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URBAN INSTITUTE CENTER ON INTERNATIONAL DEVELOPMENT AND GOVERNANCE

## Overview of Impact

The Urban Institute

2009

### 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**

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# USAID Decentralization/Local Government Program in the Kyrgyz Republic Implemented by the Urban Institute

## 1. Executive Summary

USAID's investment in Kyrgyzstan through the Decentralization and Local Government Program (DLGP) accomplished the following:

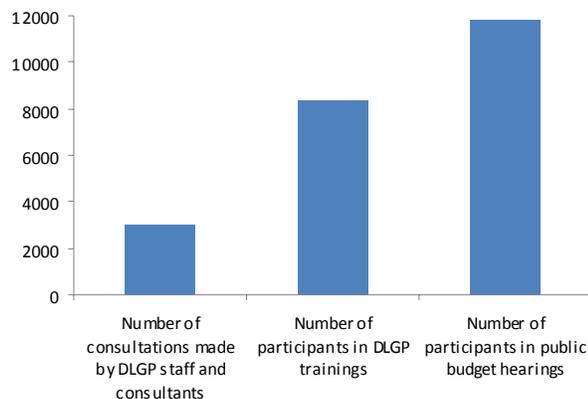
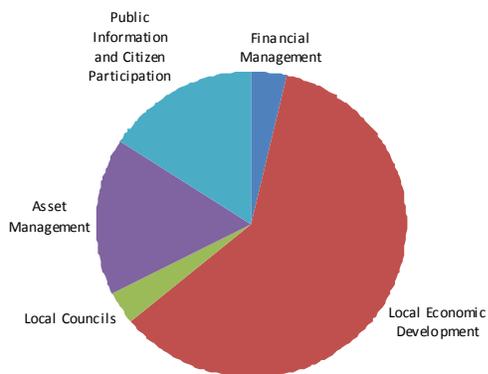
- broadened democracy and instilled democratic principles throughout the country;
- built capacity of local self-governments (LSGs) to effectively manage their resources while transparently providing municipal services;
- increased responsiveness of LSGs to needs and priorities of their citizens; and
- improved capacity of LSGs to manage local economic development and created awareness of the role of local initiatives in the country's overall economic development.

Through its work at both the national and local levels, DLGP's activities directly addressed USAID's program areas of:

- Democratic Governance, and
- Economic Growth

DLGP worked with all 25 cities and in 135 partner rural municipalities (*ayil okrugs*-AOs). On several occasions at the request of the National Agency for Local Self-Government Affairs, DLGP made program materials available to all LSGs in Kyrgyzstan – a total of 484. Over the life of the project, DLGP organized three national-level Best Practices Conferences, provided training to 8,377 participants, and conducted 3,035 individualized consultations to local self-governments. Knowing that "seeing is believing," DLGP facilitated 21 experience exchanges, including 14 internal study tours, four study tours to Europe (Latvia, Serbia, and Poland), and three study tours to the United States.

**Figures 1 and 2: Number and Types of Consultations and Trainings**



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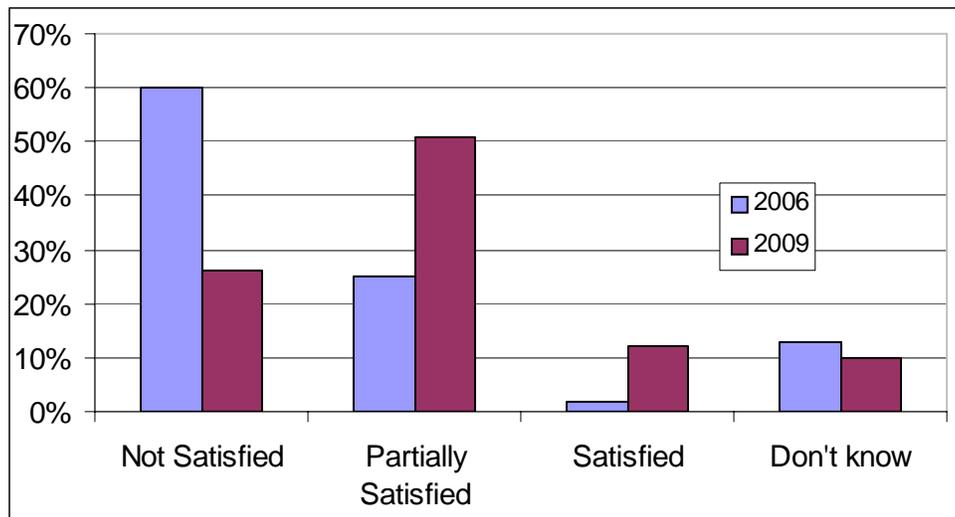
DLGP provided 96 in-kind grants that improved municipal services, promoted economic development, increased efficiency of LSG operations, helped connect local governments with their citizens, and improved conditions for children at school and play. The grant program also allowed LSGs to institutionalize best practices for local self-government operations and provided resources to help LSGs to be more effective in achieving their goals.

Annual household surveys in all 25 Kyrgyz cities show that from 2006 to 2009, the share of citizens who are either “satisfied” or “somewhat satisfied” with the performance of their city government increased two-and-a-half fold - from 27% in 2006 to 67% in 2009. Conversely, the percentage of citizens who reported that they were “not satisfied” with local government decreased from 60% to 26% during the same time period.



Water technician using leak detector provided by DLGP.

**Figure 3 – Citizen Satisfaction with LSGs – 2006 and 2009**



Equally impressive, when citizens rated specific municipal services, they expressed increased satisfaction with 16 out of 18 services. This is the result of many interconnected factors including effective intergovernmental fiscal reform that allows LSGs to make expenditures based on citizen priorities and increased accountability of the executive to the representative branch and of both branches to their citizens.

