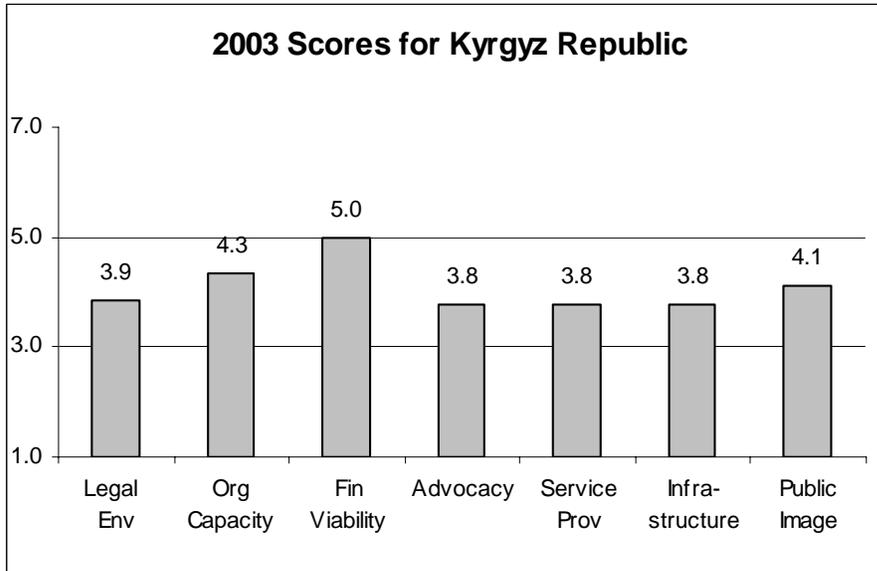


KYRGYZ REPUBLIC



Capital:
Bishkek

Polity:
Presidential

Population:
5,000,000

GDP per capita (PPP): \$2,711

NGO SUSTAINABILITY: 4.1

NGO SUSTAINABILITY	
2003	4.1
2002	4.0
2001	4.3
2000	4.3
1999	4.1
1998	3.9

The NGO sector in the Kyrgyz Republic is still probably the most active in Central Asia. There are about 1,050 NGOs according to the old Counterpart International database, which is currently being updated and includes 439 active NGOs.

NGOs enjoy more or less favorable conditions for active participation in the development of civil society compared with other Central Asian republics. However, dependence on foreign funding sources for active NGOs, especially in the capital of Bishkek, has led to an increase of NGOs involved in service provision to generate revenue.

This tendency may continue as pressure from the government on advocacy organizations increases. A successful nationwide referendum introduced major changes to the Constitution of the Kyrgyz Republic. The most active and independent NGOs in the country experienced high levels of pressure from the government before and after the referendum, through administrative structures and government-controlled media outlets. This was especially evident in the rural areas. This pressure forced some NGOs to pull out of the advocacy campaign against the referendum. Nevertheless, NGOs in Kyrgyzstan continue to be more involved in drafting better legislation related to nonprofit organization's activities and further pursuing the ultimate goal of becoming independent and significant players in the country's democratic development. The USAID-funded network

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of NGO resource centers initiated a national advocacy campaign to promote a bill to amend the tax code in favor of NGOs was signed by the President. This new law provides clear descriptions of all nonprofit organizations and guidance to amendments in the tax code which makes humanitarian aid and grants tax exempt. This should provide a better basis for sustainability of NGOs in the country.

The general overview of the NGO sector in the Kyrgyz Republic can be described as primarily dependent on international assistance, though the active local NGOs have begun to implement public outreach programs and introducing transparent and accountable financial management.

Unless it is politically sensitive, local government officials, especially those who have been elected, acknowledge the importance of NGOs and try to cooperate with them, especially in service provision. There is however still need for further development within the NGO sector. Aside from problems of sustainability caused by the deteriorating economic situation, most NGOs still lack the professionalism and access needed to truly become partners with the government to push for reforms.

