



Support to the Strengthening of Local Government in the Kyrgyz Republic  
*The Project is funded by the TACIS Programme of European Commission*  
Содействие в усилении местного самоуправления в Кыргызской  
Республике  
*Проект финансируется Программой ТАСИС Европейской Комиссии*



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# **A “ROAD MAP” for the development of Local government in Kyrgyzstan**

**Bishkek 2007**

*The EU takes no responsibility for the opinions expressed in this paper*

## A Word of explanation

This paper has been stimulated by discussions at 60 workshops organised by the project and which have been attended since May 2005 by 2000 municipal councillors and staff and reflects views expressed in a survey of more than 100 mayors, councillors and officials in the municipalities carried out by the project in its two Pilot Oblasts of Issyl Kul and Naryn. The paper has been through 3 drafts already and has benefited from comments from various people who were given these earlier drafts. Messrs. Mamasadyk Bakirov, Beishenbek Bolotbekev, Nikolai Davydov, Bakhtiyarjan Fattakhov, Kurmanbek Dyikanbaev, Jekshen Janboev, Tolobek Omurlaev, Erkin Rakimbaev, have been particularly helpful. Roza Surnachieva wrote the section on finance and received useful comments from the Deputy Head of Finance Burul Suyunalieva at the national Agency for Local Government. I have also appreciated the feedback from various local municipal personnel. The paper therefore reflects a dialogue - I am simply the hand which has tried to unify the comments and link them to an analytical framework. Remaining errors of fact or interpretation are, however, entirely mine. The style of the document - I also need to warn the reader - is not the normal one for Kyrgyzs. I try to explain this in section 4.1 - so please have some patience!

Ours has been a short project (24 months) with limited resources. We have therefore had to focus our work and have worked more with village municipalities than with the 4 towns<sup>1</sup> in our 2 Oblasts. This bias should be taken into consideration in the observations which follow.

A road map does not suggest a route - YOU choose the route. A roadmap simply locates the key features (mountains, rivers and swamps) you need to be aware of when trying to travel from the A to the B of your choice. So this is not an attempt to force foreign models on the local situation. Another point about a road map is that it cannot cover every changing detail nor tell you how you should approach certain situations - sometimes a large bump in the road or impatience can have fatal consequences!

So a road map is only a guide - local knowledge, judgment and skills are needed to get you to your destination! And, like a map, you don't have to read it all - only the sections which are relevant for your journey! So don't be discouraged by the size of the booklet - simply dip into the sections which seem most useful to you.

You may not be used to so many footnotes - but, as is normal for a Roadmap, we have attempted to map everything (which might be a help or hindrance to the destination). In particular we try to identify all relevant papers and interventions of the past few years. We can - and should - learn from what has been said and written in the recent past about any problem. It will encourage us to ask one of the most important questions - why is more progress not being made? And I hope that the emphasis on analysis and options will encourage people to give more time to such things. At the moment people are under pressure to draft laws too quickly - without proper consideration of whether the new law will actually change things for the better. Ironically they then lie for a long time on desks. The paper also tries to refer to the theoretical underpinning of our arguments.

Local government arouses strong feelings throughout the world- many in central government scorn or fear it - while those who provide it are very enthusiastic. But the beauty of local government for transition countries is that - if it is properly set up, supported and led - it is a very flexible mechanism for helping ensure that local energies and skills are constructively channelled. So a crucial set of questions becomes how can it best be supported and led.

The earlier drafts of the paper posed questions, presented ways of thinking and explored options. I was hesitant about making recommendations. In this final version - with the benefit of 2 years here - I have thrown away some of that that caution.

It has been a privilege to work here at such a critical time in the country's history - and I hope all readers will find this publication useful in their important work of constructing an effective system of local government here.

Ronald G Young  
Team Leader; EU Tacis project

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<sup>1</sup> Towns here in KR have benefited from the support of the Urban Institute whereas village municipalities receive little support.

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## **ACRONYMS**

AO - Aiyl Okmotuu - village

EU – European Union

GTAC/GSAC - “Government Technical Assistant Credit/Government re-Structuring Assistant Credit” World Bank’s project

GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit GmbH) - German Society of Technical Cooperation

HRM – Human Resources Management

LSA – Local State Administration

LG or LSG – Local self-government

NGO – non-government organization

TACIS – Technical assistance to commonwealth of independent states – European Union funding programme

TOS – territorial-public self-government

UNDP – United Nations Development Programme

VIP; Village Improvement Project (World Bank-funded)

## GLOSSARY

We have found terminology to be a major problem during the work of this project. One of the marks of a democracy is its language. Centralised systems use a wooden, technical and legal language for public speech – whose effect is to exclude the public. If only the “initiated” can understand what you are talking about, then you escape public scrutiny. Local government means that the public have a strong voice in setting local priorities and making suggestions. It means that their local representatives – the councillors, mayors and AO Heads – should be able to participate properly in the discussion about strengthening the local government system. And that means that the language in which the debate is conducted should not be legal or technical. Issues have to be presented clearly and simply – and on paper – before they are placed in legal language. That is one of the things this Roadmap is trying to encourage.

**Capacity;** An organisation is judged to have capacity or “capability” when it has the resources and competence to perform a particular task to an acceptable level. This sound simple – but the definition requires us to ask 4 questions – **What** are the **tasks** of the organisation under review? **How** can we assess the adequacy of its **resources** and “people competences”? **Who** judges whether its **performance** is acceptable? **How** does one **measure** this? (see section 10)

### **Citizen;**

The individual in a country to whom the rights laid down in the country’s constitution apply.

### **Community**

This is a sociological term which needs to be used with great care in any legal text. It is normal for a municipality to cover a recognised social or geographical community whose inhabitants feel some sense of identity or loyalty. Systems of local government without that sense can often fail. But the community is not the political or legal basis for the community. The citizen is.

**Decentralisation;** a transfer of functions to an autonomous and democratically elected unit of subnational government which is empowered to raise tax revenues and to spend them

**Deconcentration;** a transfer of functions to lower levels within central government such as regional directorates

### **Functions**

See section 7

**Local government;** a term used to describe the aggregate of municipalities in a country. Municipalities are a system of government because they are elected by the local citizens to perform public functions and have the right to raise taxes.

### **Local state administration**

LSA is the system of deconcentrated administration of central government. In Kyrgyzstan it is a complex system – consisting not only of the offices of Oblast Governors and rayon Akims but also the territorial sub-divisions of Ministries. The territorial sub-divisions of Ministries are officially accountable to Ministries, but, under the old soviet model of dual accountability, are the subject of undefined control by Governors and Akims

### **Mayor**

A mayor is the civic head of a municipality. He may be selected by the councillors or directly voted by the local citizens. In some cases he is appointed by government – although this practice runs counter to the European Charter of Local self-government.

**LSG (or municipality)**

a municipality is a legal entity – which has the right and responsibility to perform public services and functions defined by law and funded by national and local taxes and charges. It is controlled by a kenesh whose members are elected by the citizens of a local area - and who are accountable to local citizens and to the law. This council delegates to officials powers defined by its regulations for the fulfilment of its duties. As is explained in 7.2.1, the plural term used in the legislation “bodies of local self-government” leads to conflict and confusion. There can be only one body within a specified territorial area.

**National**

this text uses this adjective only to describe the level of an activity – not its status. We normally talk about international, national, regional and local.

Annex 5 contains a set of recommendations for legal terminology

## EXECUTIVE SUMMARY

1. Strong municipalities, working with local people, are one of the **key factors in building a health economy and stable society** – particularly in a country with the population size and topography of KR.

2. Kyrgyzstan has, in the last few years, taken the first few steps in building such a system by –

- putting a **legal framework** in place – covering its election system, functions, property rights, finances etc
- holding free local elections which have put **6818 councillors** and 484 heads of local government bodies into operation in towns and villages

3. But various factors conspire to keep municipalities still operating as an arm of local state administration. Work is well advanced to deal with the outstanding problems relating to –

- a clear allocation of functions between LSA and LG
- the implementation of the Law on the Economic Base of LG – to allow the introduction in 2007 of real local budgets.

- although factors such as regime change and constitutional amendments always seem to intervene and suggest the need for further delays.

4. The KR has had an excellent opportunity to set an example for the rest of Central Asia in the construction of an effective system of local government but this is now at risk - unless

- policy-makers and society **understand and support** the role of local government and its role
- A better legal drafting process is introduced – which involves the initial production of policy papers and then a search for policy agreement, with legal drafting only then being attempted
- **municipal rights and responsibilities** are clearly enshrined in law – and upheld
- Proper attention is given to the implementation of the Law on municipal service – to allow the **personnel capacity of local government** to be developed
- The municipal associations are strengthened – to ensure not only that they do represent the political interests of local government but that the councillors are in fact properly representing local citizen interests
- The **system of local state administration is reformed** – to ensure that it is able to manage effectively those functions and services which have been entrusted to it and leaves municipalities free to perform “own functions”.

5. The paper assesses how well these various issues are currently being dealt with – and tries to set out options for improving the situation. A point emphasised in the text is the need to draft and manage laws and strategies in a way which actually achieves the desired results! This requires us to be selective – if our laws, strategies and action plans are too numerous and detailed, nothing will happen. People and systems cannot cope. So we have to ask some basic questions about (a) priorities and (b) levers of change.



# **PART I; OVERVIEW**

## **1. Decentralisation – the state of play**

- 1.1 The plan of the paper**
- 1.2 Some key events and issues**
- 1.3 The basic principles of local government**
- 1.4 Applying the principles to municipalities here**
- 1.5 Is there a basis for local government yet?**
- 1.6 A question about motives**
- 1.7 A different sort of control**

## **2. The Process of Change**

- 2.1 It takes time -**
- 2.2 But patience is not enough!**
- 2.3 The network of discussion needs to widen**
- 2.4 Why do the laws not work?**
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- 3.1 Asking the critical questions**
- 3.2 Thinking about how to achieve the desired changes**
- 3.3 Nine points for a strategy**

# 1. Decentralisation – the state of play

## 1.1 The plan of the paper

What exactly are the defining features of Local Government? And how do we know when a real local government system is actually in operation – as distinct from a counterfeit? The aim of this paper is to -

- define the distinctive features of local government.
- use these to measure the point KR has so far reached in its journey
- identify the key obstacles
- suggest how they might be dealt with

This section tries to deal with the first two points. Sections 2-3 address the final two – and sections 4 onwards try to suggest the practical elements of a strategy.

## 1.2 Some key events and issues

Table 1 sets out the key dates in the development of local government here.

**Table 1; Key events in the history of local government in Kyrgyzstan**

Action	Date
Division of country into municipalities	1996-2001
First elections of municipal councillors	1991
First elections of AO Heads	2001
Establishment of post Minister for Local Government	Jan 2001
Law on LSA and LSG (number 5)	Jan 2002
Law on Municipal property (number 37)	March 2002
Decentralisation strategy	December 2002
Law on local Finance (number 215)	Sept 2003
Law on Municipal services (number 165)	June 2004
Abolition of post of Minister for LG	October 2005
Start of National Agency for Local Government	Early 2006
Legal amendment restoring 34 rayon councils	Feb 2006
Revised action plan	Summer 2006
First attestation of municipal staff	Autumn 2006

The 2002 decentralisation strategy<sup>2</sup> suggested that the main problems facing the new system of local government here were –

- poor and contradictory legislation;
- Insufficient state support for LGs;
- Inefficient financial mechanisms and regulation;
- Low-skilled municipal officials;
- Undeveloped social mobilisation;
- Lack of mechanisms for inter-sectoral cooperation

And therefore the emphasis in the 4 years since that strategy was published has been on bringing forward improved legislation including the very important Law on Economic and Financial Base of Local Government which was to introduce a new local government budget system which would allow municipalities to break away from the grip of LSA. Unfortunately the Ministry of Finance just refused to try to implement this – although it did seem in June to show some commitment to introduce it for the financial year 2007. Once again, however, the date for implementation seems to have slipped another year

And, of course, the new Law on Local Government and LSA of 2002 has been found to have various flaws and new sets of amendments<sup>3</sup> have been produced. In 2006, the Prime Minister

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<sup>2</sup> approved in December 2002

became the chairman of the Decentralisation Council – but such a high-level council cannot be real forum for debate. It acts more as a symbol of commitment to ensure that the deadlines in its action plan are met. A new Decentralisation Action Plan approved in summer 2006 authorised four working groups to produce recommendations in the following fields –

- Rationalisation of legislation
- Territorial and administrative reform
- Finance

At the time of writing (January 2007), this work was in its closing stages.

Various surveys have been conducted and papers written in the past year or so by various organisations to assess such things as

- what the municipalities<sup>4</sup> here in KR actually do<sup>5</sup>
- how much money they collect<sup>6</sup>
- how much money they spend – on what items
- the extent to which the various laws applying to local government are applied – and work

This gives useful information – although some of it (financial) has to be taken with a pinch of salt. But, in itself, such data does not give us a clear indication of what mechanisms would give the best chance to strengthen local government in the present context here. One report suggested that there were 38 problems – and then gave 300 recommendations<sup>7</sup> to deal with these problems! This is the old Soviet model of assuming that if you counted enough things, you could find the culprit for malfunctioning! A more strategic approach is needed – which starts with a vision of a better future and tries then to identify which mechanisms can most effectively allow us to move toward that desired point.

During 2005 and 2006 this EU Tacis project interviewed more than 100 municipal leaders, councillors and staff in 2 pilot Oblasts<sup>8</sup> – and conducted 66 workshops on the problems town and village municipalities face in implementing the various laws relating to the management of municipal property, local budgeting and their freedom of action<sup>9</sup>. The frustration we encountered was reflected in the scale of the subsequent turnover of village municipal leaders in the December 2005 elections – 70% and more than 50% of these from the decision of the previous AO Head not to run again.

Although the towns have more staff, the mayors of large towns are nominated by central government and again required to instruct their staff to perform administrative tasks which benefit only LSA. Town citizens elect their local deputies to ensure that some affairs of local significance are carried out – but very few services can actually be delivered with so few staff and resources.

And, to add insult to injury –

- Only about 20% of the local taxes collected are allowed to stay with the municipalities – the rest are taken by the rayons which carry out a redistribution according to their own whims.
- municipalities have no scope to determine their budget – they are told how much they may spend, for example, on waste management<sup>10</sup>
- The affairs of local significance have been drafted in far too general and ambitious a way eg “creating the conditions for health and education”

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<sup>3</sup> With the help of the local Urban Institute

<sup>4</sup> We are aware that this word is not in the constitution or legislation (although the adjective “municipal” is). For a detailed explanation, see glossary and section 8.1

<sup>5</sup> UNDP 2005 survey

<sup>6</sup> World Bank financed study December 2005

<sup>7</sup> draft Report for WB, October 2005

<sup>8</sup> See diagnostic report from this EU Tacis project

<sup>9</sup> See notes from our workshops in the project’s other two final publications – (2006); and the Training Manual for municipalities (2006)

<sup>10</sup> Karakol was in 2005 allowed to spend only 300,000 soms for this – for a town of 60,000 population!

### 1.3 The basic principles of local government

The key difference between the system of Local State Administration and that of local self-government is the direction of accountability – with the Heads of LSAs being appointed by and accountable to central government<sup>11</sup>.

In LGs, locally elected politicians are responsible only to local people for how they perform – not to central government although they do so within the framework of the law. Strong value is given in this model to the insights which local people have about the shape of these services - and to the spirit of initiative and self-confidence which good local governments with powers of initiative can develop in the local community. The basic justification for local government is

- to give people the sense that they have some control over their lives – that they can in a real sense hold those who take the decisions on their behalf accountable. *It is to give them “voice”*. National government is far away and complicated – local government is supposed to be something which can and should be controlled by local people.
- To ensure that those who take the local decisions do so by drawing upon *local knowledge and priorities*.

This has implications not only for the type of functions which should be performed by LGs (see Annex 3 for some criteria) – but also for their style eg the need to develop mechanisms<sup>12</sup> for identifying local priorities – and try to act on that knowledge! It also implies that the style of LGs should be participative – to help develop local initiative. The replication of centralised models of management at a local level undermines the very essence of local government<sup>13</sup>.

Some people seem to imagine that local self-government means that municipalities are “free” and oppose this on the basis that municipal leaders and staff are not yet experienced enough to be free of state control. This argument takes us to the heart of the problems currently being experienced here in Kyrgyzstan. A municipality (or body of local self-government) is not free to do what it wants – it is constrained by –

- The legislative framework
- The political process of discussion in committees and council
- Local citizens
- finance

We look at these points in more detail in 1.7 below. For the moment let us be very clear about the features which make a local government system.

#### Box 1; recognising local government

LG is a system which allows local people (through their elected representatives and participative processes) to run public services and to select their priorities for action. A system can be called local government<sup>i</sup> only if –

- Those taking the decisions (mayors and councillors) have been (fairly) selected by local people
- They are accountable to the local people<sup>14</sup> for “affairs of local significance” – and to central government or LSA only for those delegated functions for which they are adequately financed
- The municipalities are able to deliver<sup>15</sup> some public services to their local citizens
- The municipalities have a transparent process for selecting priorities<sup>16</sup>

<sup>11</sup> Although the rayon councils which were re-established in 2006 have the power to approve such Presidential nominees

<sup>12</sup> Eg surveys

<sup>13</sup> Article 6 of the Council of Europe’s Charter on Local Government (see Annex 1) clearly indicates that local authorities should have the freedom to choose their own departmental and committee structures

<sup>14</sup> Not just theoretically!

<sup>15</sup> When a body is elected but does not deliver actual services, it can hardly be called local government. Some countries have neighbourhood councils which are elected but do not carry out statutory functions but rather lobby and bid for money to allow them to develop technical or social infrastructure. These can be more effective than small municipalities which are so burdened with administrative tasks as to have neither time nor energy for the lobbying and project work. . See, for example, the work of Scottish community councils

- They decide their own local budget composition<sup>17</sup>
- They have sufficient quantity and quality of staffing to perform their responsibilities legally and effectively
- They are allowed to get on with the job – unhindered by constant interference from outside<sup>18</sup>

Transition countries have found the Council of Europe Charter of self-government useful as a checklist – so we have appended this as another comparator.

#### 1.4 Applying the principles to municipalities here

When we have presented these preconditions to municipal staff and councillors in our two pilot Oblasts and asked them to apply them to their system, they have concluded very clearly that the present system here is one of LSA.

- delegated functions absorb about 80% of staff
- Requisite resources do not accompany the delegated functions<sup>19</sup>
- Laws are unclear and contradictory – making it very difficult for municipalities to know how to act
- Very few towns can afford a legal adviser – Naryn town, for example, has a part-time adviser and Karakol was able to appoint a full-time official only in early 2006.
- Municipalities are told how much they can spend on each budget item
- They retain only about 20% of local taxes
- They are expected to perform new functions without any phasing or preparation
- They are bothered by frequent inspections – and requests by rayons for information and reports of questionable value
- Staff are underpaid, often sacked and demoralised
- understanding of local government seems rather weak in certain parts of the prosecutor<sup>20</sup> system
- There is little constitutional protection for local government
- There does not yet seem to be an understanding that the basic function of (local) government is to deliver services to the public<sup>21</sup>.
- The Deputies have not yet received any real training in their functions

The problem, therefore, is that municipalities have been and are treated by those in central government as part of the Local State Administration system and that the current judicial system here permits this to happen.

#### 1.5 Is there a basis for local government yet?

A local government system cannot be brought into being overnight – with the stroke of a legislative pen! Even the most comprehensive and perfect legislation does not make a local government system. That requires **people** - at both central and local level – with knowledge, experience and skills. And that takes many years to develop. The question therefore we should perhaps be asking is not whether Kyrgyzstan has a functioning local government systems but whether it has yet established a **base from which the experience and skills can develop**. After 5 years of a decentralisation strategy little progress has been made – and frustrations and anger is building up to a dangerous degree. This is not for want of trying – a lot of people have spent a lot of time in a lot of meetings discussing draft laws and looking at financial issues.

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<sup>16</sup> This is the fundamental political task – who else can decide how to use limited resources than those who have been elected?

<sup>17</sup> Ending the practice of “control figures” from LSA

<sup>18</sup> A constant complaint is the scale of reports staff have to do for rayons etc

<sup>19</sup> as required by the constitution

<sup>20</sup> one of our case-studies – from Naryn Oblast

<sup>21</sup> One of the basic tests for me is whether any consideration is given to pedestrians getting safely across the street

We would suggest that it is therefore now appropriate that some time is spent exploring the sort of questions set out in box 2 –

## box 2; Some key questions

- *why has so little progress been made toward local government – ie functioning municipalities? Is it simply lack of legal-drafting capacity? Is it disagreement about things such as functions and finance? Is it hostility to the very idea of local government? Is it uncertainty about the priorities?*
- *Whether one of the reasons for the lack of progress might not be the over-ambitious nature of the decentralisation strategy – trying to do too much at the same time?*
- *Does the country actually want local government – and, if so, why?*
- *What are the 2-3 key developments which would get things moving forward rather than backward?*

We are very aware that most people say that all we need are clearer laws. Although we would not deny that the various local government laws do need clarification, our point is that this will not happen simply by having better legal drafting. That is a technical way of looking at what is a political issue. The clarity which people seek will come only from more open and analytical discussion of the sort of options presented in this paper. Legal drafters should come into action only when there is a clear argument behind a particular option. Much of the Roadmap deals with the questions posed above – which are generally neglected in discussions. Sections 2.4, 2.5 and 8, for example, raise some fundamental questions about the present methods of drafting legislation.

## 1.6 A question about motives

We do need to be very realistic about the diverse motives for people supporting local government. “Decentralisation” is one of these vague phrases everyone likes to use – to show they are modern and progressive. We need to be aware that decentralisation does not necessarily lead to strong local government – and has been used in many countries to conceal a move in the opposite direction – centralisation<sup>22</sup>. And, as central governments have come under increasing fiscal pressure, they have found it useful politically to transfer functions to local government – without the appropriate financial resources. It gives them a useful scapegoat. This could weaken – rather than strengthen – local government. And in CIS countries municipalities are valued as a mechanism for gathering votes to sustain power systems. At a local level, some people may support local government since it seems to offer them political or economic opportunities. There is nothing wrong with councillors wanting to advance their careers – but this should not be at the expense of the public good and developed systems of local government have various mechanisms to prevent such corruption.

Table 2 tries to gather the various motives together – and suggest how to minimise the effects of the negative motives.

**Table 2 Motives for supporting local government**

Motives for supporting Local Government	To what extent present in KR?	How minimise Risk? Or maximise potential?
<b>1. Central Government</b>		
Pass burdens and financial responsibility to lower level	High	Proper calculations of costs of statutory functions Clear legal sanctions
Use as scapegoat	Medium	Strong municipal association (s)
Use as vote machine	High	Transparency
To impress international community	High	Clear commitment from all members of government
From genuine belief in value of local government	Low	Debate about local government – active academics and journalists

<sup>22</sup> Slovakia in the 1990s and UK in the past 30 years are 2 good examples

<b>2. Local government personnel</b>		
Career development	High	Accountability mechanisms
Means of private profit	Medium	Transparency
From genuine belief	High with councillors	Good links with civil society

### 1.7 A different sort of control

At 1.3 we raised the argument that if the state let local self-government go “free” the results would be catastrophic. We indicated that this argument rests on a confusion of the word “freedom”. Local government actually involves a replacement of central state control by other forms of control! One of the reasons for the crisis management which exists in Kyrgyzstan is that the central state is trying to do too much – with the results that its personnel simply do not have the time to focus on the issue that really matter. Local government is a system to spread the load of government – with control on local government bodies being carried out in a different way – by different people. Table 3 summarises the argument

**Table 3; The different ways in which local government is controlled – and what is needed to make sure they work properly**

<b>Nature of control mechanism</b>	<b>Current problems which make the mechanism less than effective</b>	<b>How to ensure mechanism exercises its proper role</b>
By the laws	Too many laws – and contradictory Lack of copies of laws and understanding	- Rationalise legal framework - Publish simple summaries - Relevant training
By the political process of discussion in committees and council of proposals and actions	Confusion about roles of kenesh and local executive power caused by law leads to unnecessary conflict	- Ensure that the law defines a single body of local government (see 8.1 below) Training
By local citizens	The pressures under which municipalities operate discourages them from sharing information with public	- Law requires transparency and consultation with citizens
By finance availability	Lack of finance – lack of freedom in allocating it	- Activate the local budget system and abolish present control figures set by LSA

## NOTES AND QUESTIONS

Use the criteria set out in box 1 to assess whether Kyrgyzstan can be said to have a functioning local government system

Think about the questions in box 2

How would you actually measure progress?

## 2. The Process of Change

### 2.1 It takes time -

We need, of course, to recognise that it always takes a long time to get legislation for local government into a workable shape<sup>ii</sup> – and in the meantime services have to be provided. It is a fallacy to assume that, somehow, in a year or so a sound set of laws can be produced. Building local government is a long-term process – and one of the critical questions is how the process is best structured.

### 2.2 But patience is not enough!

For the moment we have to ask whether the power system in this country understands how much local government can contribute to a healthy society and economy – and is actually prepared to act to help create the conditions in which it can grow?

The question is phrased in a very careful way – for there seems to be an assumption that local government can be created by a few central decisions to transfer functions and authority over resources – and that municipalities should just wait for this to happen.

That is not the way local government has developed historically! That way is a recipe for continued subservience. One of the reasons why local government has not advanced here since 2002 is that the centre judges that local government does not have the capacity to run services. And by that, it means that staff do not have the experience or quality. But how is it to gain the experience unless it is given a chance to prove itself? It is exactly the same argument controlling parents use to deny their adolescent children the opportunity to grow up! Of course inexperienced young people will make mistakes – but it is the job of responsible parents who care about their children to create the conditions in which their children learn for themselves – at minimal cost to themselves and others.

#### Box 3: how local government developed

Local government developed in Europe by local people taking initiatives which central government then enshrined in law. In 19<sup>th</sup> century Britain, for example, it was the businessmen on the councils of cities like Birmingham who needed their workers to have transport and good living conditions and who therefore enacted a range of progressive policies in these fields – which central government then required other municipalities to enact. Local government led; central government followed!

*This suggests that legislation for countries developing local government should be “enabling” rather than comprehensive – giving local people the scope to experiment.*

Behind this point lies a fundamental truth – that local government is a dynamic process. The shape of local government is constantly changing – as is evident by looking at events in the last 20 years in any country. It never stands still. New functions are added or subtracted – and different roles developed for citizens, councillors and officials. A healthy system is one which can undertake these changes smoothly – an unhealthy one which is frozen by restrictive legislation and requires the occasional massive upheaval.

### 2.3 The network of discussion needs to widen

In the past few years a good base has been laid for local government here – there are 6818 elected councillors and 484 AO Heads<sup>23</sup>; and a framework of legislation which mayors and municipal staff have had an opportunity to learn about and test – if mainly during the past year or so. There is now a broad understanding of what has to be done to make the system more effective. But local councillors are not yet involved in the discussions about the future of local government in their country – which are too much focussed in Bishkek.

### 2.4 Why do the laws not work?

Several times in our discussions in municipalities in the 2 pilot Oblasts, we have been asked the blunt question – “Why do our Laws not work?”

