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URBAN INSTITUTE CENTER ON INTERNATIONAL DEVELOPMENT AND GOVERNANCE

## **Quarterly Performance Report**

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**January 2007 – March 2007**

## **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 JANUARY-MARCH 2007

#### I. Highlights

- DLGP's targeted information campaign helped tilt the balance toward passing the 2007 Budget Law with provisions for implementing a two-level budget system that gives local self-governments more fiscal autonomy.
- 138 trainings for 2,255 participants on asset management, financial management, citizen participation and information, basics of local self-government and strategic planning including 309 LSG heads or deputy heads, 606 local kenesh deputies (27%) and 881 women (39%).
- Through three regional meetings, DLGP staff introduced partner municipalities to a system of monitoring, evaluating, and updating strategic plans with a focus on local economic development. Selection of pilot municipalities will be based on a competitive application process.

#### II. Trends in the Environment

**DLGP continues to operate in a complicated political situation.** Constant political maneuvering at the national level has resulted in three prime ministers during the reporting period. Prime Minister Kulov resigned in December, although became acting Prime Minister, in an effort to force parliament to either resign or to adopt a new constitution (following the new constitution adopted in November 2006). Jogorku Kenesh responded by adopting a new constitution on December 30, 2006 which became effective the day it was published, January 16, 2007. With the implementation of the new Constitution, the Prime Minister needed to be reconfirmed. Twice Jogorku Kenesh refused to reconfirm Mr. Kulov as Prime Minister. On January 26, President Bakiev proposed Azimbek Isabekov, the Minister of Agriculture and Water Resources, as Prime Minister on January 26. Isabekov was subsequently replaced with Almaz Atambaev, an opposition leader, on March 30.

The changes in the December constitution primarily concern organizational issues at the central level, but nevertheless also affect local-self governments. The December constitution largely kept the reforms pertaining to local self-government that were introduced in the November constitution, except for some minor changes to Chapter 8 on the Local-Self Government System and improved some of the provisions on municipal ownership rights. The November version stipulated that the local kenesh is the owner of municipal property, but the December version again suggests, as before, that the owner is the local community.

Chapter 6 on Local State Administrations of the December Constitution gives back exclusive right to the President to appoint heads of local state administrations. In addition, the December constitution gave 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 process of adopting the December Constitution was flawed in that it was passed without the conclusion of the Constitutional Court, did not obtain the necessary number of parliamentary votes (by law 2/3s of the 75 deputies should approve the constitution, but only 49 of the deputies approved the December constitution), and it was passed in two days without public discussion. This has resulted in criticism from various sectors.

Felix Kulov and his new political party the United Front for a Decent Future have called for President Bakiev to resign and for constitutional reforms. They have threatened hunger strikes for April 5 and continuous demonstrations beginning April 11 until President Bakiev cedes to their demands. In an effort to preempt the demonstrations, President Bakiev reacted by firing Prime Minister Isabekov on March 29 and proposing an opposition leader, the head of the Social Democratic Party, Almaz Atambaev as Prime Minister. The Jogorku Kenesh approved Mr. Atambaev as Prime Minister the following day on March 30.

**The Jogorku Kenesh rejected the Government's last ditch effort to postpone the two level budget system.** On October 3, 2006, the Government proposed changes to the Basic Principles of Budget Law which would have postponed the transfer to a two level budget system until 2008. The Government then proposed amendments to the Basic Principles of Budget law which would have introduced a three level budget system (local, rayon, and national), effectively reversing new fiscal decentralization reforms that gave great fiscal autonomy to local self-governments. Jogorku Kenesh rejected these proposed amendments, clearly indicating their intention to implement the two level budget system. In late March, Parliament approved the 2007 budget in its first reading; it must pass through two more readings before it can be sent to the President for signature.

**In general, the political crisis has distracted the national government and parliament from instituting reforms.** In this environment, implementation of the National Decentralization Strategy is significantly hampered. Moreover, attempts from the central level to strengthen its vertical power are accompanied by unofficial pressure on municipalities and interference in their activities.

### **III. Activities**

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

**Working Group #1 on the creation of an effective legal base for decentralization and the further development of local-self government, on which DLGP participates, resumed its work following the passage of the new Constitution on January 16, 2007.** During this quarter, Working Group # 1 conducted four meetings and completed two draft laws: 1) On Local Self-Government (LSG) and 2) On Local State Administration (LSA) (there is currently only one law on LSG and LSA). With the passage of the new constitution, which strengthens presidential powers, the positions of working group members who represent state structures became more rigid, particularly on issues that concern state authorities in relation to local-self government. A notable exception is an agreement to clearly define rayons as local state administration, eliminating the potential for rayons to be included in local self-government. This is positive as helps eliminate rayons' ability to interfere in local self-government affairs. The draft laws were sent to the Government for consideration on March 7. Working Group # 1 is now reviewing draft amendments to the Land Code and the Law on

Drinking Water in order to make them consistent with functions that are defined in the draft LSG Law.

**On January 30, DLGP met with six national parliamentarians to discuss the implementation of the two level budget system.** DLGP staff met with parliamentary deputies Mr. Isabekov, Mr. Tashiev, Mr. Japarov, Mr. Mamyrov, Mr. Imanaliev, and Mr. Tolonov regarding the pending 2007 Budget Law, a version of which would introduce a two level budget system of republican and local self-government levels and eliminate the political interference of local state administration in distributing tax revenues and transfers. DLGP explained the capacity building efforts undertaken by LGI II/DLGP and other donors to prepare local self-governments for their new financial responsibility and explained the necessity of the two level budget system to give local governments a predictable revenue stream absent of political maneuvering. As the Vice Speaker, Mr. Isabekov, left the meeting, he conveyed to his colleagues, “I will support the two level budget system.”