## 2. The Decentralization Process

### ***Kyrgyzstan Advances toward Principles of the European Charter on Local Self-Government***

Without a national framework of laws and practices in place to support effective local government, efforts to improve infrastructure, social services, and economic development on the local level will be unsustainable. To operate in an environment where they can be successful over the long term, local governments have three primary needs:

- political autonomy, so that local officials can be responsive primarily to local rather than national concerns;
- administrative autonomy, so that local governments have the legal authority they need to execute their functions; and
- financial autonomy, so that local governments have access to the financial resources they need, such as local tax revenue, to execute their functions.



Chairs of Kyrgyz and Latvian Associations of Municipalities Signing a Memorandum of Cooperation

In Kyrgyzstan, DLGP has had substantial success in creating a policy framework underpinning these three determinants of local government independence and effectiveness. Over the past three years, DLGP accomplished the following:

- preserved local taxes in the new Tax Code, by providing commentary on drafts of the Tax Code and organizing an unprecedented meeting between Parliament deputies, representatives of the Ministry of Finance, officials of the State Tax Inspectorate, and representatives of local governments from all regions of the country. DLGP also successfully carried forward the fiscal decentralization work under the predecessor program.
- increased local administrative autonomy by persuading government policymakers that local governments must be able to function independently. This resulted in clear delineation of functions that are exclusively within local government jurisdiction, in the 2008 Law on Local Self-Government and Local State Administration (LSG/LSA).
- counterbalanced recent re-centralization efforts by increasing local government accountability to citizens, by institutionalizing mechanisms such as public budget hearings and strengthening council oversight. DLGP also helped persuade the

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National Agency on Local Self Government to allow independent leadership of the Kyrgyz Association of Municipalities.

Equally important as the overall framework for decentralization is having commensurate authorities assigned to LSGs. During DLGP, six local government authorities were introduced or clarified and an additional two were partially realized, as set out in the table below.

<b>Table 1: Local Government Authorities in Kyrgyzstan</b>	
<i><b>New or clarified local government authorities</b></i>	
1	Hire other bodies and organizations to execute exclusive LSG functions and authorities related to providing services to residents; (LSG/LSA Law)
2	Hire and fire, transfer to other jobs and train staff; (LSG/LSA Law)
3	Implement steps for the purpose of economic development, unless these activities are inconsistent with State economic policy; (LSG/LSA Law)
4	Independently incur expenditures related to exercising its exclusive functions; (LSG/LSA Law, Budget Principles Law)
5	Introduce local taxes and fees (Constitution, Tax Code)
6	Issue regulatory and other acts binding on all legal entities and individuals within its jurisdiction (Law On Regulatory Acts, #241, July 20, 2009)
<i><b>Partially realized local government authorities</b></i>	
7	Access to information at the State Registry Agency (draft Law On State Registration of Real Property Rights and Transactions with Real Property)
8	Establish local government structures (in practice, LSGs have created LED sectors; Parliament and NALSG have publicly stated that they do not oppose this, but what remains to be done is clarify the recommendatory nature of the Model Structure specified by Government Resolution)

DLGP identified, provided analysis and increased awareness of two other important authorities that should be the focus of future efforts to further LSG reform:

- Determine salaries, compensations payable to employees of municipal bodies and units;
- Collect local revenues and enforce compliance with local tax and fees and administrative fines.

Some of these achievements are the direct result of DLGP-organized opportunities for LSGs

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to advocate directly for their interests. Opportunities for advocacy included roundtables with Parliament’s Committee on Regional Development and Local Self-Government, the Presidential Administration, Ministry of Finance, Ministry of Economic Development and Trade, and State Registry Agency. The positions of LSGs were presented on issues including the draft Tax Code, support for local economic development initiatives, and problems with municipal property registration.

Finally, DLGP instituted a new initiative for training judges (54 trained) and prosecutors (24 trained) to ensure proper interpretation of legislation affecting local government. DLGP provided a training-of-trainers for the National Judicial Training Center so that the Center could incorporate the training module into its regular training courses.

A good measure of Kyrgyzstan’s progress in decentralization is the extent to which it complies with provisions of the Council of Europe Charter of Local Self-Government, the international standard for an effective local self-governance framework. During DLGP, Kyrgyzstan came much closer to meeting the requirements of the Charter, which requires compliance with 20 of 30 paragraphs, including 10 of the 14 core paragraphs. As of 2009, Kyrgyzstan was in compliance with 10 of the 14 core paragraphs. Furthermore, the number of paragraphs for which Kyrgyzstan was strictly “not in compliance” fell from 18 to 3.

Grade	2006 (baseline)	2007	2008	2009
√ in compliance	12 (9)	15 (10)	17 (9)	17 (10)
X not in compliance	18 (5)	12 (2) *	8 (3)	3 (1)
≈ somewhat in compliance	0 (0)	3 (2)	5 (2)	10 (3)

\* Compliance with a minimum of 20 paragraphs and 10 core paragraphs is the standard for a country to be considered compliant with the Charter. Core paragraphs are shown in parentheses.

### **3. Municipal Finance**

#### ***Local Governments Take Control of Local Budgets***

DLGP provided support for intergovernmental finance reform while also working directly with its local government partners to build their capacity to create and manage their budgets, administer taxes, and consult with their residents on budget priorities. This work built on previous USAID projects that helped put in place the legislative framework for intergovernmental fiscal (IGF) reform. In 2007, DLGP helped push forward the twice-delayed reform by helping to assure Parliamentary deputies that local governments would be prepared for the reform because DLGP, in cooperation with the Ministry of Finance and ARIS (Kyrgyzstan’s Community Development and Investment Agency), would provide

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budget training throughout the country. DLGP also convinced journalists that the reform would be beneficial and would not result in chaos, thus changing the tone of their reporting while this issue was debated in Parliament.

Intergovernmental fiscal reform has had remarkable success in strengthening fiscal autonomy. Data shows that both own revenues and discretionary expenditures have almost tripled. Own revenues, which are comprised of tax and non-tax revenues, increased in 2007 because of two factors: improved collection efforts and improved distribution of revenue sources. However, the increase in 2008 can be explained by improved collection alone. Cities and rural municipalities located near cities in particular benefited most from the reform as they have the highest revenue-generating potential. Even in 2009, the first full year of a worldwide economic crisis during which most cities even in highly developed economies suffered decreased revenue, cities in Kyrgyzstan increased their own revenues. In 2009, the available sample of rural municipalities showed a decrease in own revenues, although they had an increase in tax revenues.



