



The Fiscal Decentralization Initiative  
for Central and Eastern Europe

# Assignment of Responsibilities to Different Levels of Government in Countries of Central Asia: Prospects for Further Development

---



The Fiscal Decentralization Initiative  
for Central and Eastern Europe

# Assignment of Responsibilities to Different Levels of Government in Countries of Central Asia: Prospects for Further Development

The Fiscal Decentralization Initiative for Central and Eastern Europe (FDI-CEE) is a grant program established to assist transition economies carrying out inter-governmental reform. It is designed to provide institutions (central governments, parliaments, subnational governments, research institutes, universities and associations of local authorities) with technical and financial resources to analyze problems, develop solutions and implement improvements in local government policy and management.

The FDI seeks to assist transition economies in the areas of capacity-building, institutional strengthening and training and improving fiscal management. Its main objective is to facilitate the analysis of policy options and develop a knowledge base, thereby enhancing the capabilities and effectiveness of newly formed local governments throughout Central and Eastern Europe (CEE) the countries of former Soviet Union (fSU).

The program is driven by the needs of governments and other institutions in the process of fiscal decentralization. Donor agencies support the process with financial and technical resources, and through facilitating access to global knowledge and experience. FDI-CEE uses its grant funds to support activities carried out by CEE institutions and experts who identify key issues and solutions.

The Fiscal Decentralization Initiative for Central and Eastern Europe is a joint undertaking of the Council of Europe; the Organization for Economic Co-operation and Development; the World Bank Institute; the United States Agency for International Development; the Open Society Institute—represented by the Local Government and Public Service Reform Initiative; the Ministry of Interior, Denmark; and the United Nations Development Program.

The FDI-CEE Secretariat—the main contact point for the FDI-CEE—is based at the Local Government and Public Service Reform Initiative (Open Society Institute) in Budapest.

*For additional information or FDI publications, please contact:*

Local Government and Public Service Reform Initiative—Open Society Institute

Mr. Ondrej Simek  
FDI-CEE Secretariat

P.O. Box 519  
1397 Budapest, Hungary

Telephone (+36-1) 327-3862/ext. 2402

Fax (+36-1) 327-3105

Email [osimek@osi.hu](mailto:osimek@osi.hu)

Internet <http://lgi.osi.hu/fdi> or <http://www.decentralization.org>

## Table of Contents

<b>Foreword</b> .....	7
<b>Assignment of Responsibilities to Different Levels of Government in Countries of Central Asia: Prospects for Further Development</b> .....	9
<b>I. Republic of Tajikistan</b> .....	11
1. Legal Basis of Local Self-Government.....	11
2. Current Distribution of Government Functions .....	13
3. Financial Distribution of Government Functions .....	14
4. Proposal for Distribution of Government Functions.....	15
<b>II. Republic of Kazakhstan</b> .....	17
1. Legal Basis of Local Self-Government.....	17
2. Current Distribution of Government Functions .....	19
3. Financial Distribution of Government Functions.....	20
4. Proposal for Redistribution of Government Functions .....	21
<b>III. Republic of Kyrgyzstan</b> .....	23
1. Legal Basis of Local Self-Government.....	23
2. Current Distribution of Government Functions .....	25
3. Financial Distribution of Government Functions by Level .....	25
4. Proposal for Redistribution of Government Functions .....	26
<b>IV. Republic of Uzbekistan</b> .....	29
1. Legal Basis of Local Self-Government.....	29
2. Current Distribution of Government Functions .....	31
3. Financial Distribution of Government Functions.....	33
4. Proposal for Redistribution of Government Functions .....	33
5. Comparative Analysis of the Central Asian States.....	33
5.1 Legal Basis of Local Self-Government.....	33
5.2 Current Distribution of Local Government Functions .....	33
5.3 Financial Distribution of Government Functions .....	34
5.4 Proposal for Redistribution of government Functions .....	34
6. Conclusion.....	35
7. References .....	37
8. Relevant Laws .....	37

## Foreword

“**D**ividing Responsibilities Among Levels of Governments in Central Asia: Perspectives for Future Steps” is the second in a series of FDI regional policy studies prepared within a two-year program for the *development of policy proposals and action plans for local government reform* in Central Asia. The program, designed as a result of a regional forum “The Modernization of Local Government Finances and Financial Management in Central Asia,” organized in the fall 2000 by FDI, is targeted at participants from Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

The main objective of the program, which combines training with policy research, is to help build local expertise to better design intergovernmental relations and develop local government capacities in the four Central Asian countries. The 26 project participants—*high ranking public administrators, local government actors and independent non-governmental experts*—work over the course of two years in four separate groups on the preparation of policy proposals and action plans for the improvement of local governance in their respective countries. Advisers from Central and Eastern Europe (Czech Republic, Poland, and Slovakia) assist individual groups. Advisers comment on the work of the groups and assist their members with their expertise through an on-line network. Participants in the project have a chance to meet on regular basis and present/discuss outcomes of their work, both with other participants, advisers and other external experts.

The opening workshop for the initiative took place in Bratislava on 30 July–3 August 2001, with follow up workshops organized or to be organized in Bishkek, Dushanbe, Antalya, Almaty and Prague. Each workshop

is devoted to one of the following four policy areas on which participants work within their national teams:

- *Legal status and functions/responsibilities of local government;*
- *Financial viability of local governments;*
- *Capacity building of local government officials;*
- *Citizens participation and information technology in the process of decentralization.*

Each national team prepares a national study within each policy area. Each national team also takes a lead in one of the four policy areas and prepares a regional comparative study based on the input from the other national teams. This stimulates interaction not only between the members of national teams and their advisers but also among individual national teams. All regional studies, like “Dividing Responsibilities Among Levels of Governments in Central Asia: Perspectives for Future Steps” prepared by the Tajik participants, will be published under *FDI policy studies* series and disseminated within the four countries of Central Asia. National studies and English versions of regional studies are or will be available on the FDI website.

This FDI project is co-funded and co-managed by the World Bank Institute, UNDP and Local Government and Public Service Reform Initiative of the Open Society Institute.

Ondrej Simek, FDI Secretariat

Tony Verheijen, UNDP

Robert Ebel, World Bank Institute

# Assignment of Responsibilities to Different Levels of Government in Countries of Central Asia: Prospects for Further Development

## Introduction

The process of reform and decentralization of the government systems in Central Asia, as well as in the countries of Central and Eastern Europe and the Baltic states, is based on two principles—“from local state power to local self-government” and “from a strong state to strong civil society.”

The regional report on Legal Status of Local State Power Bodies and Local Self-governments in Tajikistan, Kazakhstan, Kyrgyzstan and Uzbekistan will be presented by the Uzbek delegation, as agreed at the Bishkek Meeting. In this document we will present a regional report on “The Functions of Local Self-Government in the Countries of Central Asia.”

The legal status and functions of governing bodies in these countries are based on the new Constitutions and regulated by legislation. All four countries are currently engaged in legal and structural reform in attempt to support free market relations. This process is complicated in each country by different national, cultural, historical and regional peculiarities. Reforms, however, are underway, with significant differences and commonalities.

Before the collapse of the Soviet Union, important decision-making power rested only in the central governing bodies. Local authorities, community and infrastructure funding all came from the central budget. The countries of Central Asia, upon gaining independence after 1991, were not sufficiently prepared to take on the complicated tasks of responding to the social, economic, ecological and political problems that had accumulated over decades of Soviet control.

The creation of new states involves the development of new constitutions, state symbols, institutions, the restructuring of administration, the differentiation of branches and levels of authority and the formation of new relationships between central and local governments. In efforts to create democracy and foster civil society, Central Asian states looked to international and non-governmental organizations for guidance and support.

Having been the principal source of raw materials for the USSR, the new states have been confronted with a complicated legacy. The loss of the central budget allotments led to a deep shock. The Soviet economy, with its strict administration and command management system, was not intended to create balanced sub-national economies, but to maximize the economic potential of the Union as a whole.

The newly independent states have been faced with the tasks of developing market economies under complex and unstable conditions. The committed to the principles of free market economy, these states lacked knowledge and experience with such as system. The weak administrative infrastructure, populated by many of the old Soviet personnel, was made more problematic by a lack of legal basis and inability of staff to adjust to new conditions. In all the states in question, this led to an abrupt decline in living standards, the faltering social security and welfare systems accompanied by a sharp rise in the cost of living.

Upon independence, constitutional and parliamentary reforms led to the introduction of primarily presidential forms of governance. All the Central Asian states distributed power between legislative, executive and judicial branches. In practice, however, power stayed in the hands of the presidents. In many cases presidential decrees take priority over parliamentary legislation.

Lack of preparation and the speed of reforms led to inconsistent and often incoherent systems. New programs were often approved when there was no money to fund them, without consideration for the consequences and favoring a certain clan or population group. Many laws were adopted *ex post facto*. At the same time, the efforts were characterized by a sincere desire to create secular, democratic governments regulated by the rule of law and supported by civil society.

Analysis of the materials to be presented points to the fact that democratization and reform in Central Asia is taking place at a slower pace than in other transition countries. Geographic isolation from well-developed

democracies, natural features such as high mountain ranges, outdated technology and poor infrastructure have all contributed to this state of affairs. The multi-ethnic nature of the all four countries in question has further complicated transition, as nationalism grew in reaction to the former effort to create a “Soviet Man.”

The Central Asian states have preserved numerous aspects of the previous system and the decentralization of power does not always lead to proper delegation of responsibilities. In some cases, government and administrative functions have been further centralized.

Local government in the Central Asian states functions in small settlements including *jamoaty shakhrak* and *dekhok* in Tajikistan, *mahalla* in Uzbekistan and *aiyl okmaty* in Kyrgyzstan. Reforms aimed at this level of government have been based on international documents such as the European Charter on Local Self-Government and should become a benchmark for further improvements.

