

# **The Impact of Democracy Assistance on NGO Sustainability in Kyrgyzstan**

**Julia Michaels**

**Oregon State University, USA**

**Visiting Research Fellow, Social Research Center  
American University in Central Asia (AUCA), Bishkek, Kyrgyzstan**

**Karlygach Nurmanbetova  
Research Assistant, AUCA**

## **ABSTRACT**

Since the collapse of the Soviet Union, the United States Agency for International Development (USAID) has provided millions of dollars in assistance to emerging civil society organizations in Kyrgyzstan through its Democracy and Governance program. Although the concept of civil society encompasses many different types of associations, nongovernmental organizations (NGOs) are a critical element of civil society. An unusually large number of NGOs exist in Kyrgyzstan, compared to neighboring countries in Central Asia, and a majority of these NGOs are located in the capital, Bishkek. However, more important than the sheer number of organizations is the degree to which they are sustainable, or able to function effectively in the long term. In order to examine the impact of democracy assistance on NGO sustainability, the researchers conducted in-depth interviews with fourteen NGOs in Bishkek and one interview with USAID. The results show that: 1) although many NGOs have achieved substantive success in Kyrgyzstan, they still depend on international assistance in order to carry out their activities; 2) this situation is caused by a lack of alternative funding options, such as corporate philanthropy and government assistance; and 3) USAID assistance in particular is awarded to a select number of organizations (termed “implementers”) which are themselves highly sustainable, however the aid is not reaching the bulk of indigenous NGOs. The extent to which aid is being passed on from implementers to indigenous NGOs is still unclear, and further research is needed to determine the impact of this indirect assistance.

## **Introduction**

International democracy promotion is an important foreign policy objective of the United States. To that end, the United States Agency for International Development (USAID), which administers the bulk of foreign aid coming from the United States government, allocates funds for democratic development through its Democracy and Governance program. Much of this aid is used in an attempt to stimulate civil society, which is widely considered to be a necessary condition for a healthy and sustainable democracy (Linz and Stepan, 1996; Henderson, 2003). In recent years, an increasing amount of attention has been focused on non-governmental organizations (NGOs) which are legally-constituted, autonomous organizations with no participation or representation by the government. They may be operational in nature, providing important social services, or they may engage in advocacy by defending or promoting a cause. NGOs are widely viewed as a critical component of the civil society sector and are believed to nurture civic engagement (Mendelson and Glenn, 2000). More importantly, they are often the

first recipients of aid, since foreign governments do not want to interfere, or appear to be interfering, in the internal politics of other nations (Carothers, 2009).

After the collapse of the Soviet Union, democracy assistance increased dramatically throughout the 1990s in an attempt to bring newly independent states into the community of democratic nations. Two decades later, is it now possible to see the results of this tremendous investment? This study focuses on one small aspect of the transition to democracy: the development and sustainability of the NGO sector, often termed the “third sector” (ACSSC, 2006). The research question is: *what has been the impact of democracy assistance on NGO sustainability in Kyrgyzstan?* In order to gain insight into this question, a select number of in-depth, qualitative interviews were conducted with NGOs in Bishkek, Kyrgyzstan. The results show that although NGOs in Kyrgyzstan have experienced many successes and the sector as a whole shows potential, there are still challenges to overcome. The way that aid is currently administered, as well as impediments present in Kyrgyz society, economy and government, are currently inhibiting long-term sustainability of NGOs. Changes in the way that both donors and NGOs conduct their work, as well as potential changes in the operating environment, may help to resolve some of these challenges.

## **Previous Research**

Many scholars have supported the idea that civic activity enables citizens to rule themselves. Civil society provides a forum for citizens to express their views, advocate on behalf of their interests, and inform policymakers of their needs (Tocqueville, 1945; Diamond, Linz and Lipset, 1990; Putnam, 1995; Linz and Stepan, 1996; Mendelson and Glenn, 2000; Henderson, 2002). Thus, support for civil society is a key element of democracy promotion. The United States government has channeled millions in aid to former Soviet republics in order to foster emerging democracy and prevent a relapse of authoritarian rule (Henderson, 2002). In 1992, the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act (popularly known as the FREEDOM Support Act) was passed (22 USC 5801). This act further expanded the capability of the United States Agency for International Development (USAID)<sup>1</sup> to promote democracy and governance in the region. The Democracy and Governance program is divided into four categories: civil society, good governance, elections, and rule of law (United States Agency for International Development [USAID], 2010). A key aspect of the Democracy and Governance program is its relationship with NGOs in the former Soviet space; Carothers notes that an overwhelming amount of funding is provided to NGOs (both international and local) who then implement desired programs (Carothers, 2009). Thus,

---

<sup>1</sup> USAID is the largest provider of foreign aid from the US government, providing 80% of all US government aid. The remainder is distributed by the US embassy, US Department of State, and the National Endowment for Democracy (Carothers, 2009).

the U.S. government is able to work towards its foreign policy goal of democracy promotion without infringing upon national sovereignty (Henderson, 2003).

The extent to which such aid programs are effective is the subject of some debate in the literature. One of the more positive qualitative studies, the result of field research in Kyrgyzstan and Uzbekistan, shows an increase in networking among organizations that receive foreign aid (Radnitz, 2009). However, others find that foreign aid suffers from problems of bureaucratization, mismanagement and the attempt to achieve too many unrealistic goals at once (Easterly, 2006). Although there have been relatively few quantitative studies, a robust example is the work of several researchers from the University of Pittsburgh, which shows a small but statistically significant positive relationship between aid and democratic strength (Finkel, Perez-Linan and Seliqson, 2008). However, an equally robust study found that aid has a strong, negative effect on democracy; when revenue is sought from abroad rather than from citizens, government accountability and legitimacy is weakened (Djankov, Montalvo, Reynal-Querol, 2005).

The relationship between aid and NGO sustainability in particular has not been widely examined. Several qualitative studies claim that aid helps some NGOs to survive that would otherwise not exist (Richter, 1997; Fowler, 1998; Henderson, 2003). However, others caution that a long-term relationship with foreign aid fosters dependency (Alymbaeva, 2008), creating a number of problems for NGOs. Competition for grants can isolate NGOs both from each other and from the communities that they are supposed to serve (Mendelson and Glenn, 2000; Henderson, 2002). NGOs are forced to adopt donor priorities rather than their own, and must frequently change their mission or goals to remain eligible for grants (Alymbaeva, 2007; Henderson, 2003). Finally, foreign funding is unstable and often does not cover basic operating expenses; without such support, NGOs' capacity to implement projects is limited (Alymbaeva, 2007; Henderson, 2003).

