

# **Local Governance and Citizens' Welfare in Kyrgyzstan**

**Babken V. Babajanian**

**PhD in Social Policy  
London School of Economics and Political Science  
London, UK**

**Visiting Research Fellow, Social Research Center  
American University of Central Asia, Bishkek, Kyrgyzstan**

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## *Introduction*

This research examines patterns of local governance and the role of community-based institutions in welfare provision in rural communities in post-Soviet Kyrgyzstan. Some of the important community-based institutions in Kyrgyzstan include the local government, the Aksakal court, the mosque, citizen associations, self-help groups and international donor agencies. In particular, this paper explores the existing institutional arrangements for service delivery, decision-making and accountability in rural Kyrgyzstan and discusses their implications for people's welfare.

This paper explores the impacts of the existing local governance arrangements in local communities in relation to three income groups. Thus, based on the fieldwork data, one can distinguish between three income categories: the rich (able to purchase luxury goods), the better-off (able to satisfy basic needs, including food, hygiene and social participation), the poor (unable to satisfy basic needs) and the poorest or extremely poor (unable to satisfy food needs). The respondents in the latter two groups had little cash income and mostly relied on subsistence farming, social assistance and charitable donations. The boundaries between these two categories are blurred, e.g. individuals can move between the two depending on climatic conditions, seasonal income, the size and frequency of remittances received and other factors.

The research used in-depth (conversational and semi-structured) interviews and focus group discussions with local government officials, school directors, mosque leaders, other formal and informal leaders as well as community residents (both members and non-members of groups). The research was conducted in eight Aiyi Okmotus in Chui, Naryn and Osh oblasts. In total, 81 in-depth interviews and 8 focus group discussions (involving 32 respondents) were conducted. The sampling was stratified so as to reflect the social composition of the communities and represent a variety of views and circumstances. In particular, the respondents were purposefully selected to include men and women; the elderly; the disabled; the relatively better-off and marginally poor households; ethnic Kyrgyz, Russian, Uzbek and Uygur residents. The names of the communities and participants of this study have been concealed in this paper in order to ensure anonymity.

### ***The Soviet Institutional Legacy and People's Livelihoods***

The formal institutional structures at the local level have undergone significant changes after the independence in Kyrgyzstan. The collapse of the socialist political and economic system in Kyrgyzstan, as in most post-socialist countries, has been accompanied with a decentralisation of decision-making power and resources from the central level to local entities. A number of new actors have emerged at the local level. These include the newly formed self-governance bodies (Aiyyl Okmotu, or AO, and Aiyyl Kenesh), the Aksakal Court, the mosque and various local groups and associations. The emergence of these actors has brought a change in the local governance landscape formerly dominated by the centralised Communist Party rule.

As in other post-socialist countries, the systemic changes at the local level in Kyrgyzstan have been accompanied with a significant degree of continuity, or path-dependence, of old institutions. In particular, the existing institutional and social relations in local communities reflect the inequalities and hierarchies that were characteristic of the Soviet era. Thus, individuals who possessed significant cash, connections and social status in Soviet times were able to assume powerful positions in the post-Soviet period. These individuals benefit most from existing economic and social opportunities in local communities. For example, most rural residents who had any significant involvement in non-farm activities were those who had positions of influence and access to important social networks. Ordinary citizens, who did not inherit cash, influence and connections, remain some of the poorest in their communities.

During the privatisation of former collective enterprises (*kolkhoz* and *sovkhos*), the machinery was privatised and most of it ended up in the hands of some of the well connected and affluent residents. One respondent referred to the privatisation as 'prikhvatiation', which translates from Russian as 'seizure'. These residents use the machinery to cultivate their own land and to generate income by renting it out to their co-villagers. As there is limited machinery available and the demand for it is very high, the cost of renting is rather expensive. People sign up in waiting lists, without any guarantee that they will be able to access the machinery when their turn comes. As many respondents noted, those who do not have ample connections and social

standing in their communities may not be given the chance to rent the machinery. Access to machinery is a major constraint to land cultivation and those residents who cannot access and/or afford it, can be deprived of the possibility to derive ample income from their land plots. Similarly, not all residents can take advantage of their right to rent land from the local 'reserve funds'. These reserve funds are owned by the state and are supposed to be leased to local residents who did not receive land during the privatisation or to those who own land of poor quality. The reserve funds lease is administered by the AO. In several communities in the sample, some of the poorest respondents reported that despite their numerous requests, the AO head allocated the reserve funds to some of the more affluent residents.

