INTRAC
International NGO Training and Research Centre

Decentralisation in Kyrgyzstan

Introduction

Kyrgyzstan was among the first post-Soviet countries to take steps towards public administration and decentralisation reform. Work began during the rule of the first President Akaev, especially from 1994-1995, following the adoption of the first Constitution of independent Kyrgyzstan in 1993.

A timeline of key events in the decentralisation process is attached in Annex 1.

By 2001 the process of transferring of all administrative units in Kyrgyzstan to the principles of local self-governance was formally finished. In 2001 the country experienced general elections of local deputies for the first time. Altogether 8,184 deputies of various levels of LSG were competitively elected in direct elections.

In 2002 the second phase of decentralization reform began with the adoption of the National Strategy "Decentralization of the state administration and local self-governance development in the Kyrgyz Republic till 2010", approved by the Presidential Decree No 381 of December 17, 2002. Three Resolutions were adopted by the Government of the Kyrgyz Republic aimed to implement the National Strategy – these are three stages that approve the Action Plans.

Stage I: Resolution No 257 of the Government of the Kyrgyz Republic "On the plan of the main activities of the Government of the Kyrgyz Republic aimed to implement Presidential Decree on the National Strategy "Decentralization of the state administration and local self-governance development in the Kyrgyz Republic till 2010".

Stage II: Resolution No 365 of the Government of the Kyrgyz Republic of May 19, 2006 "On the plan of activities for 2006 - 2007 aimed to implement the National Strategy "Decentralization of the state administration and local self-governance development in the Kyrgyz Republic till 2010".

Stage III: Resolution No 364 of the Government of the Kyrgyz Republic of July 4, 2008 "On the plan of activities for 2008 - 2010 aimed to implement the National Strategy "Decentralization of the state administration and local self-governance development in the Kyrgyz Republic till 2010".

The most important laws and normative acts introduced during this period were:
- Law on Local Self Government and Local State Administration (2008 – new version),
- Law on Municipal Property (2002),
- Law on Financial and Economic basis of Local Self Government (2003),
- Law on Municipal Service (2004),
- Law on Jaamats and associations (2005).

1. Current structures

Currently there are three (3) layers of sub-national government in the Kyrgyz Republic

- 7 oblasts, and two cities of republican significance (Bishkek and Osh)
- 40 Rayons and 12 cities of oblast significance and 11 cities of rayon significance

- 459 Ayil Okhmotus (local communities uniting groups of villages: 440 ayil districts and 19 township councils)

The demarcation of the administrative units at the sub-national level is inherited from the Soviet structure with adding the additional layer of Ayil Okhmotu in 1996.

In 2001,all settlements (administrative units – naselennye punkty) were introduced to the principles of Local self-government. Thus, today it can be said that formally all 25 cities in the Kyrgyz Republic and 459 rural administrative-territorial units are self-governed entities.

Two types of sub-national governance bodies can be distinguished:
- bodies of local state administration
- bodies of local self-government.

The bodies of **Local state administration** exist at oblast level and rayon levels. These bodies are headed by an appointed Governor (oblast) and Akim (rayon). Local state administrations are vertically accountable to the upper level and receive executive instructions from the National level. Until 2010 the National level was represented by the President; since 2011 the Prime Minister's Office has taken over this function.

Both oblast and rayon level have territorial departments of State organs corresponding to the respective National level Ministries.

The **Local Self-Government** structure according to the current law (2008) consists of two types of organs

- representative councils, or local Keneshes, at the levels of rayions, cities of Republican significance, Ayil Okrug, and cities of oblast and rayon significance. In the past all levels of sub-national government had locally elected Keneshes but the oblast level was eliminated in 2007, when there was an attempt to introduce two-tier budget system in the country.

- executive organs of LSG: Mayor's offices in the cities of national and oblast significance, city councils in cities of rayon significance, township councils in the townships, aiyl okmotu in aiyl districts.

According to the current law there is also the *Ayil Bashchy* (village head), a person who is an appointed by the head of Ayil Okhmotu with the consent of villagers. The Ayil Bashchi fulfils the responsibilities delegated to him by the AO at individual village level.

