

Chapter 10



Local Government  
in the Kyrgyz Republic

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Developing New Rules in the Old Environment



# Local Government in The Kyrgyz Republic

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# Local Government in the Kyrgyz Republic

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## 1. Major General Indicators

Kyrgyzstan, or the Kyrgyz Republic, is located in northeastern Central Asia, along the Tjan-Shan Mountains and the Pamir-Alay mountain ridge. The Kyrgyz Republic borders on the Republic of Kazakhstan to the north, on China to the east and south, and on the Republics of Uzbekistan and Tajikistan to the west. Its area totals 199,900 square kilometers, 5.1 percent of which is forested, 4.3 percent water, 53.9 percent agricultural land and 36.7 percent other types of land. Approximately ninety percent of the republic is mountainous, with altitudes of over 1,500 meters above sea level.

Kyrgyzstan is a unitary state and consists of the capital city, Bishkek, and seven *oblasts*, Ysyk-Kol, Naryn, Osh, Jalal-Abad, Batken, Talas and Chuy. These are divided into a total of forty *raions* and four capital city districts.

According to the first national census, conducted in 1999, the Kyrgyz Republic has a population of 4,851,000, one-third of which is urban and two-thirds of which is rural. Altogether, 787,800 citizens reside in Bishkek. The Chuy valley, with its urban center of Bishkek, and the Fergana valley, with the cities of Osh and Jalal-Abad, comprise the two most densely populated areas

## 2. Legal and Constitutional Basis

### 2.1 Brief History of Local Government Reform

In 1990, the Kyrgyz Republic declared its sovereignty, initiating the process of independence from the Soviet Union. At that time, local self-government took the form of local soviets of people's deputies at various levels, which were representative bodies of a purely formal nature.

Political and economic reforms in Kyrgyzstan throughout the 1990s were marked by qualities specific to many post-Soviet countries. One was the tendency to issue statements that were politically driven, primarily for effect. Another factor, typical of the Asian republics in particular, was the high concentration of power, both official and unofficial.

One of the first decrees of independent Kyrgyzstan was the Law on Local Self-government and Local Public Administration, adopted 19 April 1991, which transferred local government powers to local councils. This law dismantled the former pyramid of national representative power, which placed the Supreme Soviet at the top, followed by local councils at various levels. Local councils, however, were incapable of maintaining the necessary balance between local and national interests. In the initial phase of reform, it was not possible to establish an executive branch of local government and thus enhance the role of municipal governments.

The experience of many countries has demonstrated the need for intermediate forms of government in transition periods to combine principles of local self-government and mechanisms of centralized administrative regulation. Consequently, the Kyrgyz government adopted a change in strategy. On 4 March 1992, it passed an amended Law on Local Self-government and Local Public Administration, which was based on a dual approach to local government. The law introduced a system in which forms of self-government include the “local council and bodies of territorial self-government, as well as local referenda, citizen assemblies and other forms of direct democracy.” Alongside these bodies, local state administrations operate as institutions of “executive authority on the relevant territory.”

Thus, the new system of local government was structured according to the division of functions and powers between local representative and executive bodies and based on the principle of undivided authority exercised by the head of local state administration. The principle of local self-government was subsequently codified in article 7 of the Constitution (1993): “Local self-government in the Kyrgyz Republic is exercised by local communities, which govern affairs of local importance according to the law and at their own initiative.”

The course of practical reform was determined by a series of presidential decrees, a peculiar feature of Kyrgyz government. According to the Constitution and national legislation, the president has the right to issue decrees and orders within his competence, which are part of the system of legal norms and obligatory throughout the Kyrgyz Republic. Together, the Law on Local Self-government and Local Public Administration, national government decisions for its implementation and presidential decrees constitute the legal framework for local self-government.

In accordance with the principles expressed in the European Charter of Local Self-government, the Kyrgyz Republic has followed an axiom drawn from global experience: namely, that specific local issues are best solved directly by residents or by their elected and executive agencies, provided that they are possessed of available resources and real government powers. CIS nations (including Kyrgyzstan) are currently searching for their own methods to develop state systems. Consequently, the Inter-Parliamentary Assembly of the CIS nations passed a Declaration on Principles of Local Self-government in 1994, followed by the pilot Law on General Principles of Local Self-government in 1997.

Systematic reform of local self-government was initiated in 1994 with the goal of restructuring authorities in local settlements along municipal lines. The Presidential Decree on the Reform of Local

Self-government in the Kyrgyz Republic (18 August 1994) recognized reform of local self-government as a major goal of internal policy. Due to the size of the task and the time needed for its fulfillment, the decree stipulated two stages of implementation. First, local self-governments would be reformed at the village (*ail*), town and city levels; second, research would be conducted on the possible introduction of self-government in raions and oblasts.

A presidential decree, issued on 22 August 1994, established a special Commission on Local Self-government Reform, chaired by the prime minister. This commission developed provisions on principles of local self-government organization, approved by presidential decree on 22 September 1994. This document was the first to officially define the local community and its members, as well as the organizational, legal, financial and economic foundations of local self-government.

The decree also established a functional system of local councils (*kenesh*). Council elections in first-tier local governments, raions and oblasts, are specified in other presidential decrees. Based on these provisions, the number of members in representative bodies in all local self-governments nationwide was reduced by two-thirds. In October 1994, elections were held for local councils in village, settlements and cities, followed in February 1995 by elections to raion and oblast councils. A total of 6,971 deputies were elected to local councils of all levels.

Article 7 of the Constitution established that “national authorities and local self-government are separate.” Nonetheless, many issues at the local level pertain to both local administration and local self-governments and it has proven difficult to distinguish whether they are of national or local importance. A further obstacle to local self-governments is the absence of a legal framework determining local government property rights. The Constitution provides no definition of community property, while the Law on Local Self-government and Local Public Administration assigned local state administrations, not local self-governments, the authority to manage local enterprises. Thus, national legislation declared the right to self-government without providing the newly emerging institutions with real powers.

On 10 February 1996, a national referendum was held to decide on constitutional amendments that would provide local self-government bodies with ownership rights over local property as well as transfer certain state powers. Upon adoption of the amendments, the Constitution expressed the following new principles governing the relationship between local state administration and local self-governments:

- Article 7 replaces the principle of separation of powers with the principle of delineating functions of national government and local self-government;
- A provision was added to article 94, according to which “local self-governments should report to national agencies with respect to their delegated powers.”

In March 1996, the Office of the President was restructured to include a new department on local self-government issues. According to the presidential decree of 20 March 1996, which stipulated measures to increase the role and responsibility of heads of local state administrations and local self-

governments, local self-governments for the first time were granted the right to perform the following state functions:

- certifying land resources and objects of social infrastructure;
- mobilizing inhabitants for relief and restoration programs;
- protecting public order;
- creating extra-budgetary funds to solve essential issues of local importance.

The presidential decree of 20 April 1996 abolished village committees. Villages and settlements began to set up local councils and their executive bodies, the *aiyl okmotu* (rural executive committee). The next step was certifying objects of social infrastructure in settlements and land resources.

The first results of certification revealed that over 150,000 objects of social infrastructure were located in cities. Although some of these were to be transferred to local government ownership, most of the commercially attractive objects had already been privatized, meaning that community property was formed primarily of objects requiring significant investment for maintenance

Article 92 of the amended Constitution proclaims the key right of local self-governments to “possess, use and dispose of community property.” Following another national referendum on constitutional amendments, held on 17 October 1998, community property was recognized as a constitutional form of ownership, along with national, private and other forms of ownership.

The presidential decree of 2 August 1999 approved the Concept for Developing Local Self-government from 1999 to 2001, which lays out the following problems related to the reforms:

- As a result of the reform, local administrations have assumed a more important role in local communities, which has consequently overshadowed that of local councils;
- Self-governments and public organizations in local communities perform their functions inefficiently. Local councils do not delegate their powers to public, street and house committees, which would stimulate productivity;
- Local councils lack professionalism. Office procedures and control over the implementation of council decisions are of low quality at all territorial levels.

This concept shifts the emphasis toward strengthening local council authority and introduces the principle of self-sufficiency to municipal entities. A state commission to support local self-government reform was established by presidential decree. Its primary goal is to analyze the interaction between executive agencies and local self-governments and develop suggestions to strengthen the organizational, legal, financial and economic framework for local self-government. One outcome of this activity was the installment of a Minister of Local Self-government and Regional Development by the end of 2000. Also established by presidential decree, this position is intended to ensure close interaction between the central and local governments and protect local self-government interests at the national level. Interestingly enough, the individual appointed to this position was the Chairman of the State Register, the state agency that registers real estate rights, who also heads the Commission on Support for Local Self-government Reform.

## 2.2 Interim Results of Local Government Reform

The progress of local self-government reform in the Kyrgyz Republic is beset by difficulties, confirming that the Kyrgyz government lacked a clear concept for realization from the outset. An uneven and sometimes inconsistent legislative process only supports this conclusion.

In summary, it is necessary to highlight some characteristic features of the reform process:

- 1) The legal framework for developing self-government in Kyrgyzstan is the result of activity by bodies representing all branches and levels of government. After its initial passage in 1991, the Law on Local Self-government and Local Public Administration was amended eight times in different areas. During the same period, the president signed over thirty decrees and twenty government decisions which were targeted at regulating reform of the organizational, legal, financial and economic framework for local self-government. Among these, documents particularly worthy of note include the Program of National Support for Local Self-government and its Bodies, Main Guidelines for Developing Local Self-government Reform in Oblasts, Raions and Cities from 1997 to 1998 and the Concept for Developing Local Self-government from 1999 to 2001.
- 2) There is no complete set of normative legal acts based on a uniform understanding of the nature, content and forms of national policy on the decentralization of government and the introduction of new relations between the center and regions. There is no set limit on the powers to be redistributed in favor of local self-governments, nor is there an official register of functions by territory.
- 3) The ambiguous delineation of powers and responsibilities among bodies of different branches and levels of government poses another major problem. Central ministries and agencies define procedural and documentary forms of reporting. In some cases, these bodies issue documents which are departmental in form, but nonetheless carry the weight of law, for example, instructions from the Ministry of Finance.
- 4) Local self-government in Kyrgyzstan operates at the village level. There is little or no understanding of local self-government as an institution of public authority and the major component of a civil society.

Nevertheless, due to administrative and legislative efforts as well as individual projects, the outlines of the original national model of territorial self-government have emerged in the Kyrgyz Republic in recent years. Reform of self-government is most complicated as it not only concerns the interests of the population, but is also a key element in the search for an optimal mode of government overall.

### 3. Local Politics, Decision Making

#### 3.1 Political Parties and the NGO Sector

Clearly, the influence of democratization on the system of self-government should be reviewed in the context of general political processes in the Kyrgyz Republic.

Political parties are not a widespread form of political organization in Kyrgyzstan. By the end of 1999, there were thirty registered parties, compared to two in 1991. A public association could be registered as a political party if it had over five hundred members (the new Law on Political Parties, adopted in 1999, reduces this membership requirement to ten). The largest political parties include the Republican Party of Kyrgyzstan "*Adilet*" (Justice), with thirty-five thousand members; the Party of the Disadvantaged, with thirty-two thousand members; and the Communist Party of Kyrgyzstan, with twenty-five thousand members. However, the political influence of even the largest parties is insignificant. According to surveys conducted in October 1999, thirty-three percent of respondents were at a loss to name even one party representing their interests and forty-five percent answered that none of the existing parties represented their interests. The overall weakness of political parties in Kyrgyzstan is due to the lack of citizen interest in this form of representation, since it provides no practical advantages in the political struggle compared to informal citizen associations.

Kyrgyzstan is a multinational country, so citizens congregate according to national cultural traditions as well as democratic interests. Thus, several public associations are based on ethnicity. In these difficult economic conditions, this kind of association draws upon specific national customs and mentalities to strengthen communities and promote forms of mutual assistance.

Public associations are not supported by an adequate legal framework. By the end of 1999, the concept of public associations was interpreted rather broadly to include political parties; trade unions; women's, youths', veterans' and creative unions; ethnic groups, funds and associations; and other citizen entities.

By 1999, there were roughly two thousand such organizations registered in the republic, fifty percent of which were based in the capital city. The significant growth in the number of NGOs has occurred due to the activities of inhabitants in rural areas and small cities, such as credit unions, specialized associations of water users and others.

#### 3.2 System of Local Elections

The system of elections for local councils was modified with the introduction of the new Election Code in April 1999. The elections of village and city councils on 17 October 1999 and the elections of raion and oblast councils on 20 February 2000 applied a completely new electoral system which

utilized multi-mandate electoral districts, a relative majority system using a single ballot, the participation of political parties and the presence of observers.

The Election Code stipulates that candidates eligible to run for local council seats must be citizens of the Kyrgyz Republic over twenty years of age, who have resided at least two years in the respective territory. Voter assemblies may nominate candidates. Political parties and electoral blocks have the right to nominate candidates in each electoral district. In addition, candidates may nominate themselves by submitting a written application with the statement of their intention to run for office.

Village or rural elections may be held in up to seven single-mandate electoral districts; raion and city council elections in up to ten multi-mandate districts; and oblast and Bishkek council elections in up to twenty multi-mandate districts.

Local councils are composed according to the following scale: thirty to forty-five members in oblasts and Bishkek, fifteen to thirty members in raions and cities of oblast subordination, eleven to twenty-one members in cities of raion subordination and nine to nineteen members in villages and settlements.

Candidates are elected if they receive a relative majority of votes from participating citizens. Election results are published in the media by the oblast and Bishkek electoral commissions within seven days of the elections. Within three calendar days of publication, the district electoral commissions must register the elected deputies and issue certificates.

*Table 10.1*  
**Number of Local Council Members by Oblast**

Oblasts	Oblast Councils	Raion Councils	City Councils	Town Councils	Village and Rural Councils	Total
Osh	35	183	68	20	1,164	1,470
Jalal-Abad	45	220	118	124	977	1,484
Batken	31	85	40	69	453	678
Chuy	35	219	55	54	1,216	1,579
Naryn	35	138	21	25	816	1,035
Talass	31	94	27	9	487	648
Ysyk-Kol	45	142	64	47	848	1,146
City of Bishkek	—	—	36	13	—	49
<b>Total</b>	257	1,081	429	361	5,961	8,089

SOURCE: Central Commission on Elections and Referenda

In the elections of October 1999 and February 2000, 527 local councils were elected at all levels, with a total of 8,089 members.

Although, for the first time, the law allowed nomination by party lists or lists of electoral blocks, this opportunity was not realized. This is not surprising since, according to the official procedures of the Central Commission on Election and Referenda for forming electoral blocks, the registration and nomination of candidates by electoral blocks would have been approved only on 9 November 1999. In the end, party lists were not utilized during local council elections.

Based on the official data of the Central Electoral Commission, election results according to party were as follows:

- The National Party *Adilet* won 418 seats;
- The Party of Unity won twenty-two seats;
- The Communist Party won twenty seats;
- Party *Ar-Namys* (“Dignity”) won four seats;
- Other parties and public associations won sixty-three seats.

In general, political parties perceived the local council elections primarily as an opportunity to rehearse and improve their campaigning techniques. The introduction of a mixed proportional and majority system, including party lists, for elections to the *Zhogorku Kenesh* (Parliament) greatly stimulated activity among political parties. Parties played an active role in the elections to the Legislative Assembly of the bicameral Parliament in February and March 2000. The Legislative Assembly consists of sixty seats, fifteen of which are allocated to representatives of political parties which receive more than five percent of the vote. Altogether, five parties surpassed the required minimum, with the Communist Party winning the largest number of seats (five).

The new Election Code also established the institution of public observers in the election process in Kyrgyzstan. Twenty-nine international observers and two thousand independent local observers, representing both NGOs and candidates, took part in monitoring local council elections.

### 3.3 Forms of Direct Democracy

According to the Law on Local Self-government and Local Public Administration, forms of direct democracy include local referenda; citizen assemblies, *kurultais* and other forums to discuss issues of public life; elections of representative bodies; and mechanisms of local control over local self-government.

The local council has the exclusive power to announce and implement local referenda. The local referendum is conceived as a method of citizen decision making through a general vote on major issues of community importance. However, since the Law on Referenda (adopted 28 June 1991) determines procedures for national referenda only, there is no legal framework or practice for holding

local referenda. Thus, the right to local referenda is of declarative nature only, whereas four national referenda were held in the period between 1994 and 1998.

Another form of direct democracy is the village assembly, or *kurultai*. This forum is used to encourage collective decisions on major local issues such as adopting or amending the charter of a local community (*ail miyzamy*) or establishing community property and its management. To initiate a *kurultai*, individuals in a local community should collect signatures from at least ten percent of community members.