A recent quantitative study shows that there is no statistically significant relationship between aid and NGO sustainability in the entire former Soviet Union, including occupied "satellite" nations (Michaels and Henderson, in progress). However, Michaels and Henderson also found that a positive relationship between the two variables does exist in the Central Asian region (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan). The cause of this phenomenon is unknown, but it was hypothesized that economic, social and political conditions in these nations were so severe that NGOs needed all the help that they could obtain; in addition, it was thought that NGOs in these nations had few alternative funding sources. For example, in the Baltic states of Latvia, Lithuania, and Estonia the NGO sector receives funding from the European Union (Mendelson and Glenn, 2002), while Central Asian NGOs receive no such support.

The current research seeks to fill this gap by examining the relationship between aid and NGO sustainability in Central Asia, and in Kyrgyzstan specifically<sup>2</sup>. Although there are fewer studies on the NGO sector in this region than in other parts of the former Soviet Union, some important work has already been done. McMann finds that Central Asians have grown increasingly alienated from the state, which is no longer a source of benefits (McMann, 2005). NGOs have stepped in to provide these benefits, offering numerous social services such as help for vulnerable populations (i.e. children, elders, the disabled) and humanitarian aid (Association for Civil Society Support Centers [ACSSC], 2006; McMann, 2006; Alymbaeva, 2007). A comprehensive assessment of the Kyrgyz NGO sector, conducted by the Association of Civil Society Support Centers, finds that although some NGOs developed indigenously for their own purposes, a significant portion of new organizations were created to take advantage of the influx of donor funding during the 1990s (ACSSC, 2006). Moreover, the vast majority of NGOs are located in Bishkek<sup>3</sup>, the capital city, and there is little networking between urban and rural NGOs (ACSSC, 2006).

Unlike NGO sectors in other nations, NGOs in Kyrgyzstan are not financed by corporate philanthropy or donations from the middle class (ACSSC, 2006). In addition, the Kyrgyz government provides little support of any kind (ACSSC, 2006), and the concept of social entrepreneurship is still largely unfamiliar to many NGOs (Alymbaeva, 2007). Compounding this problem is the fact that NGOs lack widespread public support and input from volunteers (Jailobaeva, 2008). Cooper notes that NGOs have been relatively successful in Kyrgyzstan compared to other Central Asian nations because they have been acknowledged by the government for the important social services that they provide, and because they have been so successful at actually winning outside support (Cooper, 1999). But scholars tend to agree that NGOs in Kyrgyzstan are not yet ready to survive without international funding (Alymbaeva, 2007; Jailobaeva, 2008) because there are so few other alternative funding options.

The actual effectiveness of aid on NGO sustainability in Kyrgyzstan remains largely unknown. Furthermore, dramatic changes that have recently occurred in the country (most notably the April 2010 events) may have influenced NGO sustainability as well, and the effects of these changes will likely remain unknown for a few more years to come. Thus, this study seeks to explore the relationship between democracy assistance and NGO sustainability as it currently exists, while building upon and updating the literature of the past five years.

## Methods

---

<sup>2</sup> Kyrgyzstan was selected for several reasons: first, it receives the most amount of aid from USAID (USAID, 2010), it has the highest number of NGOs of any country in Central Asia (ACSSC, 2006), and is the most free (Freedom House, 2009). Logistical and practical factors also influenced this choice.

<sup>3</sup> As of 2009, there were approximately 11,000 registered NGOs in Kyrgyzstan (Alymbaeva, A., Personal communication, 30 July 2010).

The research sample consisted of two types of organizations: known recipients of USAID funding, and local Bishkek NGOs. The former were located using information from the USAID website about their current projects within the Democracy and Governance program.<sup>4</sup> A list of local Bishkek NGOs was drawn from a database of current registered NGOs at the Social Research Center (SRC), American University in Central Asia (AUCA).<sup>5</sup> All organizations were contacted via email, requesting an interview. Those that responded were contacted by telephone after arrival to schedule the date and time of the interview.

In addition to the initial sample, the researchers used a snowball sampling technique to generate more interviews. At the end of each interview, organizations were asked for the contact information of two or three other local NGOs who might be interested in contributing to the research. These referrals were then contacted via email or phone.

A total of sixty-seven organizations were contacted,<sup>6</sup> and fourteen interviews took place. Three of the interviews were conducted with organizations from the first group (known USAID recipients), and eleven interviews were conducted with organizations from the second group (local Bishkek NGOs). After speaking with NGOs about their funding sources, four organizations reported that they also received funding from USAID. This brought the total number of USAID-funded subjects to seven.

Interviews were semi-structured, ranged from fifteen minutes to one hour in length. Four were conducted in English, and the remainder in Russian. During the first week of research, a paper survey was distributed to employees at each NGO, intended to solicit categorical information about the organization which would help determine sustainability. However, this very quickly proved to be impractical, since a number of NGOs did not have time or did not want to fill out the survey; in addition, it was sometimes difficult to collect completed surveys. In order to solve this problem, the survey questions were integrated into the interviews themselves for the remainder of the research period.

Questions were asked in the following categories: 1) About the organization: mission, goals, staff, projects and programs; 2) Funding: from whom, for what purpose, budget, and reporting requirements; 3) Relationship with government and society, including volunteers, media exposure, and general public image; and 4) Self-evaluation: what were the organization's greatest successes, greatest challenges, and current needs.

After the interviews were completed, notes and transcripts were compiled and examined using qualitative analysis (Robson, 2002). Responses to specific questions were sorted into

---

<sup>4</sup> Currently, all funding for NGOs in Kyrgyzstan originates in the Democracy and Governance program (USAID, 2010; Interview with a USAID employee, 23 July 2010).

