

Gulnara Derbisheva, Kyrgyz Republic, Batken region

Budget Partnership Initiative

Rationale:

Funds used by local self-government bodies belong to people. Therefore, local authorities should regularly consult with the population on how to spend local budgets, should report to citizenry on funds spending.

Most of the population of the Kyrgyz Republic does not know how local budget revenues and expenditures are formulated, how much money is used to meet social needs of the population, especially those of the aged and pensioners. Citizens do not know what ratio of funds is used to maintain public property and generation of revenues from leasing lands of the Assets Reallocation Fund.

Social accountability initiative:

Budget Partnership Initiative is a project initiated in 2006 in 10 pilot village administrations in partnership with local NGOs and DFID Public Finance Reform Project. It is aimed at involving the civil sector to budget processes at the local level.

Insan-Leilek Public Foundation is a NGO established in 1999 to strengthen the civil sector in Kyrgyzstan. Mission of the organization is to facilitate participation of local community, rural youth and rural women in democratic processes, as well as to facilitate their interest in active citizenship. Development of youth's and women' initiatives in formulating laws and transparency of decision making in the sphere of defending rights and interest of citizens.

Mechanisms:

1. Establishment of local budget initiative groups out of NGO activists, Local Self-Governance (LSG) representatives, and deputies of local councils. Informing civil society representatives and LSG council representatives about the budget process and specificity of each phase; training deputies of local councils and civil activists in the sphere of key principles of civil involvement in budget processes; assisting the Ministry of Finance in providing information to LSGs on reforms being carried out.
2. Budget Initiative Groups and local NGOs become a basis for establishment of Public Budget Committees that voluntarily carry out independent application analysis of local budgets: how well the approved budget reflects needs and interest of communities; how different sectors, such as maintaining LSG apparatus and communal economy, will be funded; what impact this budget will have on an individual population group (children, doctors and teachers).
3. "Villages Development", in partnership with Aiy! Okmotu apparatus, has developed a plan of village socio-economic development and helped prioritize issues critical for villages.
4. Budget Information Centres were established under LSG bodies where every resident can get any information on the village he/she lives in.

Initiative outcomes:

Local residents comprehend it is the following way:

- LSG budget directly influences life of each community member;

- LSG residents relate to the budget as taxpayers, public services recipients and voters;
- LSG budget funds are strictly limited. Therefore, the society should be clear about its priorities, know about the revenues level and control expenses;
- Budget related decisions of local authorities influence lives of ordinary people not only today, but in future;
- Deputies of local councils represent citizens' point of view when considering, approving, introducing changes to the local budget, as well as overseeing its execution. Therefore, it is important to demand more accountability and reporting from deputies on progress made.

Success story:

Deputies Budget Group, for the first time in Batken Oblast, raised an issue of partial availability of information on use of lands of the Assets Reallocation Fund. It was decided to form Deputies commission out of the Deputies Budget Group to inspect use of lands of the Assets Reallocation Fund. The Commission worked for 2 weeks and presented the following findings: 150 hectares of land are ineffectively used. The land plots were leased at the lower rates by successful entrepreneurs who did not pay for the lands for 3 years. Later, re-tender was conducted; as a result, the lands were granted for lease at the market rates, and the funds started to go to the local budget.

Challenges during the BPI initiative implementation:

While implementing the project, many problems emerged in LSG bodies being accountable to the population:

- Heads of a number of rural councils opposed the idea of providing public access to information on such closed budget related issues as lease of lands of the Assets Reallocation Fund and public property management.
- Legislative framework for active involvement of local residents and NGOs in the budget process has not been established. It is important to develop the idea of people's law making initiative at the local level.
- Assessment of LSG revenues capacity is problematic due to unpredictability of tax and non-tax collections to the local budget. As a consequence, it is hard to identify the scope of intergovernmental transfers (especially with respect to leveling grants issued from the state budget).
- Low level of professionalism of LSG staff members, especially those dealing with local financial and economic resources, as well as those dealing with formulating and executing local budgets. There is high turnover in LSG bodies and lack of equipment.

The project only worked in 10 pilot village administrations all over the country; however, there are 475 other village administrations where budget accountability is in poor state. There is a clear need for working at the national level in all LSGs in view of the fact that in 2007, Kyrgyzstan has moved to the two-level budget system when LSG bodies and local budgets got more independence for using their resources.

We believe that the critical condition for financial decentralization is civil involvement in budget processes. Given that, citizens should know basics of budget processes at the local level and their rights in dealing with issues of territory development. They should also learn to hold local authorities to account in terms of transparent use of budget and non-budget funds and reporting to citizens.