

LOCAL SELF-GOVERNMENT DEVELOPMENT IN THE KYRGYZ REPUBLIC. NEW STRATEGY. THE WAYS TO IMPROVE THE LOCAL-SELF GOVERNMENT SYSTEM

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The Kyrgyz Republic enjoys its independence since 1991. Compared to former soviet countries Kyrgyzstan's President of the republic prioritizes the developing principles of local self-governance. The Constitution of the Kyrgyz Republic stipulates (Article 91-95) that local self-government acts apart with local state administrations. Nowadays the Kyrgyz Republic is orienting its strategy on the development of decentralization and improving its local self-governance. National Strategy For Further Decentralization and Local Self-Government Development in the Kyrgyz Republic Till 2010 was adopted.

The aim of the strategy is to determine main directions, ways of decentralization of state administration and development of the effective system of local self-government by 2010 as a necessary condition for Kyrgyzstan to become a civil democratic state.

Implementation of the Strategy's aims and tasks will make it possible to provide a systematic overcoming of the problems existing in the area of state and public administration, rational functional assignments among local self government and state bodies, establishment of the effective cooperation between different levels of power by bringing the decision adoption process closer to citizens, which will allow to improve the social-economic situation of the population and decrease poverty.

Objective of the research:

The principal objectives of the research is to describe the current situation of the local-self government development and Fiscal decentralization situation and to give the ways to improve the status of the local self-government.

There is no ready-made model of decentralization because of specifics of each country. For successful decentralization it is necessary to have balanced relations between central and regional levels. All these issues were to be analyzed in my research. The President of the republic prioritizes the developing principles of local self-governance and it was highlighted in the document "Comprehensive Development Framework". This process is continuous and is ongoing in all states with different forms of governance. I tried to analyze the process of decentralization in the Kyrgyz Republic. Based on the research I aimed to conceptualize, clarify and analyze the key elements for the administrative and political relations between the central and regional levels and to develop recommendations based on the research. During the research the legal bases and the achievements were studied. It was studied that the local self-government development is in the process but it goes slowly. It is based on the best achievements of other countries but it should be adapted to the concrete country and policy.

The principal conclusions are stipulated in the paper and the ways to improve the situation in brief are as follows:

- Formation of a harmonious legal framework
- Political and administrative reforms implementation and state support of local self-government bodies
- Economic and financial decentralization improvement
- Municipal and civil service development and improvement of work with personnel
- Social mobilization and development of human capacities
- Civil society consolidation strengthening
- Clarify principles of strategy implementation

The methodology of work:

1. My activities were connected with analyses of legal framework. A lot of available materials were collected and analyzed. In order to conceptualize decentralization I had to review and analyze all available materials.

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2) Conceptualization and operationalization of the concept of decentralization and its relationship with local self-government.

2.1 Conceptualization

During the research activities the following aspects were reviewed: conception of decentralization, administrative, political and fiscal decentralization. The comparative analyses between unitary and federal states was made. Based on it it was seen that Kyrgyzstan is between classical unitary and devolving state.

This included

- historical background and how it occurred and the process of change and development.
- Status of the local governments in the relations with the central government.
- Interrelations between central and local governments in the scope of political decentralization and distribution of competence and responsibilities and administrative decentralization.
- Fiscal policy in the context of tax collection and money transfer.
- Personnel Management that is important because administrative reforms deeply depend on professionalization of the workers.

2.2 Operationalization

Analyses of the situation in the Kyrgyz Republic in the following aspects:

- Status of the local governments in relations with the central government
- Distribution of competence and responsibilities
- Fiscal policy in the context of tax collection and money transfer
- Personnel issues that is important for implementation reforms.

The methods, resources and procedures of work are as follows:

During the research the following methods were used:

- Primary sources:
 - laws (Constitutions of the case countries, laws on Local self-governments of the case countries);
 - secondary legislation to the Civil Service Law;
 - National and regional Media;
 - archive documents.
- Secondary sources:
 - books (both via actual libraries and via Internet);
 - journals;
 - publications (both hard copies and via Internet);
 - conferences;
 - methodological courses;
 - seminars;
 - round tables.