Levels of Government in the Kyrgyz Republic
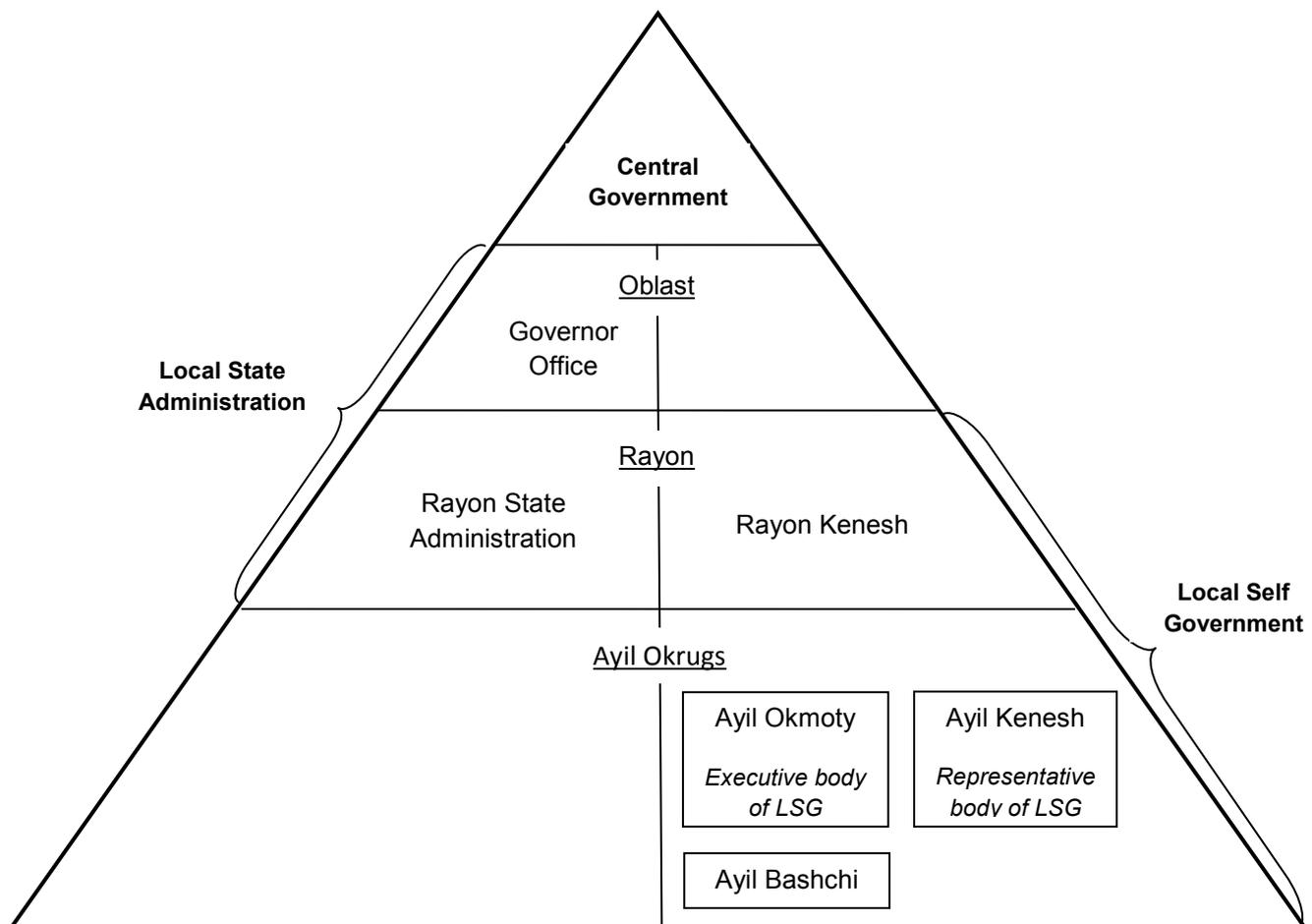
In the past, when all levels of government had Keneshes, the rayion and oblast level Keneshes were considered formally as bodies of local government , but in reality they were not accountable to the populations of their respective jurisdiction.

Currently, Oblast and Rayion State Administrations are deconcentrated wings of central government, and the Oblast Governor and Rayion Akim report directly to the upper level. Both the Governor and the Akim are appointed positions.

After the revolution of 2005, President Bakiev announced that by 2007 the Oblast level of state administration would be eliminated. However, discussions on administrative territorial reform have been ongoing, and the Oblast level state administration is still in place, although the Oblast Keneshes were abolished in 2007.

