



**USAID**  
FROM THE AMERICAN PEOPLE

**CENTRAL ASIAN REPUBLICS**



URBAN INSTITUTE CENTER ON INTERNATIONAL DEVELOPMENT AND GOVERNANCE

**Annual Performance Report**  
**Clare Romanik, Chief of Party**  
**October 2007 – September 2008**

**Decentralization and Local Government Program**  
**in the Kyrgyz Republic**

**Strategic Objective 2.1: Governing Justly and Democratically**  
**USAID Central Asian Republics**  
**Contract No. DFD-I-00-05-00129-00**  
**Task Order No. DFD-I-05-05-00129-00**  
**UI Project No. 07862-005**

This report is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of the Urban Institute and do not necessarily reflect the views of USAID or the United States Government.

**DECENTRALIZATION / LOCAL GOVERNMENT PROGRAM (DLGP)  
IN THE KYRGYZ REPUBLIC**

**TABLE OF CONTENTS**

YEAR 2 EXECUTIVE SUMMARY: OCTOBER 2007 – SEPTEMBER 2008.....	i
THIRD QUARTER REPORT: JULY 2008 – SEPTEMBER 2008	
I. Highlights .....	1
II. Trends in the Environment.....	2
III. Activities.....	3
IV. Significant Meetings/Special Events .....	8
V. Deliverables and Reports .....	10
VI. Donor Coordination.....	10
VII. Performance Monitoring and Gender Reporting.....	12
VIII. Programmatic and Operational Update.....	13
IX. Staff Travel Chart .....	13
X. Project Challenges and Constraints.....	14
XI. Task Chart.....	15

ANNEX:

Success Stories

Annual Report on Implementation of the Year 2 Workplan

Annual Report on Implementation of the Performance Monitoring Plan

Cost Report

## EXECUTIVE SUMMARY

In advancing its Governing Justly and Democratically strategic objective, USAID has set forth two main goals for the Decentralization/Local Government Program (DLGP) in the Kyrgyz Republic. The first goal is to have a positive impact on the policy and legislative framework in support of decentralization and local self-government autonomy. The second main goal is to build the capacity of local self-governments (LSGs) in Kyrgyzstan so that they manage their resources more effectively, respond to their citizens' needs and priorities, and operate in a transparent manner. The box at right presents the specific outcomes and performance measures by which USAID measures DLGP's progress toward attaining these goals. This report provides both quantitative and qualitative information on the extent to which DLGP is advancing USAID's agenda in this area.

Some highlights are as follows:

- Kyrgyzstan is now in compliance with 17 paragraphs out of 30 total paragraphs in the European Charter on Local Self-Government (above the goal of 14 paragraphs for 2008).
- Three additional LSG responsibilities were clarified thanks to provisions in the new Local Self-Government Law (above the target goal of 1 responsibility).
- An annual increase in LSG discretionary expenditures of 71% in 2007, above the goal of a 10% increase (data for 2008 have not yet been made available by the Treasury and Ministry of Finance).
- Large increases in local own revenues (shares of state taxes, local taxes and local non-tax revenue) in both cities and ayil okmotus (AOs): 247% increase in cities from 2007 revenues, and 51% increase in AOs from 2007 revenues.
- 64% of partner municipalities now report independence from central and regional authorities in budget development, compared to a 2008 target of 60%<sup>1</sup>
- A 51% annual increase in public hearings from 2007 to 2008.<sup>2</sup>
- DLGP met the goal of percent of partner municipalities whose councils have exercised new authorities to improve local government management practices in urban areas (88%) and exceeded the target for rural municipalities (56%).
- DLGP exceeded the goal of percent of partner municipalities who have an inventory of municipal assets – 100% of cities and 88% of rural municipalities.

### DLGP Performance Monitoring Plan Governing Justly and Democratically

#### Project Outcome 1: Viable Decentralization Framework

- # of European Charter of Local Self-Government characteristics met by Kyrgyzstan (of 30 total)
- % increase in discretionary expenditures in local budgets

#### Project Outcome 2: Effective and Responsive Local Government

- % increase in local own revenues in partner municipalities
- % of citizens across partner municipalities who say their local government is open and responsive to the public

<sup>1</sup> While this number is above the target for 2008, it is below the actual percentage reported in 2007, 79%.

<sup>2</sup> There was actually a decrease in the number of public budget hearings, explained by the fact that the Ministry of Finance has not yet issued the Budget Circular with instructions for preparing 2009 revenue estimates. However, the number of other types of public hearings greatly increased, thus offsetting the decrease in public budget hearings.

- DLGP exceeded the goal of percent of partner municipalities who have a designated public information specialist – 100% of cities and 81% of rural municipalities.

DLGP has remained constant in the following target areas:

- The percentage of citizens in partner municipalities who say their government is open and responsive to the public in 2008 was 11%, compared to 12% in 2007. The share of citizens who said that their local government was “somewhat open” changed from the 39% to 38% and the share who said that their local government was “closed” changed from 27% to 26%. The share who responded “difficult to answer” increased from 22% to 25%. Thus, the results from 2008 show practically no change from the previous year.

Other key accomplishments from Year 2 include:

**Passage of the new Law on Local Self-Government and Local State Administration, which clearly delineates functions that are exclusively within local governments’ jurisdiction and establishes strict procedures for delegating state responsibilities to local governments.** This achievement – an increase in local administrative autonomy - is a result of persistence by DLGP in explaining these concepts to policymakers in the Government over several years time. DLGP also worked very hard, first with the President’s Administration and National Agency for Local Self-Government (NALSG) and then with the Parliament, to include provisions in the Law that would mitigate Constitutional restrictions on the political autonomy of local governments. As the President has consolidated his power, including a Parliament full of members of his political party, it was impossible for alternative proposals to receive serious consideration, so these provisions were not included in the new Law.

**Preservation of local taxes in the new Tax Code.** In the first draft of the new Tax Code submitted to Government, there were no local taxes. Comments developed by DLGP were co-signed by four other donors (World Bank/Agency for Community Investment and Development (ARIS), the UNDP Democratic Governance Program, Soros Foundation of Kyrgyzstan and the Eurasia Central Asia Fund). DLGP shared the comments with the Deputy Chair of the Tax Code Working Group, Bakyt Ashirov, as well as with the National Agency on Local Self-Government (NALSG) so the Agency could formulate their comments on a similar basis. At the second stage of Government review, DLGP was again asked by the NALSG to comment on the revised draft. DLGP suggested to make the property tax a local tax and to include in the Tax Code provisions allowing for the delegation of tax administration to LSGs. In June, DLGP helped organize an expanded meeting of the Parliamentary Committee on Regional Development and Local Self-Government on the draft Tax Code. Participants included representatives of the Ministry of Finance, Ministry of Economy and Trade, State Committee on Taxes and Fees, NALSGA, LSGs from all regions and independent experts. LSG representatives spoke from experience about last year’s doubling in tax revenues, either from the patent or the retail tax, when they had the opportunity to collect taxes themselves. They explained that if their budget has no local sources, there will be no local initiative. It seems that this message was heard: in the Tax Code passed by Parliament on October 2, there will be two local taxes – the land tax and the property tax.

**Partnership with and education of the new Parliamentary Standing Committee on Regional Development and Local Self-Government.** DLGP took the opportunity to invite the new Committee Chair to present at the Best Practices Conference and to hold a series of educational events for Committee and staff members. In late spring, DLGP collaborated with the Committee in holding “expanded” Committee meetings on the draft Tax Code and the Housing

and Communal Services Code. Furthermore, two Committee Deputies participated in study tours, one to Serbia and another to the U.S. to learn about local government in practice. In addition to educating the legislative branch about local self-government, DLGP began last year educating the judicial branch through special training for judges arranged through the National Judicial Training Center. The aim of the trainings was to provide judges with information on the current legislation on local self-government and municipal property issues and to highlight the legal cases most relevant to the practice of local self-government.

**Recognition that local governments, through their local economic initiatives, are contributing to overall development of the country and the Country Development Strategy.** Key donors (notably the World Bank/KfW-funded Agency for Community Investment and Development known as ARIS) and policymakers in Government and Parliament agree that local strategic plans should focus on how to improve the local business environment – an approach promoted by DLGP. Several municipalities are already implementing strategic projects that will improve access to land and finance and quality of services important for conducting business. For example, one rural municipality sold land through a competitive auction to make available land for business. The city of Karakol, heavily dependent on the tourist industry, dramatically improved its street lighting. Through these examples, DLGP has been able to demonstrate to key players that the Country Development Strategy will be enhanced by initiatives in local economic development.

**Institutionalization of public information and citizen participation in Kyrgyzstan.** DLGP specialists prepared a Model Regulation on Public Information and Citizen Participation for Local Governments that was based on the Kyrgyz Public Access to Information Law and input from local government officials, civil society representatives, and journalists. NALSG adopted this Regulation as an official model for the country and cooperated with DLGP in disseminating a compilation of the Law and Model Regulation with accompanying training for all local governments in Kyrgyzstan, with the exception of Talas oblast where the Governor refused to cooperate. All cities and 60 percent of DLGP partner municipalities now have a staff person with defined responsibility for ensuring that information is made public.

**Steps towards completing state registration of municipal assets.** DLGP jointly conducted a round table with the NALSG on state registration of municipal property that gave local self-government representatives a rare forum with national government officials to explain the problems encountered in dealing with the State Registry. As a result of this dialogue, a Government Resolution expedite the completion of municipal property registration was initiated by NALSG and signed by the Prime Minister on October 21. Through continuing consultation, DLGP has helped most of its rural municipalities to complete an inventory of municipal assets so that they can now register their municipal ownership rights, and then dispose of surplus property in the most effective way to increase municipal revenues and/or improve access to land/buildings for the private sector.

**Increased recognition of local self-government as a body separate from the State government and capable in its own right.** In parallel with legislative changes delineating functions between local government and state administration, there has been an education of the media of the concept of local self-government. Through regular informational sessions for journalists, DLGP has helped them become better reporters on LSG issues, including complicated issues such as local taxes, municipal property management, and have become protectors of the concept of local self-government. High profile events such as the DLGP Best Practice Conference are an opportunity to highlight to their peers, the media, and national officials progress made in improving local self-government management practices. The 2008 Best Practices Competition saw more

and better applications than the competition of the previous year, as a testament to continuing improvements and innovation.

As per USAID instructions, this annual report describes progress made toward goals through activities that took place largely in the third quarter, but also provides annual information through the performance monitoring plan and the status on the workplan. We have also attached a set of success stories from recent activities in asset management and economic development capacity building.

# THE DECENTRALIZATION/LOCAL GOVERNMENT PROGRAM IN THE KYRGYZ REPUBLIC

## QUARTERLY REPORT FOR JULY - SEPTEMBER 2008

### I. Highlights

- **On July 16, Mombekov held the country's first competitive auction of land owned by a rural municipality to improve access to land by businessmen.** Access to land was identified in an anonymous business survey as an obstacle to business development in that rural municipality. In response, Mombekov sold five land parcels through a transparent and competitive process, reaping more than one million Kyrgyz soms for the municipality's budget (this amount equals half the annual budget). The sale revenues equaled twice the value set in the starting prices. The success of the auction was witnessed by regional journalists and other local government officials and described in a DLGP case study.
- **DLGP conducted a 3-day study tour to two Southern rural municipalities whose achievements have been recognized through the DLGP Best Practices Competition.** More than 40 LSG representatives from both the South and Chui oblast traveled to Kottormo and Ak-Bulak rural municipalities (in Batken oblast) to study their experience in disseminating information to their communities and managing municipal land. In addition to several newspaper articles published about the study tour, it was featured as news of the week on the Batken regional TV station.
- **Participants returned from the study tour to Serbia with a full "bag" of experience and new ideas about how to implement local economic development (LED) in Kyrgyzstan.** The goals of the study tour were to help Kyrgyz officials better understand the role of local governments in promoting local economic development including the importance of good service delivery, to learn about a variety of tools/potential interventions that local governments can utilize to maintain a dialogue with their business community and address LED, and to learn how local governments of different sizes (rural municipality, small city, big city) manage LED. Participants were impressed with the size and sophistication of Serbian municipal LED offices.
- **An international expert on guarantee funds provided training and consultation to representatives from four cities that have proposed creation of guarantee funds as part of their strategic plans for local economic development.** Guarantee funds will address SME's most difficult obstacle to access finance – lack of sufficient collateral. The expert presented alternative mechanisms for creating guarantee funds in two seminars held in Jalalabat and Bishkek and worked with task forces from the four cities on implementation details. Other stakeholders interested in the concept of guarantee funds include the Ministry of Economic Development, Union of Entrepreneurs and several banks.
- **On September 24 DLGP conducted a roundtable of key Government stakeholders and other donors to demonstrate how local governments, through their local economic initiatives (–starting with their local economic development strategic plans), are contributing to the Country Development Strategy.** Participants of the workshop concluded that there should be incentives to promote local government initiatives for improving the business environment at the local level (e.g. to allow local governments to create LED offices or to apply for stimulating grants with LED projects). Participants also agreed to create an informal network to continue coordinating activities in the area of LED, with one of the first tasks being to discuss the DLGP methodology to develop, implement, and monitor economic development strategic plans.

## II. Trends in the Environment

**After the President designated October 5 as the date for the local council elections (Decree of August 4, 2008), campaigns unprecedented in their competitiveness were underway.** The elections saw 15,139 candidates register for 7,643 mandates, with the greatest competition in the capital (8.5 candidates per mandate). In Jalalabat and Osh Oblasts there was an average of 2 candidates per mandate. This is a significant improvement over the previous local council elections in 2003, when it was difficult to recruit candidates to run. In some local governments there were heated struggles and even illegal activity. The Chairwoman of the Central Election Committee suddenly resigned 10 days before the election because of “illegal pressure borne upon her by family members of the President.”

**After the summer recess, Parliament reconvened in September for intensive work on the draft Tax Code.** The Parliament’s Budget and Finance Committee held a public hearing on the draft Tax Code on September 16 to which LSG representatives were invited. During the hearing the Government representative presenting the Tax Code pointed out that there is common understanding to make the property tax a local tax. The Deputy Minister of Finance said that with the implementation of the new Tax Code in 2009, the Ministry of Finance will apply a “hold harmless” provision for local budgets, which means that LSG budgets should get at least the same revenues in 2009 as in 2008.

**On September 29, the Parliament approved legislation that would merge 13 rural municipalities with their neighboring city.** Although the President has not yet signed this law, there is some information to the effect that local councils were not elected in these municipalities. Instead, their residents were to elect candidates who would represent them in the respective city council. As this is not in compliance with the process outlined in the election legislation and Law on Administrative-Territorial Division, the legitimacy of the deputies’ mandates may be questionable.

**The Ministry of Economy and Trade started to actively manage the process of implementing the Country Development Strategy (CDS), with a new emphasis on the role of the regions.** The Ministry facilitated updating of the CDS, during which an important change has been a new emphasis on the role of regions (meaning not only oblasts, but also local self-governments) in implementing the CDS. The Ministry and other stakeholders started to recognize how strategies developed by local governments can contribute to improving the enabling environment for local entrepreneurs.

**In a general meeting of the Association of Municipalities (held on July 18) the Association Charter was amended and a local self-government official (Mayor of Mailuu-Suu) was elected as Chairman.** (The latter is significant because the previous Chairman was unelected; he was the Director of the National Agency for Local Self-Government Affairs.) The membership also elected a Board of Directors. Changes to the Association Charter included the name, status and functions and number of executive bodies. The Board of Directors consisting of the Chairman and 11 other people will make decisions on operative issues, elect the Executive Director and control his activity.