Public Budget Hearing

For these rural municipalities, non-tax revenues such as special means (charges for service provision), revenues from leased land from the Land Redistribution Fund, and state duties all dropped significantly in 2009.

Discretionary expenditures are those expenditures that local governments can freely spend as they see fit. Increases in discretionary expenditures means that local governments can improve municipal services, repair roads and schools, and undertake other activities that are priorities of their citizens, as opposed to what is dictated by a higher level of government. The fact that discretionary expenditures increased each year helps explain why city residents report improvements in 16 out of 18 services in the past three years. (One of the services that did not improve – street lighting – was beyond LSG influence due to shortages of electric power and the centrally-imposed requirement to turn off the lighting.)

One fundamental of IGF reform is the independent local budget. Local governments had the most independence in 2007, when only one out of five reported interference by Ministry of Finance regional offices when preparing the draft local budget. In 2006, almost all local governments reported interference. In 2009, less than half reported interference.

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The Ministry of Finance regional offices apparently still feel compelled to provide control figures for either municipal revenues or expenditures. Both cities and rural municipalities report increased control in the past two years, but rural municipalities are more than twice as likely to report interference.

Increases in reporting interference may result not only from recent re-centralization efforts, but also an increase in LSG awareness of their right to shape their own budgets and allocate for local priorities. This increased awareness could result in more LSGs reporting interference where previously they simply did not acknowledge that the interference was happening.

***“Without local taxes, there is no local initiative.”*** This remark was made by a local government representative during a roundtable organized by DLGP with the Parliamentary Committee on Regional Development and Local Self-Government on the new Tax Code. DLGP worked closely with other donors and with the National Agency for Local Self-Government Affairs, Ministry of Finance, and Parliament to ensure that local taxes would not be eliminated in the new Tax Code. When the Tax Code introduced the property tax as a local tax, DLGP trained local governments regarding the tax and helped them develop a public information campaign to explain it to citizens to counteract misconceptions about how local governments would use revenues from the tax.

With local taxes clarified in the new Tax Code, DLGP provided local governments with a tool to help them with local tax administration. DLGP adapted the computerized administrative database *Berkut*, which contains household, property and land data that are collected by rural municipalities. The program was originally designed to issue forms for village residents required to sell livestock, obtain social welfare benefits, and numerous other activities. DLGP made *Berkut* bi-lingual (Kyrgyz and Russian) and added a module for municipal finance staff to use the data to calculate tax obligations. *Berkut* can also bring transparency to tax collection efforts because the program includes an option to show/print the calculation of immovable property tax obligations with all parameters in a format that is understandable to the taxpayer. Other advantages of utilizing a computerized database include improving the accuracy of the data and allowing staff to update the database frequently and easily.

Several DLGP efforts focused on helping local governments manage their budgets. Before IGF, they had not prepared their own budgets, and indeed had little skill in budget preparation. In the project's first year, DLGP provided training to both financial department staff (at a detailed level) and local government leaders (covering principles) on how to prepare the budget according to the new budget system. In the project's next year, DLGP focused on assistance to make financial management more efficient by providing training in Excel for rural municipal financial staff, many of whom had never before worked on a computer. In the third year, DLGP continued training and organized a regional network of Excel consultants that partner municipalities could access on demand to answer questions

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that surfaced during their work. Financial staff from rural municipalities reported that working by computer improved accuracy of their work and greatly reduced time spent on routine tasks, such as calculating monthly salaries. They also used computers to produce budget analyses, including budgets-in-brief for dissemination to citizens.

<b>Table 3: DLGP Strengthens Local Governments Financial Management</b>		
<b>Year One</b>	<b>Year Two</b>	<b>Year Three</b>
<p>225 financial department staff trained on how to implement their budget according to new budget system.</p> <p>151 local government leaders trained on principles of new budget system</p> <p>DLGP publishes <i>Citizens' Guide to the Budget</i></p> <p>33 rural municipalities conduct a public budget hearing</p>	<p>157 financial department staff (97 LSGs) trained in Excel – in many cases, this is first time they work with a computer</p> <p>DLGP modifies <i>Berkut</i> program so that it can be used for local tax administration</p> <p>1,529 citizens receive training to become more informed budget hearing participants</p> <p>99 rural municipalities conduct a public budget hearing</p>	<p>154 financial department staff (89 LSGs) trained in Excel and 41 LSGs obtain Excel consultations through regional network</p> <p>21 LSGs trained on <i>Berkut</i> for tax administration</p> <p>153 LSGs trained on new property tax</p> <p>104 rural municipalities hold a public budget hearing</p>

USAID had supported public budget hearings in Kyrgyzstan for many years, but DLGP was the first program to extend this support to rural municipalities. During the course of DLGP, more rural municipalities took the bold step of conducting a public budget hearing. Most encouraging was that winners of the DLGP Participatory Budgeting Competition invited other rural municipalities to attend their public budget hearings so that others could learn from their experience. In Year 2, DLGP provided training on the budget process for council members, citizen groups, and NGOs - more than 1,500 citizens – to enable them to become more informed budget-hearing participants. The annual DLGP Participatory Budgeting Competition encouraged local governments not only to hold public budget hearings, but to make sure that citizen input is reflected in the revised budget after the hearing. From 2006 to 2009, the number of DLGP partner rural municipalities that published budgets-in-brief and held public budget hearings more than tripled.

