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Quarterly Performance Report

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Decentralization and Local Government Program in the Kyrgyz Republic

Strategic Objective 2.1: Governing Justly and Democratically

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THE DECENTRALIZATION/LOCAL GOVERNMENT PROGRAM IN THE KYRGYZ REPUBLIC

QUARTERLY REPORT FOR APRIL-JUNE 2007

I. Highlights

- DLGP worked closely with prominent Parliamentarian deputies in developing a new local government law that meets criteria of the European Charter for Local Self-Government. DLGP's Senior Legal Specialist provided expert testimony at the two Parliamentary hearings on the draft law.
- The DLGP and World Bank together offered financial management and budget training to all 498 Kyrgyz local governments in support of implementation of the new two-level budget system signed into law by the President on April 28.
- 24 DLGP partner municipalities conducted public budget hearings on their draft 2008 budget.
- With DLGP assistance, the City of Karabalta set the standard for conducting transparent and professional auctions of municipal land for private commercial use. Before the auction Mayor Anatoly Kim said, "in conducting the auction the city aims to achieve three things. First, receiving the largest amount of funds to the budget. Second, providing for overall transparency in municipal property management. Third, developing the most favorable conditions for business."

II. Trends in the Environment

The political environment, although still tense, has somewhat stabilized. The second half of April was fraught with crisis, marked by demonstrations called for by the opposition. However, shortly before the demonstrations the President deftly appointed Almaz Atambaev, one of the opposition leaders, as Prime Minister, therefore effectively splitting the opposition and weakening the impact of the demonstrations. The demonstrators dispersed after police initiated clashes with them on April 19. The opposition could be said to have split into a more radical part (led by Kulov, former Prime Minister) and a more conservative part, represented by Parliament deputies Tekebaev, Babailov, Sariev and others.

The more conservative part of the opposition acknowledges that the radical demand of the President's resignation was a mistake. They have also recognized that support from the regions was not strong, mostly because the regular citizen is tired of continual upheaval. They have decided to try to accelerate constitutional reforms and bring the battle to Parliament instead of the street, while building regional support for their platform.

The new Prime Minister heads a new working group to draft amendments to the Constitution. These draft amendments deal with how state power is organized at the central level and practically do not address local self-government. The draft amendments limited the exclusive rights of the President to appoint local state administration heads (governors of oblasts, akims of rayons). Appointment of these officials will be nominated by the Prime Minister and ratified by the President. The amendments did not change the provision in the December constitution that gives the President the right to define the pay scales for municipal

employees, thereby giving the President the right to intrude into the financial autonomy of local-self governments.

The draft amendments were submitted by the President to the Parliament, which, according to constitutional procedures, resubmitted them to the Constitutional Court for a decision. The Constitutional Court decision is expected in September at the earliest.

On April 28, the President signed the 2007 Annual Budget Law introducing the two-level budget system. It appears that the Parliament and the Ministry of Finance strongly support this reform that finally grants financial autonomy to local self-governments. However the Presidential apparatus is working to create a three-level budget system and has asked the Ministry of Finance to prepare both a two-level budget and a three-level budget. In particular, the Presidential apparatus conducted “monitoring” of local self-government with the clear goal to reveal as many errors and instances of abuse as possible in the area of local self-government finance and justify the return to the old system or enhancing state regulation of municipal finance. At different forums, Parliament deputy A. Beknazarov has charged the Presidential apparatus of trying to undermine the reforms. The Deputy Minister of Finance has assured donors that even if there is a three-level budget, the positive provisions of the two-level budget will be retained; namely, rayons (district) will not be able to formulate local self-government budgets, local self-government taxes will be retained, and transfers will be made directly from the Ministry of Finance to each local self-government.

Parliament has taken the initiative in drafting several key laws, including the new law on local self-government. With the end of the April crisis and political stabilization, legislative work has been able to proceed. Parliament began to work intensively and took the initiative to draft several key laws: on local self-government, on the election code, on political parties, on administrative-territorial division and some draft laws on the court system reform. (See below for description of DLGP participation in the draft local self-government law.)

A key parliamentary committee has rejected government attempts to re-introduce negative transfers to be taken from “wealthy” local self-governments. The government submitted to Parliament amendments to the Laws “On Main Principles of Budget Law”, “On Local Self-Government Financial and Economic Basis”, “On Local Self-Government and Local State Administration”, which would enable the Ministry of Finance to withdraw the so-called “surplus revenues” from certain local self-governments and redistribute them to other local self-governments (negative transfers). This draft law was submitted at the end of 2006. The Committee on Constitutional Legislation, State Structure and Legality provided a negative decision regarding this draft law on June 20, but the final decision on this draft law will be taken by the Parliament (most likely this fall).

In May, the Ministry of Finance announced that all local governments should develop a strategic plan by July 1, 2007. Mandating the creation of strategic plans in such a short period indicates that the Ministry’s understanding of what is a strategic plan is very narrow. This mandate may be utilized as an argument promoting strategic plans, but may also interfere in DLGP’s assistance to municipalities to develop meaningful plans. When presented with the DLGP approach to strategic planning with a focus on local economic development, local governments have pointed out that they were themselves thinking in that direction.

III. Activities

Task 1.1. Support to Implement the National Strategy for Further Decentralization and Local Self-Government Development

With DLGP assistance, key Parliament deputies drafted and introduced a new law on local-self government. As reported in the last quarterly report, Working Group # 1 on the creation of an effective legal base for decentralization completed two draft laws: 1) On Local Self-Government (LSG) and 2) On Local State Administration (LSA) and submitted to the Government on March 7. The EU-UNDP Parliamentary Support Project found out about the draft in government for comment, and decided that it would attempt to expedite its consideration by Parliament. The EU-UNDP project invited the DLGP CoP and Senior Legal Specialist to participate in a series of roundtables on the draft law. DLGP took the opportunity to make a presentation on the draft law, including how it did not meet several criteria of the European Charter for Local Self-Government. (Although the DLGP legal specialist was a member of the working group that wrote the draft law, he was in the minority regarding many issues.) Upon hearing the DLGP presentation, a Parliament deputy decided that the government version of the law was unacceptable and that Parliament could create a better draft with DLGP support.