**The Government of the Kyrgyz Republic issued on July 4 a Resolution approving the Action Plan for 2008-2010 to support implementation of the “National Decentralization Strategy until 2010.”** This Action plan stipulates activities to further implement the National Decentralization Strategy, including changes to legislation concerning own functions of local-self government. The Coordination Council responsible for coordinating these activities is headed by the

First Vice Prime Minister and includes his three deputies, representatives of the President's Administration, Government Office and National Agency on Local Self-Government Affairs, and twenty other Council members representing state bodies. LSGs are represented on the Council by representatives from two cities (the Deputy Mayor of Bishkek and the Mayor of Tokmok), one rural municipality, and the Association of Municipalities and Association of Cities.

**The President signed minor amendments to the Law of the Kyrgyz Republic “On Status of Local Keneshes” on August 5, 2008.**

### **III. Activities**

#### *Task 1.1. Support Decentralization Process*

**Per request, DLGP provided comments on the draft Tax Code to Parliamentary Deputy Sultanalieva (of the Committee on Regional Development and Local Self-Government) so that she could formulate recommendations to be submitted to the Budget and Finance Committee.** The comments are first, to expand the list of local taxes and include in the list the property tax, a tax based on voluntary patent and a tax based on mandatory patent, and second, to include in the Tax Code provisions allowing delegation of tax administration to the LSGs. Since the draft Tax Code stipulates that all land from the land redistribution fund given currently to LSGs for management will be taxed, where the land user will be the taxpayer if land is rented and LSG will be taxpayers if land is not rented, DLGP also suggested to exempt land from the land redistribution fund which is not demanded and rented.

#### *Task 2.1. Assistance to Implement Intergovernmental Fiscal Reform*

**DLGP analyzed the budgets for the cities of Nookat and Cholpon-Ata to identify operating surpluses that could be used to fund investments, including projects that may be part of their Strategic Plan for local economic development.** DLGP helped municipalities identify operating surplus in the 2008 and 2009 budgets. This information will be used when considering resources available for funding projects identified in the strategy for local economic development, currently under discussion. A similar exercise is being done for the cities of Balykchi and Uzgen, which are also in the process of formulating their strategic plans for local economic development.

**DLGP continued to provide intensive technical assistance to selected rural municipalities (Syntakh and Saylyk) on computerizing their financial operations.** This technical assistance also provides a basis for developing a training program that DLGP is conducting for its rural partner municipalities in computerizing basic operations in the financial department. Based on this technical assistance, DLGP updated templates for calculating municipal staff wages, wages of schoolteachers, and land tax obligations. The financial staff are using these template to produce more accurate calculations in a fraction of the time.

#### *Task 2.2. Assistance in the Implementation of Strategic Plans*

**The study tour to Serbia helped build capacity at the local level, change attitudes, and open the door to necessary legislative and policy changes.** The participating Parliamentary Deputy became convinced of the need for LED offices within the municipal structure and has offered to initiate relevant legislation. The Chairwoman of the Karakol City Council became convinced that more city staff should be dedicated to promoting LED. The representative from the Ministry of

Economy and Trade became energized and facilitated DLGP relations with the State Secretary. By seeing how projects can be implemented in practice, many local government officials found answers to how they can implement their own projects. All agreed that Serbia was an appropriate choice for this study tour.

**DLGP and ARIS jointly conducted a roundtable at the Ministry of Economy and Trade on the contributions of economic development strategies developed by local governments to the Country Development Strategy (CDS).** The goal of the event was to raise awareness of local government initiatives for local economic development (mainly LED strategies) and prove that LED strategies are a very important element of the overall development scheme in Kyrgyzstan. The State Secretary of the Ministry of Economy and Trade opened the roundtable and delivered a presentation on the CDS, emphasizing the role of local governments in its implementation. Local government representatives presented strategies developed with assistance of DLGP (an illustration of local governments' initiatives). Participants concluded that there should be incentives to promote local government initiatives for improving the environment for LED (e.g. to allow local governments to create LED offices or to apply for stimulating grants with LED projects). Participants also agreed to continue coordinating activities in the area of LED and shortly after the roundtable, DLGP created a virtual LED network.

**An international expert on guarantee funds provided training and consultation to representatives from four cities that have proposed creation of guarantee funds as part of their strategic plans for local economic development.** To ensure that his knowledge would become "localized," the Union of Entrepreneurs provided a local expert to work alongside the international expert in both the training and follow-on consultations to city task forces. Seminar participants included representatives of cities planning to implement guarantee funds (task forces), representatives of the business community, banks and micro credit organizations, as well as government institutions. Stakeholders supporting the concept of guarantee funds include the Ministry of Economy and Trade, Union of Entrepreneurs and several banks. All four cities have confirmed their willingness to implement the funds and tentatively declared some initial capital for the fund.

**At the end of July DLGP conducted two press sessions on local economic development in Bishkek and Osh.** At the press session held in Bishkek, the Chairman of the Balykchy City Council presented lessons learned from the Serbian study tour, emphasizing the need to manage local economic development in a systematic way – through a LED office. The session in Osh included presentation of strategies developed by Southern municipalities (Jalalabat, Kochkorata and Mombekov) including the successful land auction in Mombekov. In both sessions, the international expert on guarantee funds explained the concept of guarantee funds. Several articles were published in the national and regional media following the press sessions.

**Four municipalities of the first cohort (Jalalabat, Karakol, Kochkorata and Mombekov) created LED offices.** The LED office in Jalalabat has 4 specialists, where in Karakol there are only 2 specialists. However, LED offices of both cities will perform the same functions. Fewer functions will be performed by the LED office of Kochkorata, which hired 2 persons to work in this sphere. And Mombekov decided to delegate LED functions to one specialist already employed by the local government.

**DLGP monitored implementation of the strategic plans in the four most advanced municipalities, making suggestions of how to improve implementation.** In Mombekov, implementation is quite strong with all seven strategic projects being implemented. These include the auction of municipal land to improve access to land by businessmen, a new technologies shop to

disseminate new agricultural technologies (for cotton production, goat breeding, chicken incubators, growing cucumbers) to local farmers, and a computer-based software system “Berkut” that allows the local government to issue different administrative documents in one-tenth the time it previously took. In contrast, the city of Jalalabat is implementing 2-3 out of 9 strategic project and Kochkorata is implementing 3 out of 12 projects. Based on DLGP’s recommendation, the mayor of Kochkorata replaced some project leaders who were not making satisfactory progress. Karakol is also only implementing 3 of its 16 strategic projects, but this was an intentional approach to first focus on a few projects, namely the Guarantee Fund, Business Support Center, and Street Lights for Safety.

**Two municipalities of the first cohort (Belevodskoye and Karabalta) are finalizing their strategic plans and all six municipalities of the second cohort (Balykchy, Cholponata, Teplokluchenka, Kunchygysh, Uzgen and Nookat) have completed the 1<sup>st</sup> stage – evaluation of their existing strategic plans.** In the next quarter, the municipalities of the second cohort will create their economic development strategic plan. Despite vacations, all of them conducted several workshops and working meetings during this quarter. Kunchygysh rural municipality even managed to conduct its 2-day main workshop, during which the Strategic Planning Committee developed the structure of the new strategy focused on LED.

**DLGP organized a facilitation workshop for its local consultants to learn about techniques and skills needed for better management of group work in the field.** Participants found the 1.5 day workshop very useful. Those consultants involved in strategic planning had a chance to utilize their improved skills during the main workshop in Kunchygysh right after the facilitation workshop.

### *Task 2.3. Asset Management Assistance*

**On July 16, Mombekov held the country’s first competitive auction of land owned by a rural municipality to improve access to land by businessmen.** Access to land was identified in an anonymous business survey as an obstacle to business development in that rural municipality. With DLGP’s assistance, Mombekov prepared an Investment Offer complete with a map showing 23 land plots with total area 18 hectares along the major highway from Bishkek to Osh. The map was shown on billboards and street banners, and also featured in a newspaper article and television ad. Of these 23 land plots, 12 plots with total area of 2 hectares were prepared for sale. In the auction only land plots that had at least two bidders were sold. As a result, five land parcels were sold through the auction, reaping more than one million Kyrgyz soms for the municipality’s budget (this amount equals half the annual budget). The municipality held a competitive tender for the services of an independent appraiser who was responsible for establishing the start prices for the auction. The actual sale revenues equaled twice the value set in the starting prices. Mayors from 28 Southern rural municipalities attended the auction to learn about Mombekov’s experience in land management and economic development.

**Journalists learned about municipal land issues in a press session prior to witnessing the competitive auction in Mombekov.** About 10 representatives of the central and southern regional mass media participated in the session. Journalists learned about land management practices in Kyrgyzstan and Mombekov’s development of the land investment map in preparation of the auction.

**DLGP developed 10 case studies on asset management best practices in DLGP partner municipalities .** Municipal land auction in Mombekov rural municipality; Municipal land auction in Uzgen city (2 cases); Municipal property auction in Kochkorata city; Municipal land in-

ventory in Kochkorata city; Municipal land strategy in Cholponata city; Leasing of municipal property in Mailuu-suusay city, Public-private partnership project in Karakol city: emergency-repair service, Public-private partnership project in Balykchy city: municipal bakery, Public-private partnership project in Naryn city: municipal open market. These case studies demonstrate how asset management has improved among DLGP municipalities as a result of trainings and technical assistance on inventory, classification and competitive leasing and sale of “surplus” municipal property. DLGP has also disseminated results from public-private partnerships, thus stimulating several cities to undertake such initiatives.

**About 110 partner rural municipalities have by now compiled inventories of their municipal property and 57 partner rural municipalities have adopted local regulatory acts on municipal property management.** Three advanced asset management trainer-consultants assisted rural partner municipalities on different aspects of municipal property management issues. As a result of this work DLGP partner municipalities improved this sector of LSG activity.

**The cities of Kochkorata, Uzgen and Balykchy have completed their inventory of municipal land and have begun to develop their land management strategy.** These cities have benefited from the experience of other Kyrgyz cities that was described in the new DLGP manual on municipal land management

**Karakol city published their progress report on municipal property management.** This document demonstrates the city’s progress in managing its municipal property over the last three years and how the city has increased the amount of revenues generated from its municipal property. From 2005 to 2007, lease revenues increased more than 10 times.

<b>Karakol</b>	2005 (soms)	2006 (soms)	2007 (soms)
City revenue from lease of municipal property	86,700	607,300	1,113,700

#### *Task 2.4. Strengthening Locally Elected Councils*

**DLGP developed, printed and distributed brochures on the role of local councils and local council deputies ahead of the October 5<sup>th</sup> local council elections.** Well over 51,000 brochures, in both Kyrgyz and Russian, were disseminated to urban and rural municipalities throughout every region of the Kyrgyz Republic, utilizing distribution partnerships with local and international organizations. Additionally, the brochure was included verbatim in 10,000 handouts on local council elections distributed nationwide by a consortium of local NGOs funded by the National Democratic Institute (NDI), the British Embassy and the Organization for Security and Cooperation in Europe (OSCE). This allowed DLGP to leverage its resources for maximum effectiveness in raising public awareness of the rights and responsibilities of local councils.

**DLGP conducted training for Karakol City Kenesh on Governing for Results.** During this training a completely new concept was presented to deputies, namely that their work should center around defining and then monitoring results to be achieved through implementation of the budget and other local resources. In defining these results, deputies must consider their relevance to the community and the ability to measure achievement of these results through indicators. Training also included how to collect appropriate data, set targets and how to use this information for measuring results.

**DLGP conducted training for Karakol City Kenesh on Municipal property issues and Information Exchange.**

*Task 3. Citizen Participation and Public Information Techniques*

**DLGP conducted a 3-day study tour to two Southern rural municipalities whose achievements have been recognized through the DLGP Best Practices Competition.** More than 40 LSG representatives from both the South and Chui oblast traveled to Kotormo and Ak-Bulak rural municipalities (in Batken oblast) to study their experience in disseminating information to their communities and managing municipal land. In addition to several newspaper articles published about the study tour, it was featured as news of the week on the Batken regional TV station. As part of the study tour, participants prepared action plans of how to put in practice what they learned. Several participants wrote to DLGP with requests for assistance in installing and training on “*Berkut*,” computer-based software system that allows a local government to issue different administrative documents with the press of a button.

**DLGP trainer-consultants continued to deliver intensive technical assistance to partner rural municipalities on introducing the Model Regulation on Public Information.** Trainer-consultants helped municipalities to adapt the Model Regulation to local needs, as well as provide advice on content of information boards and how to start compiling additional information required by law to be made public.

**At the request of the Mayor of Mailuu-Suu, DLGP provided assistance to the city in conducting a *kurultai*, during which DLGP presented results of the 2007 Citizen Survey.** At the *kurultai*, a large public meeting with elements of a public hearing, a new City Charter was discussed and adopted. A DLGP specialist also presented the results of the Citizen Survey conducted in Mailuu-Suu in 2007 that highlighted several serious problems. Participants of the *kurultai* confirmed the accuracy of the survey results. The city management appreciated the information; both the mayor and city council chair agreed that priorities identified by the survey results should be taken into consideration for planning activities and follow up should be made by the city.

**A thousand copies of the June-July issue of the DLGP Program Newsletter were disseminated to DLGP partners and other stakeholders in local government development.** This issue announced winners of the Best Practices Competition and contained articles on the public hearing on land management in Cholponata, the Mailuusuu *kurultai*, trainings for judges on municipal property issues, and regional meetings for city and rural municipal councils. The biggest interest was evoked by comments on changes and additions to the Local Self-Government Law, especially by the National Agency on Local Self-Government (NALSG).

**DLGP presented results of the Citizen Survey to local government leaders in Karakol.** On September 17 DLGP met with the Vice Mayor of Karakol, Deputy Head of the City Council, and mayor’s office staff members to present results of the 2007 and 2008 Citizen Surveys conducted in Karakol. The survey asks citizens about their satisfaction with the main services being provided by the municipality. The presentation was well received and appreciated. DLGP recommended that relevant officials be informed about how citizens rate delivery of services, in particular because satisfaction with delivery of particular services varied across different geographic regions of the city. DLGP recommended they make a public presentation of the survey results, and offered assistance for further presentations and or discussions of the survey results.

**DLGP made a presentation at a donors' fair in Karakol.** On September 19 DLGP participated at the donors' fair arranged and conducted by the Information Centre/ Karakol branch jointly with OSCE. The purpose was to establish partnership linkages between donor programs and international and local NGOs working in Issyk-Kul Oblast. More than 18 NGOs participated, as well as banks and credit unions' representatives made their presentations to the participants. Donor programs represented included UNDP's Democratic and Youth program, EBRD (TAM-BAS programme), JICA, Soros Foundation in Kyrgyzstan, OSCE, Democratic Commission of the USA Embassy in KR and USAID (DLGP). In the process, participants had a unique chance to get acquainted with achievements and future plans of those programmes in Issyk-Kul Oblast. Afterwards, participants worked in groups according to their programmes' directions. DLGP presented its activities in Karakol, Teplokluchenska, Bokonbaev and Cholpon-Ata, and exhibited its publications.

**DLGP participated in a study tour between Naryn and Talas on the OSCE/DLGP project to improve waste management.** During the visit to Talas, the Talas working committee shared their experience and results of their work on Improving Waste Management during February – July 2008. During the visit the Talas NGO that coordinates working group activities related their efforts on changing citizens' perception on garbage removal and street cleaning. In turn, Naryn participants discussed their information campaign, quarter committees' involvement, and city administration's support. Later in July, another Study Tour was organized for Naryn and Talas representatives to Osh, Tash-Kumyr and Uzgen. In these three cities OSCE had projects on the same topic. During the Study Tour all three cities shared more or less the same experience, where pilot parts of cities were chosen, intensive citizen information campaigns were conducted and garbage bins were installed.