The weakness of the rule of law and pervasive corruption affect all spheres of economic and social life in Kyrgyzstan. Personalised relations, unwritten rules, favouritism, misuse of public positions and rent-seeking continue to be part of post-Soviet reality. The respondents in the poor and poorest categories reported that connections and/or cash were crucial in accessing important social rights, such as social assistance and protection by the police. For example, several extremely poor respondents did not receive social assistance benefits as they did not have money or connections to obtain legal documents. Most poor respondents perceived themselves to be powerless and unable to protect their interests in dealing with official institutions. In particular, they expressed deep distrust of official institutions, which fail to maintain social justice and tend to protect the rich and powerful. As one respondent said, 'In Soviet times, at least there was some fairness, now those who have money are always right, even if they have committed a crime, they are still right.'

### ***The Post-Soviet Local Government***

The key role in managing local development in local communities (aiyls) belongs to the elected AO head. The AO head is an executive who is envisaged to collaborate with the local legislative body – the Kenesh deputies in making important decisions. In reality, the influence of the Kenesh deputies is weak. The AO head often makes decisions unilaterally, and as one of the Kenesh deputies remarked, 'nobody can go

against the power of the AO head'. This is due to a number of reasons. Firstly, the AO head at present is also the chair of the Kenesh, which gives him the formal authority over the Kenesh members. Secondly, the AO head has an important role in directly negotiating the local budget with the *raion* and *oblast* levels and attracting governmental funding for the AO. This however may change with the introduction of the two-tier budget system. Thirdly, local Kenesh deputies are often employed in the public sector, e.g. schools, and hence can be dependent on the AO head. Finally, donor agencies have contributed to the strengthening of the AO by working directly with the AO head, rather than with Kenesh deputies and other actors. The fact that the AO heads are immediately involved in most donor funded infrastructure rehabilitation projects has contributed to a certain perception amongst the local population that the AO heads are instrumental in attracting external funding for their communities.

The degree of developmental effectiveness of the AO heads mostly depends on their personal qualities and leadership skills. Thus, in order to raise funds for their villages, the AO heads must be able to successfully negotiate with the higher echelons of the government. This often requires using their personal connections and leadership skills. In addition, strong organisational and managerial skills are an important prerequisite for successful collaboration with foreign and local non-governmental organizations (NGOs) and donor agencies. The AO heads who are perceived to be inefficient by local residents stand higher chances of getting voted out by the residents. This also implies that the AO heads who are effective in managing local development derive significant authority and informal influence within the AO.

Most AOs in the country do not have sufficient financial resources to effectively manage local development issues. The main sources of revenue for local governments are transfers by central government and local land and property taxes. The weak financial and administrative capacity of the central government restricts its ability to effectively support local governments. The AO directly contributes to improving people's welfare by participating in solving basic infrastructure needs. In most rural communities, important social infrastructure facilities and services, including potable water and irrigation networks, schools, health points, roads, are in a dire need of rehabilitation. Most AO heads in the studied communities collaborated with external donor agencies, such as the UNDP, Mercy Corps, Red Cross and the World Bank

supported Village Investment Programme, in implementing projects for the rehabilitation and renovation of essential communal infrastructure. In several AOs, the AO heads who managed to establish good contacts with the national deputies were successful in obtaining grants from the governmental Stimul fund. Infrastructure rehabilitation projects have immediate benefits for the majority of poor and extremely poor residents by improving the quality of and access to priority services.