- Qualitative Interviews:

For field trip it was chosen Issyk Kul oblast and Osh oblast. They are 2 oblasts situated in different parts of the Republic. The objective was to compare situations on primary level in different oblasts and make analyses based on their development. One more field trip was to Aiyi Okmotu situated in Chuy oblast.

I. The current situation of local self-government in the Kyrgyz Republic

The past decade has brought big changes in the social and economic life of Kyrgyzstan including self-government. A strong base for LSG development was created due to the implementation of local self-government reforms stipulated in the Constitutional Principles and Decree of the President of the Kyrgyz Republic of August 18, 1994. Over 50 presidential degrees and resolutions, over 30 resolutions of the Government of the Kyrgyz Republic and other legal acts on decentralization of state administration and LSG development were adopted recently.

As a result of implementation measures, the process of transferring settlements (villages, community and cities) to local self-government principles has been completed. Now there are 487 village, community and city LSG bodies. The Congress Of Local Self-Government Bodies of the Kyrgyz Republic, including the Association of Cities of the Kyrgyz Republic and the Association of Local Self-Government Bodies of Villages and Communities, have been created and they operate in the interests of local communities.

In accordance with the Resolution of the Government of the Kyrgyz Republic, over 9,300 objects of social infrastructure were transferred into communal ownership of bodies of local self-governance with the total value of 7 billion 935 million soms. First elections of local self-government heads were held in 2001. To involve more population into activities of local self-governance, people's kurultais were held in the villages, towns and rayon centers. More than 90 thousand delegates took part in them. The fundamental legal acts are the Laws of the Kyrgyz Republic "On Local Self Government and Local State Administration", "On Communal Property" and "On Courts of Aksakals" adopted in 2002.

At present, the Kyrgyz Republic has started implementing the tasks aimed at the overall development of the democratic system. For these purposes, it is necessary to implement a number of conceptual and urgent problems.

The analysis of the current situation in the Republic shows that the most important outstanding problems of further decentralization and local self-government development are:

- Imperfect legal framework. A legal framework which provides optimal decentralization of state administration, creation of effective institutes of management at the level of local power, effective economic and financial decentralization, creation of the municipal civil service system and development of its potential, social mobilization has not been established yet.
- Ineffective implementation of the decentralization processes of state administration and insufficient government support of LSG bodies. Local self-government bodies do not have sufficient power and financial and economic resources for effective implementation of their authorities. The legislation does not provide clear definition and distribution of functions and authorities, responsibilities between different levels of executive bodies of state power and local self-government bodies. The process of function transfer and transfer of relevant financial-economic resources to LSG bodies is protracted. There is no clear mechanism of their transfer. This obviously slows down the process of more intensified introduction of democratic forms of mass activity of local communities and it also slows down the development of local self-government bodies.
- Ineffective devices of financial- economic regulation. Finances and local budgets are still centralized, there is no effective tax base and the budget opportunities of LSGs are quite limited. The legal framework for economic and financial decentralization has not been created yet. No mechanism has been developed to transfer financial and economic resources to LSG bodies according to their functions and authorities.
- Lack of experienced municipal civil servants, lack of effective manpower policy. The law On municipal civil service has not been adopted and the system of municipal civil servants' training, retraining and upgrading has not been established. There is no motivation and social protection system. There is no informational-technical and scientific-methodological service for the local self-government personnel.
- Limited scale of social mobilization and development of human potential. The social mobilization of local people in the form created by their own organizations, assistance and advancement of its further development, use of personnel and other resources take place but, as yet, it is an insufficiently active process. It is worth mentioning that the population prefers to take a passive role in the process of making decisions which could improve their standards of living.
- Undeveloped partnership and weak relations of state administration with bodies of local self-governance, NGOs, private sector. The successful experience of pilot ayl-okmotu in social mobilization and strengthening of the public-private partnerships between government and community-based organizations is distributed to all regions of the Republic but remains limited in scope and is not supported by an appropriate legal base. In 2001, the President of the Kyrgyz Republic declared that the process of social mobilization should be carried out in all areas.