#### **IV. Significant Meetings/Special Events**

**Deputy of Parliament Gulzhamal Sultanalieva.** Krzysztof Chmura, Azamat Orozbekov, Clare Romanik met with Ms. Sultanalieva on follow-up steps to the Serbian study tour, specifically to promote local economic development strategies and create political and financial incentives. One of the issues was to allow local government to adjust their administrative structures to create offices for economic development.

**Director of ARIS Askar Satybekov and Baltagulov Jalalbek, July 21.** Asel Mambetova, Emil Abdykalykov and Ulara Narusbaeva met with Mr. Satybekov and Mr. Baltagulov to discuss ARIS's TOR for short term specialists on solving legal and accounting issues with water companies.

**Ivan Apanasevich, Project Management Specialist, Democracy and Conflict Mitigation, USAID/ Central Asian Republics and Irina Krapivina, Economic Growth Officer, USAID/CAR/Kyrgyzstan, July 23.** Mr. Apanasevich and Ms. Krapivina visited Saylyk rural municipality, a DLGP partner municipality receiving intensive technical assistance on financial management, in order for them to see how the assistance is being implemented.

**Aziz Aliev, State Secretary at Ministry of Economic Development and Trade, July 1.** Krzysztof Chmura met Mr. Aliev to present DLGP activities addressing economic development, emphasizing assistance to cities in developing local economic development strategies to improve environment for entrepreneurship. Local strategies were illustrated by examples of strategic projects (one of the examples was guarantee fund). Presentation convinced State Secretary that local strategies are contributing to Country Development Strategy. He agreed to continue collaboration

and participate in a seminar on guarantee funds as well as to collaborate on organization of a roundtable on the role and contribution of local strategies to Country Development Strategy.

**Edward Edgardo, an advisor to Minister of Economic Development and Trade, September 2.** Krzysztof Chmura and Azamat Orozobekov met Mr. Edgardo to discuss plan to conduct roundtable on local strategies. DLGP presented draft concept, including the tentative agenda. The discussion's conclusions included revisions to agenda to focus presentations of local government initiative more on first successes of implementation of the strategic projects and also revisions to the roundtable objectives.

**Asylbek Chekirov, Deputy Director of ARIS, September 3 and 10.** Krzysztof Chmura and Azamat Orozobekov met Mr. Chekirov to discuss coming Round table on LED strategic plans.

**Mr. Kadyrbek Kalkanov, Head of intergovernmental finance policy department, Ministry of Finance, September 10.** Emil Abdykalykov and Azamat Mamytov met with Mr. Kalkanov to discuss DLGP Excel training for finance officers of local-self government bodies and DLGP Work plan for year 3.

**Mamasadyk Bakirov, Director of National Agency for Local Self-Government Affairs, September 11.** Krzysztof Chmura, Ulara Narusbaeva and Anarbek Ismailov met with Mr. Bakirov to discuss coming Best practice conference.

**Mamasadyk Bakirov and Bahtiyar Fattakhov, Director and State Secretary of the National Agency for Local Self-Government Affairs, September 30.** Clare Romanik met with Mssrs. Bakirov and Fattakhov to discuss a national conference of newly elected local council chairs.

**Bahtiyar Fattakhov, State Secretary of the National Agency for Local Self-Government Affairs, September 11.** Krzysztof Chmura and Azamat Orozobekov later met Mr. Fattakhov to present strategies developed by local governments and invited Mr. Fattakhov to a roundtable on the contribution of local strategies to Country Development Strategies. Mr. Fattakhov agreed to participate and facilitate the discussion concluding the event. He also informed that he was using strategy of Kochkorata as an example of well prepared economic development strategy and expressed interest to continue collaboration.

**Tahmina Hakimova, CTO of USAID Local Government and Citizen Participation Project in Tajikistan, September 11.** Ms. Hakimova met with DLGP staff on DLGP activities. She then visited Balykchy city and Saylyk rural municipality.

**Union of Entrepreneurs, September 12.** Krzysztof Chmura and Azamat Orozobekov met representatives of Union of Entrepreneurs on launching business support centers, which are strategic projects in several local government strategies. DLGP decided to assist (utilizing an external consultant) in implementation of the centers by coordinating different potential partners, some of them already undertaking initiative (e.g. in Karakol, Association of Entrepreneurs is willing to create the center at the Association; in Jalalabat, the leader of creation the Business Support Center is Center for Employment). The Union of Entrepreneurs itself is also interested in creation of the centers in all oblast cities. The objective of the meeting was to introduce a consultant hired by DLGP and agree on next steps: collection of information about different potential partners and their plans and than coordinate their efforts. DLGP consultant will also develop a draft business plan to ensure sustainability of the center.

**Mr. Arzybek Kojoshev, Deputy Minister, Ministry of Finance, September 25.** Clare Romanik and Emil Abdykalykov met Mr. Kojoshev to discuss translation of Comments to Municipal Service Law issued by him.

## **V. Deliverables and Reports**

### **Publications**

Brochure on Local Keneshes (their role, functions, responsibilities)  
Newsletter for June – July, 2008  
Newsletter August – September 2008  
Strategy of Karakol – September 2008  
Strategy of Jalalabat – September 2008  
Best Practice book 2008

### **Reports**

Progress report of Karakol city on municipal property management.  
Evaluation reports in 6 new municipalities (Balykchy, Cholponata, Teplokluhenka, Kunchygysh, Uzgen and Nookat)

### **Case Studies**

Study Tour to Kotormo and Ak-Bulak AOs in Batken Oblast on PI&CP and AM.  
Case Study on Land Auction in Mombekov AO.  
Case Study on Municipal land auction in Uzgen city (2 cases)  
Case Study on Municipal property auction in Kochkorata city  
Case Study on Municipal land inventory in Kochkorata city  
Case Study on Municipal land strategy in Cholponata city  
Case Study on Leasing of municipal property in Mailuusuu city  
Case Study on Public-private partnership project in Karakol city: emergency-repair service  
Case Study on Public-private partnership project in Balykchy city: municipal bakery  
Case Study on Public-private partnership project in Naryn city: municipal open market

### **Training Modules**

Training Module “Municipal Property Management and Information Exchange” for Karakol city kenesh  
Training Module “Governing for Results” for Karakol city kenesh

### **Presentations**

Presentation for International and local NGOs working in Issyk-Kul Oblast at the fair on information exchange in Karakol  
Presentation on municipal land management for mass media  
Presentation of the 2007 survey results to participants to Mailuu-Suu community

### **Laws**

Comments to new Law “On Local-Self Government and Local State Administration”

## **VI. Donor Coordination**

**DLGP chaired two meetings of the Public Financial Management Joint Donor Network.** KfW presented its activities in Central Asia and the group discussed the implications of the draft Tax Code.

**DLGP met with Tony Lamb from the World Bank Land Registration Project and Mr. Kalberdiev (Head of World Bank PIU in Gosregister) to discuss cooperation on the 2<sup>nd</sup> phase of the project that will focus on systematic registration of non-private land.** The World Bank representative indicated that the World Bank local PIU should take direction from DLGP on which municipalities should first be assisted under the 2<sup>nd</sup> phase of the project.

**DLGP disseminated copies of the Local Council brochure through other USAID projects implemented by NDI and IRI as well as through local NGOs.**

**DLGP met with Kent Ford and Martha Van Camp of Chemonics** on cooperation during the one-year add-on to the current USAID Land Reform project.

**DLGP met with Mirlan Aldayarov, World Bank** to discuss the water user associations and their interaction with the LSGs. The World Bank is launching second phase of the project on rural water supply and considering different approaches. It was pointed that according to the new Law on Local Self-Government and Local State Administration water supply is among issues of local significance and LSGs should be involved in this issue.

**DLGP met with DFID** to discuss the water user associations and their interaction with LSGs. DFID is launching a project on rural water supply jointly with the World Bank, mentioned above.

**DLGP met with Altynai Valikhanova, Daniela Henrike Klau-Panhans, KfW** to present the status of the assistance in the area of local economic development. Strategic planning team presented local strategies and their strategic projects. DLGP was requesting KfW to consider support to some of the strategic projects. An interesting follow up might be assistance to a project in Karakol: “Feasibility study of issuance of municipal bonds or other debt financing”. This project would be a natural follow up to a study conducted by KfW on possibility to utilize debt financing by Kyrgyz local governments.

**DLGP met with GTZ** to exchange information and discuss the plans to address local economic development. DLGP presented its work and illustrated the presentation with already finalized economic development strategies. GTZ presented its plans to focus on local economic development and support concrete projects (e.g. value chains). DLGP requested GTZ to consider supporting projects, which are already determined on the local strategies.

**DLGP met with the Turkish NGO TEPAV on a needs assessment for public financial management for Central Asia.**

## VII. Performance Monitoring and Gender Reporting

PERFORMANCE				
Events	Number of Participants	Number of Local Council Deputies	Number of Female Participants	Female Participants as % of Total
<b><i>Strategic Planning</i></b>				
Press-session on input of LED Strategies to the CDS (Bishkek and Osh)	21	0	7	33%
Workshop on strategic plan (Cholponata)	27	2	20	74%
Workshop “Guarantee Funds” (Bishkek)	37	3	17	46%
Training on defining the strategic goals (Kunchygysh AO)	32	1	20	63%
Training on strategic planning of LED (Nookat and Uzgen)	112	6	42	38%
Roundtable on input of LED to CDS (Bishkek)	29	1	8	28%
<b>Subtotal:</b>	<b>258</b>	<b>13</b>	<b>114</b>	<b>44%</b>
<b><i>Strengthening of Local Councils</i></b>				
Training on Governing for results for Karakol city kenesh	18	12	4	22%
Training for Karakol City Kenesh on Municipal property management and Information Exchange	9	8	5	56%
<b>Subtotal:</b>	<b>27</b>	<b>20</b>	<b>9</b>	<b>33%</b>
<b><i>Asset Management</i></b>				
Press-session in Mombekov on land management	11	0	2	18%
Exchange Program in Mombekov AO on land management	33	1	0	0%
<b>Subtotal:</b>	<b>44</b>	<b>1</b>	<b>2</b>	<b>5%</b>
<b><i>Public Information &amp; Citizen Participation</i></b>				
Study Tour to Kotormo and Akbulak on information exchange and municipal property management.	47	1	18	38%
Regional meeting to present the PI CP Model Regulations (for AOs from Naryn oblast)	57	0	16	28%
Regional meeting to present the PI CP Model Regulations (for AOs from Batken oblast)	37	0	3	30%
Regional meeting to present the PI CP Model Regulations (for AOs from Jalalabat oblast)	72	0	6	8%
<b>Subtotal:</b>	<b>213</b>	<b>1</b>	<b>43</b>	<b>20%</b>
<b><i>General</i></b>				
Training on governing for results for staff and consultants	18	0	8	44%
<b>Subtotal:</b>	<b>18</b>	<b>0</b>	<b>8</b>	<b>44%</b>
<b>TOTAL:</b>	<b>560</b>	<b>35</b>	<b>176</b>	<b>31%</b>

## VIII. Programmatic and Operational Update

**Olga Kaganova was in-country July 20 - 29** to provide technical assistance to DLGP partner municipalities in the South.

**Katie Mark was in-country August 8 – 19** to help revise training modules for local keneshes, conduct training for Karakol city kenesh on Governing for results and conduct training for DLGP staff and consultants on Outcome Monitoring and Governing for results.

**Maciej Gajewski was in-country August 15 – 24** to support implementation of four guarantee funds in Jalalabat, Kochkorata, Karakol and Karabalta (strategic projects in local government strategies).

**Nadejda Dobretsova – DLGP Public Information Policy Specialist left UI as full-time staff, but continues to work for UI as a local consultant.**

**Ulan Kamchiev started work on September 22 as DLGP’s new Asset Management Specialist in Osh office.**

**Bakyt Akmatkerim uulu started work on September 24 as DLGP’s new Training Assistant.**

## IX. Staff Travel Chart

Employee	Travel in Past Quarter
Romanik (COP)	07/10 Aleksandrovka; 7/15-16 Mombeko, Kochkorata; 9/4 Osh.
Krzysztof Chmura (RA)	07/15-18, Jalalabat; 07/23, Karabalta; 07/24, Balykchy; 07/28, Osh; 09/08-09, Jalalabat, Kochkorata, Mombekov; 09/18-20, Bokonbaev
Olga Kaganova (TDY)	07/20-29 Bishkek, Osh, Karakol
Katie Mark (TDY)	08/08-19 – Bishkek, 08/10 Aleksandrovka, 08/14-16 Karakol
Maciej Gajewski (TDY)	08/15-24 Bishkek, South
Abdykalykov (Municipal Finance)	09/11 Syntash, Saylyk
Narusbaeva (Asset Management)	07/15-17 Mombekov, 07/24 – Balykchy, , 07/25 -Karakol, 09/4 - Osh
Orozobekov (Strategic Planning)	07/01-09, Serbia; 07/15-17, Jalalabat, Mombekov; 07/22-23, Bokonbaev; 07/24, Balykchy, 07/25, Cholponata; 07/28, Osh; 08/01, Belovodskoie; 09/08-09, Jalalabat, Kochkorata, Mombekov; 09/18-20, Bokonbaev
Gradwal (Citizen Participation Specialist)	09/15 – 09/17 - Karakol
Jamankulova (Training and Dissemination Assistant)	07/28-31 Osh, Kotormo, 09/18-19 Karakol.
Mambetova (Legal Specialist)	07/02-04 Talas, 08/10 Aleksandrovka, 08/14-16 Karakol, 08/22-24 Uzgen, Tashkumyr, Osh
Mamytov (Municipal Finance Specialist)	07/07 Tokmok, Saylyk, Suntash, 07/23 Suntash Saylyk, 07/31 Balykchi, Cholpon-Ata, 08/29 Osh, 08/11 Suntash, Saylyk, 08/12 Balykchi, Saylyk, 09/15 Karakol, 09/24 Janu-Pahta
Mairambekov (Citizen Participation Specialist in Osh Office)	07/24-25, 27-28 Kadamjay, Kotormo, 09/18-19 Batken, Isfana, Sulukta, 09/21-24 Kerben, Jalalabat, Mailuusuu, Tashkumyr, Karakul
Kamchiev (Asset Management Specialist in Osh office)	09/22-24 - Bishkek

## **X. Project Challenges and Constraints**

Due to the countrywide election of local council deputies DLGP will need to re-train partner local councils, a huge undertaking.

Discussion of the Tax Code delayed the issuance of the Budget Circular by the Ministry of Finance, which in turn forced local budget hearings to be delayed. The new Tax Code (expected to be adopted in 4<sup>th</sup> Quarter 2008) will most likely affect DLGP activities in the area of municipal finance because the number of taxes will be significantly reduced. This, in turn, will make local budget revenue more unpredictable and dependent on republican level and thus, difficult for LGs to implement their plans of social and economic development and execute the functions assigned to them. This could also undermine local initiative.

With regard to the strategic planning component, the most important challenge is convincing central government institutions that local strategies are part of the development scheme for Kyrgyzstan. This will contribute to institutionalization of the approach and methodology. Another important challenge is to facilitate replication of the strategic planning process for economic development utilizing other organizations, first of all ARIS.