Government and public administration are still centralized to a great degree, with a few elements of active or passive deconcentration of functions. Reforms in public administration, however, have been aimed at increasing the role of local government, granting greater financial sovereignty. An efficient decentralization process requires the rational distribution of administrative functions supported by adequate financial means.

A previous report entitled “Legal Status and Functions of Local Self-governments” attempted to determine the legal status and functions of local government based

on existing legislation. Another report, called “Modernization of Finance and Financial Management of Local Governments in Central Asia,” grew out of a form of the same name held in Issyk-Kol, Kyrgyzstan, on September 13–15, 2000 with the support of UNDP, the World Bank Institute (WBI) and the Open Society Institute, represented by the Local Government and Public Service Reform Initiative (LGI/OSI). This report also included material from meetings in Bratislava between June and August 2001 and Bishkek (Kyrgyzstan) in December 2001, under the auspices of “WBI/LGI/UNDP Initiative for Central Asia,” a project to support the development of local government. Another previous report attempts to determent the legal status of local government as described in legislation. A current report analyzes the development of decentralization and deconcentration of government and administrative functions in Central Asia on the basis of conclusions and recommendations from the forum on regional and fiscal decentralization titled “Modernization of Finance and Financial Management of Local Governments in Central Asia.” The next stage of administrative reform involves the development of specific steps for the redistribution of functions between four levels republic, *oblast* (region, province), *rayon* (district, county) and local government. One goal is to increase the role of local government on the basis of more active participation by the resident population. The present regional report consists of this introduction, four sections on the four Central Asian states being analyzed, a comparative assessment and conclusion.

# I. Republic of Tajikistan

## 1. Legal Basis of Local Self-Government

Article 6 of the Constitution of the Tajik Republic specifies norms for local government and defines the functions of local authorities.

Local governments in Tajikistan consist of representative and executive bodies that operate within their authorities. They facilitate implementation of the Constitution, laws, decrees of the president and the *Majlisi Oli* (parliament) of the Republic of Tajikistan.

Local representative authorities are known as *majlises* of people's deputies. They are headed by a chairman who is simultaneously the representative of the president of Tajikistan in the region and the chairman of the *rayon*. The chairman is appointed and dismissed by the president of Tajikistan, who nominates candidates for approval by the respective *majlises* of people's deputies. The chairman reports to a higher executive body and a respective *majlis* of people's deputies.

According to the Constitution of Tajikistan, the main authorities of local *majlises* include approval of the local budget and reporting on its execution, identifying areas for social and economic development in the territory, collecting local taxes and fees according to legislation, administering communal property and other authorities outlined in the Constitution and laws.

A *jamoat* is a government body in a township and village. Its activity is regulated by the Constitutional Law on Local Self-Government in Townships and Villages. Before changes and amendments were made to the Constitution in 1999, these issues were regulated by two constitutional laws—the Law on Local State Administration and the Law on Local Self-Government in Townships and Villages. Currently the operation of local governments and local administrations are uniformly regulated by the constitutional law.

With this in mind, new approaches and further reform must be implemented regarding local government and local administration. A new draft law must consider further decentralization of governmental and administrative functions, including financial decent-

ralization. The changes to the Constitution in 1999 introduced ready prospects for this process.

The practicalities of implementation of reforms require that a series of small to medium-scale projects must be introduced to study trends in governance and society, aiming to identify the most favorable decentralization strategies. Training and education for civil servants must also be introduced. Educational and methodological materials must be prepared and published to aid in this process which will lead to the development of sufficient capacity among local and national specialists on issues of decentralization, local government and finance.

All this requires time and money, suggesting a certain dependence on internal resources and grants and aid from international donors or investors. Activities in this direction are already underway, but they could progress faster and more efficiently.

A review of the structure and distribution of governmental functions in the Republic of Tajikistan is given in Figure 1.1. Analysis of Figure 1.1 shows that, while developing a new draft law, it is necessary to consider how many levels of public government can be established, and to make decisions on their structure, procedures and activities on this basis. Other important issues include the differentiation of responsibilities and powers between branches and levels of government, clear definition of their relationships to each other supported by proper legislation and uniting physical and financial resources for the implementation of joint ventures. The relationships between the different branches of government must be specifically studied on the local level in order that they be established according to the best international standards while still considering the national and regional characteristics of Tajikistan.

Efforts should focus on harmonizing the relationships between public authorities, local government, property and business owners, legal entities and other business structures in transition.

The establishment of the process of local legislation, its scope and order of appeal and cancellation should also

be implemented with the social, political, national and cultural specifics of the Republic in mind.

The economics of local government and locally-owned communal property must be formed in a way that provides local residents with adequate and relevant services. Proposals should address efficient control and placement of socially-owned facilities, the development of appropriate infrastructure, rational use of natural and human resources, environmental protection and social security for the population. Attention must also be given to efficient budgeting, including strategies for credit, subventions and grants for local governments. Studies must assess whether new legislation is required for such improvements.

The activities, rights and responsibilities of local government and administration should be formed in accordance with international human rights standards

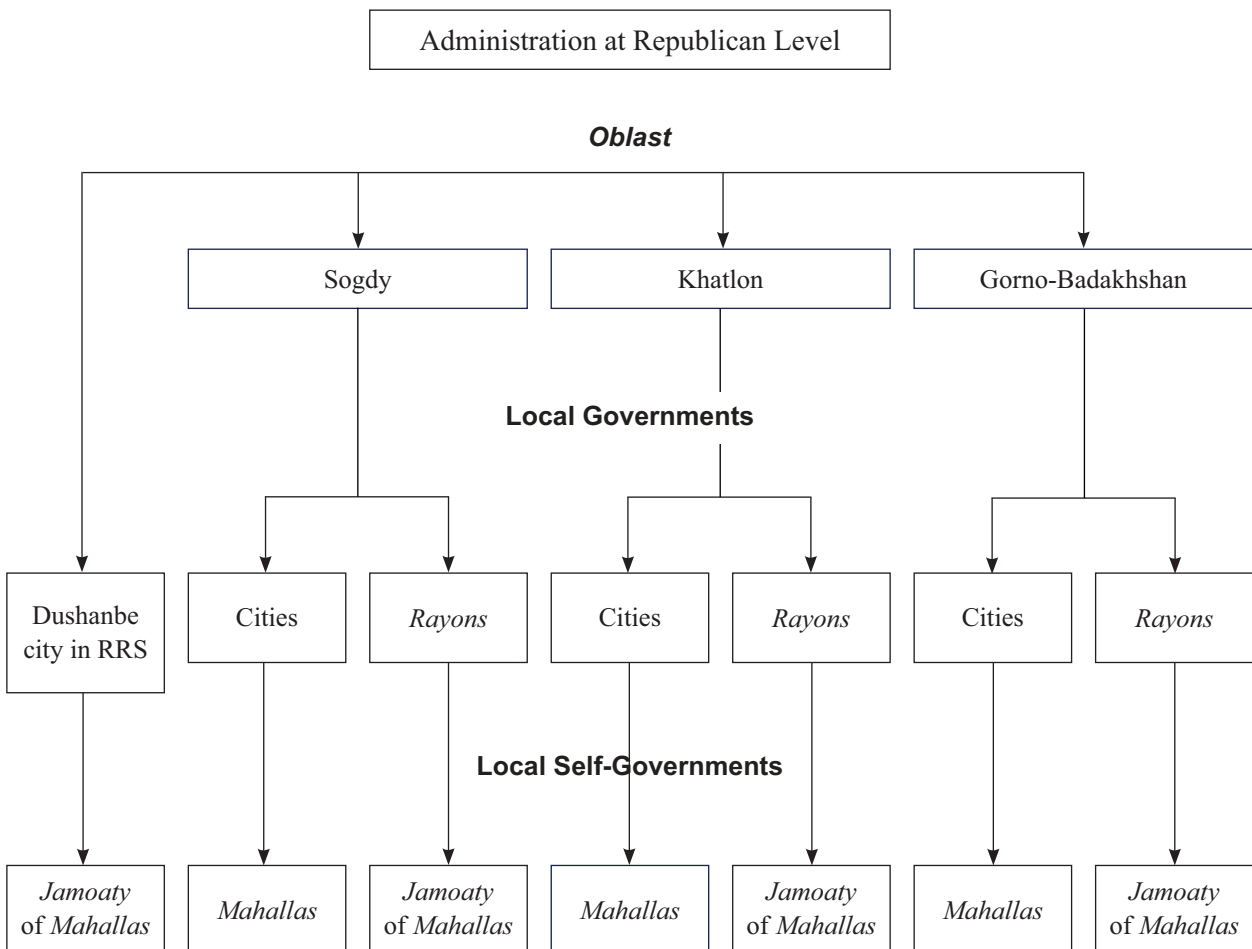
and market relations. New approaches to budgeting, planning, property rights and cooperation between enterprises, rural initiatives, interlocal trade and protection of civil rights must be considered.

Local governments have an important role in the developing self-limiting political and administrative power. The Tajik Constitution commits to local government as a method of state power which can serve to keep public peace. Current legislation interprets local government as a system through which communities may act independently and responsibly to address issues of local importance directly or through elected representatives.

Local government functions may be subdivided as follows:

- joint functions
- exclusive functions

Figure 1.1  
Structure of the Distribution of Government Functions in the Republic of Tajikistan



- functions delegated on the basis of agreements (with financial sources specified in separate agreements)
- voluntary initiatives

These functions include social, cultural and economic administrative tasks, as well as state administrative, vertically and horizontally delegated, legally implied and voluntary functions. Functions specified in legislation are financed from the respective budget level. New revenue sources to finance new activities must be outlined in new laws.

Currently, the most pressing issues facing local governments surround privatization, especially ownership of communal property and land.

State authorities do not have the right to delegate functions to local governments without providing or identifying adequate sources of revenue. If functions are delegated, the local governments are responsible for their supervision.

The legal, social and economic reforms under-way are intended to facilitate citizen participation in public administration, to unite citizens in their efforts to address issues affecting their territory and to assist the central administration in the implementation of the Constitution, laws and presidential decrees.