#### *Task 1.2. Support to the Municipal Associations*

**DLGP, in partnership with the Association of Villages, developed a capacity building needs assessment in partner rural municipalities.** The purpose of the assessment is to determine training needs of partner municipalities’ executive and representative bodies within the context of DLGP. The assessment first outlines the functions of rural municipalities according to legislation and then compares this with actual activities performed by rural municipalities as well as determines the professional knowledge and skills necessary for job performance. The Assessment contains the following sections:

- Overview of current de facto functions performed by various employees in rural administrations (rural municipalities) and rural keneshes;
- Assessment of skill levels of current staff and review of requests for capacity building made by senior local government officials;
- Assessing where DLGP can provide assistance;
- Evaluation of training delivery institutions and possible mechanisms; and
- Recommendations for capacity building measures for rural municipalities and possible delivery mechanisms.

DLGP conducted focus groups in 14 rural municipalities on municipal employees’ needs and priorities. Thereafter, the Association of Villages interviewed 40 rural municipality heads and rural kenesh deputies using a questionnaire developed by DLGP. The survey of rural kenesh deputies explored kenesh deputies’ perceptions of their ability to serve as a counterbalance to the executive.

The Assessment analyzes the results of the interviews and focus groups. The main findings include:

- The general level of rural municipality employees’ skills is inadequate to fully implement their functions;
- The three most problematic areas for rural LSGs are 1) budget, 2) delineation of functions and authorities, and 3) municipal property including land in the land redistribution fund;
- Citizens most frequently appeal to rural LSG bodies in connection with municipal services (water supply, roads, garbage removal, etc.) and education issues;



- Rural municipal officials need to establish information mechanisms with the population on a continual basis and to develop improved methods of citizen feedback and participation in local affairs;

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

**Together with the Ministry of Finance and ARIS, 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 kenesh and a 4-day course for the heads and specialists of local financial departments. The training materials were approved by the Ministry of Finance and will be conducted for all municipalities by DLGP and ARIS (DLGP will conduct the training for municipalities in Chui Oblast {excluding Kemen}, two Talas rayons, and all cities). The training will be provided to all municipalities by mid-May 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 is utilizing six trainers who underwent the financial management ToT in December 2006, plus two Ministry of Finance specialists. DLGP conducted an additional two-day ToT on the new courses on March 5-6 for these trainers. DLGP will conduct a total of 12 trainings for rural and urban municipalities during the period March 12 to April 27, 2006. During the reporting period, 3 trainings for rural cohorts and 1 training for northern cities were successfully held.



**Financial management trainings**

**DLGP conducted two regional mass media events dedicated to explaining the transition to the new two level budget system.** The mass media sessions, which were held in Bishkek on January 24 and in Osh on February 7, included over 30 representatives of mass media. During the sessions, DLGP's Municipal Financial Specialist explained the essence of the intergovernmental finance reform, and



**Presentation for mass media on the two level budget system**



detailed the advantages, and concerns on the part of the national level government of the new system.

Larisa Li, a reporter from the My Capital News newspaper, characterized the results of the press session “I have listened to discussions about the two-tier budget many times. The opponents of reform sounded convincing and expressed their position in a clear way, whereas its advocates, represented by the Ministry of Finance, sounded very complicated and it was difficult to understand their arguments. As a result, the majority of journalists sided with the opponents of reform and frightened readers with the disasters the transition to the two-tier budget would bring. As for this press-session, it enabled us, at last, to get to the bottom of the issue and see the advantages of transition to the new budget system. I am certain that the journalists who participated in this press session, including myself, will no longer attack the reforms in our publications but instead support it.”

**DLGP announced its support to partner municipalities to conduct budget hearings in June 2007 (in accordance with the budget calendar).** The assistance offered includes help in preparing budget-in-briefs and reimbursement for copying and advertisement costs (up to 3000 Som). DLGP has informed partner municipalities about the possibility of this assistance through the March 2007 DLGP newsletter and through distributing announcements in each 1 day financial management training course. In addition, DLGP will send letters offering our assistance in late April.

**The Guidelines for the Participatory Budgeting Grant Competition for cities and rural municipalities were approved by USAID on March 27, 2007.** The new guidelines reflect lessons learned from the competition held in 2005. The aim of the competition is to encourage municipalities to incorporate citizens’ priorities in the draft budget. Applications will be evaluated based on the quality of the application as well as feedback solicited from NGOs and citizen groups in each municipality.

**Table 1. Selection Criteria for the Participatory Budgeting Grant Competition**

#	Selection Criteria	Weight
1	The number and budgetary impact of citizen’s comments that were incorporated into the draft budget.	25%
2	The quality of feedback provided by the municipal government to citizens after the conclusion of the hearing as to how their comments were or were not incorporated into the budget. This also includes the number of comments and/or suggestions to which the municipal government replies.	20%
3	The method of responding to citizens following the hearing.	10%
4	The degree to which the draft budget is realistic and reflects the real financial situation.	20%
5	The evidence and quality of citizen participation in the identification of the project presented to DLGP.	20%
6	The amount of co-financing that the LSG is willing to contribute to the grant award by DLGP.	5%
	<b>TOTAL</b>	<b>100%</b>

The prize pools are 370,000 Som for cities and 550,000 Som for rural municipalities. DLGP will award in-kind prizes, which will be used to help finance the implementation of a priority project that:

1. Is identified as a local priority through participatory methods such as public hearings, customer satisfaction surveys, meetings, statistics of complaints from population, or other participatory means **OR**
2. Is aimed at improving citizen participation and information techniques (i.e. information boards, websites, newsletters, etc.)

The Selection Committee will be comprised of representatives from:

- DLGP
- The Association of Cities **or** The Association of Villages (as applicable)
- The Agency for Local Self-Government Affairs
- UNDP
- ARIS

Eligible LSGs should submit applications to DLGP no later than July 17, 2007 and award decisions will be made by July 31. The competition was announced in the March newsletter and the guidelines are being distributed through the citizen participation trainings.