<sup>5</sup> NGOs in Kyrgyzstan are required to be registered with the Ministry of Justice; however their list of NGOs is not currently available online. Due to the short time frame of the research, it was necessary to contact NGOs prior to arrival in Kyrgyzstan. The SRC database was used, since it is much easier to access from abroad.

<sup>6</sup> Ten of these had invalid or outdated contact information, and we were not able to reach them. The remaining 43 declined to be interviewed or did not respond.

categories and counted, while common themes were identified in the text and used to generate larger conclusions. While we did not make judgments about the sustainability of each organization, we did track the presence or absence of certain sustainable qualities. Finally, the interview with a USAID representative was used to clarify information about the agency's internal procedures and provide context that could not be gained from their website; it should be considered an expert interview.<sup>7</sup>

There were several limitations to the study. Logistical and practical reasons limited the sample to Bishkek NGOs only. In general, NGOs in the capital receive more funding than those in rural areas, and may have very different opinions of democracy assistance. There is also a higher percentage of NGOs in Bishkek than in other areas of the country, so it is difficult to make generalizations about the broader national NGO sector. Perhaps the greatest limitation was the fact that we were only able to interview organizations that were interested in talking to us and had enough time to meet with us. For this reason, our sample may have inadvertently included more sustainable NGOs and excluded less sustainable NGOs. Similarly, we know nothing about organizations that are no longer in existence, nor do we know much about what causes them to fail. However, this limitation was unavoidable, as we could not force organizations to meet with us.

## **Results**

The results are organized as follows: 1) descriptive statistics about the organizations in the sample, 2) findings regarding the impact of foreign aid, and the USAID Democracy and Governance program in particular, and 3) findings regarding the current social, economic and political environment in Kyrgyzstan which affect NGO sustainability.

Most of the organizations interviewed have been in operation for a relatively long time. Eight were founded between 10-20 years ago, and four were founded 5-10 years ago. Only one organization was less than five years old. When asked about their activities, 9 out of the 14 NGOs interviewed reported that they engage regularly in trainings and educational activities, while 8 said that they conducted research or issued publications (see Figure 1). Many NGOs provided social services or engaged in advocacy on behalf of a specific cause. Very few organizations reported engaging in activities that could be considered political activity, such as government monitoring, independent media development, or legislative lobbying.<sup>8</sup>

---

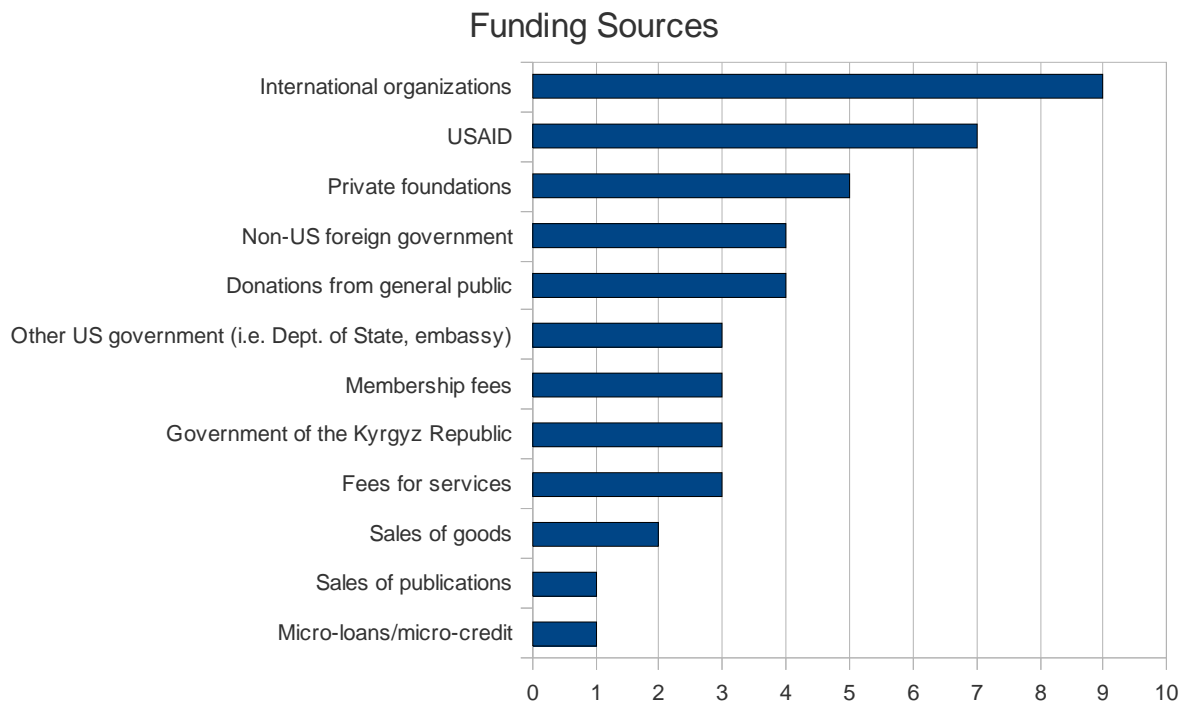
<sup>7</sup> Please note that the names of all interview subjects and organizations are being kept confidential unless the subject granted us permission.

<sup>8</sup> Although there is some debate in the literature about whether political organizations should be included in a definition of civil society (Foley and Edwards, 1996) or not (Putnam, 1995), this study takes the position that political organizations are indicative of a free and democratic society, and that their existence and survival has important implications for sustainability in the NGO sector as a whole.