On May 16, DLGP met with three national parliamentarians to discuss the development of a new government law. DLGP explained the principles of a local government law, offered expertise in developing a new law, and invited them to participate in a decentralization study tour to Latvia. The DLGP Senior Legal Specialist had many working meetings with Parliament deputies on drafting a law that would meet the criteria of the European Charter for Local Self-Government. DLGP also provided recommendations on drafts of related laws “On Local State Administration”, “On Administrative-Territorial Units” and “On Election Code.” The laws were developed as one package to be considered together.



On May 30, the DLGP Senior Legal Specialist presented expert testimony at the Parliamentary hearing on the draft local government law. The draft law, developed with DLGP assistance, was submitted by representatives of most Parliament factions. The DLGP Senior Legal Specialist also presented at the second Parliamentary hearing held in Osh on June 13. DLGP prepared a list of local government officials to be invited to the hearing sponsored by the EU-UNDP Parliamentary Support project. Local government officials actively participated in the hearings and with few exceptions (mostly executive branch representatives), supported the draft law and characterized it as “revolutionary”.



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Consideration of the Local Government Law will be postponed to fall 2007 so that it can be submitted together with related laws “On Local State Administration”, “On Administrative-Territorial Units” and “On Election Code.” This decision proceeds from: 1) the request by the President and Government representatives for time to develop their proposals on administrative-territorial reforms and local self-government; 2) a slight chance of the laws to be passed prior to the parliamentary recess (July 1); 3) the fact that according to the Con-

stitution, Parliament has one month to override a President's veto of a law. In this case, Parliament will be unable to override the veto as it will be in recess, and the law may be declared non-constitutional by the Constitutional Court.

Task 1.2. Support to the Municipal Associations

On agreement with the CTO taking into consideration the current situation with local government associations described in the previous report it was decided to postpone any activity with them until the situation changes.

Task 2.1. Assistance to Implement Intergovernmental Fiscal Reform

Together with the Ministry of Finance and World Bank, DLGP developed two new training courses on the two level budget system.

The two courses include a 1-day course for heads of local government and chairmen of the budget commission of the local council and a 4-day course for the heads and specialists of local financial departments. The training materials were approved by the Ministry of Finance. The trainings were conducted for all municipalities by DLGP and World Bank (DLGP conducted the training for municipalities in Chui Oblast {excluding Kemin}, two Talas rayons, and all cities). The training were provided to all partner municipalities by April 27 prior to the start of the 2008 budget cycle. The module for financial specialists consists of the following 4 topics:



- Local budget expenditure planning and forecasting;
- Local budget revenue formation;
- Transfers: allocation procedure and mechanism;
- Treasury system in local budget execution.

The module for the heads of LSGs and chairmen of local budget commissions consists of the following topics:

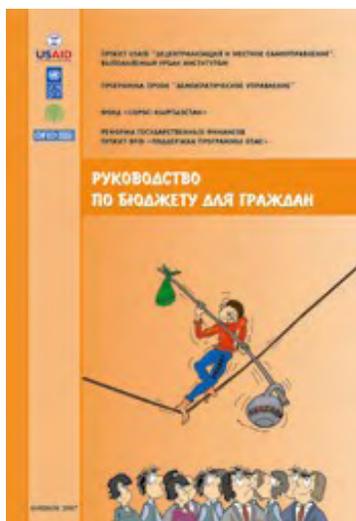
- Local budget process. Intergovernmental finance reform in the Kyrgyz Republic;
- Local budget revenues;
- Local budget expenditures;
- Model local budget procedures.

DLGP conducted a total of 12 trainings for rural and urban municipalities during the period March 12 to April 27, 2007. During the reporting period, 6 trainings for rural cohorts and 1 training for southern cities were successfully held. The information on the 12 trainings is in the following table

Financial Management Training on New Two-Level Budget System Conducted by DLGP, Spring 2007			
	<i>4-day training</i>	<i>1-day training</i>	<i>Total</i>
Number of participants in 4-day trainings	225	151	376
% of participation	82%	55%	68%
Number of female participants			224
Number of heads/deputy heads of municipalities			86
Number of local council deputies			26

Number of the rayon finance department specialists			9
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DLGP contributed to a working meeting with representatives of Ministry of Finance, State Tax Service, Treasury and National Agency on Local Self Government Affairs on the results of the mass training on the two level budget system. World Bank, with DLGP's contribution, drafted a list of problems and questions raised during the trainings that were not reflected in the training materials, but are however very important for the local budgets. The Ministry of Finance agreed to hold a working meeting to develop recommendations that would address these questions and problems. It was agreed to modify the training materials and include these recommendations.



DLGP in cooperation with UNDP Democratic Governance Programme, Soros Foundation and DFID Public Finance Reform project published a revised version of *A Citizen's Guide to the Budget*. The guide will be disseminated in July-August 2007. The first edition of the guide was prepared and published in 2002. The second edition includes updated budget indicators and major provisions of the intergovernmental finance reform introducing the two-level budget system from the 2007 budget cycle. This edition was drafted by a group of experts from the DLGP, UNDP Democratic Governance Programme, and Soros Foundation.

The guideline was translated into Kyrgyz. Translation, formatting and publishing were organized by the DLGP. Each organization paid for the number of books ordered, as indicated in the table below:

	# of books in Russian	# of books in Kyrgyz
DLGP	600	600
UNDP Democratic Governance Programme	100	250
Soros Foundation	100	150
DFID Public Finance Reform project	100	200

DLGP in cooperation with the Ministry of Finance published a brochure on the new two-level budget system. The brochure was drafted by DLGP and approved by the Ministry of Finance. It was also translated into Kyrgyz. The Ministry of Finance disseminated the brochures (1000 in Kyrgyz and 1000 in Russian) at its conference for heads of financial departments of all local governments, which was held on June 5-6, 2007. DLGP also disseminated brochures during the trainings for NGOs on the budget which were held prior to the public budget hearings.

