

I. DEFINING DECENTRALIZATION

According to United Nations and World Bank classification¹, there are four types of decentralization. They are political, administrative, fiscal and market decentralization. This paper will focus on political, administrative and fiscal decentralization.

Political decentralization is the transfer of authority to a sub national body. Political decentralization is manifested through *devolution* which is defined as the transfer of authority for decision-making, finance and management to local governments.

Administrative decentralization is the redistribution of authority and responsibility for the *planning, financing* and *management* of certain public functions - from the central government and its agencies to subordinate levels of government, regional authorities.

Fiscal decentralization transferring *funds* and *revenue-generating power and authority* to the local governments.

Since **political** decentralization is not on the nation's agenda, the presentation will deal only with the issues of **administrative** and **fiscal** decentralization in Kyrgyzstan.

II. BASIC INFO ON THE KYRGYZ REPUBLIC (KYRGYZSTAN)

HISTORY:

1924 – 1991: one of the republics of the former USSR

Since August 1991 – independent

POPULATION: 5 million people

63% live in rural areas

80% of the rural population are poor

ETHNICITY:

Kyrgyz : 65%

Uzbeks: 14%

Russians: 11%,

The other ethnic groups: 10%

(Kazakhs, Tatars, Koreans, Germans, Ukrainians, etc.)

¹Sourcebook on Decentralization in Asia: Decentralization- an Overview

TERRITORIAL STRUCTURE:

There are 7 provinces (*oblast*'s), which are divided into 39 districts (*rayon*'s) in Kyrgyzstan.

There are 22 cities and towns, and over 1800 settlements, which are united into 457 village communities called "village administrations" – "*ayil okmotu*" (in Kyrgyz), "*selskaya uprava*" (in Russian).

III. THE STRUCTURE OF THE CENTRAL AND LOCAL GOVERNMENT IN KYRGYZSTAN

The current structure of public administration in Kyrgyzstan still retains many important features of that of the Soviet era.

There are 5 levels/layers of administration in Kyrgyzstan:

1	Government		<i>"CENTRAL GOVERNMENT"</i>
2	Provincial (<i>Oblast</i>) State Administration	<i>Oblast</i> Legislative Council	<i>"LOCAL GOVERNMENT"</i>
3	District (<i>Rayon</i>) and City State Administration	District (<i>Rayon</i>) and City Legislative Council	
4	Village Community Administration	Village Legislative Council	
5	Village/Settlement Administration		

**III. THE STRUCTURE OF THE CENTRAL
AND LOCAL GOVERNMENT IN KYRGYZSTAN**
(based on the scheme with the same title; enclosed separately)

**IV. DECENTRALIZATION EFFORTS IN KYRGYZSTAN:
ACHIEVEMENTS SINCE 1991:**

At the macro level:

- Adoption of new legal framework for development of local government and promotion of decentralization through changes in the Constitution, Presidential Decrees and Government. In general, from 1991 up to now about 5 new laws and several more governmental resolutions addressing various dimensions of the local governments' activities have been adopted creating new legal framework which is much more favorable than its Soviet predecessor for a promotion of a "local self-governance" in Kyrgyzstan.
- Formation and promotion of a "central/local dichotomy" and dual system of the local government (Local State Administrations *versus* Local Legislative Councils).
- Attempts to decentralize the fiscal system and budgeting in order to give the local authorities to raise their own revenues and create their autonomous budgets.

**IV. DECENTRALIZATION EFFORTS IN KYRGYZSTAN:
ACHIEVEMENTS SINCE 1991:**

At the micro level:

- Formation of a "communal/municipal" property through transferring to the local authorities the assets (including land, buildings, etc.) which previously were maintained by the central government.
- Establishment of such new formal institutions to increase people's participation in the policy making process at the local level as:
 - *Ayil okmotu's* – (*sel'sakaya uprava*, in Russian) – a village community consisting of several (usually from 3 to 8) villages and settlements. The body is responsible for promotion of economic and social development on a related territory. There are now about 457 village administrations. A head of the body is elected by secret ballot (to be approved by the head of a *rayon* state administration);
 - *Kurultay's* - meetings of a community representatives; elections of heads of village administrations, villages and towns;
 - Courts of the elderly (*aksakal's* courts) which consider cases in a local community mainly connected with property and family disputes;
 - *Mahallya's* – self-governing people's communities in the ethnic Uzbek populated settlements in the South of Kyrgyzstan.

IV. DECENTRALIZATION EFFORTS IN KYRGYZSTAN: ACHIEVEMENTS SINCE 1991:

At the micro level:

- Promotion of a community based projects (sustained mainly thanks to UNDP and other international organizations) addressing various social problems in rural areas (poverty alleviation, creation of the “community based organizations”, mobilization of local people for free voluntary works to repair or build rural public infrastructure; providing micro-credits to create small businesses (etc.). For example, in 2001 nearly 106 000 people (4% of the able bodied population of Kyrgyzstan) received micro-credits totaling \$ 31 million. International organizations granted more than half of these credit volume.