At Rayion level there are both a body of State Administration and a Rayion Kenesh. The latter is legally independent from the State Administration and central authority. The Rayion Kenesh has the right, according to law, to confirm the nominated Rayion Akim (head of Rayion State Administration). Until 2010 the Akims were nominated by the President. According to the principles of the 2010 Constitution, Akims will now be nominated by the Prime Minister. In reality the Rayion Kenesh has very little oversight over policy-making and does not control the respective state administration. According to the law, the deputies of Rayion Kenesh are elected in direct elections. The last elections were held in 2008.

Only at the level of third tier – Ayil Okhmotu level is there a system which resembles what is internationally recognized as a Local self-government (LSG). At AO level there is a representative body accountable to the local population, the Ayil Kenesh, and the executive organ of LSG, the Ayil Okhmotu. The head of AO is elected according to existing law by the deputies of the Ayil Kenesh, but the candidate is nominated by the Rayion Akim and agreed with the Governor and NAMSU. The head of AO is accountable directly to the Ayil Kenesh.

Structure of Governance according to the existing (2008) Law on LSG and LSA

	Local Administration	**Local Self Government**	
		Representative Body	Executive Body
Bishkek and Osh cities		City Kenesh Chairman Commissions	Mayor`s Office Mayor Staff

Oblast	Oblast State Administration Governor of oblast Staff		
Cities of oblast significance		City Kenesh Chairman Commissions	City Council Head of the city Staff
Rayon	Rayon State Administration Akim Staff	Rayon Kenesh Chairman Commissions	
Cities of Rayon significance + town (poselok)		City Kenesh Chairman Commissions	City Coun. (Uprava) Head of the city Staff
Level of village (Ayil Okrugs)		Ayil Kenesh Chairman* Commissions	Ayil Okmoty Head of AO Staff ↓ Ayil Bashchy (For single villages)

* Before the Law of 2008, the head of the AO chaired the Ayil Kenesh. Since 2008, the Head of Ayil Okmoty is elected by the deputies of Ayil Kenesh from the nominees proposed by the Rayon Akim.

The Law on LSG and Local State administration of 2008 lists issues of local significance which constitute the **core functions and responsibilities of LSG**. This list has 23 'issues of local significance' (the revised version provides for 25).

1. To ensure the economic development of the respective territory
2. Managing the municipal property
3. Forming, confirming and implementation of the local budget
4. Providing drinking water to the population
5. Ensuring the work of communal sanitation systems
6. Ensuring the functioning of municipal roads
7. Organizing electrical lighting of communal places
8. Ensuring the functioning of municipal ritual services and cemeteries

9. Improvement of the city and planting trees
10. Ensuring the functioning of the parks, sport and leisure places
11. Organization of collection, removal and utilization of waste
12. Ensuring the functioning of municipal transport and regulation of public transport work at the respective territory
13. Protection of cultural and historic heritage
14. Ensuring and organizing the work of local libraries
15. Establishing the rules of land use and house-building at the respective territory
16. Deciding on the placing of advertisements in accordance with law
17. Assistance in maintaining public order
18. Creating conditions for developing public arts and culture
19. Creating conditions for leisure activities
20. Organizing activities with children and youth
21. Ensuring conditions for developing physical culture and mass sport
22. Assistance in prevention and liquidation of the impact of emergencies
23. Organization of house heating at the respective territory

In addition to this list of core competencies of the LSG bodies, the 2008 law also stipulates a **list of state functions which can be delegated to the LSG bodies** based on law or a contract between the State Authority and LSG body, provided that state authority ensures adequate financial resource transfers from the national budget to the local budget for the fulfillment of these delegated functions.[1]

This list of delegated responsibilities according to the current law consists of the following:

1. Development and implementation of programs on employment and migration
2. Identifying poor people and organizing their targeted protection
3. Registration of citizens, passport regime control, in-time residential registration (propiska and vypiska) of citizens at the territory, creating the list of voters
4. Registration of civic statuses in accordance with the laws (birth certificates, marriage certificates, death certificates)
5. Provision of buildings for education and health institutions, as well as provision of services in school and professional education
6. Provision of pre-school education services
7. Provision of notary services in accordance with the laws
8. Provision of identity documents, and documents on personal, family , property statuses, and other documents

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[1] In the law this list is called "delegiruemye polnomochiya" which raised disputes about correctness of the use of the term "polnomochiya" (powers, authority) from the legal point of view, as some lawyers argue that this list in fact is a mere list of additional responsibilities placed on the local self government bodies.