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<sup>23</sup> and also thousands of elected representatives of TOSs



There are some preconditions for effective laws and if they are missing, laws will fail as surely as night follows day. They are that -

- The law needs to be **drafted in intensive consultations with those who will be required to implement and enforce it**. All too often those drafting it do not have experience of the practicalities of implementation and therefore fail to anticipate operational problems. Consultation helps avoid this – and will also help avoid going into detail which is better dealt with in regulations
- Consideration needs to be given to the **mechanisms, resources and time needed to give the objectives of the draft law a chance of becoming operational**. In other words, a realistic action plan is needed<sup>24</sup> – which recognises that laws need money – and will often have to be applied in stages to allow the necessary preparation of staff and facilities.
- There needs to be a **management system** to make sure that the action plan can in fact be properly implemented – and will not simply be forgotten about because of the sheer number of new laws and regulations. Often a **new unit** will be needed with some full-time staff and a Head with some political influence for this.
- **People affected by the law have to know a law exists and understand what it says**. This means enough copies have to be available in places where people need to access them – and reader-friendly summaries need to be available in sufficient quantities.
- **Laws need to be enforced** – there needs therefore to be provision in the law for dealing with disregard for the law; and these need to be used. One successful court action can be worth a hundred regulations in making people realise that the law is there to be applied.

Now apply these preconditions to the Local government laws here

- Were they drafted in consultation with the local officials and councillors who would implement them? In almost ten years this does not appear to have happened. The local councillors should be properly involved in the present discussions about amendments to the relevant laws. This is one of the core functions of municipal associations.
- Very few copies of the relevant laws are to be found in the municipalities
- Was consideration given to the training needed – or the need to phase in some of the implementation?
- What sort of provision is there for enforcement – and when municipalities have tried to enforce, what has been their experience? Generally very bad.

So lack of technical capacity at the heart of central government is one reason for the failure to develop local government<sup>25</sup>. This is dangerous for both central government and local government – since it develops cynicism and a feeling that nothing can change. The establishment of a new National Agency for Local Government is a step in the right direction if (a) it can focus properly on priorities; (b) draft priority legislation carefully and (b) in full consultation with those affected. Only then are laws workable.

But an effective strategy has to be more than technical. There is little point in spending time on drafting legislation if they lie unimplemented (like the Law on local Finance) because strong forces are opposed to the whole idea of local government!

## 2.5 Looking more carefully at the process of change

Para 1.5 posed some questions about the possible reasons for the lack of progress. Let's look at this issue in more detail. Table 4 lists the various factors which might explain the situation.

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<sup>24</sup> all of this implies a professional civil service – on which Kyrgyzstan has made a start with the creation of a Civil Service Agency and the appointment of a cadre of State Secretaries.

<sup>25</sup> This needs to be remembered when you hear people in Bishkek talking about “lack of municipal capacity”!

**Table 4; Possible reasons for slow progress**

Possible reason	How true?	How deal with?
1. Lack of legal-drafters?	Yes – and too many drafts therefore submitted by those with insufficient skills in drafting With the new constitution-making, there is now no consistent and agreed legal terminology	<ul style="list-style-type: none"> <li>• restrict legal drafts to areas of very high priority</li> <li>• use policy papers as a first stage before legal drafting</li> <li>• resist the temptation to put too much detail in the law</li> </ul>
2. Lack of time – civil servants and parliamentarians	Yes – and situation getting worse!	<ul style="list-style-type: none"> <li>• Present unified and convincing proposals to policy-makers – which are properly justified and clearly have wide support</li> <li>• resist the temptation to submit quick legal drafts</li> </ul>
3. Lack of agreement amongst those proposing change	Because discussions focus on legal detail there is considerable scope for disagreement	use policy papers as a first stage before legal drafting – and ensure proper scrutiny of proposed mechanisms. Will they actually work?
4. Lack of commitment amongst policy-makers	Some policy-makers imagine that local government is free of any sort of control (see table 3) . Some Ministries fear loss of power The present crisis management makes it very difficult for anyone to focus on any single subject	Set up an independent commission to produce a clear statement of the benefits of local government and a clear analysis of the needs
5. Lack of coherent proposals	Despite the intensive discussions, few proposals seem to emerge – and they have not been subjected to tough questioning about their feasibility.	Better civil service training
6. Lack of push – at initial or final stages	It will take time for the new National Agency to develop its role	Stronger municipal associations
7. Lack of money	Yes	
8. Lack of support of policy-makers for specific proposals	Unclear	Municipal associations should focus on this lobbying role
9. Lack of public support	Unclear – but probable	See table 18

## NOTES AND QUESTIONS

How would you rate the importance of each of these 9 factors? Put a 1 opposite the factor you think is the most important, 2 for the 2<sup>nd</sup> most important etc. Then compare your results with those in table 17. Try to account for the differences in the rating.



# 3. Issues for an effective strategy for strengthening local government

## 3.1 Asking the critical questions

Since 2002 there has been a decentralisation strategy – managed by a coordinating council which is now chaired by the Prime Minister. Its action plan was recently updated.

As we have already said, it is not difficult to draft laws and strategies – they exist on paper only.

The real challenge is to draft and manage these in a way which actually achieves the desired results!

This requires us to be selective – if our laws, strategies and action plans are too numerous and detailed, the result will be inaction. People and systems cannot cope. Any effective strategy begins with some simple questions –

### Box 4; key questions for drafting a strategy

- Who is involved in the system we are trying to change?
- What are their attitudes to what is being attempted?
- What is the reason for any resistance or hostility to the suggested change?
- How do we minimise such resistance?
- What sort of actions should we therefore be considering?
- How do we ensure that they will be implemented?
- And will work?

**The starting point of any change has to be an assessment of the forces which are favourable to any change – and those which are hostile.**

*An effective strategy then (a) tries to understand the reasons for these motives and (b) develop strategies to deal with them – either head-on or by more devious routes.* Diagram 1 is an example of what the first stage of such a strategic approach would look like – ie “mapping” the attitudes to local government here by various groups. Groups are placed high on the vertical axis if they have a positive attitude and on the left hand-side if their attitude (positive or negative) is strong. This, of course, is very impressionistic – there is in fact very little evidence<sup>26</sup> to go on.

A lot of energy and time has been spent in recent years trying to get a precise and relevant legal and fiscal framework for local government. My feeling is that not enough time and energy has been spent helping some groups to understand what local government actually is – and how it will contribute to (not detract from) the country’s social and economic stability.

The location of the various groups in the diagram’s four quadrants needs to be properly discussed. It is my feeling that support for the idea of local government has been declining here in recent years. How could it be otherwise? It has not been allowed to operate – so how can people feel positive about it? The question is where should attention focus – on getting better laws working? That could take years. On getting the local budget system working? But the opposition to that could also last some time.

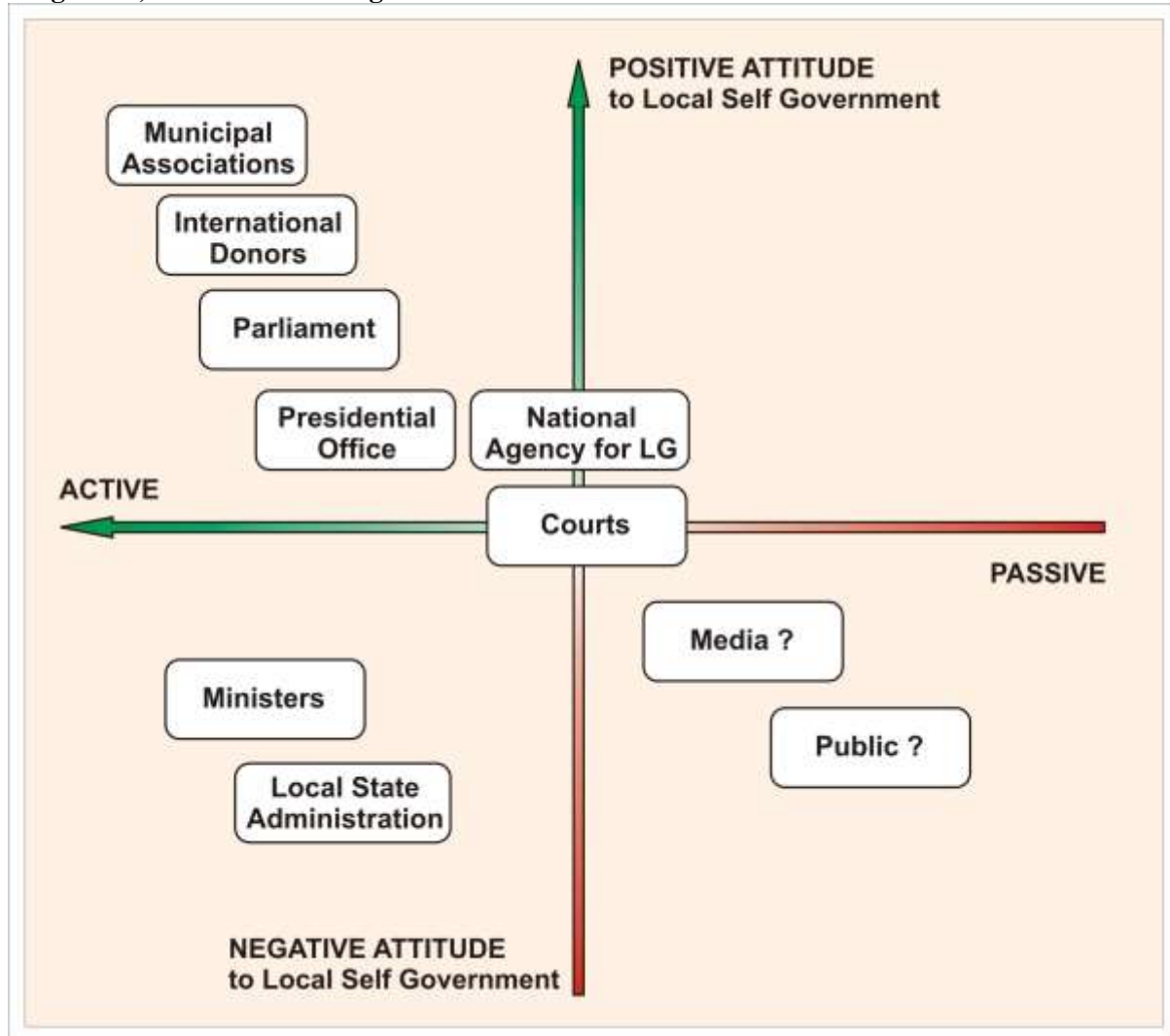
Two important elements of change seem to be missing in the present situation-

- **Forceful advocates** of the importance of local government – and its practical benefits
- Practical examples of **what a municipality can actually do**

And forceful advocacy means good communications! Bodies such as the National Agency for Local Government and the Decentralisation Council need to explain clearly and frequently what is going on and why what they are doing is important. And consideration should be given to the establishment of pilot municipalities which have special legal status to allow them to operate with the clear legal, financial, staffing and organisational conditions to demonstrate what a municipality is capable of. We develop these points in section 4.

<sup>26</sup> But see the Combined Report - poll results on level of consumer satisfaction with town municipality services in KR (Urban Institute summer 2006)

**Diagram 1; Attitudes to local government in KYRGYZSTAN**



### 3.2 Thinking about how to achieve the desired changes

No one can really disagree with the contents of the decentralisation strategy – but that is, paradoxically, perhaps why implementation has been so slow! It is too general – and also enumerates too many requirements! The development of local government requires –

- The identification of the obstacles to reform
- The selection of the most effective ways of dealing with these

Decentralisation involves a major change in mind-set. It requires those in the centre to accept that they can neither know nor control everything from the centre. And it involves changing behaviour – encouraging municipalities to take initiatives and changing the role of local state administration.

*How does one change such behaviour – or the indifference and hostility suggested in the diagram?*

This is one of the most important questions of this paper – since CIS countries seem to rely too much on the law as a mechanism for change.

Table 5 sets out the different mechanisms available to government. The law is only one of about 10 such mechanisms – and has to be used with great care. But laws do not in themselves motivate - or reduce the resistance or indifference which comes when people don't understand the reasons for a new system which is being introduced.

*Over-reliance on the law makes a society grind to a halt – since the policy-makers and legal drafters have limited time and knowledge. The whole point about a pluralistic society is that it has different points of authority which can help push social behaviour in an acceptable direction.*

### Box 5; putting law in its place

Take, as an example, the dramatic reduction in smoking in many European countries in the past decade. How did that happen? Not by legislation – but by a process whereby initially medical people used scientific research and the media to draw the dangers of smoking to public attention. Ordinary people then took over – those whose relatives had died from cancer launched campaigns – targeted, for example, on young people who began to put pressure on their parents. Government then used various mechanisms - put warning signs on cigarette packets, banned cigarette advertising, increased taxes. Only at the very end of the process was the law used in a way which impacted on individuals. By then non-smokers were a vociferous majority and insisting on their rights not to be affected by those who smoked in public places. Government eventually used legislation to ban smoking in public places.

**Table 5: motives and instruments in the change process**

Motivating Factor	Example of instrument	Particular mechanism
<b>1. Understanding</b>	Training Campaigns Functional review	Rational persuasion  Factual analysis
<b>2. Commitment</b>	<b>Leadership</b> Communications Training	Legitimisation; inspiration  Pride
<b>3. Personal Benefit</b>	Pay increase and bonus Promotion (including political office) Good publicity Winning an award	Monetary calculation ambition obedience Reputation; Psychological Status
<b>4. Personal Cost</b>	Named as poor performer Demotion Report cards	Psychological (Shame) Monetary Pride
<b>5. Obligation</b>	<b>Law</b> Action plan Family ties	Courts Managerial authority Social pressure
<b>6. Peer influence</b>	Bribery Quality circles	Pressure Support
<b>7. Social influence</b>	<b>Opinion surveys</b> <b>Public demonstrations</b>	Feedback from public about service quality

When a new system – such as decentralisation – is being introduced, the tools we use for that change have to match the motives. What is it that is most likely to make target groups change their behaviour? Simple instructions? Threats? Incentives? Explanations and understanding? Involvement in the decision-making? Moral exhortation?

Many people tell us that the only effective mechanism in ex-soviet countries is that of the command - whether in the form of laws or injunctions from the boss (point 3 in the table).

Other people would argue that *rational arguments* (eg in training sessions) or *leaders* make a difference – and can inspire those in the organisation to change (points 1 and 2 in the table).

What we are saying is simply that, before choosing an instrument, look very carefully at the assumption you are making about how your target group behaves. Will this instrument actually work? How likely is it to produce the behaviour you want?

### 3.2 Nine points for a strategy

The paper has started to identify some of the obstacles to the creation of properly functioning municipalities here. We shall meet more obstacles in the course of these pages. To deal with these obstacles we suggest ten elements – some of which are not dealt with in the decentralisation strategy. And we have to recognise that there are many different ways in which each of the elements might be developed. These are listed in the options column of table 6.

**Table 6 Draft strategic options**

<b>Objective</b>	<b>Options</b>	<b>Further detail</b>
1. 1. Shared vision – and understanding of and support for core features of local government – in society as a whole	<ul style="list-style-type: none"> <li>• create legal basis for pilot or model municipalities</li> <li>• Special Commission established to review and report to Parliament and President on present status and issues.</li> <li>• Journalist briefings and features</li> <li>• Academic research and discussion papers</li> <li>• effective consultations with local citizens by councillors and municipalities</li> </ul>	Section 4
2. Independent and representative municipal association (s)	<ul style="list-style-type: none"> <li>• association (s) need to represent municipal feeling and views</li> <li>• Focus on negotiation with central government</li> <li>• Development of professional associations?</li> </ul>	Section 5
3. Lead structure for reform in government with political clout	<ul style="list-style-type: none"> <li>• New national Agency develops a vision and strategy for local government</li> <li>• Clarify whether control or support body?</li> </ul>	Section 6
4. Workable laws which ensure that municipal leaders are accountable to local people for “own functions”; retain local taxes; and are free to set their local budgets.	<ul style="list-style-type: none"> <li>• Clarify allocation of functions – recognising that it normal to give towns and villages different functions</li> <li>• Activate the Law on Local Finance</li> <li>• Consider scope for merging smaller municipalities</li> <li>• Contract between municipalities and LSA</li> </ul>	Section 7
5. Enforcement of laws and municipal rights	<ul style="list-style-type: none"> <li>• Copies of laws available</li> <li>• Reader-friendly summaries</li> <li>• Judicial reform</li> <li>• Training – inc Prosecutor offices and courts</li> <li>• Assist test cases</li> <li>• Disseminate results</li> </ul>	Section 8 See project case-studies
6. Locally-determined and financed municipal budgets and equalisation grant system in 2007	<ul style="list-style-type: none"> <li>• Implement Law on Economic and Financial Basis</li> <li>• Create incentive for local tax collection</li> </ul>	Section 9
7. Staff capacity developed	<ul style="list-style-type: none"> <li>• Develop IT, legal and financial capacities</li> <li>• Establish minimum educational qualifications for certain positions</li> <li>• Develop guidelines on good practice</li> <li>• Develop local training capacity</li> </ul>	Section 10 and project’s paper on Building Municipal Capacity
8. Reshaping of LSA	<ul style="list-style-type: none"> <li>• LSA to interfere less in work of municipalities</li> <li>• Rayons given new role of managing specific public services</li> <li>• LSA develop a proper management system</li> <li>• Special training programme</li> </ul>	Section 11 and January 2007 project paper
9. Effective local leaders	<ul style="list-style-type: none"> <li>• Single legal entity of municipality should minimise internal conflict</li> <li>• Consider selection system for mayors and AO Heads</li> <li>• Training in councillor roles and strategic management</li> <li>• Accountability mechanisms</li> </ul>	Section 12

The issues set out in the table are discussed in more detail in the next paras – with cross references to more detailed papers.

# NOTES AND QUESTIONS

Do you agree with the mapping of the various groups in diagram 1?

What more options can you add to column 2 in table 6?





# **PART II; WHAT IS NEEDED**

## **4. Developing a Shared Vision**

- Developing a common language
- Developing a shared vision
- Some suggestions for helping create a vision

## **5. Strong, representative and effective municipal association (s)**

## **6. Lead Structures**

- The Present situation
- The role of an Agency and its priorities
- The type of body needed depends on the task which is to be done

## **7. Laws to ensure workable allocation of functions**

- Making the legal-drafting and approval process more transparent
- Terminology
- Agreeing a manageable set of functions
- A more differentiated approach

## **8. Implementation and Enforcement of municipal rights**

- Constitutional protection
- The need
- legal understanding and Training

## **9. financial capacity to fund operations and development**

## **10. municipal capacity**

- Present situation
- How does the capacity of an organisation develop?
- Different ways of learning
- The difference between education and training
- Local training – or “learning” capacity
- Preconditions for effective learning

## **11. The role of Local State Administration**

- Distinguishing tasks and interests
- What is the problem?
- Changing the way LSA works

## **12. Effective local leaders**

- **Mayors and Heads of AO**
- **Helping Councillors play their role**
- **Getting them working together**
- **community-based organisations**

## 4. Developing a Shared Vision

### 4.1 Developing a common language

One of the marks of a democracy is its language. Centralised systems use a wooden, technical and legal language for public speech – whose effect is to exclude the public. If only the “initiated” can understand what you are talking about, then you escape public scrutiny. So it’s an effective game. Local government means that the public have a strong voice in setting local priorities and making suggestions. It means that their local representatives – the councillors, mayors and AO Heads – should be able to participate properly in the discussion about strengthening the local government system. That means that the language in which the debate is conducted should not be legal or technical. But much of it is! This needs to change. Issues have to be presented clearly and simply – and on paper – before they are placed in legal language. That is one of the things this Roadmap is trying to encourage. The first draft of this document (in December 2005) made a big impact simply because it “called a spade a spade” – as the British say.

### 4.2 Developing a shared vision

It is clear that the concept of strong local government is not yet understood or accepted in Kyrgyzstan. That is the basic constraint – and has to be confronted. Whilst the value of local discussions is evident in the kurultai<sup>27</sup>, the ethnic mix in the various countries of the region breeds anxiety about ethnic divisions and breakaways. What is needed is a campaign to help people understand that effective local government is a uniting factor. Some people also can be heard to argue that the country is not yet ready for democracy; that European models are not relevant; and point to historical developments in countries such as China, Japan and Korea. In fact the Chinese example proves the importance of strong local government for national economic growth<sup>iii</sup>!

**But action speaks louder than words – so examples of how municipalities can do things LSA can’t is the most effective argument**

#### Box 6; a pilot approach to the development of local government

This suggests an experimental approach to the development of local government – whereby in certain areas the financial and administrative restrictions on certain municipalities are lifted to show what local government is capable of.

Of course that would work only if the municipal leaders treat the municipal team, kenesh and community as real partners; and the LSA system also enters the initiative in a spirit of cooperation and exploration

And central government Ministries have to have an incentive for allowing municipalities to take on the functions and finance which currently go elsewhere. We deal with this in section 10.

### 4.3 Some suggestions for helping create a vision

#### 4.3.1 Some simple actions to demonstrate that LSG makes a difference

But we don’t need a survey to tell us that the public need a reason to vote. And the main reason for turning out to vote is that you expect someone to do something about some basic rights – such as safety in the streets. Can I walk around and cross the road without worrying about being hit by someone or something – or falling into a hole?? One of the basic municipal services is the provision of such safety – and they do not seem to be provided so far. Mayors who would put priority in ensuring that cars respected pedestrian rights to cross at street crossings would soon demonstrate the reason for local government!

#### 4.3.2 Surveys

Simple comparisons generate discussion and can establish a momentum for change. For example a recent Urban Institute publication (see 3.1 above) showed major differences in local public satisfaction with town municipalities – and therefore raises questions about the reasons for the low ratings of certain mayors.

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<sup>27</sup> The gathering of all residents of a settlement

### **4.3.3 pilots**

We have suggested that people need to see examples of properly working municipalities – and that this can be by selecting some as pilots<sup>28</sup> – where the municipality would be given freedom from certain administrative and financial restrictions and work in a more creative way.

The Scandinavian Free commune experiment is relevant here – which invited municipalities in selected pilot regions to indicate which administrative requirements on municipalities (eg stats and reports; number and title of admin positions) could be experimentally abolished). This led to very successful work and to government abolishing many of the relevant regulations for all municipalities.

### **4.3.4 study visits**

Social change comes only when there are enthusiasts with a vision. How do such people emerge and have influence? One of the most effective ways is when people see for themselves a properly functioning system – for example by making a study visit to see how a foreign local government system works. Local study visits can also be useful – to share good practice.

### **4.3.5 networks**

An important part of change is the advocates and enthusiasts of change being able to give support to one another with information and discussions. During the EU Tacis project's life, we were able to identify about 20 individuals in the municipalities of our 2 pilot Oblasts

### **4.3.6 independent assessment and guide**

This paper is one of the first to try to assess problems and options. It does not, however, pretend to be comprehensive. Such documents are needed to try to develop the understanding and vision needed to create any new system. This could perhaps be helped by the establishment of an independent review committee which would take evidence – in public - from individuals and bodies at both national and local level and produce an analysis and recommendations. The composition of the committee would consist, for example, of 2 academics, 2 mayors, 2 MPS, an ex-Minister, representative of local NGOs, a journalist etc

### **4.3.7 Media coverage**

Most countries have journalists who specialise in local government – helping the public understand the value of municipalities and identifying examples of good practice. This can be encouraged here by donor programmes.

### **4.3.8 research coverage**

Academic and teaching institutions should also be encouraged to set up research into the process of developing local government here – monitoring what is happening in the localities; issuing publications which would help people – at both national and local levels – understand better the various issues involved in establishing a strong and flourishing local government system.

### **4.3.9 Notes of guidance**

Why does each AO Head have to commit the same mistakes of his predecessor? What would be very helpful are brief notes of common problems faced by municipal leaders which draws on experience to suggest the options for dealing with the problem. Either the National Agency for Local Government or the municipal associations should supply this service.

## **NOTES AND QUESTIONS**

- Use table 4 to work out other possible ways of dealing with the attitudes of the various stakeholders to local government here.
- What other suggestions can you add to those at 4.3?

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<sup>28</sup> Of course pilot status will have to be managed very carefully. Issyk Kul has had one bad example of this!

## 5. Independent, representative and effective municipal association (s)

Transition countries are still learning that pluralism and democracy entail the open recognition of differences – and require channels of negotiation to help confront and resolve these differences through dialogue – not superior force. Local government is developed through such processes – and it is imperative that municipal associations are organised in a way which allows them to represent the interests of their elected members in national discussions. In the past 2-3 years, the interests of local government in Kyrgyzstan have apparently been represented by –

- an Association of Towns
- an Association of Villages.

However, their shortage of cash has led to them both to seek funding from international donors. This, however, just creates another problem – of the associations paying more attention to donors than their members. This vulnerability was clearly evident in early June 2006 when the national Agency for Local Government held a meeting at which the first steps were taken to set up a new Association. Local government is clearly distinct from local state administration – it is elected by and accountable to local citizens. But that does not make it possible to speak of a common municipal interest. Municipalities consist of a variety of groups each of which has its own legitimate perspective –

- Towns
- Villages
- Councillors
- Mayors
- The professionals who manage a variety of services
- Administrative staff
- Manual workers

As a result, most developed societies have national associations which try to represent these various interests - thus –

**Table 7: Diversity of local authority Associations in developed local government systems**

	<b>Focus</b>	<b>Task</b>	<b>Comments</b>
<b>1. National Association of municipalities</b>	Local government as a whole	Negotiate with central government – <ul style="list-style-type: none"> <li>• Responsibilities</li> <li>• Funding</li> </ul> Negotiate wage rates with trade unions	It is never easy to have a single body representing all types of municipality (eg town and village). Scotland is one rare example which has had such a single body (since 1975)
<b>2. National association of councillors</b>	The individual councillor	Mutual support	The interests of councillors are different from those of municipalities
<b>3. Society of Chief Executives</b>	The appointed Head of administration	To share and articulate common concerns of leadership	Kyrgyz mayors of Oblast significance fall into this category.
<b>4. Professional Associations</b>	A particular service in the country as a whole – eg education	To uphold professional standards	It is often a requirement that professional staff belong to the relevant association
<b>5. National Union of Manual workers in Local Government</b>	The workers of local government in the country	To negotiate wages and conditions with employers	
<b>6. National Association of admin workers</b>	Administrative staff in local government in the country	To negotiate wages and conditions with employers	
<b>7. Heads of Professional Bodies</b>	The Directors of a particular service in the country eg Education	To negotiate wages and conditions with employers To share and articulate common concerns of leadership	
<b>8. Local associations of service providers</b>	A single service in a locality	Provision of service eg water provision	

At the moment, however, the town association here works with the mayors of towns – most of whom are, of course, executive figures and it is normal for such figures to have their own association, entirely separate from the body which represents the elected side of local government. In October active discussions got underway to restructure the municipal associations – and it will be important this is done in a way which brings the energy of local councillors into the picture. The Association of villages conducts trainings, workshops, conferences; it produces manuals, develops internal regulations and procedures, takes part in international conferences, works with migration and ethnic development problems at local level. The Town Association has been able to develop a website – and several regular publications – but clearly it and the Village Association need more resources to develop such activities.