#### 4. Local Economic Development

***LSGs and the private sector work together to increase investment and create jobs***

Local economic development (LED) represents a new phase for local self-government in Kyrgyzstan and DLGP's successful work with 12 pilot municipalities has shown Kyrgyzstan's leaders – including the Ministry of Economic Development and Trade and Parliamentary Committee on Regional Development and Local Self-Government - that the country's overall economic development depends to a large extent on local initiative. Local leaders also understand the need to manage LED and to increase their capacity to do so. Pilot municipalities analyzed both their economic potential in specific sectors and the obstacles faced by local business. Based on this information they created strategic plans with realistic but ambitious initiatives that built on their comparative advantage and addressed problematic issues such as difficulties in access to land or finance or inadequate municipal services. The municipalities created Local Economic Development (LED) offices to implement strategic projects, dialogue with the private sector (through DLGP-created local economic development councils), and attract investment. Jalal-Abad City, for example, significantly increased investment as a result of better marketing of land, outreach to existing and potential investors, and holding competitive auctions.

<b>Table 4: Over 1,000 New Jobs Expected in the City of Jalal-Abad as a Result of New Investment</b>		
<b>Investment Project</b>	<b>Construction Jobs</b>	<b>Permanent Jobs</b>
Expansion of bazaar	150	450
Hotel and casino	50	100
Oil and gas development	-	200
Luxury housing	Three local construction contractors already employed	
Shopping center	20	60
Parking lot	7	7

Effective LED must create better conditions in order for business to start and grow and in order to attract investment. Under DLGP, municipalities introduced a host of innovations that streamlined their administrative services for businesses, supported small-to-medium enterprises (SMEs), connected local companies with potential investors, marketed investment opportunities, and improved skills in the workforce.

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Table 5: Local Self-Government Innovations to Improve the Business Environment	
Innovation	What it Achieves
<b>Guarantee Fund</b>	Improves access to finance for SMEs by collateral enhancement
<b>Joint Investment Zone</b>	Makes land available for agricultural processing through legal partnership with neighboring municipalities
<b>Public-Private Land Database</b>	Markets available public and underutilized private land to large private investors
<b>Land One-Stop Shop</b>	Streamlines purchase and lease of municipal land
<b>Electronic Administrative Database</b>	Expedites administrative services for businesses and citizens
<b>New Technologies Clearinghouse</b>	Identifies and disseminates new agricultural technologies
<b>Business Support Center</b>	Connects potential partners (investors, suppliers, customers) and helps SMEs to draft business plans and investment proposals
<b>Integrated Workforce Training and Certification Program</b>	Analyzes skills demand, Improves training capacity and facilities for vocational institutions. Makes new professional certifications available



Pilot municipalities assessed their comparative advantages and then developed complementary initiatives to encourage growth in particular sectors. For example, municipalities in Issyk-Kul focused on initiatives to develop the tourist sector.

Billboard advertising land available for investment

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<b>Table 6: Examples of Initiatives to Strengthen the Tourist Sector</b>	
<b>Initiative</b>	<b>Goal</b>
<b>Association of Tourist Service Providers</b>	Lobbies for and organizes joint activities in support of local tourist industry to im-
<b>Training Center for Tourist Service Personnel</b>	Trains new and existing personnel to meet tourist industry standards and a reputation as a service-oriented tourist destination.
<b>Analysis of Tourist Demand for Services and Attractions</b>	Identifies the most attractive investment opportunities by analyzing tourist demand for various entertainment options and services.
<b>Billboards and Maps of Tourist Sites</b>	Billboards on main highway advertise nearby tourist destinations while maps
<b>Tourist Information Center</b>	Centralizes and provides information on services of interest to tourists and makes it easier and more efficient for tourists and tourist service providers to connect with each other.
<b>Historical Heritage Preservation</b>	Rehabilitation of city street, sidewalks, and adjacent buildings in 19th Century style, which will improve the image of the city and restore historically significant architecture.
<b>Lakefront Promenade</b>	Will build a promenade along Issyk-Kul lake where small shops and vendors can rent space, which will improve the image of the city and create new business opportunities.

Under DLGP, LED plans took into account the need to improve municipal services that are critical for business. Better service delivery was identified in anonymous surveys among business operators. The top priorities – water and roads – were consistent with needs expressed in DLGP surveys of local households.



Celebration of city street restored in 19th century style

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<b>Table 7: Improvements in Municipal Services Critical for Business</b>		
<b>Service Sector</b>	<b># of LSGs</b>	<b>Improvements</b>
<b>Water and Sewage</b>	9	Rehabilitating systems with new equipment; installing meters; improving management and fee collection.
<b>Roads and Landscaping</b>	5	Repaving and widening roads; repairing curbs, sidewalks, and drainage systems, improving street signs, street lighting, traffic management and parking control.
<b>Solid Waste</b>	5	Eliminating illegal dumps, upgrading solid waste facilities and management practices, New customer management and billing.

Not only are Kyrgyz local self-governments creating new initiatives to support economic development, they are using new approaches. Through public-private partnerships they can leverage private sector know-how and/or funds to achieve a common goal. LSGs are seeking private investors to improve or create new municipal services. A German investor has expressed interest in building an electricity-generating wind farm near Balykchy City. The town of Nookat is working with a private partner to expand and improve conditions of its central market. The private partner has begun construction of new pavilions and will have the right to rent them for a set period of time, although the city retains ownership.

## **5. Asset Management**

### ***LSG Property Generates More Income***

Effective management of municipal property and land has proven to be a significant source of local revenues, as well as a stimulant for local economic development. On the other hand, if not properly managed, municipal property can be a major source of corruption and end up as an obstacle to LED. Challenges faced by DLGP were to introduce this complicated topic to rural municipalities throughout Kyrgyzstan, which were almost completely lacking in asset management capacity, and to institute procedures that increase transparency and



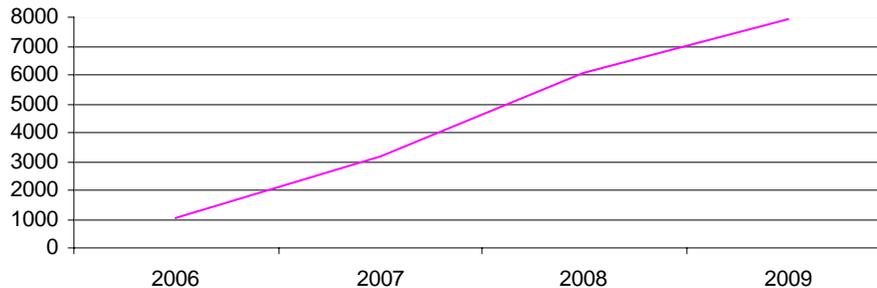
DLGP study film on how to conduct a transparent, competitive auction

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oversight in property transfers. Finally, DLGP initiated the use of advanced, market-based tools for effective land management and incorporated these into LED strategic plans.