II. Fiscal Decentralization

Regarding revenues of the initial level local budgets, local self-governments are granted the right to determine certain fixed revenues, and to impose local taxes and duties on their territories in compliance with tax legislation.

Revenues of local budgets at all levels consist of:

- Deductions from national taxes and other revenues;
- Land ownership taxes;
- State duty in the amounts established by law (excluding duties exacted by arbitration courts and internal affairs bodies for issuing identity papers);
- Local taxes and duties under the Tax Code;
- Non-tax payments coming to local budgets as duties, payments, revenues, and sanctions according to the Law on Non-tax Payments; and
- Revenues of local budget organizations from special resources that are included in local budget revenues.

It is estimated that local budgets have obtained 35% of deductions from national taxes since 1997, including excise duties on domestic products, profit tax, value-added tax, and income tax). The uniform rates of allocations are approved by the national parliament (Jogorku Kenesh) for regions of lower territorial level, and are not subject to changes for three years.

Actually, bodies of “higher territorial level” that supervise ayyl okmotu determine the amounts of deductions from national taxes that should be transferred to both districts and ayyl okmotu. At the oblast level, revenues are assigned according to commonly accepted legal formula. But at the district level, such transparent assignment does not exist, and that process may become dependent on political, personal and other unforeseen factors. As of today, payments for land leasing are the main source of local revenues of ayyl okmotu (70-90%). However, local authorities cannot fully administer these resources. Part of the land taxes, service taxes, and retail sales taxes may be allocated to local budgets of higher territorial levels. However, there are no long-term deduction norms, and local self-government bodies still have little motivation to collect taxes themselves.

The problem of the local budget replenishment is very acute at the village level, where only two or three out of 16 types of local taxes and duties can be collected. Local tax payments comprise only a small part of the specific volume of municipal budget revenues, and they cannot cover even the main needs of Regional report on the development of local self-governments in Central Asia countries

14 local self-governments. Local taxes are included within the system of other revenues to cover municipal expenses, and are not reflected in the deduction rates that balance municipal budgets.

Minimal budget revenues of local communities are covered by a system of grant transfers between the national and local levels. At the local level, a minimal degree of education and healthcare services is financed through categorized grants. Thus, in 2000, the total amount of categorized grants stipulated by the state budget comprised 45.3% of local budgets overall expenditure. A system of equalizing grants in order to adjust tax and budget capability between budgets of different regions is also now in place.

Expenditures of the ayyl okmotu budgets include maintenance for comprehensive schools; local hospitals; rural medical dispensaries; obstetric stations; village recreation centers and libraries; and any village Council personnel and municipal facilities situated on their given territories. Allocation rates from regulated taxes—as well as amounts of categorized, equalizing and stimulating grants to ayyl okmotu budgets under the Law on Basic Principles of Budgetary Law—are approved by keneshes of higher level.

Over-dependence on centralized resources and the decisions of superior bodies continue to lead to instability of revenues of local self-government bodies, and hinders the development of any mid-term budget strategy. The main financial resources are accumulated and distributed at the oblast, district and city levels; very little is left to local self-government budgets. The key reason for this situation lies in the frequent continuation of an outdated “top-down” approach to the formation of initial-level local budgets. Over time, the budget process will hopefully change as self-governments acquire both more powers and better qualified staff. Consequently, development, consideration and approval of long-term local budgets will become much more transparent.

III. The ways to improve the local-self-government situation are as follows:

1. Formation of a sufficient legal framework

The existing legal base needs to be improved and the normative and legal acts should be brought in line with the principles of the Constitution of the Kyrgyz Republic. It is also necessary to develop and adopt a number of priority laws such as “On Financial and Economic Rights and Principles of Local Self-Government in the Kyrgyz Republic”, “On Municipal Civil Service”, “On Community-Based Organizations” and “On Delineation of Functions and Authorities of State and LSG bodies”. The next stage stipulates adoption of such laws of the Kyrgyz Republic as “On Local Referendum” and “On People’s Law Making Initiatives”. Also, it is necessary to adopt the Law “On the Administrative and Territorial Structure of the Kyrgyz Republic”. To create a legal base for arranging the effective system of municipal civil service, for re-training and upgrading municipal servants and improving their academic and methodological capacity, the Law of the Kyrgyz Republic “On Municipal Service”, which contains the Registry of Municipal Positions and Functions, will be soon submitted to the Jogorku Kenesh of the Kyrgyz Republic. The Code of Ethics of Municipal Servants will be adopted.

