

with Bishkek and Osh local self-governments

PROJECT
**“Increasing of transparency and accountability level
of the budget process in Bishkek and Osh cities”**

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Background

Strategic documents such as the National Strategy for Sustainable Development and LSG Development Program until 2018 describe development directions of the Kyrgyz Republic including one of the priorities of close interaction between the state, municipalities and civil society. Evaluation of the state and municipal authorities’ activities should be based on a sustainable feedback of citizens and authorities.

Open and transparent budget process plays key role in the process of citizen participation in decision-making, as well as the existence of mechanisms to involve citizens in procedures of budget formation and execution. Such objectives are even more important due to the implemented reforms in financial decentralization in the Kyrgyz Republic.

Traditionally the largest cities of the Kyrgyz Republic Bishkek and Osh had to be the driving force of the reforms in development of local self-government, as occurred in the early years of decentralization and local governance development. However due to various circumstances positive changes resulted from the reforms in local self-government system were not fully embodied in the capital of the Kyrgyz Republic Bishkek and the southern capital Osh. This is probably due primarily to the fact that these cities have always been at the epicenter of the turbulent political events in recent years that in spite of various performances of these

changes, that ultimately resulted in lower level of democratization of the urban community, certain centralization of public administration. It is especially necessary to mention the gap in the administrative system from persistent needs of the citizens. Municipal authorities in both cities have a formal approach to the issues of government accountability and transparency of the city budget before the townspeople. Format of information disclosure makes it impossible not only to the citizens but also the city council deputies to analyze the city's budget for improving its efficiency. Existing procedures for public hearings on the budget has been heavily criticized by non-governmental organizations and expert community. It should be noted that in recent years, urban and rural municipalities of the Kyrgyz Republic, as well as the Ministry of Finance of the Kyrgyz Republic made significant improvements in order to ensure transparency and accountability of the budget process.

Despite the significant positive changes in the budget policy of the country, the situation in Bishkek and Osh cities exacerbate every year that greatly affect future development of these cities. Despite the fact that the causes of the budget crisis in the cities are different, the unifying feature is the absence the citizens' interest protection in the budget policies of these cities, which is reflected in practical absence of civil society's influence on the budget process both at the stage of budget formation and execution, and budget monitoring.

It is necessary to create conditions which will increase level of the citizens' confidence both in the local authorities and in the whole public administration. The largest cities of the Kyrgyz Republic Bishkek and Osh should become leaders in this process, ensuring real participation of the citizens in development of the cities.

Increasing transparency of the budget process, creating opportunities for evaluating the effectiveness of the city budget by the citizens are among the priorities in this work.

Based on the analysis of the budgetary problems in the cities of Bishkek and Osh key issue was formulated - **existing level of citizens' participation in the budget process does not contribute to formation of a sustainable system of government response to the requests of citizens.**

Executor Qualification

Development Policy Institute is a non-governmental organization in Kyrgyzstan established in 2009 united experienced experts with years of recognized expertise in various fields of legislation, development of the state and municipal administration, strategic planning, economic development and information exchange. Mission of DPI is providing assistance to local communities and governments to exercise rights and opportunities of human beings.

Transparency and accountability of local self-government became the most important sphere in DPI activities. In this direction DPI has implemented and continues to implement wide range of projects including:

- Civil budget-2011, within this project the format of civil budget was developed in Kyrgyzstan, which was proposed to the Ministry of Finance for approval. CB-2011 was published and drawn wide public response. Financing – Soros Foundation Kyrgyzstan.
- Civil budget-2012 (<http://www.dpi.kg/ru/publications/full/51.html>), within this project the format of CB was improved and adopted by the Ministry of KR for execution. Thus, CB-2013 was implemented by the Ministry of Finance independently using the format developed by DPI in 2012. Financing – Soros Foundation Kyrgyzstan.
- Budget journalism (<http://www.dpi.kg/ru/projects/full/29.html>). DPI implemented wide range of projects aimed at building capacity of journalists in the capital and regions to report on budget issues in mass media. Guides to budget “Country resources – people’s resources” and “Power of numbers or

numbers about power” were developed in the framework of the projects (<http://economicjournalist.com/?p=320>).