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

**The DLGP strategic planning team developed an approach to monitoring, evaluating, and updating strategic plans.** Important aspects of the concept are (1) focusing updated strategies on economic development as an engine of community wealth, (2) improving organizational capacity of local governments to monitor, evaluate, and update strategic plans, as well as to implement the interventions/projects defined in the plans, and (3) institutionalizing citizen participation in the process of developing updated plans and implementing projects. It is important to note that monitoring refers not simply to monitoring implementation of the strategy, but monitoring the environment in which they are implementing it, and making appropriate updates based on their evaluation of the external climate and successes and failures in implementing the strategic plan.

**On February 15-16, DLGP pilot tested and advanced the approach for monitoring, evaluating and updating strategic plans during a two day seminar.** Three local government teams (with a total of 23 participants) with excellent experience in developing and implementing strategic plans: Karakol, Belovodskoe, and Cholpon-Ata participated. During the seminar, participating teams utilized the initial monitoring concept provided by DLGP to review some elements of their own strategic plans. They also learned and discussed the basics of monitoring, evaluating, and updating the strategic plan. Part of the discussion was devoted to the importance of local economic development for the prosperity of the local community and the role of local government in managing local economic development. Participants agreed on the importance of local economic development and the need to focus on it in the updated plans. The seminar was used to further develop the system of monitoring, evaluating, and updating strategic plans.

**On February 28, DLGP further advanced the approach and improved collaboration with ARIS through a meeting on monitoring, evaluating and updating the strategic plans.** Recognizing that ARIS is active in the area of strategic planning, DLGP decided to





present and discuss the new approach in the early stage of development. Key ARIS experts in strategic planning, including the Head of the Agency, Elmira Ibraimova, attended the meeting. At the beginning of the meeting, DLGP presented the assumptions, concept, and plans for further development. ARIS experts provided useful comments, including the issue of involving existing territorial investment committees. The involvement of ARIS experts in developing the new approach will enable wider dissemination through ARIS and their partners.

**DLGP conducted three seminars for cities and select rural municipalities (with a total of 100 participants) on the approach to monitoring, evaluating, and updating strategic plans.** The seminars were organized regionally, separately for northern cities (March 13), southern rural municipalities (March 26) and southern cities (March 27). The goal of the seminars was to 1) present the approach, 2) make local governments aware of the need to update the plans and focus on economic development, and 3) invite local governments to apply for the status of pilot partner which will implement the new approach. Implementation will include developing an updated strategic plan and greater focus on local economic development. During the seminars, three main issues were covered: 1) how to create better conditions for local economic development, 2) how to monitor, evaluate and update strategic plans, and 3) mechanisms to ensure that the system becomes operational (i.e. who is responsible for each function). At the end of the seminars, participating local governments received application forms to become pilots. To date ten local governments have applied to be a pilot. The last seminar for northern rural municipalities will take place on April 17.

### *Task 2.3. Asset Management Assistance*

**The first two asset management training modules were conducted for partner rural municipalities.** The two training modules are “Municipal Property Legislation and Inventory” and “Principles of Municipal Property Management.” The trainings were conducted by 9 independent consultants who were trained by DLGP. The training materials were designed in Kyrgyz and Russian and the trainings were conducted in the most applicable language.



**Asset management trainings**

The Municipal Property Legislation and Inventory training began on January 29 and approximately 5 participants were invited from each rural municipality including the LSG head (or the deputy head), the executive secretary, a specialist and 2 local kenesh deputies. Table 2 includes a summary of the participants.

**Table 2. Participant Summary for the Municipal Property Legislation and Inventory Trainings**

	Number	% of Total Participants
Trainings	25	
Rural municipalities	109	
Number of invited participants	643	
Actual participants	423	66% (of invited)
Kenesh deputies	113	27%
Heads or deputy heads	49	12%
Women	146	35%

The Principles of Municipal Property Management training began on March 12 for the same participants. A summary of the participants is included in Table 3.

**Table 3. Participant Summary for the Principles of Municipal Property Management Trainings**

	Number	% of Total Participants
Trainings	25	
Rural municipalities	118	
Number of invited participants	470	
Actual participants	300	64% (of invited)
Kenesh deputies	70	23%
Heads or deputy heads	38	13%
Women	94	31%

**Consultations on the first training module, Municipal Property Legislation and Inventory, were provided to 73 rural municipalities.** After the first round of training, DLGP trainers-consultants provided detailed consultations on:

- How to develop an inventory and register of municipal property
- What documents should be prepared for the state registration of municipal objects
- How to classify municipal objects
- What local legal documents an LSG should have to effectively manage municipal objects

Table 4 contains a summary of the asset management consultations provided during the reporting period.

**Table 4. Asset Management Consultations Provided from 01.01.2007 to 03.31.2007**

	Number	Number in the South	% of Total Southern Partner Municipalities	Number in the North	% of Total Northern Partner Municipalities
Consultations	73	15	60%	58	52%
Rural municipalities	73	15	60%	58	52%



**A ToT on the second asset management topic, Principles of Municipal Asset Management, was conducted on February 21 for DLGP's nine asset management trainers.** The trainers recommended improving the training materials by adding the manual on Financial Aspects of Municipal Property Management in Rural Municipalities, model lease/sale agreements, and the model municipal property use regulation. The trainers also summarized the most frequently asked questions from rural municipalities including:

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

**DLGP developed a FAQ sheet and a model municipal property use regulation for rural municipalities.** In response to the trainers' recommendations, DLGP designed a FAQ sheet that will be distributed to partner municipalities during consultations. In addition, DLGP developed a model municipal property use regulation for rural municipalities. The document, which was added to the second training module, includes the following sections:

- General provisions
- When to grant use of municipal property for economic management, operating management, and temporary free of charge use
- Procedures for transferring municipal property for economic management and operating management
- Procedures for transferring municipal property for temporary free of charge use

**DLGP presented its asset management manuals and training materials for other donors active in the asset management sphere on January 30.** During the roundtable, which was sponsored by ARIS, DLGP presented several project documents including:

- Financial Aspects of Municipal Property Management, a manual and training module for rural municipalities
- Basics of Municipal Property Management, a training module for rural keneshes
- Analysis of Municipal Property Management in Kyrgyz cities, survey results



ARIS sponsored asset management roundtable

**DLGP presented the two PPP projects conducted under LGI II at a Chemonics Sponsored roundtable on March 30.** The heads of ten pilot rural municipalities participated in the roundtable. Because rural municipalities will employ investment lease procedures, LGI II's experience with public private partnership (PPP) tools is relevant. The participants were interested in several aspects of our PPP projects in Balykchy and Kara-Balta including terms

of requirements for investors, marketing campaign, conclusions of independent specialists, and the cash flow model.