Study of measures to improve self-governance, election procedures, systems of organization and finance are intended to facilitate this process. Program implementation strategies must also be studied in order to maximize the use of budget resources for municipal improvements, betterment of sanitary conditions in settlements, development of social infrastructure, expansion of small enterprise, cooperatives, etc. Local government must also control use of land, planting of greenery, water management, housing, education, trade and consumer services on their territories. Local government bodies are expected to carry out public works such as the maintenance of cemeteries, administration and improvement of communications networks, development and management of the telephone, radio and postal services. Local government must also ensure adherence to the rules of land development, maintenance of homestead land, veterinary regulations on livestock, fire prevention and ensure law and order.

## 2. Current Distribution of Government Functions

*Defense* is the responsibility of the central government, but oblast governments also have a role in the management of bases, enlistment offices and civil defense

Table 1.1

Central level	Central level	Oblast level	Rayon level	Local level
Defense	+			
Public order and security	+	+	+	+
Social insurance	+	+	+	+
Social security	+	+	+	
Health protection	+	+	+	
Education	+	+	+	+
Housing and communal services	+	+	+	+
Libraries	+	+	+	+
Fire prevention	+	+	+	
Street cleaning and lighting			+	+
Parks and public gardens		+	+	
Water and sewage		+	+	
Fuel and power	+	+	+	
Leisure activities		+	+	+
Cultural and religious activities	+	+	+	+
Agriculture, forestry and fisheries	+	+		
Mining	+	+	+	
Other economic activities		+	+	
Other	+	+	+	+

headquarters which requires coordinating defense issues with the central government.

Law enforcement is generally funded from the national budget, but local governments maintain militia stations that maintain the security of the residents at the local level. At the city and *rayon* level, public order and security are maintained at a larger scale, including control over enforcement of road laws and coordinating activities of local militia departments.

*Oblast* governments coordinate activities of city and *rayon* law enforcement bodies, administrate legal procedures and provide methodological and practical assistance.

The central level government's role in the enforcement of public order and security revolves around the support and supervision of the activities of the lower levels.

Social security administration is managed at all levels. Major issues of social support for low-income families—compensation payments and partial provision of essential commodities—are managed centrally. Currently a pilot program is being launched to provide children from low-income families with 6 somoni per quarter, or 2 somoni per month. This compensation is being paid out at the level of local governments. *Oblast* and *rayon* governments administer its distribution by *rayons* and cities, while local governments control implementation.

Social welfare is managed jointly by the three higher levels of government levels. *Rayon* and city government maintain units that provide home services. *Oblast* governments coordinate activities of city and *rayon* services and maintain homes for old persons and children.

*Rayon* and city governments provide prevention and treatment services for children and adults at outpatient clinics and hospitals, manage ambulance services, sanitary and epidemiological services, family planning centers, etc. *Oblast* governments maintain regional hospitals.

Over 40% of funds at all levels are devoted to education. Local governments (*jamoats*) administrate pre-schools and primary schools and maintain their property. City and *rayon* governments maintain public schools, boarding schools, colleges, kindergartens, pedagogic educations and training programs. *Oblast* governments coordinate activities of city and *rayon* educational services and the advanced teachers' training.

In the realm of housing and communal services, *jamoats* and *mahallas* maintain streets and communal areas. Cities and *rayons* manage and maintain water and sewage. They are also responsible for collecting rent and taxes. The central government develops strategies for housing and communal services nation-wide.

### 3 Financial Distribution of Government Functions

The data specified in Table 1.2 shows that enforcement of public order and security is by 90% funded from the national budget and only by 4.7% from *oblast*, city and *rayon* budgets. Funding of social insurance function is almost equally subdivided between national budget and city and *rayon* budgets. At the same time, 3.1% of expenses are covered at the *oblast* level and less than 1% at the local government level. Education, an important social function, is primarily funded by the city and

Table 1.2  
[In percentage of total budget]

	Central	Oblast	City and Rayon	Local
Public order and security	90.6	4.7	4.7	
Social insurance	51.8	3.1	44.3	0.8
Social security	84.8	3.8	4.4	7
Health protection	21	17	54	8
Education	24	3	56	17
Housing and communal services	40	10	50	
Fire prevention		50	50	
Street cleaning and lighting	93.8		6.2	
Cultural and religious activities	56	7	35	2
Agriculture, forestry and fisheries	87	2	11	
Other	96	2	2	

*rayon* level, with 20% coming from the national and local levels. Communal services as a social function are performed at the level of city and *rayon*. Street lighting and cleaning is centrally funded.

However, certain institutions may have off-budget funds means obtained through sale of products, works, services or through other activities. Institutions are eligible for such means if they do not operate on a self-financing basis and if expenditures are concretely tied to the income-generating activities.

In Sogdy *oblast* there are 175 kindergartens with 18,153 children and 5,336 staff. Maintenance costs for 2001 totaled 635,124 Somoni—198,634 for salaries and 205,114 for food. There are 865 schools in Sogdy—33, primary schools, 185 incomplete secondary schools and 647 secondary schools—schooling 468,862 pupils. Costs for 2001 were 8,501,183 Somoni including 6,023,507 Somoni for salaries. There are 9 boarding schools in the *oblast* where pupils live during the week. 2,705 children are schooled in these institutions. Costs for 2001 were Somoni 287,061—95,963 for salaries and 117,230 for food. Extracurricular institutions include sports, music and art schools as well as study groups for photography, sewing, ceramics, etc.

There are 108 general service hospitals with 10,736 beds. The 19,844 employees include 3,674 doctors, 8,280 nurses, 5,260 paramedics and 2,630 other employees. Budget funds for their upkeep amount to Somoni 3,142,394—862,520 for salaries, 541,212 for food, 340,317 for the purchase of medicines. Specialist hospitals include once cancer hospital, four mental hospitals, six hospitals to treat tuberculosis, three treating infectious diseases and three for maternity. There is one cardiologic center, one endocrinological dispensary and one physiotherapy hospital.

There are 141 non-specializing outpatient clinics in the *oblast* with 3,081 employees including 900 doctors, 1,570 nurses, 492 paramedics and 119 other employees. The budget to operate these clinics amounts to 279,515 Somoni, of which 139,471 Somoni goes to salaries. Some *Jamoats* that do not have hospitals or clinics have medical houses where residents receive primary

health care. There are 367 such houses in the *oblast* with 1,567 employees including 1,280 nurses and 284 paramedics. There are 2 homes for older persons with 360 beds and one nursing home for disabled children with 70 beds. Maintenance cost amounts to 129,600 Somoni for old persons homes and 12,414 Somoni for the nursing home. There are two territorial centers and 14 institutions for pensioners who receive care at home. 244 social workers are employed by these institutions to serve 2,445 people.

In 2001, low-income families received 853,740 Somoni. These expenditures were covered by local income taxes. Funding is administrated exclusively through respective *rayon*, city or *oblast* treasuries.

#### **4. Proposal for Redistribution of Government Functions**

Local governments should be fully responsible for nurseries and kindergartens, while policies governing pre-schools should be developed by the national government.

The three higher levels take control of primary, secondary and higher education, with national institutes controlled by the national government, large universities and institutes by the *oblast*, colleges and specialized institutes by cities and rayons.

Primary health care should be administrated by city, *rayon* and local governments. Large hospitals and clinics should be managed at higher levels.

Social support for the aged and disabled and troubled families should be in the hands of local governments as well as city and *rayon* governments.

Power and natural gas supply should be assigned to a separate, independent joint-stock company or local private companies.

Street cleaning and waste collection and disposal should be the functions of city, *rayon* and local governments.

Development of small sports objects and libraries should be placed in the jurisdiction of local governments. Implementation of these functions by local governments should be financially supported.

Table 1.3

Functions	Government levels				
	Central	Oblast	Rayon	Local	Other bodies
<b>1. Education</b>					
1.1 Nursery	+			+	
1.2 Kindergartens	+			+	
1.3 Primary	+	+	+	+	
1.4 Secondary	+	+	+	+	
1.5 Secondary special	+	+	+		
1.6 Higher	+	+	+		
1.7 Other	+	+	+	+	
<b>2. Health protection sphere</b>					
2.1 Primary health care			+	+	
2.2 Out-patient clinics	+	+	+		
2.3 Hospitals	+	+	+		
2.4 Health care	+				
<b>3. Social welfare</b>					
3.1 Support the aged and disabled			+	+	
3.2 Support for troubled families			+	+	
3.3 Social insurance	+				
3.4 Pension	+	+	+	+	
<b>4. Housing and communal services</b>					
4.1 Water			+	+	
4.2 Power					+
4.3 Natural gas					+
4.4 Sewage			+		
4.5 Central heating			+		
<b>5. Cleaning and environment protection</b>					
5.1 Waste collection			+	+	
5.2 Street cleaning			+	+	
5.3 Cemeteries			+		
5.4 Environmental protection	+	+	+		
<b>6. Culture, leisure, sports</b>					
6.1 Theater	+	+	+		
6.2 Cinema	+	+	+		
6.3 Libraries	+	+	+	+	
6.4 Museums	+	+	+		
6.5 Parks		+	+		
6.6 Sports and leisure activities	+	+	+	+	
6.7 Organization of cultural centers	+	+	+		
<b>7. Transport</b>					
7.1 Roads	+	+	+		
7.2 Public lighting			+		
7.3 Public transport			+		

## II. Republic of Kazakhstan

### 1. Legal Basis of Local Self-Government

Current legislation defines the functions of the central government in the Constitutional Law on the Government. According to Article 9, the government of the Republic has the following duties:

1. Create strategies for state social and economic policies; design measures for their implementation.
2. Design national programs.
3. Design and implement plans for social, economic scientific and technical development.
4. Participate in the development of the national budget; supervise its implementation and report to parliament.
5. Design and implement measures to strengthen the national financial system; exercise state control over the adherence to legislation in the process of establishment and use of state hard currency, financial and material resources.
6. Pursue a structural and investment policy.
7. Define and organize state pricing policy; establish a line of goods, products and services to which the state applies regulated prices.
8. Organize administration of state property; develop and implement measures for its use, maintain protection of the state property rights.
9. Determine the system and conditions for remuneration of labor, social protection of citizens, state social security and social insurance.
10. Define and implement key state regional policies; address inter-regional problems and issues of social and economic development for regions.
11. Define and implement state policy for the development of science, technology, education, health protection, tourism and sports.
12. Develop and implement measures to ensure rational use and protection of natural resources and the environment.
13. Maintain the implementation of legal reform; develop and implement measures to protect rights and freedoms of citizens; enforce law and order, maintain security and defensive capacity of the republic, guard its borders and territorial integrity.
14. Make decisions on negotiations and the signing of intergovernmental agreements; ensure development of relations between the republic and foreign states, international and regional organizations; develop measures to implement foreign economic policy; undertake measures to develop foreign trade; maintain cooperation and coordination with international financial institutions.
15. Establish and dismiss counseling and advisory bodies for the government.