9. Conducting basic register of citizens subject to military services in accordance with the legislation, assistance in organizing call-ups for military services
10. Distribution and use of lands from the Fund of redistribution of agricultural lands and pastures
11. Summarizing materials on perspective development of agricultural production, development of economic forecasts in agricultural production
12. Assistance in organizing in time veterinary-sanitary and selection activities in animal husbandry
13. Ensuring relevant measures on fight with damages caused to the agricultural fields, on protection of the harvests, protection of forests and forest masses
14. Collection of taxes, duties and insurance payments charged upon agricultural producers
15. Development and implementation of environment protection activities
16. Ensuring protection of consumer rights
17. Other powers, assigned by law

This list is quite extensive. In reality, the state actors tend to place these responsibilities on LSG bodies in violation of such important stipulations of the law as the need for a contractual basis for the delegation of additional functions, or the requirement to provide the necessary finances for these additional responsibilities. It is well known, from real experience, that LSG bodies are often obliged to fulfill additional tasks without corresponding financial resources, which sometimes leads to the situation where LSG bodies find themselves incapable of fulfilling their core functions because they have to use their own resources to fund other, delegated but unfunded, state functions. In addition, point number 17 of the possible delegated functions (inye polnomochiya- other powers) indicates that practically any responsibility can be delegated to the LSG body.

However, in reality, at local level there is a lot of duplication in functions, and this situation negatively affects the provision of services to the local people. Thus, despite the adoption of various legislative acts, the most pressing issue is a continuing lack of clear delineation of functions and powers between state organs and organs of LSG. The list of core functions (issues of local significance), set out in the 2008 law, did not solve the issue of clearly delineated responsibilities between the LSG and the state, since the majority of issues of local significance cannot be solved without involvement of the state.

In addition, the existence of an additional list of possible delegated responsibilities, which are often not funded or established in any contractual sense, confuses the situation. For example, Ayil Keneshes in many places have to provide services of registration, passport control, and military registration without resources transferred for these state functions. At the same time, there are territorial branches of various Ministries and State Agencies which, according to the existing laws, are also obliged to fulfill similar tasks. Thus, the issue is not only one of overburdening LSG bodies,

but also one of duplication of functions and lack of clear delineation between State and LSG functions.

Furthermore, some Sectoral laws place additional responsibilities on the LSG organs. These examples include the responsibility of LSG bodies to pay insurance payments charged on individual farmers for rented agricultural land from the Land re-distribution Funds, although the Law on Social Fund of the Kyrgyz Republic places the responsibility to collect such insurance payments on the Social Fund. By analogy, another Sectoral Law – the Law on Education also places a lot of responsibilities on the LSG.

The new draft Law on Local Self Government (2010)

This new draft law attempts to make improvements to the issue of delineation of functions and responsibilities. There is an attempt at clarification with more juridical definitions of "powers" (polnomochiya), "competencies" and "functions" of LSG bodies. The list of issues of local significance (core responsibilities) has been cut, and the list of delegated state functions has been reduced[2]. The requirement for provision of corresponding finances for fulfillment of additional delegated functions by LSG bodies is emphasized. Also, it is proposed that delegated functions should be agreed on an individual basis with the respective LSG and a contract should be signed.

The 2010 draft law talks of local Keneshes at Ayil level and city level, but does not mention Rayion Keneshes – this may suggest that these may be abolished. It talks of LSG executive bodies, the AO and the Mayor's Office. The different territorial community organizations, created through local initiative of the citizens such as jaamats, kurultais, kvartalnye komitety, have been removed from the list of organs of LSG.