The AO heads also provide direct and indirect material and in-kind assistance to the poorest residents in local communities. As for direct assistance, AOs provide some limited monetary or in-kind support to the poorest residents during national or religious holidays. They also provide limited funds during emergency situations, such as illness or death. There were a number of cases when the AOs provided rent-free accommodation or waived local taxes for the poorest residents. The AO heads were also involved in a redistribution of local resources. Thus, they assigned some of the better-off community members with a responsibility to provide material and/or in-kind support to some of their poorest co-villagers. Mobilisation of monetary contributions for public works and infrastructure projects in the studied communities normally had a poverty targeting element – the poorest residents were exempt and higher amounts were solicited from the relatively better-off residents. A significant redistribution of resources was conducted through schools. Thus the better-off parents were asked to subsidise the poor co-villagers by contributing towards the cost of school-based activities and maintenance works on their behalf.

The AO heads in the sample communities did not attempt to establish institutional mechanisms for providing non-material support to the poorest. The prevailing notion among them was that the poorest residents mainly need material (i.e., monetary and in-kind) support. The AO heads in the sample communities considered that they provided such support to the best they could. They did not perceive that the AO could be helpful in providing other, non-material forms of support. In particular, the AOs play little role in mediating access to productive resources and important economic and social opportunities. For example, the AO heads could help the poorest by helping them obtain necessary legal documents and permits and facilitating access to credit. Such involvement of the AOs can significantly improve people's well-being, without putting too much financial strain on the local governments.

### *Non-Governmental Formal Institutions*

The Aksakal court has been formally designated by the government to serve as an arbiter in local disputes. This initiative has capitalised on the informal institution of Aksakals that has survived in Kyrgyzstan since pre-Soviet times. Aksakals are respected elderly members of local communities, who are designated with the task of resolving matters of local importance, ranging from conflicts over communal property to family disputes. The respondents in the sample communities considered the Aksakal court as a highly effective and important institution. Aksakals can use their social status and public image to influence public decision-making with regard to community wide events and activities. At the same time, Aksakals have limited formal authority. For example, the AO heads may choose not to take their advice into account in their decision-making.

The influence of the mosque in local communities has increased compared with that in Soviet times. The overall political environment in Kyrgyzstan is more open than in the neighbouring countries and the government has not imposed restrictions on religious activities. The appeal of the mosque is especially strong among the youth and the elderly. At the same time, the mosque plays limited role in the issues of local governance, including local decision-making and welfare provision. This can be explained by the fact that the secular legacies of the Soviet era are still strong, and perhaps more importantly, the mosque has little financial means of its own, which limits its power base.

The mosque leaders make efforts to turn it into an important social institution that can help people to deal with the difficulties of transition. They have placed a strong emphasis on preaching such Islamic norms as refraining from alcohol and drugs as well as 'good citizen' values, such as 'do not steal' and 'be respectful'. Considering the growing popularity of religion amongst the youth, these messages can play an important role in influencing life styles of the younger generation. In 2003, the UNDP collaborated with religious leaders of the country to issue a booklet 'Islam against AIDS'.

Due to financial constraints, the mosque provides little direct help to the poor. It sometimes receives material donations from wealthy residents, which it distributes to the poor. However, as most rural residents are impoverished, such donations are rare. The tradition of *zakat* of the sharia law stipulates that each citizen be involved in charitable activities on a regular basis and help their co-citizens to the best of their ability. Many mosque leaders complained that this tradition is still in its infancy and that the richer community members are 'individualistic and self-centred'. The tradition of *zakat* is much stronger in Tajikistan, where as the respondents noted, religion has deeper social roots than in Kyrgyzstan. In reality, mutual help based on kinship and communal solidarity is part and parcel of everyday life in Kyrgyzstan, but most often it is de-linked from the mosque and does not have a religious connotation.