**Karakol competitively sold and leased municipal lands.** Following approval of its land management strategy, Karakol City decided to competitively dispose of four pieces of municipal property, three through sale and one through lease. However, there was only interest in the one property for lease and one property for sale. Table 5 illustrates the results of the competitive procedures.

**Table 5. Competitive Disposal of Surplus Property**

	<b># of Proposed Land Plots</b>	<b># of Land Plots Sold/Leased</b>	<b># of Bids</b>	<b># of Incremental Increases</b>	<b>Incremental Increase (Som)</b>	<b>Start Price (Som)</b>	<b>Sale Price (Som)</b>
Auction (Sale)	3	1	2	3	500	44,000	45,500
Competition with Sealed Bids (Lease)	1	1	7	-	-	15,000	21,000

*Task 2.4. Strengthening Locally Elected Councils*

**UI began its mass training on January 15, 2007 for rural municipalities on local self-government; asset management; financial management; and citizen participation and information.** Partner municipalities were divided into 29 cohorts based on geographic location. Municipalities are generally grouped in either rural or urban cohorts, although in the South there are five mixed cohorts. Each cohort consists of 4-7 rural municipalities, represented by LSG heads, specialists or local kenesh deputies depending on the training topic. Asset management and citizen participation and information each have three one-day training modules, whereas the Basics of Local Self-Government has one one-day module and financial management has a four day training course for financial specialists and a one day training course for LSG Heads and kenesh deputies. The Basics of Local Self-Government was only conducted for partner rural municipalities in Chui and Talas Oblasts. All partner municipalities in Osh, Jalal-Abad and Batken Oblasts received this training, using LGI II materials, in 2006 by the CDI/USAID Project.

During the period January to March 2007, 606 local kenesh deputies participated in trainings. A detailed breakdown of participation by local kenesh deputies is shown in Table 6.



**Table 6. Participation of Kenesh Deputies in Mass Training**

Training Module	Number of Trainings	Number of Kenesh Deputies
Basics of Local Self-Government	18	163
Municipal Property Legislation and Inventory	25	113
Principles of Municipal Property Management	25	70
Information Exchange between Local Governments and the Population	22	109
Citizen Participation in Local Government	25	92
Public Hearings and Other Public Meetings	14	30
Financial Management	5	23
Strategic Planning	4	6
<b>Total</b>	<b>138</b>	<b>606</b>

The Basics of Local Self-Government training began on January 15. Approximately 5 participants were invited from each rural municipality including the LSG head/deputy head, the executive secretary and 3 local kenesh deputies. A summary of the Basics of Local Self-Government training is shown in Table 7.

**Table 7. Summary of Participants in the Basics of Local Self-Government Training**

Number	Chui Oblast	Talas Oblast	Total	% of Total Participants
Trainings	16	2	18	
Rural municipalities	95	15	110	
Number of invited participants	475	75	550	
Actual participants	293	53	346	63% (of invited)
Kenesh deputies	138	25	163	47%
Heads or deputy heads	57	12	69	20%
Women	131	8	139	40%

*Task 3. Citizen Participation and Citizen Information Techniques*

**DLGP designed three training modules on public information and citizen participation.** The three courses are:

1. Information Exchange between Local Governments and the Population
2. Citizen Participation in Local Government
3. Public Hearings and Other Public Meetings

Training Modules were designed and conducted for 136 rural municipalities in five Kyrgyz oblasts: Chui, Talas, Osh, Jalal-Abad and Batken.

**Trainings on Information Exchange between Local Governments and the Population were conducted from February 5 to February 16.** For each training, the LSG head or deputy head, responsible secretary, 2 rural kenesh deputies, and 2 community representatives were invited from each rural municipality. In total there were 22 trainings conducted, attended by 445 representatives from 110 rural municipalities. The participants included 34 heads, 109 kenesh deputies and 139 community representatives. At the end of each training participants were asked to develop an information exchange plan.

**During the information exchange trainings, detailed discussions were held on the recently adopted Law “On Access to State and Local Government Information.”**

Participants discussed the various types and forms of information which they believed were generally available, but not in their municipalities. This illuminated different perceptions of what it means for information to be available. Many LSG officials believe accessible is if information is available in their offices and visitors can access to it upon special request. However residents, especially NGOs, believe that such information (which must be available according to Article 20 of the Law) should be publicly displayed through information boards, newsletters, brochures, newsletters or other ways.