The brochure was also placed on the information board of the MPA program of the Academy of Management. Students of the Academy of Management told “There were a lot of discussions about the two-tier budget system and around some parts of the reform, but it was difficult to understand the one clear picture of the reforms. This brochure provided a simple and single picture easy for understanding the essence of the reforms.” As the demand for the brochure has been great, DLGP is planning to publish additional copies.

several cities and rural municipalities, with DLGP providing assistance to pilot cities and other donors providing assistance to pilot rural municipalities. DLGP suggested the following four cities as possible pilots: Kara-Balta, Cholpon-Ata, Nookat and Uzgen. The MoF is planning to start pilots in August 2007.

Ministry of Finance asked DLGP for technical assistance in realizing its 2007 action plan on further implementation of financial decentralization reforms. The action plan was approved by the Minister of Finance. The head of division of intergovernmental finance policy met with representatives of donor organizations involved in this area. DLGP offered assistance on the following action plan items:

- Legislation on the delineation of functions and responsibilities, including administrative-territorial reform
- Improvement of revenues generated from municipal property
- Development of the recommendations on the restructuring of debts of the municipally owned enterprises (utilities)
- Analysis of the local budgets and the impact of the implementation of the 2-level budget system for municipalities
- Development of training materials and conducting trainings

Task 2.2. Assistance in Implementation of Strategic Plans

DLGP conducted the last event in a series of information seminars on the advanced concept of monitoring, evaluating, and updating strategic plans (April 17). The last seminar was attended by selected rural municipalities (35) of the northern region. The goal of the seminar was to present the concept, make local governments aware of the need to update the plans and focus on economic development, and invite local governments to apply for the status of pilot municipality to develop an updated strategic plan, focusing on local economic development. During the seminar, there were three aspects presented: the conditions for local economic development and how to address them (with illustration by practical examples), the elements of the system to monitor, evaluate and update strategic plans and how to ensure that the system becomes operational. At the end of the seminar, participating local governments received application forms to apply for the status of pilots and instruction how to fill it and submit.

DLGP selected four cities and two rural municipalities to serve as pilots for updating strategic plans based on 22 applications received and several site visits. Applications showed that municipalities are ready to move to the next stage of strategic planning. They realized that after implementing infrastructure-oriented strategic plans, it is now time to address the enabling environment for local economic development.

As a result of initial meetings with key stakeholders in each pilot municipality, each pilot has formed a Strategic Planning Council, and selected the council's Steering Committee and Secretary.

With DLGP assistance, Strategic Planning Councils in pilot municipalities held a workshop to begin to evaluate their existing strategic plan. During the first workshop, the participants evaluated the vision and mission of the plan. Working groups were formed to analyze each strategic goal. DLGP provided follow-up technical assistance to the working groups on preparing the evaluation report.

Two pilot municipalities held a second workshop to present the draft evaluation report of the existing strategic plan. In many cases, preparation work for the second workshop went late into the evening, demonstrating the commitment of the pilots. Participants worked in small groups to discuss each strategic goal and submitted their comments to the Secretary who will use these comments to finalize the evaluation report. The next step will be for the evaluation report to be officially presented to the local council.

Task 2.3. Asset Management Assistance

Eighty (80) city government officials participated in two asset management Regional Meetings presenting Kyrgyz best practices of municipal property management in Bishkek (April 27) and Osh (on May 3). Participants included heads of municipal property departments, mayors, vice-mayors, local council deputies and local mass media. By idea, the regional meetings are an opportunity for city officials to learn from one another, so with the exception of a presentation on international best practices of public-private partnerships (PPPs) the conferences involved presentations by the local officials:

- Two cities' experience with PPPs: Balykchi, Karabalta
- Four cities' experience with land management: Jalal-Abad, Osh, Karakol, Karabalta
- Two cities' experience managing "surplus" property: Bishkek, Nookat



The meetings were highly successful and participants called for more such meetings and field trips between cities.

The City of Karabalta set the standard for holding transparent and successful municipal land auctions. In March 2007 Karabalta City Administration announced through the mass media that it would hold its first auction of land plots. To be sold were six adjacent land plots, each 66 square meters. The auction was held on June 5, 2007 with 16 bidders. The bidders purchased the land for 470,000 som, which is 142,000 som more than the starting prices. Speaking before the auction, Mayor Anatoly Kim said "in conducting the auction the city aims to achieve three things. First, receiving the largest amount of funds to the budget. Second, providing for overall transparency in municipal property management. Third, developing the most favorable conditions for business". It can be said that the city achieved these purposes.



# of land plot	# of bidders	# of steps	Start price, in Som	Sale price, in Som	Difference between sale price and start price
1	3	8	54 800	95 000	40 200
2	3	3	54 800	70 000	15 200
3	2	3	54 800	70 000	15 200
4	2	3	54 800	70 000	15 200
5	3	4	54 800	75 000	20 200
6	3	7	54 800	90 000	35 200
TOTAL	16	28	328 800	470 000	141 200

In its turn, the City of Jalal-Abad held a tender to provide municipal land plots on lease terms or for ownership on May 31, 2007. Ten land plots were offered for sale and 9 for lease. The total amount offered by the winners was 543,634 Som to be paid to the City Budget for the proposed land plots, instead of the initial 448,791 Som. The City gained additional 94,843 Som to meet the community needs.