Competencies of local executive bodies are determined by the Law on Local Public Administration. According to Article 27, *akimat* of *oblasts* (as well as Almaty and Astana cities) have the following responsibilities:

1. Develop programs for the social and economic development of the *oblast*, propose and supervise the *oblast* budget and report on budget implementation.
2. Administrate and protect the *oblast's* communal property.
3. Facilitate compliance with the Constitution, laws, presidential decrees and legal acts of local governmental bodies.
4. Create conditions for the development of business activities and investment.
5. Ensure the rational and efficient functioning of the agricultural sector.

6. Develop the structure of *oblast* planning by *rayons*, general land development plans for *oblast* centers, cities of republican subordination and submit them for the review by the *oblast maslikhat*; initiate and manage construction of various objects of *oblast* communal ownership; develop outlines for land development plans in rayon centers, cities of *oblast* subordination and submit these for approval to local *maslikhat*.
7. Organize the construction and use of water ducts, waste disposal plants, electric power facilities, communication lines and other infrastructure objects.
8. Regulate land development.
9. Organize ecological examinations and, within its competence, exercise control over ecological management, as well as the construction and rehabilitation of nature conservative objects.
10. Ensure the rational exploitation and maintenance of roads important to the *oblast*.
11. Ensure adherence to state standards.
12. Protect public order and security within the territory.
13. Manage inter-*rayon* (inter-city) transportation systems.
14. Ensure citizens' right to medical treatment in observance of the state standards.
15. Ensure citizens' right to free education.
16. Develop, submit for the approval by the respective *maslikhat* and implement employment and income-generating programs.
17. Coordinate aid and social assistance for vulnerable groups.
18. Organize efforts to preserve historical and cultural heritage; support the development of historical, national and cultural traditions and customs.
19. Coordinate the work of *rayon akimats* on issues within their jurisdiction.
20. Submit proposals on borrowing for review by respective *maslikhats*.
21. Establish counseling and deliberative bodies for multi-sectoral issues.
22. Establish state institutions and enterprises; Set staff limits for executive bodies financed from *oblast* budgets. Staff limits for bodies funded by local

budgets are determined in accordance with legislation.

The jurisdiction of *rayon* (and city of *oblast* subordination) *akimats* is defined in Article 31 as follows:

1. Develop economic and social development programs; propose and supervise the *rayon* budget; report on its implementation.
2. Administrate and protect *rayon* communal property in accordance with legislation.
3. Facilitate compliance with the norms defined in the Constitution, laws, presidential decrees, and legal acts of local governmental bodies.
4. Create conditions for the development of business activities and investment in the territory of the rayon.
5. Ensure the rational and efficient functioning of the agricultural sector.
6. Develop the structure of planning for townships and auls located on the territory and submit documents for review by the respective *maslikhat*; manage the construction of various objects of communal ownership.
7. Manage the construction and use of water ducts, waste disposal plants, electric power facilities, communication lines and other infrastructure objects in the territory.
8. Organize activities for military registration and conscription as well as civil defense activities.
9. Manage public transportation systems.
10. Regulate land relationships within the territory.
11. Organize the exploitation and maintenance of roads.
12. Allocate public housing units.
13. Participate in the implementation of employment and income-generating projects.
14. Resolve issues of social protection, maternity and childhood protection; provide targeted assistance to vulnerable groups; coordinate provision of humanitarian aid.
15. Submit proposals for the recognition and protection of objects of ecological, historical, cultural or scientific value.
16. Perform municipal improvements and decoration of public areas.

17. Establish counseling and advisory bodies on inter-departmental issues.

*Rayon* (and city of *oblast* subordination) *akimats* are accountable to a respective *maslikhat*. According to legislation, an *akim* of a capital city, city of *rayon* importance, township or aul (village) has the following privileges and responsibilities:

1. Act as an official of the *rayon akimat* on the territory, without proxy; act on its behalf in relations with government bodies, organizations and citizens.
2. Review appeals, applications and claims submitted by citizens and undertake measures to protect their rights and freedoms.
3. Facilitate the collection of taxes and other obligatory payments.
4. Develop and submit for approval by a higher *maslikhat* a cost-estimate for the maintenance of the *akim*'s office, including costs to maintenance within the territory.
5. Facilitate compliance with the Constitution, laws, presidential decrees and legal acts of local government bodies.

6. Regulates land relationships within the jurisdiction.
7. Organizes construction and repairs of housing units; maintain roads.
8. Facilitate rural enterprises and business activities.
9. Supervise implementation of legislation on universal military service and conscription, civil defense and mobilization.
10. Organizes notary activities, registration of acts of civil status as established by legislation.
11. Organize activities to preserve historical and cultural heritage.
12. Submit proposals for distribution of aid to vulnerable groups.
13. Facilitates the development of local social infrastructure.
14. Manage public transportation systems.
15. Liaise with local government bodies.

## 2. Current Distribution of Government Functions

Table 2.1.

Table 2.1

	Central	<i>Oblasts and rayons</i>
Defense	+	+
Public order and security	+	+
Social insurance	+	+
Social security	+	+
Health protection	+	+
Education	+	+
Housing and communal service		+
Libraries	+	+
Fire prevention	+	+
Street cleaning and lighting		+
Parks and public gardens	+	+
Water and sewage		+
Fuel and power	+	
Leisure activities	+	+
Cultural and religious activities	+	+
Agriculture, forestry and fisheries	+	+
Mining	+	+
Other economic activities	+	+
Other	+	+

### 3. Financial Distribution of Government Functions

Table 2.2 shows that 82% of defense costs are covered by the central budget, while 18% are allocated to the *oblast* and *rayon* budgets to cover costs of registration and enlistment offices and civil defense.

The Law on the Budget System distributes expenses between national and local budgets but does not regulate such distribution between *oblast* and *rayon* budgets. Each *oblast* distributes functions between *oblast*, *rayon* and cities in a manner appropriate to the local situation and in accordance with legislation.

*National budget funds* are allocated to finance:

- activities of the president and parliament
- activities of the constitutional council, accounting committee, central election commission, executive and other bodies performing involved in general public administration
- the judicial system
- foreign policy
- fiscal and tax activities
- fundamental and applied sciences
- defense
- national security
- activity in response to national emergencies
- law enforcement activities at the national level
- secondary, secondary professional and additional education at the national level
- higher education
- national education programs
- special national health care programs
- specialized hospitals
- national health care services
- payment of pensions, social benefits and other benefits to citizens who receive these benefits from the national budget as defined in legislation;
- payment of allowances to bury pensioners and veterans of World War II
- national social security and social assistance programs
- national culture, sports and information services activities
- migration services
- priority programs in agriculture, forestry, water and fish industries;
- land development
- national environmental protection activities
- special programs in industry, transport and construction
- mineral resource

Table 2.2  
[In percentage of total budget]

	Republican budget	Oblast budget
Defense	82	18
Public order and security (including fire prevention)	77	23
Social security	84	16
Health protection	22	78
Education	18	82
Hosing and communal services (including park areas, water supply and sewage, street cleaning and lighting)		100
Culture, sports, tourism, information, leisure activities and libraries	32	68
Agriculture, forestry, fisheries and environmental protection	86	14
Industry and construction	78	22
Transport and communication	56	44
Fuel, power and mining	100	
Debt servicing	98	2

- national development and exploration works
- construction and maintenance of national roads and highways
- hydrometeorological monitoring
- government debt servicing expenses
- fulfillment of obligations under state guarantees
- official assignments from the national budget to local budgets

The following activities are funded from *local budgets*:

- pre-school, primary, basic and secondary education, vocational training and additional education
- local military registration and conscription
- works in response to local emergency situations
- local law enforcement activities
- free health care services and local health care programs
- the payment of benefits to citizens who receive these benefits from local budgets in accordance with legislation
- local social security and targeted social assistance
- local employment programs
- local housing programs
- activities in the area of culture, sports and information
- local industry, transport and construction projects
- environment protection activities carried out by local executive bodies
- local development and exploration works
- municipal improvements to settlements, exploitation and construction of roads and streets in settlements
- exploitation, construction and reconstruction of local roads
- water treatment and distribution
- official inter-level budget transfers
- servicing of debts accrued by local executive bodies.

#### 4. Proposal for Redistribution of Government Functions

An analysis funded through loans from international organizations in 1998 describes the distribution of functions between the central and *oblast* levels of government for defense, security, education, health care and social security. Territorial finance departments were placed in the jurisdiction of local executive bodies. However, there is still no clear differentiation between administrative levels.

A functional analysis must be performed at the *oblast* level. Current legislation does not fully determine the differentiation of functions between the levels of local public administration. The Law on Local Public Administration provides unclear definitions of the jurisdictions and functions of *rayon* and *oblast* levels of public administration. Therefore, akims of each *oblast* delegate functions between *oblast* and *rayon* levels at their own discretion. For example, health care and education in some *oblasts* are funded from *oblast* budgets; in other *oblasts*, from *rayon* budgets.

