care
Education	School-age children not engaged in education or unemployed adults
	Did not reach the required level of education
Infrastructure development	Open-air source of drinking water
	No toilet facilities
Financial security	Relative poverty
	Debt exceeding 30 % of income

All indicators needed for the calculation of the MPI for a household were taken from the integrated review of household budgets and work force analysis. The indicators are weighed and measures of deprivation (points) calculated for each household under review. Households that score 2 points on at least two indicators out of eight are considered to live in multi-dimensional poverty.

Table 2. Number of deprived households

Indicators of deprivation	Degree of deprivation, indicator g0	Contribution of indicator	Degree of deprivation, indicator g0(k)
1. Consuming less than 2100 kcal	0.423	0.407	0.157
2. Unable to get medical care	0.018	0.024	0.009
3. School-age children not engaged in education or unemployed adults	0.035	0.037	0.014
4. Did not reach the required level of education	0.091	0.129	0.050
5. Open-air source of drinking water	0.080	0.119	0.046
6. No toilet facilities	0.029	0.038	0.015
7. Relative poverty	0.067	0.162	0.063
8. Debt exceeding 30% of income	0.049	0.083	0.032

Таблица 3. Multidimensional poverty, calculated on the basis of two deprivations

	2006	2007	2008	2009	2010
Number of multidimensional poor (q)	1300728	1106234	1139763	941297	976548
N (populationsize)	5189837	5224260	5274988	5418299	5477620
H (portion of poor)	0.251	0.212	0.216	0.174	0.178
A (portion of deprived)	0.274	0.277	0.283	0.280	0.271
IMP=m(g0(k))	0.069	0.059	0.061	0.049	0.048

**Table 4. Multidimensional poverty by territory (2 deprivations)**

	2006	2007	2008	2009	2010
The Kyrgyz Republic	0.069	0.059	0.061	0.049	0.048
City	0.046	0.036	0.041	0.030	0.039
Village	0.082	0.071	0.072	0.059	0.054
Batken Province	0.089	0.061	0.065	0.100	0.087
City	0.087	0.042	0.047	0.052	0.052
Village	0.090	0.067	0.071	0.115	0.098
Jalal-Abad Province	0.069	0.069	0.062	0.027	0.041
City	0.072	0.067	0.046	0.020	0.033
Village	0.068	0.070	0.068	0.029	0.044
Issyk-Kul Province	0.064	0.058	0.074	0.050	0.036
City	0.044	0.046	0.059	0.049	0.035
Village	0.072	0.063	0.081	0.051	0.036
Naryn Province	0.123	0.103	0.087	0.077	0.112
City	0.096	0.117	0.115	0.104	0.132
Village	0.129	0.100	0.081	0.072	0.108
Osh Province (incl. Osh City )	0.110	0.086	0.087	0.070	0.061
City	0.069	0.043	0.051	0.035	0.074
Village	0.124	0.101	0.099	0.081	0.056
Talas Province	0.047	0.035	0.057	0.034	0.035
City	0.039	0.026	0.030	0.025	0.015
Village	0.048	0.037	0.062	0.036	0.038
Chui Province	0.025	0.029	0.031	0.036	0.033
City	0.028	0.022	0.029	0.032	0.026
Village	0.024	0.031	0.032	0.036	0.034
Bishkek City	0.021	0.019	0.030	0.022	0.022

## APPENDIX 4. METHODOLOGY OF THE SOCIOLOGICAL SURVEY

The sample (the number of people queried) consisted of 1900 respondents, 1700 of which were regular citizens (household members) and 200 representatives of the LSG structures. The sample size was calculated by the National Statistical Committee at the request of the DPI and was based on answers to the original questions contained in the previously conducted sociological surveys related to local self-governance.

In ten Kyrgyz cities the sample consisted of 593 households and 60 LSG representatives. In all cities except Bishkek an equal number of households were questioned in every known neighborhood of the city, starting at the center (a block away from the center) and moving in all four directions. Of the LSG representatives, the Mayor or the Vice-Mayor was queried as well as 2 or three specialists (employees and heads of particular departments) and local councilmen.

In the villages the sample was constructed as follows. In two villages of the township, the central homestead and the smallest settlement were selected, households were questioned starting from the building of the village council (or the Office of the Elder in the cases of small settlements) and moving outward in all directions. The survey takers talked to every 5th household (step) in alternating order. The Head or Assistant Head of Village Council was queried as well as the executive secretary, a specialist, two local councilmen, two Village Elders (the Elder of each small settlement selected for the survey.) Overall, the respondents selected numbered 1,107 households and 140 LSG representatives, covering 20 townships.

The survey was conducted mostly on weekends or after 4pm on work days to assure that the people at home were not just retirees, housewives, and the unemployed, but also those working members of the family. Only one person per household (a house or apartment) was queried and they had to be over 18 years of age. Subsequently, the data was entered into tables using Excel, verified, swept, and processed with the help of a SPSS programme.

## APPENDIX 5

Main socioeconomic indicators for the Kyrgyz Republic

Table 1. Basic data for Kyrgyzstan

	1995	2000	2005	2006	2007	2008 <sup>3</sup>	2009	2010	2011
Area, in thousands of sq. km.	199.9	199.9	199.9	199.9	199.9	199.9	199.9	199.9	199.9
Density of permanent population (persons per 1 sq. km. at end of year)	23	25	26	26	27	27	27	27	28
Permanent population at end of year, in millions	4.6	4.9	5.2	5.2	5.3	5.3	5.4	5.5	5.6
Children and teens (0-15 y.o.) (as a %)	38.0	36.7	33.3	32.9	32.7	32.5	32.3	32.3	32.4
People above working age (as a %) <sup>1</sup>	9.2	8.8	8.1	8.1	8.1	8.1	8.2	6.6	6.6
Rural population (as a %)	64.7	65.3	65.4	65.6	65.8	65.9	65.9	66.0	66.1
Urban population (as a %)	35.3	34.7	34.6	34.4	34.2	34.1	34.1	34.0	33.9
Men (as a %)	49.2	49.4	49.4	49.3	49.3	49.3	49.4	49.4	49.4
Women (as a %)	50.8	50.6	50.6	50.7	50.7	50.7	50.6	50.6	50.6
Kyrgyz (as a %)	60.3	65.7	68.4	68.9	69.2	71.0	71.3	71.7	72.2
Russian (as a %)	15.7	11.7	9.5	9.1	8.7	7.8	7.5	7.2	6.9
Uzbek (as a %)	14.2	13.9	14.3	14.4	14.5	14.3	14.4	14.4	14.3
Ukrainian (as a %)	1.6	0.9	0.6	0.5	0.5	0.4	0.4	0.3	0.3
Tatar (as a %)	1.2	0.9	0.7	0.7	0.7	0.6	0.6	0.6	0.5
Dungan (as a %)	1.0	1.1	1.1	1.2	1.2	1.1	1.1	1.1	1.1
Uygur (as a %)	0.9	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9
Turkish (as a %)	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Korean (as a %)	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3
German (as a %)	0.5	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Other nationalities (as a %)	3.6	3.3	3.0	2.9	2.9	2.7	2.6	2.6	2.6
Infant mortality (per 1000 births) <sup>2</sup>	28.1	22.6	29.7	29.2	30.6	27.1	25.0	22.8	21.1
Childhood mortality (per 1000 births) <sup>2</sup>	41.3	33.2	35.1	35.3	35.3	31.5	29.3	26.5	24.5
Population growth (in thousands)	80.4	62.7	72.9	82.2	85.1	89.6	99.6	109.9	113.7
Loss due to migration (in thousands)	-18.9	-22.6	-27.0	-31.0	-50.6	-37.8	-29.6	-50.6	-39.4
Working age population (at end of years, in millions) <sup>1</sup>	2.4	2.7	3.0	3.1	3.1	3.2	3.2	3.3	3.4
Number employed (in millions) <sup>4</sup>	1.6	1.8	2.1	2.1	2.2	2.2	2.2	2.2	2.3
Official level of unemployment at end of year (as a %)	2.9	3.0	3.0	3.2	3.0	2.8	2.5	2.6	2.5
Overall level of unemployment (year over average, as a %) <sup>4</sup>	5.7	7.5	8.1	8.3	8.2	8.2	8.4	8.6	8.5

<sup>1</sup> According to Ministry of Labor data parameters for employment and migration in the Kyrgyz Republic in 2011, the working age population since 2011 includes men ages 16-62 and women ages 16-57 (before 2011, the working age range was 16-59 for men, and 16-54 for women). Population older than working age since 2011 includes men older than 63 and women 58 and older (before 2011, respectively, men 60 and older, women 55 and older).

<sup>2</sup> The increase in infant and childhood mortality is a result of the country changing in 2004 its criteria for live births, recommended by WHO, when the Registry Office began registering deaths of newborns with extremely low body mass (from 500 to 1000 g) and additional vital signs.

<sup>3</sup> Data on ethnic makeup is based on the population and housing Census in 2009.