In May 2001, the Presidential Decree on Increasing the Role of Kurultais in the Management of Local Affairs attempted to give new impetus to the development of a long-forgotten institution of community self-government. Currently, within four months of being elected head of local self-government or appointed as head of the raion or city administration, the mayor or *akim* is obliged to develop a draft program for social and economic development and social protection for their term in office. After the local council grants preliminary approval to the program, the draft is distributed in the local community and submitted for consideration through a *kurultai* called for this purpose. Upon approval by the *kurultai*, the draft program is passed by the local council, taking immediate effect. Two years following, the raion *akim* or city mayor should report to another *kurultai* on the progress of its implementation. If the *kurultai* finds the progress to be unsatisfactory, it recommends that the local council pass a vote of no confidence in the *akim* and submit it to the president. If the *kurultai* finds the progress to be satisfactory, the raion *akim* or city mayor continues with his or her activity for the four-year term, but remains obliged to report to *kurultai*. In case of exceptionally good results, the *kurultai* can advise the local council to petition the president to extend the head's authority for a further four years.

This mechanism is to be introduced to the system of village and settlement self-government. This relationship between local state administrations and councils is intended to bring the system of government closer to the people and to place programs and decisions under public control.

*Kurultais* weigh issues relevant to the local community, including the following:

- adopting or amending the local community charter;
- formulating and executing the local budget and managing the extra-budgetary funds of the local community;
- considering draft programs for local social and economic development and the social protection of local inhabitants;
- reviewing reports from heads of local self-government in villages, settlements and cities, as well as heads of local state administrations on the implementation of *kurultai* decisions.

*Kurultai* decisions are regarded as recommendations and are submitted for consideration at local council session, where they may approved by a vote of two-thirds of all council members. *Kurultai* meetings are held at least once every two years and are open to the mass media. These meetings are organized and held at the expense of the local budget.

Nonetheless, some experts are of the opinion that the introduction of kurultais reduces the influence of the local council and minimizes opportunities for representative bodies to influence heads of executive-administrative bodies of local self-government.

### 3.4 Forms of Community Self-government

In addition to the forms of direct democracy mentioned above, the Law on Local Self-government and Local Public Administration specifies other kinds of community self-government that act as bodies of representative democracy. These include councils and committees created in small districts, housing complexes, apartment blocks, streets, quarters, settlements and *ails* as well as other entities established by inhabitants based on local conditions and traditions. The decisions of these types of community self-government are regarded as recommendations.

To maintain public order and prevent crime on community territory, general assemblies of the community can form voluntary squads, called *kyrk choro* (literally, forty warriors).

The “people’s” judicial body is the *aksakal* court (“aksakal” means elder in Kyrgyz). Aksakal courts are established according to the traditions and customs of the Kyrgyz people and have the right to make decisions based on the moral and ethical standards of the people, provided that they do not contradict the laws of the Kyrgyz Republic. Aksakal courts may also include younger persons who are respected by local citizens. Aksakal courts are elected in the place of residence by general citizen assemblies through open ballot for a four-year term. Court decisions carry the legal weight of recommendations. However, if a decision is not fulfilled voluntarily, the appropriate territorial court may order it to be executed by the bailiff.

The 1997 Law on Condominium Associations defines a condominium association as a non-commercial organization created by inhabitants in order to maintain, operate and manage condominium buildings. By 2000, there were approximately two hundred condominium associations throughout the republic. The growth in these organizations was caused by the mass privatization of housing, as responsibility for the operation of existing housing was transferred from the local state administrations to proprietors. New forms of management have taken hold more easily in the south, where local communities have stronger corporate traditions of joint participation. As a result, there are seventy condominium associations in Jalal-Abad oblast and thirty in Osh. Condominium associations cooperate on a contractual basis with the appropriate local government agencies. In order to exchange experience and interact more effectively with local self-governments, three regional associations of condominium owners have been established in Chuy, Osh and Jalal-Abad oblasts. Local authorities render organizational, technical and material support to condominium associations on a contractual basis, provide support to groups of citizens wishing to set up condominium associations and otherwise encourage their establishment.

By 1999, initiative groups had established the following entities in local communities throughout Kyrgyzstan: 431 public councils, 359 residential area committees, 1,569 house committees, 1,055

aksakal courts, 823 councils of veterans, 878 women's organizations, 649 youth organizations and 965 voluntary squads for the maintenance of public order.

Kyrgyz legislation does not provide a strong framework for the activities of community self-government or public organizations. Usually these entities report to the citizen assemblies that elected them or to the local council at which they are registered. In practice, community self-government entities often become another type of institution subordinated to local raion administrations.

To promote the activities of community self-government entities and increase their role in resolving everyday issues within the local community, the president signed a Decree on Increasing the Role of Bodies of Community Self-government. According to this decree, the government, together with the Commission on Local Self-government Reform and the Congress of Local Communities, was assigned the task of preparing and adopting regulations on:

- types of community self-government in the Kyrgyz Republic;
- issues of community development that must first be coordinated with bodies of community self-government;
- measures to increase material and moral support and stimulate active participation by citizens and employees in bodies of community self-government.

The national government wishes to reinstate annual assemblies of community self-government employees to generate broader citizen participation in the discussion of local issues.

### 3.5 Ethnic Issues, Multicultural Government

Kyrgyzstan is a multi-ethnic state. Any such nation can only be strong if its national minorities thrive and enjoy equal rights with the title nation. According to data from the Assembly of the People of Kyrgyzstan, there are twenty-six national and cultural societies. The largest ethnic groups populating the Kyrgyz Republic include Kyrgyz (61.6 percent), Russians (14.4 percent) and Uzbeks (14.4 percent).

The population of the capital city, Bishkek, falls along to the following ethnic divisions: Kyrgyz (37.13 percent), Russians (45.33 percent), Ukrainians (4.06 percent), Tatars (2.45 percent), Uigurs (2.06 percent) and others.

According to the 1989 Law on State Language, the national state language is Kyrgyz. However, central government offices conduct their affairs in both Kyrgyz and Russian. The Russian language newspaper *Vecherniy Bishkek* has the largest circulation in Bishkek and Russian television channels are viewed by eighty percent of the television audience. Government sessions are held in Russian, army commands are given in Russian and the Kyrgyz Internet functions in Russian as well.

The Law on the Official Language, passed in May 2000, granted Russian the status of an official language in the Kyrgyz Republic; previously, it had been regarded as the language of inter-ethnic

communication. This law will significantly influence cities and raions with Russian-speaking populations, such as Bishkek and Chuy oblast, in particular by suspending mass migration.

Russian, as the common language of the various resident nationalities in post-Soviet countries, plays a key role in integrating the multi-ethnic republic. The increased attention to the Russian language in the Kyrgyz Republic suggests that this role will be preserved in the further development of society.

In rural areas, the state language is the working language for local self-government bodies. The Constitution guarantees the preservation, equal rights, free development and use of Russian and all other languages used by inhabitants of the republic. Localities with a high concentration of ethnic groups may use the language of the prevailing ethnicity.

### 3.6 Local Government Associations

The Law on Local Self-government and Local Public Administration stipulates the right of villages, settlements and cities to establish associations in order to more efficiently exercise their rights and promote their interests. In October 1996, the Association of Local Self-governments was established. During its existence, this association accomplished a great deal by participating in the adoption of important legal norms related to local self-government, by initiating activities to establish community property and by providing technical assistance. In 1997, by decision of a national forum of local communities, the association was converted into a non-governmental organization, the Congress of Local Communities.

In March 1998, the Congress obtained legal status as a public association. According to its charter, the Congress is a voluntary association of village, settlement and city communities, their territorial associations, public organizations and other forms of joint activity by local communities. Decisions of the Congress may be taken as recommendations by local authorities.

In particular, the Congress focuses its activity on developing the legal framework for local self-government. The Congress also participates in promoting local self-government initiatives and coordinating international technical assistance programs for government decentralization and municipal development. Experts feel, however, that the Congress does not reflect current realities, since it was established according to principles of the former Soviet hierarchy.

In August 2000, the Association of Cities in Kyrgyzstan was created to integrate efforts for improving city self-governments, to promote economic cooperation and to create conditions for the free development of cities. The association elects its management on a rotating basis for a one-year term. Its aim is to act as spokesman for cities in the ongoing democratization of government and strengthen their legal and material resources.

## 4. Functional Structure of Local Government

According to the Law on Local Self-government and Local Public Administration, local self-governments and local state administrations carry out activities based on the division of functions and powers of representative, executive and regulatory bodies.

The Kyrgyz Republic contains the following territorial tiers of local government:

- *first tier, village or rural level*: local councils in villages, towns and cities of raion subordination;
- *second tier, raion level*: local councils and local state administrations in raions and cities of oblast subordination;
- *third tier, oblast level*: local councils and local state administrations in oblasts and the city of Bishkek.

### 4.1 Local Councils

The system of representative self-government bodies in Kyrgyz Republic is comprised of councils at each tier of local government, in oblasts, raions, cities of district and raion subordination, towns and villages. Local councils operate through sessions, which are convened as necessary, but at least once yearly. The local council session is declared competent when at least two-thirds of all council members are present. Local council sessions in oblasts and raion elect a secretariat from among its members by open vote, while local councils in cities of raion subordination, towns and villages elect a secretary. Local council members perform their duties while continuing their principal employment.

Local sessions are competent to decide on the following issues:

- electing and dismissing the council chairman and his or her deputies;
- approving rules governing local council procedures and establishing commissions;
- reviewing reports from the council chairman and commissions and considering inquiries submitted by council members;
- approving social and economic development plans and social protection programs;
- approving the budget and budget execution reports;
- adopting a vote of no confidence in the head of the local state administration.

The local council employs three to five specialists on a contractual basis to provide logistical support for council activities, council commissions and council members and develop necessary materials.

Local council sessions consider and resolve issues within their competence through free discussion among all members. Local council members may not use their mandate to accomplish goals outside of their representative duties. Members report to their constituency and are accountable to them through the institution of voters' demands. A council member may not concurrently occupy any of

the following government posts: head or deputy head of local administration, head of local administration or self-government department, prosecutor or judge. Nor may council members belong to more than one local council.

Local council members may establish groups of three or more persons through mutual consent. Local government staff provides assistance to registered council groups, coordinates their activities and reviews information on their undertakings.

Local council commissions perform the following tasks:

- to prepare issues related to the economic, social and cultural development of the corresponding territory and submit them to the council for consideration;
- to submit proposals to the council on developing local infrastructure for production;
- to give preliminary consideration to draft plans for territorial economic development, the draft budget and reports on their implementation and prepare their comments in writing;
- to exercise other powers assigned to them by local council procedures.

Standing commissions are formed from council members. Commissions may invite scientists, specialists, professionals and other individuals to participate in commission activities. Other council members have the right to sit in on commission meetings and possess a deliberative vote.

The council chairman, as head of the self-government, convenes council sessions, organizes council activity, oversees implementation of council decisions and coordinates commissions activities. The council chairman has organizational powers and represents the council in relations with public bodies, associations and individuals. The chairman is accountable to the council and reports at least once per year. The council chairman may be dismissed from office by the vote of two-thirds of all council members.

The village or rural council chairman is the head of local self-government at the first tier of government. In addition to being accountable to the council, these chairmen are also accountable to the head of raion administration for their executive and regulatory functions. Village and rural council chairmen perform organizational functions and represent the council in relations with public bodies, associations and individuals.

Local council chairmen at the first tier of local government exercise executive and regulatory functions on the corresponding territory as well as powers of the local state administration. In addition, they perform the following tasks:

- to exercise control over compliance with the passport system and register passports as provided by law;
- to issue certificates on marital status, property, identification and other documents and carry out civil registration
- to appoint guardians and custodians for children, the elderly and the disabled, among others, and supervise the fulfillment of their duties.

Village or rural chairmen may be dismissed by a vote of two-thirds of all local council members, either at the initiative of the council or upon the proposal of the head of raion administration.

## 4.2 Local Council Functions

At the oblast and raion levels, the council chairman represents the local territory in relations with public bodies, courts and public associations and has the right to conclude contracts or agreements. As declared by law, raion and oblast councils independently regulate local issues as stipulated by law, based on the principle of autonomy in financial and legal decision making.

The following tasks fall within the competence of raion and oblast councils:

- approving programs for social and economic development and social protection and exercising control over their implementation;
- approving the local budget and budget execution reports, as well reviewing information on the use of extra-budgetary funds;
- developing proposals on the separation of public and municipal property;
- vetoing decisions of heads of state administration if they exceed their authority;
- appealing decisions of local self-government bodies to superior government bodies and in court;
- passing a vote of no confidence in the head of local state administration by a vote of two-thirds of total council members;
- revoking ungrounded or unlawful decisions taken by the head of territorial self-government.

## 4.3 Local Administration

The local administration is the state executive and regulatory body at the oblast, raion or city levels. The head of local state administration implements policies of the president and government in regions.

The local administration performs the following functions within the respective territory:

- formulates the draft local budget and draft programs for local social and economic development, submits them to the corresponding council for approval, organizes their implementation and determines the application of administrative sanctions on business entities of all types of ownership;
- exercises control over compliance with environmental protection acts by enterprises, organizations and institutions and monitors the use of land and natural resources, sanitation standards and health care regulations;
- suspends the construction or functioning of production units, if these activities proceed without the approval of the corresponding state administration;
- develops and implements measures to ensure employment and the social protection of low-income populations;

- maintains law and public order;
- borrow and lends on contractual basis;
- issues securities, organizes lotteries, extends local loans and balances territorial accounts in order to mobilize additional financial resources from the state budget and other sources.

The head of local public administration and his or her deputies may not be members of the corresponding local council or the Assembly of National Representatives. The head performs executive and regulatory functions and oversees the general management of local state administration bodies and structural divisions as well as local budgetary institutions. The head manages the resources of the local state administration, decides on the allocation of land plots, manages municipally owned enterprises and represents the territory in relations with higher government bodies. The head must report to the local council on the current situation of the territory at least once every two years.

The head of local public administration coordinates activities of the territorial subdivisions of state bodies and consents to the appointment of their heads. These include departments in the following areas: tax, finance, customs, internal affairs, national security, defense, justice, environmental protection, statistics, state archives, forestry, prices and antimonopoly policy, architecture and construction and state sanitation.

Public prosecutors must take into consideration the opinion of the corresponding head of local administration. In addition, the head of local administration, in agreement with central agencies, establishes territorial subdivisions and appoints heads of state veterinary control and other departments which are under their mutual supervision.

The structure of the oblast administration is submitted by the head of the oblast administration, or governor, within budgetary assignments, for approval by the national government. The structure of raion-level administrations is submitted by the raion head for approval to the oblast administration, within its budgetary assignments.

In addition to the responsibilities listed above, oblast-level administrations perform the following tasks:

- to provide economic, social and cultural services to districts and cities on a contractual basis;
- to provide financial assistance to raion-level governments in order to balance the local budget;
- to provide methodological assistance for developing programs of regional, national and cultural development as well as demographic policy;
- to ensure public order and security, as well as the legality of executive and regulatory activities.

Raion-level administrations perform these additional functions:

- to develop and implement local programs of social, economic and cultural development;
- to provide financial assistance to balance local budgets of the village level and achieve their minimum needs;
- to undertake measures to ensure the social protection of citizens;

- to provide economic, social, cultural, utility and legal services to first-tier local councils;
- to organize methodological and legal assistance to bodies of community self-government;
- to oversee the condition of institutions of public education, health care and social security;
- to develop and implement measures to maintain local roads and communication.

#### 4.4 Local Government in Cities

Of the twenty-one cities in Kyrgyzstan, only twelve cities apply principles of self-government. One of these is Bishkek, and the remaining eleven are cities of raion subordination. This peculiarity results from the division of cities into cities of raion subordination and cities of oblast subordination (with the exception of Bishkek). In cities of oblast subordination, the local administration is equivalent to the raion-level state administration. The varying degree of self-government implemented in cities impedes the establishment of a uniform system of city administration.

*Cities of Oblast Subordination.* Starting in 2001, local administration reform at the city level gained new impetus. Two regulations were approved, on the Organization of Local Self-government in Cities of Oblast Subordination and on Elections of the Head of Local Self-government. In accordance with the Presidential Decree on the Organization of Local Self-government in Cities of Oblast Subordination, the cities of Osh, Jalal-Abad, Talas, Balykchy, Suliukta, Kara-Kol, Kyzyl-Kiya, Mailuu-Suu and Tash-Kumyr were granted the right to manage local affairs based on principles of local self-government and delegated public powers. Based on the offices of the city state administration, these cities established the office of the mayor as new executive and regulatory bodies of city self-government. The office of the mayor consists of a presidium, the *shaar bashkarmasy* (city executive committee) and staff.