LEGAL ENVIRONMENT: 3.9

LEGAL ENVIRONMENT	
2003	3.9
2002	3.7
2001	5.2
2000	4.3
1999	3.5
1998	3.9

NGO registration is still relatively easy in the Kyrgyz Republic. The current legislation allows NGOs to start and operate within two weeks on average. The new law was adopted on March

8, 2003, which introduced additional amendments and changes to the Tax Code of the Kyrgyz Republic. This law clearly defines civil society organizations, including non-government, and exempts humanitarian aid and grant assistance from taxation. However, there is still a lack of information outside of major urban areas regarding current legislation and technical assistance made available to NGOs.

Depending on how they are implemented, several constitutional amendments introduced by the February constitutional ref-

erendum may undermine civil society development, including a vague provision on engagement by NGOs in political activities. The Ministry of Justice cited this provision in its initial denial of re-registration to the Coalition for Democracy and Civil Society in the summer of 2003. Registration was ultimately granted.

There are some incentives in the Tax Code for business communities. Companies may be tax exempt for up to 5 percent if they donate money to public organizations. There is a Law on State Purchase, but stimulating grants from the government are distributed on a centralized basis, usually to support only utility infrastructure. In most cases, NGO are not aware of this provision. Officials usually have little understanding of the NGO sector, and they use pressure whenever NGOs begin to be involved in politically sensitive matters. During the recent referendum to amend the Constitution, all NGOs involved in the advocacy campaign

against it, experienced tremendous pressure from the government including that from the tax authorities. There is a general

lack of lawyers specializing in NGO law, especially in the regions.

ORGANIZATIONAL CAPACITY: 4.3

ORGANIZATIONAL CAPACITY	
2003	4.3
2002	4.3
2001	4.0
2000	4.0
1999	4.0
1998	3.9

NGOs are slowly gaining more potential in organizational capacity. Bishkek and Osh, two major cities, are the main urban areas where a few most active and strongest

NGOs exist. Most registered NGOs outside of cities are still organizationally weak. However in general, there has been a small increase in the number of self-sustainable civil society organizations. Many NGOs still exist only based on the availability of grants and subsequent projects. Grants are often used for equipment and salaries, not towards provision of technical assistance for better organizational capacity. The total number of donors decreased over the year, and there is a general insufficiency of institutional grants.

The sector continues to struggle with growing pains as it converts from a dispersed group of “Non-Governmental Individuals” to actual “Non-Governmental Organizations.” Additional training is required to foster this process in the areas such as strategic planning, corporate and financial management, and leadership. Usually NGOs have limited paid permanent staff, since their income is not stable and, for the most part, depends on grants from international donors. More often, organizations utilize the services of local volunteers, whose number is growing. Volunteers are usually attracted for specific projects, and there is no established volunteerism culture in the country.

FINANCIAL VIABILITY: 5.0

FINANCIAL VIABILITY	
2003	5.0
2002	5.0
2001	5.5
2000	5.5
1999	5.5
1998	4.2

The Kyrgyz economy continues to experience a decline, which negatively affects local philanthropy and the sustainability of the third sector as a whole. There are very few NGOs that rely on self-financing

and the majority of active NGOs are supported from foreign sources of funding. Several business associations emerged

that attempted to raise funds. There are also some NGOs that never applied for grants and are not too much interested in them; however their number is very limited. If NGOs begin being involved in commercial activity, some of them may lose their mission and turn into commercial organizations. Many NGOs began engaging in auditing processes to ensure complete transparency and financial accountability. Some of them began publishing their financial reports. Although this is not required by law, this was initiated by

NGOs as they start realizing of the importance of transparency in their work.

Slowly, the government is acknowledging the role of non-government organizations as better equipped and faster to respond in service provision, especially at the local level. Advancements in the legislation re-

lated to local self-governments and community organizations resulted in possible allocation of government funds to support local civic organizations. However, this will be limited only to service provision organizations, and politically active NGOs will still be dependent on international grants.