<sup>4</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

**Table 2. Human Development Index (HDI)**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Life expectancy at birth (years) <sup>1</sup>	66.0	68.5	67.9	67.7	67.8	68.4	69.1	69.3	69.6
2	Literacy level of adult population (as a %)	97.3	98.7	98.7	98.7	98.7	98.7	99.2	99.2	99.2
3	Sum total studying in primary and secondary schools, and institutions of higher learning (as a % of total population between the ages of 7-24)	63	70	69	69	69	68	68	68	69
4	Net GDP per capita (PPP <sup>3</sup> , \$US)	1000	1332	1728	1813	2029	2229	2305	2273	
5	Life expectancy index	0.726	0.765	0.756	0.752	0.754	0.763	0.774	0.778	
6	Level of education index	0.783	0.833	0.827	0.823	0.826	0.819	0.820	0.820	
7	Income index	0.330	0.371	0.408	0.415	0.431	0.445	0.449	0.447	
8	Human Development Index <sup>2</sup>	0.572	0.618	0.634	0.636	0.645	0.653	0.658	0.658	

<sup>1</sup> Part of the decrease of the indicator, and, correspondingly, of infant and childhood mortality is a result of the country changing (since 2004) its criteria for life births, recommended by WHO.

<sup>2</sup> Calculations based on the median rather than on the arithmetic mean.

<sup>3</sup> Purchasing power parity.

**Table 3. Human development**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Life expectancy at birth (years) <sup>1</sup>	66.0	68.5	67.9	67.7	67.8	68.4	69.1	69.3	69.6
2	Post-partum mortality (per 100 000 life births)	44.3	45.5	60.1	55.5	51.9	55.0	63.5	51.3	54.8
3	Number of people (per 1 doctor)	306	343	384	395	405	404	413	410	417
4	Scientist and technical experts (per 1000 people)	0.8	0.6	0.5	0.5	0.4	0.3	0.4	0.4	0.4
5	Percent matriculated in educational institutions (as a % of population between ages 7-24)	63	70	69	69	69	68	68	68	69
6	Overall indicator of college matriculation (total, as % admitted from population 17 years of age)	20	49	54	46	47	40	41	39	44
7	Percentage of women matriculated in college (as a % of all matriculated)	51	51	56	57	57	55	53	54	56
8	Daily newspapers (annual number of copies per 100 people)	35	27	10	3	3	3	15	25	21
9	Televisions (per 100 people)	14	9	5	6	7	7	7	7	7
10	Net GDP per capita (PPP, \$US)	1000	1332	1728	1813	2029	2229	2305	2273	
11	Per capita GDP (\$US calculated by the «Atlas» method)	350	280	450	500	620	790	870	840	

<sup>1</sup> Part of the decrease of the indicator, and, correspondingly, of infant and childhood mortality is a result of the country changing (since 2004) its criteria for life births, recommended by WHO.

**Table 4. Human hardships**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Indicator of the spread of poverty (as a % of population) <sup>1</sup>	57.3	52.0	43.1	39.9	35.0	31.7	31.7	33.7	36.8
2	Official unemployment level (% of total)	2.9	3.0	3.0	3.2	3.0	2.8	2.5	2.6	2.5
3	including among youth 16-29 (as % of participation rate in economy of population this age) <sup>2</sup>	3.3	3.2	3.1	3.4	3.2	3.2	2.9	2.8	2.7
4	Women's salaries (as % of men's salaries)	73	68	63	66	67	67	64	64	78
5	Consumer Price Index (December, as a % of December previous year)	132.1	109.6	104.9	105.1	120.1	120.0	100.0	119.2	105.7
6	Nominal exchange rate US dollars per som (average for the period)	10.82	47.72	41.01	40.16	37.31	36.57	42.89	45.96	46.14
7	Years lost due to premature death	21	19	20	20	20	19	20	20	20
8	Road and transport-related traumas (per 100 000 people)	78	67	49	73	86	67	79	77	100
9	Reported cases of rape (per 100 000 women ages 15-59)	26	23	19	17	16	18	18	17	19
10	Release of sulfur trioxide and carbon dioxide (kg. per capita) <sup>3</sup>	7.3	4.0	2.1	2.1	2.0	2.4	2.2	1.8	2.1
11	Release of carbon monoxide (kg. per capita) <sup>3</sup>	1.6	0.6	0.7	0.9	0.9	0.6	0.6	0.7	0.9

<sup>1</sup> Results of the multi-purpose poverty study by the World Bank: for 1993 – data from the initial research, carried out in the fall of 1993; for 1995 – research data from research carried out in the fall of 1996; for 1996-1999 – data from the fall of the corresponding year. Changes for the indicators in 1996-1998 are a result of the recalculation of the poverty line, which altered the structure for calculating spending on food. The necessity for adopting the changes was a product of the economic crisis of 1998 (the crisis directly affected a change in the structure of consumption, an increase in the portion of spending on food relative to other household expenses). Data for 2000-2002 is based on the results of a survey of the budgets of 3 thousand households.

<sup>2</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

<sup>3</sup> Based solely on standard sources.

**Table 5. Tendencies in human development**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Life expectancy at birth (years) <sup>1</sup>	66.0	68.5	67.9	67.7	67.8	68.4	69.1	69.3	69.6
2	Indicator of college matriculation for full time study (as a % of total admissions)	76	59	57	60	62	70	71	65	55
3	Net GDP per capita (PP, \$US)	1000	1332	1728	1813	2029	2229	2305	2273	
4	Per capita GDP (\$US calculated by the «Atlas» method)	350	280	450	500	620	790	870	840	
5	Total expenditures for education (% of GDP)	7.1	3.7	5.2	5.8	6.6	6.2	7.0	6.2	7.8
6	Total expenditures on healthcare (% of GDP)	4.3	2.2	2.6	3.0	3.1	2.9	3.5	3.6	3.9

<sup>1</sup> Part of the decrease of the indicator, and, correspondingly, of infant and childhood mortality is a result of the country changing (since 2004) its criteria for life births, recommended by WHO.

**Table 6. Differences between men and women (women – men, as a %)**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Life expectancy	115	112	112	114	113	113	112	113	112
2	Population (at year end)	103	103	103	103	103	103	103	103	103
3	Adult population illiteracy rate <sup>1</sup>	–	–	–	–	–	271	200	200	200
4	Combined number studying in primary, secondary, and institutions of higher learning (as a %)	104	101	105	106	106	105	103	103	103
5	Matriculation in high school	102	97	102	103	99	97	99	97	98
6	Completed high school	108	106	104	99	101	100	98	97	98
7	Matriculated at university (or equivalent institutions) with full time status	162	127	124	136	141	76	119	125	138
8	College matriculation for study in natural and applied sciences	213	228	197	164	238	258	261	179	234
9	Workforce	96	83	75	74	73	75	73	72	72
10	Occupation in non-agricultural sector <sup>2</sup>	96	75	76	74	72	73	73	73	71
11	Unemployment	146	132	92	86	86	96	97	93	93
12	Salary	73	68	63	66	67	67	64	64	78

<sup>1</sup> Data of the national population censuses of 1999 and 2009 of people 15 years old and older.

<sup>2</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

**Table 7. Women's status**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Life expectancy at birth (years) <sup>1</sup>	70.4	72.4	71.9	72.1	72.2	72.6	73.2	73.5	73.7
2	Average age at first marriage (age)	21.4	22.4	23.2	23.4	23.4	23.4	23.4	23.5	23.4
3	Post-partum mortality (per 100000 life births)	44.3	45.5	60.1	55.5	51.9	55.0	63.5	51.3	54.8
4	Infant mortality (per 1000 births) <sup>2</sup>	28.1	22.6	29.7	29.2	30.6	27.1	25.0	22.8	21.1
5	Childhood mortality (per 1000 births) <sup>2</sup>	41.3	33.2	35.1	35.3	35.3	31.5	29.3	26.5	24.5
6	Matriculation in high school (as a %)	71	51	67	65	64	64	65	66	69
7	High school graduates (as a % of women of typical graduation age)	65	44 <sup>1</sup>	61	57	58	59	55	59	60
8	Admissions to institutions of higher learning for full time study (as a % of total admissions)	66	56	55	58	59	43	54	56	58
9	Admissions to institutions of higher learning for study in natural and applied sciences (%women)	25	33	27	24	25	17	22	18	28
10	Women's participation in workforce (as a % of total work force) <sup>3</sup>	49	45	43	42	42	43	42	42	42
11	Administrative and managerial personnel (% women)	36	30	38	39	38	38	36	37	36
12	Parliament (% positions occupied by women)	5	5	–	–	27	26	26	24	21

<sup>1</sup> Part of the decrease of the indicator, and, correspondingly, of infant and childhood mortality was a result of the country changing (since 2004) its criteria for live births, recommended by WHO.

<sup>2</sup> The increase in infant and childhood mortality is a result of the country changing in 2004 its criteria for life births, recommended by WHO, when the Registry Office began registering deaths of newborns with extremely low body mass (from 500 to 1000 g) and additional vital signs.

<sup>3</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.