## XI. Task Chart

ACTIVITY	RESULTS IN JULY - SEPTEMBER 2008	UPCOMING ACTIVITIES (next 2 months)
<i>Support to Implement the National Strategy for Further Decentralization and Local Self-Government Development (Task 1.1)</i>	<ul style="list-style-type: none"> <li>• Action Plan for the Government for 2008-2010 on the implementation of the National Decentralization Strategy was approved by the Government and included DLGP proposals</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in NALSGA Working Group on drafting recommendations on increasing the efficiency of local self-governments and their relationship with state bodies at the rayon level, optimization of structure and staffing schedule of local self-government executive bodies</li> <li>• Participation in working groups developing draft laws related to local self-government in various spheres</li> </ul>
<i>Assistance to Implement Intergovernmental Fiscal Reform (Task 2.1)</i>	<ul style="list-style-type: none"> <li>• The comments on new Tax Code passed to MP</li> <li>• Intensive technical assistance on Excel use initiated in four pilot rural municipalities</li> <li>• Analysis of operating surplus in the local budgets of cities of Nookat and Cholpon-Ata</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of vertical balance of the budget system and analysis of the results of IGF reform in 2007</li> <li>• Continuing intensive technical assistance on financial management to 4 pilot rural municipalities</li> <li>• Assistance to hold budget hearings in partner municipalities, if applicable</li> <li>• Analysis of operating surplus in the local budgets of pilot municipalities</li> </ul>
<i>Assistance in Implementation of Strategic Plans (Task 2.2)</i>	<ul style="list-style-type: none"> <li>• ED strategic plans drafted in Belovodskoe and Karabalta.</li> <li>• LED offices created and approved by Keneshes (local funds allocated) in Jalalabat, Karakol, Kochkorata and Mombekov.</li> <li>• Implementation of strategic projects started (Karakol, Mombekov, Jalalabat).</li> <li>• 6 new pilot municipalities finalized 1<sup>st</sup> stage and launched 2<sup>nd</sup> stage – development of ED strategy.</li> <li>• Dissemination of LED plans among central government and donor organizations through roundtable.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuation of direct assistance to implement projects in municipalities with adopted ED strategic plans.</li> <li>• Finalization of second stage (updated strategy) in Karabalta and Belovodskoe.</li> <li>• Finalization of second stage in 6 new municipalities.</li> <li>• Launching third stage (LED system) in Belovodskoe and Karabalta and in new 6 pilot municipalities.</li> <li>• Finalization of Manual on LED.</li> <li>• Training of LED office specialists and project leaders.</li> </ul>
<i>Asset Management Assistance (Task 2.3)</i>	<ul style="list-style-type: none"> <li>• Land Auction in Mombekov AO</li> <li>• Press-session on municipal land issues in Mombekov AO</li> <li>• Exchange Program on municipal lands strategy in Mombekov AO</li> <li>• 10 Case Studies on asset management issues were developed</li> <li>• About 92 partner rural municipalities compiled municipal property inventories</li> <li>• 53 partner rural municipalities have adopted local regulatory acts on municipal property management</li> </ul>	<ul style="list-style-type: none"> <li>• Intensive TA on AM to partner municipalities</li> <li>• Intensive TA to Karakol city on implementation of public-private partnerships and investment map</li> <li>• Intensive TA to Balykchy city and Kunchygysh AO on municipal land strategy</li> <li>• Intensive TA to Jalalabat, Uzgen and Kochkorata cities on municipal land strategy</li> </ul>

	<ul style="list-style-type: none"> <li>• Kochkorata, Uzgen and Balykchy cities completed their land inventory efforts and begin to develop a land management strategy</li> <li>• Naryn, Balykchy and Karakol cities implemented public-private partnership projects</li> <li>• Karakol city published the Progress Report on municipal property management</li> </ul>	
<b><i>Strengthening Locally Elected Councils (Task 2.4)</i></b>	<ul style="list-style-type: none"> <li>• Training on Governing for Results for Karakol city kenesh</li> <li>• Training on Municipal property Management and Information Exchange for Karakol city kenesh</li> </ul>	<ul style="list-style-type: none"> <li>• Development of new general Training module for newly elected city and rural keneshes</li> <li>• Development of new Specialized Training module on Local Budgeting and Asset Management for Standing Commissions on local budget and asset management</li> <li>• Launching general trainings for newly elected local keneshes</li> <li>• Participation in local kenesh sessions</li> <li>• Development of Film on Local kenesh session</li> </ul>
<b><i>Citizen Participation and Public Information Techniques (Task 3)</i></b>	<ul style="list-style-type: none"> <li>• Regional meeting for all AOs of Naryn, Batken and Jalalabad oblasts to present the New Model Regulations conducted</li> <li>• Individual city results of Citizen Survey formatted for distribution to all 25 cities</li> <li>• Survey results presented to Karakol city</li> <li>• DLGP supported Kurultai in Mailuu-Suu city</li> <li>• DLGP presented 2007 survey results at the Kurultai in Mailuu-Suu city</li> <li>• Study tour to Kotormo and Ak-Bulak AOs</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement for in-kind grants to winners of Best Practices Competition</li> <li>• TA to the municipalities on the PI Model Regulations implementation</li> <li>• Prepare summary report on Citizen Survey results to publish in the Newsletter</li> <li>• Present survey results to cities (working meetings with cities officials and local councils members)</li> <li>• Design and place an order to publish the 2008 Best Practice book</li> </ul>
<b><i>International Study Tour</i></b>	<ul style="list-style-type: none"> <li>• Study tour on Local Economic Development to Serbia for 12 participants from June 28 - July 9</li> </ul>	

ANNEX A  
SUCCESS STORIES



**USAID**  
FROM THE AMERICAN PEOPLE

**KYRGYZ REPUBLIC**

# SUCCESS STORY

## Studying for Economic Success

(A study tour to Serbia helps local leaders learn new ways to develop their communities)

**USAID provides politicians and policy makers an opportunity to learn from the success of others in promoting economic development.**



*“I learned that the development of a strategic plan for economic development is good, but a system for monitoring its implementation is critical to ensuring local economic development.”*

*– Guljamal Sultanalieva, MP and Member of the Parliamentary Committee on Local Government*

### Challenge

Top political leaders in Kyrgyzstan have realized that national economic development will require the development of all regions of the country. Realizing this, they now face the question of how to stimulate local initiative to improve regional economic development. A dozen municipalities throughout the country have developed strategic plans to improve their local business environments, but without any exposure to successful economic development projects, they don't have the experience they need to implement their plans effectively.

### Initiative

USAID, through its Decentralization and Local Government Program, arranged for 12 politicians and policy makers to study the successes of local economic development in Serbia. Since Serbia is a country that is several steps ahead of Kyrgyzstan, it is a good example for Kyrgyz policymakers to look at, as it can give them clear lessons on how to develop. The participants, who were drawn from people involved in local economic development at both the national and local levels, represented a broad range of people involved in designing and implementing policy in the Kyrgyz Republic. Their summer 2008 trip was designed to allow them to see successful projects for themselves and to discuss their development with local government officials. The focus was on how the lessons learned by Serbian policy makers could be useful for their counterparts in the Kyrgyz Republic.

### Results

Participants in the study tour found it extremely relevant and helpful, since, as several participants noted, “Serbia has a lot of similarities to Kyrgyzstan.” They noted the coherent plans in place that divided responsibilities between national and local governments, and emphasized that “the center has supported the initiative of municipalities.” They also praised the professional nature of local governments in Serbia, especially the “high level of staff qualifications” and fact that they “work together in constant contact with non-governmental organizations.” Participants returned with broadened knowledge and enhanced enthusiasm for promoting local economic development as a key component to Kyrgyzstan's development at the national level.

**October 2008**



**USAID**  
FROM THE AMERICAN PEOPLE

**KYRGYZ REPUBLIC**

## SUCCESS STORY

### Making the Most of Municipal Land

(A municipal property management department helps a city to raise its budget revenues and rebuild infrastructure)

**USAID helps a city administration in improving its handling of municipal property, resulting in a more effective government.**



*“Effective and competent municipal property management, especially municipal land management, has improved in Karakol in the past few years. As a result, the Karakol city government has been able to provide better services and to repair local infrastructure like schools.”*

**– Chairlady of the Karakol City Council, Saltanat Turdamambetova**

#### Challenge

As the capital of Kyrgyzstan’s Issyk-Kul region and a center of both trade and tourism, the city of Karakol is one of the most developed in the country. However, the local city government acknowledges that it faces significant challenges. Local Soviet-era infrastructure, including critical public works like the water and sewer systems, is deteriorating fast. Almost 14% of the population is in need of some kind of social assistance, but the city government is having difficulties in generating enough revenue to meet its current obligations, making it impossible to provide expanded social services. Therefore, to generate the financial resources needed to address these challenges, the city government needs to find new ways of creating local budget revenue.

#### Initiative

Experts from USAID’s Decentralization and Local Government Program (DLGP) worked with Karakol’s city government to help improve its ability to generate public revenues. Realizing that the local administration had valuable land assets that it was not fully utilizing, DLGP experts helped the city government develop a department focused on developing these assets for the public good. With help from USAID, the department surveyed, mapped, and evaluated the municipality’s land assets, developing a strategy on how to best use those assets to generate income for the city government.

#### Results

In implementing this strategy, Karakol’s city government was able to improve its procedures for leasing and selling municipal land, resulting in a dramatic rise in city revenues. Between 2005 and 2007, revenues from leasing land alone rose more than ten times, and earnings from municipal land in 2008 are on pace to beat 2007’s earning of over \$100,000. These extra revenues have already given the city government enough money to repair two city schools, furnish a local kindergarten and invest over \$66,000 in other social infrastructure projects. Perhaps more importantly, this has also shown the city’s leaders how, with smart and efficient management, they can utilize local resources to solve local problems.

**October 2008**



**USAID**  
FROM THE AMERICAN PEOPLE

**KYRGYZ REPUBLIC**

# SUCCESS STORY

## Putting Land to Use

(An open municipal land auction helps a rural municipality replenish its budget and boost its economy)

**USAID helps the Rural Municipality of Mombekov take full advantage of its local resources.**



***“Selling municipal land into private ownership through an open land auction is a good method of combating corruption.”***

***– Nurmamat Abdiev, Local Council Member***

### Challenge

The rural municipality of Mombekov, a collection of eight villages and 12,000 people in southern Kyrgyzstan, is facing some intimidating challenges. Its local budget is in deficit, and the quality of its agricultural land is deteriorating. Its infrastructure is in decline and half its families are in need of social assistance. Local leaders from both the public and private sectors recognize the need to develop new sources of public revenue and promote external investment in order to improve both the business environment and the provision of critical social services.

### Initiative

USAID, through its Decentralization and Local Government Program (DLGP), has assisted Mombekov in developing an approach that addresses its budget and development issues simultaneously. DLGP asset management experts helped local officials conduct an audit of the municipality's public land, and devise a strategy for using that land to address the community's needs. Since some of the municipality's land ran alongside the busy Osh to Bishkek highway, it had the potential to both generate revenue for the local budget and serve as a catalyst for business investment in the municipality. The USAID DLGP helped the local government realize this potential by assisting in organizing, promoting, and holding an open auction of some of this land.

### Results

The auction, held on June 16<sup>th</sup> 2008, was heavily promoted in regional media and well-attended both by prospective buyers and officials from nearby local governments, who were interested in learning more about the procedure. The auction generated over \$29,000 in income for the municipality, which was over twice the starting value of the land offered at the auction and over 50% of the municipality's total 2007 budget. Buyers plan to invest in developing businesses on their new plots of land, providing employment and improving local livelihoods in doing so, while revenue from the sale will be put to use to help the government improve local infrastructure and social programs.

**October 2008**

**ANNEX B**  
**REPORT ON IMPLEMENTATION OF THE YEAR 2 WORKPLAN**

## STATUS REPORT ON DLGP YEAR 2 WORKPLAN

### Task 1: Support for the Decentralization Process

Outcome	Activity	Concrete Steps	Status
Administrative Territorial Reform	Provide assistance to define the process for Administrative Territorial Reform	Work with the Office of the Premier in implementing a functional analysis of ayil okmotus (AOs); -conduct analysis of laws and regulations with respect to LSG functions -conduct site visits to selected ayil okmotus -hold roundtables on results of analysis	<i>Done:</i> analysis of laws and regulations  <i>In progress:</i> DLGP is participating in NALSG working group drafting recommendations on structure and staffing schedule of LSG bodies
Improved local government legislation and increased understanding of LSG principles	Continue to work with the government to promote LSG reform, including revised draft Law on LSG incorporating new constitutional provisions and related legislation	Support review and revision of the draft Law on Local Self-Government in conformity with the new constitution, but with an eye to strengthening the local council. Ensure the clear delineation of functions and procedures for delegating state functions are retained.	<i>Done:</i> DLGP provided recommendations on strengthening local councils and delineating functions in the Law on Local Self-Government to the Presidential Administration & provided recommendations to NALSG on draft Action Plan of the Government on Further Implementation of National Decentralization Strategy (2008-2010)
	Provide support to Parliament during legislative review and discussion	Work with Parliamentary staff and MPs in reviewing key LSG legislation: -hold working meetings on draft legislation with members of relevant Parliamentary Committees; -serve as expert witnesses in committee hearings; -provide analysis; background information and other support on an as-needed / as-requested basis to Parliament Committee staff	<i>Done:</i> DLGP presented proposals on the Local-Self Government Law to the Parliamentary Standing Committee on Local-Self Government and to each political party DLGP provided information to the Parliamentary Committee on areas in which DLGP works DLGP provided comments on the Law on Administrative Territorial System and the Tax Code. DLGP assisted the Parliamentary Committee on LSG to conduct expanded meetings on the draft Housing Code and Tax Code.
	Coordinate decentralization efforts with the donor community	Continue presentation of DLGP work and findings frequently to donor community, via punctual roundtables, short briefings or summaries of working papers, to elicit common ground and leverage resources toward positive outcomes	<i>Done/In progress:</i> DLGP chairs monthly donor meetings on public finance management (PFM). DLGP coordinated with donors on preserving local taxes in Tax Code, approach to public budget hearings, and revising PFM Action Plan for Ministry of Finance.

Outcome	Activity	Concrete Steps	Status
Improved local government legislation and increased understanding of LSG principles	Educate civil society, political parties, media and other stakeholders on principles of LSG	Work with other USAID projects and the donor community to develop common messages and approach. -Prepare and disseminate a citizen's guide to LSG based on principles of LSG and new LSG law	<i>Done:</i> DLGP conducted 9 informational sessions for media on LSG issues. DLGP disseminated local council brochure to NGOs and political parties (via IRI). DLGP supported roundtable "Preparation of local budgets in new environment: Experience of pilot rural municipalities" (Oct 2007) <i>Not done:</i> DLGP will prepare a citizen's guide to LSG in Year 3
	Support NGOs in their advocacy for decentralization	-Participate as experts in NGO conferences and roundtables on topics related to decentralization and LSG -Provide targeted grant support for NGO initiatives to strengthen advocacy for decentralization	<i>Done:</i> DLGP participated in a round table on Constitutional changes related to LSG held by the Institute for Public Policy (IPP) (Nov 2007) With IPP, DLGP held focus group meeting on compliance of Kyrgyz Republic to LSG European Charter's provisions (April 2008). DLGP provided in-kind grant to "Alliance for budget transparency" for conference on problems, experience and prospects for increasing budget transparency (Dec 2007)
	Ensure legal protection of LSG interests in court, e.g., with regard to municipal property management	Conclude partnership agreement with the Judicial Training Center to provide training for judges on LSG issues.  Develop training programs and facilitate their institutionalization in the Judicial Training Center curricula.	<i>Done</i>  <i>Done:</i> DLGP developed and delivered two trainings for judges as agreed with the Supreme Court and Training Center.
	Conduct Study Tour for ministry and parliament officials and staff on decentralization topic	If such need is identified, organize a study tour with the approval of CTO.	<i>Done:</i> Study Tour to US for representatives from Parliament, NALSG, & Presidential Administration (funded through US State Dept). DLGP Study tour for representatives from LSG, Parliament and Ministry of Economic Development and Trade to study local economic development in Serbia.