The mayor is elected through indirect elections with the following distinctive features:

- The mayor is elected for a four year term through secret ballot by city council members;
- The president has the sole right to nominate candidates;
- The election is deemed valid with the participation of at least two-thirds of all city council members;
- The candidate wins the election with a simple majority vote;
- If the president's candidate is twice rejected, the president appoints an acting mayor and dismisses the city council.

Thus, mayoral elections in cities of oblast subordination resemble elections of the chairman of local self-government in Bishkek. In general, the former heads of city state administration have become mayors. Only in the cities of Kara-Kol, Kyzyl-Kiy and Mailuu-Suu have newcomers been elected mayor.

*Cities of Raion Subordination.* Seven cities of raion subordination were reorganized along the principles of local self-government, according to the Presidential Decree on the Organization of Local Self-

government in Cities of Raion Subordination, passed on 23 June 1998. Soon after, that right was granted to four other cities. The system of self-government in cities of raion subordination is comprised of:

- representative bodies, such as the city council and kurultais;
- the executive and regulatory branch of the city council, directed by the head of city self-government;
- bodies of community self-government.

*City councils.* The city council is the highest elected representative body of local self-government in a city. Its powers include:

- approving the city budget and programs for social and economic development in the city; consenting to the appointment of heads of city government and their deputies;
- approving the executive secretary and members of the presidium of the shaar bashkarmasy, which is subordinated to the head of the city self-government
- passing a vote of no confidence in the head of city government by a vote of two-thirds of all members;
- levying local taxes and duties and defining procedures and conditions for using land or other natural resources in accordance with national legislation;
- defining the borders for bodies of community self-government and approving their registration by the city council;
- making other decisions in compliance with legislation and the city charter.

Decisions of the city council made within its competence are obligatory for all organizations, institutions, businesses of all forms of ownership, officials and citizens in the city

*Shaar Bashkarmasy.* In cities of raion subordination, the executive and regulatory branch of the local self-government is the shaar bashkarmasy (executive committee), which is established by the city council.

The head of city government also heads the executive committee, which consists of the presidium, council, staff, departments, services, self-supporting organizations and other structural subdivisions. The executive secretary oversees the office proceedings of the executive committee. The city council defines the organizational chart for the executive committee and its staff, based on general standards and the city budget.

*The City Presidium.* The presidium is established to resolve issues of vital importance to the city and consists of five to seven persons who report to the head of city government. Members of the presidium include the head of city government, the deputy head and the executive secretary on city self-government affairs *ex officio*. The presidium meets to discuss various issues of city life at least once per month and adopts resolutions on issues falling outside the jurisdiction of the city council and kurultais. Resolutions of the presidium are passed by simple majority vote and are obligatory for all individuals and entities on city territory.

The executive committee possesses the following powers:

- to develop draft programs for social and economic development in the city and a draft local budget and submit them for approval to the city council;
- to implement council decisions;
- to maintain and renovate municipal facilities and, if necessary, mobilize the population through the tradition of *ashar* to repair facilities of vital importance to the city;
- to supervise sanitation in the city, organize the arrangement of the territory and environmental measures;
- to develop the housing fund, city transport and communications;
- to develop and implement an urban development plan, monitor compliance with construction standards and oversee the rational use of city lands;
- to attract investments and decide upon their targeted use;
- to submit proposals to the city council to levy local taxes and duties according to the law;
- to strengthen the material and technical foundations for institutions of health care, education and social security;
- to appoint guardians and custodians for children, the elderly and the disabled;
- to organize mass cultural events, protect historical and cultural monuments and organize the distribution of humanitarian aid;
- to develop and implement measures to create new jobs;
- to assist in the completion of the privatization process;
- to control the compliance of organizations, institutions and enterprises with the law and the city charter and regulate environmental protection, use of land and other natural resources;
- to organize and support aksakal courts and other voluntary organizations for the maintenance of public order;
- to exercise other powers as stipulated by law.

*Head of City Government.* The head of city government (*shaar bashchasy*) is the highest city official and acts as chairman of the city council, head of the executive committee and first deputy head of the raion state administration. The head of city government is accountable to the city council and kurultais on issues of self-government and to the raion and oblast heads on the exercise of delegated state powers.

The head of city government submits the draft annual budget and the program for social and economic development for approval to the city council and kurultais and reports on their execution once annually to the city council and once every two years to a city kurultai. The head of city government represents the city, engages in organizational activities, defines the structure and number of the staff of the executive committee and submits it to the city council for approval. The head of city government convenes council meetings at his or her initiative or by request of at least one-third of council members. City heads may resolve other questions in accordance with legislation, the city charter and delegated state powers.

## 4.5 Status of the Capital City

Local government in Bishkek, the capital of Kyrgyz Republic, is outlined by the Law on the Status of the Capital City, adopted 16 April 1994. Direct elections of heads of local self-government took place for the first time in February 1995 in the cities of Bishkek and Osh. However, no mayor was elected in Osh due to the failure of any of the candidates to collect the minimum amount of required votes. On 1 April 1996, the executive branch of local self-government in Osh was abolished and the previous system of the city state administration was reinstated.

According to the Presidential Decree on the Organization of Local Self-government in Bishkek, adopted 1 July 1999, the local state administration in Bishkek was restructured into a mayor's office, in keeping with principles of local self-government. To support this, the government passed the Provisional Regulation on the Organization of Local Self-government in Bishkek, which remains in effect, and established a state commission on the transfer of organizations and enterprises into municipal ownership. Several state-owned entities were transferred to the operational management of the Bishkek self-government.

The system of state administration and local self-government in the city of Bishkek consists of the following:

- the city council, a representative body of local self-government with thirty-six members;
- the office of mayor of Bishkek, the executive and regulatory branch of local self-government; subdivisions of the mayor's office into four administrative-territorial divisions, raion-level administrations headed by deputy mayors (*akim*);
- bodies of community self-government, such as community councils, residential quarter committees, housing block committees and others.

Maintenance of administration bodies consumes three percent of the city budget. The structure of the Bishkek local government is unique, as it incorporates elements of all three levels of local self-government and local state administration. The mayor's office includes four raion-level state administrations, whose heads are appointed by the president in consultation with the mayor. Procedures for appointing these officials are the same as those for heads of local state administrations and their deputies.

The main powers of the Bishkek city council are as following:

- developing and implementing measures for social security and providing utilities and social and cultural services to the population;
- maintaining local communications and roads as well as educational and medical institutions;
- approving rates for local taxes and duties;
- approving the city budget and reports on its execution;
- coordinating the development of general construction plans and supervising compliance with established construction standards on its territory.

The mayor, as the head of local self-government and the head of the executive branch, is the highest government official in the city and a representative of the president and government of Kyrgyzstan. In accordance with the Presidential Decree on Increasing the Role of Heads of Local State Administrations and Local Self-government (adopted 20 March 1996), heads of local self-government, including the mayor of Bishkek, have equal status to heads of oblast public administration, or governors.

In 1998, procedures for mayoral elections in Bishkek were fundamentally changed. In accordance with the Regulation on Elections of the Mayor of Bishkek, approved by presidential decree on 9 July 1998, the mayor of Bishkek is elected by members of the city council. The new procedures stipulate that mayoral candidates may only be nominated by the president. The candidate is considered elected if he or she receives a simple majority vote. If the president's candidates are rejected three times running, the president appoints a mayor and dismisses the Bishkek city council.

#### 4.6 Local Government in Rural Areas

*Head of the Aiył Okmotu.* The head of the aiył okmotu, or rural executive committee, is the highest official in the territorial jurisdiction of the village or town council. The rural executive committee is accountable to the raion council chairman on issues of local self-government and to the head of raion administration for the exercise of delegated state powers.

Key functions of the rural executive committee include drafting the local budget; formulating draft programs for the social and economic development of the territory; managing municipal property and financial resources, maintaining and repairing all facilities of vital importance; and exercising control over the use of agricultural land. In addition, the committee is obliged to ensure access to education and health care, maintain law and public order and perform notary acts and civil registration.

Local councils at all levels may pass a vote of no confidence in the heads of the executive branch. To date, rural councils have impeached ten executive committee heads and removed them from office. No such cases are reported at the raion, city or oblast levels, however.

*Village Headman.* In order to manage local affairs in separate villages within the jurisdiction of a rural council, the council may decide to add the position of village headman (*aiyl bashchysy*) to the payroll of the executive committee. The village headman is nominated by the executive committee head and elected for a four-year term by open vote at a general assembly of village residents. The village headman answers to this general village assembly, which is convened as necessary or once per quarter. In addition, the headman may form a voluntary, unpaid executive commission of five to seven members, as defined by simple majority vote at the general assembly. The headman's functions are organizational and interpretive.

*Table 10.2*  
**Size of Aiy! Okmotu Staff According to Population Size Categories\***

Position	0–5,000 Inhabitants	5,000–10,000 Inhabitants	10,000–15,000 Inhabitants	15,000+ Inhabitants
Council chairman/ head of rural council	1	1	1	1
Deputy chairman/ deputy head of rural council	—	1	1	1
Executive secretary	1	1	1	1
Chief specialist/ social protection specialist	1	1	1	2
Cleaning staff	0.5	0.5	0.5	0.5
Guard	0.5	0.5	0.5	0.5
Stoker	0.5	0.5	0.5	0.5

SOURCE: Ministry of Finance

\* Staff may also include a military registration officer, a tax inspector and a land inspector.

The sphere of rural committee activity is quite extensive and includes delegated state powers. But, as seen in table 10.2 above, the committee lacks sufficient staff or organizational capacity to exercise those delegated functions. The development of rural committee capabilities through cooperation with private and public organizations has attracted rising interest by local state administrations of all levels. Changes being planned to strengthen confidence in local authorities include developing procedures for increasing the accountability of governors and akims to local councils and representatives of civil society through public hearings. They also include involving NGOs and private businesses in implementing plans for social and economic development and exercising control over local budget expenditures.

#### 4.7 Control, Audit and Supervision of Local Governments

*Internal Control.* Enterprises that provide housing, utilities, water, sewage, heating, energy and other services are directly supervised or managed by local state administrations and local self-governments. In general, these enterprises are in the ownership of the local self-government.

Kyrgyz legislation does not refer to the supervisory functions of local self-governments. The chairman and commissions supervise the implementation of local council decisions. Branches and divisions of local state administration supervise organizations under local government control.

The local state administration approves the establishment or transformation of entities with economic and social importance, as well as the use of natural resources on local territory. Enterprises, organizations and institutions, regardless of ownership, are not permitted to alter their plans regarding issues stipulated by agreement with the local administration. Thus, all enterprises are obliged to come to agreement with the corresponding local state administration concerning activities that may cause environmental, demographic or other consequences.

Currently, local self-governments are only in force at the *aiyl okmotu* and rural township level and thus supervise only territorial community self-government bodies.

*Public Supervision.* The president, government, central ministries, central administrative agencies and higher-level local administrations exercise control over compliance with the law by local government bodies. Legislation does not stipulate procedures for the supervision of local self-government bodies, but merely establishes the general right of national supervisory bodies to request and receive necessary information.

According to Law on Local Self-government and Local Public Administration, the president and government have the right to abolish acts of the head of local state administration. Oblast heads may abolish acts of raion heads, and raion heads may abolish acts of rural council chairmen related to their executive and regulatory powers.

In addition, ministries and agencies approve internal regulations affecting local state administrations and local self-government bodies. For instance, the Ministry of Finance issues regulations regarding procedures for formulating local budgets. The Ministry of Justice monitors the legality of statutory acts approved by local state administrations or local self-government bodies and registers these acts with the state. The Accounting Chamber of the Kyrgyz Republic exercises financial and economic control through periodic audits of local government expenditures.

The Office of the Prosecutor exercises control over strict and uniform compliance with the law. These issues are then decided in court after claims or actions are filed. The oblast may suspend local self-government acts until the court reaches its decision. Likewise, the local council chairman may suspend acts of community self-government until the court makes a final decision, if those acts violate the rights, freedoms and legitimate interests of local inhabitants.

## 5. Public Service Provision

### 5.1 Decentralization of Public Services

The formation of local self-government is primarily defined by the delegation of state powers. Within the framework of decentralization, many ministry functions were transferred to state adminis-

trations at the oblast and district levels and the corresponding structures in ministries and agencies were abolished. However, central executive bodies continue to exercise control over these functions under the system of dual subordination.

Frequently, the delegation of state powers is not reflected by a similar decentralization in funding. Accordingly, public service delivery is primarily financed by the state budget and administered by territorial structures of state administration.

As noted above, local self-governments are currently functioning in rural areas, eleven cities of raion subordination and the capital city. The delegation of public functions and powers to local self-governments is proceeding very gradually. This is due to many factors: the lack of experience in self-governments, the inertia of state agencies and the complicated social and economic situation in the republic. When functions are transferred to local self-governments, they are often accompanied by instructions to perform them “jointly with the local state administration, territorial divisions of ministries and agencies.” Local self-government bodies are accountable to the corresponding state bodies for delegated functions.

## 5.2 Trends in Public Service Delivery

To illustrate trends in the development of public services, let us turn to the most important sectors: healthcare, education and social security.

*Health Care.* The Ministry of Health Care defines standards for medical services, ensures that they are followed and implements structural reforms. Starting in 1996, medical service providers have been paid from the state budget and the Mandatory Medical Insurance Fund (MMIF) and medical institutions are compensated in proportion to the number of people that they serve. In another direction of health care reform, the Group of Family Doctors (GFD) system has been established. This group, financed from MMIF and central and local budgets, treats a variety of patients and provides consultative aid. This is the first structure where payments have been made on a per capita basis. The development of GFDs has been especially effective in rural areas.

Thus, the health care sector is moving towards mixed methods of service delivery. On one hand, the state is departing from the ineffective system of fixed wages and the per capita principle will allow real control of the public through local self-government bodies in the future. However, the state retains the sole power to license these activities and exercise control over their compliance with established standards. Local self-government bodies themselves are responsible for maintaining and renovating medical institutions, such as obstetric clinics, village dispensaries and village hospitals, at the expense of the local budget.

*Education.* There are approximately two thousand public secondary schools and forty private schools and lyceums in Kyrgyzstan. Teachers' wages are paid from the national budget according to rates set

by the Ministry of Education. All other expenditures are covered by local budgets. In terms of higher education, approximately 160,000 students study at twenty-seven state institutions and thirteen private establishments. About thirty percent of students in state institutions of higher education study at the expense of the state. The Ministry of Education regularly certifies schools and institutions of higher education to ensure state educational standards. In 346 city schools, subjects are studied at a higher level, due to a variety of educational programs financed both by the government, which pays an additional twenty percent to teachers, and by parents, who contribute through school boards.

Similarly to the health care sector, the education sector is displaying a tendency towards decentralization and the ministry is assuming the role of coordinator rather than administrator. Local authorities in the capital city and oblast capitals are also gradually developing relations with the private sector, which is ready to respond to the growing demand for quality services. The situation is more complicated in rural areas, where the government only provides teachers' wages and local authorities lack other resources. One possible solution is instituting a system of grants to public organizations; however, this method is supported only sporadically, by international organizations.

*Social Protection.* State administrations and local self-governments also provide assistance to socially vulnerable segments of the population. It must be noted that if the bottom five percent of the population is defined as "poor," then about two-thirds of the population in rural areas live under the poverty line. Methods for performing the means test are constantly being improved. Village councils issue social documents for low-income families and persons, based on which regional "maps" of poverty are to be developed. Starting in 1998, the position of social worker was introduced in the structure of the village council. The social worker is responsible for the following functions in the sphere of social security and social protection in accordance with relevant legislation:

- defining the needs of the population and drawing up maps of poverty
- assistance to orphans and the disabled;
- administration of social security, i.e. pensions and social benefits.

State agencies responsible for social security, such as the Social Fund and the Ministry of Labor and Social Protection, have raion-level divisions which function under the traditional budget scheme. In another form of mixed service delivery, the State Employment Department may coordinate its work with the employment centers of town councils. In small towns in Kyrgyzstan, the problem of unemployment is especially acute. Paid public works are often organized jointly by town councils and the subdivisions of the State Employment Department.

*Municipal Services.* In 1996, social sphere facilities,<sup>1</sup> housing and utilities maintained by industrial enterprises began to be transferred to municipal ownership. Local self-government bodies are responsible for delivering the following services: maintenance and repair of roads, street lighting, waste disposal, water supply and sewerage. These services are financed by local budgets and performed by special divisions of town councils. In the capital, for instance, the city budget finances twenty-two structural divisions and twelve self-sustaining departments.

### 5.3 Private Sector Role in Service Delivery

Legislation on local self-government leaves open the possibility for expanding the list of issues delegated to local governments. For instance, militia precinct inspectors were transferred to village supervision, though without the corresponding financing. In general, there is no strict distinction between delegated state powers and own local government powers.