As a result of DLGP efforts, revenue from municipal property rental increased by more than 7 times in the past three years. The city Karakol collected more than a million Kyrgyz soms in 2008 from rental agreements for municipal property and other cities are also utilizing methods taught by DLGP for obtaining maximum revenues from surplus property. Rental revenues represent recurring revenue that continues to generate income year after year. Rural municipalities have significantly smaller asset bases, but also showed growth in municipal property revenues during DLGP.

*Rental Income from Municipal Property\**  
(in thousands of KGS)



\*Data for 2009 is an annualized projection based on 6 months data. Sample size is 50 municipalities.

Through intensive training and technical assistance to its partner municipalities, including some training and TA for all rural municipalities, DLGP instituted effective and transparent municipal property management practices. By the end of DLGP, all of partner municipalities had completed an inventory of municipal property and about a third had registered their property with the State Registry Agency. Most DLGP partners had adopted a Regulation on Municipal Property Management and half instituted the practice of publicly posting a list of municipal assets. Public hearings on asset management issues became a common practice.



Participants in Kyrgyzstan's first auction selling municipal land

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<b>Table 8: Institutionalization of Effective and Transparent Municipal Property Management</b>		
Year 1	Year 2	Year 3
<p>150 LSGs (780 participants) trained on Kyrgyz municipal property legislation &amp; principles of municipal property management</p> <p style="text-align: center;"><i>Manual on Land Management</i></p> <p>130 LSGs (290 participants) trained in land management</p> <p>3 public hearing on municipal property or land management</p>	<p style="text-align: center;"><i>Manual on Asset Management for Rural Municipalities</i></p> <p style="text-align: center;">and</p> <p style="text-align: center;"><i>Film on How to Conduct a Transparent and Competitive Auction</i> disseminated through trainings to 459 LSGs (679 participants)</p> <p>DLGP provides 400 consultations for 115 LSGs to improve oversight through a <i>Regulation on Municipal Property Management</i></p> <p>199 public hearings on municipal property or land management</p>	<p>437 LSGs trained on municipal property inventory, state registration</p> <p>All DLGP partners (160) completed inventory of municipal property</p> <p>150 DLGP partners adopted a <i>Regulation on Municipal Property Management</i></p> <p>79 rural municipalities and 13 cities post the list of municipal assets on public information boards</p> <p>205 public hearings on municipal property or land management</p>

DLGP developed a methodology consisting of various tools for effective land management beginning with inventory and categorization of municipal land and creation of land management strategies approved by the local council. Cities created land databases and investment maps to market available public and private land to investors and used public-private partnerships (PPPs) to engage the private sector in managing public property or delivering public services. One especially promising advance has been the integration of land management plans into economic development plans, providing the latter with a key implementation instrument.

DLGP pilot municipalities that developed strategic plans for LED also used skills in efficient and transparent land disposition to support economic development. In response to business surveys that cited access to land as an obstacle to business development, these municipalities held competitive auctions that garnered revenues 20% to 400% more than the starting prices. Having open and competitive auctions showed local businesses and other potential investors that the municipality is “open for business” and interested in the best economic use of the land, not side deals to line an official’s pocket.

Today, lease contracts between local governments and users of municipal property are a standard instrument, and auctioning land for leases and sales has become a routine,

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culturally acceptable practice in many municipalities. The cities of Karakol and Jalal-Abad have earmarked revenues from the sale of municipal property for capital investment – not required by law but representative of good public policy and practice.

**6. Local Councils**

***Local Councils Exercise Greater Oversight over the Executive Branch of Local Governments***

As the directly elected branch of local government, local councils have clear responsibility to represent the interests of their constituents. To help local councils meet this mandate, DLGP increased the capacity of local council deputies to execute their functions. DLGP conducted mass trainings for local council deputies to strengthen their abilities as policymakers and to improve their capacity to oversee the executive branch, particularly with regard to the budget and municipal property. Following the October 2008 local council elections, roughly two-thirds of council deputies were new. To help meet this challenge, DLGP included in its training a study film showing footage of actual council sessions and interviews with experienced deputies.

<b>Table 9: Trainings to Strengthen Local Council Deputies' Ability to serve as Policymakers and Conduct Oversight of the Executive Branch</b>		
Year 1	Year 2	Year 3
<b>On the role of the local council in local self-government</b>		
347 deputies/council staff	190 deputies/council staff	706 deputies/council staff
<b>On municipal property legislation, inventory and principles of municipal property management</b>		
223 deputies	17 deputies	34 deputies
<b>On strategic planning for local economic development</b>		
39 deputies	49 deputies	40 deputies
<b>On public access to information and citizen participation</b>		
270 deputies	92 deputies	120 deputies
<b>On budget principles</b>		
56 deputies	19 deputies	39 deputies*

*\*In 2009, DLGP provided advanced budget training in parallel to municipal finance staff and local council deputies on capital investment planning.*

To help ensure that local councils understood and carried out their role as an overseer of the executive branch, DLGP developed and distributed model regulations for a variety of municipal functions, such as regulating the relationship between municipal bodies and

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municipal service providers. Dissemination of 1,080 copies of the model regulations gave local councils a framework from which to work in supervising the executive branch. This led to a dramatic increase in the number of municipalities with a regulation on executive oversight.