# of land plot	# of bidders	Area (square meters)	Start lease, in Som	Lease amount, in Som	Difference between lease amount and start lease
LEASE					
3	2	18,0	140	150	10
4	2	54,0	421	430	9
6	2	14,4	216	250	34
8	2	50,5	394	500	106
9	2	2 520,0	2 530	2 550	30
		2656,9	3 701	3 880	
SALE					
# of land plot	# of bids	Area (square meters)	Start price, in Som	Sale price, in Som	Difference between sale price and start price
1	2	175,0	37 730	49 049	11 319
2	2	120,0	28 340	32 540	4 200
3	2	11,5	4 370	5 250	880
4	2	70,0	17 500	20 125	2 625
5	3	340,0	79 900	103 900	24 000
6	2	40,0	6 400	8 540	2 140

7	2	700,0	122 500	140 500	18 000
8	2	210,0	59 850	68 850	9 000
9	2	300,0	88 500	111 000	22 500
		1966,5	445 090	539 754	94 664



The DLGP Asset Management specialist developed a case study based on the experience of the two auctions explaining how better preparation in Kara-Balta made for better results than in Jalal-Abad. The case study analyzes the preparation steps, implementation, and results and makes recommendations for municipalities in conducting their own auction. DLGP is also preparing a DVD showing excerpts from the auctions and interviews with bidders, the auctionist, and members of the land commission. The case study and DVD will be widely disseminated among partner municipalities.

DLGP trainers-consultants are completing consultations to partner rural municipalities on the first two training modules, Municipal Property Legislation and Inventory and Principles of Municipal Property Management. Included in the consultations were recommendations developed by DLGP specialists in response to the most frequently asked questions made during the trainings.

- procedures for legally recovering abandoned property
- legal registration of local community
- municipal property rights for infrastructure (e.g. water and sewage networks)
- definition of land plot borders

The table below provides a summary of the asset management consultations provided.

Cumulative Asset Management Consultations through June 30, 2007.

	Number of vil-lages	Number in the South	% of Total Southern Partner Mu-nicipalities	Number in the North	% of Total Northern Partner Mu-nicipalities
Total rural mu-nicipalities	136	25		111	
Consultations on first module	136	25	100%	111	100%
Consultations on second module	125	22	88%	103	92%

Based on nine applications received and follow up site visits, DLGP selected two cities to implement public-private partnership projects: Karakol and Uzgen. Both projects will involve a concession of a city park. Karakol and Uzgen are taking the first step to develop

detailed action plans of the projects and start to prepare municipal parks' legal and technical documents.

Task 2.4. Strengthening Locally Elected Councils

DLGP trained 240 local council members. Cumulatively since the beginning of the project, DLGP has trained 846 local council members. From April to May, 2007 UI continued training for rural and city municipalities on financial management and information exchange and citizen participation. Financial management training on the two level budget system was developed together with the Ministry of Finance and World Bank and consisted from two parts: 1-day course for heads of local government and chairmen of the budget commission of the local council and 4-day course for the heads and specialists of local financial departments. Training was delivered for all partner municipalities of Chui and Talas oblasts and for all 25 cities.



The third Topic on information exchange and citizen participation was delivered to all partner rural municipalities. In May 2007 UI started the first training for cities. Two-days training on all three topics on information exchange and citizen participation was conducted for two northern and two southern city cohorts. The third topic on asset management will be delivered for municipalities in September.



During the period April to June 2007, 240 local council deputies participated in trainings. A detailed breakdown of participation by local council deputies is shown in Table 6.

Table 6. Participation of Council Deputies in Mass Training

Training Module	Number of Trainings	Number of Council Deputies
Public Hearings and Other Public Meetings (for a/o)	25	64
Information Exchange, Citizen Participation in LG and Public Hearings and Other Public Meetings (for cities)	4	34
Financial Management	12	142
Total	41	240

In between the training Topics, trainer-consultants deliver consultations related to the home assignments, upon municipality requests. Consultations are held locally. Based on the most

successful examples of LSG activities, it is planned to hold a competition and conference “Best Practices of Local Self-Government”.



UI conducted Exchange Study Tour for city Councils. In the frame of Exchange Program announced by UI for municipalities three northern and four southern cities submitted applications for familiarizing with administrative procedures of Bishkek City Council. On June 14-15, 2007 representatives from Karakol, Naryn, Balykchi, Osh, Mailuusuu, Tashkumyr and Karakul took part in a two days seminar organized by Bishkek City Council. Each city team included the Chair of Council, the Head of apparatus/executive secretary and the Head of council budget commission.

The Agenda of the first day included a general presentation about Bishkek City Council made by the Head Mrs. Baibolova and presentations of nine sectoral commissions’ activity. The second day guests attended Bishkek City Council Presidium meeting where agenda and preparation for the next regular Council session were discussed. A central issue of the Study Tour agenda was budget formation and control on its execution which are of great importance after actual transfer to two-levels budget system. Besides, special time was devoted to familiarizing with administrative and operational procedures of Bishkek Council. UI presented for cities a Model on municipal budget procedures.



Task 3. Citizen Participation and Public Information Techniques

DLGP conducted training on public hearings and other public meetings from March 26 to April 6. Invited participants from each rural municipality included the mayor/council chair, responsible secretary, 2 council deputies and 2 community representatives were invited to the trainings. Eleven trainings were conducted with the participation of 214 people including 98 female participants, 14 mayors/deputy mayors, 34 local council deputies and 68 community representatives. The training covered advantages and disadvantages to holding various types of hearings, rules and procedures for holding hearings, recommendations on how to conduct successful meetings/hearings, as well as a section on various topics for public hearings.



DLGP held four 2 – day trainings /regional meetings for urban cohorts (in Bishkek, Osh, Jalal-Abad). The trainings were combined with an experience exchange program, in which 156 specialists—representatives of city councils, the mayor’s office, and city administration, had a chance to learn from one another. Officials from Karabalta, Tokmok, Karakol, and Uzgen made presentations on their experience with public information and citizen participation (PI CP).

Cumulative results of training on public information and citizen participation (January-June 2007)						
Training	Total number of participants	Deputies	LSG Heads or deputy heads	LSG specialists	Community representatives	Other
Public information and citizen participation, cities	156	34	13	56	33	20
Public information and citizen participation, villages	1 128	337	60	308	282	141
TOTAL Participants of PI CP trainings	1 284	371	73	364	315	161

Between trainings, DLGP provided 139 consultations on citizen participation and information issues, including those on public hearings. A total of 43 consultations were provided on public information (15 in the North and 28 in the South), 26 consultations were provided on citizen participation (16 in the North and 10 in the South), and 70 consultations were provided on public hearings (56 in the North and 14 in the South).