Outcome	Activity	Concrete Steps	Status
Sustainable fiscal decentralization achievements	<p>Continue to provide technical assistance to the MoF in devising and implementing intergovernmental fiscal reform</p> <p>(in cooperation with the Ministry of Finance)</p>	<p>Conduct analysis of the outcomes of the first year of intergovernmental fiscal reform. Based on the findings, make recommendations for improving the equalization formula</p> <ul style="list-style-type: none"> <li>-Disseminate findings broadly among counterparts and donors.</li> </ul> <p>Through training, TA, and roundtables, promote MoF understanding of fiscal decentralization issues such as:</p> <ul style="list-style-type: none"> <li>-equalization grant formula, data collection and dispute resolution</li> <li>-improving transparency in categorical grants</li> <li>-estimating LSG fiscal capacity (based on work with selected LSGs on tax administration)</li> <li>-fiscal analysis and municipal creditworthiness</li> </ul> <p>As agreed upon with MoF, develop LSG training and informational materials on topics such as:</p> <ul style="list-style-type: none"> <li>-functioning and details of the equalization formula</li> <li>-improved categorical grant procedures</li> </ul> <p>Provide comments / recommendations for improving financial reporting from municipalities (where applicable).</p>	<p><i>Not done:</i> DLGP made two formal requests for 2007 budget data from the MF, but received no response. An intermediate analysis for 54 rural municipalities was done by DLGP, UNDP, DFID based on the results of the first 6 months of 2007. DLGP is collecting 2007 budget data directly from partner municipalities.</p> <p><i>In progress:</i> DLGP held discussions with the Deputy Minister of Finance and other MF officials on potential of municipal lending. Materials were provided on formulating a formal policy, and eventually law, on local borrowing.</p> <p>Per MoF request, DLGP provided materials on health and safety standards for school buildings. This methodology could be used for establishing feasible standards that could be translated into expenditure norms for the equalization formula.</p> <p>DLGP provided comments on the draft Tax Code to the MoF.</p> <p>DLGP concluded an agreement with MoF on providing computer training to partner rural municipalities as a necessary step in improved financial reporting.</p>

**Task 2.1 Assistance to Implement Intergovernmental Fiscal Reform**

<b>Outcome</b>	<b>Activity</b>	<b>Concrete Steps</b>	<b>Status</b>
Increased understanding among officials and the general public of the new budget system	Develop and disseminate public information on the new budget system to officials and citizens  (In cooperation with the MoF)	Develop and disseminate user-friendly brochure to LSGs throughout the country, NDI information centers, local state administration finance departments, civil society support centers, interested NGOs, and media outlets.	<i>Done:</i> In coordination with MoF, DLGP developed brochure on new budget system. 4000 copies were disseminated through MoF and during trainings for civil society representatives
	Conduct trainings and provide guidance on financial management for civil society and the mass media  (In cooperation with the Alliance for Budget Transparency)	Revise training and information modules according to new budget system and hold trainings and workshops for civil society groups and media outlets throughout the country.  Compile experiences encountered with implementation of the new budget law and present findings and recommendations to the MoF and Parliament.	<i>Done:</i> DLGP revised training materials and organized press sessions for journalists on local taxes issues. Also DLGP conducted 68 trainings for civil society where 1529 participants were trained  <i>Done:</i> DLGP collected budget data and experiences of LSGs in implementing new budget system and helped them present this information at an expanded meeting on the draft Tax Code held by the LSG Parliamentary Committee.
Increased openness and transparency in budgeting in partner municipalities	Provide training and TA on budget procedures and public hearings for 3 newly elected keneshes	Revise training materials, where needed.  Conduct trainings and provide TA to keneshes on the new budget system and public hearings	<i>Done:</i> DLGP revised the training materials.  <i>Partially done:</i> Training for Karakol city kenesh done; trainings for Osh & Tokmok canceled at last minute by kenesh.
	Promote enforcement of the statutory requirement for budget hearings and facilitate public budget hearings in partner municipalities	Publish article that describes statutory requirement for budget hearings in the DLGP newsletter  Develop two discrete budgets-in-brief templates for municipalities to adapt and produce with own data: (1) comprehensive BIB for civil society and other stakeholders, including the media, and (2) simpler format for general public.	<i>Done:</i> Published in April-May 2008 issue of DLGP program newsletter.  <i>Done:</i> DLGP developed 2 discrete BiB templates, which MF then proposed to be used by all donors.
	Conduct Participatory Budgeting Grant Competition	Prepare announcement of competition, select winners, provide grants.	<i>In progress:</i> Competition was announced, but postponed until MF issues Budget Circular (which will happen only after new Tax Code is adopted)

Outcome	Activity	Concrete Steps	Status
Increased capacity of partner municipalities in financial management	<p>Provide intensive technical assistance to selected municipalities on tax administration</p> <p>(In cooperation with the MoF, State Committee on Taxes, UNDP, ARIS)</p>	<p>Develop training and methodological materials on tax administration for selected cities.</p> <p>Hold roundtable on project results.</p> <p>Provide support to government in scaling out training and technical assistance if local tax administration is adopted in legislation.</p>	<p><i>Done:</i> DLGP with other donors supported 3 regional trainings for pilot LSG financial officers</p> <p><i>Not done:</i> Work with pilots discontinued because of pending revisions to Tax Code</p> <p><i>Scaling out activities were not applicable</i></p>
Increased capacity of partner municipalities in financial management	<p>Introduce best practices in financial management to a group of selected municipalities; disseminate results to counterparts</p>	<p>Provide intensive technical assistance to no less than 5 municipalities in budget preparation, execution, and monitoring</p> <ul style="list-style-type: none"> <li>▪ Revise the model budget procedures in accordance with the new budget system.</li> <li>▪ Work with keneshes to develop and adopt municipal budget procedures and regulations tailored to the local environment.</li> </ul> <p>Provide an intensive package of training and technical assistance in financial management tools and practices, including the following:</p> <ul style="list-style-type: none"> <li>▪ Basic financial management software</li> <li>▪ Wage calculation</li> <li>▪ Tax base calculation and forecasting</li> <li>▪ Revenue and expenditure forecasting</li> <li>▪ Identifying operating surplus available for investment</li> </ul> <p>Disseminate best practices, lessons learned and tools and techniques widely for scale out, including regional workshops for all partner municipalities</p> <p>Consider setting up of a hotline or peer network assistance for financial specialists of LSGs on budget development and implementation issues</p>	<p><i>Done:</i> budget procedures revised.</p> <p><i>In progress:</i> DLGP provided training to 100 local councils on the revised budget procedures, but intensive technical assistance was postponed due to upcoming local council elections.</p> <p><i>Done:</i> DLGP has been providing intensive assistance to 4 rural municipalities in the first four areas. DLGP also provided assistance to 2 cities (Nookat and Cholpon-Ata) on identifying their operating surplus. DLGP has begun similar assistance to two additional cities (Uzgen and Balykchy).</p> <p><i>Done:</i> Massive Excel training for 97 rural municipalities was held with dissemination of materials developed during intensive TA provision</p> <p><i>Not done:</i> The activity is scheduled as continuation of the Excel training for the Year 3</p>

**Task 2.2. Assist in the Implementation of the Strategic Plans**

<b>Output/Outcome</b>	<b>Activity</b>	<b>Concrete Steps</b>	<b>Status</b>
Strategic plans in partner municipalities are successfully being implemented	Facilitate and provide TA for implementation of selected projects	<p>Hold roundtables with donor organizations and Ministry of Finance &amp; Economy in which municipalities present their strategic plans.</p> <p>Provide targeted grants to stimulate implementation of strategic projects in first group of selected municipalities.</p> <p>Monitor and provide technical assistance to first group of selected municipalities in implementing strategic plan projects.</p>	<p><i>Done:</i> DLGP presented strategic plans during individual meetings with EU, ARIS, UNDP, Eurasia Foundation, Helvetas, GTZ, KfW, and KIRFOR. Strategies were also presented to central institutions and donors during a roundtable held in Ministry of Economy and Trade</p> <p><i>Done:</i> DLGP provided financial assistance to support projects in Mombekov (investment offer of municipal land and “Hozkniga” administrative system), train projects leaders in project management, and bring an international expert on guarantee funds. Other needs for financial assistance are being determined during meetings to monitor implementation of projects. At the moment, a new concept of utilizing grants is being discussed (to use grants for more visible projects)</p> <p><i>Done:</i> DLGP conducted regular meetings to monitor implementation of projects (last one in September), DLGP provided TA to support select projects (for example: historical heritage in Karakol, land database in Jalalabat), auction in Mombekov).</p>

Outcome	Activity	Concrete Steps	Status
	Review and update strategic plans in accordance with the DLGP 3-stage methodology on local economic development (LED)	<ul style="list-style-type: none"> <li>• In 5 municipalities, complete stage 2 of strategic plan revision: Development of LED Strategic Plan (note: complete 1<sup>st</sup> stage of strategic plan revision in a 6<sup>th</sup> municipality).</li> <li>• Assist local governments in setting up sustainable systems for community participation and local government accountability on development, revision, and implementation of strategic plans (and managing local economic development) - Complete stage 3 in 5 municipalities: Institutionalization of LED</li> <li>• Launch and complete entire strategic plan revision and LED development process in new group of 4-6 municipalities by outside consultants trained by DLGP.</li> </ul>	<p><i>In progress:</i> Stage 2 Done in 4 pilot municipalities (Mombekov, Kochkorata, Karakol and Jalalabat). Karabalta and Belovodskoe have Done strategic plans, but their local councils have not yet approved them.</p> <p><i>Done:</i> Jalalabat, Karakol, Kochkorata and Mombekov created LED systems and allocated funds (in Jalalabat Kenesh approved the system) The most progressive is Jalalabat and Karakol. Implementation of projects in progress</p> <p><i>In progress:</i> Stage 1 (evaluation of existing strategy) completed in all 6 new municipalities. Stage 2 should be completed by end of 2008.</p>
Sustainable strategic planning process	Build capacity of municipal staff and council to review and revise strategic plans, as well as enhance LED component	<ul style="list-style-type: none"> <li>• Provide training and TA to local councils and other stakeholders in monitoring the implementation of strategic plans.</li> <li>• Hold regular meetings (and follow-up training as needed) with selected municipalities to discuss progress made and surface issues to address.</li> <li>• Share best practices by conducting regional conferences to present results of pilot stage to partner municipalities. Share best practices by conducting regional conferences to present results of pilot stage to partner municipalities.</li> <li>• Advise ARIS experts in developing LED strategies.</li> <li>• Train local service providers on strategic planning for LED; on-the-job training by engaging specialists in the work with the second group of municipalities</li> <li>• On a need basis, provide limited assistance to other partner municipalities in their strategic planning activities ("hot line", etc.).</li> </ul>	<p><i>Done:</i> Seminars conducted for 6 local councils on their role in monitoring SP implementation. Some local councilors were part of the full strategic planning process.</p> <p><i>In progress:</i> DLGP regularly monitors implementation of the plan and helps specify financial needs to support implementation. Cities provided written reports on the status of implementation</p> <p><i>Done:</i> Results presented at DLGP Best Practice Conference &amp; roundtable in Ministry of Economy. Preparations for best practice conference 2008 in progress.</p> <p><i>Done:</i> DLGP regularly consults ARIS, both on an individual basis and through 3 roundtables</p> <p><i>Done:</i> DLGP trained 22 local specialists, of which 8 are working with new SP municipalities. Feedback and experience exchange through monthly meetings Additional training – on facilitation skills – provided.</p> <p><i>No cases yet.</i></p>

**Task 2.3. Asset Management Assistance**

Output/Outcome	Activity	Concrete Steps	Status
Open and transparent procedures for municipal property management adopted and applied by partner municipalities	Organize broad dissemination of the best practices of municipal property management in Kyrgyzstan	Disseminate widely newly developed methods and principles of municipal property management through <ul style="list-style-type: none"> <li>▪ Educational film on holding auctions,</li> <li>▪ Municipal Property Management Manual for rural municipalities,</li> <li>▪ Instructions on Municipal Land Management</li> <li>▪ Case studies on best practices of municipal property management,</li> <li>▪ Legal advice and analytic articles published in the DLGP newsletter.</li> <li>▪ Internal study tours for selected municipalities to exchange experience of municipal property management.</li> <li>▪ Regional meetings on best practices of municipal property management for partner municipalities</li> </ul>	<p><i>Done</i></p> <p><i>Done</i></p> <p><i>Done</i></p> <p><i>Done:</i> 13 case studies &amp; articles with legal advice were disseminated through consultations, regional meetings &amp; DLGP newsletter.</p> <p><i>Done:</i> DLGP conducted two AM study tours (Jalalabat &amp; Cholponata)</p> <p><i>Done:</i> DLGP conducted 6 regional meetings.</p>
	Provide intensive technical assistance to no less than 5 municipalities in asset management	Provide TA to selected municipalities in preparing inventories, state registrations, classifications, and dispositions of municipal property.	<i>Done:</i> Intensive TA provided to Jalalabat, Nookat, Uzgen, Kochkorata, and Balykchy
Local Keneshes are able to provide effective oversight on municipal asset management	Provide training and technical assistance to deputies and staff of selected municipalities on the basics of municipal property management	Conduct trainings on municipal land management to partner municipalities.	<i>Done:</i> DLGP conducted four trainings in April for rural partner municipalities.
		Hold roundtables on issues of state registration of municipal properties and disseminate findings to municipalities implementing municipal asset management practices	<i>Done:</i> DLGP held roundtable with NALSG, Gosregister and partner municipalities in April.
Local government capacity to implement public-private partnerships is increased	Provide technical assistance in implementing public private partnership projects (PPP) in two cities: Karakol and Uzgen	Formulate technical specifications, develop financial models and appropriate regulatory acts, and establish a Competition Commission for implementing contract management of Karakol and Uzgen parks. Provide assistance in organizing public hearings, citizen surveys, pre-competition conferences, and marketing and information campaigns in Karakol and Uzgen Cities.	<p><i>Done:</i> citizen survey, financial model, infrastructure &amp; attractions reports in Karakol</p> <p><i>Done</i> Infrastructure and greenery reports in Uzgen</p> <p><i>In progress:</i> In Year 3, DLGP will help procurement committee in outsourcing park management &amp; organize public hearings</p>

Output/Outcome	Activity	Concrete Steps	Status
Local government capacity to manage surplus property is enhanced	Develop and implement strategies for managing surplus property	Update municipal property management toolkit for cities, which entails revising the "Municipal Property Manual: a handbook on methods and practices"; developing appropriate regulatory acts on municipal property management: agreements, regulations, rules; and producing an educational film on holding public auctions for leasing municipal property based on experience of municipalities.	<p><i>In progress:</i> DLGP is in process of updating regulatory acts per recent changes in the legislation</p> <p><i>Not done:</i> Educational film. No municipality agreed to have an auction of leasing municipal property be filmed.</p>
Municipalities adopt municipal land management techniques	Implement practices of efficient municipal land management in urban and rural municipalities	<p>Provide TA to Balykchy city in inventorying all municipal lands, registering city property in the State Registry, performing their classifications and determining a land management strategy.</p> <p>Provide TA in holding public hearings on municipal land management strategy implementation in Jalalabat.</p> <p>Provide TA to selected rural and urban municipalities in inventorying municipal land.</p>	<p><i>In progress:</i> Balykchy has a draft land management strategy.</p> <p><i>Done:</i> Jalalabat held public hearing with DLGP assistance. (DLGP also helped Cholpon-Ata to hold a public hearing on its draft land management strategy.)</p> <p><i>Done:</i> DLGP provided TA in inventorying municipal land to 4 cities (Uzgen, Kochkorata, Kant, Mailuusuu) and 3 rural municipalities (Mombekov, Lenin, Kotormo)</p>

**Task 2.4. Strengthen Locally Elected Councils and Keneshes**

<b>Output/Outcome</b>	<b>Activity</b>	<b>Concrete Steps</b>	<b>Status</b>
Kenesh deputies are competent in a range of issues of local government legislation	Provide training and TA to kenesh deputies of selected municipalities (at least 18) and newly elected city kenesh deputies (Karakol, Tokmok, and Osh)	<p>Perform analysis of the composition of keneshes of 3 new cities and at least 18 selected municipalities.</p> <p>Revise training modules on Basics of Local Government in accordance with the new constitution and the kenesh composition analysis.</p> <p>Provide training and follow-on TA, if needed.</p>	<p><i>Done:</i> Analysis of 20 rural keneshes</p> <p>Done</p> <p>Trainings in 2 newly elected keneshes provided, training in third city was postponed by city</p>
Local keneshes have strengthened oversight over local budget, municipal property, public information and strategic planning	Provide intensive technical assistance to selected keneshes in developing policies and procedures for regulatory acts	<p>Provide intensive technical assistance to selected local keneshes on developing municipal procedures and regulations on the budget, asset management, public information provision and citizen participation, and strategic planning.</p> <p>Facilitate the adoption of finalized regulations by the full kenesh.</p> <p>Prepare a practical guide on policymaking and developing oversight procedures and regulations, which will include model regulations for the budget, asset management, public information provision and citizen participation, and strategic planning.</p> <p>Conduct regional meetings (2 in the North and 1 in the South) for 160 partner municipalities on practical guide</p>	<p><i>In progress:</i> Training was conducted for deputies from 100 local councils on the updated municipal procedures, but intensive technical assistance on adopting the finalized regulations was postponed due to upcoming local council elections,</p> <p><i>Done.</i> DLGP developed and published a practical guide on oversight procedures and regulations</p> <p><i>Done:</i> DLGP conducted 3 regional meetings in the North and 2 in the South.</p>
Citizens know of the role, responsibilities, and authorities of local keneshes	Educate citizens about the role, responsibilities, and authorities of local kenesh deputies	In preparation for the October 2008 general election of local kenesh deputies, DLGP will prepare and disseminate an educational brochure on the role, responsibilities, and authorities of local keneshes.	<i>Done:</i> DLGP printed and oversaw distribution of more than 50,000 copies of the brochure nationwide. A consortium of NGOs also used text from the brochure in 10,000 handouts that they distributed.