Important questions for discussion include -

- What should the **role of (appointed) mayors of towns of Oblast significance be in the association?** They are appointed by the President and therefore clearly accountable to national government. Although their position is confirmed by the keneshes, they have a somewhat ambivalent position in the country's progress toward a local government system. This is clearly understood – and explains why the Chair of the Town Association is the Chair of the Bishkek kenesh. But that suggests there should be an Association of mayors – as Heads of the local Executive system! (type 3 in the table)
- How are the **interests of the municipalities best represented in the associations?** How often should meetings be held – and of whom? In most such national associations, the business is structured on a functional basis ie separate committees for communal services, finance, municipal property and land, staffing, education etc. From our observations, it seems that few councillors are involved in the discussions of the municipal associations on these issues – with matters being left to a few figures. We would argue that this is the core function of national associations and more effort needs to be given to involve councillors in these developments.
- What **precise functions should be performed** by such associations? The quick review we have done indicates that a range of publishing and training activities are undertaken. This is important – but arguably should not be done at cost to the core function of representation and lobbying on legal and financial issues.

## NOTES AND QUESTIONS

How can municipal associations ensure that they actually do represent the views of their members?

## **6. National Structure to deal with municipalities and local government reform**

### **6.1 The Present situation**

In October 2005, the Kyrgyz President signed a Decree which brought an Agency for Local Government Affairs into existence. Its responsibilities are –

- to draft normative and legal acts, and other materials in the sphere of local government development, including issues related to decentralization of state administration, differentiation of functions between state power and local government, improvement of administrative and territorial structure of the Kyrgyz Republic, improvement of inter-budgetary relations;
- to bring forward proposals to strengthen organizational, legal, financial and economic basis of local government;
- to interact with state administration and local government bodies, international organizations, public associations, and to ensure coordination of their activities on local government issues;
- to conduct analysis and monitoring in development of interactions between central, local bodies of state power and local government bodies and their joint activities;
- to render organizational, methodical and consulting assistance to local government bodies, including increase of efficacy of local community charters, involvement of population into activities for development of territories, and assistance to increase capacity of civil society;
- to form database of issues related to activities of local government bodies;
- to organize work on creating the system of manpower training for municipal service; carry out methodical management of issues related to implementation of the Law KR “On municipal service”, fulfil functions to implement provisions of this Law within the limits of the established authorities;
- to monitor implementation by local government bodies, of the requirements of Constitution, laws, decrees and resolutions of the President, and resolutions of the Government on delegated state responsibilities;
- to render assistance to local government bodies in development and implementation of strategic plans of territories, other programmes and plans of social and economic development, assist to implementation of programmes and projects for investment of local communities and interact with international non-government organizations for these purposes;
- to cooperate with international and other foreign organizations for further development of local government with a view to search investors, grants and credits, which do not demand guarantees of the Government KR;
- to coordinate work on timely organizing elections of village, settlement and town local government heads and councillors of local keneshs, and on presenting reports of local government heads to local communities’ kurultai on fulfilment of their responsibilities within the limits of legislation KR;
- to deal with disputes between bodies of state administration and local government, between representative and executive bodies of local government, and between local government bodies of various levels within limits of its competence;
- to consider and examine complaints and applications of local communities’ members for the subject of illegal actions of local government and state administration bodies and their heads.



## 6.2 The role of an Agency

The immediate question is what the constitutional status of an Agency will mean for the task of developing local government in the country. Here we have to be very careful about terms and traditions. The practice of establishing Agencies is a fairly recent one globally – and is generally done to give more flexibility to the implementation and delivery of a specific public service. In the 1980s Agencies were set up in Britain, for example, and given budgets to run a particular activity (eg issuing passports) and then set free from the normal rules relating to the budgets and personnel appointments. This was done in the name of customer satisfaction and innovation. In some cases, the Agencies were a half-way house to eventual privatisation. They were, in those cases, a temporary structure.

An Agency for Local Government is an unusual beast – even more so than a Minister without portfolio. It does not fit the normal pattern – since patently it will not be delivering services. But it does have a particular task – to strengthen local government – which, hopefully, it will operate in a flexible manner. Unfortunately some of the many responsibilities it is given in the October Decree do give it powers of monitoring and oversight which do not fit well with its task of strengthening local government.

It will be very important for the new Agency to recognise very clearly that it is a body set up to carry out a specific task — in a strict timetable (say 5 years) - and that it will be judged in these terms. It has to bring a new system into existence – not try to manage the routine operations of the present system.

## 6.3 Priorities

The Agency's responsibilities are many and varied. The pressures on it to fulfil urgent ad-hoc tasks to fit the deadlines of Presidential Office or parliament creates the risk that it will not be able to offer the municipalities the vision and support they need for the development of local government here. *One way to avoid this risk is for the Agency to develop a simple but clear strategy which demonstrates to all stakeholders how it proposes to handle the various expectations which have been placed on it.*

## 6.4 The type of body needed depends on the task which is to be done

The passing of a new constitution for the country in November 2006 has raised questions about the future shape and reporting lines of the Agency. Will it continue to report to the Presidential Office? Should there not eventually be a Ministry?

Governments throughout the world use different structures for managing local government and – both operationally and strategically. *But the structure and its role will vary according to whether the local government system is “settled” or “in transition”.*

Governments of central Europe and Central Asia have faced the challenge of creating, for the first time<sup>29</sup>, a system of local government with budgetary freedom - elected by and reporting to its local citizens. In both Central Europe and Central Asia, the challenge has been to transfer functions which previously belonged to a strong system of local state administration. That is not easily done. Officials naturally resist such change – and passing laws (no matter how good) is not sufficient to enact the changes.

Kyrgyzstan has made an excellent start to the construction of local government here with the election of 6818 councillors and 484 Heads of AO – and the establishment in the last few years of a sound legal framework. And people need to understand that strong municipalities are one of the key factors in creating a healthy society and economy.

Transition countries deal with this issue in various ways –

- Ministry of Interior
- Minister within top political structure
- Special Ministry

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<sup>29</sup> In Central Europe – for the first time for several generations; for Central Asia, for the first time ever.

**Table 8; National Body dealing with local government issues**

Option	Example	Comment
Ministry of Interior	<b>Slovakia – in 1990s</b> <b>Romania</b> 1990-present	appropriate more for controlling municipalities than helping the reform effort
Minister	In early 1990s <b>Poland</b> – with 49 regional offices  UK Minister part of Deputy Prime Minister's Office for Environment and Local Government	normally attached to Presidential or Prime Minister Office – in order to carry out special reforms which need the authority of the top political leadership
Special Ministry or Agency	Hungary has Ministry for Environment and Regional Development	This is the more normal structure for settled local government systems

Romania is an example of a country which started strongly with city mayors being directly elected – but with the Ministry of Interior retaining a very strong control<sup>30</sup>. This has stifled the development of local government in that country – compared with Hungary, Poland and Slovakia.

And, although Hungary has given the responsibility to a Ministry of Environment and Regional Development, the country had a strong consensus about the need to diminish the role of local state administration and local government therefore faced no serious problems of establishment. That option is one which is normally used when the local government system is a settled one.

## NOTES AND QUESTIONS

How can the Agency strike the right balance between acting as a State body representing the interests of the state on the one hand – and helping municipalities develop their capacity on the other?

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<sup>30</sup> Even to the extent of appointing the town's secretary



## 7. Laws to ensure workable allocation of functions

### 7.1 Making the legal-drafting and approval process more transparent

Although not many amendments have so far been made to the basic laws on local government, many working groups have been working on the issue. These groups are reasonably representative – but their discussions are not public; generally focus on legal drafts; and have very tight timetables. All of these factors make for bad laws. Section 4 has emphasised the importance of discussions first focussing on principles and options; and of documents being publicly available which help the stakeholders and public understand the options which are being explored (in the style of this Roadmap). Only when a consensus has been reached should a legal draft be prepared. Lawyers should not drive the process – they are simply the servants of the policy makers!!

#### Box 7; three ways to bad legislation

The chances of legal drafts serving illegitimate private interest are vastly increased when –

- Legal drafting takes place before a brief policy document has circulated
- The discussions are in private
- Tight timetables are set

### 7.2 Terminology

At the very beginning of our project, we noted that there seemed to be major confusions of concepts and language. The new versions of the constitution drafted in late 2006 have made this situation even worse – and clarification of legal terminology now becomes almost the highest priority (see Annex 5).

#### 7.2.1 The municipality

The need for the **concept of the municipality as a single legal entity** seems now to be widely accepted. A kenesh cannot legally be “a local government body” – it is rather the sovereign part of a single legal entity which consists of it and the executive power (administration). When (as in the present law) these two are considered to be legally separate bodies, this is a recipe for conflict in decision-making. Who, for example, is the owner of municipal property – the kenesh or exec power body?

There is only one municipal body – consisting of the kenesh (sovereign body) which delegates certain powers to the Executive power.

#### 7.2.2 Types of functions

##### Own functions

The definition in the present law refers of own functions (“affairs of local significance”) is so general as to allow local state bodies to require municipalities to do anything they don’t want to. “Creation at the local level of adequate conditions for the development of pre-school, secondary school and vocational education” is a good example. In practice this is generally understood to be maintenance of school buildings – but could be and is interpreted much more widely by some Akims. That is why the project has supported the amendments made in 2005 with the support of the Urban Institute. These are much more precise.

##### Delegated functions

Article 16 of the present Law lists those functions which are delegated to municipalities if “*respective state administration bodies are not available in location*”. These are reproduced in Annex 2. This list in fact contains two very different types of function – those which offer services of immediate benefit to the local public (eg veterinary services; targeted social assistance) – and those more administrative activities which are of benefit to the state (statistics and military enrollment). The former are generally included in the list of “own functions” and would include registration of births, deaths and marriages.

Central government throughout the world recognises that local government is the **most appropriate body** to carry out, for example, various education and environmental health responsibilities. These are **mandatory** on municipalities – at least to a certain minimum standard (eg children attending schools until the age of 16). I therefore suggest that some of the functions in the present list of “delegated” functions are transferred to the list of own functions.

### 7.2.3 community

The basic law contains a rather romantic view of “the community”<sup>31</sup>. Of course the *kenesh* is elected by the citizens of that community – but block committees and *kurultai* cannot be considered as “local government bodies”! The former are a form of social organisation and therefore should not be included in the basic Law at all. The *kurultai*, however, may be mentioned in the Law – but only as a body which would be consulted about the municipal charter.

### 7.3 Agreeing a manageable set of functions

In 2004 a detailed set of amendments to the basic 2002 Law on Local Government and LSA were produced. These would give municipalities the following functions of local significance-

- management and disposal of municipal property;
- provision of drinking water in the settlements;
- ensure operation of sewage system and treatment facilities in the settlements;
- ensure functioning of municipal roads and pavements in the settlements;
- organization of lighting of public accommodation;
- ensure functioning of cemeteries and providing ritual services;
- “territory improvement” and planting of greenery in public accommodation,
- ensure functioning of parks, sport facilities and recreation grounds;
- cleaning solid waste;
- ensure functioning of municipal transportation and regulating operation of public transport within the boundaries of settlements;
- protection of cultural and historical sights of local significance;
- social and economic planning and ensuring economical development of respective territory;
- appointment of guardians and trustees as well as monitoring of families which are under guardianship or trust;
- organize and ensure of operation of libraries of local significance.
- establish rules on land use and development;
- issue permissions to build on respective territory
- fire and public security services.
- Provision of social housing

It is unfortunate that these amendments have not yet been considered by parliament – the March 2005 revolution, the establishment of a new government and the ongoing constitutional discussions have delayed this.

Although we consider that these amendments are an improvement on the present text, we do want to raise the question of why it is considered necessary to allocate the same functions to all municipalities.

### 7.4 A more differentiated approach

The reform strategy to date has been two-fold - to push for the introduction of a **proper local budget system** and for a clearer statement of the “**own**” **functions of local government**. The first has been and will continue to be a major political struggle - basically because of doubts about the capacity of the vast majority of smaller municipalities – and this, I would argue, is also the main reason which is blocking any advance on the issue of an acceptable set of functions for municipalities. This section suggests a way of dealing with this.

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<sup>31</sup> The term “community” is a sociological term, which usually is not found in legislation.

However there is another reason for the slow progress being made in this field – and that is the uncertainty about the respective roles of local state administration and municipalities. This is linked to the discussion about territorial reform.

We would suggest that only when the role of local state administration is properly clarified will the country be able to move ahead properly with local government. So far the discussion in Kyrgyzstan has assumed there are two approaches which can be taken -

- **Amalgamation** of municipalities
- Encouragement of **local associations of municipalities for particular functions** in a particular geographical area (as is done for water)

This paper argues that there is a third approach which could be both more feasible and acceptable - designation of **different types of municipalities** – with smaller municipalities having a narrower range of functions and their local services provided basically by rayons which should be given a new role.

#### **7.4.1 Amalgamations**

Some people favour reducing the number of village municipalities by amalgamations – the figure of 200 has been quoted. Such a move needs to demonstrate clear benefits but the cost is generally political. Of course larger municipalities would be able to afford to employ legal advisers, for example, but the public would fear loss of access. Voluntary amalgamations rarely take place; forced amalgamations are very difficult politically

#### **7.4.2. Regional Associations of municipalities**

As far as local associations of municipalities are concerned, Kyrgyzstan does have some useful experience (in the provision of water supply) – but further developments would require a proper support structure (eg from the National Agency for LG). Experience elsewhere in the world suggests that that this is a difficult option which never realises its theoretical potential.

#### **7.4.3 Different functions for rayon, town and village**

Kyrgyzstan already has different types of municipality (cities of republican significance; towns of oblast and rayon significance; and *ayil okmotus*) – but the purpose of this structure is not to allocate different functions but rather to allocate different mechanisms for the selection of the head position. Towns are clearly able to perform a wider range of functions than small villages. And the role of the rayon could and should change to that of providing services for the smaller villages (which would retain their councils and some minor functions) – and could gradually be put on a democratic basis<sup>32</sup> and become therefore the top tier of a local government system. It could handle those functions handled in the past by the Scottish and English “Counties” or – currently – by German “Kreis”. Most European systems of local government have several tiers of municipalities – each with different functions.

#### **Box 8; different settlements - different functions**

In the early 1970s Scotland, for example, had four different types of municipality –

- **Counties** (who provided all services in villages and several functions for towns);
- **large towns** (who performed all functions except Education, Water and Sewage, Police – for these functions they paid an annual amount to the County and sent a number of councillors to sit on the relevant committees)
- **small towns** (who performed a smaller range of functions); and
- **parish councils** (which had nominal functions)

Of course, there is also the example of 2 ex-soviet countries – Lithuania and Georgia - which have recently moved to a single tier system of local government – using the rayon structure as its base.

<sup>32</sup> A rayon council with some claim to democratic legitimacy could have a mix of direct and indirect elections. Towns would nominate a few of their leading councillors to represent them on the rayon councils – and elections could be held in villages to elect representatives directly. Given the anxieties here about political capacity, it would be entirely reasonable to do what the French did and keep the council as a largely advisory body for 5-10 years.

Georgia moved in October 2006 from having 1,000 municipalities to only 69. And Lithuania has 60. While this does demonstrate the feasibility of changing the role of the rayon, this is too dramatic a solution which leads to public alienation. And people in remote mountain communities do need the voice which elected councillors give them. The basic question is what functions they should have. In most countries which have retained such small communes<sup>33</sup>, they have very minor functions only.

**Table 9; Possible Functions of rayon and village municipalities**

<b>Rayon and towns</b>	<b>Village municipality</b>
<ul style="list-style-type: none"> <li>• primary and secondary education</li> <li>• Drinking water</li> <li>• Waste (solid and liquid) – pick-up and disposal</li> <li>• Primary health</li> <li>• Land management</li> <li>• Tax collection</li> <li>• Police</li> <li>• Social care</li> <li>• Roads</li> <li>• Veterinary services</li> <li>• Crop protection services</li> <li>• Economic development</li> </ul>	<ul style="list-style-type: none"> <li>• Management and maintenance of municipal property</li> <li>• Street lighting and cleaning</li> <li>• Provision and maintenance of open spaces</li> <li>• Culture</li> <li>• Military enrolment</li> <li>• Identification of needy families</li> <li>• Registration of births and deaths</li> <li>• Draft socio-economic plan</li> <li>• Garbage collection</li> </ul>
<b>Inter-rayon</b> <ul style="list-style-type: none"> <li>• Hospitals</li> <li>• Vocational education</li> <li>• Inter-rayon roads</li> <li>• </li> </ul>	<b>Associations of villages</b> <ul style="list-style-type: none"> <li>• Supply of drinking water and irrigation</li> <li>• Emergency services</li> </ul>

My view is that giving the rayons a service provider role and reducing the functions of village municipalities<sup>34</sup> would command wide support – and help lift some of the opposition to the introduction of local budgeting.

## NOTES AND QUESTIONS

Compare the new set of functions listed at para 7.3 with the existing legislation and discuss their merits

<sup>33</sup> Eg France, Italy, Hungary, Slovakia and Czech Republic

<sup>34</sup> For a more detailed analysis and justification see the separate project paper by D. Farsimadan

## 8. Constitutional Protection and Enforcement of municipal rights

### 8.1 Constitutional Protection

A new constitution was passed into law in November 2006. Unfortunately – despite all the discussions which preceded this event – the section on local government is still not satisfactory.

Chapter 7 of the Constitution focuses on the *kenesh* and the community. There is no real discussion of the executive apparatus for local government. Article 92.1 says that “local affairs shall be administered by local *keneshes* and other bodies which shall be constituted (as the law may provide) by the community themselves” – and article 93 says that “Kyrgyz Laws shall ascertain the basis for the organization and functioning of *bodies of self-government*”

What is missing is any sense of nature of the legal entity which is local government. It seems to be construed as a series of discrete bodies – rather than a single entity. The danger is that the source of legitimate power is then not clear. This is particularly dangerous for municipal property.

When Europeans talk about a unit of local government we use the word ‘municipality’ or ‘municipal authority’, in order to demonstrate a unified legal entity whose activity is accountable to the councils (*keneshes*) that in fact represent the local community.

The *kenesh* is delegated by the local community to take decisions on its behalf; and, in turn, it delegates the task of administering its decisions to departments who, in turn, may use other delegated bodies to perform their functions.

It is the job of the *kenesh* to determine broad policy; and to hold the administrative system which implements that policy to account for what it does. It is the job of the administrative system to ensure that the *kenesh* members are properly advised about technical, professional and legal considerations; to deliver services; and to report on their activities and performance.

This logic places the concept of accountability at the heart of the Constitution. *The Constitution should recognize that good government comes from mechanisms of accountability and that these, in turn, rest on proper division of power and on the need for transparency in reporting.*

### 8.2 The need

We have already in section 3.5 emphasised the importance of municipal legal rights being properly protected.

This can be done only if the relevant laws are available and properly understood by the public, journalists, deputies, officials, judges and staff of the Prosecution service.

This therefore requires -

- An up-to-date and accessible system of distribution of the laws
- Appointment of lawyers to municipalities
- Drafting and distribution of leaflets which explain the law clearly to staff and public
- Proper training – including of judicial staff<sup>35</sup>

Where the law is not being observed, municipalities should have the capacity to prosecute<sup>36</sup> – and should be confident of being treated seriously. The results of such cases should be properly disseminated.

### 8.3 legal understanding and Training

We cover training in section 13 below – but the lack of legal understanding is a clear and immediate threat to the whole future of local government here.

The idea of municipal support centres emerged in Naryn as one way of ensuring that village municipalities could get copies of the latest relevant laws – and help in understanding their implications for practise. And we are happy that the EU has funded a separate project to help such centres operate properly and offer a possible model for the rest of the country.

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<sup>35</sup> Including the Constitutional Court

<sup>36</sup> note the new Urban Institute scheme which will allow municipalities to hire advocates for this purpose



One of the problems, of course, as we have seen in the early section of this paper, is that the laws are unclear and contradictory – and our EU project is experimenting with the idea of Practice Notes to help mayors cope with this situation. These notes take typical situations with which mayors are confronted – and try to offer practical suggestions about how to cope with such uncertainty.

#### **8.4 Contract with LSA?**

Kyrgyzstan is not the first country in which Ministers and Ministries want to keep the power at the centre and, for whatever reason, cast doubt on the capacities of municipalities! In 1999, when a the new Scottish government took power, it wanted to show that the “bad old days” of central government domination were over and developed, with municipalities and NGOs, a “contract” to describe the new relationship. In this, the rights and responsibilities of each side was clearly described. We would suggest that this mechanism might work here to reduce the scale of interference of LSA in municipal activities – in conjunction, perhaps, with the idea of pilot municipalities which has raised.

## **NOTES AND QUESTIONS**

What would be needed to make this idea of contracts work here?

## 9. Financial capacity to fund operations and development

### 9.1. The current situation

Kyrgyzstan has been seriously preparing for introduction of more autonomous local budgets – one of the main features of local government. It is important to note that a number of normative acts (financial) have been approved:

- Law of the Kyrgyz Republic «On financial and economic principles of LSG» adopted in 2003;
- Alterations and amendments to the Law of the Kyrgyz Republic «On basic principles of budgetary right in the Kyrgyz Republic» adopted in 2004;
- Law of the Kyrgyz Republic «On municipal ownership for property» adopted in 2005;
- Approved Decrees of the President and Government of the Kyrgyz Republic.

In terms of decentralization objectives the Law on the Basic Principles of Budgetary Legislation seems to have the boldest targets and reform spirit. Major positive aspects of the Law are the following<sup>37</sup>:

- clear definition of “local budgets” according to which, for the first time in the history of the Kyrgyz Republic, only town and village budgets constitute this category
- oblasts and rayons are no longer allowed to make ad hoc and non-transparent deductions from the shared revenues of local self-governments;
- local governments should be able to keep all revenue surpluses generated in their municipalities in order to provide incentives for local revenue mobilization;
- municipal property objects are transferred to LSG’s and communal enterprises are to be re-structured;
- LSG revenue sources are clearly identified;
- land tax, an important revenue source of villages and settlements, will be credited directly to the local budgets without any deductions being made by other levels of government
- local self-government tax inspectors who are certified by the State Tax Inspectorate will be allowed to collect local taxes
- rates for shared taxes are established and stay unchanged for a period of three years, which should promote incentives for medium term budget planning at the local government level;
- rights of LSGs to establish municipal enterprises and municipally funded joint stock companies for local service delivery and economic development are clearly established;
- state and state funded enterprises providing services, which have been transferred to LSGs shall be transformed to become municipally funded enterprises or joint stock companies
- LSGs are provided with opportunities to issue municipal securities for complete mobilization of local resources;
- transparency and publicity of the local budget process is achieved through budget hearings;
- localities are allowed to borrow with the permission of the Ministry of Finance;
- categorical and equalization grants are calculated using transparent norms and formulae established by the Government of Kyrgyzstan. The grants are to be distributed by the Ministry of Finance through its territorial offices in accordance with the established norms and formulae as opposed to the current non-transparent negotiations.

Below there are steps undertaken by those interested in development of LSG bodies.

The World Bank has formulated a matrix of key tasks covering the period 2005-2007. The matrix envisions activities under various components such as: administrative reform including the functional delineation of responsibilities, improvement of own-source revenue raising capacity, optimization of the current intergovernmental transfer regime and perfection of budget management

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<sup>37</sup> These positive aspects of the Law were identified by Mr. Fattahov, then First Vice Minister of Local Self-Government in a letter to the State Secretary of The Kyrgyz Republic.

practices along with institutional capacity building. In addition to designing the tasks, the Bank intends to act as a coordinator among the various donors and pull together the resources of USAID, EU, UNDP and the World Bank. To date none of the enlisted areas can show significant accomplishments - a very detailed technical evaluation of legal and financial aspects of the Kyrgyz local Government, published by the UNDP In December 2005, made the conclusion that "decentralization in Kyrgyzstan is being made more "on paper" than in reality and is not reflected in everyday activity of the government. The confusing point is that within 15 years Kyrgyzstan has received significant international donors assistance in the for civil service reform and decentralization, but the operational activity of the public finance system is mostly the same as within the period of the Soviet Union, in other cases the situation is more aggravated".

Another endeavor of the Bank was the assessment of local government service delivery capacity in three oblasts. Under the auspices of the Deputy Minister of LSG the work commenced in April, 2005 and was funded by the Japanese Government. Activities were undertaken during a three month period by a local research firm in Chui, Jalal-Abat and Naryn involving 35 administrative government units. Based on an analysis of the survey forms, prepared by the local experts, it seems that the questions were designed to explore the current status quo in the given localities instead of learning about what individual government units are able to undertake in terms of service functions. For example, while annual budgets may reflect a factual picture of local government finances, they do not reveal whether local governments could deliver better or more services if they were endowed with sufficient resources.

*"We would be glad to represent the more optimistic picture of the public finance conditions in Kyrgyzstan. However, the reality presented by reports data and interviews delivered on all levels of budget system shows that the situation is critical and some tough measures must be adopted if Kyrgyzstan is not going to become a "troublesome country".*

## **9.2 Implementation of the new local budget system**

At the present time a spade-work is going on to implement a new system of local budgets in 2008 financial year. A number of following actions are conducted:

1. "Collection of KR normative-legal acts" that included issues on regulating of budget process was produced and distributed to each Ayil Okmotu;
2. some changes to repeal part of ineffective taxes were made into Tax Code, i.e. out of 16 kinds of the local taxes are remain 8;
3. in order to make LSG bodies more equipped Government has provided to allocate means for purchase of the computer equipment for those LSG bodies which have no computers;
4. proposals to establish new norms of deductions from national taxes into local budgets were developed;
5. to stimulate a work of LSG bodies the salaries for Heads of Aiyls were defined;
6. by order of the Minister of the economy and finance a Budgetary circular (guideline) "On order of the shaping and performances local budget KR on 2007 fiscal years" were designed and approved
7. joint and coordinated work with donor.

The new system of inter-budgetary relations will be established on the basis of direct relations between national budget and local budgets (level of Ayil Okmotu, villages, towns) through territorial organs of the Ministry of Finance. The new system will stop the current practice within which the local state administration bodies (without sufficient justifications, arbitrarily) decided what part of revenues from local taxes can be withhold by LSG<sup>38</sup>, and will place the system of central transfers (grants) to more logics-based background through established formula.

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<sup>38</sup> For review, please, refer to Conceptual documents of the project on budget diagnostics and fiscal decentralization.

### 9.3 Some remaining technical Issues

However, to make this reform more efficient, a number of following issues have to be solved:

- Delimitation of authority between central level of public administration and level of local self-government,
- Optimal administrative-territorial division
- Debts of LSG bodies
- Municipal property management
- Introduction of social-economic prognosis
- Improvement of human resource management
- Improvement of the material and technical base of LSG

Well-timed and stage-by-stage solving of these issues will support LSG development in the country. There are a lot of tasks in the area of preparatory works related to concrete technical proposals on budgeting. Local self-government bodies should actively act to stipulate their wished autonomy concerning municipal budgeting in order to change their current role of the executive instrument of central government. As a first step they should carry on a dialogue with all local interested parties and define those key functions of local sense which they are able to perform and they want to perform. As soon as these several key functions are defined they should create a realistic and modern data base on real expenditures linked to rendering municipal services. By using this information municipal local self-government bodies should draw up local budgets through method “bottom-up” and should be well prepared to assess which extra functions (delegated) they could perform within clearly regulated inter-governmental agreements.