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[2] . *The following functions have been removed from the list existing in the current law:*- development and implementation of programs in employment and migration of population-creation and maintenance of the voters lists; -service provision in school and professional education, but service provision in pre-school education remained; - assistance in organizing in time veterinary-sanitary and selection activities in animal husbandry; -ensuring relevant measures on fight with damages caused to the agricultural fields, on protection of the harvests, protection of forests and forest masses; -collection of taxes, duties and insurance payments charged upon agricultural producers

The structure of Local Self Governance and Local State Administration in the developed draft Law of 2010 on LSG

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                    ┌─────────────────────┐
                    │ Central Government  │
                    └──────────┬──────────┘
                    ┌──────────┴──────────┐
                    │ Oblast administration│
                    └──────────┬──────────┘
                    ┌──────────┴──────────┐
                    │   Rayon State       │
                    └──────────┬──────────┘
      ┌────────────────────────┴────────────────────────┐
      │  ┌──────────────────┐      ┌──────────────────┐  │
      │  │      Cities      │      │    Ayil Okrugs   │  │
      │  └──────────────────┘      └──────────────────┘  │
      │  ┌────────┐ ┌────────┐    ┌────────┐ ┌────────┐  │
      │  │  City  │ │ Mayor  │    │  Ayil  │ │  Ayil  │  │
      │  │ Council│ │ office │    │ Kenesh │ │ Okmoty │  │
      │  └────────┘ └────────┘    └────────┘ └────────┘  │
 ,    └──────────────────────────────────────────────────┘
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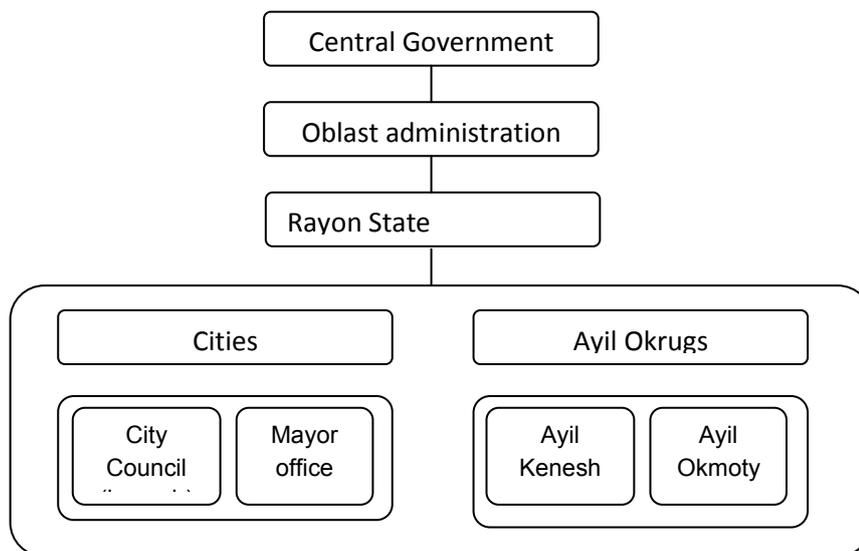
By the initiative of the government (cabinet of ministries) in February 2011 the draft *Law on the Changes and Amendments* to the existing Law of the Kyrgyz Republic on Local Self Government and Local State Administration (adopted 2008) was submitted to the Parliament Committee on Constitutional Legislation, State system, Lawfulness, and Local Self governance. This new draft law on Changes and Amendments aims to harmonise the existing situation with the new 2010 Constitution It was considered in the Committee on 22 March2011 and submitted for plenary session. However, on 31 March it was returned to the government for elaboration.

In the justification paper for the law submission to Parliament, the head of the Prime-Minister`s office wrote that the proposed Law on the changes and amendments to the Law on LSG and LSA has the primary goal of harmonization with the new constitution. It was stated that further reforms in decentralisation need comprehensive and detailed analysis in order to develop a clear strategy on decentralization. Given the current context of political instability, separatism and extremist tendencies in different regions of the country, it is not currently possible to develop immediate reforms in decentralisation. It was stated that cardinal changes in the law on LSG can be made only after further work leading to the adoption of a respective strategic document.

In the conclusion of the Parliamentary Committee regarding this draft law, on the Changes & Amendments it was stated that the Law is not aimed at solving important and conceptual problems of Local self government, at expanding roles and responsibilities of representative bodies of LSG, at expanding administrative or financial autonomy of the LSG bodies, or of defining responsibilities of LSG etc. Thus the draft law preserves the strict hierarchical subordination of LSG bodies to the state. The procedures of electing heads of executive bodies of LSG have not changed in substance - powers previously held by President are now transferred to the Prime-Minister in accordance

with the new parliamentarian political system. The draft proposes to remove norms regulating competencies of oblast state administration and governor but this requires the simultaneous change of the laws on "Government of the KR" and on the "Administrative-territorial structure of the KR".