*Askar Jamasariev, Executive Secretary of Manas Rayon Kenesh: “A week ago we received the Law on Access to Information. This is the first time we have ever received such practical training in such a timely fashion.”*

**Table 8. Different Perspectives on the Availability of Information**

Type of Information	Local Government Perspective	Community Perspective
Information about tenders, competitions, auctions	Accessible	Not accessible
Information about local budget expenditures	Accessible	Not accessible enough
Information about municipal service recruitment	Accessible	Not accessible enough
Information about passing normative acts on management of property objects in state or municipal ownership	Accessible	Not accessible enough
Information about passing normative acts related to distribution of land resources	Accessible	Not accessible enough
Information about projects of targeted and other programs, concept papers being developed by a state body or local governments	Accessible	Not accessible enough
Information about main indices which characterize the situation and dynamics of development areas, included in the competence of a state body of local governments	Accessible	Not accessible enough
List of local governments contracts with legal entities and individuals	Accessible	Not accessible enough

*The responsible secretary of Kadamjay rayon stated “The problem of information exchange with the population has always existed. In the majority of local governments improvement of information exchange with the population is required. It is especially necessary to improve the work with mass media, in particular journalists. But it is difficult to attract journalists to some village municipalities in our rayon. Perhaps if several village municipalities jointly address some common problems journalists will be attracted.”*

Participants stated that 70-80% of the training material was new for them. In principle, they understood the necessity of an information exchange but did not understand how to do it correctly. Several of the participants commented that prior to the training, they thought they provided adequate information, but after reviewing the stipulated list of information from local keneshes they



understood that they need to improve their information efforts. Participants believed that the new law is very timely and were glad they have the opportunity to review it in more detail.

**Trainings on Citizen Participation in Local Government were conducted from February 26 to March 16.** From each rural municipality, the head or deputy head, the responsible secretary, ayil kenesh deputies, and community representatives were invited. In total there were 25 trainings, attended by 359 representatives from 95 rural municipalities. Participants included 24 heads, 92 local kenesh deputies, and 83 community representatives.



Citizen information and participation trainings

**Training on Public Hearings and other Public Meetings was launched on March 26.** Similar to trainings on the first 2 topics, from each rural municipality the head/deputy head, responsible secretary, 2 deputies of ayil kenesh and 2 community representatives were invited to the trainings. By the end of March, 14 trainings were conducted with the participation of 110 people including 65 female participants, 8 rural municipality heads/deputy heads, 30 local kenesh deputies and 7 community representatives. The training covers 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.

**Between trainings, DLGP provided 143 consultations on citizen participation and information issues.** A total of 77 consultations were provided on information exchange (48 in the North and 29 in the South), 61 consultations were provided on citizen participation (32 in the North and 29 in the South), and five consultations were provided on public hearings in the North.

**DLGP revised the Public Hearings handbook to include Kyrgyz best practices.** In addition, the handbook includes the general concept of hearings, purposes and tasks of holding hearings, rules and procedures for conducting hearings, and types of public hearings.

**DLGP revised the Best Practices Grant Competition Guidelines for cities and designed similar guidelines for rural municipalities.** The Best Practices Competition aims to identify and publicly recognize best practices at the local government level and to disseminate the best practices among other local self-governments thereby allowing local self-governments to adapt best practices in their own community. Entries should be submitted to DLGP no later than June 1, 2007 and award decisions will be announced by June 22. The Selection Committee is comprised of representatives from:

- DLGP
- The Association of Cities or the Association of Villages (as applicable)

- The Agency for Local Self-Government Affairs
- UNDP
- ARIS

The awards will be used to help finance the implementation of a priority project as identified through the Priority Investment Plan or through another means (public hearings, customer satisfaction survey results, meetings, statistics of complaints from population, etc). Prize pools are 370,000 Som for cities and 550,000 Som for rural municipalities.

**The Citizen Satisfaction Survey is underway.** DLGP revised the survey and pre-tested it in rural municipalities near Bishkek and Bishkek itself, as well as later in Osh to see if the questions are clear enough, easy to answer, and the amount of time required to complete one survey. The pre-test procedure helped to identify some potentially confusing questions.

DLGP received 11 bids from 11 companies and NGOs located in various parts of Kyrgyzstan. Based on cost, previous positive experience and potential for institutionalization of the survey results by local NGOs, DLGP selected 7 NGOs to conduct the survey in cities (the survey will be conducted in villages in late Spring).

To encourage better usage of the survey results and greater buy-in from the cities, DLGP contacted all cities in writing to inform them about the upcoming survey. DLGP intends to present the results of the survey on a more targeted (city specific) basis and will provide recommendations to each city on possible follow-up. The letter also contained a request for ideas on how LSGs would like to divide their cities for better understanding of potential territorial problems with any municipal service. Some cities provided such information, though not all.

To ensure random sampling the following steps will be undertaken during the survey process:

**Step 1.** Determine Districts of City

**Step 2.** Determine # of houses and # of apartments to be surveyed in each District

**Step 3.** Determine 2 single family and two multi-unit starting points in each District (and 3 alternatives for each type of housing)

**Step 4.** Select houses to interview (every 9th house)

**Step 5.** Select apartments to interview (every 30th apartment)

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

U.S. Ambassador to the Kyrgyz Republic Marie Yovanovitch, Deputy Chief of Mission Lee Litzenberger, USAID Country Director Ken McNamara, January 10. Clare Romanik, Hilary Mclellan, and Krzysztof Chmura met with U.S. Ambassador Marie Yovanovich, DCM Litzenberger, and USAID Country Director Ken McNamara to introduce the Decentralization and Local Government Program and new management of the project.

Prime Minister of the Kyrgyz Republic, Mr. Felix Kulov, January 11. Charles Undeland, Clare Romanik, and Asel Bektenova, UI local staff met with Prime Minister Kulov for a special ceremony to acknowledge the excellent work performed by UI's Local Government Initiative Project in Kyrgyzstan, and particularly the contributions of the Project Head, Charles Undeland.





Head of the Decentralization and Local Budget Department of the Ministry of Economy and Finance of the Kyrgyz Republic, Mr. Arzyrbek Kojoshev, January 11. Charles Undeland, Clare Romanik, and Hilary Mclellan met with Mr. Kojoshev to introduce new project leadership, to discuss future areas of cooperation, and to discuss the status of the 2007 Budget Law and the implementation of new decentralization reforms.

Head and State Secretary of the National Agency on Local Self-Government Affairs of Kyrgyzstan, Mr. Bolotbekov and Mr. Fattahov, January 11. Charles Undeland and Clare Romanik met with Mr. Bolotbekov and Mr. Fattahov to introduce new project leadership, to discuss current project activities, and to consider additional areas of cooperation.