- Assessment of budget journalism in Kyrgyzstan (<http://www.dpi.kg/ru/publications/full/113.html>). DPI conducts regular monitoring of both quality and quantity of budget journalism in Kyrgyzstan. In 2013 substantial quantitative growth was registered while the quality remains satisfactory enough.
- In 2011 DPI became the first local non-governmental organization in Kyrgyzstan to win the international bidding to implement large donor project in the sphere of local budgets transparency – Voice and Accountability Citizens’ Participation and Oversight of Budget Processes (<http://vap.kg/ru/about/>), financed by the Swiss Government and DFID. The project works practically with all LSG bodies in the republic (rural) and aims at introduction of the model of community engagement in the budgetary process.
- Over recent years DPI implemented a number of projects related to citizen participation in budget process and budget transparency.

DPI has qualified expertise on local budgets, citizen participation in the budget process, budget issues coverage in the media. It publishes a monthly magazine “The Municipality” (www.municipalitet.kg), where the topic of budget transparency is reflected on a regular basis. It develops Municipal index of budget transparency, and conducts applied researches.

DPI’s main governmental partner on budget issues is the Ministry of Finance of KR, with a permanent memorandum on cooperation. (http://www.dpi.kg/upload/file/Memo_DPI_MinFin_06_02_2012.pdf).

Project Aims and Objectives

Key aim of the Project is to develop and test sustainable methods, mechanisms and tools of open budget policy in Bishkek and Osh cities.

In order to achieve the aim following objectives and key activities should be carried out:

- 1) Introduction of the model of citizens’ engagement in evaluation of the budget expenditures effectiveness.
- 2) Normative vest of openness, transparency and citizen participation procedures in budget process at the city level.
- 3) Formation of the city information space on city budget issues.
- 4) Disclosure of budget information in the form available for citizens.
- 5) Testing of approaches to engage citizens in budget process.

Expected Outcomes

- Level of citizens confidence in local government will increase
- Conditions for dialogue between government and citizens will be established
- Budgets of Bishkek and Osh cities will reflect the needs and demands of citizens to a greater extent
- Comprehensive normative approach to ensure transparency of the budget process will be formed and vested
- Methods and mechanisms to ensure citizen participation in the budget process will be tested in the project framework

Project Activities

To address abovementioned project objectives the following activities will be carried out.

Project Implementation Program in Bishkek city

The Strategic Development Directions of Bishkek city identify the issues of transparency in the budget process, as an integral part of the new budget policy.

Currently planned Program of socio-economic development of Bishkek is also being developed in the framework of the above-mentioned strategic document. The Project Program, its objectives and activities designed will contribute to the aims of the Strategy on budget transparency.

Concordance of the Project objectives with the new budget policy of the Strategic Development Directions of Bishkek city.

Strategy objectives	Project objectives and activities
To develop the system to monitor and evaluate effectiveness of the budget expenditures by the civil society	<p><i>Activities on the objective “The Model of citizens’ engagement in evaluation of the budget expenditure effectiveness”:</i></p> <ul style="list-style-type: none"> – Development of methodology “citizens’ evaluation cards” for evaluation of satisfaction level with services related to budget expenditures – Testing of the methodology in the selected territory (condominiums)
To ensure sustainable accountability system of LSG bodies to the citizens in terms of the local budget formation and execution	<p><i>Activities on “Formation of the city information space on city budget issues”:</i></p> <ul style="list-style-type: none"> – training for the mayor’s office on budget public hearings, – 2 Saturday seminars for journalists of urban and regional mass media on reporting budgets of Bishkek cities; – press session for mass media; – competition among mass media “City budget - my budget”.
To adopt normative regulations to ensure budget process transparency on a regular basis	<p><i>Activities on “Normative vest of openness, transparency and citizen participation procedures in budget process”:</i></p> <ul style="list-style-type: none"> – develop Joint action plan of the mayor’s office and city council on transparency and procedures of citizen participation in the budget process; – “round table” to discuss joint action plan; – adoption of the Joint plan during the city council session; – training on procurement procedures for Bishkek mayor’s office (per request).
To introduce practice to develop and publish Civil budget on a regular basis	<ul style="list-style-type: none"> – development and publishing of Civil budget of Bishkek (information about city budgets in available format of

The Project outcomes will contribute to strengthen mechanisms of budget transparency of Bishkek, increase accountability of local self-governments to the population. Following outputs will ensure sustainability of the above-mentioned processes:

1. Normative adoption of the acts list, which needs to be performed for provision of sustainable city budget transparency process and increasing accountability to the citizens
2. Tested methodology for evaluation of citizens' satisfaction level with the services provided
3. Developed capacity of mass media in reporting budget issues in Bishkek city.
4. Introduced methodology on new approaches to conduct public hearings. Capacity of the mayor's office staff will be increased in order to conduct public hearings in the updated format.