The practice of contracting with the private sector for service provision is generally more widespread in economically stable cities. However, this process is hampered by meager local budgets and the lack of a legislative basis. Local self-government bodies cannot grant preferences to encourage private businesses to provide public services, as inter-budgetary relations are not regulated. Nevertheless, the existing practice of cooperation with the non-government sector is proving to be effective.

## 6. Local Finance, Local Property

### 6.1 System of Local Finance

Local government finance is regulated by the Constitution, the Law on the Budget System, the Tax Code and orders and regulations issued by the Ministry of Finance.

The Law on the Budget System, adopted 11 June 1998, specifies the principles for local budget formation, the procedures for drafting and executing local budgets, the budget structure and the composition of revenues and expenditures.

Local budgets are independent components of the budgetary system and possess own revenues, as assigned by legislation. In 1997, a presidential decree stipulated that budgets at the first tier of local government be entered as a separate line in the central budget.

*Table 10.3*  
**Oblast Budget Expenditures**

	1997		1998		1999	
	[KGS million]	[%] of Central Budget Expenditures	[KGS million]	[%] of Central Budget Expenditures	[KGS million]	[%] of Central Budget Expenditures
Oblast budget expenditures	168.4	19.8	176.4	21.0	123.9	12.0

SOURCE: Ministry of Finance

*Table 10.4*  
**Central Budget Expenditures**

	1997		1998		1999	
	[KGS million]	[%]	[KGS million]	[%]	[KGS million]	[%]
GDP	30,440.0	100	34,181.4	100	45,470.0	100
Central budget expenditures	681.9	2.2	838.3	2.4	919.9	2.0

SOURCE: Ministry of Finance

## 6.2 Revenues

The first tier of local government is financed through the central and local budgets, as well as other sources assigned by law. Town and village budgets are drafted by the *aiyl okmotu* and submitted to the local representative authorities for approval. First-tier local self-governments have the right to determine the list of fixed revenues and levy local taxes and duties on its territory, in compliance with tax legislation.

Local budget revenues at all levels of local government consist of:

- deductions from national taxes and other revenues;
- land tax;
- tax on the lease of land;
- state duty, in amounts established by law (excluding fees set up by economic courts or the Ministry of Internal Affairs for issuing passports);
- local taxes and fees stipulated by the Tax Code;
- non-tax payments such as local duties;
- revenues from local budgetary organizations and special resources.

In developed countries, personal income and property tax are the main sources of financing for local community activity. In Kyrgyzstan, these suffice to cover only a small part of the local government's financial needs, while local budgets are responsible for the greater part of expenditures on housing and utilities.

However, this type of funding is supervised not at the municipal level but at the oblast state administration level. Deductions from national taxes and other revenues, such as fines, surcharges and other sanctions imposed by tax authorities, are transferred to local budgets of all levels in accordance with uniform rates.

Starting from 1997, it was envisioned that local budgets would receive thirty-five percent of deductions from the national profit tax, income tax and excise tax on domestic products. Parliament would

approve uniform rates for allocations from the central budget, while higher-level councils would approve allocations to subordinate local budgets. These rates would not be subject to change for a period of three years.

In practice, the higher-level administration determines the amount of deductions from national taxes to be transferred to raions and aiyl okmotu. Although revenues are assigned according to legally accepted formulas at the oblast level, there are no such transparent methods of assignment at the raion level. Instead, this process becomes dependent on political, personal and other unforeseen factors.

In addition, the Law on the Budget System prohibits the establishment of extra-budgetary funds by ministries, administrative agencies, government commissions, other central executive bodies, local state administrations, local self-government bodies and aiyl okmotu. The only exceptions are the Social Fund and extra-budgetary funds formed from voluntary contributions by individuals or legal entities.

Currently, payments for the lease of land form the main source of aiyl okmotu revenues. However, local authorities cannot fully administer these resources. Some revenues from the land tax and tax on rendering payable services to population and retail sale may be centralized at higher-level local budgets.

*Table 10.5*  
**Share of State Subsidies in Local Budget Revenues 1997–1999**

	1997		1998		1999	
	[KGS million]	[%]	[KGS million]	[%]	[KGS million]	[%]
Local budget excluding state subsidies	1,048.7	20.8	1,263.6	20.1	1,350.7	17.1
Local budget including state subsidies	2,034.2	40.4	2,358.6	37.5	2,660.3	33.7
State subsidies to the local budget	985.5	19.6	1,095	17.4	1,309.6	16.6
Bank loans	—		—		—	
Other sources	—		—		—	

SOURCE: Ministry of Finance

The minimum budget needs of local communities are covered by the system of transfers between the national and local levels.

### 6.3 Financing of Public Services

At the local level, basic education and health care services are financed through categorized grants. These grants are calculated according to population size, taking into account the presence of disadvantaged groups and the varying costs of service provision in different environments. Grants to oblasts are assigned purely based on population size.

The fund for categorized grants for education and health care is established according to local budget needs, calculated by local financial bodies. Accordingly, the sum of categorized grants from the state budget made up 45.3 percent of total local budget expenditures in 2000.

In addition to assignments from national taxes and other revenues, the system of equalization transfers is designed to reduce differences between the tax and budget capabilities of various regions. Equalization transfers in 2000 account for 9.4 percent of total local budget expenditures.

Similarly, certain shared grants have been established to encourage local governments to attract new sources of revenue in order to replenish local budgets. These grants are allocated in the form of shared financing, and fund a percentage of local budget expenditures on certain priority goals. The list and size of these grants is reviewed annually by the Law on the State Budget.

### 6.4 Expenditures

Some activities for which the Kyrgyz government is also responsible are jointly funded by local budgets and grants from the state budget.

Local budgets finance activities ensuring the general level of education, health care and welfare of the population, and local state administrations and local self-government bodies bear absolute responsibility for their implementation. This category includes expenditures for:

- general public services;
- maintenance of local institutions and organizations in the fields of education, health care, social insurance, sports, television, broadcasting, publishing, housing and utilities, agriculture, water resources, forestry, fishing and hunting;
- transport;
- other activities.

Higher-level councils distribute expenditure obligations between local budgets of different levels, based on the subordination and social importance of institutions and organizations.

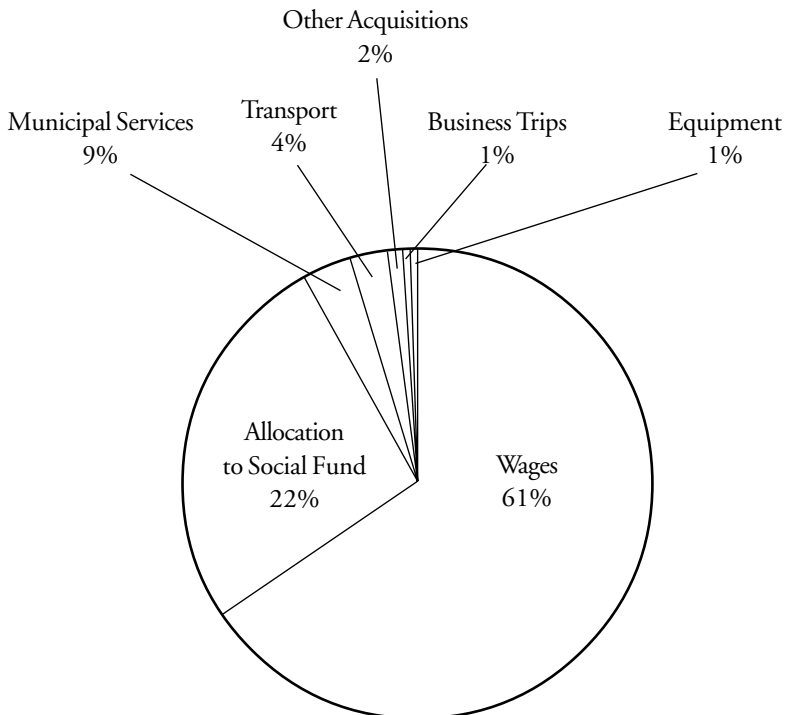
Ayyl okmotu are responsible for maintaining comprehensive schools, local hospitals, rural medical dispensaries, obstetric clinics, recreational centers, libraries, municipal facilities and paying salaries to council personnel in its territory. Teachers' wages, however, are paid from categorized grants through education departments at the raion level.

*Table 10.6*  
**Relative Size of Local Budget Expenditures and Central Government Expenditures**

	1996		1997		1998		1999	
	[KGS million]	[%]	[KGS million]	[%]	[KGS million]	[%]	[KGS million]	[%]
Central government expenditures	—	—	1,061.9	49.8	1,266.8	50.4	1,507.2	52
Local budget expenditures	—	—	1,073.6	50.2	1,250.2	49.6	1,396.0	48
<b>Total</b>	1,873.2	100	2,135.5	100	2,517.0	100	2,903.2	100

SOURCE: Ministry of Finance

*Figure 10.1*  
**Structure of Aiyl Okmotu Expenditures**



SOURCE: Congress of Local Communities

## 6.5 Budget Process

Financial departments in local state administrations or local self-governments prepare draft local budgets. Aiyl okmotu develop draft budgets for towns or villages based on forecast indicators and submit them to the town or village council.

Higher-level councils approve rates for allocating regulated taxes to aiyl okmotu budgets, as well as the size of categorized grants, equalization transfers and economic stimulus grants, according to the Law on the Budget System. Local self-governments are highly dependent on the central government for resources. Because of the resulting unpredictability of revenues, they are effectively prevented from developing a medium-term budget strategy.

Although legal provisions assign local self-government bodies broad rights in forming and implementing local budgets, these rights are not fully exercised. Village and town councils continue to form their budget on the “residual principle.” Oblast, district and city governments accumulate the bulk of financial resources, while local self-government budgets receive the leftovers. This outmoded “top-down” approach to forming local budgets at the village level is preserved in spite of the law, which prohibits public bodies from intruding in the local council or aiyl okmotu budget process.

A draft Law on the Financial and Budgetary Foundations of Local Self-government is currently under development. When passed, it should define the main principles governing the structure of local finances, the budget process and local self-government relations with banks, financial institutions and businesses. The draft law designates part of the budgetary surplus for strengthening the material and technical basis of local governments, increasing wages of municipal employees and other needs. Starting from 2001, Ministry of Finance has promoted a new approach to local budgets, introducing program-oriented budgeting and a new administrative classification for budget items.

## 6.6 Local Taxes

The Law on the Budget System grants local self-governments the right to independently determine the list of regulated funds and levy taxes and duties in accordance with the Tax Code.

The Tax Code defines the following types of taxes and duties for local self-government bodies:

- resort tax;
- advertising tax;
- tax on pets;
- fee for holding auctions, lotteries, contests or exhibitions;
- parking fee;
- fee for the use of local symbols;
- tax on transactions (commercial or commodity exchange);

- fee for waste disposal;
- tax on commercial greenhouses;
- hotel duty;
- fee for hunting and fishing;
- tourist tax on local citizens travelling abroad;
- amusement tax on video arcades, concerts and shows;
- tax on services and tax on retail sales;
- tax on unused production space;
- tax on motor vehicles.

Replenishing the local budget poses an acute problem at the village level, where only two or three out of the sixteen types of local taxes and fees can be collected. Local tax payments comprise a small portion of municipal revenues, insufficient for covering even the basic needs of local self-government. For instance, the tax on motor transport is allocated to a national fund, according to the Law on the Uniform Road Fund, and local authorities are left with no resources with which to repair their roads.

The system of local taxation is riddled with inconsistencies. Many taxes yield insignificant revenue, even though their calculation and collection requires considerable organizational and legal effort. In addition, the legislation on municipal taxation is frequently contradictory or illogical, including elements such as the double taxation of some entities, the lack of taxable entities in many municipalities, and the substitution of taxes by duties.

Taking local taxes into consideration when assigning funds from the central budget will not promote the financial autonomy of local self-governments. It may seem that evaluating local taxes is necessary for municipal establishments themselves, since they can overspend their guaranteed minimum. In fact, local taxes are included into the system of other revenues to cover minimal expenditures and are not reflected in any way in standard allocations for balancing the municipal budget.

In practice, it is impossible for local governments to utilize the method of municipal borrowing, stipulated by article 53 of the Law on the Budget System, since they lack the means to eventually settle the debt.

*Credit Unions.* In an experimental move, the Kyrgyz Republic created a system of credit unions to promote practices of credit, self-financing and mutual lending. This system is unparalleled in Central Asia. A credit union is a non-commercial financial intermediary established to provide assistance to its members through pooling personal savings and providing loans at acceptable interest rates. In addition, the credit union provides other financial services. At the beginning of 2001, Kyrgyzstan contained 172 credit unions. Of these, 116 are fully operational and the rest are under development. Their activities facilitate the creation of new workplaces, the development of small and medium businesses and increased agricultural output. Currently, the government of Kyrgyzstan is formulating a concept for developing regional banks, which envisages expanding the role of credit unions to act as village banks.

*Table 10.7*  
**Share of Local Budgets in Central Budget Revenues and Expenditures**  
 [percent of corresponding item in the central budget]

	1996	1997	1998
Revenues			
Gross revenues and official transfers	41.4	41.5	38.1
Taxes	43.1	19.0	20.2
Income tax	59.0	38.9	36.2
Profit tax	45.1	34.2	42.1
VAT	47.1	—	—
Excise tax	33.3	22.5	21.5
Personal and tax	100.0	100.0	100.0
Corporate land tax	100.0	100.0	100.0
Non-tax revenues	29.7	36.3	24.8
Expenditures	36.0	31.9	32.7
Public services	17.2	19.8	17.4
Defense	2.2	1.2	1.5
Law enforcement	5.2	4.0	5.8
Education	71.7	65.8	65.4
Health care	72.4	60.4	68.5
Social protection	6.1	6.6	6.4
Housing and utilities	58.5	56.0	51.3
Culture, leisure and religion	44.8	41.6	35.8
Industry	16.6	8.5	5.5

SOURCE: Ministry of Finance

## 6.7 Local Property

The Presidential Decree on the Organization of Local Self-government, issued 22 September 1994, introduced the concept of municipal property and initiated its establishment.

Local self-government property is comprised of property owned by the local community and local community associations. Local self-governments control and administer municipal property, although

they may also assign it to the management of municipal enterprises or institutions, based on business principles.

The government resolutions of 30 October 1995 and 11 November 1996 defined the first state-owned facilities to be transferred to the municipal ownership of Bishkek and ayl okmotu. In accordance with the Provisional Regulation on Procedures for the Transfer of Property to Municipal Ownership, a special commission was established for this purpose.

*Table 10.8*  
**Number of Facilities Transferred to Village Councils by Oblast, 1996**

	Chuy	Talas	Osh	Naryn	Ysyk-Kol	Jalal-Abad	Total
Vocational schools	—	—	—	—	—	—	—
Schools (including boarding schools and centers for children, youths, sports and music)	101	100	617	126	164	366	1,474
Health care institutions (including village hospitals, dispensaries, pharmacies, obstetric clinics)	157	121	499	118	152	238	1,285
Kindergartens and nurseries	62	28	240	33	58	74	495
Recreational centers	142	45	203	68	111	104	673
Libraries	114	67	237	132	112	155	817
Museums	4	6	13	1	6	5	35
Sports facilities	11	13	41	13	6	45	129
Cinemas and video arcades	3	1	6	1	—	—	11
Others		13	9		—	—	22
<b>Total</b>	594	394	1,865	492	609	987	4,941

The situation in Bishkek is somewhat different. The government transferred over three thousand facilities, but transferred them to the management of city authorities rather than municipal ownership, thus abridging the rights of the capital city. After three years, this issue still remains to be settled. So, while it may be said that there is municipal property in Bishkek, the local self-government cannot exercise the full rights of municipal ownership. In a few cases, disputes between the mayor's office and the government have reached the Higher Arbitration Court.

In 1998, sub-raion city governments became local self-governments and city council heads consequently acquired new powers. The government correspondingly determined the facilities to be transferred to municipal ownership, approved transfer procedures and defined the structure and organizational chart of city councils. However, heads of local state administrations are in no hurry to implement these decisions.

## 6.8 Financing Communal Structures

Traditionally, it has been difficult to resolve issues of financing for the maintenance of municipal facilities, including water supply, roads and bridges, the surrounding environment and others. These expenditures are currently financed mainly from revenue from the lease of land redistributed to municipal ownership.