**Task 3. Citizen Participation and Citizen Information Techniques**

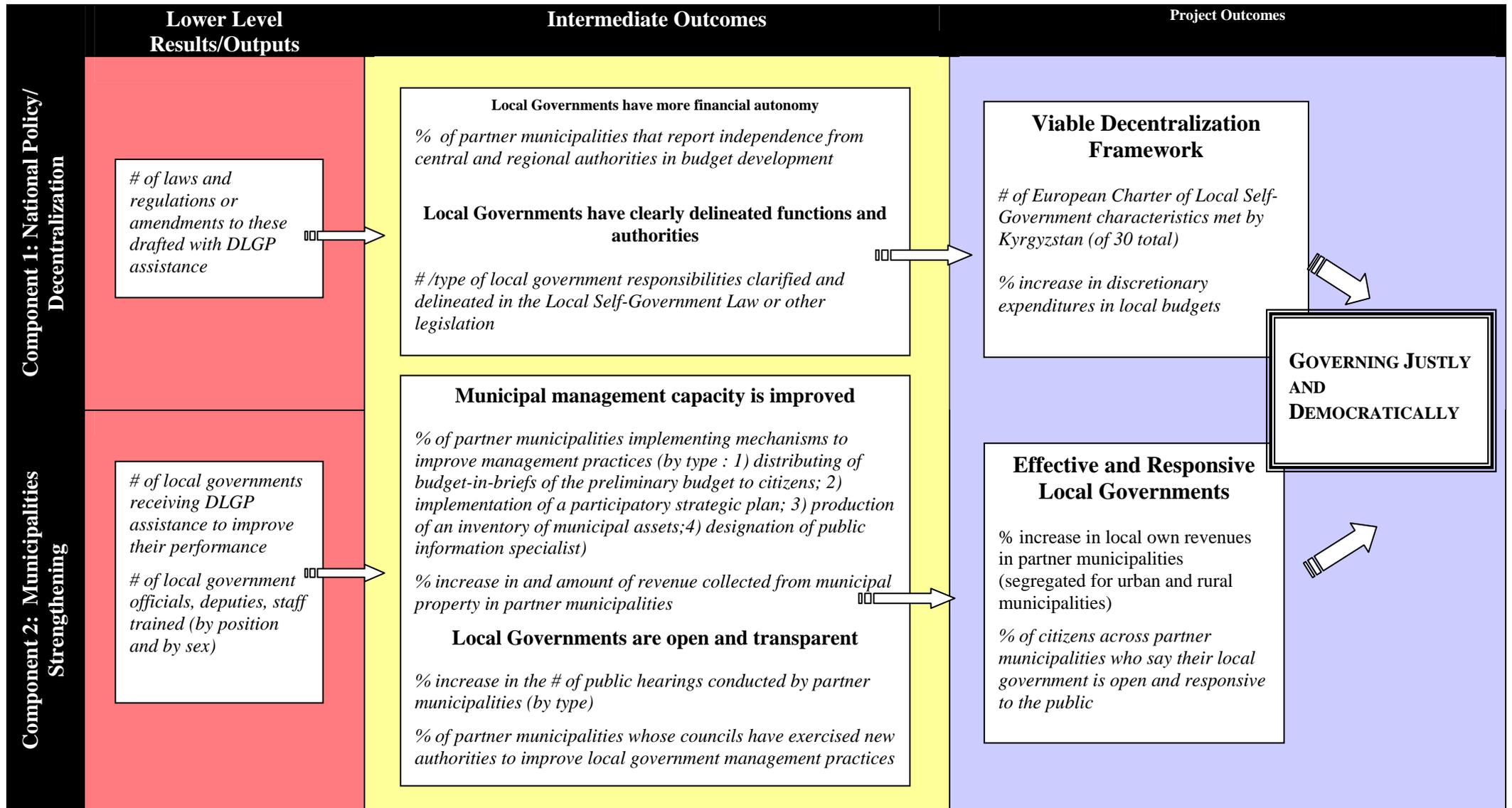
Output/Outcome	Activity	Concrete Steps	Status
Public information and citizen participation techniques are institutionalized	Design a national action plan for implementing the Law on Access to Information on the local government level	Develop the national action plan in cooperation with the National Agency for Local Self-Government Affairs Facilitate the submission of the plan to the Government	<i>Done:</i> (Incorporated into the Governmental Action Plan for the National Strategy for Decentralization)
	Design a model local public information and citizen participation regulation for adaptation and adoption by partner municipalities	Develop the public information and citizen information regulation in cooperation with the National Agency for Local Self-Government.  All 160 partner municipalities will be informed about the Regulation (designed by DLGP) if adopted	<i>Done:</i> Model regulation developed by DLGP was approved by NALSG  <i>Done</i> for DLGP partner rural municipalities; also disseminated to all rural municipalities of Issyk-Kul, Naryn, Osh, Batken and Jalalabad oblasts per NALSG request
Municipal capacity in public information and citizen participation techniques is strengthened	Provide training and TA for selected municipalities	Design new public information and citizen participation training modules based on PI CP municipal needs and implementation assessment.  Conduct trainings in assisted municipalities on requested modules, possibly including: 1. Ensuring transparency in Municipal Asset and Local Financial management 2. PI CP model regulation 3. Regular public information LSG tools and techniques 4. Municipal web-site design (if relevant)  Summary of the new training modules will be presented to all 160 partner municipalities for potential delivery upon requests  Conduct PI CP trainings for members of newly elected keneshes.	<i>Done:</i> Module designed that covers the first three topics.  <i>Done:</i> Trainings delivered on first three topics.  Trainings were delivered to all partner municipalities, thus there was no need to present a summary  <i>In progress</i> (done for Karakol)

Output/Outcome	Activity	Concrete Steps	Status
Municipal capacity in public information and citizen participation techniques is strengthened	Introduce special citizen feedback and monitoring mechanisms	<p>Conduct citizen survey of local government performance and facilitate local government presentation of results to the public.</p> <p>Conduct trainings in selected 2 municipalities (with OSCE) on service improvement action planning, with a special emphasis on using citizen surveys and trained observer ratings to increase accountability, transparency and trust of citizens in local government.</p>	<p><i>Done:</i> Survey conducted and results prepared; <i>In progress:</i> Presentation of results.</p> <p><i>Done:</i> Trainings conducted and SIAPs developed</p>
	Conduct Best Practices Competition on public information and citizen participation	<p>Organize Best Practices conference featuring 2007 winners.</p> <p>Conduct Best Practices Competition in two parts: (1) all 160 partner municipalities and (2) municipalities receiving intensive technical assistance by DLGP in Year 2.</p>	<p><i>Done:</i> Best Practices conference conducted</p> <p><i>Done:</i> Guidelines approved by AID. Competition conducted. <i>In progress:</i> Procurement of in-kind grants for winners.</p>
	Disseminate best practices and lessons learned for scaling out	<p>Conduct a variety of dissemination activities to ensure transmission of knowledge and tools, including:</p> <ul style="list-style-type: none"> <li>▪ Facilitate internal study tours for assisted municipalities</li> <li>▪ Conduct 1-2 regional meetings for assisted municipalities</li> <li>▪ Conduct 1 regional meeting (2 in the North and 1 in the South) for 160 partner municipalities</li> <li>▪ Design case studies of best practices and lessons learned and disseminate among all 160 partner municipalities</li> <li>▪ Develop Public Information and Citizen Participation Manual and disseminate among all 160 partner municipalities</li> </ul>	<p><i>Done:</i> Study tour to Kotormo and Ak-Bulak;</p> <p>Regional meetings on the Model Regulation on Public Information conducted for all partner municipalities except in Talas oblast. Case studies are published in the Newsletters and the Best Practices Book <i>In progress:</i> PI CP Manual</p>

Output/Outcome	Activity	Concrete Steps	Status
Strengthen channels of communication between municipalities and citizens.	Ensure public information and citizen participation tools and techniques are incorporated into all DLGP activities	Develop public information and citizen participation strategies for all DLGP activities, such as: <ul style="list-style-type: none"> <li>▪ Publication of registers of municipal assets</li> <li>▪ Presentation of land auction film to the media</li> <li>▪ Develop public information campaigns for public private partnership activity</li> <li>▪ Publicize municipal land management strategies in assisted municipalities</li> <li>▪ Hold public hearings on municipal land management strategies</li> <li>▪ Design and disseminate brochures on strategic plans</li> <li>▪ Design a model municipal profile for use in strategic planning</li> </ul> Information (Cases) about the above will be disseminated among all 160 partner municipalities	<i>In progress</i> <i>Done:</i> Film presented to media <i>Not Done:</i> This will be done in Year 3.  <i>Done:</i> <i>Done:</i> Public hearings conducted in Jalalabat & Cholpon-Ata <i>Not done:</i> This will be done in Year 3.  <i>In progress:</i>  Information is being publicized through the DLGP Newsletters
	Provide training and technical assistance to civil society and media on local government issues	Develop training modules and conduct trainings in assisted municipalities for civil society and the media on the following topics: <ul style="list-style-type: none"> <li>▪ How to ensure the local budget is transparent</li> <li>▪ How to ensure the management of local assets is transparent</li> </ul> Conduct informational sessions for civil society and the media on local self-government issues	<i>Done:</i> Civil society representatives were invited to participate in trainings for partner municipalities on transparency in the local budget and municipal property management  <i>Done:</i> DLGP conducted 9 press sessions.
	Conduct a competition for journalists covering LSG issues in their publications	Conduct competition and announce winner.	<i>Done:</i> DLGP designed guidelines approved by USAID and conducted the competition. <i>In progress:</i> Selection process of winners.
	Provide support to regional and national housing associations to conduct round tables on communal services		<i>Done:</i> DLGP supported four round tables.

ANNEX C  
YEAR 2 REPORT ON IMPLEMENTATION OF THE PMP

# I. Decentralization and Local Government Program (DLGP) Results Framework



## II. DLGP PERFORMANCE INDICATOR TABLE

Performance Indicator	Definition	Data collection source/method	Baseline 2006	Target 2007	Actual 2007	Target 2008	Actual 2008	Target 2009	Actual 2009
<b>PO 1: Viable Decentralization Framework</b>									
# of paragraphs of the European Charter on Local Self-Government met by Kyrgyzstan (of 30 total)	KR compliance with the 30 provisions of the European Charter for Local Self-Government (see <b>attachment</b> for the list of the LSG Charter paragraphs). A country is in compliance with the Charter if it meets at least 20 paragraphs.	As evaluated by local and national LSG experts at a focus group discussion (Sept)	12	13	15	14	17	17	
% increase in discretionary expenditures in LSG budgets	% annual increase in LSG expenditures other than those funded by earmarked transfers; for entire country;	DLGP will obtain data from the websites of the Treasury & Ministry of Finance as it becomes available	2,336 million soms	10%	71%	7%	N/A (see note)	4%	
<b>IO 1. Local governments have more financial autonomy</b>									
% of partner municipalities that report independence from central and regional authorities in budget development	Partner municipalities' response to 3 questions: Did MF subdivisions interfere in budget development, did they provide control figures for expenditures or for revenues?	DLGP survey (Sept)	14%	50%	79%	60%	64%	70%	
<b>IO 2. Local governments have clearly delineated functions and authorities</b>									
# / type of LSG responsibilities clarified and delineated	# / type of new or clarified LSG authorities (see explanatory note for DLGP list of proposed authorities) (cumulative)	DLGP analysis (Sept)	0	1	0 (but 10 LSGs recd authority to collect local revenues on pilot basis)	1	3	2	
<b>LLR 1. Improved decentralization legislation is drafted/amended</b>									

# of laws and regulations, or amendments to these, drafted with DLGP assistance	Laws, decrees, amendments to sectoral legislation affecting LSG functions and model regulations that are drafted with substantive input by DLGP (cumulative)	DLGP records (Sept)	0	5	11	10	16	10	
<b>Performance Indicator</b>	<b>Definition</b>	<b>Data collection source/method</b>	<b>Baseline 2006</b>	<b>Target 2007</b>	<b>Actual 2007</b>	<b>Target 2008</b>	<b>Actual 2008</b>	<b>Target 2009</b>	<b>Actual 2009</b>
<b>PO 2: Effective and Responsive Local Governance</b>									
% increase in local own revenues in partner municipalities	% increase compared with previous year, segregated for urban and rural municipalities. Own revenues are defined as shares of state taxes, local taxes and local non-tax revenue	DLGP will collect data from partner municipalities	253 million som (16 cities) 56 million som (40 AOs)	12% cities; 15% AOs	51% cities; 19% AOs	7% cities; 10% AOs	247% cities; 51% AOs	4% cities; 6% AOs	
% of citizens in partner municipalities who say their local government is open and responsive to the public	In response to the question, "How open, in your opinion, are local government officials to the public in terms of their activity?" (open, somewhat open, closed), average % of citizens responding "open" across partner municipalities .	Citizen survey to be conducted in DLGP partner municipalities.	4% (data only available for cities)	8%	12% (data only available for cities)	15%	11% (data only available for cities)	20%	
<b>IO 1. Municipal management capacity is improved</b>									
% increase in revenue collected from municipal property in partner municipalities	% increase compared with previous year. Revenues from rent and sale of municipal property and rent of LRF land.	DLGP will collect data from partner municipalities	3.5 million som (16 cities) 6.6 million som (40 AOs)	22%	319% cities 40% AOs	27%	257% cities; 51% AOs	32%	