The State Commission on the Differentiation of Authorities between the Levels of Public Administration and Improvement of Inter-budgetary Relations, established a presidential decree in October 2001, is preparing a corresponding concept for differentiation of functions between public administration levels and the improvement of inter-budgetary relations.

At present, the commission is compiling an inventory of functions performed by each level of public administration. Analysis will help to identify the doubling of functions horizontally (between state bodies of any one administrative level), and vertically (between different government levels). This will serve to clarify changes to be made in the Law on Local Public Administration.

The strengthening of local governments will require the differentiation of functions between local governments and local administrations. Currently, local government is only an accessory to the bodies of public administration. The Constitution recognizes the possibilities to create local governments, but there is as yet no legal basis for such an action

#### Distribution of Functions in Some Spheres:

##### a) Health Care

A health insurance fund was created in 1996, but it was canceled soon after and included in the state budget. The government limits its participation

by funding health care programs of national importance: centralized purchase of vaccines, prevention of infectious diseases, AIDS and tuberculosis, production of blood substitutes and sanitary and epidemiological surveillance. Special hospitals and research medical institutes are also maintained from the national budget.

Local budgets finance local general care and specialist hospitals, tuberculosis dispensaries, diagnostic centers and clinics for veterans of World War II. This level is also responsible for funding infectious disease prevention. Local administrations are also obliged to allocate minimum needed funds to for primary health care to the rural residents. State funding (both national and local) is performed in the minimum amounts. Patients must supply their own syringes, medicines and bandaging material. Most services are provided by private health care facilities.

b) *Education*

Reforms have redistributed responsibilities in education. The local governments share in the total budget increased from 66% in 1990 to 75% in 1995, increasing again to 82% in 2001. The central government is responsible for higher education and some special kinds of secondary education (military schools and schools for gifted children). Primary, secondary, vocational and secondary special education, as well as advanced training at the local level is funded from local budgets. Local budgets allocate up to 80% of their expenses for these purposes. Kindergartens are mostly maintained at the expense of organizations and parents fees with only a small part funded from *rayon* budgets.

Private kindergartens, schools and colleges have already appeared, and loans for higher education

are now being granted. Administrative control over secondary education has been fully handed over to local governments. They retain all authorities to assign school principals who select staff, manage financial issues and develop pedagogic methodologies. The Ministry of Education and Science exercises control over the provision of higher education; it also issues licenses for educational activities to higher educational institutes and colleges, controls their activities and can withdraw the license.

c) *Social Insurance and Social Security*

The structure of the social security system and its funding sources has change in recent years. Separate pensions, social security and employment funds were canceled in 1998 and their incomes have been consolidated into the state budget since January 1, 1999. Previous compulsory deductions for the funds were replaced by a social tax.

Reform of the pension system began in 1997, making the transition to an accumulative pension system. Currently, the government is responsible for the payment of pensions through the former system, for special state benefits and allowances (to veterans of World War II, victims of Chernobyl and survivors of Stalinist repressions). Social assistance to the needy and unemployed is now funded from local budgets. In accordance with the Law on Targeted Social Assistance of June 2001, *oblast akims* are responsible for the assignment and payment of social assistance in the form of benefits to families with children as well as childbirth and funeral benefits. They must also provide material assistance to the unemployed. Targeted social assistance is paid if a family s average per capita monthly income does not exceed a certain amount.

### III. Republic of Kyrgyzstan

#### 1. Legal Basis of Local Self-Government

Local government reform in Kyrgyzstan began in 1991 with the adoption of the Law on Local Self-government and Local Public Administration on April 19, 1991.

In addition to this Law, during the period from 1991 to 2001 seven laws, over 50 presidential decrees, 8 resolutions by the Presidium of the Supreme Council and the *Zhogorku Kenesh* and more than 30 resolutions by the government were adopted on issues of local government development. These legal acts and other regulations created the legal basis for the organization and operation of local governments, and established their relationships to public administration bodies.

The entirety of Chapter 7 of the 1993 is devoted to issues regulating local government. This legal basis was further refined in the constitutional amendments of February 16, 1996 and October 17.

Article 7 of the Constitution differentiates between public administration and self-government, in that local self-government is defined as a system through which local communities address issues of local importance themselves, within established legislation.

Local government is performed through local *keneshes* and other bodies formed by residents according to procedures established by law. Article 92 states that local governments may possess, use and dispose of communal property. Certain authorities may be delegated to local governments if provided with the necessary material and financial resources. Article 94 states that local governments are then accountable to the delegating authorities. Local *keneshes* approve and control development programs and social protection programs. They approve the local budget, report on its implementation and are informed about the use of off-budget funds.

Local *keneshes* of *rayons*, cities and *oblasts* may pass a vote of no-confidence on the chairman of local public administration of a respective territorial unit by a two-thirds majority. Local *keneshes* operate independently from local public administrations. Local *keneshes*,

acting within their authorities, adopt acts that are binding on their territory. Local *keneshes* and other local government bodies are accountable to the state regarding adherence to and execution of laws, and accountable to the local community for the results of their activities (Article 95).

Adoption of the Law on Local Self-government and Local Public Administration in the Republic of Kyrgyzstan as of April 19, 1991 created the legal basis for the organization of activities of local *keneshes*, a uniform system of representative bodies of local self-governments, their functions, authorities, forms and procedures of *kenesh*'s operation, etc.

The adoption of the Law on Local Government and Local Public Administration on March 4, 1992 changed the organizational strategy for local government. However, decentralization of authority was not implemented in a comprehensive and systematic manner. On August 18, 1994, a presidential decree defined two stages of local government reform. Another decree, on August 22, established the Commission to Reform Local Government, headed by the prime minister, but without any notable results. The first official attempt to determine the organizational, legal, financial and economic basis for the development of local governments came in a third presidential decree on September 22 of the same year.

The first free nation-wide elections of deputies to local *keneshes* at the level of *aiyls*, townships and cities on October 22, 1994 laid the foundation for elected representative government in local communities. 8,410 deputies were elected to 527 local *keneshes* at all levels. The legal basis for the activities of *keneshes* was reestablished by the fourth presidential decree on August 2, 1999 and further defined by the Law on the Status of Local *Kenesh* Deputies of January 13, 2000.

The Presidential Decree on Measures to Increase the Role and Responsibility of the Head of Local Public Administrations and Local Governments, issued March 20, 1996, resolved many organizational and legal issues concerning self-government in rural areas. Under this

decree, local governments received concrete authority to implement certain public authorities for the first time. The decree also introduced the institution of governor and helped to resolve issues of land and infrastructure certification. Beyond that, the decree mobilized residents in public works projects, organized public protection activities and assigned out-of-budget funds to local governments. The decree determined administrative relations for *aiyl* and village *keneshes*. *Aiyl okmotu* (rural councils that act as local executive and administrative bodies) were established through village and township *keneshes*. The establishment of 455 *aiyl okmotu* improved the organization of activities vital to rural areas and increased the role and responsibility of local governments. *Aiyl okmotu* are responsible to their *aiyl kenesh*.

These laws, decrees and resolutions played a significant role in decentralization and the development of self-government. Moreover, they strengthened the legislative and regulatory basis for the establishment of real democracy.

As the former Law on Local Government and Local Public Administration proved insufficient, a revision of the law was adopted on January 12, 2002. The new law determined the role of local government in democratization, established the organizational principles of the activities of local public administration and local governments, specified their jurisdictions, established state guarantees for the right to self-government, more clearly described the authorities of local bodies and created prerequisites for further decentralization of government.

Specific articles regulate the statutes of local communities, *rayons*, *oblasts*, local referendums and *kurultais*, election procedures for the heads of *aiyl okmotu* and cities of *rayon* subordination. A special norm was introduced through which decisions of local *keneshes* can be canceled exclusively by a court of law.

*Responsibilities of local governments:*

According to the new Law on Local Government and Public Administration, local governments are explicitly forbidden to undertake actions that threaten constitutional order, national security or territorial integrity of the state, or actions that stimulate interethnic or religious hostility. In the case of violations identified by law enforcement bodies, the president can suspend operations of a local government and introduce direct state rule on its territory.

The main *issues of local importance* include:

- development of a rational procurement system

- provision of social and cultural services
- rational use of communal land
- improvements to housing and communal services
- maintenance of communal transport and roads
- facilitation consumer services and trade
- development and administration of pre-school, primary, secondary and vocational schools
- health care management
- historical and cultural conservation
- encouraging sport and tourism
- protection of law and order
- other issues delegated to local governments in accordance with legislation

Local governments may be assigned certain *delegated authorities* on the basis of normative and legal acts that simultaneously determine the procedures for implementation and provide necessary material and financial resources. Public responsibilities and activities that are often delegated to local governments include:

- development and implementation of employment and migration programs
- identification of low-income individuals and organization of a targeted social assistance
- enforcement of the passport regime and issuance of residence permits
- registration of civil status acts in accordance with legislation
- assignment and monitoring of guardians and tutors
- performance of notary operations in accordance with legislation
- issuance of certificates of identity, of family and property status, and of other documents envisaged by legislation
- support in strengthening public order
- support in the organization of military conscription
- establishment of procedures for issuance of permits for public gatherings, demonstrations, processions, etc.

- distribution and supervision of the use of lands included in the Agricultural Lands Redistribution Fund
- aid in the development of strategies for long-term agricultural development
- support in the organization of a timely veterinary, sanitary, anti-epizootic activities and selection-pedigree work in stock breeding
- organization of appropriate measures to protect crops, forest shelter belts and forestlands
- development and implementation of environmental protection activities
- collection of taxes and dues
- other authorities.

## 2. Current Distribution of Government Functions

Defense is fully the responsibility of the national government. Organization of public order is performed jointly at three levels: central, *oblast* and city (*rayon*). Central government determines the general jurisdiction and policy development in the sphere of social insurance,

while other government levels perform this function jointly.