Measures will be taken to improve charters of cities, villages and towns and legal acts of local self-government bodies to increase their role in the activities of LSG bodies .

2. Political and administrative reforms and state support of local self-government bodies

Political, administrative and institutional aspects of the Strategy are aimed at policy development of fundamental decentralization and local self-government principles. First of all, the following steps as functional reforms,

organizational and structural transformations, professional managerial promotion of local self-government bodies employees will be implemented. It includes: delineation of functions and powers between territorial levels of management; elimination of overlapping, abolishment of unnecessary functions and powers of local state administrations and executive bodies of LSG for the purpose of establishing an effective and well operational system of local self-government bodies and state power.

3. Economic and financial decentralization

This serious problem must be solved both at the state and local self government levels. It covers the issues of formation and development of communal property, creation of conditions to develop independent local budgets (taking into account the specifics of local self government units in allocation of state financial resources), creation of a stable normative basis of financial and economic activities of LSG bodies and others. Despite efforts undertaken in this area, the problem of financial and economic decentralization is unsolved for a number of reasons, both objective and subjective.

The existing model of centralized inter-budgetary relations does not lead to strengthening of financial and economic principles of local self-government. As a result, we have huge differences among regions regarding the budget security of local self-governments, an absence of real motivations of LSG bodies to increase local taxes and other revenues, and inefficient spending of resources of local budgets, including the categorical and equalizing grants received from the republican budget. Moreover, territorial-administrative bodies of the higher levels annually change norms of deductions in republican taxes and regional regulated taxes when they approve local budgets, which lead to uncertainty in planning social and economic development and in local budgets of bodies of local self-governance. Therefore, LSG bodies find themselves in a difficult financial situation; in most cases suffering deficiency of funds to support entities of communal property of a local community, to preserve and develop the historical and cultural heritage, to provide for the well-being of the population.

In order to enhance the quality of social services provided at the local level, it is necessary to delineate revenue and expenditure rights of each territorial level of the local budget and to ensure legislative independence of local self-government bodies in distribution of financial resources. Following the principle of subsidiarity, local authorities are closer to people and are better judges which of services are a priority and how they should be provided to the local population.

4. Municipal and civil service development and improvement of work with personnel

For effective accomplishment of increasing aims and goals, local self-government bodies must have an effective municipal civil service with developed human and institutional capacity. This will be stipulated in the law of the Kyrgyz Republic "On Municipal Civil Service" which will provide municipal employees with appropriate conditions and opportunities (salaries, ranks, upgrading, social protection and others).

There will be an effective system of training, re-training and upgrading of municipal officers. New conditions of providing services will take into account the specifics of the LSG system and will provide the ability to attract and reserve the personnel. In order to implement effective training activity, training handbooks and materials on issues of decentralization, local self-government, social mobilization, financial, economic and personnel issues, organizational methodological and informational communication issues will be elaborated and introduced in practice. Also, there will be a cooperation established with academic and educational structures regarding organization of systematical training, retraining and upgrading municipal employees' skills.

There are a lot of educational institutions that provide training, retraining and upgrading courses. The Institute of Public and Municipal Administration under the President of the Kyrgyz Republic has special programs developed under the support of international donors and projects. A sustainable training system include various short term and long-term training courses and programs. On their basis training of current and newly elected deputies of local keneshes, ayyl okmotu heads, their personnel, association leaders, TPSGs, community-based organizations, NGOs, the private sector and others are trained. Hans Zeidel Fund provides assistance in developing courses, make a financial support. Bodies of local self-governance will have 100% highly qualified specialists who will successfully implement reforms on-site. Innovative forms and methods of training, encouragement and informing of officials and citizens will become constant incentives and means in their continuous education and retraining. The success in local governance personnel skills will be ensured. Special attention will be given to gender equality development.