**Table 8. Demographic**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Indicator of reproduction rate	3.1	2.4	2.5	2.7	2.7	2.8	2.9	3.1	3.1
2	Indicator of reproduction rate, seen longitudinally (as a % of 1990 level)	86	67	69	75	75	78	81	86	85
3	Indicator of financial dependency (end of year, as a %)	70	66	57	56	55	54	53	53	53
4	Population 65 of age and over (end of year, as a %)	5.5	5.4	5.4	5.3	5.1	4.8	4.5	4.4	4.3
Life expectancy at 60 years of age (number of years)										
5	Men	14.4	15.6	15.0	14.9	14.9	15.2	15.3	15.4	15.3
6	Women	18.7	18.7	18.7	19.2	19.0	19.0	19.2	19.4	19.4
8	Permanent population (end of year, in millions)	4.6	4.9	5.2	5.2	5.3	5.3	5.4	5.5	5.6
9	Annual population growth (as a %)	1.6	1.0	1.0	1.1	0.8	1.1	1.3	1.1	1.4

**Table 9. Medical services and healthcare**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Number of years lost due to premature death	21	19	20	20	20	19	20	20	20
2	Deaths due to common illnesses <sup>1</sup> (as a % the total number)	47	54	56	56	56	57	58	58	59
3	Of these, deaths from malignant tumors (as a % of total number of deaths)	8	9	8	8	8	8	9	9	9
4	Rate of HIV-infection (per 100 000 people)	0.04	0.33	3.3	4.7	7.9	10.5	12.5	10.2	10.8
5	Alcohol consumption (liters per adult person)	3.6	4.1	6.6	6.7	6.6	6.6	6.6	6.6	6.6
6	Tobacco use ((kg. per adult person)	0.3	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7
7	Number of people per 1 doctor	306	343	384	395	405	404	413	410	417
8	Medical services, paid for by of social insurance service(as a %) <sup>2</sup>	–	–	10.8	9.7	8.4	9.9	8.5	9.8	9.2
9	National spending on healthcare (as a % of total national spending)	13.6	11.5	11.3	12.1	11.2	10.3	10.7	10.0	10.3
10	Total costs of healthcare (as a % of GDP)	4.3	2.2	2.6	3.0	3.1	2.9	3.5	3.6	3.9

<sup>1</sup> Cardiovascular and oncological illnesses.

<sup>2</sup> Financing of the for medical services is the responsibility of the medical insurance fund, as a % of the total expenditures for healthcare.

**Table 10. Education**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Indicator of matriculation at educational institutions (as % population between 7-24 years of age)	63	70	69	69	69	68	68	68	69
2	Completed standard secondary education (as a %)	87	91	96	95	96	94	93	93	92
3	Completed secondary vocational education (% of the total completed secondary education)	38	24	22	21	12	18	20	18	26
4	Number of post-secondary schools	32	45	51	47	49	50	54	56	54
5	Matriculations in institutions of higher learning for full time education (as a %)	75	59	57	60	64	70	71	65	55
6	Matriculations in institutions of higher learning in natural and applied sciences (as a % of total)	7	8	4	4	4	3	2	2	3
7	Spending on higher education (% of total national spending on education)	8.2	14.7	18.9	18.0	15.9	16.4	15.6	15.5	12.6
8	National spending on post-secondary education (million som)	87.5	337.5	930.5	1135.2	1459.4	–			
9	Total spending on education (as a % of GDP)	7.1	3.7	5.2	5.8	6.6	6.2	7.0	6.2	7.8
10	National spending on education(as a % of GDP)	6.6	3.5	4.7	5.5	6.5	5.9	6.2	5.8	7.2

**Table 11. Formation of human capital**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
	Combined portion of students in primary, secondary and higher educational institutions (% of population between 7-24 years of age)									
1	Both sexes	63	70	69	69	69	68	68	68	69
2	Men	62	70	68	67	67	66	67	67	68
3	Women	64	71	71	70	71	69	69	69	70
4	Number of non-governmental organizations (not counting political)	885	3759	10515	11892	13394	13491	14211	14998	15676
5	Scientist and technical specialists (per 1000 people)	0.8	0.6	0.5	0.5	0.4	0.3	0.4	0.4	0.4
6	Spending on research and development <sup>1</sup> (as a % of GDP)	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
7	Graduates of secondary schools (as a % of population of graduation age)	45	43	60	58	58	59	56	60	60
8	Graduates of educations of higher learning (% of population of graduation age)	10	21	35	33	28	33	38	33	36
9	Graduates in natural and technical sciences and mathematical specialties (both sexes)	28	20	18	21	20	21	20	20	19
10	Men	13	11	12	14	13	13	14	13	13
11	Women	12	9	7	7	7	8	6	7	6
12	Number of college graduates (as a % of population 15 years of age and older) <sup>2</sup>	10.8	10.5	10.5	10.5	10.5	10.5	12.4	12.4	12.4

<sup>1</sup> National government spending on pure and applied science and research.

<sup>2</sup> Data of the national population censuses of 1999 and 2009 of people 15 years old and older.

**Table 12. Employment**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Labor force (as a % of total population) <sup>1</sup>	39	39	44	44	45	45	45	41	45
	Workers employed in:									
2	Agriculture (as a %)	47	53	38	36	35	35	32	31	31
3	Manufacturing (as a %)	17	10	18	19	20	20	21	21	21
4	Service sector (as a %)	36	37	44	45	45	45	46	48	48
5	Correlation of future replacement of labor force (at end of year)	191	179	149	147	145	144	142	144	146
6	Number of work hours per week (per capita, in manufacturing)	36	35	38.1	37.9	37.9	38.3	37.8	37.9	37.8

<sup>1</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

**Table 13. Unemployment**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
Number of officially unemployed (in thousands)										
1	Both sexes	50.4	58.3	68.0	73.4	71.3	67.2	61.4	63.4	61.1
2	Men	20.5	27.1	32.2	35.5	35.5	33.5	30.1	30.0	29.3
3	Women	29.9	31.2	35.8	37.9	35.8	33.7	31.3	33.4	31.7
4	Youth	20.3	23.2	25.2	28.3	27.9	27.9	26.3	25.8	24.9
5	Teenage boys	8.9	10.6	12.6	13.7	13.9	14.3(11.7)	13.4	12.8	12.5
6	Teenage girls	11.4	12.6	12.5	14.6	14.0	13.6(16.3)	12.9	13.0	12.4
7	Level of official unemployment (total as %)	2.9	3.0	3.0	3.2	3.0	2.8	2.5	2.6	2.5
8	Total unemployed, including those looking for work on their own (in thousands)	100.0	144.3	183.5	188.9	191.1	195.6	203.7	212.3	212.4
Duration of official unemployment (as a %):										
9	Under 6 months	74	40	37	45	43	31.7	49.9	36.8	32.3
10	Between 6 and 12 months	17	30	26	29	24	24.7	19.8	22.7	23.1
11	Longer than 12 months	9	30	37	26	33	43.6	30.3	41.6	44.7
Gender comparison of unemployed (% of total number of unemployed) <sup>1</sup> :										
12	Men	41	46	52	54	54	51	51	52	52
13	Women	59	54	48	46	46	49	49	48	48

<sup>1</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

**Table 14. Defense spending and the uneven distribution of resources**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011 <sup>1</sup>
1	Spending on defense (as a % of GDP)	1.6	1.7	1.4	1.4	1.2	1.2	1.4	1.4	
2	Spending on defense (as a % of spending on education and medicine taken together)	14.8	31.7	20.3	17.9	12.9	14.2	15.1	13.2	

<sup>1</sup> Since 2011, the Treasury of the Ministry of Finance does not indicate this as a separate line item.

**Table 15. Natural resources**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Total area of the country (in thousands of sq. km.)	199.9	199.9	199.9	199.9	199.9	199.9	199.9	199.9	199.9
2	Density of the permanent population (persons per 1 sq. km. at end of year)	23	25	26	26	27	27	27	27	28
3	Arable and continuously planted lands (as a % of total area)	7	7	7	6	6	6	6	6	6.8
4	Fallow lands (as a % of total area)	1	1	1	1	1	1	1	1	1
5	Forests and timber lands (as a % of total area)	7	8	8	8	8	8	8	8	8
6	Irrigated lands (as a % of all cultivated lands)	64	66	66	66	66	66	68	68	68
7	Self-renewal of water resources per capita (1000 cu. m. per year)	2.7	2.4	2.3	2.3	2.3	2.3	–	–	–
8	Annual water collection (as a % of all water resources)	95	67	66	68	71	71	–	–	–
9	Per capita (cu. m.)	2426	1638	1534	1122	1629	1604	1405	1395	1555
10	Number of nature and wildlife preserves	7	12	16	16	17	17	17	19	19

**Table 16. National revenues accounting**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Agricultural production (as a % of GDP)	40.6	34.2	28.5	28.7	26.9	23.5	18.8	17.5	18.0
2	Manufacturing (as a % of GDP)	12.0	25.0	17.3	14.8	13.1	15.1	16.9	20.7	20.7
3	Services (as a % of GDP)	33.6	29.6	40.7	41.3	42.9	43.0	46.6	46.1	44.9
4	Consumption:	94.5	85.7	102.1	113.1	104.6	110.1	96.7	102.7	102.6
5	private (as a % of GDP)	75.0	65.7	84.5	95.2	87.5	92.6	78.3	84.6	84.1
6	national (as a % of GDP)	19.5	20.1	17.6	17.9	17.1	17.5	18.4	18.1	18.5
7	Total domestic investment (as a % of GDP)	18.4	20.0	16.4	24.2	26.6	29.0	27.3	27.4	25.3
8	Total domestic savings (as a % of GDP)	9.3	14.4	8.2	10.8	20.7	16.7	25.1	20.8	
9	Revenue (ГБ) from taxes (as a % of GDP)	15.1	11.7	16.2	17.6	18.7	19.1	17.9	17.9	19.4
10	National spending (as a % of GDP) (ГБ)	28.6	17.3	20.0	22.2	25.3	24.0	29.1	31.2	33.5
11	Export of goods and services (as a % of GDP)	29.5	41.8	38.3	41.7	52.9	53.7	54.7	51.6	57.2
12	Import of goods and services (as a % of GDP)	42.4	47.6	56.8	79.0	84.1	92.6	78.7	81.7	85.5