Three examples of Local Self Government issues from Kara-Balta are given below:

Example 1:
There are contradictions and discrepancies between the Laws regarding responsibilities of LSG bodies. As Kara-Balta city Council officials mentioned such discrepancies result in problems. One of the examples of such problem is, that there is local social protection department responsible for creating lists of socially vulnerable people, but another law places responsibility to sign such lists on the head of LSG. This is a situation when one body does the work, while another body has to sign the papers.

Similar situation is with the creation of voters lists. On one hand LSG bodies are held responsible to make voters lists, while another body (ZAGS) also makes the lists, although logically this should be the responsibility of the Central Election Committee. During the last elections to Parliament, Central Election Committee blamed LSG bodies for out of date voters lists eligible to vote on general elections when political parties raised an issue of discrepancies in the count of popular vote. In reality as confirmed by Kara-Balta officials the LSG never received budget transfers to fulfill functions of voter lists creation and updating.

Example 2:
Kara-Balta is an example which shows ineffectiveness of the existing administrative-territorial structures. Kara-Balta is a city that can be self-sustaining, as it has fifty thousand population and gives almost 50 % of economic output in the rayion. However due to the status of rayion subordinated City Kara-Balta receives, according to Kara-Balta city officials an unfair share of relevant taxes collected on their territory and collected in the central budget. Currently the city officials see solution in giving to Kara-Balta the status of City of oblast subordination.

Example 3:
During our visit to Kara-Balta, one of the AOs in Jayil rayion mentioned an issue of overburden on local budget. Delegated responsibility to provide material base for education institutions, for example, responsibility to repair school buildings, can take over half of the AO budget, which leaves very little resources to fulfill core responsibilities significant to local communities. For example, in this AO the local budget was around 2,300,000 soms, and the head of AO had to spend 1,700,000 soms to maintain the local school. The AO thinks that education provision should be the responsibility of the National Government because most of the AO in Kyrgyzstan are subsidized.

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2. Overview of donor programs in LSG

Main donors and local NGOs in LSG development, their approaches and methods of work

Since the adoption of the National Decentralisation strategy donors carried their work to support the objectives set in the strategy, thus attempting to respond to the needs of the country. Their support comes in grants and credits. These included credit from the World Bank for GSAC и GTAC projects in 2003, credits from KfW, ADB, EBRD targeted to rebuild the local social infrastructure. Credits go through the government of the KR.

Grants are provided by WB, DFID, USAID, UNDP, EU, SIDA, and SDC for implementing projects through sub-contractors (international and local NGOs) or through specially created project implementation structures under various state institutions.

The most significant donors with substantial impact on decentralization include UNDP, USAID, EC, DFID and WB. Donor programs differ in their geographic coverage. While UNDP and USAID work in pilot localities and then replicate the experience on nation-wide scale, other donors such as WB projects and ARIS covered all municipalities in the country.

Altogether three action plans have been developed since the adoption of National Decentralisation Strategy up to the current. These are actions plans for 2002-2005, 2006-2007 and 2008-2010. The focus of these action plans has been changing. Thus, 2002-2006 action plan concentrated efforts on strategic planning and local development plans in cities and villages (supported by USAID, Soros Foundation, and UNDP). The 2006-2008 action plans had its main focus on formation and analysis of local budgets (DFID, USAID/Urban Institute, UNDP, WB/ARIS, Soros Foundation)

The new Tax Code which became valid since 2009 generally considered as a step back in terms of decentralization, as it limited potential of LSG to gain financial autonomy. This resulted in postponement of some donor programs and in changing work directions. For example, in 2009 UNDP started concentrating its activities on the improvement of services to population by LSG bodies.

Annex 2 shows a timeline of the donor assistance programmes:

We have divided the different donor support programmes into 4 thematic areas:
– work on Decentralisation Policy;
– Capacity Building work relating to decentralization;
– work relating to fiscal decentralisation and budgets;
– work supporting infrastructure development and investment at local levels

2.i) Donor support to Decentralisation Policy

Activities in this direction include legislation change, development of national strategies, action plans, ensuring participation of public in decentralization processes. Public Administration reform launched in 2003 with the assistance of WB resulted in the adoption of laws on state services and access to information.