DLGP organized internal study tours for local council deputies to observe best practices, such as trips to municipalities that had opened LED Departments, to provide them with both information and motivation to implement similar practices in their municipalities. This helped ensure that local council deputies were integrated into all program areas: from serving on the Strategic Planning Committee, to co-organizing hearings on land management strategies and the draft budget (Table 11). DLGP also recommended 10 local councilors for inclusion in a study tour to the USA, where they studied American city council practices.



Council deputies participation in creation of an LED strategic plan

Abdilboki Tolipov, a Nookat City Council deputy, who participated in the USA study tour, said: *"We became convinced that local governments are able to address all community issues, from providing public utilities to maintaining public safety. We also saw more effective ways of organizing council activities with fewer councilors, holding sessions at times convenient for constituents to attend, and better reporting to constituents. As a result of this trip we decided to create a local network among study tour participants, and make an effort to improve city council operations in Kyrgyzstan."*

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<b>Table 10: Institutionalizing Best Practices for Local Councils</b>		
Year 1	Year 2	Year 3
<b>Local councils receiving consultation on legal, municipal property, budget, and citizen participation issues</b>		
35 local councils	40 local councils	26 local councils
<b>Local councils advising executive branch on use of grant funds</b>		
30 local councils	13 local councils	42 local councils
<b>Local council deputies benefiting from DLGP experience exchanges</b>		
13 deputies	25 deputies	21 deputies
<b>Newly-elected local council chairs benefiting from DLGP partner experience (through national conference held together with National Agency for Local Self-Government Affairs and UNDP)</b>		
		442 deputies

**7. Public Information & Citizen Participation**  
*Using Information as a Resource for Municipal Development*

Building trust between government, particularly local government, and its citizens is an extremely important step toward embedding democratic principles in a vibrant civil society. DLGP successfully promoted improved public information practices designed to stimulate and utilize citizen participation.



Reading the Ak-bulak rural newspaper

DLGP seized the opportunity opened up by passage of the Kyrgyz Public Access to Information (PAI) Law in December 2006. In the project’s first year, DLGP consulted with journalists on how local governments could better comply with the PAI Law and be more open with mass media and citizens. Using this information, DLGP created a Model Regulation that was later adopted and recommended by the National Agency for Local Self-Government Affairs (NALSG) for helping local governments comply with the PAI Law. Together with NALSG, DLGP disseminated the Model Regulation to 430 LSGs.

Over the course of the project, DLGP’s local self-government partners increasingly

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recognized the importance of being open with their citizens. At the start of the project, only 12% of cities and 3% of DLGP rural municipal partners had a staff member designated for public information. By the end of the project all cities and 84% of rural municipal partners had such a designated staff member. Moreover, 143 LSG partners had developed a public information campaign on the new property tax, utilizing nine or more DLGP-disseminated PI and CP tools and techniques.

<b>Table 11: DLGP Enables Local Governments to Comply with Kyrgyz Public Access to Information Law</b>		
Year 1	Year 2	Year 3
<p>DLGP trains 20 journalists to strengthen information flow on LG issues to residents and ensure feedback, based on the new Public Access to Information Law</p> <p>DLGP trains 135 LSGs on <i>Public Information Techniques and the Public Access to Information Law</i></p>	<p>DLGP develops Model Regulation on Public Access to Information Law,</p> <p>Model Regulation approved by NALSG and recommended for adoption by LSGs</p> <p>Regulations presented to 430 rural and urban LSGs</p>	<p>132 DLGP LSG partners have designated staff member responsible for public information</p> <p>143 DLGP LSG partners developed plans for public information campaign on new property tax</p> <p>All 12 LED strategies includes a project devoted to creation of information system</p>

DLGP provided several rounds of training for LSG staff, council deputies, and civil society representatives on the importance of and specific mechanisms for maintaining a strong two-way flow of information, and on building partnerships between the government and its citizens. Training modules incorporated international and Kyrgyz experience, and presented practical tools for effective local government operations that also help to institutionalize principles of transparency and accountability. All training sessions ended with home assignments that helped put into practice the skills and knowledge obtained through training programs.

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<b>Table 12: Institutionalization of Public Information and Citizen Participation among Kyrgyz Local Governments</b>		
Year 1	Year 2	Year 3
<p>DLGP delivered training to 126 LSGs (400 participants) on: <i>Citizen Participation Techniques for LSGs, Public Meetings, Gatherings, and Hearings</i></p> <p>DLGP provides 200 consultations for 90 LSGs on Public Access to Information Law and PI CP action plans</p>	<p>DLGP delivered training to 135 LSGs (270 participants) on: <i>How to Make LSGs Transparent, with emphasis on financial and asset management</i></p> <p>DLGP provides 120 consultations for 112 LSGs on PI CP action plans, and citizen survey results application</p>	<p>DLGP develops manual and delivers training to 153 LSGs (573 participants) on: <i>Municipal Development through Public Information and Citizen Participation Tools</i></p> <p>DLGP provides 160 consultations for 142 LSGs on Public Information Campaign for Property Tax, and citizen survey results application</p>

DLGP built on previous USAID experience in helping cities to conduct public hearings on draft budgets by extending this support to rural municipalities and also training LSGs on the importance of holding public hearings on other issues of significance, such as municipal land management strategies. To encourage institutionalization of public budget hearings, DLGP worked with the Ministry of Finance to design a brief manual and model budget-in-brief, which the Ministry disseminated and recommended to all LSGs through the official Budget Circular for 2009 and 2010 budgets.

<b>Table 13: Growth in Numbers of Public Hearings</b>				
	2006 (baseline)	2007	2008	2009
<b>Cities</b>	15	19	100	133
<b>AOs</b>	42	56	810	817

DLGP helped partner municipalities use a variety of advanced public information and citizen participation tools that enable local governments to use citizen feedback constructively. One example was an annual Citizen Survey (or Customer Survey) of city households to evaluate the local government performance in general and with respect to 18 specified municipal services. DLGP presented survey results to leaders from all 25 cities, who used the surveys to better understand the needs of their citizens and as a means to improve decision-making. For example, the city leadership of Balykchy noted widespread

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dissatisfaction with the school system and responded by instituting a comprehensive program that made significant improvements in the school system. The success of this endeavor was reflected in the subsequent survey of city residents.