*Table 10.9*  
**Number of Businesses by Oblast, 1998**

Oblast	Total Number of Businesses	Businesses in Municipal Ownership [number]	Businesses in Municipal Ownership [% of total]
Jalal-Abad	3,814	431	11.3
Ysyk-Kol	2,384	248	10.4
Naryn	1,495	255	17.1
Osh	5,582	499	8.9
Batken	...	...	...
Talas	946	208	22.0
Chuy	4,419	243	5.5
City of Bishkek	17,455	247	1.4
Kyrgyz Republic	36,095	2,131	5.9

SOURCE: National Committee on Statistics

Public hearings on city budgets are clearly a progressive step towards increased transparency and municipal autonomy. These are aimed at increasing citizen participation which, according to the Law on Local Self-government and Local Public Administration, is a key form of exercising the rights of local self-government. Three cities held public budget hearings in 1999 and 2000. Both citizens and leaders of NGOs made proposals regarding priorities for social and economic development. The establishment of public supervisory boards is yet another measure intended to increase citizen interest in the budget process.

Inter-budgetary relations are as follows. The center approves uniform rates for allocations from national taxes to oblast budgets, as well as additional resources in the form of transfers. A fixed portion of national and regional taxes is used for forming budgets of raions, cities and ayyl okmotu. In practice, there are no procedures for obtaining the requisite financial compensation for the performance of delegated powers.

Rates for allocations from national taxes are the main instrument of control over municipal revenues. Administrative-territorial units in the republic have widely varying tax bases, making it impossible for the city of Bishkek and other raions in Chuisk to establish budget surpluses and they consequently become forced recipients. The hierarchical imbalance in the budgetary system means that the national budget provides financial aid to all regions.

## 7. Relationship between Different Levels of Government

### 7.1 Oblast, Raion and Village Levels

The current structure of government in Kyrgyzstan entails duplication of functions and the absence of control procedures over the execution of decisions. At the same time, a hierarchical system prevails for local public administration, territorial units of ministries and agencies and local self-government bodies. This significantly complicates the work of local self-government bodies and local state administrations and strengthens features of personal leadership.

*Oblast Level.* Government at the oblast level consists of the oblast state administration and its head, or governor. The governor is a state official of the executive branch, appointed by the president upon nomination by the prime minister and approved by the oblast council. Governors are appointed for a four-year term and may only hold office on that territory for a single term.

The Presidential Decree on Increasing the Role of Heads of Local Public Administration and Local Self-governments, adopted 20 March 1996, invests oblast governors with the following additional powers:

- to exercise public control over compliance with statutory acts of Kyrgyzstan by local administrations and local self-governments, and to suspend any law containing violations and inform the prosecutor's office;
- to submit important issues of local life for consideration to local councils;
- to mobilize labor, material, financial and other resources through the traditional method of *ashar* in order to solve pressing social, economic, environmental and other problems;
- to request necessary information or materials from territorial authorities in order to analyze various processes in the oblast;
- to participate in activities of territorial authorities and local self-government, either directly or through representatives; to be present at meetings, conferences and other forums carried out in the oblast;
- to manage state-owned shares in enterprises and organizations located in the oblast.

The governor is personally responsible for control over the legality and efficiency of local administration and local self-government activities.

The oblast administration represents the central government in the region and is responsible for regularly informing the central government on the political situation. For this purpose, a General Information Department is established to monitor events in the oblast. It is especially active during periods immediately preceding and during elections.

As head of the system of state power at the oblast level, the governor performs the following tasks:

- to control compliance with laws, presidential decrees and government resolutions and maintains public order in the region;
- to perform administrative control over activities of oblast and raion administrations;
- to implement economic and social policies developed by the central government.

Governors are essentially dependant on the central government, which must approve oblast budgets and principal decisions before governors may begin to organize activities and coordinate implementation at the oblast level. The oblast government's functions duplicate either those of the central government or of raions. Its responsibilities and powers appear to be primarily based on the personality of the oblast leader, rather than on an objective distribution of powers.

*Raion Level.* The raion-level government is represented by the head of the raion or city state administration, or akim, who possesses the following powers:

- to implement economic and social measures developed by the central government and implement decisions of central agencies;
- to perform various administrative functions;
- to exercise administrative control over local community activities within the given district.

Analysis of raion administration functions reveals that they duplicate the powers of both oblast administrations and local self-government bodies.

*Village Level.* This level is composed of local self-government bodies which are entitled to decide upon all issues of local interest. Their financial powers include the annual approval of the local budget and programs of social and economic development by the local council.

## 7.2 Methods of Appointing or Electing Local Self-government Heads

*Council Chairmen in Oblasts and Raions.* Oblast and raion councils elect a chairman at their opening session to act as head of self-government in the corresponding territory. Candidates for raion council chairmen are nominated by the oblast governor and candidates for oblast council chairmen are nominated by a representative of the president in consultation with council members.

*City Mayors.* The mayor is a member of the city council, appointed for a four-year term by the oblast governor upon nomination by the head of the raion administration and approved by a majority of council members. If the administration and the council do not agree on a candidate, the chairman of the oblast council appoints an acting mayor for up to six months. In extraordinary circumstances, the chairman may appoint a mayor from outside the city council. Mayors may be dismissed by oblast governor with the approval of the city council and the head of the raion administration. If the council and the oblast and raion administrations cannot agree on dismissing the mayor, the oblast governor makes the final decision.

*Council Chairmen in Towns and Villages.* Council chairmen in towns and village simultaneously perform the functions of local public administration and local self-government. According to the Law on Local Self-government and Local Public Administration, these chairmen are nominated by the head of the raion administration and elected by secret ballot at the council session. According to the Presidential Decree on Increasing the Role of Heads of Local State Administration and Local Self-government, the head of the aiyl okmotu is appointed by the head of the raion administration and approved by the chairman of the raion council and members of the village council. In addition, this decree stipulates that responsibilities of the head of aiyl okmotu and the chairman of the rural council may be combined in an ail where council and aiyl okmotu territories coincide. If the parties cannot agree on a candidate for such a combined position, the chairman of the oblast kenesh has the right to appoint an acting head of the village council.

The statutory acts on first-tier local self-government contain obvious inconsistencies concerning the status and functions of ail head. The same documents stipulate that heads of representative and executive bodies should be combined into one position and yet separate the functions normally performed by these offices. Due to this unclear separation of powers, rural councils are subordinated to various bodies, occasionally producing a situation when an outsider is appointed as chairman, rather than a member of the village council, and is therefore not accountable to the local council.

The creation of bodies of local self-government is clearly an internal issue to be decided by the local community. All such bodies should be accountable to the population or a representative body of local self-government. The established practices of forming local self-government and appointing heads contradict the very foundations of local self-government. This is all the more flagrant when it is the head of the representative body, not only the head of the executive body, that is appointed by the executive branch.

Recent decrees have begun to diminish these accumulated contradictions. For instance, a presidential decree adopted on 17 January 2001 approved the Provisional Regulation on Pilot Elections of Local Self-government Chairmen in Villages and Sub-raion Cities. From March to May of 2001, pilot elections were held in all oblasts, in settlements where the position of the head became vacant at the beginning of the year. Thus, the possibility for elections of both representative and executive bodies of local self-government (heads of village and city councils) was finally realized.

Although this presidential initiative received wide support, the public strongly criticized the suggested procedures for the multi-stage selection of candidates and the direct elections of the heads of village councils and city councils. In accordance with the approved regulation, eligible candidates must be Kyrgyz citizens older than twenty-five and younger than sixty; they must have received higher education or specialized secondary education; and they must have served in public administration or local self-government for at least two years. The head of local self-government is elected for a four-year term.

*Pilot Election Procedures.* After nomination, a list of the nominees and their backgrounds is to be submitted for consideration to the village council, whose members rank the nominees by secret ballot. The five most highly ranked nominees are approved by the village council and submitted for consideration to the raion-level administration. In case of grounded objections, the board of the raion-level administration may strike a candidate from the list. In no cases may the board leave fewer than two nominees. The village council has the right to substitute the next highly ranked candidates for candidates rejected by the board.

The raion-level administration then submits a resolution on the list of candidates to be included on the ballot to a special oblast commission on elections to aiyi okmotu. This commission includes the governor, the oblast council chairman, the oblast prosecutor, the chief of the oblast justice department and the chairman of the oblast election commission. After the commission has considered all relevant materials, the governor shall approve a list of no fewer than two and no more than five candidates. Upon fulfillment of these conditions, all further procedures will be performed by election commissions in accordance with the Code on Elections in Kyrgyz Republic.

A total of seventy-nine candidates ran for the position of village head. Twenty-one percent of these were barred from the elections due to various reasons: either they lacked the required two years of work experience in public service, they had outstanding convictions, they failed to meet the age qualification or they lacked necessary documents for registration. Only one woman was registered as a candidate, in Osh oblast. The average age of nominees was forty years old. In Chuy oblast, the special oblast commission struck two candidates from the list. None of the political parties nominated candidates for that post and only four self-nominated candidates had been registered, leaving the minimum number of two candidates.

It is too early to assess the long-term effects of the new election procedures. However, based on the results of the pilot elections, the Election Code will be amended to include a separate chapter on elections of heads of local self-government, which will exclude numerous restrictions.

Election financing remains a complicated issue. The recent elections were totally financed by the state budget, while elections of local self-government heads scheduled for the autumn of 2000 will primarily depend on the state budget as well.

### 7.3 Problems in the Transfer of State Powers

The concept of an effective state presupposes a state ready to acknowledge its own limitations and delegate a part of its powers to other institutions of government or civil society which are capable of realizing them more effectively. In reality, there is no such understanding of the essence or limits of delegated state powers, leading to the permanent intrusion of the state into local self-government affairs.

Since 1995, when the city of Bishkek was transferred to a system of local self-government, executive bodies have impeded the transfer of powers to local authorities in the republic. Even though two years had passed at the time of writing since the relevant presidential decree had been issued in 1997, many ministries and agencies still had not submitted their proposals to the government regarding delegation of some functions to city and rural executive committees. Other agencies, such as the Ministry of Internal Affairs, considered it inexpedient to transfer their services to municipal governments. High-ranking public officials are generally reluctant to part with their powers of governing and regulating public resources.

In the future, public powers should be delegated by the government exclusively on a contractual basis, between the administration and local self-governments. Otherwise, the principle expressed in the Constitution—that local self-governments should receive the necessary material, financial and other resources in support of their delegated powers—will remain unfulfilled.

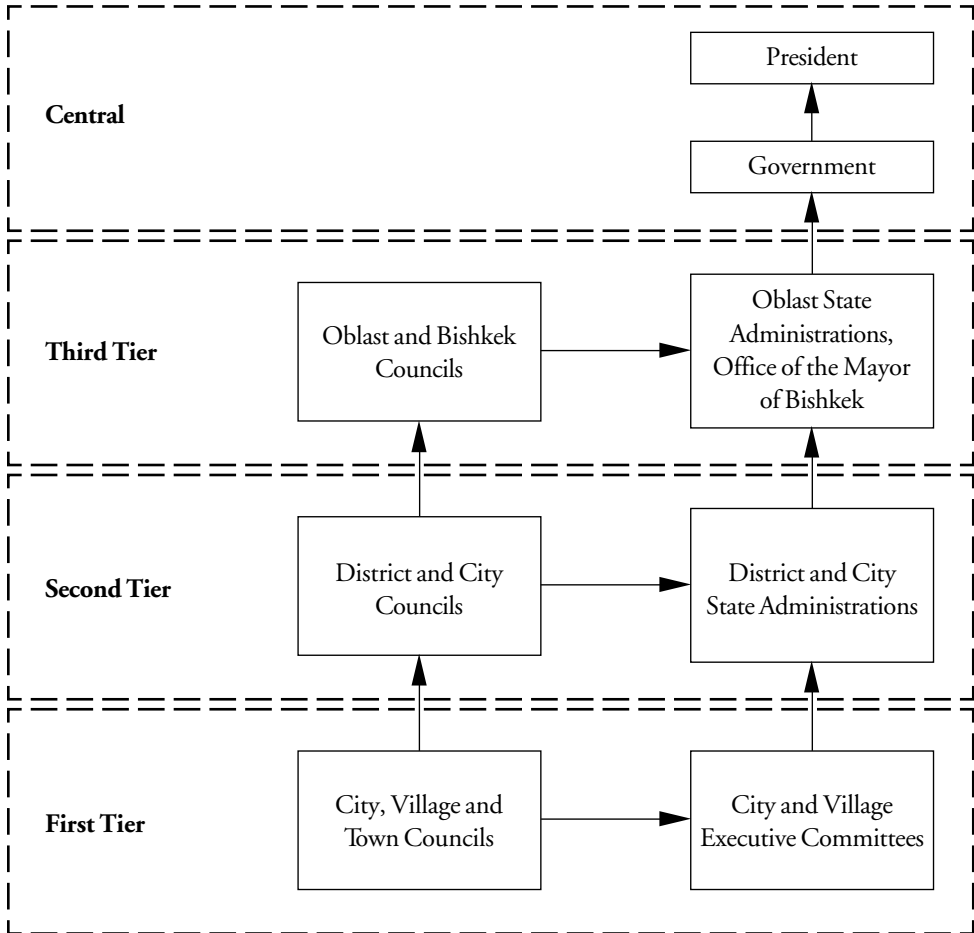
### 7.4 Distribution of Functions among Tiers of Government

Regional authorities depend on the central government administratively and politically, since they are not democratically elected. This is clear evidence of the lack of confidence from the center in the democratic process in regions. The practice of appointing the leadership of *aiyl okmotu*, raion and city administrations results in frequent changes in leadership, mostly ungrounded: the turnover of local government leadership was 58.8 percent in 1998–1999.

Relations between the oblast, raion and *aiyl okmotu* levels are strictly hierarchical. Disputes, if any, are resolved extra-judicially; top-down appointment procedures reflect the system of bureaucratic centralism and generate no publicity. Since these heads are appointed, there is no strict accountability to local councils.

In cases with different administrative-territorial levels of power, the local administration may only be effective if each level of government has own powers that do not duplicate those of other levels—as sometimes occurs with the oblast and district levels. At the local level, an illogical hierarchy between the state government and local self-government prevails, resulting in poorly delineated functions and dual subordination. Many experts point to the long-standing necessity of unifying the territorial power structure and approving a national registry of functions for different levels of territorial administration.

Figure 10.2  
Structure of Public Administration in Kyrgyzstan

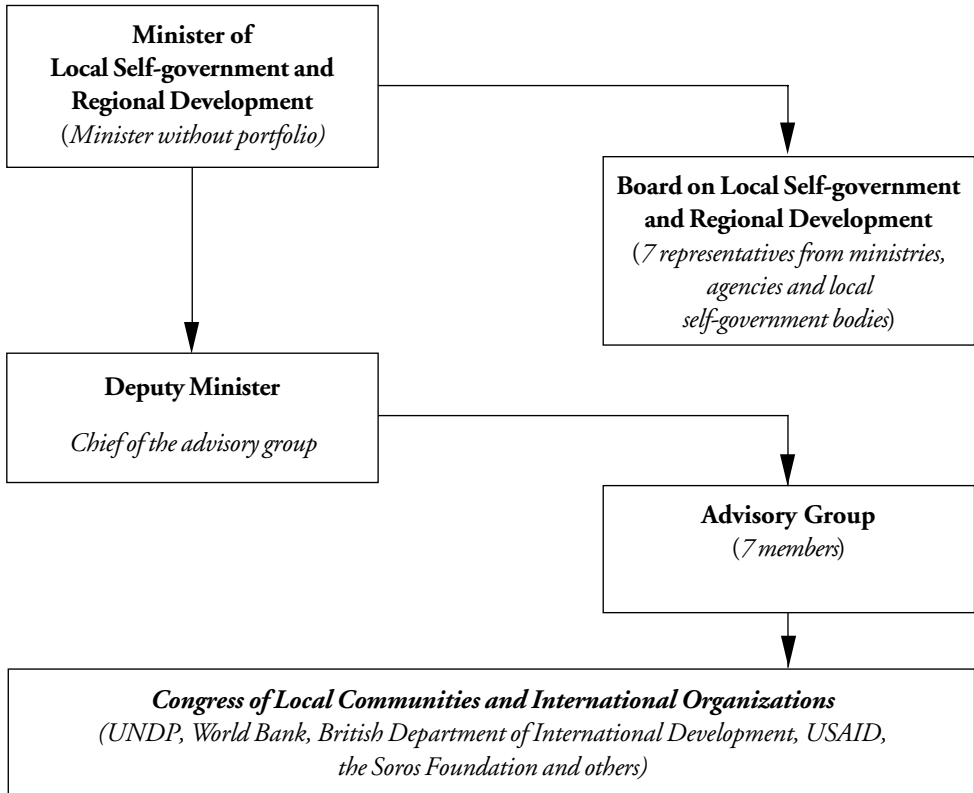


As noted above, the position of the Minister of Local Self-government and Regional Development has been introduced. In accordance with the provisional regulations approved by the government of the Kyrgyz Republic, the minister implements state policy in the sphere of government democratization and is responsible for developing an optimal system for interaction and distribution of functions between state administration and local self-government.