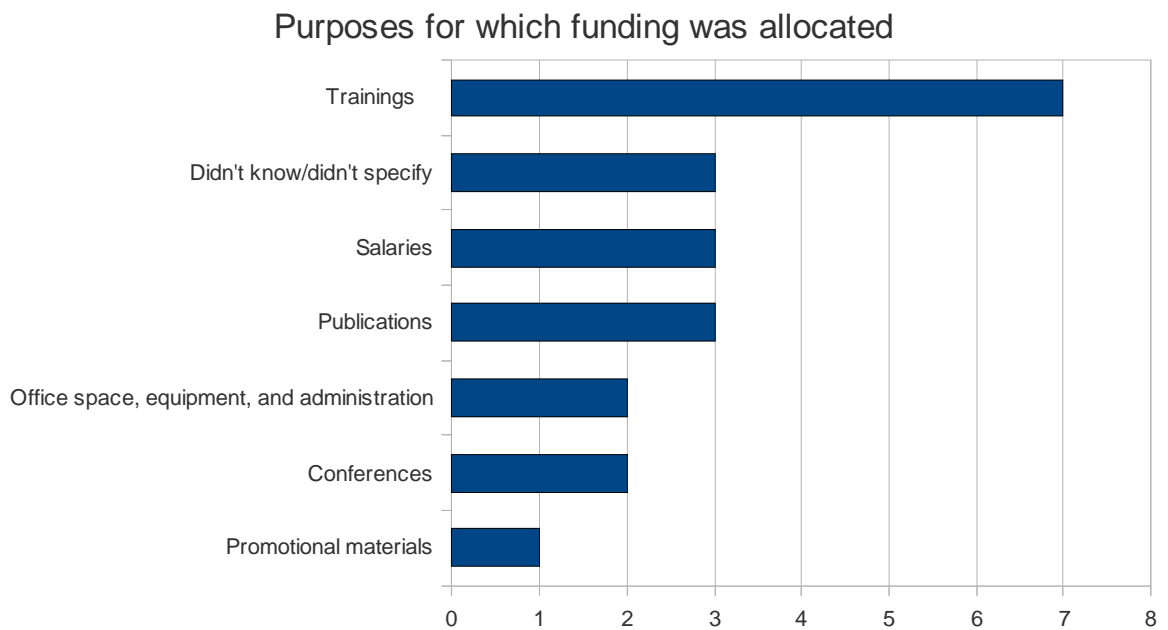


*Figure 1: NGO activities and the number of organizations that reported engaging in such activities.*

All of the NGOs interviewed relied on multiple sources of financing in order to fund their activities. Figure 2 shows the number of NGOs that cited each source. International sources of financing consistently topped the list. The category “international organizations” frequently included such entities as OSCE, UNESCO, and UNDP, while “private foundations” typically included Soros Kyrgyzstan and Aga Khan. Other foreign governments providing funding (apart from the United States) were Denmark, the United Kingdom of Great Britain, the Netherlands, Canada and France. Although most expressed that they received no support from the Kyrgyz government, a handful of organizations reported to have received marginal support from a few Kyrgyz ministries, most notably the Ministry of Education. Very few organizations relied upon social enterprise or fees for services provided – a result consistent with Alymbaeva (2007).



*Figure 2: Different types of funding sources that NGOs draw upon*



*Figure 3: Allocation of funding from donors*

There was a great deal of consistency in the way in which donor funds were allowed to be spent. Half of the organizations interviewed reported that the funding from donors was used for trainings. Three were not sure or did not want to disclose information about what they could use the funding for, and simply said that it could be used for “everything” or “our projects.” Salaries



and publications were also commonly cited categories. Very few organizations were able to use donor funding for office expenses or for their own promotional materials.

In order to isolate the impact of USAID funding in particular, the flow of money from USAID to all organizations in the sample was tracked. Currently, there are ten programs being administered by the Democracy and Governance program that involve NGOs, either directly or indirectly. Two programs are designed to support local NGOs through legal support, information distribution, and capacity building. The first of these is the Legal Support for Civil Society program, which is administered by ICNL, the International Center for Non-Profit Law. It will run through September 2012 and involves all five Central Asian republics. The Civil Society program, which is implemented by PACT, ends this year and is specific to Kyrgyzstan. According to USAID, these two programs are the only ones that work directly with local NGOs and provide assistance (financial or technical) to smaller organizations.<sup>9</sup>

Three of the organizations interviewed received direct funding from USAID – that is, they won a grant competition and were engaged in a cooperative agreement with the agency itself. Unlike a contract agreement, where USAID issues task orders and recipients (usually commercial organizations) implement them, cooperative agreements are more open and have fewer conditions. USAID issues a grant competition within a specific framework, organizations prepare a proposal, and the agency purchases the winning proposal. It is then up to the organization, now termed “implementer” to determine how the money will be spent within the guidelines of the proposal that it wrote, although USAID requires quarterly progress reports and monitors the organization closely.<sup>10</sup> Most NGOs and implementers through Democracy and Governance programs are funded through such cooperative agreements.

*“We publish solicitations with clear guidelines and selection criteria and international and local NGOs apply. Given our competition regulations, it is rare for us to accept ‘unsolicited proposals.’ Most of our funding to local NGOs goes through our international NGO partners who solicit proposals” – Interview with a USAID employee, 23 July 2010*

However, in addition to the 3 organizations that are engaged in cooperative agreements, 4 other NGOs also reported that they received funding directly from USAID. Because they are not listed as implementers, we reasoned that they had received sub-grants from one of the implementers. All organizations not funded by USAID were shown a list of current implementing organizations and asked if they had worked with or received funding from any of them. Only 2 organizations responded that they had worked in any capacity with the implementers, and none said that they received financial contributions from any organization on

---

<sup>9</sup> Interview with USAID employee, 23 July 2010.

<sup>10</sup> Interview with USAID employee, 23 July 2010

the list. This is an unusual and interesting finding, which will be addressed further in the discussion section of this paper.

Judgments were not made about the current or potential sustainability of individual NGOs in the sample; instead, the presence or absence of certain sustainable qualities was tracked. These qualities were largely drawn from the existing literature on NGO sustainability. In addition to the length of time an organization has existed, the presence of a social enterprise, high numbers of volunteers and a clear volunteer recruitment strategy were indicators of sustainability. Frequent leadership changes, loss of funding, and negative changes in the budget were clear indicators of instability. A sense of the degree to which NGOs network with other organizations and businesses was gained both from the interview discussion and from the request for referrals at the end of the interview.