**Table 17. Tendencies in economic development**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Index of consumer prices (December, as a % of December for previous year)	132.1	109.6	104.9	105.1	120.1	120.0	100.0	119.2	105.7
2	Revenue (National Budget) from taxes (as a % GDP)	15.1	11.7	16.2	17.6	18.7	19.1	17.9	17.9	19.4
3	Direct taxes (as a % of all taxes)	50.0	38.4	45.9	44.3	42.4	45.3	47.2	49.2	49.7
4	Total budget surplus/deficit (as a % of GDP)	-11.5	-2.0	0.2	-0.2	0.1	0.8	-1.5	-4.9	-4.9
5	Total monetary volume (M2) <sup>1</sup> (millions of som, at end of year)	2754.0	7367.5	21295.9	32280.9	43018.0	48453.2	57126.4	69207.7	79527.8
6	Bank interest rate levels <sup>2</sup>	46.0	38.3	4.1	3.2	8.8	15.2	0.9	5.5	13.6
7	Trade balance (millions \$US <sup>3</sup> )	-113.4	-47.1	-514.7	-1040.0	-1467.4	-2216.8	-1367.2	-1466.9	-2019.0
8	Volume of total issuing of national treasuries (millions of som) <sup>4</sup>	185.2	563.2	1395.1	1274.7	1647.6	2960.3	4567.8	4596.7	6204.3

<sup>1</sup> Combined monetary volume.

<sup>2</sup> An accounting measure of the National Bank of the Kyrgyz Republic, which characterizes the minimum level of currency value. In 2000, it amounted to 38,3% as a result of the stabilization of the financial situation of the financial market.

<sup>3</sup> Since 1997, includes volume of export by private individuals.

<sup>4</sup> This line item shows the total volume of sales of the national treasuries.

**Table 18. Weakening of social structure**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Prisoners (per 100 000 people 14 years of age and older)	580	617	371	368	340	284	258	218	238
2	Juvenile prisoners (as % of total number of prisoners)	7	6	7	7	7	6	4	4	5
3	Premeditated murder (per 100 000 people)	12	8	7	6	6	5	6	6	6
4	Suicides (per 100 000 people) <sup>1</sup>									
5	Both sexes	13	10	9	9	9	9	9	9	9
6	Men (per 100 000 people)	21	17	15	14	14	14	14	15	13
7	Women (per 100 000 people)	6	4	3	4	4	3	4	4	4
8	Reported rape cases (per 100 000 women between 15-59 years of age)	26	23	19	17	16	18	18	17	19
9	Total number of crimes	41008	38620	33277	31392	29151	29519	29715	35528	30520
10	Crimes related to drug offenses	2623	3539	2565	2437	1996	1905	1887	1543	1924
11	Economic crimes	2647	3155	2971	3119	2916	2139	2648	2349	1885
12	Rate of crime detection	61.1	77.2	63.7	63.3	66.5	64.9	64.8	49.2	60.6
13	Number of emigrants (persons)	37302	27887	30741	34423	54608	41287	33380	54531	45740
14	Divorces (as a % of registered marriages)	22	22	16	16	17	17	16	16	15
15	Illegitimate children (as a %)	19	32	33	32	32	30	31	31	30

<sup>1</sup> Some data changes are related to retrospective recalculations of the 2009 population and housing census.

**Table 19. Wealth, poverty and social investment**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Net GDP per capita (PPP, \$US)	1000	1332	1728	1813	2029	2229	2305	2273	
2	Per capita GDP (\$US calculated according to "Atlas" method) <sup>1</sup>	350	280	450	500	620	790	870	840	
3	GDP from manufacturing (as a %)	12	25.0	17.3	14.8	13.1	15.1	16.9	20.7	20.7
4	Relative contribution to production of the highest 20% as compared to the lowest 20%	7.1	10.9	9.9	8.9	9.2	6.2	6.9	6.9	7.3
5	Spending on social insurance (as a % of GDP) <sup>2</sup>	0.1	0.2	0.1	0.0	–	–	–	–	–
6	Total spending on education (as a % of GDP)	7.1	3.7	5.2	5.8	6.6	6.2	7.0	6.2	7.8
7	Total spending on healthcare (as a % of GDP)	4.3	2.2	2.6	3.0	3.1	2.9	3.5	3.6	3.9
8	Average income (som per capita)	150.6	495.5	955.9	1111.5	1417.3	2028.6	2311.9	2494.4	2936.4
9	Income of the poorest 20% of households (som per capita for group)	58.5	162.6	310.4	359.4	515.8	916.7	901.3	897.5	1153.0
10	Food expenses (as a % of total household spending)	48.0	44.4	47.5	43.7	45.6	48.5	48.4	45.1	42.5

<sup>1</sup> Indicators changed according to changes in the methodology of calculation.

<sup>2</sup> Since 2006, spending on social insurance is not a line item separate from social security.

**Table 20. Overcoming internal and external isolation**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Radios (per 100 persons)	13	8	5	5	5	5	5	5	5
2	Televisions (per 100 persons)	14	9	5	6	7	7	7	7	7
3	Attendance at movies per year (per person)	0.1	0.1	0.1	0.04	0.04	0.03	0.04	0.07	0.08
4	Attendance at museums per year (per person)	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
5	Registered library users (per person)	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
6	Daily newspapers (annual distribution per 100 persons) <sup>1</sup>	35	27	10	3	3	3	15	25	21
7	Books published (number of publications per 100 000 persons)	7	9	14	11	13	17	16	15	32
8	Letters sent (per person)	2	1	1	1	1	1	0.4	0.3	0.3
9	Intercity telephone calls (number per person)	7	9	15	15	12	10	8	6	5
10	Telephones (per 100 persons) <sup>2</sup>	8	8	19	32	50	74	88	105	121
11	Cars (per 100 persons)	4	4	4	4	4	6	6	6	6

<sup>1</sup> For 1994-1998, data only according to AO "Aky!".

<sup>2</sup> Beginning in 2005, cell phones are included.

**Table 21. Energy consumption<sup>1</sup>**

Nº		1990	1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Energy consumption (total, in thousands tons of oil equivalents)	7486.2	2384.2	2402.3	2658.4	2694.3	2952.8	2735.7	3010.5	...	...
2	Energy consumption (in kg. of oil equivalent per capita)	1692.6	519.4	488.7	516.8	518.9	564.1	518.3	565.7	...	...
3	Energy consumption (per kg. of oil equivalent, per 1000 \$GDP, in constant prices for 2005, PPP)	675.6	424.4	325.5	299.1	294.1	296.9	253.8	271.4	...	...
4	GDP per unit of energy consumption (in constant prices for 2005, PPP in \$US, per kg. of oil equivalent)	1.5	2.4	3.1	3.3	3.4	3.4	3.9	3.7	...	...
5	Annual changes in energy con- sumption (as a % of the previous year)		-14.7	-0.4	-2.9	1.4	9.6	-7.4	10.0	...	...

<sup>1</sup> Indicators changed according to changes in the methodology of calculation.

**Table 22. Urbanization**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Population of the largest cities – Bishkek and Osh (as a % of total permanent urban population at end of year)	55	57	57	57	58	58	58	58	58
2	Largest cities with the greatest density of permanent population (Bishkek, number of people/1 sq. km. at end of year)	5501	6061	6338	6404	6473	6555	6665	6770	6885
3	Urban population (as a % of total population)	35.3	34.7	34.5	34.4	34.2	34.1	34.1	34.0	33.9
4	Annual increase in urban population (as a %)	0.7	1.0	0.5	0.4	0.3	0.7	1.3	0.8	1.2

**Table 23. Pollution and protection of the environment**

Nº		1995	2000	2005	2006	2007	2008	2009	2010	2011
1	Release of sulfur trioxide and carbon dioxide (thousands of metric tons)	33	24	11	11	10	12.8	11.8	10.1	11.3
2	Release of sulfur trioxide and carbon dioxide (kg. per capita)	7.3	4.0	2.1	2.1	2.0	2.4	2.2	1.8	2.1
3	Toxic waste from manufacturing (in metric tons per sq. km. created for the year) <sup>1</sup>	2.4	31.5 <sup>1</sup>	27.2	26	26.2	27.9	28.4	28.7	29.4
4	Municipal waste (kg. per capita)	201	–	107.2	118.4	125.9	189.6	493.5	204.6	132.3

<sup>1</sup> A significant increase occurred due to the start of industrial activity of the gold mining producer “Kumtor.”