Since the position of minister was not accompanied by the creation of a separate ministry, a group of advisors and a board of representatives from ministries, agencies and local self-government bodies are being formed.

Figure 10.3

## Structure of the Ministry of Local Self-government and Regional Development



This group of advisors will be engaged in producing and analyzing data and formulating proposals, projects and programs on developing local self-government, improving relations between local self-governments and the state and on-site control. The minister's office will be located together with the group of advisors, the Congress of Local Communities and international organizations providing assistance in the sphere of local self-government.

The minister is responsible for the following functions:

- to ensure the coordination of activities between the state and local self-government bodies in issues of democratization and local self-government, including the development of draft state and local budgets;
- to develop draft statutory acts concerning local self-government, methodological recommendations and materials on the practical implementation of methods of democratic government in local communities;

- to analyze, monitor and exercise control over the development of relations between tiers of state administration and local self-government bodies and oversee their joint activities for regional development in order to develop measures in anticipation of problems;
- to study local council activity at all levels in order to forecast and fulfill the need for organizational and legal assistance, to train council members through workshops and short-term courses and exercise control over the use of local council powers;
- to monitor and resolve disputes between local self-governments and state bodies, between representative and executive local self-government bodies and between local self-government bodies of different tiers.

Some experts feel that many problems of regional policy will be resolved more effectively when the Minister of Local Self-government and Regional Development is installed, with the appropriate support.

## 8. Local Government Employees

### 8.1 Municipal Service

The Law on Civil Service, adopted November 1999, introduced several important reforms: prohibiting civil servants from party affiliation, ensuring equal opportunity for employment in the civil service, promoting civil servants according to merit and other reforms. This law recognizes civil service as an independent and complex legal institution and laid the foundations for civil service law as a new branch of national legislation. The law also stipulates that the legal status of local self-government officials is determined by the Constitution and special laws.

Currently, Kyrgyzstan lacks both the concept of municipal service and any special statutory act to determine the legal status of municipal servants, the structure of municipal service and its procedures. However, the constitutional distribution of functions to local self-governments and the nature of local self-government activity make legislation of this nature an urgent issue.

Staff members of local councils, city and rural executive committees and other bodies of local self-government exercise their professional functions based on the Provisional Regulation on the Fundamentals of Civil Service in Kyrgyz Republic, approved by presidential decree in 1996.

Local council personnel are considered civil servants if they are vested with powers in accordance with Article 94 of the Constitution. Based on local budget capabilities, heads of self-government in oblasts and raions present the staff structure and organizational chart to the local council for approval and hire staff on a contractual basis to implement council decisions and exercise vested executive and regulatory powers. Other staff workers of local self-government are not deemed to be public servants.

The List of Civil Service Positions, approved by government resolution, classifies the positions of oblast council chairman and head of oblast administration as “highest”; the positions of first deputy chairman of the oblast council and first deputy head of the oblast administration as “major”; and the positions of city head, raion council chairman, raion-level administration head, the head of the *ayl okmotu* and their deputies as “principal.” This list determines that staff workers of the corresponding self-government bodies and local administration are considered specialists and civil servants as well.

*Table 10.10*  
**Local Government Employees, 1999**

	Civil Servants	Employees Without Civil Servant Status	Technical Personnel	Total
Oblast councils	53	11	12	76
Raion councils	241	60	97	398
Village and town councils and executive committees	3,327	1,466	1,025	5,818
Oblast and raion state administration personnel	875	210	372	1,457
<b>Total</b>	4,496	1,747	1,506	7,749

SOURCE: National Committee on Statistics

The draft Law on Municipal Service, currently under development, will stipulate the professional basis for the constitutional distribution of powers between the state and local self-governments.

Civil service reform faces many obstacles due to the unwritten rules of the bureaucratic machinery, national traditions and established custom. Kyrgyz bureaucracy has inherited many features of Soviet public service. Positions with a greater possibility for abuse of power are more highly valued: a junior position in a government institution with auditing functions is more prestigious than a higher position in a public institution without such powers.

## 8.2 Personnel Training

Staffing civil service positions poses a problem, since Kyrgyzstan lacks a state personnel policy. The constant reorganization of staff and the hiring of incompetent heads in state administrations are clear proof of the absence of any system for forecasting needs, selecting personnel and training strategies.

In order to increase the knowledge, responsibility and professional skills of local self-government leadership, the first personnel certification was held at the end of 1997, in accordance with the Order of the President of Kyrgyz Republic (17 June 1997). All public officials were liable to certification from lower-ranked officials to deputy heads of state administration. Out of 529 civil servants eligible for this process, 452 persons underwent certification, and 395, or 87.3 percent, passed successfully. This process revealed that the existing personnel and structural organization of local authorities reflects neither their assigned responsibilities nor the particulars of the oblast, raion or city.

In May 2000, the state conducted another certification of local self-government leadership at the village level. The certification commission was composed of representatives of central public bodies responsible for reforming local self-government, including the Office of the President, the Office of the Prime Minister, central ministries and agencies and the Congress of Local Communities.

During the certification process, the heads of the raion administration and raion council chairmen submit references to the commission for aiyl okmotu chairmen awaiting certification, along with a document testifying whether the candidate has a criminal record. The certification commission assesses the level of knowledge, experience, professional and personal qualities of candidates through testing and interviews. If employees fail the test, they are not invited to interview and do not receive certification. The failure to receive certification is grounds for dismissal. Through the certification held in 2000, the state determined that 9.5 percent of aiyl okmotu chairmen were not professionally qualified for their positions.

A major priority for local state administrations at all levels is the continued training of the local self-government personnel and creation of a personnel reserve. With this objective in mind, workshops and trainings teach modern governing techniques under the aegis of various international donor organizations. For instance, the Congress of Local Communities is currently engaged in training specialists from aiyl okmotu and local administrations in several pilot oblasts, within the framework of a decentralization project financed by the UNDP.

At the Academy of Management, in the Office of the President, an education and methodological association has been established, specializing in public and municipal government. This association carries out advance training of personnel for local self-government bodies through short-term courses and workshops, within the framework of joint projects with international organizations. Several higher educational institutions train specialists in the sphere of municipal government. However, low salaries, the absence of material incentives and the decline in status of local self-government employment has resulted in a drain of skilled specialists from the system of local self-government.

In summary, purposeful efforts aimed at selecting and educating local self-government personnel for local self-government are not yet being implemented. With respect to leadership positions, personnel issues are still settled in private, without reference to the professional capabilities of the candidate.

## 9. Legal Guarantees for Local Autonomy

*State Support to Local Self-governments.* In accordance with the Program for State Assistance to Local Self-government, adopted by presidential decree in May 1997, all executive bodies were ordered to create conditions for the establishment and development of local self-government and to ensure sufficient material and financial resources for local communities to carry out legally established local self-government functions.

In 2000, the President established a Commission on Local Self-government Reform with broad powers. Although the commission members work on an unpaid basis, the commission has the right to investigate appeals from local community members, local self-government staff and local council members regarding unlawful acts by administrations or the misconduct of local self-government officials.

There are two opposing approaches in attempts to improve administration of local affairs. One approach is to strengthen the administrative hierarchy, justified on the grounds of reinforcing statehood; the other approach is to broaden local council powers. Local administrations currently possess the advantage over local self-governments, and their approach is gaining ground.

Even after establishing constitutional guarantees of local self-government, central authorities strive to establish direct rule, arguing that this is beneficial for the functioning of local government as well as the political system in general. In the future, this tendency may lead to the substitution of local self-government by public administration, paving the way for a Soviet type of local self-government. It is thus crucial to resolve the relationship between the state administration and local self-government bodies.

In order to ensure that local self-governments are informed of legal developments, the Presidential Decree on Providing Rural Self-governments with Statutory Acts was passed in the summer of 2001. Raion and city administrations and councils were ordered to include an item for subscriptions to published statutory acts in the expenditures section of local budgets. The government is required to develop procedures for providing local self-governments at the village level with copies of statutory acts; this includes defining the central government body responsible for the subscription and purchase of statutory acts for all first-tier local self-government bodies as well as for their regular and prompt delivery.

*Legal Guarantees for Local Self-government.* The relationship between local self-government bodies and central authorities is based on the constitutional principle of separation of powers. Central public authorities and their departments have no right to interfere into issues of local self-government competence. The legal basis of local self-government may be divided into two groups. The first is national legislation, or the system of statutory laws adopted by higher public authorities. This system includes the Constitution, other legislation, such as the Law on Local Self-government and Local Public Administration, presidential acts and government resolutions. The second level includes local council resolutions and community charters, which comprise a set of rules for communal life.

Decisions resulting from referenda, citizen assemblies, local councils and territorial self-government must comply with national legislation. Local councils and local state administrations do not have the right to act on issues in the competence of the other body. Local council decisions on issues within its competence are approved by simple majority of elected members and are issued in the form of resolutions. Local self-government bodies exercise their functions in the name of the local population, based on legislation.

*Legal Guarantees for Elected Council Members.* A local council member's authority may not be abridged, except in cases stipulated by law. Members may form factions, which function in accordance with the local council rules. Local councils and their subordinate bodies should ensure the necessary conditions for the effective exercise of authority by its members.

Local council members may request that the session hear reports on issues within local council competence from officials or institutions accountable to the local council or from other officials or institutions acting on its territory. The council member may file a request to any government institution, local self-government institution or organization, regardless of ownership, on issues related to council activities. The recipient of the request is obliged to answer orally or in writing within the period stipulated by the local council. Local council members enjoy the right of unimpeded access to government bodies, local self-government institutions and organizations on the local territory, as well as the right to meet with their heads or other officials without delay.

By instruction of the local council or council chairman, council members may take part in audits requested by the council. If violations of law are discovered, council members may apply to the relevant government body. Council members may require officials or the local militia to take immediate measures to stop violation, and if necessary, bring the violator to account. Officials failing to act when requested bear disciplinary, administrative or criminal liability under the law.

Council members fulfill their duties while continuing to perform their principal employment. Members may not be penalized for their service by being dismissed or transferred to a lower paying position without the approval of the corresponding local council. In addition, the time period spent serving as member is counted as part of their continuous length of service in their outside careers. Council members retain all rights and benefits that the workers of their enterprise, institution or organization enjoy.

Local council members do not possess legal immunity. However, law enforcement authorities are obliged to immediately take measures to protect council members and their families in case of violence or other threats in connection with their functions as council members.

*Rights and Duties of Local Self-government Bodies.* Local councils and raion-level administrations have the right:

- to demand the cancellation of acts of government bodies, local self-government bodies, enterprises and organizations if they violate the rights and interests of local citizens, the local council or the local state administration;

- to take measures stipulated by law to ensure public safety and order and protect public rights and interests in case of natural disaster, ecological catastrophe, epidemic or riot.

Government authorities are obliged to consider proposals by local self-government and local state administration bodies. If a bylaw issued by central executive body is counter to regional interests, the oblast governor or mayor of Bishkek has the right to request the president or government to cancel or suspend the law.

The head of local administration may be dismissed by the president upon proposal by the prime minister. The local council may pass a vote of no confidence in the head of local administration by a two-thirds majority of total members and request his or her dismissal. The president should decide upon the issue within one month of receiving the application.

Legally established rights of local self-government bodies and local state administrations cannot be infringed upon or restricted, except in cases of public necessity stipulated by law. Legal entities and individuals are liable to local self-government bodies and local state administrations for damages caused by their decisions, actions or failure to act in the interests of the local population, economy or environment. They are also liable for damages caused by non-compliance with the decisions of local self-government bodies or the local administration.

The judicial system enforces protection of the rights and legitimate interests of local self-governments and local administrations. Disputes between central authorities and local self-government bodies are resolved through conciliation commissions or in court. Thus far, there are no regulations or set practices to resolve disputes; all disputes have been resolved at the pre-trial level.

## 10. Next Steps in the Transition Process

Kyrgyzstan has accumulated comprehensive experience on decentralizing administration and developing local self-governments through various pilot programs. In the long run, these organizational activities should begin to yield effective results. In the long-term Complex Strategy for the Development of Kyrgyzstan through 2010, local self-government will have a special place in administration reform. Parliamentary committees have begun to discuss draft laws on local self-government and municipal property. If they are adopted by the end of 2001, as expected, this will settle many issues concerning the further development of local self-government. Draft laws on municipal service, on the financial and economic basis of local self-government and on public initiative are awaiting discussion as well.

In May 2001, a nationwide meeting of local self-government representatives, entitled “Local Self-government is the Foundation of the Kyrgyz System of Grassroots Democracy,” was held in Bishkek,

with the participation of the president. This meeting discussed and defined new prospects for the development of local self-government.

The president, government and Parliament plan to undertake the following measures:

- to implement elections of local self-government heads and officials of other territorial levels;
- to restructure cities of oblast subordination along principles of local self-government;
- to enhance the role of local councils and other local self-government bodies in administering local affairs and exercising control over the activities of executive bodies;
- to ensure actual financial decentralization through regulation of the system of inter-budgetary relations;
- to distribute administrative issues by law between central authorities, regional administrations and local self-governments;
- to conclude the delegation of administrative functions from ministries and agencies to local self-governments. The law should include a provision stipulating that functions should be transferred on a contractual basis between the local self-government in question and the government;
- to abolish some territorial subdivisions of central executive bodies for the sake of efficiency and decentralization of authority. Heads of local state administrations should be personally responsible for the social and economic development in their territory;
- to establish a system for the continuing training of civil servants, including short-term professional development courses for local state administrations and local self-governments;
- to take measures to improve budgetary relations between local and state budgets and establish the economic and financial basis of local self-government by law.

It is expected that these reforms will optimize the administrative-territorial structure in order to enhance the effectiveness of public administration. Currently, districts and oblasts maintain a dual administrative structure comprised of local administrations and local self-governments, represented by local councils.

However, local self-government reform is an issue of such importance that it should be resolved only through broad public discussion. State administrations should not be the ones to implement reform of local self-government, since they will be influenced foremost by their own interests. Rather, they should accommodate themselves by first of all reforming their own structure in accordance with democratic principles.

The main obstacle confronting local self-governments is their limited financial and economic capability. A key issue in local government reform will be the introduction of a new mechanism for inter-budgetary relations, one which provides local authorities with the incentive to increase local revenues. Local councils should be granted the authority to collect local taxes and determine revenues and expenditures. At the same time, transparency should be ensured at all levels. In addition, it is necessary to develop the real estate market, including a standard system for land appraisal, and support small and medium business development in the sphere of municipal infrastructure and service delivery.

The government should develop a program to strengthen the organizational, legal, financial and economic basis for local self-government activities. To do so, is essential to define the powers of different tiers and complete their transfer to local self-governments. In addition, the government must define procedures for calculating sufficient transfers to local self-governments to enable them to fulfill their functions and delegated powers.

This summary of the issues and prospects of local self-government in the Kyrgyz Republic cannot claim to be comprehensive; a paper of this length can only reflect key aspects of this multi-faceted process. Moreover, this process is a dynamic one, and will become more so as both civil society and government acquire more experience. The coming years will doubtless be critical for the system of local self-government in Kyrgyzstan, as proved by the recently intensified political dialogue and decisions on the issue. It is important to consider both domestic and international experience, in order to bring the existing social relations into harmony with the expectations of citizens.

## Recent Publications on Local Government in the Kyrgyz Republic

Auslund, A. *Public Administration in the Transition Period*. Bishkek: UNDP Office, 1998.

*Bulletin of the Congress of Local Communities*, Nos. 1–2. Bishkek: The Congress of Local Communities, 1999.

Chinaliyev, U. *The Making of Kyrgyz Statehood in the Transition Period*. Moscow: 2000.

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*Evaluation of Non-Governmental Sector Potential in Kyrgyzstan*. Bishkek: UNDP and the Gender in Development Programme, 1999.

*Fundamentals and Prospects of Local Self-government in Kyrgyz Republic*. Compilation of Statutes and By-Laws. Bishkek: 1997.

Karashev, A. A. and O. S. Tarbinsky. *Local Self-government in Kyrgyzstan in the Transition Period*. Bishkek: 1999.

*The Kyrgyz Republic: General Evaluation of Country Status*. Bishkek: UNDP Office and the Kyrgyz National Committee on Statistics, 1998.

*The Kyrgyz Republic: General Evaluation of Country Status.* Bishkek: UNDP Office and the Kyrgyz National Committee on Statistics, 1999.

*Handbook for a Local Self-government Staff Worker, Parts 1–4.* Bishkek: The Congress of Local Communities, 1998–2000.

*The National Census in the Kyrgyz Republic, 1999.* Bishkek: National Committee on Statistics of Kyrgyz Republic, 2000.

*Human Development Report in the Kyrgyz Republic, 1999.* Bishkek: UNDP Office, 1999.

*Human Development Report in the Kyrgyz Republic, 2000.* Bishkek: UNDP Office, 2000.