UNDP helped the government to develop the National Decentralisation Strategy in 2002, and further actively participated in its implementation. In 2003 a special LSG program was developed, that in 2005 was merged with the Democratic Governance program.

USAID worked through Urban Institute on development of cities in Kyrgyzstan and ABA (American Bar Association). Urban Institute since 2006 implemented the project "Decentralisation and LSG" and participate in the legislation change.

2. ii) Capacity building relating to LSG

The most consistent donor programs in this direction belong to UNDP and USAID. Various training have been provided for the heads, staff of LSG bodies, and local deputies on strategic planning, budgeting, functions of LSG etc. Unstable political situation and high turnover of cadres in LSG structures reduced positive impact and effectiveness of training programs.

"Strengthening of LSG in KR" project of **EU** worked in two pilot oblasts in 2005-2007. Altogether six municipal resource centers have been created in Naryn and Issyk-Kul oblasts that are currently functioning. As a result of this project a road-map of LSG development in Kyrgyzstan was developed.

Within **GTZ** projects (2003-2007) and UNDP projects (2005-2009) electronic systems for ayil okmotu have been developed. GTZ introduced an automatic system for household economy books "Birkut" in Batken oblast, which was replicated in all other oblasts later. This system was further elaborated by USAID Democratic Governance Program and DPI and distributed among AO.

UNDP developed electronic AO system for electronic documentation, household books, and calculation of taxes. In 14 pilot AO the system was established and information centers opened. The e-AO system can be added with additional modules. Plans exist to connect e-AO system with e-Region system to enable consolidation of LSG information on rayion and oblast level.

Soros Foundation has operational projects (implemented by them) as well as grants to support local NGO initiatives to increase participation of citizens in LSG. Soros projects promote ideas of decentralization reform trough public discussions, round tables, and mass media coverage.

2. iii) Fiscal Decentralisation

Most of the mentioned donors were involved in capacity building of LSG in local budget formation, administration, and management, collection of state taxes, increasing citizens' participation in budget processes and budget hearings.

In 2006-2007 Budget transparency component within the DFID project on Public Finance Reform was implemented. Local NGOs participated in this project received grants to implement projects in budget transparency. Urban Institute (USAID) had a coordinating role, and in order to avoid duplication, donors agreed among them on the geographic regions for their work in this direction. The DFID project resulted in the creation of Alliance on Budget Transparency which is a network of 17 local

NGOs. Currently the Alliance is one of the organizations with an expertise in budget issues, and in two last years it conducted projects for UNDP and Soros Foundation Kyrgyzstan.

2. iv) Economic development and social infrastructure

The majority of donors have activities in this direction, and some of them provide credits for big social infrastructure projects. The biggest donor in this direction is WB which finances projects through ARIS. Since 2003 WB provided more than 60 million dollars for projects in 459 ayil okrugi and 25 cities.

USAID strategy on LSG evolved into "Local Development" program devoted to improvement of business environment and increase of municipal revenues. Three year project with the budget of 26,3 million dollars will continue the work carried by Democratic LSG program in pilot cities in accordance with economic development plans.

Donors working in this direction include ADB, EBRD, EC, JICA, SDC (Helvetas), GIZ, Aga-Khan and others.

Report written by INTRAC (Kazbek Abraliev, Djamilya Kushchubekova, Anara Musabaeva, and Janice Giffen)

Annex 1

Timeline on Decentralisation in Kyrgyzstan

1991	Law giving Councils (Keneshes) responsibilities over local executive bodies
1992	Law on Local Self Government and Local State Administration: re-instated vertical Executive, and re-inforced autonomy of Keneshes at different levels
1996 – 2001	Series of reforms. Establishment of Ayil Okmotu*.* 2001 – first direct elections of local self-government bodies
1999	Introduction of first Budget Hearings
2002 (2010)	National Strategy on Decentralization for the period 2002 - 2010.
2001	Decree: re-introduction of traditional bodies such as Kurultai, Aksakal courts Law: on Local State Government and Local State Administration
2002	National Poverty Reduction Strategy introduced the notion of the 'social mobilization approach to poverty reduction' – creating space for local actors
2002 – 05 2003	Action Plan for strategy on decentralisation: UNDP work on Strategic Plans with AO. The new Law on the financial and economic basis for LSG was adopted which proclaimed the objective of financial decentralisation
2005	Revolution and delay of decentralisation reform. President Bakiev announced that by 2007 oblast level of government should be abolished
2006	UNDP continues Strategic Planning with AO, now focusing on MDGs
2006	Until 2006 entire State Budget had flowed down through vertical structures, oblast and rayion level.
2006	Reduction of local taxes from 16 to 8