Consultations in general covered the following issues:

- 1) Design of PI CP plans
- 2) PI CP plans approval by local council or LSG
- 3) PI CP plan implementation
- 4) appointing and paying for the work of PI CP specialist (LSG staff member)
- 5) how to meet the requirements of the Kyrgyz law on access to information
- 6) how to prepare for and conduct public hearings, including budget hearings
- 7) more advanced mechanisms for citizen participation in local affairs.

Participating municipalities took concrete steps to increase public information and citizen participation. (78 rural municipalities designed PI CP plans). Following each training participants from rural municipalities received a “homework assignment”, which included the design of a Public Information and Citizen Participation (PICP) plan and its approval as a formal document by the local council or local executive body. As a result of training and consultations 78 rural municipalities designed PI CP Plans. Of these, 27 rural municipalities had their PI CP plan approved at council meetings and 9 rural municipalities had their PI CP plan approved through a directive by the executive body. Another concrete step taken increase PICP was the designation of a staff member responsible for PI and CP an action taken in 38 rural municipalities. In most municipalities, these responsibilities were added to a staff member with other responsibilities (co-execution), while in six rural municipalities they provided a possibility to provide one specialist to work exclusively on the enforcement of this law on PI and CP issues.

DLGP conducted interactive press-seminars for journalists from 20 newspapers, both to report on the results of the PI CP trainings and to obtain their recommendations on how local governments could improve public information. With the aim of helping mu-

municipalities to establish fruitful and mutually profitable relationships with mass media, DLGP asked participating journalists their thoughts on what hinders and helps effective communication between LSGs with mass media. Journalists recommended how to improve the quantity and quality of the information provided by LSGs to more effectively comply with requirements of the Law on Access to Information.



Recommendations by journalists to local governments:

Who?

- The LSG staff member responsible for PI should have the position no less than the director of a department to have more opportunities to gather and to provide information
- The mayor and council members should also frequently meet with the press
- More staff members should be authorized to communicate directly with the press
- It is a conflict of interest for the same person to serve as journalist and work as Public Information specialist for a local government

What?

- Regular updates – weekly or month reports on activities
- Information on future events - schedule of activities for the next week
- Drafts of resolutions before their acceptance/approval
- Agenda and participants of the meeting beforehand
- Invitations to working group meetings

How?

- In providing information to mass media, LSGs should be more specific and detailed. Particularly – contact information for a person, who can give the additional information or answer further questions
- Journalists prefer to obtain information from LSGs in writing (better in electronic format)
- Always invite journalists to participate in events, even if they cannot always come
- LSGs should improve internal information exchange.
- The local government’s Public Information specialist should maintain and regularly update a database of journalists,
- LSGs better provide information press-releases on both Kyrgyz and Russian languages, especially if the subject is rather complicated
- LSGs should provide feedback (positive or negative) to the press
- LSGs should not use Mass media as a PR mechanism of the head of LSG

DLGP conducted a focus group with selected rural municipalities to identify challenges and training needs for PI/CP implementation



Upon completion of mass trainings and consultations to rural municipalities, DLGP organized a focus group with the most active rural municipalities to discuss PI CP implementation issues. Fourteen representatives of AO discussed and determined the list of practical challenges in implementation of the law on access to information.

Challenges

- There are no job descriptions for a PI CP specialist, no position in the local government staff structure, and no separate line item in the budget for PI and CP.
- Outside of DLGP materials, there are no training materials in this area. In particular what is needed is better understanding of the Law on Access to Information, how to make information accessible, and the duties of a PI CP specialist.
- Internal informational exchange is very poor in many village and town municipalities
- A serious problem for local governments is obtaining information from state bodies. Information is provided reluctantly, with delays and sometimes, unexplained refusals. Many regional state bodies do not recognize the local government's right to obtain this information.

Training needs

- The rights and obligations of a specialist on PI and CP.
- How to obtain necessary information from the state bodies.
- Creating and managing municipal websites.
- Creating and operating an information center.
- Publishing a municipal informational bulletin

Based on the trainings, consultations, focus group and press seminar, DLGP developed a report with recommendations on further PI CP improvement. The report summarizes current PI CP practices and recommendations on how to further improve and institutionalize PI CP. This report will be distributed among stakeholders, including Kyrgyz national partners, municipalities and the donor community.

Winner of the Best Practices Grant Competition for cities selected. DLGP received 11 applications from 7 cities. The selection committee, with representatives from DLGP, Association of Cities, Agency for Local Self-Government Affairs, UNDP, and World Bank, evaluated applications based on set criteria and decided to award the first prize to Karakol for the Municipal Advisory Group. (For a description of the municipal advisory group, see the success story included in the previous quarterly report.) The Committee decided not to award a second prize, nor runner up prizes in full. All cities that applied (Balykchi, Tokmok, Karabalta, Shopokov, Jalalabat and Mailuu-Suu) will receive computers for further development of their best practices with a condition of co-funding (purchasing and installation of software). The unused prize pool (approximately 100, 000 Kyrgyz soms) will be allocated to the 2008 Best Practice competition. DLGP will provide training and technical assistance to the winner on competitive procurement of works to be co-funded by the grant.

Winners of the Best Practices Grant Competition for villages selected. DLGP received 17 applications from 13 rural municipalities. The selection committee, with representatives from DLGP, Association of Villages, Agency for Local Self-Government Affairs, UNDP,

and World Bank, evaluated applications based on set criteria and decided to award the first prize to Savai (Osh oblast) for its partnership with the local community. Second prize was awarded to Frunze (Chui oblast) for their Public Information and Citizen Participation practice. The Committee decided also to award runner up prizes to 8 rural municipalities: Uzun-Kyr, Baitik, Ken-Bulun Ivanovsk Logvinenko and Tulek (Chui oblast), Avletim (Jalalabad oblast), and Kotormo AO (Batken oblast). DLGP will provide training and technical assistance to the winners on competitive procurement of works, goods and services to be co-funded by grants.