Six national parliamentarians of the Kyrgyz Republic including Mr. Isabekov, Mr. Tashiev, Mr. Japarov, Mr. Mamyrov, Mr. Imanaliev, and Mr. Tolonov, January 30. Clare Romanik, Asel Bektenova, Anarbek Ismailov, and Emil Abdykalykov, met with national parliamentarians regarding the pending 2007 Budget Law, a version of which would introduce a two level budget system of republican and local self-government levels and eliminate the political interference of local state administration in distributing tax revenues and transfers.

Head of the Agency for Community Development and Investment in the Kyrgyz Republic (known by its Russian acronym ARIS), Ms. Elmira Ibraimova, January 12. Charles Undeland, Clare Romanik, Hilary Mclellan and Emil Abdykalykov, UI local staff, met with Ms. Ibraimova to discuss cooperation on financial management training and strategic planning.

National Parliamentarian, Kubatbek Baibolov, January 19 and January 31. Anarbek Ismailov met with Parliamentarian Baibolov to discuss the work of Working Group #1 to implement decentralization reforms and associated draft laws and amendments.

Mass media representatives, January 24 (Bishkek) and February 7 (Osh). DLGP staff met with more than 30 mass media representatives to discuss the transition to the two level budget system.

Osh Oblast Governor, Jontoro Joldoshevich Satibaldiev, February 9. Abdirasul Akmatov participated in a meeting with heads/deputy heads of all Rayon State Administration in the Osh Oblast and representatives of projects working in the South of Kyrgyzstan. The purpose was to inform rayon heads of donor organization activities in the South of Kyrgyzstan.

Deputy Head of the Agency for Local Self-Government Affairs, Mamasadik Bakirov, February 26. Anarbek Ismailov met with Mr. Bakirov to discuss the activity of working group on decentralization and local self-government functions and authorities.

Head of the Agency for Community Development and Investment in the Kyrgyz Republic (known by its Russian acronym ARIS), Ms. Elmira Ibraimova and other ARIS staff, February 28. Krzysztof Chmura and Joldosh Asibaliev, UI local staff met with ARIS to present the new approach to monitoring, evaluating, and updating strategic plans. The meeting contributed to a common understanding and approach to monitoring, evaluating, and updating strategic plans. The agreement on the approach proposed by UI will in the future ensure wider dissemination of the approach to more local governments than UI partners.

Head of the Agency for Community Development and Investment in the Kyrgyz Republic (ARIS), Ms. Elmira Ibraimova, Mr. Asylbek Chekirov, ARIS training coordinator and Mr. Migara de Silva, World Bank Institute, March 20. Clare Romanik, Hilary Mclellan, and Emil Abdykalykov met with ARIS and WBI to discuss issues related to the financial management trainings undertaken by DLGP and ARIS and possible further cooperation in this area. It was agreed to organize a roundtable at the end of April 2007 with the Ministry of Finance of the Kyrgyz Republic to discuss the results and main problems encountered by local self-governments in implementing budget reform.

National Parliamentarian, Kubatbek Baibolov, March 13. Clare Romanik, Hilary Mclellan, Anarbek Ismailov, Emil Abdykalykov, and Asel Bektenova met with Parliamentarian Baibolov to discuss the draft local self-government law.

State Secretary, State Agency on Local Self-Government, Baktiyor Fattahov, March 26. Clare Romanik, Juliana Pige, Anarbek Ismailov, and Asel Bektenova met with Mr. Fattahov to discuss the progress on financial decentralization in the Kyrgyz Republic and the outlook for the future.

The 10 members of Working Group #1 to implement the Decentralization Strategy, March 27. Clare Romanik, Juliana Pige, Anarbek Ismailov, and Asel Bektenova met with the working group members to discuss remaining problems with the draft laws developed to further define the functional responsibilities of local self-governments. In addition, the possibility of DLGP providing comparative country experience on functional assignments and funding mechanisms, through presentations and a potential study tour, was explored.

## **V. Deliverables and Reports**

### **Reports**

Capacity Building Assessment of Rural Municipalities of the Kyrgyz Republic

### **Publications**

Public Hearing Handbook (revised)

Newsletter January – March 2007

### **Training Modules**

Municipal Property Legislation and Inventory

Principles of Municipal Property Management

Information Exchange between Local Governments and the Population

Citizen Participation in Local Government

Public Hearings and Other Public Meetings

Local Budget Formation in the Context of Financial Decentralization (1 day and 4 day courses)

### **Presentations**

Monitoring, Evaluating and Updating Strategic Plans in Local Governments

Presentation for Mass Media on Rural Municipality Trainings – New Possibilities

### **Laws**

Draft Law on Amendments to the Local Self-Government Law (as submitted to government)



**Other**

Guidelines for the Best Practice Grant Competition for Rural Municipalities

Guidelines for the Best Practice Grant Competition for Cities

Citizen Satisfaction Survey for Cities

Municipal Property Use Regulation for Rural Municipalities

## VI. Performance Monitoring and Gender Reporting

**There is no performance monitoring for this reporting period.** DLGP will begin providing performance monitoring data in the next quarter.

<b>GENDER REPORTING</b>			
<b>Events</b>	<b>Number of Participants</b>	<b>Number of Female Participants</b>	<b>Number of Female Participants as a % of the Total</b>
Basics of Local-Self Government training	346	139	40%
Municipal Property Legislation and Inventory	423	146	34.5 %
Principles of Municipal Property Management	300	94	31%
Financial Management trainings	149	87	59%
Information Exchange between Local Governments and the Population trainings	445	165	37%
Citizen Participation in Local Government trainings	359	147	41%
Hearings and Other Public Meetings trainings	110	65	59%
Strategic Planning seminars	123	38	31%
<b>Total</b>	<b>2255</b>	<b>881</b>	<b>39%</b>

## VII. Programmatic and Operational Update

**Krzysztof Chmura arrived in Kyrgyzstan on January 9 to assume his full time position.**

**New CoP Clare Romanik arrived in-country on January 10.** She overlapped with outgoing CoP, Charles Undeland, through January 12.