## APPENDIX 6. MAIN SOCIOECONOMIC INDICATORS FOR THE KYRGYZ REPUBLIC AND DEVELOPMENT INDICATORS BY PROVINCES

### KYRGYZ REPUBLIC

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	40	40	40	40	40	40	40	40
Cities	22 <sup>7</sup>	25 <sup>8</sup>	25	25	25	25	25	25
Townships	29	28 <sup>9</sup>	28	28	28	28	28	28
Settlements <sup>1</sup>	–	3	3	3	3	3	3	3
Villages (AA)	429	444	444	444	440	440	440	440
Permanent population (at end of year, in thousands)	4 922.0	5 189.2	5 247.6	5 289.2	5 348.3	5 418.3	5 477.6	5551.9
ECONOMIC STRUCTURE (as a % of GDP)								
Agriculture	34.2	28.5	28.7	26.9	23.5	18.8	17.5	18
Manufacturing	25.0	17.3	14.8	13.1	15.1	16.9	20.7	20.7
Service sector	29.6	40.7	41.3	42.9	43.0	46.6	46.1	44.9
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	1205.3	1836.6	2377.2	2795.9	3571.0	3263.22 <sup>2</sup>	3502.65	4390.0
PRODUCTIVITY PER CAPITA								
Gross domestic product (GDP)								
-Som at current market prices	13382.9	20153.6	22606.3	28066.9	37023.0	39239.3	42437.5	
-US dollars (in PPP)	1332	1728	1813	2029	2229	2305	2273	
SOCIAL INDICATORS								
Life expectancy (in years)								
Men	64.9	64.2	63.5	63.7	64.5	65.2	65.3	65.7
Women	72.4	71.9	72.1	72.2	72.6	73.2	73.5	73.7
Portion of population economically active <sup>3</sup>								
Men	54.7	57.1	57.6	57.8	57.0	57.70	58.1	58.2
Women	45.3	42.9	42.4	42.2	43.0	42.3	41.9	41.8
Male-female income disparity (women/men salaries in %)	67.6	62.5	65.8	67.3	67.3	63.9	63.6	78.4
Percentage of population living in poverty (including extreme poverty, in %) <sup>4</sup>								
Households	50.8	32.0	30.9	26.3	23.9	24.4	24.8	26.8
Population	62.6	43.1	39.9	35.0	31.7	31.7	33.7	36.8
Percentage of population living in extreme poverty (in %) <sup>4</sup>								
Households	23.6	7.4	6.2	4.1	3.7	2.2	3.2	2.8
Population	32.9	11.1	9.1	6.6	6.1	3.1	5.3	4.5
Percent of population without access to safe drinking water (in %) <sup>4</sup>	14.0	15.6	10.2	7.0	9.6	9.6	8.5	7.6
Percent of population without access to healthcare (in %) <sup>4</sup>	11.4	6.5	5.6	4.8	2.7	2.8	1.9	2.2
Malnourished children between 1-6 years of age (in %) <sup>4</sup>	6.6	6.0	6.1	5.2	6.5	5.3	7.4	6.9
Percentage of children not attending school (in %) <sup>5</sup>	0.3	0.1	0.1	0.1	0.2	0.3	0.3	0.3



	2000	2005	2006	2007	2008	2009	2010	2011
<b>DEVELOPMENT INDICATORS</b>								
HDI <sup>6</sup>	0.618	0.634	0.636	0.645	0.653	0.658	0.658	
HPI-1 (Human Poverty Index)	8.4	7.9	7.1	6.9	6.4	6.1	6.1	
GDI (Gender-related Development Index) <sup>6</sup>	0.614	0.625	0.627	0.637	0.646	0.650	0.649	
GEM (Gender Empowerment Measure)	0.479	0.529	0.533	0.532	0.539	0.534	0.534	

<sup>1</sup> In 2002, the village of Sary-Beeinsk was incorporated within Mailuu-Suu township in Jalal-Abad Province, consisting of 3 settlements: Sary-Bee, Kogoy, and Kara-Djygach.

<sup>2</sup> Until 2009, minimum cost of living.

<sup>3</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

<sup>4</sup> Data from 2003 are based on the results integrated sample survey of 5016 households.

<sup>5</sup> Based on the weight of individual children not attending school between 7-17 years of age.

<sup>6</sup> Calculations based on the median rather than on the arithmetic mean.

<sup>7</sup> Including Batken city, incorporated in 2000, and Isfana city, incorporated in 2001 in Batken Province.

<sup>8</sup> Including. Nookat and Kochkor-Ata cities, incorporated in 2003, and Kerben city, incorporated in 2004 in Jalal-Abad Province.

<sup>9</sup> The decrease in the number of townships was a result of the incorporation of Kocjkor-Ata as a city in 2003 in place of the township of the same name.

## BISHKEK CITY

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	–	–	–	–	–	–	–	–
Cities	1	1	1	1	1	1	1	1
Townships	1	1	1	1	1	1	1	1
Settlements	–	–	–	–	–	–	–	–
Villages (AA)	–	–	–	–	–	–	–	–
Permanent population (year end, in thousands)	769.8	804.9	813.3	822.1	832.5	846.5	859.8	874.4
ECONOMIC STRUCTURE (as a % of GDP)								
Agriculture	1.3	0	0.2	0.9	0.4	0.3	0.1	
Manufacturing	7.9	10.5	12.1	9.3	9.2	9.9	10.0	
Service sector	63.1	62.8	60.2	63.8	62.6	65.4	68.3	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	1286.6	2017.8	2523.3	2940.9	3717.5	3377.8 <sup>1</sup>	3625.91	4466.8
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-som (at current market prices)	16176.8	40293.4	45330.0	59620.7	79710.1	84597.0	90204.3	
-US dollars (in PPP)	1816	4042	4029	4718	5131	5254	5051	
SOCIAL INDICATORS								
Life expectancy (in years)								
Men	64.6	64.2	64.4	64.6	66.3	66.2	66.8	67.0
Women	74.4	73.7	74.1	74.2	75.3	75.7	76.0	76.2
Portion of population economically active <sup>2</sup>								
Men	55.5	55.8	56.4	56.3	54.2	52.1	52.4	52.3
Women	44.5	44.2	43.6	43.7	45.8	47.9	47.6	47.7
Male-female income disparity (women/men salaries in %)	68.5	64.2	73.2	72.2	75.8	71.2	73.4	76.5
Percentage of population living in poverty (including extreme poverty, in %) <sup>3</sup>								
Households	28.3	7.5	4.5	3.0	12.0	11.4	5.5	12.1
Population	40.6	10.8	5.5	5.0	15.2	13.2	7.9	18.4
Percentage of population living in extreme poverty (in %) <sup>3</sup>								
Households	10.5	0.4	0.3	0.3	1.5	2.8	0.5	0.8
Population	17.1	0.4	0.4	0.6	2.1	3.3	0.5	1.0
Percent of population without access to safe drinking water (in %)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of population without access to healthcare (in %) <sup>3</sup>	16.7	6.1	7.3	2.8	5.4	0.4	0.9	0.9
Malnourished children between 1-6 years of age (in %) <sup>3</sup>	12.7	5.0	5.5	3.1	4.9	5.0	1.1	2.2
Percentage of children not attending school (in %) <sup>4</sup>	0.1	0.03	0.03	0.02	0.01	0.02	0.03	0.02
DEVELOPMENT INDICATORS								
HDI <sup>5</sup>	0.654	0.724	0.732	0.743	0.754	0.764	0.770	
HPI-1 (Human Poverty Index)	7.5	5.3	5.3	5.2	4.7	4.6	4.4	
GDI (Gender-related Development Index) <sup>5</sup>	0.647	0.715	0.724	0.736	0.747	0.760	0.765	
GEM (Gender Empowerment Measure)	0.457	0.533	0.534	0.542	0.544	0.541	0.544	

1 Until 2009, minimum cost of living.

2 Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

3 Data from 2003 are based on the results integrated sample survey of 5016 households.

4 Based on the weight of individual children not attending school between 7-17 years of age.

5 Calculations based on the median rather than on the arithmetic mean.

Comment: For individual indicators, date for previous years has been revised.

**CHUI PROVINCE**

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	8	8	8	8	8	8	8	8
Cities	4	4	4	4	4	4	4	4
Townships	5	5	5	5	5	5	5	5
Villages (AA)	104	104	104	104	104	104	104	104
Permanent population (end of year, in thousands)	773.4	779.7	787.9	795.0	801.5	808.2	814.9	822.6
ECONOMIC STRUCTURE (in % of GDP)								
Agriculture	47.7	47.5	44.0	41.6	40.2	36.9	37.3	
Manufacturing	16.4	13.0	14.0	16.1	19.2	17.1	13.5	
Service sector	25.3	33.4	34.1	32.2	30.4	35.8	35.9	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	1165.2	1614.0	2229.9	2604.8	3496.1	3068.6 <sup>1</sup>	3493.3	4288.6
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-Som at current market prices	16382.0	22375.5	25659.4	30235.3	37060.9	39851.5	37306.2	
-US dollars (in PPP)	1666	1796	2016	2119	2244	2248	2013	
SOCIAL INDICATORS								
Life expectancy (in years)								
Men	62.8	61.5	60.6	60.3	61.3	62.7	62.9	63.3
Women	72.7	70.6	70.7	70.5	71.1	72.1	72.4	72.3
Portion of population economically active <sup>2</sup>								
Men	54.8	57.1	58.0	57.4	57.5	55.9	56.8	55.6
Women	45.2	42.9	42.0	42.6	42.5	44.1	43.2	44.4
Male-female income disparity (women/men salaries in %)	60.2	58.7	63.5	65.7	66.6	64.8	63.7	82.0
Percentage of population living in poverty (including extreme poverty, in %) <sup>3</sup>								
Households	26.8	16.9	15.1	9.8	11.9	16.1	16.7	20.6
Population	34.6	22.0	20.1	15.0	15.8	21.2	21.9	28.6
Percentage of population living in extreme poverty (in %) <sup>3</sup>								
Households	8.7	3.7	2.6	0.9	1.4	1.4	1.7	3.3
Population	14.0	5.3	3.8	1.4	2.1	2.4	3.5	4.9
Percent of population without access to safe drinking water (in %) <sup>3</sup>	0.0	3.9	0.7	0.4	1.4	1.1	1.0	0.4
Percentage of population without access to healthcare (in %) <sup>3</sup>	27.1	17.4	12.1	7.8	4.4	3.5	5.4	5.1
Malnourished children between 1-6 years of age (in %) <sup>3</sup>	9.6	11.4	9.9	9.1	10.5	3.9	9.4	14.8
Percentage of children not attending school (in %) <sup>4</sup>	0.4	0.2	0.2	0.2	0.2	0.4	0.4	0.5
DEVELOPMENT INDICATORS								
HDI <sup>5</sup>	0.617	0.611	0.616	0.617	0.625	0.632	0.627	
HPI-1 (Human Poverty Index)	9.4	9.1	8.4	10.4	7.5	6.2	6.8	
GDI (Gender-related Development Index) <sup>5</sup>	0.609	0.600	0.607	0.610	0.619	0.625	0.620	
GEM (Gender Empowerment Measure)	0.571	0.594	0.593	0.583	0.596	0.585	0.587	

<sup>1</sup> Until 2009, minimum cost of living.