Moreover, in addition to above-mentioned preparatory tasks local self government bodies should also estimate opportunities for regional cooperation with various interested parties of the system. At present time according to dynamic of budget execution municipal bodies do not receive sufficient and latest data from regional tax inspectors and Treasury. It is extremely necessary for local budget units to establish on-line connection with regional tax inspectorate and treasury units that makes them able to make a monitoring of tax collection in the context of kinds of taxes and tax-payers. Only current and exact data will allow local self-government bodies to make well information based decisions concerning local society affairs.

It is necessary to make research on needs in cooperation with jurisdictions, which are good for municipal objectives for achievement of the higher autonomy. For example, some areas of municipal services which could get more benefits from regional cooperation: water-supply, purification of waste-water, processing of hard/solid waste products. Saving of scale also could improve efficiency in the area of primary education, in which a high ratio/proportion between teachers and pupils has been seemed as significant pressure on municipal finances at present time.

Table 10 indicates the further steps needed to make a reality of the local budget system.

**Table 10. What are the required new mechanisms to make the new local budget system work?**

<b>Mechanism</b>	<b>Current situation</b>	<b>Extent of agreement? and action needed?</b>
1. “Own” functions or affairs of local sense	This issue on need on delimitation of the functions and authorities is on a stage of consideration by President’s Administration, Government and National Agency for LSG Affairs.	<ul style="list-style-type: none"> <li>• Delimitation of the functions and authorities between state/central level and LSG</li> <li>• transfer of the functions and authorities on incomes and expenditures to LSG</li> </ul>
2. Agreed procedures for delegating functions – with finance	<i>The handover of the delegated tasks is made only within the frameworks of the law without transference of relevant financial, staffing and other resources. In result some delegated functions remain unaccomplished or are ineffectively implemented. The state bodies removed responsibility from themselves, and the LSG bodies have not undertaken that yet due to lack of staff and the required special knowledge.</i>	<p><i>Within the attestation done by the National Agency for Local Government it is necessary:</i></p> <ul style="list-style-type: none"> <li>• <i>to reconsider staff establishment of the LSG bodies with the purpose of introduction of new positions</i></li> <li>• <i>to introduce payment for official ranks</i></li> <li>• <i>to prepare and re-prepare the relevant specialists.</i></li> </ul>
3. Reform of Treasury	Treasury reform is being implemented: <ul style="list-style-type: none"> <li>• structure of Treasury in 2007 – will not change;</li> <li>• procedures of local budget fulfillment – will not change;</li> <li>• main decision makers on budget will change;</li> <li>• a new category of budget forming bodies – Aiyl Okmotu;</li> <li>• registration of incomes and expenditures in the context of each Aiyl Okmotu.</li> </ul>	<ul style="list-style-type: none"> <li>• development of the mechanism of cooperation and procedures of data revise between Treasury subdivisions and finance units of Aiyl Okmotu;</li> <li>• appropriate changes and amendments into laws that regulating Treasury’s activities.</li> </ul>
4. Agreed equalisation grant formula	This formula is being designed by the Ministry of Economy and Finance of the Kyrgyz Republic	<ul style="list-style-type: none"> <li>• Implement a new method of equalization grants in the context of Aiyl Okmotu;</li> <li>• Develop mechanism for calculation of grants that to stimulate ability to collect taxes.</li> </ul>
5. Categorical Grant	Categorical grants are calculated based on Minimal standards of budgetary financing of the educational institutions approved by Government’s Resolution #271 dated on June 30, 2005.	The situation on this grant is being controlled by the Ministry of Economy and Finance of the Kyrgyz Republic.
6. Stimulating Grant	Mechanism is developed and being used. <i>Not all worth-while applications are granted. Frequently there is censure grants to be provided based on contacts, relations and etc.</i>	The Ministry of Economy and Finance KR is to reconsider the process of evaluation and decision-making on applications.
7. Municipal property issues	Normative and legal acts are available. <i>The available normative-legal acts are not fully applied. There is a register in the LSG bodies (incomplete), but there is no indication of the number of objects at municipal ownership, many objects were given to private ownership, however, with no legal justification for that.</i>	<ul style="list-style-type: none"> <li>- To maintain a common register of municipal property and land for that</li> <li>• To complete inventory-taking of the municipal objects and verify with relevant decrees of the KR Government, State register and LSG authority.</li> </ul>
8. Land tax	Land tax rates are considered and approved by Jogorku Kenesh annually and reinforced by the law.	<p>The Ministry of Economy and Finance KR:</p> <ul style="list-style-type: none"> <li>- To define a fixed land allotment of each LSG body.</li> </ul>

<p>Lands of the Agricultural Lands Reallocation Fund (ALRF)</p> <p>Pastures</p>	<p>Due to the fact that some lands in the southern regions of the republic, mountainous locations are not profitable and appropriate for cultivation not always an opportunity might be available to run a competition, in such cases the lands are allotted to the interested at the very low price.</p> <p>The fertile lands of Chui, Talas, Issyk – Kul, Osh and other oblasts are frequently given for rent for a long period, and there are big difficulties with timely rent payments. There are facts of transferring agricultural lands without competition at intentionally lower prices.</p> <p>There are different types of pastures: distant, near-village and intense. The pastures are also given for rent on a contractual basis, which is one of the sources to increase local budget, but not all heads of LSG pay proper attention to this issue.</p>	<p>- To give the ALRF lands strictly on competitive basis according to the regulation.</p> <p>- to design mechanism to bring the defaulters to responsibility</p> <p>The National Agency for LSG to perform constant control on this issue</p> <p>The LSG bodies are to follow the decree of the Government of the Kyrgyz Republic, dated by June 4, 2002 №360 «On procedures of rent and use of pastures»</p>
9. Reporting and audit system	<p>Mechanism is based and implemented on foreseen regulations of auditing bodies.</p> <p><i>A big number of unjustified audits are made by law enforcement, tax, senior authorities that hamper work of LSG bodies.</i></p>	<p>The Ministry of Economy and Finance KR; the Chamber of Accounts; Central Treasury – to harmonize</p> <p>- to define responsibility of councilors; Head/Mayor; Finance units.</p> <p>- the draft Decree of the President of the Kyrgyz Republic on reduction of nonscheduled and unjustified projects on behalf of public, law enforcement and fiscal bodies of LSG.</p>
10. Training of staff – Ministry of Finance and municipal servants.	<p>With the support of different international donors training of municipal servants, dealing with financial and economic issues. Frequently they contradict the law of the Kyrgyz Republic “On financial-economic principles of the local self-government”, and do not have common goal.</p>	<ul style="list-style-type: none"> <li>• It is necessary to agree a training curriculum with the National Agency of the Kyrgyz Republic for local government.</li> <li>• Training for staff members for local budget issues.</li> </ul>
11. Guidelines on constructing budget	<p>Step of the Ministry of Economy and Finance to new (two-tier) budget system.</p> <p><i>Of those 16 types of local taxes and duties 8 types are set and applied. At present there is an issue of twice reduction of local taxes. If taxes are reduced then village keneshes will have no opportunity to choose what taxes and collections to introduce.</i></p>	<ul style="list-style-type: none"> <li>• To start implementation of the law of the Kyrgyz Republic “On financial and economic principles of the local government”, i.e. acceleration of implementation of two-tier budget.</li> <li>• To transfer financing of local state administration to republican budget.</li> <li>• Gradual transition to mid-term forecast on the LSG level.</li> <li>• To keep at least 8 types of local taxes.</li> </ul>

#### 9.4 A basic question

The question is whether the current legal framework actually creates the incentives for a better system which will actually be implemented. There is reason to doubt this. Everyone knows that municipalities are not able to collect all the taxes due. Where is the incentive when most of the

revenue has to be passed on? In the British system local government collects and retains 100% of local taxation. Central government collects national taxes separately – and redistributes the revenue – some of it to the poorer municipalities.

In Bavaria the municipalities collect both taxes – but retains an agreed (and high) percentage of the local taxes. If such a system were introduced here, then more taxes would be collected – and available both for the local area and for central government.

### **9.5 capital spending**

A major distinction, of course, has to be made between current and capital finances. It is reasonable to expect that municipalities should broadly be able to cover the current costs of financing “affairs of local significance” – but not reasonable for municipalities to be able to finance the costs of building new schools, roads, water and sewage systems. A proper system of capital funding needs to be developed<sup>iv</sup>.

Once these steps have been taken, the town municipalities at least will be in a better position to think and act about such issues as local economic development.

## **NOTES AND QUESTIONS**

Would more local taxes be collected if municipalities were allowed by law to retain an agreed percentage?

Is it realistic to try to introduce the local budget system before there is clarity about the precise allocation of functions to municipalities?

## 10. Developing Staff capacity

The importance of municipalities having qualified staff who can (a) propose feasible and legal ways of dealing with local problems and (b) manage the effective implementation of programmes is clearly recognised here. But, somehow, it is not receiving the same attention as questions of finance and functions. Effective government requires a balance between democracy and technocracy – and the current Kyrgyz system of local government has an imbalance. Too much reliance seems to be placed on the ballot box and not enough on professional competence!! Without competent and reasonably paid professional staff, local government cannot grow!

### 10.1 Present situation

The present situation is impossible – with villages having insufficient staff to provide much of value to local citizens, thereby endangering the whole concept of local government!

Some people suggest that village municipalities should therefore be merged, however this situation needs proper checking in order to ensure that there are in fact real “economies of scale” to be obtained from this.

A combination of low salaries and insufficient employment protection does mean that there is an unacceptably high level of staff turnover – which threatens both services and investment in training. And operational systems – for finance, property management and administration – can be improved considerably by the installation of PCs, training and use of data bases. Some areas are already benefiting from this approach<sup>39</sup> – and the project was able to assist this process in the 4 towns and half of the village municipalities in its 2 pilot Oblasts in spring 2006.

The Law on municipal services, with its emphasis on proper recruitment procedures, attestation and staff development, needs to be implemented.

### 10.2 The strategic need

A proper strategy for the attraction and development of local government personnel is needed. This would need to look at such things as –

- status of local government staff
- qualifications – local government cannot work without legal advice and positions such as responsible secretary should require a qualification including knowledge of relevant municipal legislation.
- recruitment procedures
- salaries and conditions of work
- attestation and promotion procedures
- ethical codes
- training rights and provision

We suggest that the new Agency treats this whole matter as a high priority – and that it resists the temptation of enacting more legal measures (except those relating to security of employment) but rather recognises that progress requires a series of practical steps – starting perhaps with a new style of training programme for –

- senior officials in the 24 towns; encouraging them to learn from examples of good practice here in Kyrgyzstan
- the senior official in village municipalities.

But is it enough to have well-trained staff? And what is the link between individual competences and the capacity of the municipality as a whole?

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<sup>39</sup> Eg from the GTZ Batken project



### 10.3 How does the capacity of an organisation develop?

The capacity of an organisation is built as it has the opportunity to take decisions for itself and learns from doing. It is exactly the same process as good parenting. Of course inexperienced young people will make mistakes – but it is the job of responsible parents who care about their children to create the conditions in which their children learn for themselves – at minimal cost to themselves and others. And some of the qualities therefore needed in those purporting to offer support to local government are care and compassion.

Those who talk about “lack of municipal capacity” generally don’t have any clear idea about how that capacity will be built up. They tend to assume that courses will somehow equip the staff to do the new work.

But this is not actually how learning and competence develops.

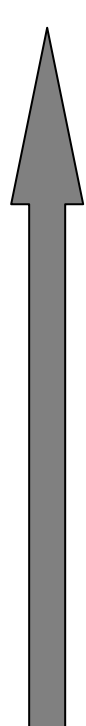
*People develop competences by actually applying their knowledge and skills – and learning from the results<sup>40</sup>. Without that application, any training is wasted.*

*But generally we are left to draw the lessons ourselves – the training is given and then we are left on our own.*

Of course, these are essentially individual processes and will contribute to organisational capacity only with good management of the individual’s department – and then good leadership of the organisation.

The diagram below tries to make these various points. It should be read from the bottom up!

**Diagram 2; how different types of training help individual and organisational learning**



PROCESS	TRAINING INTERVENTIONS
<b>ORGANISATIONAL CAPACITY</b>  ORGANISATIONAL LEADERSHIP  DEPARTMENTAL MANAGEMENT	ORGANISATION SPONSORS THE TRAINING TO ASSIST SPECIFIC CHANGE  MANAGER’S ACTIVE SUPPORT FOR THE TRAINING EVENT
<b>INDIVIDUAL COMPETENCE</b>  SYSTEMATIC LEARNING  CARRYING OUT NEW TASK  INFORMAL LEARNING  INDIVIDUAL EXPERIENCE	ACTION-LEARNING <sup>41</sup>  TRAINING FOR PARTICULAR RESPONSIBILITIES
BASIC EDUCATION	PREPARATION FOR JOB OR PROJECT (INDUCTION TRAINING)

To build the capacity of an organisation or system therefore requires us to pay attention not only to individual skills but to the style, skills and structure of **management** and **leadership**.

And, given the scale of delegated functions which Kyrgyz municipalities are given, this puts the structures and style of local state administration under the microscope<sup>42</sup>. How well are these systems led and managed? And how can they realistically be improved?

Here, of course, there are wider issues involved – about whether the Heads of State bodies are appointed on their merit or on other criteria and what incentives they have to operate in the public

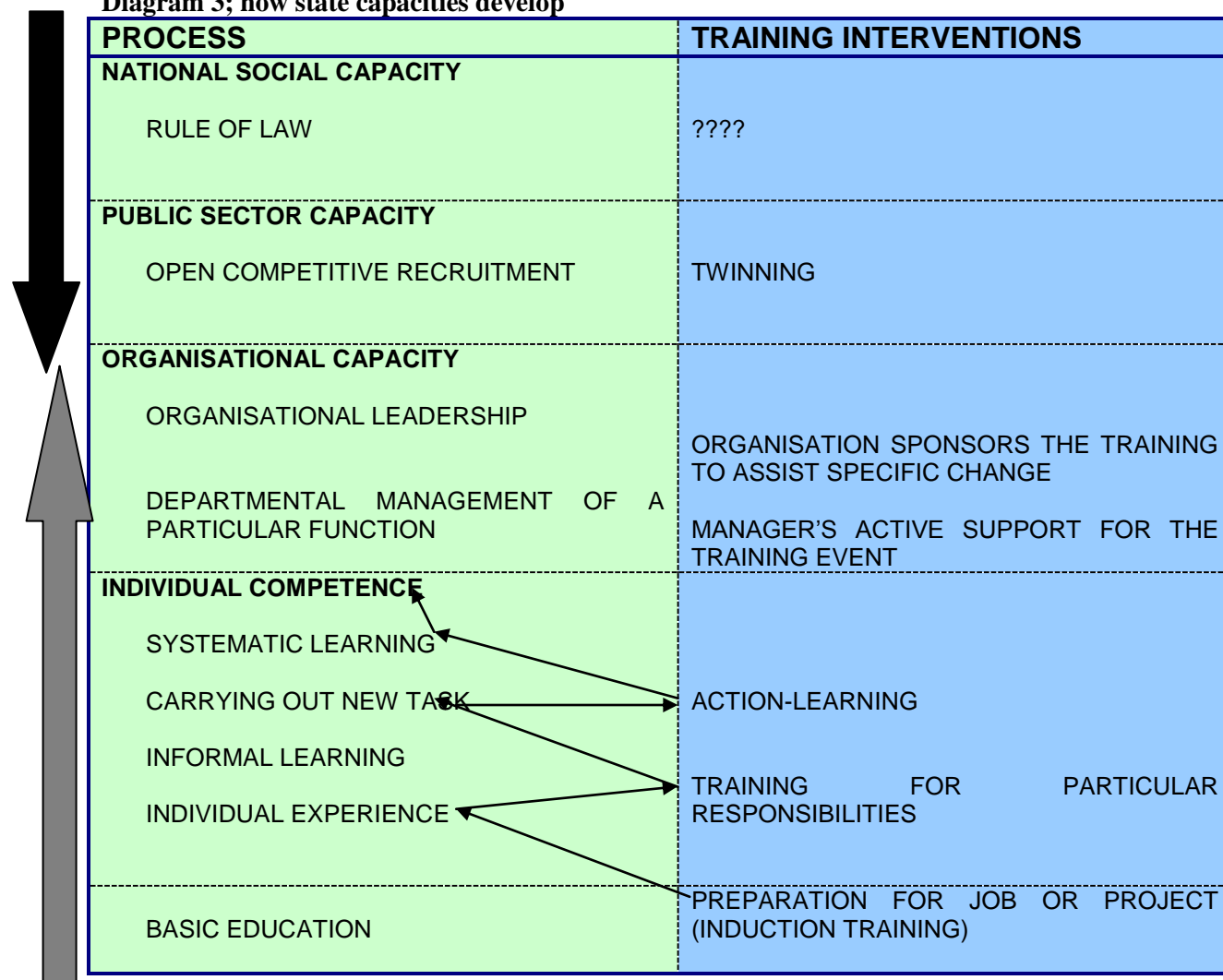
<sup>40</sup> for a brief but very clear exposition of theories of learning as they apply to training in organisations see the chapter “Managing Learning” in Managing Public Services; implementing changes – a thoughtful approach by TL Doherty and T. Horne (Routledge 2002) pp 414-439

<sup>41</sup> Action learning by K Weisbrod

<sup>42</sup> See section 12

interest! Diagram 3 therefore actually needs another two levels added at the top – about (a) the extent to which rule of law exists and (b) public appointments are made on merit.

**Diagram 3; how state capacities develop**



The implication of the diagram, of course, is that people can be competent – but if badly managed and led, the organisation will be incompetent. And perhaps vice-versa?

At the moment when people talk about increasing municipal capacity here, they talk about expanding finances, clarifying functions and training in legal, financial and technical matters. But they ignore the organisational issues at their peril!

#### 10.4 Different ways of learning

It is important to make the distinction between

- the **educational requirements** for local government – which demand a uniform approach and are, therefore, properly the concern of national education bodies such as the Academy of Management, on the one hand, and
- **short-course training provision** – which needs to be more experimental and flexible; and very sensitive to the specific contexts and needs of the individuals at local level who are wrestling with ambiguity and under-funding.

The education of municipal staff only makes sense when it is part of a reform package which includes the introduction (and implementation!) of formal educational requirements for particular posts (such as head of Finance; and Responsible Secretary); and pay reform.

The current absence of such reforms leads to high risks of educational work being wasted – and of short-courses being used as a substitute and stop-gap”.

Our project – like many other donors – had been given a vague instruction to “help train municipal personnel in the two pilot Oblasts to enable them to play an important role in the process of decentralisation and the practice of local good government”. By June 2005, ideas were emerging in Naryn about **local municipal support centres** – which could help collect and disseminate the basic information about laws and good practice which was missing. These ideas have borne fruit and 3 such centres will open shortly in each of the Oblasts.

And our work has helped us identify local municipal people who have the experience, respect and commitment to act as a mix of **trainers and champions of local government**. We don’t pretend that such things – in themselves – give a local training capacity but they are important developments.

In a sense we have been trying to steer a path between the prescriptive model of national educational establishments and a more organic model of local initiatives.

Initially we expressed what we thought our “third” way was by arguing that we were concerned with the elected element in local government – the councillors, the chairmen of committees, the newly-elected AO Heads – who were perhaps being ignored with all the emphasis on technical subjects. We felt more emphasis needed to be given to what after all defines local government – these elected people, the skills they need and their accountability to local people. But then the phrase we found ourselves using was “the softer skills” – which are those involved in the roles and relationships which were one of the subjects of the consultancy-type work we started to do in April 2006 (see box 6).

The immediate focus of both the prescriptive and organic models is the individual - whereas the method we are struggling toward focuses more on the municipality as a whole.

The prescriptive model is formal and disciplined; the organic is more anarchic. These differences are set out in table 11

**Table 11; models of learning**

	<b>Prescriptive learning</b>	<b>Organic learning</b>	<b>Holistic learning</b>
<b>Immediate Focus</b>	The individual student	The individual practitioner	The unit or organisation
<b>Style</b>	hierarchic	Spontaneous	Disciplined but interactive
<b>Example</b>	University	Community development work	Consultancy
<b>Assumption</b>	That missing knowledge is best developed through courses delivered through lectures	That new skills and knowledge is best developed through doing	That people will discover relevant action by structured dialogue
<b>Problem</b>	Attention and memory span	People may not learn from mistakes	Leadership domination may not allow process

We don’t want to suggest that the holistic is a superior model – rather we want to suggest that each model is appropriate under certain conditions.

### **10.5 Local training – or “learning” capacity**

Our work in 2 pilot Oblasts suggests that the types of methodology, trainers and materials for a context which still lacks the proper framework for local government (such as KYRGYZSTAN) needs more careful attention than normally given by donors. And it needs to be more local and community-responsive than most national educational and training bodies are inherently capable of.

**Our initial approach** was to identify target groups – eg newly-elected AO Heads; chairmen of committees; Heads of Finance - and to bring such functional groups together for training.

**Table 12; Draft target groups for municipal training**

Target groups	Possible Core requirements	Existing modules and trainers
	Knowledge skills	
1. Heads of Finance	Budgeting and financial management	Well covered by material on budgeting and property management – from UI and fiscal reform project
2. Secretaries to municipality	Legal framework of local government	Well covered – in Hans Seidel material
3. Operational staff of municipalities	Basic IT skills	EU Tacis project has funded 1,000 copies of user guide produced by Association of Villages
4. newly-elected Municipal Leaders	<ul style="list-style-type: none"> <li>- the 7 basic Laws – and experience of implementing</li> <li>- Strategic management</li> <li>- communication skills</li> <li>- Introduction to project management?</li> </ul>	Little material available
5. Local councillors	<ul style="list-style-type: none"> <li>- Role of councillors</li> <li>- Comparative information about municipal systems</li> </ul>	Little available Project has draft paper
6. leaders of local public associations eg TOSs	<ul style="list-style-type: none"> <li>- Comparative information about municipal systems</li> </ul>	

Our 15 trainers were drawn from these target groups – they are themselves AO Heads, Finance Heads, Chairmen of Councils, Responsible Secretaries and NGO activists – but are highly-motivated champions of local government who want to contribute to its development here. Arguably this is the most effective approach to training - since one of the biggest challenges for training programmes is motivation. If people are simply told to take part in a training event about which they have not been consulted, they will not be motivated. *It is always best to work with motivated people and organisations which want to achieve something. When they succeed, others will want to replicate that success – and the motivation for change and learning spreads.*

But as we listened to the conversations, we realised that lack of clarity in roles was undermining effectiveness (leading to conflict for example between the local kenesh members and officials) and that this issue was best tackled at the level of a **single municipality**.

### **Box 9; a new approach to training**

Our project was expected to help people in 130 municipalities develop their roles – through training. That's 4,000 people for a project which had an initial training budget of only 20,000 euros. And everyone knew that the elections of AO heads in December 2005 would lead to a major change of personnel – so the training effort needed to be focussed in the 6 months of 2006. Mission impossible! In fact we ran 66 workshops, very much learning as we went along about what was needed and effective. A separate paper tells the story of how we tried to deal with this<sup>43</sup>. And it was our local trainers who helped us develop a new approach which went beyond the boundaries of these selected target groups. At a workshop in March 2005 they suggested, very reasonably, that they should be part and parcel of the team planning, implementing and evaluating the workshops which our EU visitor (a German mayor) would participate in the following month. That would be the best way to learn about such processes. We decided to use that visit to test the various assumptions we had been making about target groups, subjects, types of trainers etc. In the first planning meeting, one of our (new) trainers suggested that the stand-off between the Kenesh members and the executive should be one of the main issues to be explored – and so we opted to run a workshop in her village. Although our visitor was already familiar with Kyrgyzstan, we arranged that he should spend the first day interviewing various individuals. *The result was a great*

<sup>43</sup> Developing Municipal Capacity – lessons from one project's activities (EU Tacis 2007)

*success – with a spirit of fatalism changing as the workshop went on to one of enthusiasm. “You have restored hope to us” was the verdict at the end of one of the workshops. And results followed.* In the last six months of the project’s life we have tried to develop the idea of a **“model” municipal systems** which can, in future, be live subjects for inspection and discussion? What could be more logical? We say that “seeing is believing” – and have organised two local study-visits so far – allowing people to look at good and interesting practice in Karabalta and Batken which has then be a motivating force for change. And this, after all, is one of the ideas of the municipal support centres.

See Annex 4 for more detail

### 10.6 Skills are needed – more than knowledge – and the skills exist!

Local government is – or should be – a very different animal from local state administration. But what exactly is the difference<sup>44</sup>?

The difference stems basically from the very different accountabilities of the two systems – local government is elected by local citizens and is responsible to them. The basic task, therefore, of local government is to ensure that community needs are met. Of course, in trying to pursue the needs of the local community, the municipality has to obey the law – but its masters are the local community, not those who happen to form the central government of the day. It does not and should not take instructions from LSA – unless these are backed up by law.

This answer leads to another question – what skills are needed to pursue that basic task?

Clearly the starting point is an understanding of local needs. How is that obtained? Not just by living in the area and asserting you know the local problems! It involves analysis –since you have to be able to prove to others that what the priorities are. And all this requires skills of observation, listening and argument. The table 13 sets out the argument in more detail –

**Table 13; Core Competences needed for local government**

General competence	Example	Skill Requirements
1. Analyse local problems	<ul style="list-style-type: none"> <li>Requirement to collect statistics and draft reports</li> <li>Development of local strategies</li> </ul>	analytical problem-solving drafting reports
2. Listen to citizens and report back to them	<ul style="list-style-type: none"> <li>Complaints</li> <li>Budget transparency hearings</li> <li>Annual reports</li> </ul>	Political communications
3. Identify and develop new projects	<ul style="list-style-type: none"> <li>Building a school</li> <li>Establishing municipal resource centres (annex 1)</li> </ul>	Project management
4. Manage the municipal team	<ul style="list-style-type: none"> <li>Recruiting staff;</li> <li>Weekly team meetings</li> </ul>	Basic management
5. Manage resources (money; land; property)	<ul style="list-style-type: none"> <li>Managing budgets</li> <li>Land and property management</li> </ul>	Professional skills of classification, measurement and valuation
6. manage services	<ul style="list-style-type: none"> <li>Waste management</li> </ul>	General management

## NOTES AND QUESTIONS

What are the realistic next steps to improve the capacity of municipalities here?