**Evghenia Berzan, UI's Program Administrator for the Decentralization/Local Government Program in the Kyrgyz Republic was in-country January 10 to January 14** to work on office registration, equipment inventories, and financial reporting.

**TDY Juliana Pigey was in-country March 28 to March 28** to work on functional assignment issues and designing an upcoming study tour.

**Joldosh Asibaliyev, Strategic Planning Specialist, left the project to work on UNDP's local government project.** His last day was March 30.

**DLGP is currently recruiting for a new Strategic Planning Specialist.**



### VIII. Staff Travel Chart

Employee	Travel in Past Quarter
Undeland (outgoing CoP)	On leave 12/18-1/10; departure from project 1/12
Romanik (new CoP)	
McLellan (DCoP)	
Chmura (RA)	Issyk-Kul 2/15-16; Osh 3/25-27
Juliana Pige (TDY)	
Abdykalykov (Municipal Finance)	Osh 2/6-7; Lebedinovka 3/12
Akmatov (Land Specialist/Osh Representative)	Bishkek 1/11-13, 2/18-21, 3/19-24; Suzak Rayon 2/1-2, 3/9-10; Kara-Suu Rayon 2/5; Nookat 2/6; Aksy Rayon 2/30, 3/13; Nooken Rayon 2/31, 3/4-6; Karakol 3/28-29; Cholpon-Ata 3/29-30
Asibaliyev (Strategic Planning)	Issyk-Kul 2/15-16; Osh 3/25-27
Bektenova (Executive Officer)	Osh 2/6-7; Nookat 2/6
Dobretsova (Publications and Information Dissemination Specialist)	Kaindy 2/5, Kara-Balta 2/6; Osh 2/7; Jalal-Abad 2/8; Maevka 2/12; Tokmok 3/6; Kant 3/6; Chaldyvar 3/21; Tolok 3/21; Sretenka 3/21, Karakol 3/27, Tash-Moinok 3/30; Sokuluk 3/30
Gradwal (Citizen Participation Specialist)	Maevka 2/12
Ismailov (Legal Specialist)	
Mairambekov (Osh Coordinator)	Bishkek 1/11-13, 2/28-21, 3/19-24; Aksy Rayon 1/22-23, 2/5-6, 2/26, 3/4-5, 3/26-27, Nooken Rayon 1/24-25, 2/7, 2/27-28, 3/6, 3/9-10, 3/27-28; Suzak Rayon 1/25-26, 2/8; Kadamjay Rayon 3/11-12
Mambetova (Legal Specialist)	Kara-Balta 1/15-16
Naruzbaeva (Asset Management)	Kant 3/20

### IX. Project Challenges and Constraints

**The results of the first two rounds of mass training show the attendance at trainings for rural municipalities is on average less than 60%.** The number of staff in each rural municipality is small and usually only a few rural kenesh deputies are really active. As a result, some of the rural municipality staff that are invited to participate in DLGP trainings are frequently not available because of work responsibilities.

**Potential for partner fatigue.** DLGP has scheduled trainings for rural municipalities such that they do not interfere with the summer agricultural period. As a result, the schedule for quarterly trainings was significantly compressed. For example, by early May, DLGP will have completed all three quarterly trainings for participation and information trainings in the North and the South, all financial management training in the North and the South, and all asset management training in the South (the northern trainings will occur in September). In addition, DLGP has conducted four strategic planning sessions for selected partners. This has created a heavy demand on our partner municipalities, some of which have commented that it is difficult to devote enough time. This is reflected in completion of homework assignments as well. For example, out of 73 rural municipalities that received asset management consultations during the reporting period, only 29 completed the homework assignments. However, because the training is almost completed, we anticipate that interested and active partner municipalities will be available to work intensively on the issues and improved practices raised in the training.

**DLGP is facing implementation problems with Task 1.2: Support to the Municipal Associations.** One of the expected results of Task 1.2 is the functioning of municipal associations as democratic member driven organizations and improved sustainability of the

municipal associations. However, the creation of the new Association of Municipalities headed by Mr. Bolotbekov, the Head of the National Agency on Local Self-Government Affairs, is a major impediment in achieving this task. The Association of Municipalities (AoM) was established to replace the Association of Cities and the Association of Villages. Although in principle DLGP is not against forming one larger association of municipalities, the basis and method of forming the new Association of Municipalities is problematic. The AoM is not a grassroots initiative and was in fact formed by central government officials (Mr. Bolotbekov). Moreover, all mayors and heads of rural municipality are being pressured to become a member of the new AoM. This leads to a lack of sustainability of the Association of Cities and the Association of Villages has seen their membership drop. In this situation organizational support from DLGP to the Association of Cities or the Association of Villages is certain to be ineffective. DLGP plans to sign Memorandums of Understanding with both the Association of Cities and the Association of Villages which will likely include different kinds of cooperation with DLGP. We will be opportunistic in seeking additional means of working with the Association of Cities and Association of Villages and in increasing their sustainability and continued existence. Any future DLGP financial support to the Associations of Cities and Villages will be stipulated in a separate agreement.

**DLGP has encountered challenges in ensuring random sampling in the Citizen Satisfaction Survey.** To ensure random sampling DLGP designed a scheme for sampling which assumed cities would easily provide information on how their cities are divided (internal districts), the percent of population residing in those districts, as well as the percent residing in individual and multi-unit residential houses in each district. However, DLGP faced substantial difficulties obtaining this information from cities. Moreover, the random sampling scheme entails the identification of randomly selected starting points. For this purpose, DLGP attempted to obtain maps for all 25 cities. To this end, DLGP contacted:

1. IFES
2. Chemonics
3. ARIS
4. Gosregister
5. Tourist agencies
6. City administrations
7. Mapping agency

After repeated requests, the State Mapping Agency provided outdated maps for 20 cities. These maps were difficult to work with because they were 1) bad quality; 2) contained very few street names; 3) used old street names; 4) did not show areas of individual and multi-unit buildings; and 5) in many cases were as much as 20 years old. In most cases, DLGP worked with the existing maps, in close collaboration with the cities, to determine the internal city districts, and in some cases, had cities draw new maps. A different method of selecting starting points in rural municipalities will have to be determined.