% of partner municipalities implementing mechanisms to improve management practices (by type)	% of partner municipalities that are (1) distributing budget-in-briefs of draft budget to citizens; (2) implementing a participatory strategic plan; (3) have an inventory of municipal assets; (4) have a designated public information specialist	DLGP survey (Sept) and information from other donors	(1) 56% cities; 22% AOs (2) 80% cities; 21% AOs (3) 60% cities; 21% AOs (4) 12% cities; 3% AOs	(1) 65% cities; 30% AOs; (2) 90% cities; 70% AOs; (3) 70% cities; 50% AOs; (4) 80% cities; 20% AOs	(1) 76% cities; 36% AOs; (2) 100% (3) 88% cities; 72% AOs (4) 100% cities; 51% AOs	(1) 80% cities; 50% AOs; (2) 100% cities; 92% AOs; (3) 92% cities; 85% AOs; (4) 92% cities; 75% AOs	(1) N/A (see note); (2) 100% cities; (3) 100% cities; 88% AOs (4) 100% cities; 81% AOs	(1) 92% cities; 75% AOs; (2) 100% cities & AOs; (3) 100% cities; 100% AOs; (4) 93% AOs	
Performance Indicator	Definition	Data collection source/method	Baseline 2006	Target 2007	Actual 2007	Target 2008	Actual 2008	Target 2009	Actual 2009
<b>IO 2. Local Governments are open and transparent</b>									
% increase in the number of public hearings conducted by partner municipalities	% increase annually in the # of public hearings conducted by partner municipalities segregated by two types--budget hearings and hearings on topics other than the budget (compared to baseline). DLGP will also attempt to collect information on the number of participants in public hearings	DLGP survey (Sept)	41 PBH; 23 other (#)	10% increase in PBHs; 20% increase in other hearings	17% PBHs; 43% other	40% PBHs; 50% other	33 % decrease in PBHs; 272 % increase in other	95% PBHs; 60% other	
% of partner municipalities whose councils have exercised new authorities to improve local government management practices	% of partner municipalities whose councils have adopted a regulation to improve oversight of the executive (on budget execution, asset management, citizen information, municipal service, strategic planning, etc.)	DLGP survey (Sept)	44% cities; 5% AOs	50% of cities; 10% of AOs	84% cities; 26% AOs	88% of cities; 50% of AOs	88% of cities; 86% of AOs	92% of cities; 90% of AOs	
<b>LLR 1.Training on municipal management methods (asset management, budget, public information, strategic planning) conducted</b>									

# of local governments receiving DLGP assistance to improve their performance	# of DLGP partner municipalities who have participated in training or received technical assistance (of 497 municipalities total / 472 rural municipalities and 25 cities)	DLGP records (Sept)	25 cities	25 cities; 135 AOs	25 cities 135 AOs	25 cities; 135 AOs	25 cities; 382 AOs	25 cities; 135 AOs	
# of local government officials trained (by position and by sex)	# of local government officials participating in DLGP training (cumulative)	DLGP records (quarterly)	0	2,000	2,995 of which 1,199 women and 675 deputies	3,500	4,657 of which 1,719 women and 1,017 deputies	5,000	

## Summary Evaluation of KR Compliance with European Charter of Local Self-Government

Grade	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
√ in compliance	12 (9)	15 (10)    21 (13)*	17 (9)
X not in compliance	18 (5)	12 (2)    9 (1)*	8 (3)
≈ somewhat in compliance	0 (0)	3 (2)    0(0)*	5 (2)

Grades for Core Paragraphs of the Charter are shown in parentheses. The 14 Core Paragraphs are shown in bold in the table below.

\* indicates evaluation by independent experts

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
<b>Art. 2</b>	<b>Principle of local self-government (LSG) to be included in legislation, or eventually, in Constitution</b>	√ Principle of LSG exists in the Constitution of May 5, 1993 in Articles 7, 93-97 and in the 2002 Law on Local-Self Government and Local State Administration in Article 13.	√ Same as previous	√ On October 23, 2007 new Constitution came into force. Principle of LSG is also included in Article 7, 93-97. Also new Law on Local-Self Government and Local State Administration was adopted on May 29, 2008 and this principle is included in Article 14.
<b>Art. 3.1</b>	<b>Definition of LSG as the right and ability of local authorities to regulate and manage a substantial share of public affairs under their own responsibility</b>	√ Article 93.2 of the Constitution states that local self-government within the law and under their own responsibility manages affairs of local significance. Article 3 of the LSG&LSA Law states that local self government means the right and actual capacity guaranteed by the Constitution of the Kyrgyz Republic to local communities to exercise the management of the affairs of local significance, through representative and executive government bodies, as well as by intermediate civil participation.	√ Same as previous	√ Article 93.1 of the current Constitution states that Local-self government in the Kyrgyz Republic is carried out by local communities and ensures independent resolution of issues of local significance by the population.  In new LSG&LSA Law, Article 3 states that local self-governance is guaranteed by the Constitution as a right and actual capacity of local communities to address in their interests issues of local significance in accordance with the Constitution, this law and other laws. Local self-governance shall be carried out by

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
				local communities through representative and executive-administrative bodies of local government on the territory of an ayil okmotu, town and city, as well as through direct participation of citizens.
Art. 3.2	<b>Right of LSG exercised by councils whose members are freely elected by secret ballot on basis of direct, equal, universal suffrage</b>	√ Article 94.2 of the Constitution: Deputies of local councils elected by citizens residing in respective administrative territorial unit in order stipulated by law. Article 17 of the LSG&LSA Law: Rural and city councils consist of deputies elected on the basis of universal, equal and direct election right by secret ballot. Procedures for elections of deputies of rural and city of rayon significance keneshes are established by Election Code of the Kyrgyz Republic. Also: Article 2 of the Law on the Status of Deputy of local kenesh.	√ Same as previous	√ Same provision in Article 95.2 of the Constitution. Same provision in Article 21 of LSG&LSA Law. Also in addition to rural and city councils, rayon councils were added. And same Article 2 of the Law on the Status of Deputy of local kenesh.
Art. 4.1	<b>Basic powers and responsibilities shall be prescribed by constitution or statute. However, this provision shall not prevent attribution to local authorities of powers / responsibilities for specific purposes</b>	√ Basic powers and responsibilities have been defined in Article 15 of LSG&LSA Law as Affairs of Local Significance. However, these functions are in many instances unclear and shared with local state administrations. Article 95 of the Constitution states some basic functions of the local councils.	√ Same as previous	√ Article 95 of the Constitution states some basic functions of the local councils. In LSG&LSA Law Issues of Local Significance were clearly defined in Article 18. They become more precise and their list is closed instead of previous open list.
Art. 4.2	<b>Local authorities shall have full discretion to exercise their initiative with regard to any matter, which is not excluded from their competence nor assigned to any other authority</b>	√ The LSG&LSA Law does not have a closed list of issues of local significance (article 15), therefore allowing LSGs to address issues they deem of local significance. Local councils (article 23) and rural and city heads (article 37, 39, 43) may decide other issues in	√ Same as previous  <i>Note: Experts in focus group on evaluating compliance of Kyrgyz Republic to European Charter thought that KR is compliant by</i>	X Since new Constitution came into effect, heads of cities of rayon significance and heads of rural municipalities are no longer elected directly by citizens (Article 95.1). Local councils approve heads, who

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
		accordance with the legislation.	<i>legislation, but not in practice.</i>	are nominated by state bodies – National Agency for Local-Self Government and rayon state administrations. Thus, local councils do not have full discretion in selecting LSG heads. Also according to Article 31.1 of LSG&LSA Law local councils are entitled to create their own apparatus, but according to the standard norms determined by the Government. And Article 27. 2(14) states that local councils approve the structure and staffing of an executive-administrative body but also on the basis of the standard norms, determined by the Government. So, again local councils do not have their own discretion to decide on their own apparatus or structure of their executive body.
Art. 4.3	Public responsibilities shall generally be exercised by those authorities, which are closest to the citizen. Allocation of responsibility to another authority should measure extent nature of task and requirements of efficiency and economy	X Although functions of LSG are defined in Article 15 of the LSG&LSA Law as affairs of local significance, many functions related to local service delivery are also shared by the local state administrations.	X Same as previous  <i>Note: Experts' opinion differs from DLGP evaluation. They thought that legislation does not stipulate that, but it is happening in practice</i>	√ Functions of LSG are defined in Article 18 of LSG&LSA Law as Issues of local significance. They became more precise and clear, which leaves less room for interference from state bodies. But nevertheless some duplication is still left in Article 62 where a few functions of local state administration still resemble local-self government functions.
Art. 4.4	<b>Powers given to local authorities shall normally be full and exclusive; they may</b>	X Although functions of LSG are defined in Article 15 of the LSG&LSA Law as affairs of	X Same as previous	X Although LSG functions became more clear and separate from state

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
	<b>not be undermined or limited by another central or regional authority</b>	local significance, many functions related to local service delivery are also shared by the local state administrations.	<i>Note: Experts' opinion differs from DLGP evaluation. They thought that KR is in compliance.</i>	functions. But nevertheless some duplication is still left in Article 62 where few functions of local state administration still resemble local-self government functions.
Art. 4.5	Where powers are delegated to them by a central or regional authority, local authorities shall, insofar as possible, be allowed discretion in adapting their exercise to local conditions.	X Article 96 of the Constitution and Articles 1 and 16 of the LSG&LSA Law establish principles for the delegation of functions to LSG, but does not allow for LSGs to use discretion in adapting them to local conditions.	X Same as previous	≈ Article 96 of the Constitution and Article 20 of the LSG&LSA Law establish principles for the delegation of functions to LSG, but lack of practice in delegation of functions since adoption of new Law leaves this question open.
Art. 4.6	Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly.	X Article 8 of the LSG&LSA Law states that during preparation and adoption of decisions on the issues directly affecting the interests of local communities, the state authority bodies shall hold consultations with the local self-government bodies as per the procedures stipulated by the law. As well as article 69 of the same law states that the supreme bodies of the state power and administration of the Kyrgyz Republic, republican organs of public organizations are obliged to consider and take into account in their activities any proposals from local self-government bodies and to inform them on the results in accordance with the legislation. In practice, however, this is not done as Kyrgyzstan does not have an independent association to represent the interests of LSGs.	X Same as previous  <i>Note: Experts' opinion differs from DLGP evaluation. They also agreed that practice differs from legislation, but stated that Kyrgyzstan is in compliance</i>	X Legislation stipulates this provision in Article 8 of the LSG&LSA Law. But in practice this provision is not realized.
Art. 5	<b>Changes in local authority boundaries shall not be made without prior consultation of communities concerned, possibly by means of a</b>	X Introducing changes to the administrative territorial system of the Kyrgyz Republic is the authority of the Parliament (article 58 of the Constitution) but there is no provision in	X Same as previous	X In new Law on Administrative Territorial System of the Kyrgyz Republic from April 25, 2008 Articles 11 and 12 stipulate that

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
	<b>referendum</b>	the Constitution that such changes must be with consultations of communities concerned. Boundary changes are regulated by the Regulation adopted by the Supreme Council of the Kyrgyz SSR on September 22, 1981, which is still valid. This Regulation does not include a provision on consultations.		local state administrations take into account opinion of local councils and present to the Government proposals regarding any changes of administrative territorial units within their territory. Local councils take into account opinion of local community regarding any changes of administrative territorial units within their territory. In practice recent changes of several administrative units were made without consultations.
Art. 6.1	Without prejudice to more general statutory provisions, local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management.	X Article 42 of the LSG&LSA Law states that the number of staff of rural administration is determined by the rural kenesh based on the model norms approved by the decision of the Government of the Kyrgyz Republic. Municipal administrations' staff positions and their number are set by National Government Resolutions.	X Same as previous	X Also according to Article 31.1 of LSG&LSA Law local councils are entitled to create their own apparatus, but according to the standard norms determined by the Government. And Article 27. 2(14) states that local councils approve the structure and staffing of an executive-administrative body but also on the basis of the standard norms, determined by the Government.
Art 6.2	Conditions of service of local government employees to permit recruitment of high-quality staff on basis of merit and competence; provision of adequate training opportunities, remuneration and career prospects	X Salaries of the staff of municipal administrations are set by National Government Resolutions at very low rates which accounts for frequent staff turnover.	X Same as previous  <i>Note: Experts' opinion differs from DLGP evaluation. They thought that both legislation and practice is in compliance.</i>	≈ Despite some increase in salaries for municipal officials, there is still high percentage of staff turnover.
<b>Art. 7.1</b>	<b>Conditions of office of local elected representatives shall provide for free exercise of their functions</b>	√ The free exercise of deputies of local councils are stipulated in the Law on the Status of Local Council Deputy, in particular article 24	√ Same as previous	√ Same as previous.

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
		– Nobody is entitled to limit authorities of the local council deputy other than in cases stipulated in the Constitution and current legislation of the Kyrgyz Republic.		
Art 7.2	Allow for appropriate financial compensation for expenses in exercise of office, compensation for loss of earnings or remuneration for work done	X Article 4 of the Law on the Status of Local Council Deputy and Article 31 of the LSG&LSA Law: Only chairman of councils of cities of republican and oblast significance receive remuneration.	X Same as previous  <i>Note: Experts' opinion differs from DLGP evaluation. They agreed that practice differs from legislation and stated that Kyrgyzstan is in compliance.</i>	√ Before only chairmen of cities of republican and oblast significance received salaries. Article 33.4 and 5 of new LSG&LSA Law stipulate that chairmen of cities of rayon significance and rural councils will also be compensated during council sessions.
Art 7.3	Functions deemed incompatible with holding local elective office to be determined by statute or fundamental legal principles	√ Article 5 of the Law on the Status of Local Council Deputy defines positions that could not be compatible with local council deputy status.	√ Same as previous	√ Same as previous
Art. 8.1	Any administrative supervision of local authorities may only be exercised according to such procedures and in such cases as are provided for by the Constitution or by statute.	√ Provisions on state oversight over local-self government activities and local budget by the state bodies are stated in the Constitution, LSG&LSA Law, Law on Financial and Economic Basis of Local-Self Government. Article 96 of the Constitution: state bodies are not entitled to interfere into local-self government authorities stipulated by law. Article 55 of the LSG&LSA Law states that interference of higher standing bodies to the process of development, approval and execution of the local budget is not allowed. Normative legal acts of the local councils have to be registered by the State Justice departments but this requirement applies to all normative legal acts including those developed by state bodies and could not be interpreted as undue interference.	√ Same as previous	√ Provisions on state oversight over local-self government activities and local budget by the state bodies are stated in the Constitution, LSG&LSA Law, Law on Financial and Economic Basis of Local-Self Government.