Insufficient women's representation in the state and municipal governments (only 4% in the Parliament and only 9 out of 102 higher officials in the Government), causes considerable problems. Gender responsiveness in the process of the state and municipal administration, will serve as prerequisites for achieving equal, responsive and responsible development. The partnership with Bureau Gender in its development will allow improving gender knowledge among state and municipal employees in order to provide equal rights development at all levels of management.

5. Social mobilization and development of human capacities

Social mobilization. Social aspects of the Strategy include such issues as: social mobilization, effective involvement of the community in a processes of village and town development and strengthening the role of communal organizations in these processes.

When first introduced to social mobilization, people, especially in rural areas, do not believe that it will work or that they can really help to solve problems themselves. It takes time and practical demonstrations of success to convince people. It also takes seed money to act as a stimulus for group formation and local resource mobilization.

It provides good opportunities for women to become actively involved in the processes of social mobilization and public affairs.

More effective partnership between local and central authorities will be established and also between the state and civil community. Measures will be taken to strengthen management capacity of all involved parties.

Activities to build the capacity will be started from the creation of Information Centers at local levels. In these Information Centers a comprehensive data base will be collected on the social and economic development of villages, towns and cities. In each location, city administration or ayil okmotu there will be installed the system of electronic communication. Also, in the centers there will be regularly displayed information on activities of state power and local self-government bodies, on meetings of local government representatives with leaders of community based organizations, of civil and private sectors, highlighting the results of joint projects. Local development funds and revolving funds at the ayil okmotu level with the partnership from ayil okmotu and community based organizations are planned to be formed. The main purpose of the revolving funds and local development funds will be securing financial assistance to community members and small enterprises for profit generating activities. The use of grants, revolving funds and local development funds by local self-government and community based organizations will allow estimation of the capacity of those organizations for joint partnership activities and effective use of resources.

6. Civil society consolidation

Worldwide experience shows that the local self governments (both rural and municipal), even after training and capacity development, cannot carry out their responsibilities alone. Successful local governance requires an active partnership with the state administration, on one hand, and with a range of citizens' groups and organizations, or community-based organizations, private sector - on the other hand. Indeed, it is a direct linkage between citizens and government, state and LSG bodies which is necessary. There will be enhanced mobilization and promotion of a dialogue between local power bodies and various partners, NGOs, private sector through conducting of meetings, workshops, roundtables and so on.

Bodies of state power and local governance will consistently create jobs and alleviate poverty, develop targeted and effective social protection, provide access to qualified medical service and education in all locations. Efforts will be directed at revival of culture and arts, national traditions and propaganda of a healthy life style. In all locations local self-government bodies will introduce experience of social mobilization, formation of local development funds, micro financing and micro crediting. The experience of pilot ayil okmotu will be actively used in non-pilot ayil okmotu. The status and roles of community-base organizations will be provided in the Law "On Community-Base Organizations".

7. Principle of strategy implementation

In order to implement this Strategy the Government of the Kyrgyz Republic shall adopt a plan of comprehensive activities that shall specify the activities, responsible bodies and organizations, implementation terms. Besides, it is necessary to identify sources for financing.

Coordination of the Strategy implementation process shall be made by a specially established collegial body having the status of a coordination council that will include representatives of state administration and LSG, public organizations, civil society.

Successful implementation of the Strategy will largely depend on the efforts made by state administration and LSG at all the levels, contribution of funds by national and international donors.

On a constant basis it is necessary to attract various international institutions, establishments and organizations in order to receive financial and technical support in implementation of the Strategy and a plan of complex activities.

The Coordination Council shall regularly conduct monitoring, analysis of the Strategy implementation processes and based on them make relevant suggestions to the Presidential administration and the Government of the Kyrgyz Republic.

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Of course both, Kyrgyz democracy and local self-government are still developing and need to be taken care of. Now, what role does the European Union play in this reform process? Negotiations between the EU and the Kyrgyz Republic began in 2017 to modernise their bilateral agreement. Additionally, the EU discussed a new Central Asian strategy in meetings with its five partner countries (Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan) in November 2018. Before this background, the EU needs to implement projects to show its support for the democratic path of Kyrgyzstan, w