<sup>2</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

<sup>3</sup> Data from 2003 are based on the results integrated sample survey of 5016 households.

<sup>4</sup> Based on the weight of individual children not attending school between 7-17 years of age.

<sup>5</sup> Calculations based on the median rather than on the arithmetic mean.

Comment: For individual indicators, date for previous years has been revised.

## ISSYK-KUL PROVINCE

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	5	5	5	5	5	5	5	5
Cities	3	3	3	3	3	3	3	3
Townships	5	5	5	5	5	5	5	5
Settlements	–	–	–	–	–	–	–	–
Villages (AA)	58	58	58	58	58	58	58	58
Permanent population (at end of year, in thousands)	418.3	430.4	433.1	435.0	437.7	441.3	444.5	448.0
ECONOMIC STRUCTURE (in % of GDP)								
Agriculture	29.8	28.0	40.8	35.0	20.8	19.8	8.1	
Manufacturing	56.0	50.2	32.0	31.0	51.2	54.1	71.2	
Service sector	11.9	17.7	22.0	19.1	19.7	19.3	14.8	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	1145.7	1658.1	2241.6	2598.3	3461.7	3150.1 <sup>1</sup>	3323.9	4127.0
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-Som at current market prices	25793.3	31341.0	28651.3	36479.0	50152.9	64689.8	82549.3	
-US dollars (in PPP)	2579	2584	2262	2551	3006	3746	4237	
SOCIAL INDICATORS								
Life expectancy (in years)								
Men	64.3	60.9	59.4	59.5	61.0	62.0	62.2	62.6
Women	72.7	69.7	70.2	70.4	71.3	72.0	72.3	72.5
Portion of population economically active <sup>2</sup>								
Men	56.7	57.6	56.5	58.8	58.9	59.1	58.4	59.5
Women	43.3	42.4	43.5	41.2	41.1	40.9	41.6	40.5
Male-female income disparity (women/men salaries in %)	53.2	64.8	62.7	70.5	71.9	62.9	60.2	88.5
Percentage of population living in poverty (including extreme poverty, in %) <sup>3</sup>								
Households	58.9	38.5	34.4	31.1	42.4	38.0	28.1	20.9
Population	70.9	51.5	43.9	38.6	52.2	46.1	38.0	29.5
Percentage of population living in extreme poverty (in %) <sup>3</sup>								
Households	31.8	8.9	6.2	5.4	11.8	5.0	2.3	0.8
Population	45.4	14.2	10.6	8.1	16.9	6.6	2.5	1.5
Percent of population without access to safe drinking water (in %) <sup>3</sup>	0.0	4.1	4.5	4.2	0.7	0.7	1.2	1.0
Percentage of population without access to healthcare (in %) <sup>3</sup>	12.5	6.4	5.2	2.2	0.4	0.4	1.4	1.9
Malnourished children between 1-6 years of age (in %) <sup>3</sup>	4.4	5.0	8.1	7.1	8.5	4.0	9.1	6.8
Percentage of children not attending school (in %) <sup>4</sup>	0.5	0.1	0.1	0.3	0.1	0.1	0.2	0.2
DEVELOPMENT INDICATORS								
HDI <sup>5</sup>	0.666	0.647	0.632	0.641	0.657	0.674	0.683	
HPI-1 (Human Poverty Index)	6.5	7.5	8.1	7.8	7.5	6.8	7.1	
GDI (Gender-related Development Index) <sup>5</sup>	0.655	0.639	0.624	0.635	0.652	0.664	0.674	
GEM (Gender Empowerment Measure)	0.456	0.566	0.561	0.557	0.557	0.564	0.566	

<sup>1</sup> Until 2009, minimum cost of living.

<sup>2</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

<sup>3</sup> Data from 2003 are based on the results integrated sample survey of 5016 households.

<sup>4</sup> Based on the weight of individual children not attending school between 7-17 years of age.

<sup>5</sup> Calculations based on the median rather than on the arithmetic mean.

Comment: For individual indicators, date for previous years has been revised.

**BATKEN PROVINCE**

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	3	3	3	3	3	3	3	3
Cities	4 <sup>1</sup>	4	4	4	4	4	4	4
Townships	5	5	5	5	5	5	5	5
Villages (AA)	28	30	30	30	29	29	29	29
Permanent population (at end of year, in thousands)	392.3	415.4	420.0	422.4	427.1	433.8	441.1	448.9
ECONOMIC STRUCTURE (as a % of GDP)								
Agriculture	50.6	46.9	44.1	49.3	32.8	34.2	44.7	
Manufacturing	6.8	7.6	7.4	7.5	6.4	7.2	8.5	
Service sector	36.7	41.6	44.3	38.7	41.5	45.6	40.4	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	–	1339.7	1883.0	2205.0	2953.8	2751.0 <sup>2</sup>	3046.6	4034.2
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-Som at current market prices	6657.2	8727.4	9323.3	13060.0	16198.6	16462.6	20168.6	
-dollars US (in PPP)	595	581	618	775	829	972	1189	
SOCIAL INDICATORS								
Life expectancy (in years)								
Men	66.0	66.2	66.3	66.5	66.4	67.3	67.4	67.7
Women	71.5	72.5	72.2	72.3	72.4	72.5	72.3	72.6
Portion of population economically active <sup>3</sup>								
Men	55.2	57.6	57.8	56.8	58.4	60.2	60.6	60.9
Women	44.8	42.4	42.2	43.2	41.6	39.8	39.4	39.1
Male-female income disparity (women/men salaries in %)	77.7	67.7	72.4	72.3	58.6	60.4	55.4	84.7
Percentage of population living in poverty (including extreme poverty, in %) <sup>4</sup>								
Households	63.9	51.2	43.6	34.6	18.6	25.6	26.8	27.6
Population	69.0	59.1	50.9	40.4	20.7	31.5	33.6	35.6
Percentage of population living in extreme poverty (in %) <sup>4</sup>								
Households	31.9	14.6	13.4	7.5	4.3	4.7	4.4	2.8
Population	37.3	18.8	16.1	9.2	3.9	6.0	5.2	3.6
Percent of population without access to safe drinking water (in %) <sup>4</sup>	28.2	28.4	19.1	19.7	23.3	27.2	27.3	30.3
Percentage of population without access to healthcare (in %) <sup>4</sup>	7.7	4.0	4.3	2.6	1.4	0.8	1.2	2.7
Malnourished children between 1-6 years of age (as %) <sup>4</sup>	4.2	2.3	2.2	5.2	3.4	4.1	2.3	3.7
Percentage of children not attending school (in %) <sup>5</sup>	0.1	0.1	0.01	0.01	0.01	0.1	0.2	0.3
DEVELOPMENT INDICATORS								
HDI <sup>6</sup>	0.549	0.547	0.551	0.573	0.577	0.591	0.609	
HPI-1 (Human Poverty Index)	10.1	9.3	7.5	7.9	7.6	8.1	8.0	
GDI (Gender-related Development Index) <sup>6</sup>	0.546	0.536	0.544	0.568	0.564	0.576	0.591	
GEM (Gender Empowerment Measure)	0.359	0.466	0.508	0.458	0.466	0.468	0.473	

<sup>1</sup> Including Batken city, incorporated in 2000, and Isfana city, incorporated in 2001 in Batken Province.

<sup>2</sup> Until 2009, minimum cost of living.

<sup>3</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

<sup>4</sup> Data from 2003 are based on the results integrated sample survey of 5016 households.

<sup>5</sup> Based on the weight of individual children not attending school between 7-17 years of age.

<sup>6</sup> Calculations based on the median rather than on the arithmetic mean.

Comment: For individual indicators, date for previous years has been revised.