V. DECENTRALIZATION EFFORTS IN KYRGYZSTAN: PROBLEMS:

At the macro level:

- Weak legal framework for promotion of decentralization and development of real local governance, gap between what is on declared (in the Laws and official reports) and what is in the reality (at the grass-root level);
- The lack of clear-cut delineation of areas of competence of/between Local State Administration and Local Self-Administration bodies;
- Dominance of Local State Administration over Local Self-Administration; the influence of local legislative bodies – *keneshi*’s on the state administration is very restricted;
- Finances and local budgets are still centralized and significantly constrained. The local authorities have not still been given opportunities to form and use their meaningful budgets (e.g., the analysis of the village communities’ (*ayil okmotu*’s) budgets revealed that only 52 (or 11% of) village communities could cover their expenses from their own revenues!

V. DECENTRALIZATION EFFORTS IN KYRGYZSTAN: PROBLEMS:

At the micro level:

- Problems with maintaining a “communal/municipal” property due to lack of financial sources and managerial capacities of the local authorities;
- Low level of institutional capacity of the local administrative bodies;
- Lack of consistency with local economic development programs since most of the activities of the local authorities address problems at the individual business level. In theory, the social and economic development programs, that the local administrations have to approve on a regular basis, could be an instrument of strategic planning for the local communities. In fact, however, local authorities often do not pay much attention to these documents. Neither do local business people, who usually do not even know about existence of such programs and documents. Moreover, among business people, the most widespread attitude is not to expect any help from the local governing bodies, but to mistrust them;

- Poverty, which prevents people from active participation in the policy making process through formal institutions of a local governance. Among other problems, which local communities are facing, the following can be mentioned: (1) growth in unemployment and as a result - migration of youth to urban areas and abroad; (2) declining infrastructure (3) worsening quality of social services and declining access to communal public services (drinking water, communications, the primary/secondary education, public health); (4) poor interethnic/social relations; (5) alcohol and drug abuse, especially among the Kyrgyz youth.

Close View:

Village Administration (*Aiyl Okmotu*) employee, Chui oblast (2000):

“If we had at least a minimum of authority we would consult the people directly and could do a lot of good things. For instance, we could open our own small village bank. With a population 12,000 we collect some 1.5 million som [\$35 000] in taxes. But out of this only 426 thousand som [\$10 000] remain in our budget for maintenance of five schools, a hospital, two health centers and all other social services. More than a million som [\$23 000] goes to the top. Our budgets are also sent to us from above with figures that have us to throat. Local budgets should be drawn up at the local level. A million som is for us a huge amount that could use very effectively for micro-credit lending.”

(Source: Kyrgyzstan: National Human Development Report, p. 42, 2000)

Close View: Deputy Chairman of Village Administration (*Aiyl Okmotu*), Chui oblast:

“As a branch of state power, we really work face to face with the people, we are first point of recourse for them. Almost every application or request needs personal clearance from the top. Without this approval, we cannot even permit someone to dig a ditch. For this reason, the word “*okmot*” (authority) comes across falsely. For example, recently we held a “*subbotnik*” (voluntary public works day) to clean up the community. Our local Association of Farmers, Druzjba, provided us with a tractor to collect trash – their “sponsor” support – but gasoline for the tractor was not included. We are thankful that we were at least provided with a tractor. This is our authority – to go around everyone with open hands. Is this really what is meant by power of the people? This is the power of bureaucrats from the bottom up.”

(Source: Kyrgyzstan: National Human Development Report, p. 43, 2000)

Close View: Deputy Chairman of Village Administration (*Aiyl Okmotu*), Chui oblast:

“There are twelve national program documents filled in our village authority office addressing poverty alleviation, village development, public health improvement, and others. I studied all the programs... They are great. They envisage everything. They can and should be implemented. But the most important thing is missing – village authorities are designated as program implementers, but they have neither the funds nor authorization to implement them. All the programs are gathering dust on our shelves... No, I am not afraid to criticize - at the worst I might be fired. By all means! The salary of a chairman is 820 som (\$20), mine is even less. Our staff gets 400-500 som (\$10). And for this compensation we have to hear and see with our own eyes the ordeals of our villagers day in and day out from morning to night. And there is practically nothing that you can do, only suggest a higher level and who in particular they need to go with their problems. Even the police treat us with arrogance...”

(Source: Kyrgyzstan: National Human Development Report, p. 44, 2000)

Sources:

- (1) Decree of the President of the Kyrgyz Republic “On National Strategy “Decentralization of public administration and development of local self-government in the Kyrgyz Republic till 2010” (17 December 2002).
- (2) “Decentralization in the Kyrgyz Republic and its impact on participation: the example of local economic development. Preliminary findings of a research project”/the German Development Institute, April 2004.
- (3) Eshmukhamedova, Galima. “Decentralization and regional development in the Kyrgyz Republic”/Paper presented at the The 11th NISPAcee Annual Conference “Enhancing the Capacities to Govern: Challenges Facing the CEE countries” (Bucharest, Romania), April 2003.
- (4) “Human Development in Mountain Regions of Kyrgyzstan”/National Human Development Report, Bishkek, 2002.
- (5) Kyrgyzstan: National Human Development Report, Bishkek, 2000
- (6) Kyrgyzstan: National Human Development Report, Bishkek, 2002