<sup>44</sup> See Annex 3 - Local Government Functions

# 11. The role of Local State Administration

There are lively discussions at the moment about abolishing either the rayon or Oblast level of local state administration with their executive “cabinets” – and amalgamating the two systems into a smaller number of Akruits. This is an immensely important subject – first, because it is this system which is currently stifling the growth of local government; and, secondly, because central government depends on the LSA system to implement public policies. Inefficiencies and abuses in LSA systems seem endemic throughout post-communist regimes and have led to the downgrading of its role in central Europe. All Central European systems had very strong Governors or Prefects – the last 15 years have seen significant changes –

**Table 14; Decline of Local State Administration in Central Europe**

	<b>System of Governors/Akims</b>
Czech Republic	No longer
Hungary	Nominal powers
Latvia	No
Poland	No longer
Romania	Very strong
Slovakia	In transition

But it is critically important that these discussions should be based on–

- a **coherent statement** of the nature of – and reasons for – the **present deficiencies of the system of Local State administration (LSA)**
- a proper investigation of the **different ways of dealing with these problems** – their pros and cons
- careful **sequencing** of any change to ensure careful preparation of change

Without such clarity, there is a high risk that the exercise will be yet another redrawing of boundaries with no relevance for the improvement of public services or the development of local government.

## 11.1 Distinguishing tasks and interests

There is an understandable temptation just to take a scalpel and sweep away the local state administration system. Perhaps it is beyond reform. Perhaps no one would notice if the system simply disappeared. But we do need to recognise that most government structures contain such a system.

There are three tasks for which state bodies of some sort are generally needed at territorial level -

- Functions of state control – collecting of information and taxes; issuing of licences etc
- management and coordination of public services which cannot be provided by small municipalities
- regional economic development

The first of these are purely **national** functions which LSA bodies carry out in a mechanistic way. Critical questions do need to be asked about how much of this information collecting and report writing is absolutely necessary!! And, of course, many of these functions can be and are in fact delegated here to municipalities – but with the danger that the public as a result see municipalities as indistinguishable from LSA. Urgent priority should be given to reducing the scale of delegated functions to allow municipalities to carry out affairs of local significance and prove their distinctiveness and usefulness to local people!

The third task requires understanding of the local situation and is therefore more of a **local** function. However, the scale of operation it requires means that it is, in the current Kyrg context, best done by local state administration – with the active participation of all other sectors in the territory.

It is, however, the second type of function which is the problematic one – since it is more of a **mixed** function. There are three competing interests or perspectives–

- The relevant Ministry and its branch office

- The municipalities in the territory
- The LSA system

If municipalities are merged – as is presently being discussed - to make them larger and stronger – there will clearly be a case for transferring some of the rayon functions to the new municipalities. But great care will have to be taken not to overload the municipalities. And it should be borne in mind that an option in the next decade or so would be to convert the rayons into LGs

## 11.2 What is the problem?

Different people have different explanations for why the present territorial system of state administration is unsatisfactory. Box 10 identifies 5 explanations which are offered –

### Box 10; what's wrong with LSA?

- Too many levels of administration?
- duplication of activity – and therefore too many staff ?
- too many independent units?
- too much information of questionable value collected?
- lack of effectiveness?

#### a. Too many levels?

Many people consider that the present system of Ministries, Oblasts, rayons and municipalities is too cumbersome and should be replaced by 2 or 3 levels. But this is to confuse the very different role of state administration and local government. Most countries have a two tier system of local government – communities at lower level- and provinces at a higher level – and the rayons here are a natural focus for the top-tier of such a system<sup>45</sup>. Not immediately of course – in central Europe which also had to invent local government after 1989, this democratisation of the District or rayon level took about 12 years to achieve. But this needs to be borne in mind as efforts are made here to strengthen the present system of local government.

In a developed democracy, central and local government have their very different tasks – and accountabilities. It is therefore quite normal for each to have its own structure at this intermediate level. In transition countries, however, the real priority is to have a clear division of functions between local state administration and local government – and the experience of countries such as Romania, and the Czech and Slovak republics where a strong LSA system still co-exists with a developing local government system is not a happy one.

#### b. Too many staff?

References have been made to almost 7,000 staff working in Local State Administration - but this is perhaps a misleading figure since it seems to aggregate the staff who work in the executive units of rayons (less than 1,000) and Oblasts (about 350) and the staff of the various Ministry office<sup>46</sup>s and bodies which are located at territorial level. We discuss Ministry bodies in the next section. The issue we need to deal with here is the operation of the executive units of the Governors' and Akims' offices – which employ in total just over 1,000 staff.

Does the country get value for money for this? First we need to ask what they actually do.

- They process the **Decrees and regulations** which come from government
- They clear various **appointments** being recommended by the Ministries for their offices and bodies in the territory
- They allocate and control the **annual revenue budget** which comes from the Ministry of Finance to the state bodies in their territory and to their own executive offices and those of the rayons
- They deal with various crises
- They process the various bids for capital investment – and presumably oversee the state investment programme in their area?

<sup>45</sup> As argued in section 8

<sup>46</sup> we understand that the Ministry of Finance alone has 2,000 officials at this level.

- Coordinate and delegate

In the absence of a proper assessment, we are unable to make a coherent judgment about whether the country gets value for money from such a system – although we do know that the enactment of the various Decrees is done in a very formalistic one, with each level replicating what the level above has done. It is this feature which is the strongest argument for merging the Oblast and rayon levels into one system of local state administration (Okrugs?)

And the introduction of the local budget system in 2007 will certainly reduce somewhat the scale of the budget work by LSA. Curiously what is missing from the present functions is any real responsibility for public services.

### **c. Too many independent units**

Functional reviews of many Ministries has been carried out by Tacis<sup>47</sup> and other donors<sup>48</sup>. These have drawn attention to the problems created by the practice here of splitting off functions which are normally part of Ministries into “free standing” bodies which have parallel sections at Oblast and rayon level.

This is both costly and inefficient – in making coordination very difficult. Proposals have been made to integrate these bodies into the operations of Ministries and LSA<sup>49</sup> - but we are not aware of any proper study of the implication of this for the future management structure of local state administration.

### **d. information collecting and report writing**

In the absence of a survey, it is difficult to justify one’s feeling that too much information and report-writing goes on. Monitoring and control is a very important activity – but needs to serve a clear purpose rather being an instrument of servitude and power!

### **e. lack of effectiveness**

The system of appointed Governors and Akims is one which gives such individuals immense and arbitrary power to decide how to interpret the loose and conflicting legislation which comes from the centre. Problem-solving at this level generally consists of “problem-moving” – pushing resources at today’s problem, thereby creating problems elsewhere. We deal with this in the next section.

### **f. In conclusion**

Of course it makes sense to amalgamate the present system of Oblasts and rayons into a single system of local state administration. But this should not be done before some larger questions have been answered - ie

- What precise functions will this new system perform? In 15.1 we distinguished three types of functions. Should LSA not have a role in managing some of the Ministry units at territorial level which seem to operate somewhat independently – as suggested in section c above?
- The present size of municipalities here makes it difficult for them to take responsibility for aspects of public service (eg education) which are generally found in a top-tier of local government. Is it reasonable that these services would be managed by LSA in the medium term – but with a long-term goal of their being transferred to local government when that system has been properly developed here? Or would people rather choose the model of voluntary collaboration (eg water supply).

## **11.3 Changing the way LSA works**

I am not aware of any written analysis of the actual (as distinct from legal) operation of Oblasts and rayons. I would suggest that the time is overdue for introducing a more transparent and accountable form of management at this level. This would require a Presidential Decree which required –

<sup>47</sup> On Ministries of Agriculture, Justice, Labour

<sup>48</sup> by UNDP

<sup>49</sup> With, of course, staff savings



- Each LSA Head to draw up – in proper consultation with local bodies (state offices, municipal, private and NGO) - a strategic statement of those areas on which the LSA Head and his apparatus would focus their energies and budget in the forthcoming year
- The LSA Head to account for their performance on a regular basis to the President
- The development of the appropriate managements skills<sup>50</sup> by the staff of LSA

In effect, this would be requiring a new role from those who head LSA – so much so that it would be best to change their title from Governor and Akim to that of Chief Executive.

There seems still to be an attitude here that it is enough to enact new legislation and Decrees for deficiencies to be remedied. The new government needs to understand that change requires a different approach – eg

- ensuring that proposed changes are properly analysed and critically tested
- perhaps piloting – and ensuring that lessons are learned and fed into the final decision
- explaining and selling the change properly in advance
- ensuring that those in charge of the new systems are specially prepared and supported in their new task
- developing a clear and simple accountability system to maximise the chances of the actual changes occurring!

## NOTES AND QUESTIONS

What benefit does the current system local state administration give the country?

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<sup>50</sup> See, for example, Practical Guidelines – conducting organizational performance assessment; training system management (EU Tacis publication Support for Civil Service Reform – Bishkek 2005). Available in Russian

## 12. Effective and representative Local Leaders

By local leaders I mean –

- Mayors and Heads of AO
- Councillors
- NGOs

It may seem odd to include NGOs since they have no formal role in local government – but those who are elected always perform better when there are community-based organisations which articulate local ideas and concerns. In their absence, municipal personnel become arrogant or complacent!

### 12.1 Mayors and Heads of AO

There is an active discussion at the moment here about the most appropriate process for these positions being filled. There seem to be three choices –

- Appointed by the government of the day
- Elected by the local electorate
- Approved by local councillors

In fact the first – although the method which has been used here for the 14 mayors of large towns - is not a real choice. If the government select the mayor – even if that person has subsequently to be confirmed by the local kenesh – it cannot be called a system of local government since the accountability of the executive figure is not to the local citizens but to the government<sup>51</sup>.

The heads of the 471 villages are directly elected by the local citizens – which gives them great legitimacy. Some concern, however, is evident about whether enough of them have the necessary skills and understanding to undertake the work effectively. Being popular enough to win an election is one thing – having the technical skills to be a chief executive quite another! That is why – in most parts of the world – the political and executive jobs are kept separate.

**Table 15; Patterns of election of town and village mayors in Central Europe<sup>v</sup>**

	<b>Mayors directly elected by local citizens?</b>
Czech Republic	No
Hungary	Town mayors since 2002?
Latvia	?
Poland	No
Romania	Yes – since 1990
Slovakia	Yes – since 1991

An alternative system for Kyrgyzstan – which is in fact a very common system in the world - would be to give the local councillors the power to elect one of their own number to the position of mayor. Arguably these individuals – knowing, as they presumably, do the possible candidates – are better able to assess who has the necessary skills than the public.

The question, of course, is then skills for what? Is it an executive head they are appointing? Or a political mayor? In most town governments in the world, these are two different positions – one the head of the political system, the other the head of the system which gives professional advice and ensures implementation of decisions and services. Precisely how these two systems interact has been the subject of intense discussions in recent years in many European countries<sup>vi</sup> – and it needs to be understood that the idea of mayors being directly elected by local citizens has only become fashionable in Europe in the last 5 years<sup>vii</sup>.

Only in Bavaria, Germany and some parts of USA does one find the elected, **executive mayor**<sup>52</sup>. Otherwise it is only in villages and small towns that the 2 positions are rolled into one<sup>53</sup>.

<sup>51</sup> one of the defining features set out in para 1 of this paper

<sup>52</sup> Bavaria inherited post-war from USA

<sup>53</sup> however the French commune mayors – 36,000 of them – are elected from amongst councillors

In principle, therefore, towns should have a mayor who is elected by the councillors as their political leader<sup>54</sup> – and a head of administration who is appointed by the council on the basis of satisfying minimum professional and managerial standards.

## 12.2 Helping Councillors play their role

We have, in the first part of this paper, argued that even towns are not able to deliver many services to the public. They have neither the money nor staff for that – and it is the staff numbers which are particularly striking. Basically Kyrgyzstan has 6,818 councillors and 8,000 municipal officials providing public services. That is one councillor for each official. This is an astonishing ratio which I have never encountered in another country<sup>55</sup>. This is, of course, caused by the high ratio in villages – in towns, the ratio is more reasonable<sup>56</sup>. One therefore gets the sense that councillors are perhaps expected to act as volunteers to make up for the lack of municipal staff!!

Few councillors – elected a year ago – have received any help to develop their role. They are members of committees<sup>57</sup> – and have generally one official to help that committee work. They do not appear to have had the chance yet to develop strong links with their MPs or local community and express frustration about their lack of lobbying experience. It is therefore hardly surprising that we hear many complaints about lack of activity of councillors – particularly at village level.

But what sort of help do they need? To answer that question, we need to be clear about the role of a councillor. There are a lot of pressures on people when they get elected – from local citizens needing things; from officials advising them; from political and financial interests. In the absence of clear guidelines<sup>viii</sup> and transparent operations, it is all too easy for councillors to begin representing illegitimate interests. Councillors are also faced with the temptation of arrogance – believing that their election bestows on them rights which set them apart from other people. This is fatal. Councillors need to learn the language of responsibilities rather than rights!

So what is the legitimate role of councillors? There are two classic functions-

- To **represent citizens** – articulate their concerns, investigate their complaints, express their frustrations
- To take **strategic decisions** – such as deciding how the money available will be allocated amongst the various responsibilities; and deciding which local issues should receive special attention.

Taken together, these are the defining feature of local government – and require councillors to act in a particular way –

### Box 11; The role of councillors

- Challenge administrative routine and complacency; don't take no for an answer!
- Bring new issues on to council agenda
- Encourage different ways of doing things
- Hold the executive responsible for decisions taken
- Make sure that things get done!<sup>58</sup>

To perform in this way, they need information which can come from such things as Exchange of good practice and Town Twinning. Municipal associations normally provide such information – and the Town Association here has made a good start with its website. And councillors need to look at the mechanisms they use to get ideas and support from the local community.

<sup>54</sup> This is the Turkish model – with village mayors being directly elected

<sup>55</sup> it is not easy to get a standard figure. But Slovakia is a transition country of 5 million people – and has, with 35,000 local officials, 7 officials for every councillor.

<sup>56</sup> The 25 councillors in Karakol (70,000) compares with the 27 councillors in my home town of the same size in Scotland when I was first elected there.

<sup>57</sup> The standard pattern is – local budget; education and health; environment; communal services

<sup>58</sup> Fred Fischer has developed 12 core competences for councillors (see [www.unhabitat.org](http://www.unhabitat.org))

### **12.3 Getting them working together**

The present legislation makes the kenesh legally separate from the executive power – and hence introduces tensions between the two bodies which are not good for the community. We have argued in section 6 that the new Constitution and the basic Law needs to recognise the single legal entity of “municipality” – and our consultancy work with some municipalities in the 2 pilot Oblasts shows what creative energies can be released when the councillors and administration are in fact working well together (see Annex 4). One immediate step which municipalities could take to minimise unnecessary conflict is to introduce standing orders (charter) which clearly sets out the rights and responsibilities of the kenesh and executive power body.

### **12.4 community-based organisations**

We have observed in another paper<sup>59</sup> that, however unintentionally, the work of international donors has been in danger of undermining the development of the incipient village government system here – by channelling the funds for building the missing local infrastructure (technical and social) to local community-based organisations, established with the assistance of international donors.

The strategy of international donors since the early 1990s has been, quite deliberately, to avoid working with or through state bodies (at all levels) whom they regarded (rightly or wrongly) as so corrupted with a fatal combination of soviet centralist thinking and corrupt informal coping practices as to be beyond hope<sup>ix</sup>.

Instead they channelled assistance to building up the private and NGO sectors. This has been a very important development to encourage local initiative and self-confidence and I would be the last person to argue against the importance of this. Without local people feeling confident about taking action and giving voice, local government would not work properly in their interests, that is clear!

But the time has now come, I would argue, for the needs of municipalities to be recognised.

What use is there in exercises in budget transparency when the municipalities have such minimal resources and no freedom to allocate budget lines?

We have just mentioned that community-based organisations have been providing a lot of technical infrastructure for villages<sup>60</sup> - which would more normally be provided by the municipality. In fact local people have been providing their ideas and labour voluntarily to the community. Elsewhere, this is more normally done in remote areas for what we might call the social infrastructure – eg services such as emergency (fire and mountain rescue); care of elderly etc. Here in Kyrgyzstan the TOSs perform an important role in waste management. Municipalities have a role in encouraging and coordinating such efforts.

## **NOTES AND QUESTIONS**

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<sup>59</sup> project Inception Report (May 2005)

<sup>60</sup> VIP scheme



## **PART III; NEXT STEPS?**

### **13. Summary and next steps**

- What the paper has tried to do
- Deal with the misunderstanding and hostility
- Use the law sparingly
- Have a more open process
- Strengthen public understanding of and support for local government
- Change the role of the rayons – and make the functions of the villages manageable
- Build the capacity of individual municipalities – and learn from that
- Make sure the donor efforts support this strategy

### **14. Conclusion**



## 13. SUMMARY – and next steps

### 13.1 Summary of the basic argument

This paper has –

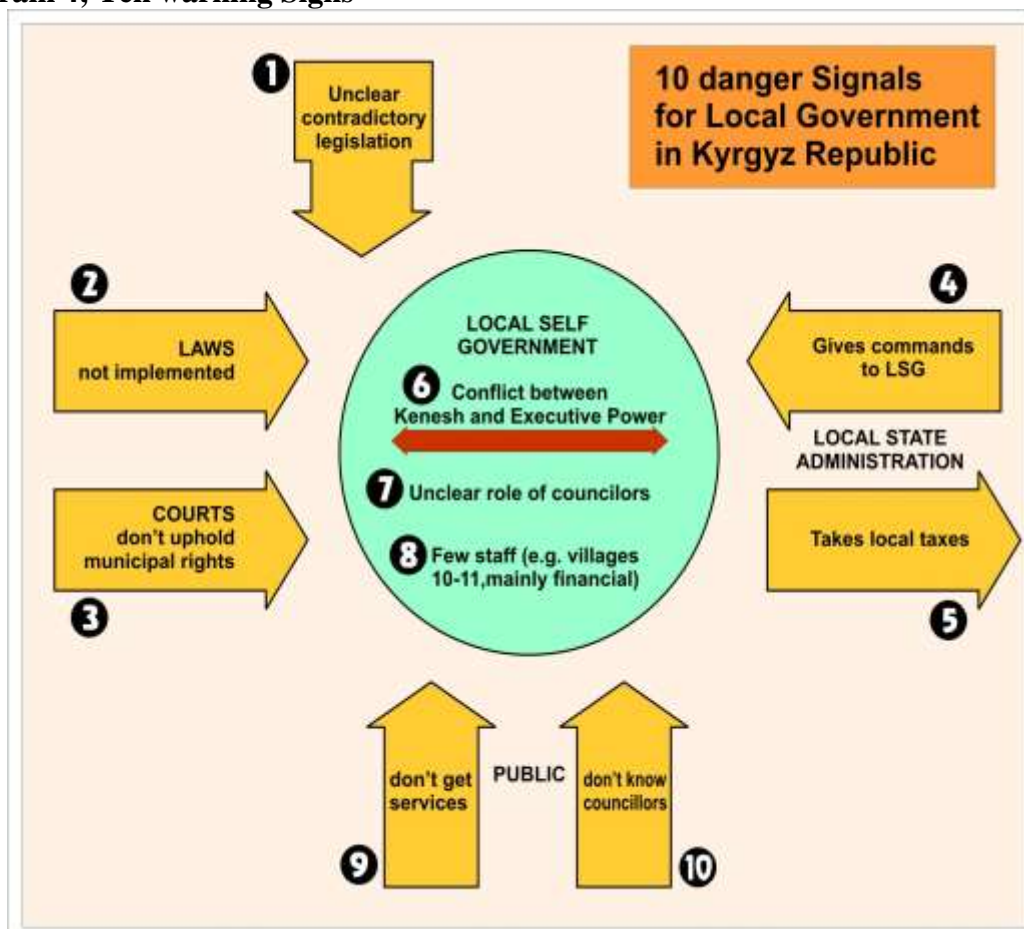
- Set out the criteria for local government;
- Suggested that Kyrgyzstan does not yet have a functioning local government system;
- identified blockages;
- indicated nine elements which might be in a strategy for building municipal capacity
- suggested that more attention needs to be given to the tactics and mechanisms of change than simply drafting laws

We explained in the introduction why we thought the notion of a Roadmap was an apt one – it does not tell its readers how to achieve their ultimate goals. It simply sets out the facts which need to be known about topographical conditions – and gives some options. And a roadmap always needs to be supplemented with local knowledge and awareness of weather conditions.

So let us continue with the metaphor of a journey and a map (see diagram 5 at the end of this section). The argument of the paper has been that –

- The journey to local government is being conducted in fits and starts – the car and its occupants seem to stall and stop a lot of the time
- The reason for this is complex – partly that the road conditions are bad (and in some cases blocked); petrol in short supply; the engine, wheels and driver unreliable.
- But they also seem to have been taken over by a group of police who imagine that the car and its occupants are engaged in illegal activities; and there is an argument going on to convince them that this is not true!

Diagram 4; Ten warning Signs –





To be more precise –

- There is a group of influential people in the country who seem to think that local government means that there will be a lot of locally-elected bodies out of control – and who do not therefore want any reduction to the scale of the present LSA controls over LSG
- So these people have to be convinced that local government does not mean this sort of freedom – simply that it has a different set of controls and accountabilities (see table 16)
- And that an effective local government system would give central government, parliament and local state administration the time to focus on the things they should be doing - ie developing and passing relevant laws and programmes which are implemented and work!
- The wider public has to understand what local self-government bodies can offer – and be actively in favour of a proper local government system
- The problem of badly-drafted laws will not be solved by more and better legal drafters. Beneath this recognised problem lies a deeper problem - the use of laws as a continuation of the old system of central prescription. *“The real challenge is to draft and manage laws in a way which actually achieves the desired results! This requires us to be selective – if our laws, strategies and action plans are too numerous and detailed, the result will be inaction. People and systems cannot cope”* (para 3.1)
- A system of local government is not created by legislation which attempts to be all-embracing – it emerges from an organic process of thoughtful and public-spirited local initiatives, reflection and adjustment. The legal framework should be designed to create the conditions for this.
- Clarifying legal terminology and contradictions is now a major task (see Annex 5) which must not, however, be allowed to distract attention from the other neglected features addressed in the Roadmap




#### Box 12; some problems with the legal drafting process










*Over-reliance on the law makes a society grind to a halt – since the policy-makers and legal drafters have limited time and knowledge. The whole point about a pluralistic society is that it has different points of authority which can help push social behaviour in an acceptable direction (para 3.2).*

*Section 4.1 emphasised” the importance of discussions first focussing on principles and options; and of documents being publicly available which help the stakeholders and public understand the options which are being explored (in the style of this Roadmap). Only when a consensus has been reached should a legal draft be prepared. Lawyers should not drive the process – they are simply the servants of the policy makers!!”*

*Section 7.1 said that “The chances of legal drafts serving illegitimate private interest are vastly increased when – Legal drafting takes place before a brief policy document has circulated; the discussions are in private; tight timetables are set” (para 8.5)*

**Table 16; The different ways in which local government is controlled – and what is needed to make sure they work properly**

1. Nature of control mechanism	2. Current problems which make the mechanism less than effective	3. How to ensure mechanism exercises its proper role
 <p>CONTROL By the laws</p>	 <p>Too many laws – and contradictory (note that such contradictions can be useful to some people – who may not therefore fight hard to end it) Lack of copies of laws and</p>	 <ul style="list-style-type: none"> <li>- use law sparingly</li> <li>- Rationalise legal framework</li> <li>- keep laws brief</li> <li>- Publish simple summaries</li> <li>- Relevant training</li> </ul>

	understanding	
 <p>CONTROL By COUNCILLORS subjecting proposed actions to critical examination</p>	 <p>Role of councillors unclear</p>	 <p>- Ensure that the law defines a single body of local government (see 8.1 below) - Training and consultancy</p>
 <p>CONTROL By local citizens</p>	 <p>Municipalities don't give citizens information</p>	 <p>- Law requires transparency and consultation with citizens</p>
 <p>CONTROL by limits to finance</p>	 <p>Municipalities don't have freedom in allocating budgets</p>	 <p>- Activate the local budget system – and abolish present control figures set by LSA</p>

Scattered throughout the text are in fact various suggestions which we will now try to bring together and develop. Although this looks like a menu from which you can pick and choose, we would strongly urge you to adopt a proper procedure which makes sure that the policies you choose to spend your time on actually address the problems here.

### Our Recommendations -

- Make sure that you are addressing the key blocks to change (eg columns 2 and 3 of table 16)
- strengthen public understanding of local government
- Encourage an open process
- change the role of rayons – make them responsible for management of public services in all territories except towns
- look very carefully at how you can build the capacity of specific municipalities; and then use that experience to feed into the national debate and law-drafting
- get the donors on board

## 13.2 Make sure that you are addressing the key blocks to change

### A. IDENTIFY THE KEY CONSTRAINTS

Table 4 set out possible reasons for slow progress. Table 17 here gives our ranking of the importance.

**Table 17; illustrative ranking of importance of constraints**

Possible Reason	Our Ranking
Lack of legal-drafters	5
Lack of time – civil servants and parliamentarians	7
Lack of agreement amongst those proposing change	3
Lack of commitment amongst policy-makers – too much to do – or contradictions suit them	2
Lack of coherent proposals	1
Lack of push – at initial or final stages	4
Lack of money	6
Lack of support of policy-makers for specific proposals	8
Lack of public support	9

Probably you felt that all factors were true. There are several ways of behaving when you face so many forces – give up; or choose the easiest one to act upon even when you know in your heart of hearts that it will not make much of a difference. You have to resist these temptations – take time to discuss with others the root cause!! Only then should you look at what method you use to try to deal with the problem.

It is simply not acceptable to say that the main block is lack of clarity about functions or lack of money. That simply poses the question about why is there still lack of clarity and of money. Pursue that question and you come to the real source of the slow progress – which lies in (a) the hostility and misunderstandings at senior level; and (b) the continued perception that detailed laws are the only mechanism of change.

*The assumption that the centre should detail in legislation the precise functions which municipalities should perform in fact destroys local government before it is even born.* Such an approach is in fact a recipe for establishing a system of LSA. If LG is the name of the game it is necessary for the centre to operate with a lighter touch – and for the laws to be framework laws only. The decisions and initiatives of local self-government will then over time allow the legislation to be fine-tuned. This, we argued, is how local government systems developed elsewhere.

### B. HAVE PROPER DISCUSSION TO SELECT THE MOST APPROPRIATE MECHANISM

Table 4 of the Roadmap also made various suggestions for dealing with each of these eg

- Restrict legal drafting to areas of very high priority
- use policy papers as a first stage before legal drafting
- resist the temptation to put too much detail in the law
- Present unified and convincing proposals to policy-makers – which are properly justified and clearly have wide support
- resist the temptation to submit quick legal drafts
- Set up an independent commission to produce a clear statement of the benefits of local government and analysis of the needs

Some of this requires action at the highest level (2<sup>nd</sup>, 3<sup>rd</sup> and last). The others simply require some discipline and organisation on the part of those trying to achieve the change.

### 13.3 Strengthen public understanding of local government

Para 4.3 suggested that lack of strong public support for local government gravely hampers the reform effort. You are caught in a vicious circle – lack of progress makes people cynical and cynicism makes people apathetic. You need the public on your side!