Local NGOs have conducted the Citizen Satisfaction Survey in all 25 cities and DLGP specialists are currently writing up survey results. DLGP conducted trainings for the competitively selected NGOs. The trainings covered the purpose of the survey and how to draw a random representative sample of districts, households and individuals within the household. Once reports for all individual cities and a general one for the country is ready DLGP will present the results to each city on an individual basis.

IV. Significant Meetings/Special Events

Parliamentary hearing on the draft local government law. May 30 (Bishkek), June 13 (Osh). Anarbek Ismailov presented expert testimony and Clare Romanik and Asel Bektenova attended.

Three national parliamentarians of the Kyrgyz Republic, Mr. Tekebaev, Mr. Masaliev, Mr. Mamyrov, May 16. Clare Romanik, Asel Bektenova, Anarbek Ismailov, met with national parliamentarians regarding the need for a new local self-government law.

Parliament deputies A. Beknazarov, I. Masaliev, O. Tekebaev, T. Sariev, several meetings. Anarbek Ismailov met with the deputies on the draft law on local self-government. The deputies supported the draft law developed by Mr. Ismailov and submitted it to the Parliament in their own name with some modifications.

Deputy Minister of Finance of the Kyrgyz Republic, Mr. Arzyrbek Kojoshev, May 22. Clare Romanik, Hilary McLellan and Emil Abdykalykov met with Mr. Kojoshev to discuss the 2007 fiscal decentralization plan prepared by Ministry of Finance and participation of Ministry of Finance officials in a decentralization study tour to Latvia.

Head of division of the intergovernmental finance policy, Mr. Kalkanov, June 28. Ivan Apanasevich (USAID), Clare Romanik and Emil Abdykalykov met with Head of division of the intergovernmental finance policy Mr. Kalkanov to discuss the implementation of the fiscal decentralization reforms in the Kyrgyz Republic.

Head of division of the assessment of the revenues of local budgets, Mr Aliev, June 14. Clare Romanik and Emil Abdykalykov met with Head of division of the of the assessment of the revenues of local budgets, Mr Aliev to discuss piloting the transfer of tax collection authority to local governments.

Head of the Parliament Committee Department, Aida Salianova, several meetings. Anarbek Ismailov met with Ms. Salianova to finalize the draft law “On Local Self-Government” and to organize the Parliamentary Hearing and Roundtable.

Parliament deputy R. Mamirov, Head of Parliament Committee Department A. Salianova, National Agency for Local Self-Government Secretary of State, B. Fattahov, and Deputy Director M. Bakirov, May 2, 18. Clare Romanik, Anarbek Ismailov met with key policymakers and other donors (UNDP, EU) on introducing and holding a parliamentary hearing on a new local government law.

National Agency for Local Self-Government Director, B. Bolotbekov, Deputy Director M. Bakirov, and Deputy Head of State Service and Regional Development N. Davidov, several meetings. Anarbek Ismailov met with government officials to respond to their concerns about the draft local government law supported by Parliament deputies.

V. Deliverables and Reports

Reports

Results of the PI CP training and Recommendations on Improving PI CP Performance Monitoring Plan

Case Studies

Case study based on exchange study tour for city council deputies

Case study on how to conduct an auction based on the experience of Karabalta and Jalal-Abad

Publications

Basics of Local Self-Government in Kyrgyzstan (Kyrgyz edition), by A.O. Kojoshev and K.B. Shadybekov.

Brochure on new two-level budget system

A Citizen's Guide to the Budget

Newsletter April – June 2007

Training Modules

Information Exchange between Local Governments and the Population and Citizen Participation in Local Government (for cities)

Laws

Draft Law on the Local Self-Government (as developed with Parliament deputies)

Other

Recommendations to the most frequently asked questions from rural municipalities on municipal property issues

Comments for Ministry of Finance on Budget Circular for 2008 budget cycle

VI. Performance Monitoring and Gender Reporting

DLGP Output and Gender Reporting (cumulative)				
DLGP activity	% of partner municipalities participating	Number of participants	Number of female participants	# of council deputies participating
Basics of Local-Self Government training	72.4% of ayil okmotu	346	139	163
Training to implement two-level budget system	78.3% of ayil okmotu and 92% of cities	392	216	26
Training on municipal property legislation	85.8% of ayil okmotu and 100% of cities	423	149	119
Training on principles of municipal property management	70.2% of ayil okmotu and 20% of cities	357	136	89
Training on public information	76.8% of ayil okmotu and 96% of cities	554	219	124
Training on citizen participation	78.4% of ayil okmotu and 100% of cities	410	157	84
Training on public hearings	68% of ayil okmotu and 100% of cities	272	121	48
Exchange study tour to Bishkek city council	32% of cities	20	2	13
Strategic planning seminars	35.8% of ayil okmotu and 100% of cities	123	41	0
Asset management regional meeting for cities	100% of cities	58	19	9
TOTAL		2,955	1,199	675

VII. Programmatic and Operational Update

Hilary Mclellan announced she will leave the project on July 3. An intensive search for a new advisor is underway.

Azamat Orozbekov joined the project as Strategic Planning Specialist on May 10.

VIII. Staff Travel Chart

Employee	Travel in Past Quarter
Romanik (CoP)	4/16 – Osh; 5/2 – Osh; 6/28 – Shopokov
Mclellan (DCoP)	4/16 – Osh; 5/2 – Osh; 5/4-8 – Istanbul; 5/31 – Jalalabat 6/19-20 - Karakol, Cholponata, Balykchy
Chmura (RA)	5/4 -8 – Istanbul; 5/16-17 – Osh; 5/28 – Karabalta; 5/30-31- Osh, Jalalabat, Kochkorata, Mombekov; 6/1 – Belovodskoe; 6/6 – Belovodskoe; 6/7-8 – Karakol; 6/11-15 – Jalalabat, Kochkorata, Mombekov; 6/19 – Karabalta; 6/22 – Belovodskoe; 6/24-26 – Osh, Jalalabat;