ADVOCACY: 3.8

NGOs become more active in pushing reforms in the country. Several advocacy campaigns were conducted, some which were successful. One advocacy campaign

ADVOCACY	
2003	3.8
2002	3.3
2001	3.0
2000	3.5
1999	3.5
1998	3.5

focused on taxation, which is one of the most important issues for the sustainable development of NGOs. A task force, consisting of deputies of the Legislative Chamber of the Kyrgyz Parliament, representatives of local NGOs and the International Center for Not-for-Profit Law, developed a bill amending the tax code. The USAID-funded network of NGO resource centers initiated a national advocacy campaign to promote this bill and conducted 14 round tables in all provinces of Kyrgyzstan with participation of 350 people representing NGOs, mass media and state institutions. As a result, on March 8, 2003, the bill entitled "Amendments and Additions to the Tax Code of the Kyrgyz Republic" was signed by the President and on March 14 it was put into force. This new law provides clear descriptions of all nonprofit organizations and guidance to amendments in the tax code which makes humanitarian aid and grants tax exempt.

As NGOs' involvement in the decision-making process becomes more visible, pressure from the government on NGOs increases as well. NGOs experienced an unprecedented pressure from various levels of government during a campaign against the referendum to amend the Constitution in February 2003. The measures taken by the Government forced some NGOs to step back from advocacy activities. Despite this, leading NGOs set up roundtables and seminars with the government participation to shed more light on the main activities and changes related to the Constitutional referendum. Several new constitutional amendments with vague, potentially restrictive provisions on civil society organizations may negatively affect the advocacy environment.

Advances in the development of local self-governance in the Kyrgyz Republic presented more opportunities for NGOs to establish partnerships with elected heads of local self-governments. In particular, NGOs have become increasingly involved in advocating for a more independent financial authority of local governments. Communication between the government and the non-government sector has improved, although slightly.

SERVICE PROVISION: 3.8

Only a small number of well-developed

SERVICE PROVISION	
2003	3.8
2002	3.9
2001	4.3
2000	4.5
1999	4.0

NGOs have become effective in providing services in various areas. Most are involved in consulting, management, social rehabilitation, research, and local mobilization services.

As a result, there is a certain realization that NGOs have the capability to provide training and consultation services in highly specific sectors, like medical services, community mobilizations and local budgetary hearings.

However, NGOs can rarely reimburse their expenses – most of the targeted groups are unable to pay fees for the services that they receive. This leads NGOs to provide more specialized services for donors, such as research and public opinion surveys. Some NGOs provide training for local elected officials. The Government is usually unable to pay back for the services that they receive from NGOs. Therefore, NGOs are frequently reimbursed in-kind.

INFRASTRUCTURE: 3.8

Kyrgyzstan still enjoys a good infrastructure to support its nonprofit sector through

INFRASTRUCTURE	
2003	3.8
2002	3.7
2001	3.8
2000	4.0
1999	4.5

USAID-funded Counterpart International's eleven Civil Society Support Centers. These centers, located in various regions of the

country provide technical assistance to local non-government organizations and offer services related to distribution of information and access to computer equipment. However infrastructure in general deteriorated over the past year. The number of information sources, grant-making organizations, and training opportunities

decreased. There is more focus on the regions, which results in decreased attention towards the NGOs in the main cities.

Some Resource Centers provide paid services (e.g., for Xerox copying, computer use, some training courses, etc.). Trainings on the basic skills are available, and a few training materials are available in the native Kyrgyz language. Local government officials, especially elected ones, are more or less supportive of NGOs, since they recognize the benefit of NGO support during local elections. However, NGOs often do not have the necessary skills to apply to local government officials and obtain support.

PUBLIC IMAGE: 4.1

The media coverage of NGOs in Kyrgyzstan continues to increase, while government controlled media outlets have run critical reports about NGOs, their leaders,

and activities. Particularly, the case of the Kyrgyz Human Rights Committee was heavily utilized to draw generic stereotypes of NGOs in the eyes of the public.

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There were several reports that the Chairperson of the Committee embezzling grant funds for his personal use. This coordinated campaign against public organizations targeted NGOs that were politically active. Neither the independent or government-controlled media promoted NGO

PUBLIC IMAGE	
2003	4.1
2002	4.1
2001	4.5
2000	4.5
1999	4.0
1998	3.8

NGO activities in a way that can effectively counteract such negative publicity. Nonetheless, Kyrgyz NGOs attracted media attention to their activities for both public image and advocacy purposes. Public awareness of NGOs remains to be one of the highest in Central Asia (48 percent according to a USAID-funded poll). In general, however, NGOs tend to lack the breadth and influence of government-controlled media in spreading their message.