## OSH PROVINCE

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	7	7	7	7	7	7	7	7
Cities	2	3 <sup>1</sup>	3	3	3	3	3	3
Townships	2	2	2	2	2	2	2	2
Villages (AA)	79	86	86	86	86	86	86	86
Permanent population (end of year, in thousands)	974.1	1 057.7	1 074.9	1 084.7	1 101.2	1 117.9	1 130.9	1 147.7
ECONOMIC STRUCTURE (as a % of GDP)								
Agriculture	44.0	56.3	50.7	48.9	41.2	31.9	34.7	
Manufacturing	5.6	4.6	4.8	2.1	1.9	3.5	4.2	
Service sector	41.8	26.7	27.2	31.1	34.6	41.4	45.9	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	1024.4	1561.2	2140.8	2645.0	3406.7	3200.3 <sup>2</sup>	3369.4	4253.4
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-Som at current market prices	7781.0	10086.4	12149.8	14816.3	18296.5	18946.7	20016.1	
-USA dollars (in PPP)	696	859	999	1102	1150	1215	1092	
SOCIAL INDICATORS								
Life expectancy (in years)								
Men	66.9	66.7	66.7	66.4	66.6	66.8	66.3	66.6
Women	72.8	73.1	72.2	72.5	72.8	72.6	72.9	73.2
Portion of population economically active <sup>3</sup>								
Men	54.5	57.4	58.1	58.9	57.6	60.1	60.1	60.1
Women	45.5	42.6	41.9	41.1	42.4	39.9	39.9	39.9
Male-female income disparity (women/men salaries in %)	78.9	69.2	71.6	78.1	66.8	70.8	66.2	88.4
Percentage of population living in poverty (including extreme poverty, in %) <sup>4</sup>								
Households	61.8	46.2	42.5	38.8	28.8	30.1	32.1	34.2
Population	70.7	55.9	52.1	46.6	37.5	38.3	41.9	44.7
Percentage of population living in extreme poverty (in %) <sup>4</sup>								
Households	30.1	7.9	5.6	3.3	2.7	1.3	4.8	2.3
Population	36.7	10.2	7.6	6.4	4.5	2.0	8.3	3.7
Percent of population without access to safe drinking water (in %) <sup>4</sup>	36.6	40.7	24.9	17.0	22.7	22.9	17.7	13.6
Percentage of population without access to healthcare (in %) <sup>4</sup>	6.9	4.8	5.1	9.8	2.6	7.3	0.8	2.4
Malnourished children between 1-6 years of age (in %) <sup>4</sup>	5.2	6.4	8.3	2.2	5.2	5.6	12.1	5.5
Percentage of children not attending school (in %) <sup>5</sup>	0.1	0.1	0.2	0.1	0.3	0.2	0.3	0.2
DEVELOPMENT INDICATORS								
HDI <sup>6</sup>	0.568	0.577	0.593	0.603	0.600	0.606	0.594	
HPI-1 (Human Poverty Index)	11.7	12.6	9.8	9.0	8.4	9.3	8.4	
GDI (Gender-related Development Index) <sup>6</sup>	0.566	0.565	0.580	0.592	0.590	0.596	0.581	
GEM (Gender Empowerment Measure)	0.398	0.472	0.469	0.469	0.495	0.473	0.474	

<sup>1</sup> Included here in subsequent years, is Nookat city, incorporated in 2003.

<sup>2</sup> Until 2009, minimum cost of living.

<sup>3</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

<sup>4</sup> Data from 2003 are based on the results integrated sample survey of 5016 households.

<sup>5</sup> Calculations based on the median rather than on the arithmetic mean.

Comment: For individual indicators, date for previous years has been revised.

**TALAS PROVINCE**

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	4	4	4	4	4	4	4	4
Cities	1	1	1	1	1	1	1	1
Townships	1	1	1	1	1	1	1	1
Villages (AA)	35	36	36	36	36	36	36	36
Permanent population (end of year, in thousands)	205.1	218.4	221.5	223.8	226.3	229.0	231.8	235.3
ECONOMIC STRUCTURE (as a % of GDP)								
Agriculture	75.6	68.9	70.4	62.1	64.3	51.1	54.7	
Manufacturing	3.9	6.1	5.7	4.2	2.7	4.7	3.2	
Service sector	18.5	18.1	20.4	28.6	22.6	32.1	35.2	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	1030.0	1437.9	2056.6	2464.3	3267.9	2893.8 <sup>1</sup>	3212.6	4090.8
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-Som at current market prices	13116.3	21321.4	24334.0	26916.4	38798.0	27410.9	32876.3	
-USA dollars (in PPP)	1179	1524	1763	1785	2196	1459	1631	
SOCIAL INDICATORS								
Life expectancy (in years) <sup>3</sup>								
Men	66.2	62.1	62.6	63.1	63.1	63.8	64.1	64.5
Women	72.3	71.4	71.6	71.4	71.9	72.5	72.9	73.2
Portion of population economically active <sup>2</sup>								
Men	53.2	58.1	57.3	56.8	56.2	56.2	57.0	57.8
Women	46.8	41.9	42.7	43.2	43.8	43.8	43.0	42.2
Male-female income disparity (women/men salaries in %)	71.1	63.2	80.0	74.3	69.6	52.3	58.7	87.1
Percentage of population living in poverty (including extreme poverty, in %) <sup>3</sup>								
Households	74.7	35.9	32.3	28.3	36.5	26.6	33.1	39.8
Population	80.8	44.4	40.0	35.3	43.0	33.0	42.3	50.2
Percentage of population living in extreme poverty (in %) <sup>3</sup>								
Households	38.5	10.0	7.1	5.8	3.3	1.7	3.0	5.7
Population	48.5	14.1	9.7	7.9	4.6	2.9	5.0	8.4
Percent of population without access to safe drinking water (in %) <sup>3</sup>	0.1	2.7	1.6	0.7	4.1	3.9	3.1	3.5
Percentage of population without access to healthcare (in %) <sup>3</sup>	10.3	10.0	4.5	1.6	1.0	1.6	0.5	0.2
Malnourished children between 1-6 years of age (in %) <sup>3</sup>	4.0	6.6	7.2	9.4	10.8	4.9	10.1	4.1
Percentage of children not attending school (in %) <sup>4</sup>	0.8	0.1	0.1	0.02	0.02	0.2	0.8	1.1
DEVELOPMENT INDICATORS								
HDI <sup>5</sup>	0.609	0.615	0.627	0.628	0.642	0.612	0.622	
HPI-1 (Human Poverty Index)	5.9	7.5	6.4	6.8	6.7	6.3	6.3	
GDI (Gender-related Development Index) <sup>5</sup>	0.607	0.607	0.624	0.624	0.637	0.599	0.612	
GEM (Gender Empowerment Measure)	0.426	0.528	0.533	0.531	0.541	0.522	0.527	

<sup>1</sup> Until 2009, minimum cost of living.<sup>2</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.<sup>3</sup> Data from 2003 are based on the results integrated sample survey of 5016 households.<sup>4</sup> Based on the weight of individual children not attending school between 7-17 years of age.<sup>5</sup> Calculations based on the median rather than on the arithmetic mean.

Comment: For individual indicators, data for previous years has been revised.

## NARYN PROVINCE

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	5	5	5	5	5	5	5	5
Cities	1	1	1	1	1	1	1	1
Townships	2	2	2	2	2	2	2	2
Villages (AA)	56	61	61	61	61	61	61	61
Permanent population (end of year, in thousands)	251.8	257.0	257.3	257.0	257.2	259.3	262.1	264.9
ECONOMIC STRUCTURE (as a % of GDP)								
Agriculture	70.8	53.7	48.0	44.3	42.1	28.5	14.6	
Manufacturing	7.9	10.8	7.6	4.6	1.9	7.7	5.5	
Service sector	16.4	23.7	22.9	23.9	30.6	39.1	41.9	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	1080.9	1443.3	2119.1	2426.4	3186.9	2924.8	3303.9	4148.3
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-Som at current market prices	12150.7	16738.2	20771.1	25437.3	32434.7	28866.6	29298.4	
-USA dollars (in PPP)	1146	1201	1550	1661	1790	1552	1495	
SOCIAL INDICATORS								
Life expectancy (in years)								
Men	66.3	61.9	59.7	60.0	62.0	63.0	63.1	63.0
Women	73.4	70.0	71.1	71.0	71.2	71.8	72.1	72.5
Portion of population economically active <sup>2</sup>								
Men	56.9	65.1	65.9	65.7	65.4	66.6	67.4	67.2
Women	43.1	34.9	34.1	34.3	34.6	33.4	32.6	32.8
Male-female income disparity (women/men salaries in %)	69.3	73.7	71.4	76.8	77.5	67.5	60.7	95.9
Percentage of population living in poverty (including extreme poverty, in %) <sup>3</sup>								
Households	87.6	45.1	47.6	41.7	37.2	40.1	48.4	44.9
Population	90.9	51.2	49.3	45.2	42.7	44.1	53.5	49.9
Percentage of population living in extreme poverty (in %) <sup>3</sup>								
Households	62.7	17.4	13.5	10.4	8.7	7.6	10.8	10.8
Population	68.6	20.0	15.1	12.8	11.6	10.0	12.0	14.7
Percent of population without access to safe drinking water (in %) <sup>3</sup>	6.7	11.9	40.1	11.4	8.0	4.1	9.9	10.8
Percentage of population without access to healthcare (in %) <sup>3</sup>	12.4	2.8	1.3	2.2	1.7	1.7	2.1	1.0
Malnourished children between 1-6 years of age (in %) <sup>3</sup>	3.1	5.1	3.0	5.3	4.7	4.2	16.9	14.7
Percentage of children not attending school (in %) <sup>4</sup>	0.5	0.7	0.6	0.6	0.7	1.1	1.4	1.9
DEVELOPMENT INDICATORS								
HDI <sup>5</sup>	0.611	0.603	0.615	0.620	0.629	0.620	0.615	
HPI-1 (Human Poverty Index)	7.7	8.4	12.0	8.2	7.6	7.3	8.8	
GDI (Gender-related Development Index) <sup>5</sup>	0.609	0.588	0.599	0.608	0.618	0.602	0.591	
GEM (Gender Empowerment Measure)	0.450	0.516	0.510	0.510	0.520	0.504	0.510	

<sup>1</sup> Until 2009, minimum cost of living..