Project Implementation Program in Osh city

Activities on "Normative vest of openness, transparency and citizen participation procedures in budget process":

- develop Joint action plan of the mayor's office and city council on transparency and procedures of citizen participation in the budget process;
- "round table" to discuss joint action plan;
- adoption of the Joint plan during the city council session;

Activities on "Formation of the city information space on city budget issues":

- Press session for mass media;
- competition among mass media "City budget - my budget";
- 2 "round tables" on "Transparency of utility costs" and "Formation of the mayor's office feedback from the population".

Activities on "Disclosure of budget information in the form available for citizens":

- development and publishing of Civil budget of Osh (information about city budgets in available format of brochure with infographics);
- development of materials (brief budget descriptions).

Activities on "Testing of approaches to engage citizens in budget process":

- initiation of the need to establish the Foundation for the financial support of the initiatives from active groups of citizens before the Osh city council;
- 2 focus groups on cooperation in the format "citizens - municipal territorial administration – mayor's office" in terms of initiatives in formulation and execution of local budget.

Project Implementation Timeframe

Activities	1	2	3	4	5	6	7	8
Development of Joint plan (Bishkek, Osh)	■	■						
“Round table” to discuss joint action plans (Bishkek, Osh)		■						
Adoption of Joint action plan during the session of city council ((Bishkek, Osh)		■						
Discussion of establishment of the Foundation to support initiatives of tge active citizens groups (Osh)			■					
Training on procurement procedures for Bishkek mayor’s office (per request)		■						
Focus group “citizens – MTA – mayor’s office” on budget (Osh)				■		■		
2 Saturday's seminars for journalists of urban and regional mass media on reporting budgets (Bishkek)			■		■			
Press-sessions for mass media (Bishkek)				■				
Press-sessions for mass media (Osh)			■					
Announcement of the competition among mass media “City budget - my budget”		■						
Collection of completion materials		■	■	■	■	■	■	
Results and awards ceremony of the “City budget - my budget” competition winners								■
Development of methodology “citizens’ evaluation cards” for evaluation of satisfaction level with services related to budget expenditures		■	■	■				
Testing of the methodology in the selected territory (condominiums)					■	■	■	
2 “round tables” on “Transparency of utility costs” and “Formation of the mayor’s office feedback with the population” (Osh)				■				■
Development and publishing of Civil budget of Bishkek and Osh (information about city budgets in available format of brochure with infographics (Bishkek, Osh)				■	■			
Final report								■

Key Project Indicators

- quantity of adopted normative acts by the city councils and mayor' offices
- quantity of the carried out activities
- quantity of the activities participants
- increase of knowledge level on budget issues among training participants
- quantity of published materials on budget issues

Sustainability of Project Outcomes

Likely sustainability of the Project is characterized by the following factors:

a) Presence of sections devoted to the need for interaction of city authorities with civil community in the draft Strategy of Bishkek and Osh cities

b) The draft Strategy of Bishkek city includes special section “New budget policy”, which assumes development of a set of activities to increase level of transparency and citizen participation in the budget process.

c) By the end of 2013 the Bishkek City Council adopted the resolution on a phased transition to program budgeting, and in order to execute it there was Concept of transition to program budgeting was developed with the mandatory procedures of citizen participation in the budget process.

g) Existing protest moods towards closed nature of the authorities, especially in Bishkek, will contribute to the activity of citizens in implementation of the mechanisms of interaction

d) Need to revive the city's economy and consequently growth of its income in Osh motivates city authorities maintain an open dialogue with business entities for tax compliance and the need to replenish the local budget

e) Requirements for open government's actions towards citizens are important elements of evaluation of the LSG performance, which is being introduced in 2014-2015 requiring municipal authorities to implement proposed mechanisms.

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