*National Strategy for Sustainable Human Development in the Kyrgyz Republic.* Bishkek, The Presidential Council on Sustainable Human Development, in coordination with the UNDP, 1998.

*Political Parties.* Bishkek, Humanitarian Space Development Scientific and Production Association, 2000.

*Proceedings from the Conference on the Development of the Public Administration Sector in Transition and Post-Transition Period in Kyrgyzstan.* Issyk-Kul: 1997.

*Proceedings from the International Conference on Economic and Legal and Education Reforms and their Influence on the Evolution of the Public Conscience, Held on May 13–14, 1999.* Bishkek, the Kyrgyz State National University, 1999.

## Contacts for Further Information on Local Government in the Kyrgyz Republic

### Government Bodies in the Kyrgyz Republic

- Office of the President of the Kyrgyz Republic  
Department of Staff Planning, Organization and State Policy in Public Administration  
Commission on Support for Local Self-government Reform
- Office of the Prime Minister of the Kyrgyz Republic  
Department of Staff Planning, Organization and State Policy in Public Administration  
Minister on Local Self-government and Regional Development
- Ministry of Finance

- Parliament of the Kyrgyz Republic, Legislative Assembly  
Committee on State Structure  
Subcommittee on Local Councils and Local Self-government
- Office of the Mayor of Bishkek  
Bishkek City Council
- Central Commission on Elections and Referenda
- National Committee on Statistics

### Local Government Organizations in the Kyrgyz Republic

- Association of Cities in Kyrgyzstan
- Congress of Local Communities

### NGOs and International Donors in the Kyrgyz Republic

- Agency on the Development of Local Self-government  
(a joint project between the Bishkek mayor's office and the Soros-Kyrgyzstan Foundation)
- Coalition for Democracy and Civil Society
- Regional Association of Condominium Owners
- Soros-Kyrgyzstan Foundation
- United Nations Development Program (UNDP)
- United States Agency for International Development (USAID)
- Urban Institute

### Glossary of Kyrgyz Terms

- Ail* — A rural settlement which, together with towns and towns of raion subordination, makes up the primary administrative-territorial unit in the Kyrgyz Republic.
- Ail okmotu* — The rural executive committee, or executive branch of the rural or village *kenesh*, which administers local community functions.
- Akim* — The head of an executive agency or local state administration at the regional level.

- Ashar* — A traditional method of social mobilization, whereby members of the community assist each other in preparing funerals, constructing houses or schools and in performing labor-intensive and lengthy works, such as cleaning irrigation systems. This method is highly efficient, since each participant understands the importance of rendering assistance to these projects.
- Citizen assembly* — A direct form of citizen participation in managing local issues through meetings of all citizens who live in a given neighborhood (such as a street, quarter, small district or village). These assemblies may issue recommendations to local authorities.
- Governor* — The head of oblast public administration and the highest state official in the oblast. The governor exercises control over activities of executive authorities and local self-governments within the oblast.
- Kenesh* — The local council, elected by local inhabitants through direct ballot for a term of five years.
- Kurultai* — A form of representative participation by local community members in issues of local importance; the community elects kurultai members to hold discussions on vital community issues, such as reports from the heads of local self-government or local state administration regarding the performance of their duties.
- Shaar bashchasy* — The head of city government and the highest government official in the city. The shaar bashchasy acts as chairman of the city council, head of the executive council and first deputy head of raion state administration.
- Shaar bashkarmasy* — The city executive council, established by the city council, which acts as the executive and regulatory branch of local self-government in cities of raion subordination.
- Zhogorku Kenesh* — The supreme legislative authority in the Kyrgyz Republic, a bicameral Parliament consisting of the standing Legislative Assembly (sixty members), and the Assembly of National Representatives (forty-five members), which convenes regularly. In the Legislative Assembly, fifteen seats belong to representatives of political parties.

## Annex 10.1

## Major General Indicators

*Table 10A.1*  
**Population by Gender, Age and Place of Residence, 1996–1999**

	1996		1997		1998		1999	
	[Thousands]	[%]	[Thousands]	[%]	[Thousands]	[%]	[Thousands]	[%]
Gender								
Male	2,276.2	49.2	2,310.0	49.3	2,346.2	49.3	2,392.5	49.3
Female	2,348.9	50.8	2,379.7	50.7	2,413.9	50.7	2,458.2	50.7
Age								
Pensioners	544.3		546.4		540.5		539.1	
Senior citizens		9.7		9.7		9.5		9.2
School-age children (aged 7–17)	1,159.7		1,189.0		1,216.2		1,248.6	
Children aged 0–15		39.4		38.9		38.3		38.1
Place of Residence								
Rural	2,972.6	64.3	3,020.9	64.4	3,076.2	64.6	3,136.9	64.7
Urban	1,652.5	35.7	1,668.8	35.6	1,683.9	35.4	1,713.8	35.3
<b>Total</b>	4,625.1	100.0	4,689.7	100.0	4,760.1	100.0	4,850.7	100.0

*Table 10A.2*  
**Population Density by Region**

	Area [Thousand sq. km.]	Population	Population Density [People/sq. km.]
Kyrgyz Republic	199.945	4,850,700	24
City of Bishkek	0.127	787,800	6,203
Chuy	20.189	772,200	38
Ysyk-Kol	43.144	415,500	10

*Table 10A.2 (continued)*  
**Population Density by Region**

	Area [Thousand sq. km.]	Population	Population Density [People/sq. km.]
Naryn	45.202	248,700	6
Talas	11.446	200,300	17
Jalal-Abad	33.648	869,500	26
Osh	29.193	1,176,600	40
Batken	16.996	380,100	22

SOURCE: 1999 Census

*Table 10A.3*  
**Ethnic Composition of the Kyrgyz Republic\***

	[%] of Total Population
Kyrgyz	64.9
Uzbeks	13.8
Russians	12.5
Dungane	1.1
Ukrainians	1.0
Uigur	1.0
Kazakhs	0.9
Tajiks	0.9
Tatars	0.9
Turks	0.7
Germans	0.4
Koreans	0.4
Azerbaijani	0.3
Belarussians	0.1
Other	1.1

SOURCE: 1999 Census

\* Overall, members of over one hundred nationalities permanently reside in the Kyrgyz Republic.

*Table 10A.4*  
**Ethnic Composition by Region [percent of total population]**

	Kyrgyz	Russians	Uzbeks	Ukrainians	Other
Kyrgyz Republic	64.9	12.5	13.8	1.0	7.8
City of Bishkek	55.2	33.2	1.6	2.1	10.9
Jalal-Abad	69.8	2.1	24.4	0.3	3.4
Ysyk-Kol	79.5	13.2	0.8	0.7	5.8
Naryn	98.7	0.3	0.3	0.0	0.7
Osh	63.8	1.3	31.1	0.1	9.0
Batken	74.3	2.2	14.4	0.1	9.0
Talass	88.5	4.0	0.9	0.7	5.9
Chuy	43.8	31.9	1.8	3.3	19.2

*Table 10A.5*  
**Historic Exchange Rates for the Kyrgyz Som (KGS), 1996–1999**

	1996		1997		1998		1999	
	Average	At Year-end	Average	At Year-end	Average	At Year-end	Average	At Year-end
KGS/ USD	10.83	16.70	13.0	17.42	20.94	29.38	39.09	45.43

*Table 10A.6*  
**Per Capita Gross Domestic Product, 1996–1999**

	1996	1997	1998	1999*
Per capita GDP under PPC (purchasing power capacity) [USD]	2,101	2,264	2,299	2,374
Per capita GDP [KGS]	5,024.1	6,494.5	7,125.6	9,933.2
GDP in current prices [KGS million]	23,399.3	30,685.7	34,181.4	48,321.1
Real GDP growth rate [% of the previous year]	107.1	109.9	102.1	103.6

\* data for 1999 are estimated.

*Table 10A.7*  
**Structure of the Central Budget, 1996–1998 [percent of GDP]**

	1996	1997	1998
Total revenues and received official transfers	16.8	16.6	18.1
Tax revenues	12.6	12.5	14.4
Income tax	1.2	1.1	1.2
Profit tax	1.6	1.1	1.3
Value added tax	5.3	5.6	5.8
Excise duty	1.1	1.5	2.1
Foreign trade and external transaction tax	0.8	0.8	1.1
Non-tax revenues	2.2	2.8	2.9
Revenues from transactions with capital	1.2	0.4	0.3
Received official transfers	0.9	0.6	0.6
Expenditures	22.2	21.8	21.1
General public services, defense, public order and security	5.5	5.9	5.5
Education	5.2	4.9	4.8
Health care	3.1	3.2	2.8
Social protection and insurance	3.8	3.4	2.9
Housing and utilities	1.3	0.9	1.1
Subsidizing industry branches	1.8	2.2	2.5
Budget deficit	5.4	5.2	3.0
Domestic financing	2.5	0.9	0.1
External financing	2.8	4.3	2.4

*Table 10A.8*  
**Structure of Local Budgets, 1996–1999 [million KGS]**

	1996	1997	1998	1999
Total local revenues and received official transfers	1,628.4	2,113.2	2,388.5	2,828.0
Expenditures	1,873.2	2,135.5	2,386.5	2,809.4

*Table 10A.9*  
**Local Budget Revenues, 1996–1999 [percent]**

	1996	1997	1998	1999
Total revenues and received official transfers	100.0	100.0	100.0	100.0
Total revenues	87.7	49.6	52.9	49.8
Current revenues	87.5	49.3	52.9	49.8
Tax revenues	78.0	34.4	41.1	37.3
Income tax	10.4	6.1	6.1	6.8
Profit tax	10.3	5.4	8.0	7.4
Value added tax	36.1	0.0	0.0	0.0
Tax on retail and services	3.5	0.0	6.3	6.6
Excise duty	5.2	4.8	6.5	8.0
Transport vehicle tax (levied on physical persons)	0.1	0.2	0.2	0.0
Land tax on natural persons	1.0	1.9	0.8	0.7
Land tax on legal entities	6.5	11.1	11.3	6.3
Non-tax revenues	9.6	14.9	11.8	12.6
Revenues from transactions with capital	0.1	0.3	0.0	0.0
Received official transfers	15.2	51.3	47.7	50.0

*Table 10A.10*  
**Local Budget Expenditures, 1996–1999 [percent]**

	1996	1997	1998	1999
Expenditures	100.0	100.0	100.0	100.0
General public services				
Defense, public order and security	6.8	9.1	8.7	8.9
Education	46.8	46.6	46.1	48.2
Health care	28.3	27.6	27.6	27.5
Social protection and insurance	2.9	3.3	2.6	2.6
Housing and utilities	9.3	7.3	8.0	6.6
Recreation, culture, religious activities	3.0	2.9	2.8	3.1
Financing industry branches	3.8	2.7	1.9	2.6
Other expenditures	-0.8	0.5	2.1	0.5

*Table 10A.11*  
**Social Fund Budget, 1996–1999 [million KGS]**

	1996	1997	1998	1999
Total revenues	1,868.9	2,281.6	2,583.1	3,025.8
Expenditures	1,948.3	2,289.6	2,491.8	2,957.4

*Table 10A.12*  
**Social Fund Budget, 1996–1999 [percent]**

	1996	1997	1998	1999
Total revenues	100.0	100.0	100.0	100.0
Pension fund	85.6	87.0	85.5	82.8
Social insurance fund	10.8	7.5	6.1	6.2
Unemployment fund	3.6	3.8	3.9	4.4
Medical insurance fund	0.0	1.8	4.4	6.6
Expenditures	100.0	100.0	100.0	100.0
Pension fund	91.5	90.3	90.8	90.9
Social insurance fund	5.4	6.1	5.2	4.2
Unemployment fund	3.0	3.3	3.5	2.5
Medical insurance fund	0.0	0.4	1.2	2.5

*Table 10A.13*  
**National Debt, 1996–1999**

	1996	1997	1998	1999
Internal debt [million Som]	4,927.6	7,663.1	5,705.9	5,322.9
The National Bank of the Kyrgyz Republic debt (principal)	2,206.5	1,940.5	—	—
Interest on credits of the National Bank of Kyrgyz Republic	1,524.5	2,064.8	—	—
State treasury bonds	1,008.7	1,476.2	1149	1,141.8
State treasury bills	186.6	351.4	418.3	165
On savings in Elbank (former Savings Bank)	—	1,389.4	1,356.8	1,316.2
On 15% bonds of the Kyrgyz Republic	1.3	—	0.2	0.2
Debt instruments, total	—	440.8	2,781.6	2,699.7
Including restructured public bond	—	440.8	2,781.6	2,699.7
External national debt [USD, million]	631.48	808.61	965.07	1148.7

*Table 10A.14*  
**Unemployment Rate, 1996–1999 [percent]**

	1996	1997	1998	1999
End-of-year registered unemployment rate	4.3	3.1	3.1	2.9
End-of-year total unemployment rate	7.8	5.7	5.9	7.4

*Table 10A.15*  
**Unemployment Registration and Benefits by Region, End of 1999**

	Officially Registered Unemployed Individuals [Thousands]	Individuals Receiving Unemployment Benefits [%]	Average Amount of Benefit [KGS]	[%] of Average Monthly Wage	Official Unemployment Rate [% of Economically Active Population]
Kyrgyz Republic	54.7	5.4	180	17.1	2.9
City of Bishkek	11.3	0.4	158	11.1	3.8
Chuy oblast	7.6	0.9	173	19.2	2.6
Ysyk-Kol oblast	4.8	0.4	138	7.6	3.2
Jalal-Abad oblast	11.5	1.8	190	22.4	3.5
Naryn oblast	5.1	0.3	280	34.4	8.1
Osh oblast	9.9	0.8	174	27.3	1.8
Batken oblast	4.4	0.7	174	30.2	2.9
Talas oblast	1.9	0.1	190	32.3	2.4

*Table 10A.16*  
**Inflation Rate, 1995–1999 [percent of the previous December's rate]**

	1995	1996	1997	1998	1999
Consumer price index	132.1	134.8	113.0	116.8	139.9

## Annex 10.2

## Population, Settlements and Administrative Units

*Table 10A.17*  
**Settlements by Population Size Categories in Kyrgyzstan, 1999**

Population Size Category	Number of Settlements	Percentage of Settlements	Number of Inhabitants	Percentage of Total Population
0–1,000	819	44.17	434,900	9.02
1,000–2,000	546	29.45	781,500	16.20
2,000–5,000	364	19.63	1,071,300	22.21
5,000–10,000	70	3.78	489,400	10.15
10,000–50,000	50	2.70	892,900	18.51
50,000–100,000	3	0.16	194,100	4.03
100,000–1,000,000	2	0.11	958,800	19.88
1,000,000+	—	—	—	—
<b>Total</b>	1,854*	100.00	4,822,900	100.00

SOURCE: 1999 Census

\* The data include 1805 villages (ails), twenty-nine townships and twenty cities.

*Table 10A.18*  
**Local Self-governments by Population Size Categories in Kyrgyzstan, 1999**

Aiyl Okmotu and Cities with Over 1000 Inhabitants	Number of Local Self-governments	Percentage of Local Self-governments	Number of Inhabitants	Percentage of Total Population
0–1,000	9	1.88	8,800	0.18
1,000–2,000	41	8.56	64,700	1.34
2,000–5,000	170	35.49	612,000	12.69
5,000–10,000	134	27.97	947,800	19.65
10,000–50,000	120	25.05	2,036,700	42.23
50,000–100,000	3	0.63	194,100	4.03
100,000–1,000,000	2	0.42	958,800	19.88
1,000,000+	—	—	—	—
<b>Total</b>	479**	100.00	4,822,900	100.00

SOURCE: 1999 Census

\* Including population size of villages (ails) subordinated to city or township keneshes.

\*\* Includes 459 village councils (aiyl okmotu) and twenty cities.

*Table 10A.19*  
**Average Population in Aiyl Okmotu by Oblast**

	Number of Aiyl Okmotu	Total Inhabitants in Aiyl Okmotu	Average Number of Inhabitants per Aiyl Okmotu
Kyrgyz Republic	459	3,279,593	7,145
Batken oblast	34	336,238	9,889
Jalal-Abad oblast	76	722,196	9,503
Issyk-Kul oblast	63	298,634	4,740
Naryn oblast	58	208,840	3,601
Osh oblast	81	905,539	11,179
Talas oblast	36	167,234	4,645
Chui sk oblast	110	633,035	5,755
City of Bishkek	1	7,877	7,877

SOURCE: 1999 Census

*Table 10A.20*  
**Number of Aiyi Okmotu, Ail Keneshes, Settlements, Cities and Districts by Oblast**

	Number of Residents	Number of Districts	Number of Cities	Number of Townships	Number of Ail Keneshes	Number of Aiyi Okmotu
Kyrgyz Republic	4,822,900	40	20	29	430	459
City of Bishkek*	762,300	—	1	1	—	1
Chuisk oblast	770,800	8	4	5	105	110
Issyk-Kul oblast	413,100	5	3	5	58	63
Naryn oblast	249,100	5	1	2	56	58
Talas oblast	199,900	4	1	1	35	36
Jalal-Abad oblast	869,300	8	5	8	68	76
Osh oblast	1,176,000	7	3	2	79	81
Batken oblast**	382,400	3	2	5	29	34

SOURCE: 1999 Census

\* Excluding districts in Bishkek.