	6/28-29 – Karakol; 7/2-6 – Kochkorata, Mombekov; 7/11 – Belovodskoe; 7/16-19 – Jalalabat, Kochkorata, Mombekov
Juliana Pigey (TDY)	4/11-4/12 - Bishkek
Abdykalykov (Municipal Finance)	4/19 – Kant, 4/26 – Lebedinovka, 6/1 – Osh, 6/12 – Saylyk, 6/18 – Osh, 6/26 – Kara-Balta
Akmatov (Land Specialist/Osh Representative)	4/3 – Nookat; 4/4 – Kadamjai; 4/10 – Karasuu; 4/12 – Lenin; 4/13 – Nookat; 4/16 – Nookat; 4/19 – Karasuu; 4/20 – Lenin; 5/8 – Kotormo; 5/10 – Kadamjai; 5/11 – Lenin; 5/16 – Avletim; 5/17 – Kyzyltuu; 5/31 – Jalalabat; 6/13 – Bishkek; 6/14 – Karabalta; 6/19 – Tashkumyr; 6/20 – Mailuusuu; 6/21 – Kochkorata; 6/22 – Uzgen; 6/25 – Kyzylkiya; 6/29 – Kotormo
Orozobekov (Strategic Planning)	5/16-17 – Osh; 5/28 – Karabalta; 5/30-31- Osh, Jalalabat, Kochkorata, Mombekov; 6/1 – Belovodskoe; 6/6 – Belovodskoe; 6/7-8 – Karakol; 6/11-15 – Jalalabat, Kochkorata, Mombekov; 6/19 – Karabalta; 6/22 – Belovodskoe; 6/24-26 – Osh, Jalalabat; 6/27-29 – Karakol; 7/2-6 – Kochkorata, Mombekov; 7/11 – Belovodskoe; 7/16-19 – Jalalabat, Kochkorata, Mombekov
Bektenova (Executive Officer)	
Dobretsova (Publications and Information Dissemination Specialist)	4/2-5 – Osh, Nookat, Usgen, 4/26 – Tokmok, 5/8 – Ken-Bulun, Ivanovka, 5/10 – Tokmok, 5/20-24 – Osh, 5/23 – Jalalabat, 6/5 – Kara-Balta, 6/12-13 – Issyk-Kul,
Gradwal (Citizen Participation Specialist)	5/6 – Osh
Ismailov (Legal Specialist)	5-6/13 – Osh
Mairambekov (Osh Coordinator)	4/3 – Nookat; 4/4 – Kadamjai; 4/6 – Bishkek; 4/11 – Suzak; 4/12 – Nookat; 4/13-14 – Kadamjai; 4/23-25 – Aksy; 5/6-7 – Nookat; 5/16-19 – Bishkek; 5/22-24 – Jalalabat; 5/29-31 – Aksy; 6/5-7 – Suzak, Aksy, Nookat; 6/25-27 – Aksy; 6/29 – Mailuusuu; 7/1-3 – Bishkek; 6/5 – Kadamjai; 6/16-18 - Bishkek
Mambetova (Legal Specialist)	
Naruzbaeva (Asset Management)	4/ 16 – Osh, Nookat, 5/2-3 – Osh, 5/8, 17 – Karabalta, 5/21-31 – St-Petersburg, 6/5 – Karabalta, 6/19-20 – Karakol, Cholponata, Balykchy

IX. Project Challenges and Constraints

Cities are having difficulty in obtaining information on municipal land from the State Register and State Architecture Department (Task 2.3: Asset Management Assistance). According to the workplan, DLGP should provide intensive technical assistance to Osh, Karabalta and Cholponata cities to develop Land Management Strategies. However, at the moment these cities are having problems in receiving land information from the State Registry and State Architecture Department. The main part of the Land Management Strategy is classifying open land plots according to future use. DLGP anticipates that the mayors of these cities will find a way to get this information soon and to continue development of the Land Management Strategies.

On their own initiative, eight city councils discussed the creation of a union of local councils during the exchange study tour for city council representatives to the Bishkek City Council. Representatives from each of the participating city councils expressed their support for such an entity because none of the three current local associations effectively represent them. The Association of Municipalities does not have an elected head, but is headed by the Head of the National Agency for Local Self-Government Affairs and therefore cannot be considered in-

dependent. The Association of Cities and the Association of Villages are aimed at the executive branch of local government, not the local council. The participating councils agreed that such a union should serve all local councils for both cities and rural municipalities. A group was formed from the study tour participants to take the first step in developing a draft Charter for a Union of Local Councils.

As described in the previous quarterly report, the resignation of the strategic planning specialist and DLGP's mass training have interfered with the planned strategic planning activities and slowed down implementation. It was impossible to schedule strategic planning seminars with partner rural municipalities in early spring because of the intensive schedule of DLGP mass training (in basics of local self-government, asset management, public information and citizen participation, budgeting and financial management) that fully occupied all time they could be away from their office. The mass training schedule was intentionally compressed knowing that representatives from rural municipalities would have trouble participating during the agricultural season; the strategic planning team is facing this problem too. Finally, the strategic planning team refined the approach to monitoring, evaluating, and updating the strategic plan so that it requires more time for implementation. The municipalities' previous plans were mostly focused on infrastructure, while the updated plans will focus on local economic development. This shift in focus could not be achieved through a simple updating process and requires a full strategic planning process with appropriate analysis. Therefore, the timeframe for direct assistance to the six pilot municipalities has been adjusted. Instead of being completed in September as originally envisioned, it will be completed at the end of the year.