The concept of social enterprise was generally known by organizations, but few reported engaging in it directly. However, there were a few success stories. For example, one organization reported that they were entirely self-funded through the sale of publications, while another organization, the Bishkek Center for Social Initiative, has a small graphic design business for the creation of logos and advertisements, which helps to fund their programs for migrants and victims of human trafficking. Perhaps the best example of successful social entrepreneurship was the Congress of Women, which reported that 40% of their funding came from the small businesses they helped to start, allowing them to re-invest in more small businesses:

*“Yes, we created business incubators throughout Kyrgyzstan. And they are such kind of incubators, they are social projects, social enterprises, where people sell different things, new work places are created. One person gets a job and than brings further more and more people to join. This way they bring more profit to the business incubators. Therefore, because the business incubators exist, our organization can exist too” - Zamira Akbagisheva, Congress of Women.*

However, some NGOs felt that they should not, or could not, start such enterprises because they were non-commercial organizations. For example:

*“We are a noncommercial organization. According to our mission we cannot sell our office supplies, any of our stuff. In the very beginning we made clarifications in our mission that the property cannot be divided among the creators of this NGO...otherwise they would just come and sell things from the office, so we wrote that in order for this not to happen, stuff can only be re-donated to other similar organizations...this will help us save our NGO” - Maksatbek Tashbolotov, Kalis Konsult*

Actual sales of services were rare as well. Kalis Konsult, the organization previously quoted, relies upon fees paid by clients for the legal services they provide in their third party arbitration courts. Although Mr. Tashbolotov noted that this practice did not allow them to help

people who were unable to pay, their services were still more affordable than traditional lawyers.<sup>11</sup> Apart from this example, the only other instances of service provision were the occasional fee for conferences or trainings.

Surprisingly, very few organizations reported having a volunteer recruitment strategy; most simply said that volunteers came to them on their own initiative, perhaps by looking at their website or learning about the organization in other unknown ways. A few even said that the process was competitive. However, despite this apparent interest, NGOs in Bishkek do not seem to be relying heavily upon local voluntary activity. Two of the USAID implementers interviewed said that they had only paid staff, with the occasional student intern.<sup>12</sup> The third reported that they imported volunteers from the USA, who would come and work for one-year periods and were provided with a small amount of compensation.<sup>13</sup> Local NGOs tended to be more interested in utilizing volunteers; for example, the Bishkek Center for Social Initiative claimed to have approximately 500 volunteers at any given time. Responses to the surveys and imputed responses from interviews, however, showed that the average number of volunteers was less than ten, as shown in Table 1:

*Table 1: Number of volunteers reported by the organization*

	Frequency	% of Total
Less than 10	8	47.06
10 to 25	2	11.76
25 to 50	1	5.88
More than 50	2	11.76
No response	4	23.53
TOTAL	17 <sup>14</sup>	100

It was difficult to draw conclusions about the remaining indicators of sustainability. Fluctuations in the budget were very difficult to measure, as most organizations said that their budgets changed frequently and without warning. Almost all said that their budgets were dependent upon the availability of funding, although one NGO mentioned that their budget remained the same from year to year because it was drawn entirely from the sale of publications.<sup>15</sup> Similarly, it was difficult to tell which organizations were engaging in networking with other NGOs, or connecting with the local community. Some seemed to be operating entirely within their own professional circles, for example:

<sup>11</sup> Interview with a local NGO, 13 July 2010

<sup>12</sup> Interview with international NGO, 7 July 2010; Interview with international NGO, 8 July 2010

<sup>13</sup> Interview with international NGO, 20 July 2010

<sup>14</sup> The total sums to 17 instead of 14 because some organizations weren't sure how many volunteers they had and provided a much wider range than the survey categories allowed (i.e. 1-50), or checked multiple categories when filling out the survey.

<sup>15</sup> Interview with local NGO, 16 July 2010

*“Most of the citizens do not know about our work because it is mostly addressed to the policy makers. The results of our work are the policy papers. We do publicize them on our website, but I do not know if people read them.” - Interview with a local NGO, 14 July 2010*

*“We need to be known only by those we are working with, the local legal community” - Interview with an international NGO, 20 July 2010*

When asked for referrals to other organizations at the end of the interview, almost all organizations were able to provide at least one, but the quality of the referrals varied widely. In two cases, the subject wrote down numbers from his or her personal mobile phone and gave them to the researchers. On the other end of the spectrum were those organizations that referred us to well-known international NGOs or foundations such as Freedom House or Soros Kyrgyzstan. Thus, it seems that some NGOs engage in a great deal of networking, while others do not; however there did not appear to be an obvious relationship between sustainability and networking<sup>16</sup>

Responses to certain questions during the interviews provided insight into the larger legal, political, social and economic environment in Kyrgyzstan, which influences the way in which NGOs carry out their work. The good news is that all NGOs interviewed reported that the registration process with the Ministry of Justice was easy, quick, and relatively cheap – although the amounts of time and money varied widely (from one day to six months and from 20 *soms* to 100 US dollars).<sup>17</sup> None reported having significant trouble with the authorities, although some of the more politicized organizations said that their ability to conduct advocacy, lobby for legislative changes, and run programs that could be considered political was affected by changes in government administration.<sup>18</sup> Unfortunately, the government of the Kyrgyz Republic appears to provide little support for NGOs. Some progress is being made in terms of creating legislation favorable for NGOs and preventing the passage of repressive laws.<sup>19</sup> However, the government does not provide paid opportunities for NGOs or distribute grants, even for NGOs that are involved in social service provision. This lack of support has been cited by previous studies (ACSSC, 2006), and may well be inhibiting the sustainability of the NGO sector. For example:

*“Unfortunately, according to the law an NGO cannot earn money for even its own work, not even talking about earning money and dealing with it the way that it wants. If an NGO earns money, then a lot of documents need to be gathered in order to show that they were spent on charity activity. So, even if the NGO is*

---

<sup>16</sup> This would be an interesting topic for future research, since organizations without funding may be relying more upon their professional contacts and other NGOs for support, while those that are well-funded may not need this type of support.

<sup>17</sup> This is probably because each organization registered at different times; considering the changes that have occurred in the government of Kyrgyzstan over the past 10 years, this is not altogether surprising.