Sabyr Atajanov, Mayor of the City of Uzgen: *“Public information, aside from being a necessary LSG service, has helped us to address local issues in a more effective way. First, we have won the trust of the citizens. Second, we have demonstrated to higher level government bodies that we are capable of effectively managing our territory. Third, we have mobilized our internal resources to address local community issues. In other words, we have come to understand that it is impossible for a municipality to develop without effective public information activities.”*

To advance local economic development (LED), 12 municipalities created Strategic Planning Committees (SPC) and LED councils. SPCs bring together stakeholders from government, civil society and the private sector to ensure that the strategic planning process represents the community’s priorities and earns people’s trust. LED Councils are consultative bodies with representatives from the public and private sector which address LED issues on an ongoing basis and provide recommendations to the City Council on economic development policy.

DLGP used a stakeholder process called the Service Improvement Action Plan (SIAP) method to improve solid waste collection systems in the cities of Naryn and Talas. SIAP begins by bringing together representatives from the city administration, service provider, NGOs, and neighborhood committees to develop a results-based plan. DLGP worked with cities on identifying outcomes and performance indicators to measure progress. These indicators targeted increasing payment collection, decreasing complaints about garbage collection and increasing the number of service provider agreements and the quantity of garbage removed. According to DLGP’s Citizen Survey, both cities had more than a 50 percent increase in citizen satisfaction with solid waste collection after the initiation of SIAP.

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<b>Table 14: Advanced Tools for Public Information and Citizen Participation</b>			
<b>Tool</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Citizen Survey</b>	2 cities involved in analysis and application of survey results  7 NGOs trained in procedures for conducting Citizen Survey	15 cities involved in analysis and application of survey results  4 NGOs trained in procedures for conducting Citizen Survey	25 cities involved in analysis and application of survey results  4 NGOs trained in procedures for conducting Citizen Survey
<b>LED Strategic Planning Committee</b>	6 LSGs have SPCs	12 LSGs have SPCs	-
<b>Public-Private LED Council</b>		6 LSGs have LED councils	12 LSGs have LED councils
<b>Service Improvement Action Plan</b>		2 cities create SIAPs to improve solid waste disposal	2 cities improve solid waste disposal through SIAPs
<b>Transparent, competitive procurement</b>	22 LSGs trained in transparent competitive procurement	12 LSGs trained in transparent competitive procurement	25 LSGs trained in transparent competitive procurement

**8. Mass Media**

***Local Government Becomes a Priority for Mass Media***

Citizens deserve quality information about their local government activities, so DLGP educated journalists to help them become better reporters on local government issues. DLGP press sessions presented detailed information about complicated issues such as taxes and municipal property management. By inviting journalists to signature municipal events such as land auctions and budget hearings, DLGP gave them the opportunity to better understand local government achievements and the difficulties faced. Journalists confirmed that through the information provided by DLGP they improved their reporting and were able to stimulate the interest of their readers in these



Journalists interviewing a businessman as part of press tour on new property tax

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issues.

*"We are grateful for the cooperation with USAID DLGP. We are thankful for all of the material on local self-governments that DLGP provided, which helped us raise the interest of our readers. We now have a mutual connection with the community. For example, just last week residents from Orlovsky ayil okrug called to request that we come to see and write about the achievements of their ayil okrug". Antonina Blindina, Editor-in-Chief of Chui Oblast News*

Having become better reporters, the journalists now also are better able to serve as protectors of the principles of local self government.

<b>Table 15: Education for Mass Media</b>		
<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
5 press sessions and journalist participation in municipal events (105 participants)	9 press sessions and journalist participation in municipal events (173 participants)	3 press sessions (102 participants)
2 Trainings on cooperation with LSGs in implementing the Public Access to Information Law (61 participants)	Mass media participation in DLGP Best Practices Conference (22 participants)	2 press tours (24 participants)
		Mass media participation in 2 DLGP conferences (52 participants)

DLGP had a two-pronged goal for its outreach to mass media representatives. The first goal was to ensure coverage of LSG issues by the country's most important newspapers – *Evening Bishkek* (circulation 6000), *Slovo Kyrgyzstan* (circulation 5600), *Obshestveni Rating* (circulation 3500), *My Capital News* (circulation 2000). The second goal was to ensure that regional media outlets, covering Osh, Jalal-Abad, Batken, Chui, Naryn, and Issyk-kul oblasts, would be able to report on newsworthy events happening in cities and *ayil okrugs* where their readers or listeners live. DLGP achieved both of these goals with 463 independently-funded articles, TV and radio items published during the life of the project.

In addition to educating the public through mass media, DLGP generated numerous educational brochures that were disseminated through schools, NGOs, local self-government partners and governmental ministries. Each of the 12 pilot municipalities that developed LED strategic plans also disseminated a brochure-questionnaire to citizens before embarking on the activity to identify their priorities, and later a second brochure to explain the initiatives included in the approved strategic plan.