\*\* In 2000 Bishkek was granted the status of city subordinated to district (not included in this Table).

*Table 10A.21*  
**Number of Civil Servants in State Bodies\***

	1997		1998		1999	
	Total Staff	Civil Servants	Total Staff	Civil Servants	Total Staff	Civil Servants
Kyrgyz Republic	26,592	18,987	27,787	18,893	28,554	18,970
Jalal-Abad oblast	2,002	1,427	2,166	1,438	2,227	1,442
Issyk-Kul oblast	1,620	1,155	1,805	1,173	1,856	1,176
Naryn oblast	1,194	854	1,367	946	1,399	949
Osh oblast	3,289	2,401	3,181	2,344	1,723	1,274
Batken oblast	...	...	...	...	1,532	1,134
Talas oblast	2,421	1,728	2,487	1,723	2,570	1,792
Chuisk oblast	3,714	2,652	3,975	2,651	4,083	2,757
City of Bishkek	12,352	8,770	12,806	8,618	13,164	8,446

\* Excluding those involved in maintenance of the public order. Changes in the 1997–1998 data are related to changes in the structure of state authorities. The 1999 data on Osh oblast excludes data on Batken oblast.

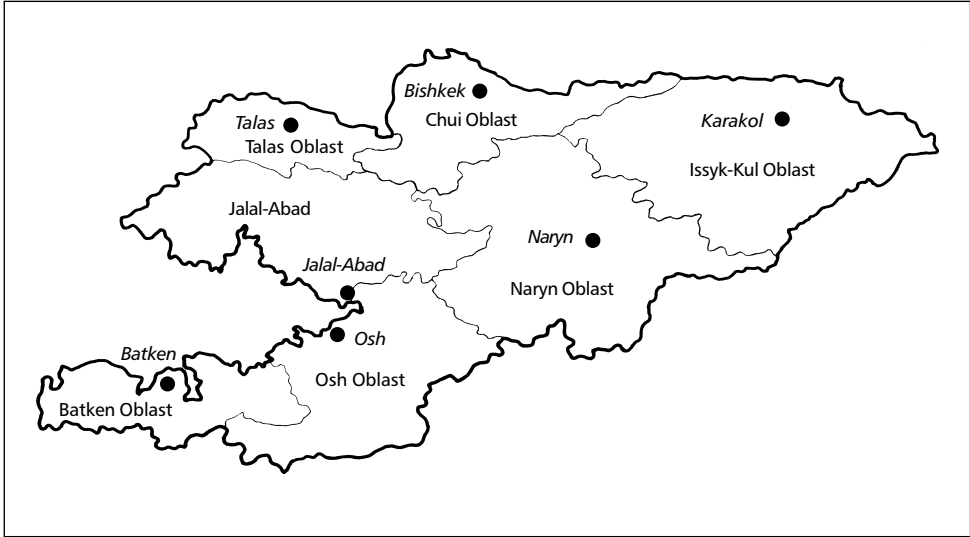
*Table 10A.22*  
**Civil Servants in Different Tiers of Local Government**

Local Self-governments and Local State Administrations	Average Number of Staff	Average Number of Inhabitants
First-tier local self-governments and executive bodies	7.2	7,145
Second-tier local self-governments* and local state administrations	14.0	71,086
Third-tier local self-governments and local state administrations**	36.0	602,867

\* Excluding districts in the city of Bishkek.

\*\* Including the city of Bishkek.

*Table 10A.1*  
**Administrative Map of the Kyrgyz Republic**



## Annex 10.3

### Major Laws on Public Administration and Local Government

#### Legislation on Local Self-government in the Kyrgyz Republic:

- The Constitution of the Kyrgyz Republic (adopted 1993, amended on 16 February 1996, by Law No. 1, and 21 October 1998 by Law No. 134)
- Law on Local Self-government and Local Public Administration (adopted 19 April 1991, amended on 19 December 1991, 4 March 1992, 3 July 1992, 17 December 1992, 27 May 1994 and 21 January 1998)
- Law on the Status of the Capital City (16 April 1994)
- Law on Condominium Associations (28 October 1997)
- Law on Referenda (28 June 1991)
- Law on the Budget System (11 June 1998)
- Law on Political Parties (12 June 1999)
- Law on the Status of Local Council Members (13 January 2000)

#### Decrees and Orders of the President of the Kyrgyz Republic:

- on the Reform of Local Self-government (adopted 18 August 1994, No. UP-188, amended on 24 October 1996, No. UP-309)
- on Approval of the Regulation on the Organization of Local Self-government (22 September 1994, No. UP-246)
- on Elections of First-Tier Local Council Members (22 September 1994, No. UP-247)
- on Priority Measures for the Organization of Local Self-government in Bishkek (4 July 1995, No. UP-171)
- on Increasing the Role of Heads of Local State Administrations and Local Self-governments (20 March 1996, No. UP-103)
- on the Further Development of Local Self-government (24 October 1996, No. UP-309)
- on Certification Procedures for Aiyyl Okmotu Chairmen (5 January 1997, No. RP-2)
- on the Program of State Assistance for Local Self-government and the Outline of Local Self-government Reform (12 May 1997, No. UP-127)
- on Certification Procedures for Municipal Servants in Bishkek (12 May 1997, No. RP-156)
- on Targets for Budget Formation in First-tier Local Self-governments and Establishing Permanent Revenue Sources (19 September 1997, No. RP-228)
- on the Organization of Local Self-government in Sub-raion Cities (23 June 1998, No. UP-200)
- on the Elections of the Mayor of Bishkek (9 July 1998, No. UP-228)
- on the Implementation of Presidential Decree No. UP-200 (23 June 1998) in the Cities of Karakol and Kok-Zhangak (adopted 31 March 1999, No. UP-90, amended 4 March 2000, No. UP-47)
- on the Further Development of Local Self-government (2 August 1999, No. UP-196)
- on Calling Elections of City, Settlement and Rural Councils (11 August 1999, No. UP-206)

- on the Implementation of Presidential Decree No. UP-200 (23 June 1998) in the City of Tökmok (2 October 1999, No. UP-244)
- on the Implementation of Presidential Decree No. UP-200 (23 June 1998) in the City of Batken (20 April 2000, No. UP-93)
- on the Regulation on the Certification of Chairmen of Aiyl Okmotu and Sub-raion Cities (4 May 2000, No. 120)
- on Certifying Chairmen of Aiyl Okmotu and Sub-raion Cities in the Second Quarter of 2000 (4 May 2000, No. 120)
- on the Commission for the Promotion of Local Self-government Development, in the Office of the President (12 May 2000, No. UP-117)
- on the Reorganization of Central Public Bodies (28 December 2000, No. 363)
- on Improving the Response of Executive and Local Self-government Bodies to Citizen Applications and Complaints (17 January 2001, No. 027)
- on Approval of the Provisional Regulation on Pilot Elections for Local Self-government Chairmen in Villages and Sub-raion Cities (17 January 2001, No. 028)
- on the Implementation of Presidential Decree No. UP-200 (23 June 1998) in the City of Isfana (26 February 2001, No. 062)
- on Amendments to Presidential Decree No. UP-103 (29 March 1996) (9 March 2001, No. 071)
- on Providing Rural Self-government with Statutory Acts (2 May 2001, No. 150)
- on Increasing the Role of Territorial Self-government Bodies (2 May 2001, No. 151)
- on Increasing the Role of Kurultais in the Management of Local Affairs (2 May 2001, No. 152)
- on the Organization of Local Self-government in Cities of Oblast Subordination (2 May 2001, No. 153)
- on the Schedule of Elections for Mayors of Cities of Oblast Subordination and the List of Representatives of the President for Nomination for Mayors of Cities of Oblast Subordination (6 June 2001, No. 180)

Resolutions of the Government of Kyrgyz Republic:

- on Local Self-government Activities in Bishkek on Resolving Problems of Individual Dwelling Areas (August 1995, No. 338)
- on the List of Facilities to be Transferred to Local Self-government of the City of Bishkek (adopted 30 October 1995, No. 460, amended 6 January 1996, 17 June 1996, 2 December 1996, 27 September 1999, 24 January 2000, 17 May 2000, 22 May 2000, 31 May 2000, 15 June 2000 and 18 August 2000)
- on the Allocation of Lands to the Local Self-government in Bishkek (17 December 1995, No. 573)
- on the Establishment of Aiyl Okmotu (24 April 1996, No. 187, amended 6 September 1999, No. 482)
- on Procedures for Transferring Utilities to Municipal Ownership (adopted November 1996, No. 531, amended February 1997, No. 84)

- on the Implementation of Presidential Decree No. UP-188 (24 October 1996) (2 December 1996, No. 569)
- on the Program of State Assistance to Local Self-governments and Guidelines for the Reform of Local Self-government at the Oblast, Raion and City Level, 1997–1998 (28 April 1997, No. 254)
- on the Implementation of Presidential Decree No. UP-200 (23 June 1998) (21 July 1998, No. 484)
- on the Transfer of Utilities into Municipal Ownership and the Structure of City Executive Committees in Sub-raion Cities (adopted 16 December 1998, No. 827, amended 3 July 2000, No. 397 and 28 August 2000, No. 533)
- on Implementation of Presidential Decree No. UP-90 (31 March 1999) (adopted 23 April 1999, No. 228, amended 19 April 2000, No. 214)
- on the Further Development of Credit Unions by Local State Administrations and Local Self-governments (13 May 1999, No. 256)
- on Implementation of Presidential Decree No. UP-196 (2 August 1999) (12 August 1999, No. 439)
- on Approval of the Action Plan on the Organizational, Legal, Financial and Economic Basis of Local Self-government (7 October 1999, No. 550)
- on the Implementation of Presidential Decree No. UP-244 (2 October 1999) (29 October 1999, No. 589)
- on Approval of the Regulation on Notary Procedures by Officials of Executive and Regulatory Bodies of Local Self-government (29 November 1999, No. 650)
- on Improving the Structure of Local Public Bodies (11 January 2000, No. 10)
- on the Structure and Staff of Oblast State Administrations (4 February 2000, No. 63)
- on Issues of Public Bodies and Government in the City of Sulyukt, Batken Oblast (24 April 2000, No. 234)
- on Transferring Utilities to Municipal Ownership in the City of Batken, Batken oblast (23 June 2000, No. 370)
- on the Delegation of Separate Powers to Local Self-government Bodies (12 September 2000, No. 563)
- on the Structure of the City Council of Isfahan, Liaylaik Raion, Batken Oblast (26 April 2001, No. 197)
- on the Draft Law on Public and Municipal Lands (27 April 2001, No. 200)
- on the Model Structure and Staff Chart for Mayoral Offices in Cities of Oblast Subordination (2 August 2001, No. 406)
- on the Activities of the Minister on Local Self-government and Regional Development (8 August 2001, No. 420)

Annex 10.4

Responsibilities of Administrative Tiers

Table 10A.23  
**Specific Functions of Government Tiers in the Kyrgyz Republic**

Functions	City State Administrations (Cities of Oblast Subordination)	Shaar Bashkarmasy (Sub-raion Cities)	Office of the Mayor (Bishkek)	Ayl Olkмоту	Oblast and Raion State Administrations, Central Government	Notes
<b>I. EDUCATION</b>						
1. Pre-school	X	X	X			Also privately
2. Primary	X	X	X	X		Also privately
3. Secondary	X	X	X	X		Also privately
4. Special secondary/vocational	X	X	X			
5. Higher					X	Also privately
6. Music schools, sports schools, etc.	X	X	X			

Table 10A.23 (continued)  
**Specific Functions of Government Tiers in the Kyrgyz Republic**

Functions	City State Administrations (Cities of Oblast Subordination)	Shaar Bashkarmasy (Sub-raion Cities)	Office of the Mayor (Bishkek)	Ayl Okmotu	Oblast and Raion State Administrations, Central Government	Notes
<b>II. SOCIAL WELFARE</b>						
1. Kindergartens, nurseries, and other children institutions	X	X	X			Also privately
2. Shelters (for elderly, for children, for infants)	X	X	X		X	
3. Special services (for war veterans, elderly, handicapped, homeless, families with low income, crisis centers)	X	X	X	X*		Non-government institutions may be established as well *Organization of distribution of material, pecuniary and other types of public and humanitarian aid *Lump-sum relief
<b>III. HEALTH SERVICES</b>						
1. First aid	X	X	X	X		*Obstetric stations, CBA, pharmacies
2. Hospitals	X	X	X	X	X	*For instance, the National Hospital or an oblast hospital
3. Pharmacies	X	X	X			Also privately

Table 10A.23 (continued)

## Specific Functions of Government Tiers in the Kyrgyz Republic

Functions	City State Administrations (Cities of Oblast Subordination)	Shaar Bashkarmasy (Sub-raion Cities)	Office of the Mayor (Bishkek)	Ayl Okmotu	Oblast and Raion State Administrations, Central Government	Notes
<b>IV. CULTURE, LEISURE, SPORTS</b>						
1. Theaters	X	X	X		X	Also private theaters
2. Museums	X	X	X		X	May be established by NGOs as well
3. Libraries	X	X	X	X	X	
4. Parks	X	X	X			
5. Sport complexes and facilities	X	X	X	X	X	
6. Recreation centers, sport clubs, cultural centers	X	X	X	X		
7. Service centers	X	X	X			
8. Markets	X	X	X	X		Also private markets
9. Bathhouses and saunas	X	X	X	X		Also private bathhouses
10. Hotels	X	X	X			Also private hotels
<b>V. ECONOMIC SERVICES</b>						
1. Water supply	X	X	X	X		
2. Sewage	X	X	X			

Table 10A.23 (continued)  
**Specific Functions of Government Tiers in the Kyrgyz Republic**

Functions	City State Administrations (Cities of Oblast Subordination)	Shaar Bashkarmasy (Sub-raion Cities)	Office of the Mayor (Bishkek)	Ayl Okmotu	Oblast and Raion State Administrations, Central Government	Notes
3. Electricity	X	X	X	X		Maintained by a state-owned enterprise and partially financed by the city budget
4. Gas	X	X	X	X		
5. Central heating	X	X	X			
<b>VI. ENVIRONMENT, SANITATION</b>						
1. Refuse collection	X	X	X			Self-sustaining specialized sanitary enterprise
2. Street cleaning	X	X	X			
3. Cemeteries	X	X	X			
4. Environmental protection	X	X	X	X	X	
<b>VII. TRANSPORT AND COMMUNICATIONS</b>						
1. Roads	X	X	X		X	Management of city roads, parking places and garages *For instance, intercity highways

Table 10A.23 (continued)

## Specific Functions of Government Tiers in the Kyrgyz Republic

Functions	City State Administrations (Cities of Oblast Subordination)	Shaar Bashkarmasy (Sub-raion Cities)	Office of the Mayor (Bishkek)	Ayl/ Okmotu	Oblast and Raion State Administrations, Central Government	Notes
2. Public lighting	X	X	X			
3. Public transport	X	X	X			
<b>VIII. DEVELOPMENT AND PLANNING</b>						
1. City planning	X	X	X			
2. Regional/ territorial planning			X		X	
3. Local social and economic development	X	X	X	X	X	Social and economic development plans are formulated at all levels
<b>IX. GENERAL ADMINISTRATION</b>						
1. Licensing functions (licenses, construction permits, etc.)	X	X	X			
2. Other administrative matters	X	X	X	X	X	'Drawing up social passports and "maps of poverty," appointing guardians and custodians, keeping demographic records, residence registration, notary acts, issuance of certificates

Table 10A.23 (continued)  
**Specific Functions of Government Tiers in the Kyrgyz Republic**

Functions	City State Administrations (Cities of Oblast Subordination)	Shaar Bashkarmasy (Sub-raion Cities)	Office of the Mayor (Bishkek)	Ayl Okmotu	Oblast and Raion State Administrations, Central Government	Notes
3. Militia	X	X	X	X	X	
4. Fire department	X	X	X			
5. Civil defense	X	X	X	X	X	
6. Consumer protection			X	X		May also be established by NGOs

## Note

- <sup>1</sup> Social sphere facilities were defined as 1) services or functions provided both to the enterprise employees and other persons, 2) actual property that is used for service delivery, and 3) personnel, administration and responsibility for service delivery.