<sup>18</sup> Interview with an international NGO, 7 July 2010; Interview with an international NGO, 8 July 2010

<sup>19</sup> Interview with an international NGO, 7 July 2010

*earning money to keep its office, it is still considered an ordinary business” –Igor Litvinov, ADRA Kyrgyzstan*

*“Our government tries to act as if they don’t have any money, while in fact they do. And they want everything for free.” – Interview with a local NGO, 16 July 2010*

Similarly, the media does not seem to be actively covering the work of NGOs. Although reports of obvious negative sentiment towards NGOs were rare (most said that society had a positive view of their work), this lack of exposure may be responsible for the lack of widespread public support for the NGO sector. Most of the NGOs interviewed said that they were only occasionally featured in the local media, and never appeared in international media. A few said that they had good contacts with journalists and could appear if they wanted to, but that public appearances were not a core component of their mission. Media exposure may help NGOs maintain a positive public image, obtain more indigenous sources of funding, and recruit more volunteers, for example:

*“When I’m talking on TV, radio, etc. on different topics, I also try to talk a little about our NGO. When I take part in seminars or conferences, and go abroad, I run after Americans and British and other foreigners to build good contacts with a hope deep inside that they might help.” - Maksatbek Tashbolotov, Kalis Konsult*

In general, however, it does not appear that NGOs regularly engage in, or are even interested in, extensive media exposure. Again, this may be a result of instability in government and what one subject called the “death of regional media”<sup>20</sup> – the lack of professional journalists and advertising revenue has drained the strength from independent (non-state) media outlets in Kyrgyzstan.

One important finding regarding the environment in Kyrgyzstan is the lack of corporate philanthropy. In Western nations, the principle of corporate social responsibility encourages businesses to support NGO activities through donations and partnerships (Jailobaeva, 2008). But in Kyrgyzstan, this does not seem to be happening at all; as previously mentioned this is primarily due to the lack of an existing culture of patronage and absence of government incentives for corporate giving (ACSSC, 2006). Some NGOs were aware of this problem, for example:

*“There are not that many rich people. As a rule, a rich person, if he deals with the charity he creates a fund based on his own name, and works there himself. There is some level of distrust among the population. The level of corruption is still very high in the country, and that’s why it is hard to work with businessmen who have large enterprises” – Igor Litvinov, ADRA Kyrgyzstan*

---

<sup>20</sup> Interview with an international NGO, 8 July 2010

Still, it was very evident that at this time, corporate philanthropy is simply not part of Kyrgyz culture. When asked if he received donations from the business community, one respondent said, very emphatically:

*“No, no, no. Never. Because dignity does not let us to do so.” – Marat Usupov, Bishkek Center for Social Initiative*

None of the NGOs reported that they obtained, or even asked for, donations from local businesses. When asked why, a common answer was that businesses are too poor to give NGOs money, or that they themselves were trying to start small businesses as part of their activities.<sup>21</sup> One organization cited corruption in the business sector,<sup>22</sup> and another said that the donations would be too small to be helpful to them.<sup>23</sup>

At the end of each interview NGOs were asked to evaluate themselves: what were their greatest successes, greatest challenges, and most pressing needs. Responses ranged from “the creation of our organization is our biggest success,”<sup>24</sup> to detailed and specific examples of their achievements. Most promising is the fact that all organizations had a positive and enthusiastic opinion of their work, and were optimistic about the future. However, they recognized the challenges that lay ahead, principal among them the availability and consistency of funding. Financing was by far the most commonly cited challenge and the most commonly cited need:

*“The main problem for development of NGOs in Kyrgyzstan is financing...state support and organic income of NGOs is not that high, for example in Europe they [NGOs] are supported by the government but here in Kyrgyzstan more than 50% of the financing is from grants, sometimes more. Membership fees are almost absent.” - Interview with an international organization, 7 July 2010.*

Even when financing is available, competition for resources remains fierce. For example:

*“If, to tell the truth, projects that are here, if you don't have enough connections than simply you will not get them....and in Russian it will be 'otkat' (rollback), that means if you won the project, than 5 to 10 percent from the total sum will go to the person who helped you to win that project.” – Marat Usupov, Bishkek Center for Social Initiative*

Still, some NGOs continue to operate without funding, and have achieved real and substantive successes on their entirely on their own. For the Forum of Women's NGOs, the first seven years of their work was conducted entirely without funding. It was noted that despite the extraordinary fact of their survival and success, they could do so much more if they had the funds: “We have

---

<sup>21</sup> Interview with Kalis Konsult, 13 July 2010; Interview with the Congress of Women, 13 July, 2010; Interview with ADRA Kyrgyzstan, 15 July 2010

<sup>22</sup> Interview with a local NGO, 16 July 2010

<sup>23</sup> Interview with an international NGO, 20 July 2010

<sup>24</sup> Interview with a local NGO, 14 July 2010

enough brains, we have enough strategy, we have everything except funding...but if there is no money, we still keep going.”<sup>25</sup>

## Discussion

The results generated three main conclusions regarding the impact of democracy assistance on NGOs in Kyrgyzstan. Firstly, NGOs in Kyrgyzstan need funding, so any aid is helpful. Foreign aid is important because at this time there are few alternative sources of funding for NGOs in Kyrgyzstan. It is extremely difficult for organizations to achieve complete financial independence and still accomplish their goals, because the support mechanisms that sustain NGOs in Western nations are underdeveloped in Kyrgyz society and government. Despite the problems that dependency on foreign aid can cause, recipient organizations are certainly helped by the funds that they receive.

Secondly, the effectiveness of aid is dependent upon how recipients are identified, how aid is released, and the purposes for which aid can be used. NGOs report that aid is most useful when it is stable and consistent, when it is given for long periods of time rather than short periods of time, and when funding for administrative expenses is included. This allows them to focus on their core mission and start long-term programs in their area of operation. Because all organizations have overhead, restricting funding for administrative expenses forces organizations to divert valuable time and energy towards meeting these needs instead of working on projects or programs. Unfortunately, donors have trouble providing this type of support, since they are accountable to stakeholders (usually citizens and government in their home country), and are wary of placing too much confidence in an organization that could potentially fail. For example:

*“Donors in general are reluctant to provide core institutional support to NGOs, which is unfortunate as it means that NGOs are constantly changing their original missions in order to obtain funds. It takes a big leap of faith to give an NGO funding solely to cover their core costs and sadly, only a handful of donors are willing to do this.” – Interview with a USAID employee, 23 July, 2010*

Thirdly, because of the way that USAID administers its programs, only a handful of organizations (usually international NGOs) end up receiving grants. These implementers are supposed to work with local NGOs on capacity building and pass on some of the funding that they receive from USAID, and discussions with them revealed that they tried to do this as much as possible. However, after speaking with local NGOs, it became clear that few organizations work with or receive funding from any of USAID's implementers. This gap between actual recipients of aid and the local NGO sector (the intended beneficiary) detracts from the effectiveness of foreign aid.