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
Art 8.2	<b>Administrative supervision shall aim at only ensuring compliance with the law and constitutional principles. Administrative supervision may however be exercised with regard to expediency by higher-level authorities in respect of tasks the execution of which is delegated to local authorities.</b>	X Article 96 of the Constitution: LSG bodies are responsible before the state and its bodies for compliance and execution of laws as well as for delegated state authorities.  However, in practice local state administrations do interfere, especially in the work of executive bodies of local-self government, e.g. provision of local service (article 9, 61 of LSG&LSA Law) or development of local budgets. Also President is entitled to dismiss Mayor and Head of regional state administration is entitled to dismiss a Head of Rural municipality.	≈ Situation improved in developing municipal budget. Since the implementation of the FEBLSG Law in 2007 rayon and oblast state administrations lost their rights to develop local budgets.  <i>Note: Experts' opinion differs from DLGP evaluation. They thought that both legislation and practice is in compliance.</i>	≈ Article 96 of the Constitution: LSG bodies are responsible before the state and its bodies for compliance and execution of laws as well as for delegated state authorities.  Also please see status on 4.2, 4.4.
Art. 8.3	Administrative supervision of local authorities shall be exercised in such a way as to ensure that the intervention of the controlling authority is kept in proportion to the importance of the interests which it is intended to protect.	X LSG&LSA Law as well as FEBLSG Law does not address this issue. In practice, heads of regional state administrations attempt to exercise control, not merely administrative supervision of the executive heads of LSGs.	X Same as previous  <i>Note: Experts' opinion differs from DLGP evaluation. They thought that both legislation and practice is in compliance.</i>	X Same as previous
Art 9.1	<b>Local authorities entitled to adequate financial resources, of which they may freely dispose within the framework of their powers</b>	X Provisions in the FEBLSG and amendments to the Law on Basic Principles of Budget guarantee adequate financial resources, but these provisions will only be implemented for 2007 budget cycle.  Article 55 of the LSG&LSA Law: interference of higher-level bodies in the process of development, approval and execution of local budget is not allowed. However, in practice higher-level state bodies set control figures on both budget revenues and expenditures by functions and economic	√ LSGs now have their own source revenues (tax and non-tax) clearly established by the legislation (Law on FEBLSG and Law on Basic Principles of Budget). LSGs also receive equalization grants from republican budget, which they can freely dispose. Local budget expenditures for 2007 have been approved and are executed independently under the new provisions in Law on FEBLSG and BPB Law.	√ Same as previous

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
		items for local-self government bodies. LSGs do not have their predictable own source revenues.		
Art 9.2	<b>Local authorities financial resources commensurate with responsibilities provided for in constitution and the law</b>	X Currently, functions of local-self government are not clearly delineated in the legislation. LSGs are delegated tasks by the state for which they do not receive adequate resources. It is supposed that LSGs perform some delegated functions at the expense of their own revenues.	≈ The situation with not clearly delineated functions is the same. After implementation of IGF reforms in 2007 budget cycle own revenues of LSGs are increasing, enabling LSGs provide more services than in previous years.  <i>Note: Experts' opinion differs from DLGP evaluation. They thought that both legislation and practice is in compliance.</i>	≈ Own functions of Local-self government are clearly delineated in the new LSG&LSA Law. 2008 local budgets were prepared and approved in accordance with the old delineation of functions. 2009 local budgets possibly will be prepared in accordance with the new functions.
Art 9.3	<b>Part of financial resources of local authorities should derive from local taxes and charges, of which local governments have the power to determine the rate</b>	√ Local councils have a right to introduce local taxes, fees and preferences on them according to the Constitution (article 95), Law on FEBLSG (article 1). The range of the taxes is set in the Tax Code but within that range local councils have flexibility to set rates.	√ Same as previous	√ Same as previous
Art. 9.4	Financial system of local authority resources should be sufficiently diversified and buoyant to keep pace with real evolution of cost of carrying out their tasks	X LSG budgets are assigned local taxes (local taxes can be shared between LSG and subnational budgets), shares of general state taxes, non-tax revenues and also receive equalization and categorical grants from republican budget. However the upper level of government decides on sharing arrangement on local and general state taxes and on the amount of negative transfer.	√ LSG budgets are assigned local taxes, which are not shared, shares of general state taxes, non-tax revenues and also receive equalization and categorical grants from republican budget.	√ Same as previous. However new draft Tax Code approved by Parliament on October 2, 2008 reduced number of local taxes from current 8 to 2.
Art. 9.5	The protection of financially weaker local authorities calls	X Article 55 of the LSG&LSA Law, article 1, 7	√ In an annex to the 2007 Annual	√ Same as previous

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
	for the institution of financial equalization procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support. Such procedures or measures shall not diminish the discretion local authorities may exercise within their own sphere of responsibility.	of the Law on FEBLSG, article 35 of the BPB Law, Government Resolution on equalization grant calculation formula establish the principles of equalization, but these provisions were not implemented until 2007.  Equalization grant amounts for LSGs were determined by the upper level of government without any formal criteria.	Budget Law, equalization grant amounts to each LSG are provided. Amounts of equalization grants were calculated by the formula. The equalization formula was approved by the Government resolution.	
Art. 9.6	Local authorities shall be consulted, in an appropriate manner, on the way in which redistributed resources are to be allocated to them.	X Budget legislation does not stipulate any consultations about allocation of redistributed resources.	X Same as previous  <i>Note: Experts' opinion differs from DLGP evaluation. They agreed that practice differs from legislation, but stated that Kyrgyzstan is in compliance.</i>	X Same as previous
Art 9.7	To extent possible, grants to local authorities not to be earmarked to finance specific projects. Provision of grants shall not remove freedom of local authorities to exercise policy discretion in their jurisdiction	X LSGs receive categorical grants to pay teachers' salary and social insurance payments and earmarked transfers for specific purposes or projects (for example to pay increase in teachers' salary). Stimulating grants are paid from republican budget to stimulate LSGs to implement projects/ programs important to the state. Poor LSGs also receive equalization grants, which can be used at their discretion. However the upper level of government determines the expenditures of LSGs by setting control figures (ceilings) on expenditures.	≈ Same as previous with categorical and stimulating grants.  Equalization grant amounts to each LSG established by an annex to the 2007 Annual Budget Law are at full discretion of LSGs.  <i>Note: Experts also had doubts but majority decided that KR is not in compliance.</i>	≈  Categorical and stimulating grants can be used only for specific expenses and projects.  Equalization grant amounts are at full discretion of LSGs.
Art. 9.8	In order to borrow for investment, local authorities	X The legislation has provisions allowing LSGs	X Same as previous	X Same as previous

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
	should have access to the national capital market	to borrow in short and long-term for investment. However in practice LSGs do not borrow because of the weak capital market.	<i>Note: Experts' opinion differs from DLGP evaluation. They thought that both legislation and practice is in compliance.</i>	
<b>Art 10.1</b>	<b>Entitled in exercise of powers to cooperate with, form consortia with other local authorities to carry out tasks of common interest</b>	√ As stipulated by article 11 of LSG&LSA Law local communities are entitled to create organizations, associations to carry out their rights and interests. Also article 26 of the Law on FEBLSG local self- government bodies may cooperate with state bodies and other local self governments for maintenance of more effective and operative rendering of services to the population and have the right to transfer certain authorities, budgetary resources and other municipal property.	√ Same as previous	√ Same as previous (in new LSG&LSA Law it is Article 12)
Art 10.2	Right to belong to an association to protect & promote common interests, and to belong to an international association of local authorities	X As stated in comment to article 10.1 legislation does not preclude creating associations but there cannot exist practical implementation of this article while the Agency for Local Self-Government Affairs under the President's Apparatus forces LSGs to be members of its government-run "Association of Municipalities"	X Same as previous  <i>Note: Experts' opinion differs from DLGP evaluation. They thought that KR is in compliance.</i>	√ Article 12 of LSG&LSA Law allows creation of such associations. In July 2008, a general meeting of the Association of Municipalities elected a new Chairman of the Association – a mayor, not state official. It is still expected to be influenced by National Agency for Local-Self Government Affairs but leaves a chance to be more independent.
Art 10.3	Entitled to cooperate with counterparts in other countries	√ Nothing in the legislation precludes such cooperation with counterparts in other countries.	√ Same as previous	√ Same as previous
<b>Art 11</b>	<b>Legal protection: Right of recourse to judicial system to secure the exercise of their</b>	√ Article 97 of the Constitution and article 69 of the LSG&LSA Law provide the right of the	√ Same as previous	√ Article 97 of the Constitution and article 71 of the LSG&LSA Law

Article	European Charter	Local Government Status in Kyrgyz Republic as of October 1, 2006	Status as of October 1, 2007	Status as of October 1, 2008
	<b>powers and respect for principles of LSG enshrined in law</b>	local-self government bodies to apply to court protection with regard to violation of their rights.		provide the right of the local-self government bodies to apply to court protection with regard to violation of their rights.

## EXPLANATORY NOTE ON THE YEAR 2 PMP REPORT

### **Project Outcome 1: Viable Decentralization Framework.**

*(1) Number of paragraphs of the European Charter on Local Self-Government met by Kyrgyzstan (of 30 total)*

According to the evaluation by DLGP program specialists, in 2008 this target was exceeded (17 articles in compliance). The improvements are mostly due to changes in the Local Self-Government Law that clearly defined own functions and stipulates that local council chairs should receive remuneration. Another positive change this year was the election of a local government official as the Chair of the Association of Municipalities and changes in the management board to better represent local government interests. There was one negative change – DLGP considers that local governments no longer have “full discretion to exercise their initiative with regard to any matter” because the elected council cannot independently select their executive heads and the Government establishes standard norms for the staffing and structure of the executive branch.

As requested by USAID, DLGP conducted a focus group of local self-government experts to validate assessment by DLGP program staff of Kyrgyzstan’s compliance with articles of the Charter. DLGP program staff concluded that as of October 1, 2007, Kyrgyzstan complied with half (15) of the Charter’s articles. The experts participating in the focus group were more generous, concluding that Kyrgyzstan complied with 21 of the Charter’s articles. A difficulty that we faced in conducting the focus group was the perennial question of whether Kyrgyzstan complies with a particular article according to the law or practice, as these often are radically divergent. In several cases, the experts admitted that Kyrgyzstan didn’t comply in practice, but still indicated compliance. The conclusions of the experts in the focus group are shown in the summary table in italics followed by an asterisk. Where they differed from the conclusions of the DLGP program staff, this is indicated in the relevant articles.

We have made one adjustment to the baseline and Year 1 figures. The last article (11) is: **Legal protection: Right of recourse to judicial system to secure the exercise of their powers and respect for principles of LSG enshrined in law.** We had originally scored this as somewhat in compliance (≈) because although this is enshrined in law, in practice local self-governments do not appeal to courts for protection of their rights because they lack staff lawyers or resources to hire a lawyer LSGs do not appeal to courts for protection of their rights because they lack staff lawyers or resources to hire a lawyer local self-governments. However, after the focus group with experts we revisited this evaluation and decided that Kyrgyzstan is in compliance because the focus is on “enshrined in law.”

With regards to the final year of the project, DLGP considers that under certain conditions it is possible for Kyrgyzstan to come into compliance with three additional ECLSG paragraphs. These three paragraphs are

**Article 4.6 - Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly.**

Legislation stipulates this (Article 8 of the LSG&LSA Law) this has not been the practice. If there is more political stability this coming year, then there will be more likelihood that this is respected in practice.

**Article 9.2 - Local authorities' financial resources commensurate with responsibilities provided for in constitution and the law.**

The new Law on Local Self-Government delineates own functions, so 2009 would be the first budget year in which own sources could be used for financing solely exclusive functions of LSG.

**Article 9.8 - In order to borrow for investment, local authorities should have access to the national capital market improvement is possible.**

If in the coming year, KfW launches a new project to promote municipal borrowing, then this provision will be realized.

At the same time, compliance is at risk with one paragraph:

**Article 9.1 - Local authorities entitled to adequate financial resources, of which they may freely dispose within the framework of their powers.**

With the new Tax Code, the number of local taxes has significantly decreased. It is not yet clear whether the sharing arrangement of general state taxes for 2009 will provide adequate financial resources.

*(2) Percent increase in discretionary expenditures in LSG budgets.*

The target for 2007 was exceeded (71% increase). The 2006 data (baseline) were taken from the Ministry of Finance website and are according to the plan as actual data disaggregated for local governments were not presented. The actual 2007 data were taken from the Treasury website. Data on local government discretionary expenditures were calculated by subtracting amounts for categorical grants, transferred means and means on teacher salary increase from local government total expenditures. These all represent earmarked expenditures. 2008 data are not yet available.

### **Intermediate Outcome 1: Local governments have more financial autonomy**

*(1) Percent of partner municipalities that report independence from central and regional authorities in budget development*

The target for 2007 was slightly exceeded (64%). According to the survey of DLGP partner municipalities, there was less budgetary independence in 2008 than in 2007 (79%), although still much greater independence than in 2006 (14%). According to information provided by ARIS, the Ministry of Finance is provided control figures for local governments that receive equalization grants.

## **Intermediate Outcome 2: Local governments have clearly delineated functions and authorities**

### *(1) Number/type of LSG responsibilities clarified and delineated (cumulative)*

DLGP proposed in the PMP seven local government responsibilities that should be clarified and delineated. There had been no improvements in 2007. In 2008, the target was exceeded as three responsibilities were clarified in the Local Self-Government Law

- Hire other bodies or organizations to execute LG exclusive functions and authorities, related to providing services to people (Article 19, LSG & LSA Law)
- Hire and fire, transfer to other positions and train staff (Law on Municipal Service and LSG Law, Sub item 4, Item 1, Article 37, Art. 43(10) and Art. 48(8))
- Implement steps for the purpose of economic development in its fellow citizens' interests, unless this activity fails to comply with the state economic policy (Art. 18(1) of LSG & LSA Law)

## **Project Outcome 2: Effective and Responsible Local Government.**

### *(1) Percent increase in local own revenues in partner municipalities*

Data were collected from DLGP partner municipalities – 16 cities and 40 ayil okmotus (AOs). The 2007 actual data for the full year were compared to 2006 actual data for the full year. The first 6 months of 2008 data were compared to the first six months of 2007 data.

The results show significant own revenue increases for 2007 and 2008, exceeding the target in both years. DLGP had expected the larger annual increase to be in 2007 when the new budget system was first introduced (although not at the beginning of the year). Instead, the larger increase was in 2008. This may be explained by the fact that it took some time for local governments to act based on the new system, and to develop better mechanisms for collecting revenues.

### *(2) Percent of citizens in partner municipalities who say their local government is open and responsive to the public*

Data were collected from Citizen Survey conducted in all 25 cities. The result for 2008 (11%) is not significantly different from the result for 2007 (12%). The share of citizens who said that their local government was “somewhat open” changed from the 39% to 38% and the share who said that their local government was “closed” changed from 27% to 26%. The share who responded “difficult to answer” increased from 22% to 25%. Thus, the results from 2008 show practically no change from the previous year.

Another survey question probed if citizens are satisfied or more or less satisfied with information provided about local government activities. This has increased from 29% in 2006 to 59% in 2007 and 60% in 2008. Although the two questions are related, the first may be more of a subjective measure, while the second may be more directly related to efforts made by local government to provide information to their citizens.

Although across the country the survey results were basically the same for 2007 and 2008, in most of the cities there were changes in the share of citizens who believe that their local

government is open. In 11 cities (Balykchy, Karakul, Kerben, Kokzhangak, Kyzyl-Kiya, Mailuu-Suu, Naryn, Shopokov, Talas, Tokmok, Uzgen) more citizens saw their local government as open. In 11 cities (Batken, Jalalabad, Cholpon-Ata, Isfana, Kant, Karabalta, Kara-Suu, Kochkorata, Nookat, Osh, Sulukta) fewer citizens saw their local government as open. In 3 cities (Bishkek, Karakol, or Tashkumyr) there was no change. Uzgen (which also won DLGP's Best Practice Competition for public information campaigns with its citizens.) had the most citizens say that their local government was open. Cholpon-Ata had no citizens say that their local government was open. When DLGP held the city of Cholpon-Ata to conduct a public hearing on its draft land management strategy at the end of June 2008, it was clear that this was the very first time that citizens felt that they had received adequate information from their local government about how they were managing a very valuable resource – land.

### **Intermediate Outcome 1: Municipal management capacity is improved**

#### *(1) Percent increase in revenue collected from municipal property in partner municipalities*

Data were collected from DLGP partner municipalities – 16 cities and 40 ayil okmotus (AOs). The 2007 actual data for the full year were compared to 2006 actual data for the full year. The first 6 months of 2008 data were compared to the first six months of 2007 data.

The results show significant own revenue increases for 2007 and 2008, exceeding the target in both years.

#### *(2) Percent of partner municipalities implementing mechanisms to improve management practices (by type)*

We report “n/a” for the indicator “% of partner municipalities that are (1) distributing budget-in-briefs of draft budget to citizens.” The Ministry of Finance delayed issuance of the Budget Circular until the passage of the new Tax Code so as of October 1, 2008 local governments did not have information on their revenues with which to formulate their draft 2009 budgets. The Ministry of Finance is expected to issue the Budget Circular in the 4<sup>th</sup> Quarter of 2008, in which case DLGP will support municipalities in conducting a public budget hearing on the draft 2009 budget.