2007	New version of Constitution was adopted Adoption of 2 tier budget: 1st tier for the entire state level including the oblast and rayon; 2nd level for local self government
2007	New budget classifications introduced. Basis for consistent and transparent budgets
2007	Adoption of two tier budget: 1st tier for the entire state level including oblast and rayon levels. 2nd level for LSG (AO).
2007-2008	Pilot project on transferring responsibility to administer local taxes and duties as well as state level taxes wholly flowing to the local budget to the bodies of LSG. The project was piloted in 10 LSG entities.
2008	New version of the Law on Local Self Government and Local State Administration was adopted. The matrix of action on the National Decentralisation Strategy for 2008-2010 was adopted in the context of new Law (2008), and the adoption of the concept on administrative-territorial reform (2007, The president decree # 333), and the adoption of new Tax Code (effective from 2009).
2009	Further reduction of local level taxes, from 8 to 2 (tax on property, and tax on land).
2010	New Constitution adopted by the Referendum in July 2010 which introduced a Parliamentary political system in the country
2011	After the adoption of new Constitution in 2010, a working group was established, under the Ministry of Justice with the involvement of independent experts and association of LSG municipalities. It developed 3 drafts relevant to the LSG: Law on LSG, Law on Local State Administration, and Law on the status of the local kenesh deputies. The new cabinet of ministries (government) submitted the draft Law on amendments and changes on the existing Law (of 2008) on LSG and LSA to the Parliament on 28 February 2011, discussed in the committees on 22 March, and was expected for consideration on plenary session of Jogorku Kenesh on 31 March2011. However, on 31 march it was returned to the government for further elaboration

Annex 2

Timeline of donor support programmes relating to Decentralisation

Fiscal Decentralization		(Timeline)	Capacity Development	
WB began the project on budget literacy and access to information (2011-12)	SDC – started a project «Improving Governance through citizens participation in the KR" (2011-13)	2011	National LSG Agency initiated development of National Decentrl. Strategy till 2020	UNDP is in the process of preparing Nat. Human Dev. Rep. focused on LSG(2011)
	The Central Agency on investments and innovations (CAII) & Trust Fund abolished	2010 – April events /adoption of new constitution 2009 –Change of the Tax Code	Donor assistance given to support Constitutional reform and humanitarian ass. for post-conflict situation in the South	UNDP launched project e-Region
	Functions of overseeing the Trust Fund have been delegated to the CAII	2008 – New version of the Law on LSG and LSA	UNDP began project on building capacity on service provision	UNDP introduced e-AO system
	Soros F. / Alliance for Budget Transparency провели исследование по прозрачности бюджета (2008)	2007 – two-tier budget is adopted		
Donors coordinated budget transparency activities	Trust Fund created on Public Finance Management	2006 – The status of National Agency is changed	GTZ introduced e-system «Birkut» for LSG (2007)	
	DFID project on budget transparency (component on civil society was launched (2006-07)	2005 – March revolution	USAID / Urban Institute bean project «Dem LSG» (2006-09)	VIP-2 Project (2006-11) – WB, DFID,
World Bank – Project on budget transparency started (2005-06)	Soros Foundation – component on budget transparency	2004	UNDP – LSG program was merged with Democratic Governance program	EU / TACIS – Support of LSG started (2005-2007)
	DFID launched GSAC support project (2004-07)	2003	- GTZ launched LSG project in Batken	Donors supported activities in strategic planning
WB began GSAC/GTAC project on public administration reform (credit was given) (2003-10)		2002 – National Decentralisation Strategy till 2010	WB VIP Project started (2003-08)	
		2001 – Law on LSG is adopted and The Ministry of LSG created	UNDP - assisted in National Dec. Strategy Development - began implementing program on LSG support	
			Till 2002 mainly social mobilization programs have been implemented	