The following table elaborates the ideas which were listed in para 4.3

**Table 18; ideas for strengthening public support for local government -**

Examples	What should be done?	By whom?
<b>1. Some simple actions to demonstrate that LSG makes a difference</b>	Set up <b>competition</b> – which would give annual award for most citizen-oriented village and town municipality – eg one which successfully made it easier for pedestrians to cross busy streets safely.	Joint LG Agency-donor scheme
<b>2. Surveys</b>	use Urban Institute survey experience to develop annual survey in association with 1 above	Joint LG Agency-donor scheme
<b>3. Pilot municipalities</b>	a. set up programme in which <b>new developments</b> (such as local budget; municipal support centres; data bases etc) are <b>first tested in a small number of municipalities</b> , lessons learned and then made available to all municipalities  b. set up scheme which allows <b>municipalities to request exemption from specified regulations</b> – for a specified period..	(a) is already being done – but in an ad-hoc way. Donors should coordinate – with involvement of relevant academic bodies  (b) Joint LG Agency-donor scheme
<b>4. local study visits</b>	set up fund to allow municipalities to request visits to look at “good practice” elsewhere.	Donors
<b>5. Networks</b>	Help establishment of network of local “change-agents”	Municipal associations and Academy of Management – with donor support
<b>6. Independent review committee</b>	Invite them – with the help of a secretariat – to assess the state of local government and make recommendations	Government
<b>7. Journalist training and coverage</b>	Set up programme to train journalists in this field	German-Marshall Fund has experience – and should be approached
<b>8. Research</b>	Set up special programme to encourage monitoring of developments in local government – and publication of papers	Academy of Management
<b>9. Notes of guidance</b>	Take case studies which several projects (eg EU Tacis project; Urban Institute) and bodies (eg municipal associations) have and write them up as guidance notes for municipalities	National Agency for Local Government

### **13.4 Have a more open process**

Kyrgyzstan rightly prides itself on its open discussion. Its kurultai tradition shows how far back that goes.

Local government is firmly within that tradition – in recognising the strength which comes from careful discussions and search for consensus. Unfortunately another tradition has grown up in the past decades – that of seeking to strong-arm local opinion to back a power structure. This is healthy for noone. It is a contradiction in terms for decentralisation to be attempted by a closed process in which the only players are an elite in the country's capital. Local government can develop only through an open process.

### **13.5 Territorial-admin reform - change the role of rayons – make them responsible for management of public services in all territories except towns**

What causes the lack of Municipal capacity? Basically that the majority of municipalities are too small to do be able to do any more than obey the orders of LSA! Some people therefore talk about amalgamating municipalities – but that still leaves the question of the role and effectiveness of of the sub-national system of central government. We think that you can't build up local government without changing the role of LSA. The public is badly served at the moment by the messy and inefficient structure of sub-national offices of Ministries – and by the confused relationship they have with the Governor and akim offices.

Towns are clearly able to perform a wider range of functions than small villages. So they should retain broadly their existing functions – and the role of the rayon could and should change to that of providing services for the smaller villages - which would retain their councils and some minor functions. Rayons could gradually (eg over a 10-15 year period) be put on a democratic basis and become therefore the top tier of a local government system.

Such an operation would require very careful phasing and consist of the following stages –

- A national programme of restructuring territorial offices of Ministries on more effective lines. The plans for this have been available for some time.
- This would be done on a pilot basis – ie in 1-2 Oblasts with 1 -2 Ministries (eg Agriculture and Min Labour). This would need about 2 years
- While this was going on, a programme for changing the role of rayons would be developed – with management teams at its heart.
- A management team would consist of the akim and the Heads of public services (c5-6) in the rayon
- These personnel would be specially selected for the task and undergo a programme of special training
- In parallel with this, two new consolidated Laws need to be drafted, debated and passed (on LSA; and LG) which not only gives the rayon this clear role but which gives villages reduced functions.

### **13.6 Build the capacity of individual municipalities – and learn from that**

Effective government requires a balance between democracy and technocracy – and the current Kyrgyzstan system of local government has an imbalance. Too much reliance seems to be placed on the ballot box and not enough on professional competence!! Without competent and reasonably paid professional staff, local government cannot grow!

One of the reasons why existing legal and technical training modules are not being actively used is that the legal framework is simply not being implemented – often because it has not been properly drafted for the local context. Those who have taken part in such training understandably feel it is therefore a bit theoretical. And the same goes for some of the other training modules on technical matters such as local budgeting and municipal property management (see table 7 below).

But that should not mean that no training should take place until these matters are resolved!

Our work in the pilot Oblasts shows us that there is a positive attitude here to “learning from seeing” – site visits to developing good practice eg in municipal waste management. We have also

identified some local officials who are carrying out what seems very effective training in their field (eg finance). All of this suggests that a new type of “mutual learning” approach may be the best way forward – encouraging people to learn from one another. This is a particularly important approach for local government whose whole justification is as “local laboratories” for initiative and democracy.

*We suggest that the principles set out above should be used to construct a pilot approach to municipal training. Our project is actively working on the creation of a “network of learning” of the 2-3 key officials people rely on in each of the project’s 4 towns to get things done – and working with them to develop some of the elements of such a system.*

*But we have a very limited budget and life. Ideally international bodies such as UNDP or EU should help to set up and fund a basic framework of trainers and modules (probably on some sort of distance-learning basis) – with bilateral donors then funding the participants from individual towns and villages take part in it.*

### 13.7 Make sure the donors assist this effort

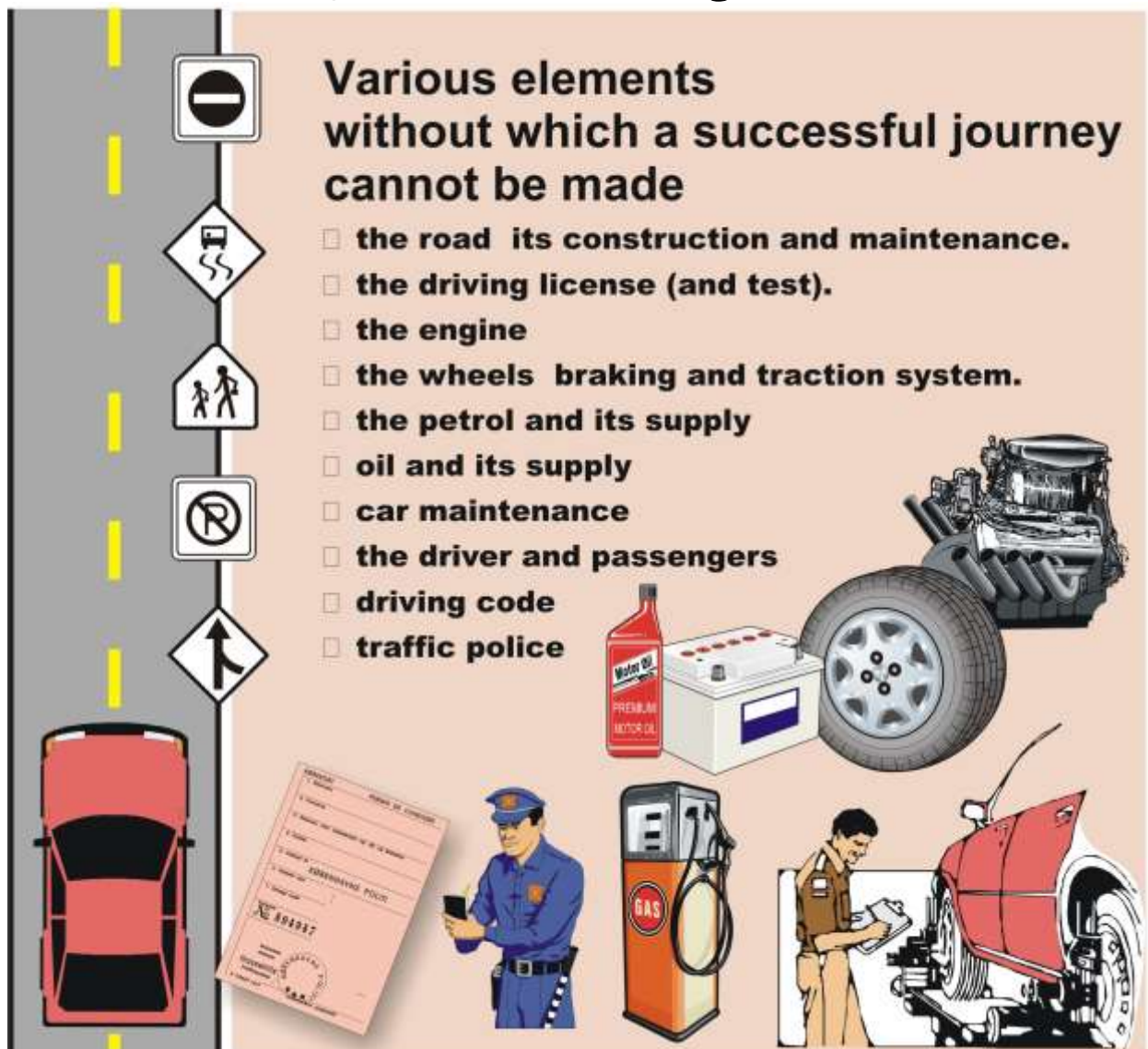
Paras 4-12 have tried to give more detail about the 9 strategic points which were set out in para 4.

The table below takes the 9 elements of the strategy suggested in this paper and summarises what work is currently going on – with what donor support.

**Table 19; Status of draft Road Map elements – and international TA**

Objective	Status	International Donor support
1. Shared vision about core features of local government		Missing – positive models needed -
2. Strong and representative municipal association (s)	New municipal association	Little assistance (to Association of Towns only)
3. Lead structure for strengthening local government	Agency for Local Government Affairs has been operational 2006	EU Tacis project assistance autumn/winter,
4. workable laws which ensure that municipal leaders are accountable to local people for “own functions”; retain local taxes; and are free to set their local budgets.	Legal framework in place – Laws on (a) Local Government and LSA; (b) Economic Basis (c) Municipal services and (d) municipal property. Currently being re-examined by 4 working groups	Urban Institute assisted the Minister without portfolio draft amendments to basic Law
5. enforcement of laws		Various resource centres as source of legal info New Urban Institute scheme to allow towns to hire advocates to pursue cases
6. Locally-determined and financed municipal budgets and equalisation grant system in 2007	Min Finance now preparing to implement Law	World Bank has funded various local surveys; now funding training programme run by ARIS US Aid and DFiD projects on fiscal policy reform UNDP 2005 report Urban Institute training
7. personnel capacity developed – recruitment, attestation, salary, training etc	No action yet on Law on municipal services  Agency carried out attestation of municipal in autumn 2006  Trainers and material developed; training strategy and system introduced	Hans Seidel Foundation has given support to development of 1 year Diploma course Urban Institute very active in development of material on budgeting, property management; strategic planning GTZ and EU Tacis piloting local training capacity
8. reshaping of LSA	Promising discussion about abolition of Oblasts petered out in summer 2005	Project has identified this as main blockage to development of LG – part of road map and made proposal for rayon to take on role as service provider
9. Effective Local Leaders		

## NOTES AND QUESTIONS – diagram 5





Group or element	Which part of the road system does this correspond to – from above list?
<b>Policymakers - Presidential and PM Office; and Parliamentarians</b>	
<b>Laws</b>	
<b>National Agency for LG</b>	
<b>Ministries</b>	
<b>Local state administration</b>	
<b>Mayors and AO Heads</b>	
<b>Councillors</b>	
<b>Local taxes and central grants</b>	
<b>Citizens</b>	
<b>Courts</b>	
<b>Media</b>	
<b>Donors</b>	
<b>Municipal associations</b>	
<b>Others</b>	

## 14. CONCLUSION

The title of this paper uses a metaphor – and the introduction tried to explain why the paper is like a roadmap. The paper can also be viewed as an ongoing conversation. It captures thoughts and apparent insights from discussions which have lasted more than 12 months. These discussions have tried to identify the blockages to the development of local government – and how they might be surmounted. In a sense it is as if someone had taped the discussion as a group pored over a map and tried to decide what to do. And you know how such conversations go – each person has their own bright idea – bright, perhaps, until someone points out the flaw! So it is with this paper. I hope you've marked with a pencil the sections you think are worthy of more consideration. This is what I've effectively done for myself – extracted the points which I think need more elaboration and linkage to help us see a way forward.

This paper has been written as a contribution to the wider debate which is now needed about the strengthening of local government in Kyrgyzstan

The first part of this paper has been drafted as a result of intensive discussions with local councillors and officials who feel their voices are not being heard. And the picture which emerges of the operation of municipal bodies in 2006 indicates the various constraints which are preventing them operate as local government bodies. And a lot more is needed than just technical work on the law on functions and finance!

Local government's classic function is as a "laboratory for local initiative and democracy". Of course, it is NGOs who like to claim that – and, in developed municipal systems, there are too many examples of local government being captured by political and professional interests – or managerial ideology. But the beauty of local government for transition countries is that – *if it is properly set up, supported and led* - it is the most effective mechanism to help ensure that local energies and skills are constructively channelled.





# **ANNEX 1 The European Charter of Local Self-Government**

## **Preamble**

The member States of the Council of Europe, signatory hereto,

Considering that the aim of the Council of Europe is to achieve a greater unity between its members for the purpose of safeguarding and realising the ideals and principles which are their common heritage;

Considering that one of the methods by which this aim is to be achieved is through agreements in the administrative field;

Considering that the local authorities are one of the main foundations of any democratic regime;

Considering that the right of citizens to participate in the conduct of public affairs is one of the democratic principles that are shared by all member States of the Council of Europe;

Considering that it is at local level that this right can be most directly exercised;

Convinced that the existence of local authorities with real responsibilities can provide an administration which is both effective and close to the citizen;

Aware that the safeguarding and reinforcement of local self-government in the different European countries is an important contribution to the construction of a Europe based on the principles of democracy and the decentralisation of power;

Asserting that this entails the existence of local authorities endowed with democratically constituted decision-making bodies and possessing a wide degree of autonomy with regard to their responsibilities, the ways and means by which those responsibilities are exercised and the resources required for their fulfilment, have agreed as follows:

## **Part 1**

### ***Article 1***

The Parties undertake to consider themselves bound by the following articles in the manner and to the extent prescribed in Article 12 of this Charter.

### ***Article 2 – Constitutional and legal foundation for local self-government***

The principle of local self-government shall be recognised in domestic legislation, and where practicable in the constitution.

### ***Article 3 – Concept of local self-government***

1. Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population.

2. This right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them. This provision shall in no way affect recourse to assemblies of citizens, referendums or any other form of direct citizen participation where it is permitted by statute.

### ***Article 4 – Scope of local self-government***

1. The basic powers and responsibilities of local authorities shall be prescribed by the constitution or by statute. However, this provision shall not prevent the attribution to local authorities of powers and responsibilities for specific purposes in accordance with the law.

2. Local authorities shall, within the limits of the law, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority.

3. Public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy.

4. Powers given to local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.
5. Where powers are delegated to them by a central or regional authority, local authorities shall, insofar as possible, be allowed discretion in adapting their exercise to local conditions.
6. Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly.

#### ***Article 5 – Protection of local authority boundaries***

Changes in local authority boundaries shall not be made without prior consultation of the local communities concerned, possibly by means of a referendum where this is permitted by statute.

#### ***Article 6 – Appropriate administrative structures and resources for the tasks of local authorities***

1. Without prejudice to more general statutory provisions, local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management.
2. The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided.

#### ***Article 7 – Conditions under which responsibilities at local level are exercised***

1. The conditions of office of local elected representatives shall provide for free exercise of their functions.
2. They shall allow for appropriate financial compensation for expenses incurred in the exercise of the office in question as well as, where appropriate, compensation for loss of earnings or remuneration for work done and corresponding social welfare protection.
3. Any functions and activities which are deemed incompatible with the holding of local elective office shall be determined by statute or fundamental legal principles.

#### ***Article 8 – Administrative supervision of local authorities' activities***

1. Any administrative supervision of local authorities may only be exercised according to such procedures and in such cases as are provided for by the constitution or by statute.
2. Any administrative supervision of the activities of the local authorities shall normally aim only at ensuring compliance with the law and with constitutional principles. Administrative supervision may however be exercised with regard to expediency by higher-level authorities in respect of tasks the execution of which is delegated to local authorities.
3. Administrative supervision of local authorities shall be exercised in such a way as to ensure that the intervention of the controlling authority is kept in proportion to the importance of the interests which it is intended to protect.

#### ***Article 9 – Financial resources of local authorities***

1. Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers.
2. Local authorities' financial resources shall be commensurate with the responsibilities provided for by the constitution and the law.
3. Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate.

4. The financial systems on which resources available to local authorities are based shall be of a sufficiently diversified and buoyant nature to enable them to keep pace as far as practically possible with the real evolution of the cost of carrying out their tasks.

5. The protection of financially weaker local authorities calls for the institution of financial equalisation procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support. Such procedures or measures shall not diminish the discretion local authorities may exercise within their own sphere of responsibility.

6. Local authorities shall be consulted, in an appropriate manner, on the way in which redistributed resources are to be allocated to them.

7. As far as possible, grants to local authorities shall not be earmarked for the financing of specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction.

8. For the purpose of borrowing for capital investment, local authorities shall have access to the national capital market within the limits of the law.

#### ***Article 10 – Local authorities' right to associate***

1. Local authorities shall be entitled, in exercising their powers, to co-operate and, within the framework of the law, to form consortia with other local authorities in order to carry out tasks of common interest.

2. The entitlement of local authorities to belong to an association for the protection and promotion of their common interests and to belong to an international association of local authorities shall be recognised in each State.

3. Local authorities shall be entitled, under such conditions as may be provided for by the law, to co-operate with their counterparts in other States.

#### ***Article 11 – Legal protection of local self-government***

Local authorities shall have the right of recourse to a judicial remedy in order to secure free exercise of their powers and respect for such principles of local self-government as are enshrined in the constitution or domestic legislation.

### **Part II – Miscellaneous provisions**

#### ***Article 12 – Undertakings***

1. Each Party undertakes to consider itself bound by at least twenty paragraphs of Part I of the Charter, at least ten of which shall be selected from among the following paragraphs:

- Article 2,
- Article 3, paragraphs 1 and 2,
- Article 4, paragraphs 1, 2 and 4,
- Article 5,
- Article 7, paragraph 1,
- Article 8, paragraph 2,
- Article 9, paragraphs 1, 2 and 3,
- Article 10, paragraph 1,
- Article 11.

2. Each Contracting State, when depositing its instrument of ratification, acceptance or approval, shall notify to the Secretary General of the Council of Europe of the paragraphs selected in accordance with the provisions of paragraph 1 of this article.

3. Any Party may, at any later time, notify the Secretary General that it considers itself bound by any paragraphs of this Charter which it has not already accepted under the terms of paragraph 1 of this article. Such undertakings subsequently given shall be deemed to be an integral part of the ratification, acceptance or approval of the Party so notifying, and shall have the same effect as from the first day of the month following the expiration of a period of three months after the date of the receipt of the notification by the Secretary General.

### ***Article 13 – Authorities to which the Charter applies***

The principles of local self-government contained in the present Charter apply to all the categories of local authorities existing within the territory of the Party. However, each Party may, when depositing its instrument of ratification, acceptance or approval, specify the categories of local or regional authorities to which it intends to confine the scope of the Charter or which it intends to exclude from its scope. It may also include further categories of local or regional authorities within the scope of the Charter by subsequent notification to the Secretary General of the Council of Europe.

### ***Article 14 – Provision of information***

Each Party shall forward to the Secretary General of the Council of Europe all relevant information concerning legislative provisions and other measures taken by it for the purposes of complying with the terms of this Charter.

## **Part III**

### ***Article 15 – Signature, ratification and entry into force***

1. This Charter shall be open for signature by the member States of the Council of Europe. It is subject to ratification, acceptance or approval. Instruments of ratification, acceptance or approval shall be deposited with the Secretary General of the Council of Europe.

2. This Charter shall enter into force on the first day of the month following the expiration of a period of three months after the date on which four member States of the Council of Europe have expressed their consent to be bound by the Charter in accordance with the provisions of the preceding paragraph.

3. In respect of any member State which subsequently expresses its consent to be bound by it, the Charter shall enter into force on the first day of the month following the expiration of a period of three months after the date of the deposit of the instrument of ratification, acceptance or approval.

### ***Article 16 – Territorial clause***

1. Any State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, specify the territory or territories to which this Charter shall apply.

2. Any State may at any later date, by a declaration addressed to the Secretary General of the Council of Europe, extend the application of this Charter to any other territory specified in the declaration. In respect of such territory the Charter shall enter into force on the first day of the month following the expiration of a period of three months after the date of receipt of such declaration by the Secretary General.

3. Any declaration made under the two preceding paragraphs may, in respect of any territory specified in such declaration, be withdrawn by a notification addressed to the Secretary General. The withdrawal shall become effective on the first day of the month following the expiration of a period of six months after the date of receipt of such notification by the Secretary General.

### ***Article 17 – Denunciation***

1. Any Party may denounce this Charter at any time after the expiration of a period of five years from the date on which the Charter entered into force for it. Six months' notice shall be given to the

Secretary General of the Council of Europe. Such denunciation shall not affect the validity of the Charter in respect of the other Parties provided that at all times there are not less than four such Parties.

2. Any Party may, in accordance with the provisions set out in the preceding paragraph, denounce any paragraph of Part I of the Charter accepted by it provided that the Party remains bound by the number and type of paragraphs stipulated in Article 12, paragraph 1. Any Party which, upon denouncing a paragraph, no longer meets the requirements of Article 12, paragraph 1, shall be considered as also having denounced the Charter itself.

#### **Article 18 – Notifications**

The Secretary General of the Council of Europe shall notify the member States of the Council of Europe of:

- a) any signature;
- b) the deposit of any instrument of ratification, acceptance or approval;
- c) any date of entry into force of this Charter in accordance with Article 15;
- d) any notification received in application of the provisions of Article 12, paragraphs 2 and 3;
- e) any notification received in application of the provisions of Article 13;
- f) any other act, notification or communication relating to this Charter.

In witness whereof the undersigned, being duly authorised thereto, have signed this Charter. Done at Strasbourg, this 15th day of October 1985, in English and French, both texts being equally authentic, in a single copy which shall be deposited in the archives of the Council of Europe. The Secretary General of the Council of Europe shall transmit certified copies to each member State of the Council of Europe.



## **ANNEX 2**

# **Comparative systems of Local Government – using the experience of others to make better choices**

## **CONTENTS**

- 1. There are no models**
- 2. How do we know a good local government system when we meet it?**
- 3. Moving to some better comparative measures**
- 4. Why should we be interested in the experience of other countries?**
- 5. What sort of countries should Kyrgyzstan be looking at?**
- 6. What is the experience of Central Europe in moving from Local State Administration to Local Self-Government?**

## **Diagrams**

**Ronald G. Young  
Team Leader  
January 2006**



## 1. There are no models

A dreadful word crept into the global language of management about 10-15 years ago – “benchmark”. It indicated an external standard against which an organisation could compare itself. These standards were generally identified in the performance of another organisation – which was seen as a model in its field.

When the organisation is a private company, comparisons are not difficult – since tests such as profit and shareholder return have to be met. But government is not such an easy field! The efforts of the past 20 years to apply business methods to government structures and its services have a very mixed record<sup>61</sup>. Citizens are much more than mere consumers.

What government provides – and how it does that – reflects such things as –

- The wealth of the economy
- The cultures and history of the society

The Danish government published a study recently comparing its performance in providing a range of public services to its citizens with that of about 10 other countries<sup>62</sup>. But those countries were those in the European Union – with similar levels of economic wealth.

And what is very interesting is *how differently public services such as health, housing and education are provided* in the various countries of the European Union – despite their similar levels of wealth and shared experiences of the past 50 years. In some cases the state is dominant; in others local government, churches or non-profit organisations have important roles; in some cases the private sector has a role<sup>63</sup>.

Diversity is the name of the game. This is because the values of each country have developed in very different ways. And societies have learned to trust different groups in very different ways. Some European countries trust their civil servants – others don't. Some countries have grown to expect local government or non-profit organisations to deliver important parts of public services. Others not at all.

And the same is true of systems of local government. Each country's history has given different strengths to the power of the central state and the power of the locality. The Swiss system is at one end of the spectrum – with the (restricted) powers of the federal state having being reluctantly ceded to it by smaller cantons. Historically the state is a relative newcomer in countries such as Italy and Germany – and this puts local government certain advantages. In countries such as UK and France, the state is much stronger and the constitutional position of local government correspondingly weaker – although informal links in France give a greater political strength than seems at first obvious.

John Laughlin<sup>64</sup> distinguishes four schools –

- Federal
- Regionalised unitary
- Decentralised unitary
- Centralised unitary

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<sup>61</sup>

<sup>62</sup>

<sup>63</sup>

<sup>64</sup> Subnational Democracy in the European Union – challenges and opportunities (OUP 2001)

**Table One; Four different constitutional systems**

<b>Type of constitutional system</b>	<b>Country</b>	<b>Levels</b>	<b>Population</b>
Federal	Austria	9 Laender 2359 municipalities	7.8
	Belgium	3 Regions 589 municipalities	10.2
	Germany	16 Laender 12,500 municipalities	84.0
Regionalised Unitary	France	22 Regions 96 Departements 36,763 municipalities	56.6
	Italy	20 Regions 100 Provinces 8,200 municipalities	59.6
	Spain	17 autonomous communities 8089 municipalities	39.3
	England etc	34 County Councils 271 municipalities	53.6
	Scotland	Scottish Executive 26 municipalities	5.0
Decentralised Unitary	Denmark	14 Counties 273 municipalities	5.2
	Finland	19 Regions 446 municipalities	5.2
	Netherlands	496 municipalities	15.5
	Sweden	2 Regions and 20 Counties 290 municipalities	8.7
Centralised Unitary	Czech Republic	14 Regions 6254 municipalities	10.0
	Estonia	15 Counties 241 municipalities	5.2
	Greece	13 Regions 900 municipalities	10.3
	Hungary	19 Counties 3,168 municipalities	
	Ireland	34 Counties and cities 80 municipalities	3.6
	Latvia	26 Districts 535 municipalities	5
	Lithuania	? Regions (since 2004) 60 municipalities	4
	Portugal	310 municipalities	9.9
	Slovakia	8 Regions 2887 municipalities	5
	Slovenia	192 municipalities	1

## 2. How do we know a good local government system when we meet it?

One major problem with the benchmark approach is agreeing what measure we would use to identify a “model” system which might be worth following – and finding the data which allows us to make comparisons in that field of activity.

Local government systems which (a) employ a high percentage of public sector staff; (b) raise a significant percentage of their costs from local taxes; and (c) have a high voter turnout seem to demonstrate signs of success and therefore to constitute models to follow.

And data obviously exist for such phenomenon – although data comparing different countries tends to be a bit dated. So the figures we have in the next few sections are about 10 years old.

Let’s take the number of municipal staff first – expressed as a percentage of public sector staff in each country.

Table 2; **Percentage of public sector staff employed by local government**

Country	% of all public staff employed by municipalities (1994)	Ranking
Belgium	33	8
Denmark	71	3
Finland	75	1
France	18	12
Germany	45	7
Greece	15	13
Ireland	13	5
Italy	23	11
Netherlands	27	10
Norway	74	2
Portugal	14	14
Spain	31	9
Sweden	53	5
Switzerland	65	4
UK	52	6

This would suggest that Greece and Portugal have a weak system – and Scandinavian countries have the strongest local government systems – and this is certainly borne out by the figures on the percentage of local government costs which come from local taxation (table 3).