In health care, all functions are performed by all government levels jointly, but the central level is responsible for the development of policy in this area. Pre-school education is performed at the level of *rayon* and to a larger extent at the level of local governments. Secondary education is the responsibility of the central government in terms of policy and methodology, while *rayon* and local governments maintain school buildings. Higher educational institutions function on the basis of central government policy and some national universities are administrated by the center, while *oblast* and city governments administrate universities and institutes in their territory.

Housing and communal services are provided jointly by city (*rayon*) governments and local governments. National governments develop state policy for water supply, while *oblast* and *rayon* governments perform this function jointly.

## 3. Financial Distribution of Government Functions

The most problematic area in local government reform has been financial decentralization, and municipal

Table 3.1

	Central	<i>Oblast</i>	<i>Rayon</i>	Local
Defense	+			
Public law and order	+	+	+	+
Social insurance and security	+	+	+	+
Health care	+	+	+	+
Education	+	+	+	+
Housing and communal services	+	+	+	+
Libraries	+	+	+	+
Fire prevention	+	+	+	+
Street lighting and waste collection			+	+
Parks and public gardens	+	+	+	+
Water supply and sewage	+	+	+	+
Fuel and energy	+			
Rest and recreation	+	+	+	+
Cultural and religious activities	+	+	+	+
Agriculture, forestry and fisheries	+	+	+	+
Mining industry	+			
Construction	+	+	+	+
Other economic activities	+	+	+	+
Other functions	+	+	+	+

finance remains highly centralized. Local governments receive an insignificant share of the total budget, have few of their own resources and no control over local tax rates.

*Oblast*, city and *rayon keneshes* approve the rate of deductions from income tax, excise tax on domestic products, individual income tax and other national incomes contained in the budgets of *keneshes* of lower territorial levels. They also determine amounts of categorical, equalization and stimulating (matching) grants allocated by higher level *keneshes* to *keneshes* of lower territorial level. At the same time, *rayons* retain taxes and dues that are easier to collect, while hard to collect taxes are delegated to a primary territorial level.

The share of local taxes and dues established by local *keneshes* themselves is minimal. According to the tax code, local *keneshes* may introduce 16 types of taxes, dues and payments, but this has not been successfully implemented; in rural areas fiscal bodies collect just 2 or 3 types which bring little revenue.

According to the National Statistics Committee, the financial capabilities of local governments over the last ten years has actually decreased. Before self-government reforms were actively initiated in 1995, the share of local budget incomes exceeded that of the national budget. Since the beginning of the decentralization process, this has reversed. In 2000, the income share of the national was two and a half times that of local budgets.

Funding is shown to be predominantly centralized, with only a few areas such as health care and education

enjoying strong decentralization. Health care, education, housing and communal services are redistributed further to *oblast* and *rayon* authorities.

Currently, the share of local budgets in the total consolidated budget is close to 30%, while in countries with a decentralized economic system this index is almost 50%. For instance, in the mid-1990s the regions (or the corresponding level of authority) in Canada received 54%; in Germany, 53% and in the USA, 45%. This points to an identifiable shortcoming in the reform process in Kyrgyzstan

#### 4. Proposal for Redistribution of Government Functions

All social services should be provided by local governments as they are the closest government level to the people and are well aware of the state of affairs at the local level. Such approach gives residents an opportunity to receive high quality services and will increase the accountability of local administrators before the local community. Strategic services, such as defense, fuel and energy provision should be the responsibility of the state. Such order of reforming of the system of functions differentiation will enable rational and just distribution of financial resources on one hand, and specify the authorities of each government level on the other hand. Each level would then be responsible for the functions that it is best capable of performing. Authorities beyond the capabilities of certain levels will be transferred to higher levels.

Table 3.2  
[In percentage of total budget]

	Central	Oblast
Defense	98.0	2.0
Public order	95.1	4.9
Social insurance	95.0	5.0
Social security	76.1	23.9
Health care	31.1	68.9
Education	32.6	67.4
Housing and communal services	59.5	40.5
Fire prevention	100.0	—
Cultural and religious activities	59.4	40.6
Agriculture, forestry and fisheries	94.2	5.8
Mining industry	96.6	3.4
Other economic activities	81.6	18.4

Table 3.3.

	<b>Government functions</b>	<b>Republic</b>	<b>Oblast</b>	<b>Rayon</b>	<b>City</b>	<b>Village</b>
<b>1.</b>	<b>Education</b>					
1.1.	Policy and administration of education process:	+				
1.2.	<i>Service provision:</i>					
1.2.1.	State pre-school institutions (kindergartens)				+	+
1.2.2.	State primary, secondary and incomplete secondary and evening schools				+	+
1.2.3.	Universities and other higher educational institutions	+	+			
1.2.4.	Children s homes			+	+	+
1.2.5.	Specialized schools (for retarded and disabled children)		+	+	+	+
1.2.6.	Out-of-school institutions and activities				+	+
1.2.7.	Music schools				+	+
1.3.	<i>Certification and regulation of private institutions:</i>			+		
	Assessment, certification and control over private universities	+				
	Assessment, certification and control over international schools	+				
<b>2.</b>	<b>Health Care</b>					
2.1.	Policy and administration in health care	+				
2.2.	<i>Provision of state services:</i>					
2.2.1.	General purpose hospitals, children s hospitals			+	+	
2.2.2.	Specialized hospital (dispensaries, centers)	+	+			
2.2.3.	Maternity hospitals, rehabilitation hospitals	+	+			
2.2.4.	Hospitals, out-patient clinics and counseling centers (without beds)	+	+	+	+	+
2.2.5.	Dental clinics, first aid and emergency stations			+	+	
2.2.6.	Primary health care and obstetric outlets				+	+
2.2.7.	Specialized clinics and medical specialists	+	+	+		
2.2.8.	Diagnostics centers	+	+	+	+	
2.2.9.	Blood transfusion centers	+	+	+	+	
<b>3.</b>	<b>Social Insurance and Social Security</b>					
3.1.	Social insurance	+	+	+	+	
3.2.1.	Children s institutions boarding schools				+	+
3.2.2.	Old people s homes				+	+
3.2.3.	Nursing homes for disabled people				+	+
3.2.4.	Other institutions of hostel type				+	+



## IV. Republic of Uzbekistan

### 1. Legal Basis of Local Self-Government

Article 10 of the Law on Local Government establishes the following authorities of the citizens' assembly of a village, *kishlak*, *aul* or *mahalla*:

1. Elect the chairman (*aqsaqal*) and counselors of the assembly; elect the chairmen and members of key committees; receive their reports on a quarterly basis.
2. Elect an audit commission and, in cases defined by legislation, an administrative commission.
3. Determine the number of counselors to the chairman and the staff of the assembly *kengash*; approve the chairman's candidate for assembly secretary.
4. Determine key activities of the audit and administrative commissions and receive their reports on a quarterly basis.
5. Approve action and expenditure plans of the local government; approve development programs; perform municipal improvements and improve sanitary conditions in settlements.
6. Exercise community control over the implementation of laws and other legal acts, including decisions of the assembly.
7. Nominate candidates to serve in district election committees during presidential elections, as well as elections for *Oliy Majlis*, *oblast*, *rayon* and city councils.
8. Approve candidates for election to *rayon* and city councils.
9. Nominate candidates to serve as deputies on *Oliy Majlis* and *oblast* councils.
10. Make recommendations concerning the celebration of weddings and other legal ceremonies.
11. On a quarterly basis, receive reports from chairmen of *rayon*, city and *oblast hokimiyats* on issues within the competence of local governments. Submit minutes of citizens' meetings to *hokimiyats* of the respective *oblast* or Tashkent city, which register them and supervise actions taken in response to citizens' appeals.
12. Receive, within its competence, reports from managers of enterprises, institutions and organizations located within the territory, on issues of environmental protection and municipal improvements.
13. Manage property owned by local governments.
14. Oversee the voluntary collection of funds from residents to improve and repair public places; Support low-income families making home repairs.
15. Define and control contractual use of resources by enterprises and organizations located within the territory to make improvements, plant greenery and organize sanitation.
16. Make decisions on issues of voluntary pooling of funds by legal and physical entities for the development of social infrastructure.
17. Control public expenditures.
18. Promote environmental protection.
19. Review the issues surrounding the creation of *huzars*.
20. Submit proposals to higher-level governments on border changes between administrative-territorial units, *mahallas*; make proposals for renaming of *mahallas*, streets, squares and other objects.
21. Send a representative to the *rayon* commission on land distribution.
22. Exercise other authorities in accordance with the legislation.

In addition to the authorities established by this article, a city or *mahalla* assembly may devise the provision of material assistance to low-income families and grant benefits to needy families with children. They are responsible for the efficient use of funds for targeted assistance.

Township, *kishlak* and *aul* assemblies provide support to *mahalla* assemblies and receive reports on their use of allocated funds.