X. Task Chart

ACTIVITY	RESULTS IN APRIL-JUNE 2007	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"> Alternative draft Law on LSG was developed. Parliament deputy Beknazarov officially presented it. Due to Parliament summer recess draft law will be submitted for Parliament consideration in the fall of 2007 	<ul style="list-style-type: none"> Study tour on functional assignments and targeted grants (July)
<i>Support to the Municipal Associations (Task 1.2)</i>	<ul style="list-style-type: none"> No activity 	<ul style="list-style-type: none">
<i>Assistance to Implement Intergovernmental Fiscal Reform (Task 2.1)</i>	<ul style="list-style-type: none"> TA on public budget hearings provided to 15 urban and 9 rural partner municipalities Joint comments and recommendations with World Bank for Ministry of Finance based on results of the financial management training were provided Comments on the budget circular for 2008 budget cycle were provided to the Ministry of Finance Citizen's Guide to Budgets in Russian and Kyrgyz edited and published Brochure on 2-level budget system in Russian and Kyrgyz edited and published 	<ul style="list-style-type: none"> Additional TA on financial management training launched Analysis of first results of the fiscal decentralization reforms: winners and losers after transition
<i>Assistance in Implementation of Strategic Plans (Task 2.2)</i>	<ul style="list-style-type: none"> Regional information seminar for selected northern rural municipalities to present the revised approach for strategic planning conducted Application process and selection of pilots to implement systems of monitoring, evaluating and updating strategic plans completed Direct assistance to 6 pilots to implement systems of monitoring, evaluating and updating strategic plans provided 	<ul style="list-style-type: none"> Further direct assistance to 6 pilots to implement systems of monitoring, evaluating and updating strategic plans
<i>Asset Management Assistance (Task 2.3)</i>	<ul style="list-style-type: none"> Two asset management Regional Meetings were conducted on Best Practices of Municipal Property Management in Cities in Bishkek and Osh The Karabalta city started to sell municipal land plots through competitive procedures The City of Jalal-Abad held a tender to provide municipal land plots on lease terms or for ownership 	<ul style="list-style-type: none"> Intensive TA on AM to 10-12 municipalities (July-August) Revise the toolkit for rural municipality (August –September) Intensive TA to Karakol and Uzgen cities on implementation of public-private partnerships (July – September) Training on Land Management and Competitive Procedures for rural municipalities (September) Intensive TA to Osh, Cholponata and Karabalta to develop

	<ul style="list-style-type: none"> • Case study on improved asset management practices was developed on the base of Karabalta and Jalalabat auctions • DLGP selected two cities to implement public-private partnership projects: Karakol and Uzgen • DLGP trainers-consultants are completing consultations to the partner rural municipalities on two training modules • DLGP specialists summarized the most frequently asked questions from rural municipalities and developed recommendations 	<ul style="list-style-type: none"> • land management strategies • Intensive TA to Balykchy city to inventory of municipal lands
<i>Strengthening Locally Elected Keneshes (Task 2.4)</i>	<ul style="list-style-type: none"> • Training on financial management and citizen participation and information completed (April) • Exchange Study Tour for city kenesh deputies 	<ul style="list-style-type: none"> • Pilot keneshes selected for intensive TA (on-going)
<i>Citizen Participation and Public Information Techniques (Task 3)</i>	<ul style="list-style-type: none"> • Trainings on Public hearings conducted in all rural and mixed cohorts • 4 2 – day trainings – regional meetings for urban cohorts conducted (2 in the South and 2 in the North) • Winners of the Best Practice Competition for villages selected • Winners of the Best Practice Competition for cities selected • Two (2) Survey trainings for the competitively selected NGOs conducted • Citizen Survey field works conducted • Press-seminars on Public Information and Citizen participation mass trainings for SME representatives of the Northern and Southern parts of Kyrgyzstan conducted • Technical assistance/consultation to the rural municipalities on PI and CP issues, including such on public hearings provided • 78 rural municipalities designed PI CP plans, 38 rural municipalities assigned a staff member to be in charge of PI CP issues • Focuss group for selected rural municipalities on PI/CP implementation conducted • DLGP designed a report and recommendations on further PI CP improvement 	<ul style="list-style-type: none"> • Procurement training for the Best Practice competition winners (July) • Grants allocation and monitoring • Procurement and delivery of equipment to the cities – Best Practice Competition participants (July) • Survey data aggregated, analyzed, reports designed and presented to the cities on an individual basis (July – August) • Support to Regional Housing associations to conduct round table meetings on communal services (July – August) • Press-sessions on Public Budget Hearings for SME representatives of the Northern and Southern parts of Kyrgyzstan

ANNEX 1 – SUCCESS STORY

Land for entrepreneurs; income for the city



USAID
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KYRGYZ REPUBLIC

SUCCESS STORY

Land for entrepreneurs; income for the city

A transparent public auction of municipal land gives entrepreneurs an opportunity to start their own business.



Rozakhan Amantayeva (#11) competes with other citizens of Karabalta to purchase a municipal land plot.

“In conducting the auction the city aims to achieve three things. First, receiving the largest amount of funds to the budget. Second, providing for overall transparency in municipal property management. Third, developing the most favorable conditions for business.” Anatoly Kim, Karabalta Mayor.

The USAID Decentralization and Local Government Program is working to transform the sale and lease of municipal land into a transparent and efficient process that provides needed income to the city and opportunity to regular citizens to own commercial land and start a business. In June, the city of Karabalta set the standard for holding transparent and successful municipal land auctions.

Following the auction Rozakhan Amantayeva said “Having bought land from the city, I received the opportunity to open my own business, which will be a source of income for my family in the future. The purchase method – through an auction – allowed me to be confident that this was an undisputed, absolutely legal deal. I am not risking by putting my money into this land, because I know that I am the genuine owner and the city was a conscientious seller. My family is very happy that I have become the owner of a land plot, now we look to the future with plenty of optimism. The auction itself went fairly, whoever offered more money became the land owner.”

The success of Karabalta’s auction can be attributed to several factors. First, the city had conducted an inventory of its land to identify land appropriate for commercial use and ensured clear and free title of the land up for auction. It subdivided a large land plot into six, registered these with the City’s Architecture Department, and had an independent commission appraise their value, which became the starting price in the auction.

Second, it maximized transparency by broadly advertising the auction with help from a marketing specialist months in advance, and by hiring a professional auctioneer to run the auction. He ensured that all participants and the land commission overseeing the auction were clear on all rules before the auction began. Observers were welcome.

Sales revenues from the six small land plots are almost 1 per cent of the city’s 2006 annual budget. The highly contested auction meant that the sales prices ranged from 28% to 73% higher than the starting price.

July 2007