**Table 3; Revenue distribution systems in 20 OECD countries: key characteristics**

Country	Population (millions)	Area (1000 sq. km.)	Federal (F) or Unitary (U)	Number of local government tiers	Grants as % of total local government revenues	Use of general grants	Use of specific grants	Needs equalization	Resource equalization
Australia	18.4	7,682	F	2	40	M	M	M	M
Austria	7.8	84	F	2	21	M	M	H	H
Belgium	10.2	31	F	3	42	H	L	M	M
Canada	29.8	9,922	F	2	24	M	M	L	H
Denmark	5.2	43	U	2	18	H	L	H	H
Finland	5.2	338	U	1	15	L	H	H	H
France	56.6	544	U	3	30	H	L	M	M
Germany	82.0	357	F	3	46	M	M	M	H
Greece	10.3	132	U	3	68	H	M	M	M
Ireland	3.6	70	U	1	26-54	M	M	M	M
Italy	57.6	301	U	3	45-95	M	M	M	M
Japan	125.0	378	U	2	32	M	M	H	H
Netherlands	15.5	41	U	2	71-83	M	M	H	M
New Zealand	3.6	265	U	2	20	L	M	L	L
Norway	4.4	324	U	2	33-52	M	H	H	H
Portugal	9.9	92	U	3	39-95	H	L	M	M
Spain	39.3	506	U	3	30-70	M	M	M	M
Sweden	8.7	411	U	2	19	H	L	H	H
United Kingdom	58.6	241	U	2-3	73	H	L	H	H
United States of America	264.3	9,363	F	3	40	L	H	M	M

However, a strong body of opinion developed in the 1980s which says that government bodies (national or local) should not be providing services directly – but rather contract them out to the private or NGO sector. On this argument, high performance on the first criterion would be a bad sign – not a good one. A lot of staff means a large organisation – which often means bureaucracy and lack of interest in new ideas and lack of attention to the customer!

So we cannot simply say “Big is Good!! Nor, on the other hand, can we say “Small is good”!! Small municipalities simply do not have the capacity to perform some of the important functions. And Table 4 certainly makes interesting reading.

**Table 4; Relationship between Average Size of municipality and the municipal share of GDP**

% of municipalities with less than 1,000 population	Share of local government spending in GDP		
	<b>Low</b> (less than 5%)	<b>Medium</b> (5-8%)	<b>High</b> (more than 8%)
<b>High</b> (over 50%)	Slovakia (4%)	Czech Republic (6%)	Hungary (11%)
<b>Medium</b> (10-50%)			Latvia (9%)
<b>Low</b> (below 10%)	Slovenia (4.7%)	Lithuania (6.8%)	Estonia (12%)
none			Poland (9%) Bulgaria (8%)

But what about the citizens in these countries? Their satisfaction is what matters! Are there any comparative measures of this? Some would say voter turnout is an important indicator of trust. Comparative figures, however, are not easy to find on this.

**Table 5; Voter turnout for local elections in some Central European countries**

	1990 Local (parliamentary)	1994 Local (parliamentary)	1998 Local (parliamentary)
Czechia	74% (97)	62% (76)	58% (74)
Hungary	40% (65)	43% (69)	46% (57)
Poland	42% (63)	32% (51)	46% (47)
Slovakia	64% (95)	52% (76)	54% (84)

From Public Perceptions of Local Government in Central Europe (LGI 2002)

There is a body of opinion in political science which says that low voter turnout could signal that people are happy with things as they are. See also Rose et al

### 3. Some qualitative indicators

#### 3.1 Local Autonomy

One of the paradoxes of local government is that it can seem strong – measured by the number of staff it employs or the percentage share of the public sector spending – but this can be accounted for by numerous delegated functions where the municipalities are simply doing what the legislation requires and what they are paid to do in central government cash transfers. In such situations and for such functions, municipalities are simply the agents of central state authority. And cannot therefore to be seen to have a strong life of their own.

This introduces the concept of “autonomy” – or independence – about which, naturally, central governments can be very ambivalent. In countries with ethnic divisions, such phrases strike fear – since they can seem to threaten the unity of a fragile state. Although there is an alternative view that municipalities with a life of their own can defuse such threats<sup>65</sup>.

Table 6 shows us how the pattern which emerges when we compare some countries according to the scale of their overall spending (horizontal axis) and the extent to which they raise that money from local taxation. On this measure, it is the USA which emerges as a strong local government system.

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**Table 6; Types of local government measured by scale of spending and extent of own revenue**

		<b>Local government spending</b> (as percentage of public sector spending)	
<b>Revenue from local taxes</b>		<i>LOW</i>	<i>HIGH</i>
	<i>HIGH</i>	France, Poland	USA
	<i>LOW</i>	Slovenia, Hungary, Turkey	UK

from Strmecki ([www.iiasisa.be](http://www.iiasisa.be))

### 3.2 Working with the Community

At the end of the draft paper on allocating functions, I drew attention to the distinction between **representative** and **participative** democracy –

- **The first – “representative” - approach is to allocate functions to a body close to the citizens and then arrange for a small number of citizens to be elected to manage that body. This is the local self-government model**
- **The second – “participative” – recognizes that local people have ideas, time and energy which can and should more actively be used to help deal with local problems. And that it is not good enough to leave everything to officials and a few councillors who are elected only every four years.**

**Village municipalities can be seen in three different ways –**

- as the lower level of a two-tier system of local self-government clearly performing control tasks on behalf of local state administration (eg local planning control; policing)
- as a community organisation promoting the social and economic welfare of the local population - with no administrative functions
- as a mixed organisation with aspects of both

Local government’s distinctive role is its participative potential – to engage the energy and commitment of local people. This is something which national governments cannot really do. It is not just that the capital city is far away – it is also that the issues of defence, security, finance, international affairs seem far removed from the citizen’s immediate problems; and that governments seems more often to be listening to international opinion and big business than its people. The public are increasingly alienated – throughout the world – from its central government; and looks to local government better to represent its concerns for security, good education and health.

Most local government systems in Europe are, however, firmly in the “**representative**” mould – with communities delegating their power to elected councillors. Generally these councillors find themselves on committees trying to control large Departments staffed with professionals (teachers; social workers; police etc) who deliver significant public services. In this model, expertise is assumed to rest with the professional experts.

The problem with these Departmental structures (silos) is that they are insensitive to the multi-dimensional and inter-disciplinary nature of people’s problems as they experience them in communities. Councillors, as result, slowly get co-opted into the bureaucracy – and stop representing the public.

It was recognition of this fact which led, in the 1980s, to experimentation with “area Committees”. Many cities divided themselves into 15 or so such structures which allowed the relevant local councillors a budget to work with local officials and the community.

However this was often a parallel system – with the real power still resting with the traditional and large departments.

More recently council structures have been more fundamentally changed to allow them to focus on clear target groups (eg elderly) and bringing in a variety of professional disciplines in special task forces<sup>66</sup>. Whether this will be effective is still an open question.

A completely different approach is seen in a few – much quoted – examples of **participative** local government in various countries particularly in Latin America. The most famous is Curitiba<sup>67</sup> in Brazil, Porto Alegre and Montevideo in Uruguay<sup>68</sup>.

In this model, mayors are real reformers – determined that the issues to which the municipality gives priority are determined by the public who are then actively engaged in the running of the services. Professionals are not allowed to build themselves into powerful departments – and ideas are actively sought from and encouraged in the community.

Councillors in this model do not spend their time in committees taking big financial and management decisions. They are rather out in the community –

- listening,
- explaining,
- encouraging,
- negotiating for more effective programmes for the people.

They are very visible to the local people who elect them – and the chances of their trying to pursue other interests than those of the local people are correspondingly reduced. Of course, all this can be threatening to some councillors. I vividly remember the reaction of my political colleagues when I was working – as a local councillor – with community groups in my area who were campaigning for housing improvements and organising their local youth activities and adult education classes without the help of the municipal staff. My colleagues were very hostile – telling me these people were not representative; had no skills. But what the local people were doing was inspirational! This is the danger which faces local councillors – that they lose touch with their public.

Local government is strongest when active local groups are strongly supported by the local municipal system. That way a new model of how to run honest and effective public services spreads throughout society.

No one pretends this is easy. There are interests in all countries which are strongly opposed to “people power” – and will resort to dreadful tactics to smear the name of progressive forces trying to build a system which represents local public needs.

### **3.3 The internal working of the council – who does what**

Another important indicator to consider is that of leadership – measured by the relationship between the leading members of the municipality and the rest of the councillors. In every municipality there are three obvious groups –

1. The political leadership
2. The administrative leadership
3. The body of councillors

And municipal systems can be compared according to the way these groups interact – both formally and informally. One basic difference which can be seen in European systems of local government is that between “individual” and “shared” or collective forms of political leadership. The former is best seen in systems of directly elections for mayors. This used to be the exception in Europe – but has become very popular in the past decade.

This compares with the British “committee” system – where decisions were until very recently taken in committees of councillors. This system was felt to be more democratic – but got a bad name for its lack of clarity and direction and, indeed, for allowing a system of powerful alliances to

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<sup>66</sup> after 20 years, there is still experimentation on this – with the UK having the richest literature.

<sup>67</sup> See also the write-up of Curitiba – in chapter 12 of Human Capitalism

<sup>68</sup> “Municipal decentralisation and participatory democracy – building a new mode of urban politics in M” E. Canel European review of Latin American and Caribbean Studies (2001)

develop between committee chairmen and the Directors of the services which actually undermined democratic challenge.

The British system has profoundly changed in the last 20 years; with

- The average council now covering a very large population (200,000)
- Loss of functions
- Local taxation being now a very small percentage of revenue
- Consequently increased central government control

In the late 1990s English councils were encouraged to choose between –

- An elected mayor<sup>69</sup>
- A cabinet system
- A committee system

**Table 7; Types of Council**

		<b>Form of Executive</b>	
Strength of Executive		<i>Individualistic</i>	<i>Collective</i>
	<i>Strong</i>	France	Poland
	<i>Weak</i>	Hungary, Slovenia	UK

from Strmecki ([www.iiasia.be](http://www.iiasia.be))

#### **4. So why should we be interested in the experience of other countries?**

If government systems generally – and local government systems in particular – reflect the history and values of that country, why should be at all interested in how other countries organise their systems of local government?

There are two good answers to that question and one bad one.

Let's start with the *bad one* – “that the laws and systems of other countries can save us having to think too long and hard about what we should do here and now. Kyrgyzstan – like about 20 other countries enjoying new-found statehood after the collapse of the Soviet Union – has an almost impossible task of creating new structures, systems and skills of statehood. We just don't have the time to work out systems which are appropriate to our conditions. Let's adopt what seems to be working successfully in other countries which have some similarities with us – eg small and mountainous; or Russian-speaking. Once we've started, we can amend as we go along.”

The trouble with this is that these new laws and systems then create interests which may not take kindly to subsequent change. Or else the law just remains in the books but not observed on the ground. For countries trying to create “rule of law”, this is very dangerous!

And one thing you can be certain of – if a country simply copies what another is doing without making any adjustments, it will fail!

A more *acceptable reason* for comparative studies is that it makes you realise how many different ways there are doing things – and that there is constant change in each country. So there is no right way of doing things. This is an important point to accept – it helps one be more comfortable with the messiness of change. Not, however, that that should be used as an excuse for doing things in a messy way!! Behind the very different patterns, it is possible to see some common principles – this is what the Council of Europe's Charter on Local Democracy has tried to articulate.

<sup>69</sup> At 2006, only 6 English municipalities had selected a directly elected mayor



The project's Road Map has tried to set out, in a more simple way, the defining features of local government. A system can be called local government only if –

- Those taking the decisions (mayors and councillors) have been (fairly) selected by local people
- They are accountable to the local people<sup>70</sup> for “affairs of local significance” – and to central government or LSA only for those delegated functions for which they are adequately financed
- The municipalities are able to deliver<sup>71</sup> some public services to their local citizens
- The municipalities have a transparent process for selecting priorities<sup>72</sup>
- They decide their own local budget composition<sup>73</sup>
- They have sufficient quantity and quality of staffing to perform their responsibilities legally and effectively
- They are allowed to get on with the job – unhindered by constant interference from outside<sup>74</sup>

We felt this was needed since there is too easy an assumption here that Kyrgyzstan does in fact now have such a system. Our view is that we still have a system of Local State Administration here – and that no progress will be made until people have clearly identified why that is so.

*The main reason, however, why it is useful to look at the local government systems of other countries is that it helps us see local conditions here in Kyrgyzstan in a new light. And to be more creative in dealing with the problems and issues. One of the problems here is the small scale of municipalities. Which countries, we might reasonably ask, have faced similar problems – and how have they dealt with the issue?*

## **5. What sort of countries should Kyrgyzstan be looking at?**

We decided to do a trawl of the countries with some of the following features –

- Small (less than 6/7 million people)
- Mountainous
- Ex-Soviet
- Rural
- peripheral

This produced the following list of countries whose systems and experiences were worth looking at in more detail -

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<sup>70</sup> Not just theoretically!

<sup>71</sup> When a body is elected but does not deliver actual services, it can hardly be called local government. Some countries have neighbourhood councils which are elected but do not carry out statutory functions but rather lobby and bid for money to allow them to develop technical or social infrastructure. These can be more effective than small municipalities which are so burdened with administrative tasks as to have neither time nor energy for the lobbying and project work. . See, for example, the work of Scottish community councils

<sup>72</sup> This is the fundamental political task – who else can decide how to use limited resources than those who have been elected?

<sup>73</sup> Ending the practice of “control figures” from LSA

<sup>74</sup> A constant complaint is the scale of reports staff have to do for rayons etc

**Table 8; decentralisation profile**

	population	Average size of municipality	Country in peripheral location?	Additional features
<b>Central European countries</b>				
Albania			Y	
Czech Republic	10	S		
Estonia	5		Y	
Latvia	5		Y	
Lithuania	4		Y	
Slovakia	5.0			
Slovenia	1			
<b>West European Countries</b>				
Denmark	5.2		Y	
Finland	5.2		Y	
Ireland	3.6		Y	
Portugal	10			
Scotland	5.0	L	Y	
Turkey				

## 6. What is the experience of Central Europe in moving from Local State Administration to Local Self-Government?

The countries which became independent of the Moscow in the 1989/91 period have more in common with Kyrgyzstan than Western Europe – what’s happened there?”

- The Counties (Oblasts) were viewed after 1989 with great suspicion (particularly in Hungary) as the power base of the communist party
- In several countries the local population elect their local Mayors directly
- Most countries have been reducing the power of the centrally nominated Khokim figure
- Most central European countries have a two-tier system
- Laws on local government finance have been passed – but slowly
- Central European countries have found it useful to use the Council of Europe’s Charter on Local Self-Government<sup>x</sup> as a benchmark for their debate and reform.
- Poland and Hungary have gone furthest in moving from LSA to LSG – and the Czech Republic has reached an interesting “half-way house”<sup>75</sup>

<sup>75</sup> see project paper

**Table 9; Patterns of election of town and village mayors in Central Europe<sup>xi</sup>**

	<b>Mayors directly elected by local citizens?</b>
Czech Republic	No, the mayor is elected by the council from the council members
Hungary	Yes, since 1994
Latvia	No, the council elects the mayor
Poland	Direct elections of mayors of municipal governments (since 2002). Chief provincial (poviat) and regional (voivedship) self-government officials are elected by local body
Romania	Yes – since 1990
Slovakia	Yes – since 1990
Bulgaria	Yes, in settlements with more than 500 inhabitants – since 1991
Lithuania	No, the council elects the mayor

## ANNEX 3

### The distinctive features of local government – and what this means for selection of functions

The key difference between the system of Local State Administration and that of local self-government is the direction of accountability – with the Heads of LSAs being appointed by and accountable to central government.

In LGs, locally elected politicians are responsible only to local people for how they perform – not to central government. The services should of course be efficiently managed - but strong value is given in this model to the insights which local people have about the shape of these services - and to the spirit of initiative and self-confidence which good local governments with powers of initiative can develop in the local community. The basic justification for local government is

- to give people the sense that they have some control over their lives – that they can in a real sense hold those who take the decisions on their behalf accountable. *It is to give them “voice”*. National government is far away and complicated – local government is supposed to be something which can and should be controlled by local people.
- To ensure that those who take the local decisions do so by drawing upon *local knowledge and priorities*.

This has implications not only for the type of functions which should be performed by LGs – but also for their style eg the need to develop mechanisms<sup>76</sup> for identifying such priorities – and try to act on that knowledge! It also implies that the style of LGs should be participative – to help develop local initiative<sup>77</sup>. The replication of centralised models of management at a local level undermines the very essence of local government.

### Present Perceptions

At the moment, local people in Kyrgyzstan don't really have a sense of their local council giving them “services”. Rather they look to it to help them get access to permissions, opportunities and resources – and the method is the traditional “suppliance” seen in the queues waiting to see the Head of administration. Such scenes indicate that little has in fact changed.

Nor are councillors really very clear what their function is – since the power is wielded by the Head of the Ayil Okmotu – elected by local people to head the administration and chair the local council. Some people suggest that the country is not ready for the sharing of power and ideas at a local level which democracy requires; that what is initially needed is the development of a relatively strong local body with the resources to be able to perform some of the tasks local people need. My answer to that is that this is a reasonable line to take about the territorial level of LSA – but at the level of the village and town local authorities can and should be more open. If not, then we should not be using the language of local government – but of LSA!

### The 3 criteria for LG functions

If the defining features of local government set out in para two are accepted, they give us three crucial criteria for the selection of functions for local government –

1. The functions have to be **important to local people** – eg safety; a good start to their children's lives; etc. Otherwise, why should people bother voting?
2. They have to be **capable of being managed by small units**. Villages cannot establish and run universities!
3. **acceptance that it is right that the standards of these local functions can and will vary** – to take account of local conditions and priorities (if local priorities are not allowed to affect its outcome, then a service can equally well be run by LSA)

Of course, these criteria are not easy to define in a precise way.

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<sup>76</sup> Eg surveys

<sup>77</sup> this is dealt with in more detail in section 9 below.

People will give different answers when asked which are the key functions; and there is a large – and diverse - literature about “economies of scale”<sup>78</sup> – the precise “threshold” population below which it is not economic to run a service.

And the answer to the question about national standards depends on whether you are talking about the right to have higher or lower standards!<sup>79</sup>

It is clearly convenient for both the public and the State to have local offices where people can access the necessary information and forms to receive national services, benefits and licenses – but this can equally be done by local state administration. So convenience of access – however important - is not a defining feature of a local government function.

### **The Dilemma of size**

Some of those who are thinking about functions seem to imagine that it will be easy to transfer the functions of LSA (rayons and Oblasts) to LGs. Here, we really do have to pay proper attention to the second of the 3 conditions set out above – of minimum size - and to understand, before we go any further in the discussion, how local governments elsewhere in the world have dealt with a *basic dilemma or contradiction – namely that the settlements which people live in and identify with are rarely large enough to run functions and services effectively.*

There are five ways of dealing with this reality –

- Leave some functions with LSA – at least while the basic unit of local government is being built up
- Then develop a two-tier system of local government – with the upper tier having, for example, the key educational and strategic functions.
- Encourage the establishment of associations of LGs to deliver specific functions<sup>80</sup>
- Sub-contract some technical functions to the private (or NGO) sector.
- Create larger units of municipalities by amalgamating the smaller units

A two-tier system (with an upper County or Oblast level and a lower municipal level) is a standard structure in most countries in the world and recognises that lower levels have limits of capacity.

**The functions which are currently at the Oblast and Rayon level are usually part of the system of local self-government – but dealt with at the top tier.** They do, however need to be democratically accountable to locally elected politicians. Of course this cannot happen overnight – but should be recognised as a medium-term objective<sup>81</sup>.

### **Which Functions?**

What are the relevant functions which should be transferred to local self-government? The answer to this depends on whether we are talking about the top or bottom tier of local government – the attached table<sup>82</sup> defines the broad categories of functions one finds in local self-government in the world.

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<sup>78</sup>

<sup>79</sup> See also the distinction between “obligatory” and “discretionary” functions.

<sup>80</sup> Eg water associations

<sup>81</sup> Eg French

<sup>82</sup> from International Comparative Study – Local Government Finance Coopers and Lybrand 1994

<b>Function</b>	<b>Description</b>	<b>Examples</b>	<b>Performed by</b>	<b>Suggested source of revenue</b>
<b>Strategic</b>	Implementation of national policies thro integrated planning	- Transport planning - Hospitals - Natural resources - Environmental protection	Highest tier of local government	Combination of central and local government
<b>Need Services</b>	Available to all individuals at minimum level	Health care Education Social housing Social welfare	Basic level of self-government	Central government
<b>Protective services</b>	National public goods in public interest	Police Fire	Central and local government	Central government
<b>Communal Services</b>	Local public goods in local public interest	Roads Street lighting Environmental health Water supply Waste management Sewage	Basic level of Local self-government	Combination of central and local government –c
<b>Cultural services</b>	Local services of direct benefit for those who choose to use them	Sports grounds Leisure facilities Parks Museums	Basic level of Local government	Combination of local government and the consumer
<b>Registration and Licensing</b>	Admin of local population for local and national purposes	- Civil registration - Elections - Licensing of vehicles, fishing	Lowest tier of local self-government	Depending on service – higher tiers of government and consumer

It is important to look at the various features of the local government systems in, for example, Western Europe but three fundamental points need to be made –

- Their history is a long one – going back over more than a century
- they are still in a process of transformation and the subject of continued debate.
- they vary from country to country. The French in the past 20 years have been engaged in a process of decentralisation; and the British one of centralisation.



## **ANNEX 4**

### **Mission Report of Juergen Spahl - January 2007**

#### **1. Introduction**

The mission had 3 elements –

- 2 follow-up or monitoring visits to village municipalities in Issyk Kul (2 and 4) which had started this special consultancy approach with the project in April 2006
- A 2-day workshop with a new pilot municipality in IK (3)
- 3 monitoring visits village municipalities in Naryn (5-7) which had started this special consultancy approach with the project in November 2006

#### **2. Monitoring – Village A – 2 January 2007**

##### *a. Purpose and target*

April 2006 had seen the first workshop here - and June and August monitoring visits to check progress. Now – almost 5 months later – came the 3<sup>rd</sup> monitoring visit to check on progress. The responsible secretary (RS) was the counterpart – since the mayor was called away at short notice.

##### *b. Consequences of the TACIS activities*

April had set an agenda – and action has followed. Mention should also be made of the work done by the Tacis project team on the data base and financial management with municipal staff in the latter part of the year.

##### *c. development of the municipality*

We were very pleasantly surprised at the extent of the progress –

- The auditorium is almost ready
- As is the fitness hall
- The 2 resource centres which were to be built in municipal premises are almost in place
- The small business are operating – and more are planned
- The suggestion about preserving Kyrgyz traditions has been taken up – particularly by the young people who are working on traditional sports – particularly riding. The municipality is putting some field at their disposal.
- The school will shortly be renewed
- The ideas about fish-hatching and mushroom collection have not been developed – but are still on the agenda
- The WorldBank “clean water” project started – but was delayed due to the bankruptcy of the firm which was to have carried it out. Spring 2007 will see a new procurement.

The RS was very proud of progress. He emphasized the contribution which citizens had made – particularly the young people.

Progress was constrained by the fact that the illness of the mayor has meant a vacuum there. However, further measures are now being planned –

- In agriculture, there is some prospect of the problems of the last 10 years at last being tackled – the water system will be repaired with the help of the new Governor who has made 3000,000 soms available. ARIS is expected to grant another 100,000. The remaining 60,000 will come from the inhabitants. The improvement of the water system will allow 650 hectares of agricultural land to be irrigated – meaning more jobs; higher yields; and increased tax revenue for the municipality.
- A local pleasure park will be fenced
- The municipality is organizing the purchase of coal for the inhabitants

##### *d. further plans*

In contrast to the previous visit, the scale of the plans for 2007 was surprisingly large.



- Construction has increased the demand for bricks and a brick factory will be built by an investor
- A small mill for animal feed will be set up in a municipal building. 60% of the funding will come from ARIS; 33% from inhabitants and 10,000 soms from the municipality.
- A sports ground is planned for the school
- The establishment of saunas in 3 villages. This way all 3 villages will be provided with leisure facility for the population. The municipality is approaching private investors about this.
- The possibility of preschool classes are being discussed with the school Head – since the kindergarten no longer functions
- Discussions are underway for other activities such as a blacksmiths or car repair shop

#### *e. conclusion*

In April there was nothing! Now so much activity – after less than one year!

This demonstrates the need for the sort of “friendly support” which the project has been able to offer – and suggests a model for the municipal support centres. Those with ideas need encouragement in order to become strong – and for their actions to become self-sustaining.

Participants emphasized several times that they can and want to stand on their own feet. All they need is some advice and coaching.

### **3. Workshop Village B; 3-5 January 2007**

#### *a. Background and purpose*

This village lies west of Karakol on the south side of the Lake. It has 3 parts and 4,000 inhabitants. It lies at 1,700 metres and has 4 schools; 3 communal storage centres for grain; 3 first-aid stations and a renovated cultural centre. People depend on agriculture and cattle – nearby there is still a Russian military enterprise and a military base.

It was a new pilot for the project – and invited were-

- the mayor and his staff
- councillors
- active citizens

#### *b. Opening remarks*

As usual the mission was divided into 2 parts –

- A first day of interviews
- A workshop – at which the results of the interviews was presented; issues identified and an agenda for action developed

#### *c. Interviews*

The following were interviewed –

- AO Head (a year in his job)
- RS (6 months in post – although 13 years active in the municipality)
- Head of Finance (3 months in post – although active in LSG for 5 years)
- 3 councillors (one active for 6 years; the other for 2)
- A former mayor – 16 years a councillor

The AO Head interview lasted an hour – the others 35-40 minutes – and then a roundup session with the mayor.

#### *d. The emerging agenda*

The following problem areas were articulated –

- The community has 1,750 hectares of land which they may rent – but, in contrast to private land, are not irrigated. So they can in fact rent only 340 hectares – and at a low rental. The

rest of the land lies unused – although its of good quality. This problem has been with them for 10 years.

- The municipality has 17 hectares of orchards which also lie uncultivated
- Few work places
- The municipality didn't make a bid for the WB Clean water programme. Drinking water has therefore to be brought 2 kilometres by buckets!
- The roads of the area are in very poor repair
- The revenue from fruit products is very dependent on the weather and brings in too little revenue.
- The council chairman is very difficult to reach – because he has no phone. So papers have to lie waiting for his signature.

However the general feeling was one of optimism – mixed with uncertainty about how exactly to deal with these problems.