*Mahalla* assemblies have the following authorities:

1. Elect the chairman (*aqsagal*) and counselors of the assembly; elect the chairmen and members of key committees; receive their reports on a quarterly basis.
  2. Determine the number of counselors to the chairman and the staff of the assembly *kengash*; approve the chairman's candidate for assembly secretary.
  3. Exercise community control over the implementation of laws and other legal acts, including decisions of the assembly.
  4. Supervise the use of funds, elect an audit commission and receive its reports on a quarterly basis.
  5. Approve development programs for the territory and plant greenery.
  6. Administrate the provision of targeted material assistance to low-income families; assign other benefits to needy families with children; ensure that such funds are used efficiently and according to legislation.
  7. Exercise other authorities in accordance with legislation.
- The *kengash* of a citizens' assembly has the following authorities:
1. Convene citizens' assemblies.
  2. Coordinate the work of key committees; operate joint activities with charity, humanitarian aid or other organizations.
  3. Assemble the *kengash* staff and present it to the assembly chairman.
  4. Support deputies from *Oliy Majlis*, *oblast*, *rayon* and city councils in the organization of meetings with voters, citizen receptions and implementation of other authorities involving their constituencies.
  5. Support local public administration bodies in the organization of mass political, spiritual, educational, cultural, sports and other activities.
  6. Undertake measures to protect of the interests of women, to increase their role in public life and create a spiritual and moral atmosphere in the family.
  7. Undertake measures to halt activities of unregistered religious organizations; maintain citizens' rights to freedom of conscience; enforce the ban on forceful religious evangelism; resolve other issues related to legislation on freedom of conscience and religious activity.
  8. Cooperate with educational institutions on youth issues.
  9. Assign and pay out established benefits for unemployed mothers with children less than two years of age from the state budget funds allocated for such purposes.
  10. Provide support for single elderly people in need of care from state funds allocated for such purposes.
  11. Undertake measures to provide employment for citizens.
  12. Regulate the establishment, organization and liquidation of small enterprise according to legislation and with assembly approval.
  13. Organize voluntary participation in municipal improvements such as planting greenery and maintenance of houses, outhouses, gardens and adjacent territories, construction of playgrounds, sports fields, construction and maintenance of road, bridges, historical and cultural monuments and cemeteries; supervise use of material resources allocated provided by the *rayon* or city *hokimiyat*, organize community assistance; organize public celebrations and contests.
  14. Undertake activities for economical use of fuel, electricity, heat and water.
  15. Provide assistance for the development of rural enterprises.
  16. Exercise community control over land use.
  17. Facilitate and regulate trade and provision of cultural services.
  18. Assist law enforcement bodies in the maintenance of public order, including citizen registration, prevention of juvenile delinquency and protection of minors.
  19. Regulate and control issues of sanitation and environmental protection for settlements, houses and schools.

20. Facilitate adherence to fire safety and veterinary standards.
  21. Enforce rules of land development and maintenance.
  22. Ensure timely collection of taxes and dues.
  23. Organize and control, together with communal service providers, timely and complete payment of operating costs for communal services; use funds allocated to local government for such efforts to provide assistance to low-income families; encourage local government employees to perform municipal improvements.
  24. Arrange measures to combat natural disasters.
  25. Recruit for civil defense activities; supervise military registration and conscription.
  26. Cooperate with correctional and rehabilitation centers to provide support and employment for released prisoners.
  27. Coordinate support for released prisoners and other vulnerable citizens with organizations for veterans, women, youth, culture and religious activities.
  28. Other activities in accordance with legislation.
9. Organize resident registration; support law enforcement and crime prevention activities.
  10. Organize community efforts to protect the rights of minors; facilitate care for orphaned children.
  11. Organize public celebrations.
  12. Undertake measures to halt activities of unregistered religious organizations; maintain citizens' rights to freedom of conscience; enforce the ban on forceful religious evangelism; resolve other issues related to legislation on freedom of conscience and religious activity.
  13. Receive citizens; review their claims, applications and proposals.
  14. Certify deeds of ownership.
  15. Report improper activity by local governments.
  16. Other activities in accordance with legislation.

## 2. Current Distribution of Government Functions

Education is predominantly centralized, though administration of higher education is distributed between central and *oblast* levels. The central government develops standards, provides resources and performs monitoring duties, while *oblasts* are responsible for direct service provision. *Oblast* governments monitor specialized secondary specialized.

Health care is distributed through all government levels. The central government develops standards, allocated resources, performs monitoring duties and issues licenses. *Oblast* governments provide resources and direct service provision for *oblast*-level institutions. *Rayon* governments provide services directly at *rayon* clinics, distribute resources and perform monitoring duties for local services. Local governments manage first-aid stations and provide other local services.

Provision of communal services is also distributed through all levels. The central government develops policy and standards and distributes resources. *Oblast* governments add to the central policy and monitor activities of lower-levels. *Rayon* governments provide services directly and monitor activity. Local governments provide and monitor water, heating, sanitation and street cleaning services.

As determined by the Law on Local Government, the key authorities of the chairman (*aqsagal*) of a citizens' assembly are as follows:

1. Convene the citizens' assembly.
2. Nominate assembly counselors, secretary, committee members and chairman.
3. Maintain community control over compliance with laws, other legal acts and decisions of the citizens' assembly and its *kengash*.
4. Represent the residents' interests before public administration bodies, courts and in relationships with other legal entities.
5. Supervise assembly expenditure in accordance with legislation.
6. Undertake measures to protect private property and property owned by the local government.
7. Sign contracts, including labor agreements, on behalf of the local government.
8. Submit proposals for housing improvements, support for low-income families and compensation to residents affected by natural disasters.

Table 4.1

	Central	Oblast	Rayon	Local
Defense	+			
Security	+			
Public order	+	+	+	+
Social insurance		+	+	
Social security		+	+	+
Health care		+	+	+
Education	+	+	+	+
Housing and communal service		+	+	
Libraries		+	+	
Fire prevention		+	+	
Street cleaning and lighting			+	+
Parks		+	+	
Water and sewage		+	+	
Fuel and power	+			
Leisure activities		+	+	
Culture		+	+	
Religious activities <sup>1</sup>				
Agriculture and forestry <sup>2</sup>				
Land allotment			+	+
Mining	+			
Other economic activities		+	+	+

<sup>1</sup> Independently from the state.

<sup>2</sup> Administration of private sector alone, monitored by oblast and rayon governments

Table 4.2  
[In percentage of total budget]

	Central	Oblast	Rayon	Local
Defense	100			
Law and order	80	20		
Social insurance				100
Social security	20	60	20	
Health care	20	55	25	
Education	30	60	10	
Housing and communal service		70	30	
Libraries	20	60	20	
Fire prevention	70	30		
Street cleaning and lighting		70	30	
Water supply and sewage		80	15	5
Fuel and energy complex	80	15		5
Rest and recreation	80	20		
Agriculture, forestry, fisheries	80	15	5	

### 3. Financial Distribution of Government Functions

Table 4.2.

### 4. Proposal for Redistribution of Government Functions

Table 4.3.

### 5. Comparative Analysis of the Central Asian States

#### 5.1 Legal Basis of Local Self-Government

Government functions are distributed in accordance with each country's legislation. In Kazakhstan, the government is subdivided into national government bodies, *oblast* and city (*rayon*) public administrations, while local governments are non-existent. Governments of the other three republics are divided into national (central) governments, *oblast*, city (*rayon*) governments and local governments. However, in Tajikistan, the city of Dushanbe and rayons of republican subordination (RRS) have separate authorities, while Uzbekistan's

Autonomous Karakalpak Republic also has specific authorities.

#### 5.2. Current Distribution

##### of Local Government Functions

In all four countries, defense is controlled by the central government, with certain coordinating functions such as registration and recruitment delegated to *oblasts*.

Social insurance in Tajikistan and Kazakhstan is performed at all levels; in Kyrgyzstan, only at the central level; in Uzbekistan, at the *oblast* and *rayon* levels.

Social security in Tajikistan and Kazakhstan is performed at the national, *oblast* and *rayon* levels; in Kyrgyzstan, at the national level, and in Uzbekistan at the *oblast* and *rayon* levels.

Health care is distributed between central, *oblast* and *rayon* levels in Tajikistan; at all levels in Kazakhstan; at the central and *oblast* level in Kyrgyzstan; at *oblast* and *rayon* levels in Uzbekistan.

Housing and communal services in Tajikistan are provided jointly at all levels; in Kazakhstan and Uzbekistan, at the *oblast* and *rayon* levels; in Kyrgyzstan, only at the *rayon* level.