---

<sup>25</sup> Interview with Nurgul Djanaeva, Forum of Women's NGOs, 15 July 2010

In addition, there are a number of findings regarding the general sustainability of the NGO sector in Kyrgyzstan. First, unlike NGO sectors in Western nations, the Kyrgyz NGO sector is not supported by corporate philanthropy, or donations from the business community. One reason for this is that current legislation does not provide adequate incentives for this type of giving. More importantly, however, is the fact that there is no existing culture of philanthropy in Kyrgyzstan, as other scholars have noted (see ACSSC, 2006). In Central Asia, gifts are usually shared among family or clan members (Abramson, 1999); when people experience financial success they would rather distribute the profits to people in their network of kin, rather than to an NGO. In addition, the current economic situation in Kyrgyzstan has left businesses with little money to spare, and many are themselves struggling to survive.<sup>26</sup>

Second, government funding and incentive programs (for example, a tax structure that exempts NGOs and non-profits) are lacking in Kyrgyzstan. Like corporate philanthropy, government funding is a key source of support for NGO sectors in other nations (Jailobaeva, 2008). Although some progress has been made in this area,<sup>27</sup> NGOs are not currently able to access government resources.

Third, the handful of NGOs interviewed that could be considered financially independent rely upon diverse sources of funding – in addition to the occasional grant from abroad, they also charge membership fees, sell services (i.e. legal help), sell publications, and start small enterprises. Thus, when grant funding ends, they have other sources of income to rely upon until the next grant competition. This allows them to create and sustain long-term programs that are within their mission, rather than designing programs to meet the needs of a specific grant opportunity.

Fourth, when success is defined broadly (i.e. not just in terms of financial stability but also in terms of productivity), we noted that some of the more successful NGOs had managed to build extensive networks with other NGOs and with citizens in communities outside of Bishkek. This seemed to happen most when NGOs asked for help from other local organizations or recruited volunteers from different areas. Working together allowed NGOs to implement projects with little or no funding, and having volunteers ensured that organizations had a backup source of labor when they were unable to pay salaries.

In addition, we found that although financing is by far the biggest challenge facing NGOs in Kyrgyzstan today, there are other urgent problems as well. Instability in government and society was cited by many NGOs as a major threat to their survival. Other challenges included a lack of trained, professional staff (many referred to the “brain drain” in Kyrgyzstan, in which

---

<sup>26</sup> Interview with Kalis Konsult, 13 July, 2010

<sup>27</sup> A legal advocacy organization that we interviewed successfully prevented the passage (in 2009) of a discriminatory law that would have prevented NGOs from receiving some types of foreign funding and from engaging in political activity. This type of law is currently in place in the remaining four Central Asian republics, but not in Kyrgyzstan (Interview with an international NGO, 7 July 2010)



educated citizens are migrating out of the country) and dealing with issues that are still considered controversial by government or society.

All of these findings have implications not only for donors, but also for recipient NGOs and for the Kyrgyz government. Based on the research, USAID and other donors may consider the following recommendations to help improve the administration of their aid programs:

1. Lengthen grant periods, so that NGOs have a chance not only to begin their work but also follow through on the things that they start. Unlike commercial enterprises, NGOs often seek to make lasting changes to society; these changes take time and cannot be implemented in a one or two year grant period.
2. Allow NGOs to use grant money to pay for institutional development, such as office space, equipment, salaries, and other administrative overhead. Careful monitoring and feedback could prevent the potential misuse of these funds – a concern that often prevents donors from offering this type of support.
3. Encourage NGOs to work together instead of in competition with each other by offering more grants to coalitions of NGOs, or by issuing grants for group projects.
4. Fund social entrepreneurship and other potentially self-sustaining projects that need only seed money to get started. However, also recognize that social enterprise does not fit into every NGO's mission and is not a viable option for organizations that engage in activities that do not generally involve the public (for example, those that monitor elections or engage in advocacy at the legislative level).

NGOs also have an opportunity to increase their sustainability through their own actions. As much as possible, organizations should try to form projects and programs around their own goals, even if those goals do not fit into a grant framework. Consistency of purpose will help NGOs develop other capacities besides financial viability, and remain afloat in the long term when donor priorities inevitably change. In addition, NGOs should network as much as possible with other NGOs, as these connections can provide additional sources of support during difficult times. The current environment is dominated by grants from foreign donors. This environment is designed to encourage competition, which benefits donors and gives them the best for their money. However, cooperation is actually a better strategy for NGOs and will help them remain sustainable in the long-term. Similarly, even if NGOs are not providing social services, they can still find ways to engage with the local community. For example, providing educational volunteer opportunities and internships for young people is one method of engagement that would be easy and affordable for NGOs. Finally, although corporate philanthropy is largely non-existent in Kyrgyzstan right now, NGOs can continue to encourage this method of support through advocacy on the government level and engagement with the business community. Of

course, as the economy improves and businesses become more profitable, they will likely be more willing to contribute to NGOs.

Currently, the government of Kyrgyzstan is experiencing some changes and the future is uncertain. As the political situation stabilizes, the government may be interested in co-opting NGOs to help them with programs that they do not have the resources or capacity to implement. NGOs provide many important social services for which they receive no compensation from the government. “Social contracting,”<sup>28</sup> in which the government pays NGOs to perform services, should be actively encouraged. Additionally, government can help sustain NGOs at the legislative level by exempting them from taxes and creating incentives for corporate giving. All of these strategies will increase local ownership and investment in NGO activities, while reducing dependence on aid from abroad.

## **Conclusion**

USAID democracy assistance benefits the organizations that receive it. In an NGO sector dominated by foreign aid, the grants that USAID provides are certainly helpful and have stimulated a number of productive NGOs, who have gone on to do important work. However, the beneficiaries of USAID assistance are few in number, and those that receive the bulk of the funding should be passing it on to local NGOs through sub-grants, collaborative projects, technical assistance, and other resources for NGOs. To some extent, this appears to be happening - but the fact that a full 50% of the NGOs interviewed did not receive any of their funding from USAID implementers raises additional questions about the relationship between these organizations and the indigenous NGO sector. Additional research is needed to determine how these implementers relate with the bulk of local organizations.