#### *e. How to deal with the problems*

A short presentation was done about a German village municipality – focusing on the relationships between councilors, citizens and officials; Finances; the kenesh; and the functions

The EU expert then went into the key problems of the locality and suggested –

- That the area should process its agricultural products
- To encourage commercial activities to rent empty municipal property
- The drinking water issue for one of the villages can be solved if funds are raised. Some immediate measures would include – population must be informed about dangers of impure water; works could be collectively done; such works could be financed raised from population. EU expert suggested that half could be calculated from number of houses and the other by the numbers of people.
- That the financing of measures could be done with a communal bank (Syntash example)
- That the loss of revenue from lack of irrigation could be easily calculated – 1.65 million soms a year.

A very lively discussion took place on each point – but particularly the first and last ones.

#### *f. solutions*

The importance of consolidating the future of the area was clear to all – and therefore the search for relevant solutions was conducted in a positive spirit. Ideas which emerged included -

- Market analysis would be carried out on which empty municipal properties were suitable for renting. ARIS could help here
- Cooperative for agricultural marketing
- Mayor would talk with neighbouring municipality about the idea of a communal bank
- Drinking water issue would be further discussed in the kenesh – and the idea of an association for water conservation explored (Chui example)
- Office for council chairman
- The loss of revenue from the malfunctioning pumps shocked everyone. They all known about the problem – but its consequences had never so clearly been expressed.

The mayor expressed her thanks to the Tacis group for having helped produce such practical ideas.

#### *g. general remarks*

The first day's interviews were crucial for the success of the workshop. This ensured that the presentations done at the workshop were specific to the locality – not abstract – and therefore engaged and kept the interest of the participants.

The workshop itself was well organized – from the start it was clear to everyone that the agenda would allow people's questions to be dealt with.

The room itself, however, was not good – it was the mayor's and too small. Unfortunately the council room had no heating and was therefore unusable. At 15.00 the electricity failed – and so the

heating. Because of the cold, the workshop had to be finished early at 16.30. This also affected the coffee break.

Other positive features were –

- The use of beamer
- The project documents and writing material which were given to each participant

Mention should also be made of the good work done by the Tacis project team on the data base and financial management with municipal staff in the latter part of the year.

Recommendations –

- Starting such work with municipalities really needs a 3-day session rather than two – with 2 days being needed for a workshop. In one day many issues could not be properly explored; group work not properly undertaken; and no case study properly used.
- Experience indicates that many questions come up after the workshop – and can be dealt with only in subsequent monitoring

#### **4. Monitoring Village C; 6 January 2007**

##### *a. Purpose and target*

April 2006 had seen the second workshop here - and June and August monitoring visits to check progress.

##### *b. Consequences of the April workshop*

This workshop was very positively seen – according to the mayor, people still spoke about it.

- After the case-study presentation, a department of energy saving was set up and was very active
- The attitude of the councilors has changed for the better. They think more about the common good and work better with officials. More proposals now come from the kenesh – which shows much more interest in the work of the municipality.
- Training of staff has intensified – and helped achieve a 100% success rate in the attestation – the best result of the Oblast. The National Agency gave them an award for this.

Mention should also be made of the work done by the Tacis project team on the data base and financial management with municipal staff in the latter part of the year.

##### *c. development of the municipality*

There is a lot of discussion about new ways to increase municipal revenue eg tourism.

Social development will get a lot more emphasis.

***However some authorities are very suspicious of such developments – and, as a result, carried out 20 inspections of the municipal activities. This is a great hindrance on initiatives.***

Despite this, our colleagues remain confident that their situation can be improved.

##### *d. further plans*

- a plan for social development to 2010 will be developed
- they hope that the water saving measures can be ended by the end of 2007
- the long-awaited renovation of the town-hall is now stopped – because of an Oblast edict of 9 December 2006 ceasing such investments
- it is anticipated that activities in the first half of 2007 will be reduced because of the mayoral election in May and the anticipated parliamentary elections in June.

##### *e. remarks*

People were very aware that the Tacis project was ending in February – and that the contact with the project and its staff had been so very positive for the development of the municipality. Of course support was continuing for the work of the municipal support centre – but other municipalities

could not give a financial contribution without a decision from the rayon council. He mayor has written a letter to the National Agency about his – and the Agency has requested the support of the Akim.

Mention should also be made of the work done by the Tacis project team on the data base and financial management with municipal staff in the latter part of the year.

## **5. Monitoring Village D; 8 January 2007**

### *a. Purpose and target*

November 2006 had seen the first workshop here – so this was the first monitoring visit to check progress.

The counterpart was the new mayor (in post for 3 months)

### *b. Consequences of the November workshop*

The mayor was grateful about the motivations which the November workshop had given everyone.

These were his comments -

- The idea of paving the streets had been well received. Neighbourhood committees had been set up to persuade the people. The kenesh had decided that the first streets to be done would be those whose inhabitants first did their own stretch. These would be used as a model for all. The work would begin in the summer – there was enough material in the area –as well as the necessary roadmetal for the base.
- The mayor had spoken with Raiffesen Organisation – which wanted to come but has some reservations. The EU expert reported that he had talked with the organization in Germany to ensure they were properly motivated..
- The possibility of renting out municipal property would be examined. Two previous shops were mentioned – one of which had fallen into disrepair. A private kindergarten was a possibility for the other – but the mayor would prefer a car repair facility, helped by ARIS.
- Irrigation of agricultural fields will be regulated by an association – for which the following steps are necessary – founding of association; renewal of canal network (which will last until 2010); construction of water spokes; obtain credit lines for these from the Ministry of Water.

### *c. development of the municipality*

the mayor wants to restructure the municipality and renew the infrastructure -

- until March there will be a census and inventory of land and buildings. This will be the basis for further decisions and proposals to relevant bodies
- the number of neighbourhood garbage areas will be reduced from 42 to 21 and a new waste management system developed
- the position of the aksakal will be built up

The aksakal's powers will be expanded – in future they will have tasks

- if anyone needs a certificate from the municipality they will first have to produce proof that they have made all payments
- they will provide monthly reports to the administration
- they will identify needs from population of their area eg coal or seeds
- remuneration still not clear – although there will be an award system
- programme of social mobilization being conducted by ARIS (1.25 million soms). 8 projects will be financed (40,000 each) – expected to show a profit. Rest will be used for social needs eg kindergarten repair, sports facilities. All this to be discussed shortly at a public meeting.

### *d. further plans*

The mayor awaits the results of the previously mentioned survey before developing concrete plans. He's emphatic about the need for manageable goals.

The EU expert suggested that a wall newspaper should be developed – for the 21 neighbourhoods and municipal buildings such as schools etc.

*e. conclusion*

We were surprised at the progress which had been made in such a short period of time. Mention should also be made of the work done by the Tacis project team on the data base and financial management with municipal staff in the latter part of the year.

## **6. Monitoring Village E; 9 January 2007**

*a. Purpose and target*

A 2-day workshop had taken place in November. This was the first monitoring.

*b. sustainability of the November workshop*

The issues had been further discussed by the kenesh and officials.

- According to the mayor, the main problem was finance. This depended on government action
- There is no municipal property for rent
- Resource centres are no use since there are no computer specialists in the area
- communal credit is not seen as relevant since local people don't have any money to save
- In contrast to many other localities in the Oblast not all irrigated lands have been given for rent. Apparently even at a low rent of 100 soms a year per hectare, there are no takers

*c. development of the municipality*

This is stagnating – and awaits the fiscal decentralisation. Land tax and small rent payment for 20,000 hectares of pastures have been transferred to Oblast and rayon. Thus revenue of 100,000 soms a year from pastures rent and 160,000 soms from land tax has gone to LSA. This is being used by LSA to pay staff salaries.

On the positive side, all municipal debts paid off – 200,000 soms

*d. further plans*

The most urgent goal is to build a school with the help of ARIS. However the application has not yet been submitted. The municipality takes a positive attitude to investors – and are ready to support them when they come.

*e. conclusions*

This was a disappointing visit. Little had happened – there is a passive attitude.

## **7. Monitoring Village F; 9 January 2007**

### *a. Purpose and target*

November 2006 had seen the first 2-day workshop by the EU expert – so this was the first monitoring. The mayor was the counterpart.

### *b. Consequences of the November workshop*

Councillors and officials alike are still impressed with the November event. Indeed they would have liked a third day both to go into more details of issues they covered and to deal with some they didn't.

Since then, the following has happened –

- The standing orders of the council were thoroughly discussed and reviewed – and a workshop held for all members of the rayon council
- A roundtable was held as a preliminary to setting up a municipal enterprise for construction projects such as water systems. This will be a 100% owned subsidiary of the municipality using Rednitzhembach as a model (duly adjusted).
- The idea of paving the roads is being intensively explored. The technical facilities are there – all that is missing is know how. The EU expert invited someone to spend 2-3 weeks at a German firm in Rednitzhembach to get that know-how – they cover the travel costs only. As a follow-up, a specialist could come in the summer to oversee things.
- the Tacis project team also worked on the data base and financial management with municipal staff.

### *c. development of the municipality*

ARIS is committing 6 million soms for the following year – this will be confirmed in the middle of January and allow –

- The construction of water pipe system; Self-construction of school and sports hall
- All staff passed the attestation carried out by the national Agency; Chaek was the best in the rayon
- A municipal orphanage will be built – for 18 children – and run by the rayon (although with minimal resources)
- The registration of property and land plots has not been completed. Several conversations about this have taken place with the rayon Director of GosRegister. He requested written reports on the present situation – and has now received them.

### *d. further plans*

Such develops will be of a big help to the area. The EU expert suggested a wall newspaper to make sure that the citizens were properly informed about such things. This could be placed at various points in the area.

### *e. conclusion*

The village is well set now – all it needs is continued support to make sure that the process doesn't stall. The mayor made a strong plea for a follow-up project to the Tacis one – with its very practical focus. Monitoring visits like this are very important.

## **8. Conclusion**

One of the main issues raised by all 6 municipalities was the ending of the Tacis project. One mayor put it like this -

- The project sowed the seeds
- The first buds are now out but need some care to ensure they develop fully
- With the project ending, there is a danger the buds will wither

The Tacis process has been about confidence-building – and you can't suddenly and arbitrarily cut that off. What these pilots have achieved in a very short period of time is very impressive and shows

the powerful role a modest support system can play in developing the self-confidence which is so important in the development of municipal capacity here.

J Spahl  
17 January 2007

Thought from TL – it would be good if a small practice note could be developed on this experience

## **ANNEX 5**

### **LEGAL TERMINOLOGY – A Suggestion on how to ensure consistent and useful definitions**

E. Rakimbaev

The following note was commissioned by the project after it became clear that the new Constitution of the Kyrgyz Republic of November 2006 made even worse the confusing terms of local government. As is explained in 7.2.1, the plural term used in the legislation “bodies of local self-government” leads to conflict and confusion. There can be only one local government body within a specified territorial area. This affects the definitions we therefore offer for LSG. It also leads us to suggest strongly that the term “territorial self-government” is replaced by that of “territorial voluntary body”.

#### **1. A confusing situation**

The Constitution of the Kyrgyz Republic has no key basic terms and definitions of local government, such as: local government, municipality, municipal unit, territories of municipal units, area of competence of local government, bodies of local government, norms regulating conditions of applying power on local level, questions of having own financial resources, etc. there is no single system of describing key basic terms and definitions of local government.

In this connection it is necessary to consider once more the norms, terms and definitions, described in international legal acts, and considering their topicality and acceptability develop the required alterations and amendments to key terms, definitions and norms, which can secure effective activity of local government and introduce them according to existing procedures to the Constitution of the Kyrgyz Republic, and then to basic laws if needed (our specific proposals are given at the end of this text).

..... (REFERENCES FROM LEGISLATION EXISTING)

This way it is obvious and the analysis of terms, norms and definitions in these laws shows that these basic legislative documents also miss clear terms, norms and definitions that reflect nature of local government and can secure effective activity of its bodies. The more so, norms and definitions in them caused more contradictions and collisions into already confusing terms that were simplified in the Constitution of the Kyrgyz Republic.

Therefore, the terms and definitions – head of the local government, official of the local government body, municipal servant, representative local government bodies – used in the basic laws of the Kyrgyz Republic on local government do not meet the similar terms used in the Code of elections in the Kyrgyz Republic.

The basic laws on local government as well as the Constitution of the Kyrgyz Republic miss the key terms and definitions of local government, such as municipality, municipal unit, territories of municipal units, areas of competence of local government, clearly separated functions and responsibilities between local government bodies, and the local government bodies and public administrative bodies, norms, regulating conditions of performing responsibilities on local level, questions of having sufficient financial resources and etc. There is no clear system of key basic terms and concepts of local government. One more complication is that instead of one law on local government we have 7 separate legislative acts.

It is necessary to take into account that according to the Law of the Kyrgyz Republic “On introduction of alterations into the law on local government and local state administration” by February 2, 2005 # 12 rayonal and oblast keneshes were abolished. However, later the law of the Kyrgyz Republic “On introduction of alterations and amendments into the law on LSG and LSA by February 6, 2006 # 34 rayonal keneshes were restored. That caused even more confusions into organization of effective activity of such important body of local government in Kyrgyzstan. The



instability of laws on local government, constant and contradictory nature of norms also seriously damages local government.

Therefore, it is not surprising that almost all basic legislative documents today do not work, in particular, the laws “On local government and local state administration”, “On municipal property”, “On financial-economic principles of local government” and etc.

In this connection it is necessary to reconsider again firstly the terms and concepts in the Constitution of the Kyrgyz Republic and basic laws, taking into account global practice in this area. Strictly reject excessive and unneeded null terms and concepts, causing nothing except confusion and collisions in terms and in practice. Such terms and definitions as “Local significance affairs”, “Charter of local community”, “Executive and other bodies”, “Local affairs”, “Members of local community” and other, which are available in the Constitution and in basic laws. On the contrary, to introduce such terms and concepts like “municipality”, “municipal unit”, “territories of municipal units”, and etc. And to develop a single law as it is needed by present and by the National Strategy “Decentralization of public administration and development of local government in the Kyrgyz Republic by 2010. It emphasizes necessity of developing a Code on local government, clear separation of functions and responsibilities between local government bodies and bodies of public administration, implementing administrative and territorial reform, transiting from 4tier system to 3 tier administration, and etc. Without implementation of these and taking many other measures it is impossible today to talk about existence of local government, and the more so, development of effective local government in the republic.

Clear definition of terms and concepts, introduction of relevant alterations and amendments according to the required procedure into the Constitution of the Kyrgyz Republic, and then into the basic laws, undoubtedly, will bring local government in the republic to new qualitative level of development.

Below, we are proposing our recommendations on this issue.

## **2. New definitions to key terms and concepts to be introduced into the November 2006 Constitution of the Kyrgyz Republic.**

### **LOCAL GOVERNMENT**

#### **Clause 93 Definition of local government**

1. Local government is the system of local government bodies in the country which performs functions and services defined by law in the interests of the population within the relevant territory. A local government body is composed of a local kenesh and a subordinate executive body.
2. Local kenesh is the representative body of local government, consisting of councillors, elected by population of the administrative – territorial unit, through free, secret, equal, direct and general vote under conditions and in the order, set by the law.
3. The executive body of local government is established to give the kenesh professional advice and ensure the effective management of own and delegated functions.
4. The order of interaction of bodies of local government is set by the laws and normative legal acts of local government bodies.
5. The bodies of local government accept normative acts that are mandatory within the territory of municipal unit within the frameworks of the competence according to the Constitution of the Kyrgyz Republic and legislation of the Kyrgyz Republic.

#### Clause 94 Area of competence of local government bodies

1. Basic functions and responsibilities of local government bodies are set by the law of the Kyrgyz Republic.
2. LSG bodies have a discretion for implementation of their initiatives on whichever issue within the limits of the law and their competence and are not administered by any other power body.
3. Transfer of any function to any other power body is done depending on the volume and nature of a particular task and requirements on effectiveness and economy (Clause 4, point 3).

#### Clause 95 Protection of territorial bodes of the municipal unit

Under any change of territorial borders of the municipal unit it is necessary to get preliminary consultation with relevant LSG bodies or by referendum if needed.

#### Clause 96 Conformity of administrative – organizational structures and funds to the tasks of local government

1. LSG bodies must have an opportunity to define their own internal administrative-organizational structures - that they are going to establish - within the legislation of the Kyrgyz Republic, so that these structures to meet the local needs and secure effective administration.
2. Legislation sets the responsibility of local government bodies for decisions made.

#### Clause 97 Conditions of performing responsibilities on local level

1. Status of elected officials of local government bodies must secure free performance of their mandates, functions and powers.
2. Status of local keneshes' councilors must envisage proper monetary compensation of expenditures, caused by performance of their mandates, and monetary compensation for travel, accommodations expenses or remuneration for the work done as well as relevant social protection if needed.

#### Clause 98 Administrative control of activity of local government bodies

1. Any administrative control of local government bodies can be done only within the procedures and in cases stated within the Constitution of the Kyrgyz Republic or the law, and is aimed only at securing legitimacy and constitutional principles.
2. Local government bodies can be given separate state powers with transfer of material, financial and other funds required for that. Within the delegated responsibilities the local government bodies are subordinate to state bodies.

#### Clause 99 Financial resources of local government bodies

1. Local government bodies have the right within the frameworks of international economic policy to have own sufficient financial resources that they can freely manage while performing their responsibilities.
2. Financial funds of the local government bodies must be proportional to powers given by the Constitution of the Kyrgyz Republic or the law.
3. At least a part of financial resources of local government bodies must be replenished from local duties and taxes, which rates are defined by local government bodies within the limits set by the law.

#### Clause 100 Right of the local government bodies for Association

Local government bodies have the right to cooperate with and enter associations with other local government bodies within the frameworks of the law to secure fulfillment of tasks, representing common interests.

#### Clause 101 Legal protection of local government

Local government bodies have the right for legal protection to secure free performance of powers and responsibilities and observance of the principles and norms related to local government stated within the Constitution and legislation of the Kyrgyz Republic.

### 3. **Recommendation for AMENDMENTS INTO RELEVANT LAW OF THE KYRGYZ REPUBLIC ON LSG AND LSA**

#### Clause 1 Relations, regulated by the present law

The present law sets principles of organization of local government on the level of administrative territorial units of the Kyrgyz Republic, defines role of the local government and its bodies in public administration, reinforces organizational and legal principles of local government and public administration bodies, state guarantees of municipal units for local government.

#### Clause 2 Basic terms and concepts

The present laws provides the following terms and concepts:

Local community – people resident within the territory of the municipal unit, united by common interests in solving of life support issues under their responsibility through local government bodies;

Local community member – is a person resident within the territory of the municipal unit and related to the local community by mutual obligations;

Local government – is the right and real ability of the local government bodies to regulate a significant part of their own and delegated functions and rights within the frameworks of the law, under their responsibility and within the interests of the population living within the territory;

Local self-government bodies ( or **Municipality**) - a LSG (or municipality) is a legal entity which has the right and responsibility to perform public services and functions defined by law and funded by national and local taxes and charges.

Local kenesh – is the representative collegial body of local government, established according to procedures of the present law, legislation on elections and status of local keneshes councilors for 4 years, consisting of deputies elected by the population of the municipal unit through free, secret, equal, direct and general vote under conditions and according to procedures set by the law; and which is accountable to local citizens and to the law.

Rural LSG (or municipality) – is the executive local government body established within the rural municipal unit for performance of own functions and powers of the local government and some delegated state powers;

Urban LSG (or municipality) – is the executive local government body established in the urban municipal unit for performance of own functions and powers of the local government and some delegated state powers;

Local kenesh charter – is the basic normative act of the local kenesh that regulates its' activities and reflects administrative – organizational structure, which is developed and approved at a session of local kenesh and registered within the justice bodies according to the procedures stated in the legislation;

Regulation of the local kenesh – is an internal normative legal act that regulates rules and order of activities inside local kenesh, developed and approved at a session of local kenesh;

Charter of LSG (or municipality) – is the basic normative act of the executive local government body – the relevant municipality that regulates its' activities and reflects administrative – organizational structure, rules and order of activities inside the municipality, developed according to the legislation, approved at a session of local kenesh and registered within the justice bodies according to the procedures stated in the legislation;

Chairman of the local kenesh – is an elected official, the head of the representative local government collegial body, who is elected by the local kenesh through free, secret, equal, direct and general vote under conditions and according to procedures set by the law;

Mayor of the urban LSG (or municipality) – is an elected official, elected according to procedures stated by the present law and legislation of the Kyrgyz Republic on elections, head of the executive local government body established within the urban municipal unit for performance of own functions and powers of the local government and some delegated state powers;

Head of the rural LSG (or municipality) is an elected official within the system of local government bodies, head of the executive local government body, established within the rural municipal unit for performance of own functions and powers of the local government and some delegated state powers;

Elected official of the local government body – is a person elected by the population directly or by local kenesh;

Functions and powers of the local government body – are own functions and powers of local government bodies defined by the law of the Kyrgyz Republic.

Delegated state powers are separate delegated state powers, performed by the local government bodies under their responsibility within the territory of the municipal unit and supported by material, financial and other resources needed that the local government bodies are accountable for to public administration bodies;

Local public administration body is a state administrative body of executive state power, established within the territory of the relevant administrative territorial unit (district, village, city/town);

Local state administration is the state body of executive state power, established within the territory of the relevant administrative territorial unit (district, village, city/town);

Municipal property – is the property of the municipal unit population that is in ownership, use and disposal of local government bodies that is a source of revenues to satisfy social and economic needs of the population and to perform functions of the local government;

Municipal service is the professional activity of people in local government bodies at the positions, which are not elected and paid from local budget;

Municipal servant is a citizen of the Kyrgyz Republic of 18 years old at least who meets qualification requirements of the municipal position according to the legislation, holds the municipal post and performs the professional activity related to implementation of powers implied by the post for monetary remuneration and responsible for that;

Municipal post – is the post with certain functions, powers and responsibilities in representative and executive local government bodies;

Official of the local government body is an individual constantly performing organizational, administrative, operational and other functions and powers of the local government bodies;

Territorial voluntary body – is a voluntary union of citizens made according to the legislation by people living in a certain street, quarter of house of a village or city/town, which activities are aimed at solving of life support issues;

Kurultai is the meeting of representatives of the municipal unit to discuss life-support issues which are of common interest and to approved recommendations and solutions according to the legislation and charters of local government bodies;

Congress/Meeting of citizens is the direct form of participation of the citizens in management of life support issues of the municipal unit through discussions at the meetings of citizens, living in one street, quarter, microregion or village to approve recommendations and solutions according to the legislation and charters of local government bodies;

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January 7, 2007



## **Annex 5 ABOUT THE PROJECT**

1. The project started officially in May 2005. By February 2007, it is expected to achieve 9 outputs -
  - staff in national lead bodies assisted to perform their role of driving, at central level, political decentralisation to LGs
  - a clearly defined statement of division of central and local responsibilities drafted and disseminated – with implications for municipal service delivery clearly spelled out
  - a comprehensive review of progress achieved in fiscal decentralisation – with bottlenecks and remedies identified and submitted to government
  - Road Map, indicators and next steps for decentralisation set out and
  - Significant number of key members and staff of LGs in 2 pilot Oblasts trained to enable them to play an important part in the practice of good local government
  - Development of IT capacity in municipalities in two pilot Oblasts
  - Financial management and budgeting significantly improved in pilot LGs and ways of increasing revenue for the LGs identified.
  - civil society organs active in two pilots in promoting participatory local governance trained and advised
  - recommendations on how LGs in the whole country be assisted
2. The Pilot Oblasts were identified in the original Terms of Reference – and are Issyl Kul and Naryn.
3. The project is based in 2 rooms in the ex-Minister's building – and has regional offices in Karakol and Naryn. At least one local expert are located in each of these 3 these offices – as well as administrative staff.
4. Project work is planned on a four-monthly basis.
5. It has a Steering Committee consisting of the leaders of
  - the new Agency
  - the municipal associations
  - local state and local government bodies in the 2 pilot Oblasts
  - the Academy of Management
  - the European Delegation to Kyrgyzstan
  - the German company ADB as contractors
  - the project itself

### **About Ronald Young**

Ronald Young was a local and then Regional Councillor in Scotland from 1970 to 1990. During this period he held various important local government positions and was responsible for many innovations concerned to challenge bureaucracy – particularly the encouragement of community development and more open approaches to policy-making. In the 1980s he was also one of the UK members of the Council of Europe's Standing Committee for Local and Regional affairs. Since 1990 he has lived in central Europe and Central Asia – leading various EU programmes of administrative reform

## Bibliographical References

General References we would recommend are -

Decentralisation; Conditions for Success – lessons from Central and East Europe and the CIS (UN 2000)

Decentralisation Experiments and Reforms – local government in central and eastern Europe; G Peteri and Horvath (LGI 2000 – available in Russian from [www.lgi.osi.hu](http://www.lgi.osi.hu))

Consolidation or Fragmentation ? The size of Local governments in Central and Eastern Europe ed by Pawel Swianiewicz (LGI 2002)

Fundamentals of LSG in Kyrgyzstan a textbook; by Kojoshev and Shadybekov (2007)

Options for local government funding – international comparisons; 3 papers by Loughlin and Martin, NERA and T Travers (2005) – available at [www.lyonsinquiry.org.uk/](http://www.lyonsinquiry.org.uk/)

Fiscal Decentralisation in EU applicant countries and selected EU member states (OECD 2002)

Foundations of Fiscal Decentralisation – benchmarking guide for countries in transition (P. Swianiewicz (LGI 2002) – available in Russian from [www.lgi.osi.hu](http://www.lgi.osi.hu))

“Synoptic guide to decentralisation” (Initiative for policy dialogue) available at [www0.gsb.columbia.edu.ipd](http://www0.gsb.columbia.edu.ipd)

The following papers referenced in the text can be found on the internet by using the Google Scholar search engine -

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<sup>i</sup> See Indicators of Local Democracy (LGI)

<sup>ii</sup> Useful articles describing the process of introducing local government in Central Europe from 1990 are – “How to measure decentralisation; case-study from Central European Countries” by Zdravko Petak; “reforming Local Government in Poland; top-down and bottom-up processes” by Pawel Swianiewicz (2002); and “Thirteen Years of Reforming subnational government in the Czech Republic” by Michal Illner (2002). For a wider view on decentralisation see “Implementing Decentralised Local Governance; a treacherous road with potholes, detours and road closures” by Anwar Shah and Theresa Thompson (World Bank 2004)

<sup>iii</sup> See the very useful article “The Community as incubator of economic and social survival; a local-led economic development strategy” by Robert McIntyre (Institute for International Economic and Political Studies, Russian Academy of Sciences, Moscow)

<sup>iv</sup> “Local Government Borrowing – regulation and practice – Romania country report”; part of wider LGI study (2003)

<sup>v</sup> “Comparative analysis of recent trends in local government efficiency” – paper by M Strmecki of Lubliana University (2003)

<sup>vi</sup> “Changing forms of urban governance in central and east Europe – impact of institutional choices” by Pawel Swianiewicz (2004)

<sup>vii</sup> see article - “Addressing the Legitimacy of the council-manager executive in local government” by Howard and Sweeting in project library

<sup>viii</sup> Transparency in Local Government – Riga Declaration (LGI)

<sup>ix</sup> reflected in a notorious World Bank Annual Report of 1997 (?)

<sup>xi</sup> With thanks to J Hegedus