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<b>Table 16: Information for the General Public</b>		
<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
2,000 brochures distributed on the 2-level budget system	51,000 brochures disseminated on <i>The Role of the Local Council</i>	2,000 brochures distributed on the Municipal budget
1,000 copies disseminated of <i>Citizen's Guide to the Budget</i>	2,000 brochures distributed on the new budget system	8,000 brochures distributed on the Property Tax

**9. Grants Programs**  
***Grants Stimulate Successful Local Initiatives***

In addition to strengthening the technical and administrative skills of LSGs, DLGP placed in-kind grants after holding competitions among municipalities for Best Practices, Participatory Budgeting and Local Economic Development. Winners were selected based on the quality of their best practice or public budget hearings and related information campaigns. Cities contributed a minimum 25 percent match, and for ayil okrugs (AOs) a match of at least 10 percent was required. The following table describes the grants made under DLGP:



Resident of rural municipality using solar energy to boil water



USAID representative presents grant prizes

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<b>Table 17: Summary of DLGP In-Kind Grants and Targeted Focus Areas*</b>				
	<b>Children</b>	<b>Service Improvements</b>	<b>LG Operations</b>	<b>Citizen Participation</b>
IT Equipment	1 city	1 city, 1 AO	13 cities, 12 AOs	4 cities, 7 AOs
Construction/Renovation	3 AOs	2 cities, 2 AOs	2 AOs	2 AOs
Furniture	3 cities, 5 AOs	1 city	1 city, 7 AOs	2 cities, 2 AOs
Information Boards		1 AO		3 cities, 2 AOs
Equipment and Services	8 cities 10 AOs	4 cities, 7 AOs		1 city
Municipal Web Portal				1 city, 12 AOs (one grant)
<b>Total</b>	<b>30</b>	<b>19</b>	<b>35</b>	<b>24</b>

*\*Some cities were recipients of grants under two competitions, and as a result the number of city/AO recipients does not always match the total number of grants awarded*

**10. Institutionalizing Know-How and Best Practices**  
*Institutionalization Increases the Sustainability of Good Results*

In producing training manuals, study films, best practices books or case studies, DLGP always considered how best to make the material interesting and practical. Many training “graduates” kept DLGP manuals on their desks for ready reference. As much as possible, DLGP presented Kyrgyz with best practices from their own and other countries. An example is the Local Government Initiatives journal – with fifteen issues (1000 copies each) disseminated during DLGP. Each issue of the journal included legislative advice, analysis of changes in legislation and policies affecting local self-government, and in-depth case studies describing advancements in local management practices based on the experience of DLGP partner municipalities. Local Government



Participants at Kyrgyzstan’s first LED Fair

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Initiatives is the only regular professional publication in Kyrgyzstan on municipal governance. It is popular not only with local government staff, but also with representatives from NGOs and educational institutions.

*"We are regular readers of the Local Government Initiatives and we look forward to receiving its new issues. What is very valuable about the journal is that it includes real examples of how Kyrgyzstan's municipalities implement best management practices and what they have achieved. This journal has become a valuable source of information for the Academy's students and teachers, and there are no other publications like it in the country."*



Residents reading DLGP newspaper

*Salikh Murzaev, Chairman of the State and  
Municipal Government Department, Presidential Academy of Management*

DLGP assembled Best Practices books for each annual Best Practices Conference so participants could share them with their colleagues. The annual Conferences also demonstrated to journalists and high-level State representatives that there have been significant achievements in local government in Kyrgyzstan. The Conferences were also an opportunity to recognize the efforts of local government leaders among their peers. Winners of the DLGP Best Practice Competitions received awards from the U.S. Ambassador and gave presentations on their winning practices.

While only a small number of local government officials were able to participate in international study tours, more than 500 participated in DLGP internal study tours and Best Practices Conferences. This assured that good local practices did not stay in one community, but were spread throughout the country.

DLGP took various approaches to instituting the know-how that it generated. DLGP conducted 23 trainings-of-trainers (ToTs) with almost 300 participants. The very best trainers with both expertise and practical experience in training and consultations were certified prior to the completion of the project. As a result, there are seven certified consultants in local economic development facilitation, four certified consultants in public information and citizen participation, three certified consultants in asset management, and three consultants in servicing *Berkut* (computerized tax administration program).

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<b>Table 18: Institutionalization of the DLGP Know-How through Training of Trainers</b>		
Year 1	Year 2	Year 3
		Managing Local Economic Development (8 participants)
Training skills and interactive methods (52 participants)		Municipal Development through Public Information and Citizen Participation Tools, Including Public Information Campaign for Property Tax (5 participants)
Legal Basis for LSG (46 participants)	How to Make LSGs Transparent, with emphasis on financial and asset management (4 participants)	
Public Information Techniques and the Public Access to Information Law (11 participants)	How to Conduct a Transparent and Competitive Auction (8 participants)	Municipal property inventory, state registration (7 participants)
Citizen Participation Techniques for LSGs (11 participants)	Strategic Land Management (8 participants)	Using Excel for more effective Finance Management in LSGs (8 participants)
Public Meetings, Gatherings, and Hearings (11 participants)		
Municipal Property Legislation and Inventory (13 participants)	Strategic planning for Local Economic Development (22 participants)	“Berkut” program for LSG’s effective operation and data management (3 participants)
Principles of Municipal Property Management (12 participants)	Using Excel for more effective Finance Management in LSGs (1 participant)	Budget in Brief Design - 2 ToTs (8 participants)
Public Budget Hearings Preparation – 2 TOTs (8 participants)		Basics of LSG and Municipal Assets Management for Judges training center (5 participants)
		Role of Local Council in Local Self-Government (12 participants)

On an annual basis, and in partnership with the Presidential Academy of Management, DLGP disseminated its materials to Kyrgyz institutions of higher education with programs in public management. Over the three years of the project, 99 participants from these institutions received DLGP materials in both electronic form and hard copy, and were given basic instruction in how to use them in training the Kyrgyz Republic’s next generation of public management professionals. As a result, professional lecturers have incorporated DLGP materials into their course materials, and DLGP materials will also remain available

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to students in the libraries of these educational institutions. DLGP materials are also part of electronic library, developed by the Academy of Management. Students at the Academy reported that they particularly value the practical examples of applying municipal governance know-how.



Member of Parliament and City Council Chair discuss policy changes at DLGP focus group on Council of Europe Charter of Local Self-Government

Finally, DLGP has instituted its knowledge in the Kyrgyz Republic through the creation of a new NGO – the Development Policy Institute (DPI). DPI was founded by DLGP program staff with the goal of continuing to provide assistance on local self-government issues directly to municipalities or through donor organizations. DPI has the expertise to further DLGP's mission of building municipal capacity in the areas of finance, asset management, public information, and citizen participation, as well as supporting decentralization and local self-government reform issues at the national policy level.