Figure 4.1  
Structure of government function in Central Asian republics

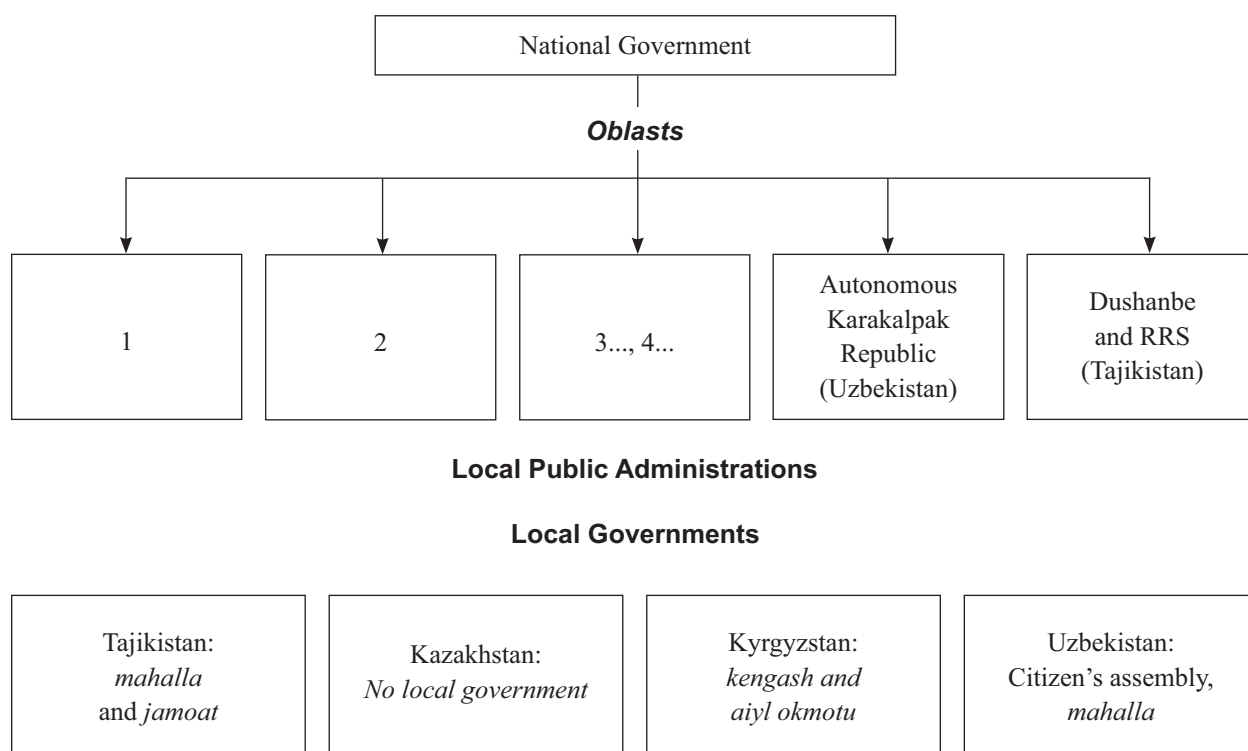


Table 4.3

Functions	Central government bodies		Local public administrations		Local governments	Private sector
	Ministries and state committees	Associations, companies and economic units	Oblast	Rayon		
<b>I. Education and science</b>						
Higher	S, M		P			
Secondary specialized	S, M		P, M			
Secondary	S, M		P, M	P, M		
Pre-school	S, M		P, M	P, M		
Science	S, M	P	P	P	P	P
<b>II. Health care</b>						
Primary health care	S, M		P, M	P, M		
Hospitals	S, M		P, M	P, M		P
Clinics	S, M		M	P, M		P
Health protection	S, M		P, M	P, M	M	
<b>III. Social security and social welfare</b>						
Pensioners	S, M		M	P, M		
Employment, unemployment benefits	S, M		M	P, M		
Special services (for homeless, low-income families, etc.)	S, M		M	P, M	P	
Housing	S			P		P
Life insurance		P, M	P, M	P		
Individual services to elderly and disabled people	S		M	P, M	P	
Nurseries and kindergartens	S		M	P		P

S – establishment of standards

P – direct service provision

M – monitoring

### 5.3 Financial Distribution of Government Functions

Table 4.5.

### 5.4 Proposal for Redistribution of government Functions

#### Tajikistan

Administration of nurseries and kindergartens should be handed local governments. The supply of electricity and natural gas should be delegated to individual and independent joint stock companies and local private. Administration of primary education, first-aid stations and primary health care should also be delegated to local governments.

#### Kazakhstan

Primary, secondary, vocational, secondary special education and advanced training courses are administrated

from the local budget—totaling 80% of local expenditures. Kindergartens are funded primarily by organizations and parents; some are funded from *rayon* budgets.

Local budgets fund local general purpose hospitals, specialized hospitals, tuberculosis dispensaries, diagnostics centers, hospitals and clinics for veterans of World War II, as well as prevention and control of infectious diseases. Local governments should allocate funds to provide primary health care for the rural population. Reform of the pension system, as in all countries of Central Asia, involves transition from a fixed to an accumulative system.

#### Kyrgyzstan

Administration of social security, street lighting and waste collection, water, sewage and leisure activities should be handed over to local governments.

Table 4.4 Distribution of Local Government Functions in Central Asian Countries

Functions	Countries of Central Asia															
	Tajikistan				Kazakhstan				Kyrgyzstan				Uzbekistan			
	C	O	R	L	C	O	R	L	C	O	R	L	C	O	R	L
Defense	+				+	+	+		+				+			
Public order	+	+	+	+	+	+	+		+	+	+	+	+	+	+	+
Social insurance	+	+	+	+	+	+	+		+	+	+	+		+	+	
Social security	+	+	+		+	+	+		+	+	+	+		+	+	+
Health care	+	+	+		+	+	+		+	+	+	+		+	+	+
Education	+	+	+	+	+	+	+		+	+	+	+	+	+	+	+
Hosing and communal service	+	+	+	+	-	+	+		+	+	+	+		+	+	
Libraries	+	+	+	+	+	+	+		+	+	+	+		+	+	
Fire prevention	+	+	+		+	+	+		+	+	+	+		+	+	
Street cleaning and lighting			+	+	-	+	+				+	+			+	+
Park areas		+	+		+	+	+		+	+	+	+		+	+	
Water and sewage		+	+		-	+	+		+	+	+	+		+	+	
Fuel and power	+	+	+		+	-	-		+				+			
Leisure activities		+	+	+	+	+	+		+	+	+	+		+	+	
Culture	+	+	+		+	+	+		+	+	+	+		+	+	
Religious activities	+	+	+	+	+	+	+		+	+	+	+				
Agriculture and forestry	+	+			+	+	+		+	+	+	+				
Land allotment			+	+	+	+	+								+	+
Mining	+	+	+		+	+	+		+				+			
Other economic activities		+	+		+	+	+		+	+	+	+		+	+	+
Other	+	+	+	+	+	+	+		+	+	+	+				

C – Central

O – *Oblast*R – *Rayon* and City

L – Local

## Uzbekistan

Plans already exist to pass administration of lower levels of education and science, housing and communal services, primary health care and targeted assistance (for low-income families, the homeless, etc.) to the jurisdiction of local governments.

## 6. Conclusion

Analysis of local government reform and decentralization in Central Asia and study other countries' experiences shows that a certain amount of success has been achieved at different levels. This analysis provides the following principles for further redistribution of functions:

- Delegate functions to lower levels within the central government.
- Delegate functions from central to local governments, and assign newly devised functions to local governments.

- Delegate functions to regions.
- Delegate functions to the private sector through sale of state assets.
- Delegate administration of services from local governments to the private sector through contractual agreements.
- Delegate functions from local governments to local branches of newly formed national agencies.

The following redistribution measures should also be taken:

- Pre-school administration and primary health care can be fully delegated to local governments.
- Local governments should support formation of private enterprises to provide social services such as street cleaning.

Table 4.5  
[In percentage of total budget]

Functions	Countries of Central Asia															
	Tajikistan				Kazakhstan				Kyrgyzstan				Uzbekistan			
	C	O	R	L	C	O	R	L	C	O	R	L	C	O	R	L
Defense	100				82	18			98	2			100			
Public order	90.6	4.7	4.7		77	23			95.1	4.9			80	20		
Social insurance	51.8	3.1	44.3	0.8					95	5						100
Social security	84.8	3.8	4.4	7	84	16			76.1	23.9			20	60	20	
Health care	21	17	54	8	22	78			31.1	68.9			20	55	25	
Education	24	3	5.6	17	18	82			32.6	67.4			30	60	10	
Housing and communal services	40	10	50						59.5	40.5				70	30	
Libraries					32	68							20	60	20	
Fire prevention		50	50						100				70	30		
Street cleaning and lighting	93.8		6.2											70	30	
Park areas																
Water and sewage														80	15	5
Fuel and power					100								80	15		5
Leisure					32	68							80	20		
Culture	56	7	35	2					59.4	40.6						
Religious activities	87	2	11						59.4	40.6						
Agriculture and forestry					86	14			94.2	5.8			80	15	5	
Land allotment																
Mining	96	2	2		100				96.6	3.4						
Other activities									81.6	18.4						

- Land distribution should be coordinated between city and local governments.

Identification of areas where redistribution can be effective can aid Central Asian states in the development of step-by-step decentralization and de-concentration of authority.

Due to their similar experiences, it would be useful to study reform measures undertaken by governments in Central and Eastern Europe and the Baltic states. This could aid in effective assignment of functions between *oblast*, *rayon* and local governments.

## 7. References

Kakeyeva A.C., *et al*, eds. Optimization of the System of Public Administration and Local Self-Government in Kyrgyzstan on the Brink of the 21<sup>st</sup> Century, symposium materials. Bishkek, 2000: 209.

*Decentralization in Kyrgyzstan: Annual Report for 1999*. Bishkek, 2000: 38.

*Decentralization in Kyrgyzstan: Annual Report for 2000*. Bishkek, 2001: 32.

Republic of Kyrgyzstan, ed. *Kyrgyz Republic: New Prospects. Comprehensive Basis for the Development of Kyrgyzstan until 2010*. Bishkek, 2001: 79.

Urban Institute, ed. *Model for Differentiation of Functions and Authorities*. Urban Institute. Bishkek.

## 8. Relevant Laws

### *Tajikistan*

- The Constitution
- The Law on Public Administration
- The Law on Local Self-Government in Townships and Villages
- The Law on Local Public Administration.

### *Kazakhstan*

- The Constitution
- The Law on Local Public Administration
- The Law on Community Self-Government

### *Kyrgyzstan*

- The Constitution
- Law on Local Self-Government and Local Public Administration
- Presidential decree approving the basic principles of local self-government
- The Law on Local Self-Government and Local Public Administration

### *Uzbekistan*

- The Constitution
- The Law on Local Self-Government.

**For more information concerning FDI–CEE programs please contact:**

*Program Secretariat*

**Open Society Institute**

**Local Government and Public Service Reform Initiative (Budapest, Hungary)**

Mr. Ondrej Simek

Tel: (+36-1) 327-3862/ext. 2402

Fax: (+36-1) 327-3105

E-mail: [osimek@osi.hu](mailto:osimek@osi.hu)

*Contact Points at Partner Organizations*

**Council of Europe (Strasbourg, France)**

*Mr. Alessandro Mancini*

Tel: (+33-3) 8841-2265

Fax: (+33-3) 8841-2784

E-mail: [alessandro.mancini@coe.fr](mailto:alessandro.mancini@coe.fr)

**Organisation for Co-operation and Development (Paris, France)**

*Mr. Leif Jensen*

Tel: (+33-1) 4524-9490

Fax: (+33-1) 4524-1884

E-mail: [leif.jensen@oecd.org](mailto:leif.jensen@oecd.org)

**The World Bank (Washington, USA)**

*Mr. Robert D. Ebel*

Tel: (+1-202) 473-4150

Fax: (+1-202) 676-9810

E-mail: [rebel@worldbank.org](mailto:rebel@worldbank.org)

**UNDP (Bratislava, Slovakia)**

*Ms. Anastazia Kozakova*

Tel: (+421-2) 59337-401

Fax: (+421-7) 59337-450

E-mail: [anastazia.kozakova@undp.org](mailto:anastazia.kozakova@undp.org)