**The model staffing plan of a rural municipality lacks a citizen participation and information specialist.** As a result, DLGP did not always have consistent participation in the citizen information and participation trainings. Even those municipalities that recognize the necessity and importance of this activity lack the human resources for comprehensive citizen participation activities on issues of local significance. These responsibilities have been placed on executive secretaries of rural administrations, secretaries, social issue specialists, i.e., rural municipality employees who already have other responsibilities.



**Because of the instability and lack of reform at the national level, several other donor agencies and USAID projects are considering shifting some of their efforts and resources to work on the local level.** This presents an excellent opportunity, but also presents the challenge of ensuring that various efforts do not overlap and are instead mutually re-enforcing.

## X. Task Chart

ACTIVITY	RESULTS IN JANUARY-MARCH 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"> <li>• Focus group with parliamentarians on IG Finance reform conducted</li> <li>• Meetings with working group #1 with held</li> <li>• Draft Law on changes to the LSG Law was submitted to the Government</li> </ul>	<ul style="list-style-type: none"> <li>• Amendments to laws pertaining to LSGs developed based on the December constitution (April-May)</li> <li>• Study tour on functional assignments and targeted grants (June-July)</li> </ul>
<i>Support to the Municipal Associations (Task 1.2)</i>	<ul style="list-style-type: none"> <li>• Capacity building assessment for rural municipalities developed</li> </ul>	<ul style="list-style-type: none"> <li>• Association's of Villages Council Meeting conducted</li> <li>• MOUs signed with the Association of Cities and the Association of Villages</li> </ul>
<i>Assistance to Implement Intergovernmental Fiscal Reform (Task 2.1)</i>	<ul style="list-style-type: none"> <li>• Three one week trainings for rural cohorts and one –one-week training for urban cohort</li> <li>• Participatory Budgeting Grant Competition Guidelines for cities and villages designed</li> <li>• 2 regional press sessions on transition to the two level budget system conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Training and TA on public budget hearings launched (May)</li> <li>• Joint comments and recommendations with ARIS for Ministry of Finance based on results of the financial management training (April-May)</li> <li>• Additional TA on financial management training launched</li> <li>• Citizen's Guide to Budgets edited and published (May)</li> </ul>
<i>Assistance in Implementation of Strategic Plans (Task 2.2)</i>	<ul style="list-style-type: none"> <li>• Approach for monitoring, evaluating and updating the strategic plans developed</li> <li>• Seminar conducted for three LSGs experienced with strategic planning</li> <li>• Three seminars conducted for cities and select rural municipalities on the new approach for monitoring, evaluating, and updating strategic plans</li> <li>• Launched the application process to select pilots</li> </ul>	<ul style="list-style-type: none"> <li>• One regional information seminar for selected northern rural municipalities to present the revised approach for strategic planning (April)</li> <li>• Completion of application process and selection of pilots to implement systems of monitoring, evaluating and updating strategic plans (May)</li> <li>• Direct assistance to 6 pilots to implement systems of monitoring, evaluating and updating strategic plans</li> </ul>
<i>Asset Management Assistance (Task 2.3)</i>	<ul style="list-style-type: none"> <li>• Two AM training courses conducted for rural LSGs</li> <li>• TA on Asset Management tools launched</li> <li>• TOT on the second topic of AM</li> <li>• Presentation of DLGP asset management materials</li> <li>• Presentation of PPPs projects for rural municipalities</li> <li>• Karakol competitively sells and leases municipal lands</li> </ul>	<ul style="list-style-type: none"> <li>• Trainings and further TA on AM launched</li> <li>• Training on Land Management for southern rural municipalities (April-May)</li> <li>• Regional meetings for cities (April-May)</li> <li>• Selection of at least two municipalities to implement public-private partnerships (May-June)</li> </ul>
<i>Strengthening Locally Elected Keneshes (Task 2.4)</i>	<ul style="list-style-type: none"> <li>• Training on the Basics of LSG conducted</li> <li>• Two rounds of asset management trainings conducted</li> <li>• Two rounds of citizen participation and information conducted</li> <li>• Training on financial management started</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Training on financial management and citizen participation and information completed (April)</li> <li>• Training on Land Management for southern rural municipalities (April-May)</li> <li>• Pilot keneshes selected for intensive TA (on-going)</li> </ul>





<p><b><i>Citizen Participation and Public Information Techniques</i></b> <b><i>(Task 3)</i></b></p>	<ul style="list-style-type: none"><li>• 22 public info. trainings for 445 rural LSG representatives</li><li>• 22 citizen participation trainings for 359 rural LSG representatives</li><li>• Trainings on public hearings for rural LSGs started</li><li>• Best Practice Grant competition designed</li><li>• Citizen Satisfaction Survey revised and pre-tested</li><li>• NGOs selected to conduct survey in 25 cities</li><li>• Public hearings manual revised, published</li></ul>	<ul style="list-style-type: none"><li>• Trainings on public hearings completed (April)</li><li>• Technical assistance/consultations on CP/PI (on-going)</li><li>• Selection of rural municipalities for intensive TA (May)</li><li>• Applications for the Best Practice Grant Competition evaluated and Winners selected (late June)</li><li>• Survey trainings for the competitively selected NGOs (April)</li><li>• Survey conducted, data aggregated and analyzed (June)</li><li>• Press seminars on CP/PI (April)</li></ul>
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