<sup>2</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

<sup>3</sup> Data from 2003 are based on the results integrated sample survey of 5016 households.

<sup>4</sup> Based on the weight of individual children not attending school between 7-17 years of age.

<sup>5</sup> Calculations based on the median rather than on the arithmetic mean.

Comment: For individual indicators, data for previous years has been revised.



**JALAL-ABAD PROVINCE**

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative territorial units (at end of year):								
Districts	8	8	8	8	8	8	8	8
Cities	5	7 <sup>1</sup>	7	7	7	7	7	7
Townships	8	7 <sup>2</sup>	7	7	7	7	7	7
Settlements <sup>3</sup>	-	3	3	3	3	3	3	3
Villages (AA)	68	68	68	68	66	66	66	66
Permanent population (end of year, in thousands)	896.3	969.9	983.9	992.2	1 006.8	1 023.2	1 036.7	1054.3
ECONOMIC STRUCTURE (as a % of GDP)								
Agriculture	29.3	35.8	36.1	38.7	40.7	29.6	32.3	
Manufacturing	44.0	26.5	26.6	23.9	19.6	17.5	22.0	
Service sector	19.0	31.5	30.6	29.9	29.5	34.8	30.4	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)	1104.3	1634.3	2101.2	2473.2	3137.5	2993.8 <sup>4</sup>	3171.1	4509.8
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-Som at current market prices	13219.2	12500.1	14733.7	17449.8	24284.9	24725.4	27650.2	
-USA dollars (in PPP)	1274	1016	1091	1161	1319	1361	1397	
SOCIAL INDICATORS								
Life expectancy (in years)								
Men	68.0	65.5	65.5	65.7	65.6	66.3	66.7	66.8
Women	72.9	71.8	72.2	72.6	72.5	73.0	73.2	73.4
Portion of population economically active <sup>5</sup>								
Men	52.7	55.7	56.3	56.3	55.3	57.8	59.1	59.7
Women	47.3	44.3	43.7	43.7	44.7	42.2	40.9	40.3
Male-female income disparity (women/men salaries in %)	58.0	57.7	56.5	58.7	56.2	54.3	53.0	69.8
Percentage of population living in poverty (including extreme poverty, in %) <sup>6</sup>								
Households	67.6	46.3	51.7	43.9	30.4	28.3	36.2	35.0
Population	76.5	55.9	58.3	53.0	40.1	36.9	44.7	45.3
Life expectancy (in years) <sup>6</sup>								
Households	26.5	13.0	13.1	8.6	4.5	0.2	3.9	3.8
Population	36.1	18.0	17.3	12.0	9.8	0.5	6.4	6.7
Percent of population without access to safe drinking water (in %) <sup>7</sup>	13.1	7.1	5.6	1.4	5.6	5.6	5.0	4.6
Percentage of population without access to healthcare (in %) <sup>6</sup>	7.2	2.2	2.1	5.4	1.7	0.5	2.0	1.3
Malnourished children between 1-6 years of age (in %) <sup>6</sup>	6.9	2.8	2.5	7.4	7.3	3.6	2.1	6.1
Percentage of children not attending school (in %) <sup>7</sup>	0.4	0.1	0.1	0.05	0.1	0.2	0.2	0.1
DEVELOPMENT INDICATORS								
HDI <sup>8</sup>	0.620	0.589	0.591	0.599	0.607	0.611	0.612	
HPI-1 (Human Poverty Index)	7.2	5.5	5.5	5.9	5.5	5.1	4.9	
GDI (Gender-related Development Index) <sup>8</sup>	0.614	0.578	0.579	0.588	0.596	0.597	0.595	
GEM (Gender Empowerment Measure)	0.411	0.447	0.449	0.440	0.456	0.461	0.457	

<sup>1</sup> Including Kochkor-Ata city, incorporated in 2003 and Kerben city incorporated in 2004 in Jalal-Abad Province.

<sup>2</sup> The decrease in the number of townships was a result of the incorporation of Kochkor-Ata as a city in 2003, in place of the township of the same name.

<sup>3</sup> In 2002, the village of Sary-Beeinsk was incorporated within Mailuu-Suu township in Jalal-Abad Province, consisting of 3 settlements: Sary-Bee, Kogoy, and Kara-Djygach.

<sup>4</sup> Until 2009, minimum cost of living.

<sup>5</sup> Data sources: 1995-2000 – account of labor resource statistics, 2005-2011 data is from an integrated, sample-based survey of budgets of households and the labor force.

<sup>6</sup> Data from 2003 are based on the results integrated sample survey of 5016 households.

<sup>7</sup> Based on the weight of individual children not attending school between 7-17 years of age.

<sup>8</sup> Calculations based on the median rather than on the arithmetic mean.

Comment: For individual indicators, data for previous years has been revised.

## OSH CITY

	2000	2005	2006	2007	2008	2009	2010	2011
Number of administrative-territorial units at the end of the year:								
Districts	-	-	-	-	-	-	-	-
Cities	1	1	1	1	1	1	1	1
Townships	-	-	-	-	-	-	-	-
Villages (AA)	1	1	1	1	-	-	-	-
Permanent population (end of year, in thousands)	240.9	255.8	255.7	257.0	258.0	259.1	255.8	255.8
ECONOMIC STRUCTURE (in % of GDP)								
Agriculture		6.8	4.2	4.4	4.0	2.8	2.0	
Industry		15.6	12.6	5.6	3.2	7.0	6.6	
Service sector		69.6	78.9	82.7	85.5	80.9	82.2	
FOREIGN INVESTMENT								
Minimum cost of living (som per capita per month)								
PRODUCTIVITY PER CAPITA								
Gross Regional Product (GRP)								
-Som at current market prices		14982.2	17627.7	18211.3	24366.3	27682.8	25095.6	
-USA dollars (in PPP)								
SOCIAL INDICATORS								
Life expectancy (in years) <sup>1</sup>								
Men	...	63.3	62.7	62.8	63.2	63.1	62.3	62.5
Women	...	70.4	71.1	70.5	70.6	70.7	71.0	71.2
Portion of population economically active								
Men		-	-	-	-	-	-	-
Women		-	-	-	-	-	-	-
Male-female income disparity (women/men salaries in %)		64.8	58.6	64.5	63.8	70.6	64.2	87.7
Percentage of population living in poverty (including extreme poverty, in %)								
Households								
Population								
Percentage of population living in extreme poverty (in %)								
Households								
Population								
Percent of population without access to safe drinking water (in %)								
Percentage of population without access to healthcare (in %)								
Malnourished children between 1-6 years of age (in %)								
Percentage of children not attending school (in %) <sup>2</sup>	-	0.02	0.02	0.01	0.02	0.2	0.04	0.01
DEVELOPMENT INDICATORS								
HDI								
HPI-1 (Human Poverty Index)								
GDI (Gender-related Development Index)								
GEM (Gender Empowerment Measure)								

<sup>1</sup> Before 2003, Osh city was part of the Osh Province.

<sup>2</sup> Based on the weight of individual children not attending school between 7-17 years of age.

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## LIST OF ILLUSTRATIONS

Page 2	Photographs from archive of the United Nations in the Kyrgyz Republic.
Page 8	Kubanychbek uulu Kairat. Poster <i>"Peace, Unity, Harmony."</i>
Page 25	Duishebek Iskakov. Poster <i>"Work!"</i> .
Pages 26	Cholpon Kerimkulova. Photo.
Page 29	Aigerim Seitkulova. Poster <i>"Live Better – Here and Now!"</i> .
Page 30	Sonun Tolukbaeva. Poster <i>"Local Self-Governance."</i>
Pages 33, 35, 37	Alla Kivachitskaya. A Series of Posters <i>"A Fairy Tale Can Happen Here."</i>
Page 38	Photographs from the archive of Development Policy Institute (DPI).
Page 41	Omurlan Telegulov. Poster <i>"Accord."</i>
Page 45	Usenbek Omurov. Poster <i>"Indifference."</i>
Pages 46, 47	Dmitrii Motinov. Photo.
Pages 49	Cholpon Kerimkulova. Photo.
Page 50	Valentina Zhiteneva. Photo.
Page 57	Aleksandr Vereshchagin. Photo.
Page 69	Melisbek Erjigitov. Photo.
Page 77	Inna Piskareva. Poster <i>"Transparent Budget – Intelligible Budget."</i>
Page 81	Ieksei Lysogorov. Poster <i>"For Transparency of Budget."</i>
Pages 84, 85	Photographs from the archive of Development Policy Institute (DPI).
Page 89	Berdibek Sultanmuratov. Photo.
Page 91	Aleksei Lysogorov. Poster <i>"Communal Alphabet."</i>
Pages 92, 93	Farkhat Ruziev. Posters <i>"Historical Facilities of Karakol City Need Restoration."</i>
Page 95, 96	Photographs from the archive of Development Policy Institute (DPI).
Page 99	Viktoriya Kholopova. Poster <i>"Let's Through Light on the City Budget."</i>
Page 100	Evgenii Sviridov. Photo.
Page 105	Berdibek Sultanmuratov. Photo.
Page 106	Photographs from the archive of Development Policy Institute (DPI).
Page 113	Ermek Dzhenish. Photo.
Page 115	Bakyt Musaev. Poster <i>"LSG – Care of People."</i>

Cover: Poster by Aibek Eshaliev.

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