At this time, foreign assistance is a necessity for NGOs in Kyrgyzstan because there are few alternative funding sources. In Western NGO sectors, financing is drawn primarily from the private sector (through corporate philanthropy and, to some extent, donations from ordinary citizens). In addition, governments themselves provide grants and have structured the tax code in a way that is favorable for non-profit organizations. The current environment in Kyrgyzstan inhibits these potential sources of financing. Thus, as the economy grows and the political situation stabilizes, NGOs may be able to increase their sustainability and reduce their dependence on foreign assistance in the future.

## **Acknowledgements**

We would like to thank all of the organizations that we interviewed for giving us their time, and for being so willing to discuss their work and share information with us. We would

---

<sup>28</sup> Interview with a USAID employee, 23 July 2010

also like to thank the Social Research Center for hosting Ms. Michaels as a Visiting Research Fellow, staff members Aida Alymbaeva, Ainura Asamidinova, and Aida Konokbaeva for their support, Oregon State University and the American University in Central Asia.

## References

- Abramson, D. M. (1999) Civil society and the politics of foreign aid in Uzbekistan. *Central Asia Monitor*, 6, 1-12.
- Adamson, F. B. (2002). International democracy assistance in Uzbekistan and Kyrgyzstan: Building civil society from the outside? In *The Power and Limits of NGOs*. Ed. by Mendelson, S. E. and Glenn, J. K. New York: Columbia University Press.
- Alymbaeva, A. (2007). Social entrepreneurship in the US: a way for replication by nongovernmental organizations in Kyrgyzstan. *Joel L. Fleishman Fellows in Civil Society Program, Duke University*. [http://src.auca.kg/images/stories/files/Aida\\_eng.pdf](http://src.auca.kg/images/stories/files/Aida_eng.pdf).
- Association of Civil Society Support Centers. (2006). Review of the history of establishment and development of the NGO sector in the Kyrgyz Republic. *Aga Khan Development Network – Civil Society Programme*. [http://www.akdn.org/publications/civil\\_society\\_Kyrgyzstan\\_review.pdf](http://www.akdn.org/publications/civil_society_Kyrgyzstan_review.pdf)
- Carothers, T. (2009). *Revitalizing U.S. democracy assistance: the challenge of USAID*. Washington D.C.: Carnegie Endowment for International Peace.
- Cooper, J. (1999) The real work: sustaining NGO growth in Central Asia. In *Civil Society in Central Asia*, Ed. by Ruffin, M. H. and Waugh, D. Seattle: University of Washington Press.
- Diamond, L., Linz, J.J. and Lipset, S. M. (1990). *Politics in developing countries: comparing experiences with democracy*. Boulder, Colorado: Lynne Rienner Publishers.
- Djankov, S., Montalvo, J. G., and Reynal-Querol, M. (2005). The curse of aid. *World Bank*.
- Easterly, W. (2006). *The white man's burden: why the West's efforts to aid the rest have done so much ill and so little good*. New York: Penguin Press.
- Finkel, S. E., Perez-Linan, A., Seliqson, M. A., Tate, C. N. (2008). *Democracy assistance project: Phase II (2006-2007)*. <http://www.pitt.edu/~politics/democracy/democracy.html>. Report, codebook, and dataset.
- Foley, M. W. and Edwards, B. (1996). The paradox of civil society. *Journal of Democracy*, 7(3). 38-52.
- Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 § 5801, 22 USC § 67 (2009).
- Jailobaeva, K. (2008). All the truth about NGO funding in Kyrgyzstan: numbers and facts. *Social Research Center, American University of Central Asia*. [http://src.auca.kg/images/stories/files/report\\_3\\_kanykei\\_eng.pdf](http://src.auca.kg/images/stories/files/report_3_kanykei_eng.pdf).

- Jailobaeva, K. (2008). NGOs in Kyrgyzstan. *Social Research Center, American University of Central Asia*. [http://src.auca.kg/images/stories/files/kanykei2\\_eng.pdf](http://src.auca.kg/images/stories/files/kanykei2_eng.pdf).
- Henderson, S. L. (2002). Selling civil society: Western aid and the nongovernmental organization sector in Russia. *Comparative Political Studies*, 35(2), 139-167.
- Henderson, S. L. (2003). *Building democracy in contemporary Russia: Western support for grassroots organizations*. Ithaca, New York: Cornell University Press.
- Linz, J. J. and Stepan, A. (1996). *Problems of democratic transition and consolidation: Southern Europe, South America and post-communist Europe*. Baltimore, MD: John Hopkins University Press.
- McMann, K. M. (2005). The transformation of state-society relations in post-Soviet Central Asia." *National Council for Eurasian and East European Research*, i-17.
- McMann, K. M. (2007). The shrinking of the welfare state: Central Asians' assessments of Soviet and post-Soviet governance. In *Everyday life in Central Asia: Past and present*. Ed. by Sahadeo, J. Indiana University Press. 233-247.
- Mendelson, S. E. and Glenn, J. K. (2000). Democracy assistance and NGO strategies in post-communist societies. *Carnegie Endowment for International Peace*.
- Mendelson, S. E. and Glenn, J. K., (2002). *The power and limits of NGOs*. New York: Columbia University Press.
- Putnam, R. (1995). Bowling alone: America's declining social capital. *Journal of Democracy*, 6(1), 65-78
- Robson, C. (2002). *Real world research: a resource for social scientists and practitioner-researchers*. Malden, MA: Wiley-Blackwell.
- Radnitz, S. (2009). The origins of social capital: Evidence from a survey of post-Soviet Central Asia. *Comparative Political Studies*, 41, 702-732.
- Richter, J. (1997). Promoting a strong civil society: US foreign assistance and Russian nongovernmental organizations. *Program on New Approaches to Russian Security*. Policy Memo 13.
- Tocqueville, A. (1945). *Democracy in America*. New York: Vintage Books.
- United States Agency for International Development, Central Asia. (2010). *Governing Justly and Democratically*. <http://centralasia.usaid.gov/page.php?page=article-61>