### ***Citizen Participation***

As this paper notes earlier, the AO heads have a significant local power. However, their power does not necessarily translate into a high degree of centralisation of local authority. As one local expert noted, most AO heads in Kyrgyzstan are relatively hands-off and rarely have 'dictatorial inclinations'. This is partly due to the existing institutional structure of the local self-governance in Kyrgyzstan. Thus, one unit of local government (Aiył Okmotu) usually combines three to nine villages (Aiyłs). This weakens the ability of the AO head to exercise top-down control in all of the entities under the AO jurisdiction. Each village has a village head (Aiył Bashi, or AB), who helps the AO head in everyday village management and coordination. However, ABs do not have significant formal authority and are mostly responsible for organisational activities. They do not have an official stamp and are unable to issue certificates and legal permits. This implies that the AB position does not serve as a vehicle for the consolidation and centralisation of power by the AO head.

A new local institution that has developed after the independence are district committees (*kvartalnyi komitet*). In some of their functions, they are similar to the *mahalla* committees in Tajikistan and Uzbekistan. Most commonly, these are one-member committees organised at a street level. Some of the main functions of district committees include collection of user charges, mobilisation of labour and cash, and

dissemination of information to community residents. The district committee representatives are volunteers and they are normally elected by the local residents. As they are strongly embedded in their communities and possess excellent organisational skills, they are usually successful in raising monetary contributions and mobilising people for public works. This institution provides a significant support to the AB and the AO in governing local communities and has become an important part of the local governance structure in Kyrgyzstan.

This existing structure of local self-governance accommodates spaces for popular participation. Thus, local residents have a voice in the matters of local governance. They are not afraid to raise their concerns and needs with the authorities. Patterns of gender participation in Kyrgyzstan reflect traditional Kyrgyz norms, which tend to strictly prescribe roles for men and women. Men are more vocal and active in community meetings than women. There are a number of channels for public consultations in the sample communities. In all communities, local authorities held community-wide meetings in each *aiyl* under the AO jurisdiction. These were held twice a year, coinciding with important dates for agricultural works in spring and autumn. In addition, the AO or AB convened ad hoc meetings with the local residents in order to discuss urgent matters. Community meetings were more frequent in the communities which implemented donor funded infrastructure projects (e.g. under the Village Investment Programme and UNDP). Most community-based donor projects require local communities to hold formal meetings and public consultations. The AO heads often travelled to the *aiyls* within the AO for information gathering and monitoring. During these visits, they often had meetings with local residents who raised their concerns and complaints. In addition, residents often appeal to the AO with written requests, which are dealt with by the AO staff.

The presence of these channels of communication ensures that the most important citizens' needs are taken into account in local decision-making. Thus, the AO heads in the sample villages were found to be responsive to citizens' needs and preferences. Thus, all of the projects implemented in the studied communities reflected priority needs of most residents. At the same time, due to severe financial and administrative constraints, local governments are not in the position to cater to the needs of all residents. They tend to prioritise large infrastructure projects, which can help satisfy

the basic needs of the majority of local residents. Little attempt is made to seek resources to provide for the special needs of 'minority' social groups, such as the youth, the elderly and the disabled. Most citizens are aware of the financial constraints of the local governments and they rarely exercise pressure on them to solve their problems.

The lack of a centralised local authority leaves a significant room for local activism and citizen participation. In fact, the AO heads do not impede leadership initiatives by community residents, realising that these significantly contribute to local development. In all of the sample communities, there were informal leaders who initiated various activities and projects. Most often, these leaders were non-poor community residents, who possessed a certain level of entrepreneurial skill and social connections. They played an important role in mobilising community members for various communal projects and donor funded initiatives (e.g., under the Village Investment Programme).

Local residents have a substantial autonomy in organising into groups and associations. The most common local association in rural Kyrgyzstan are *jamaats*, or self-help groups. The jamaat model was established by the UNDP in 1998 and since then it has rapidly spread across the country. Jamaats are networks of residents who live on the same street or neighbourhood. Jamaat members contribute small amounts of cash to a common fund and take turns to borrow money for their urgent needs. According to the respondents, jamaats provided them with instant access to credit and also served as a network for other forms of mutual help and social interaction. An important factor that contributes to the success of the jamaat model in Kyrgyzstan is that it is based on the existing territorial communities. Jamaats provide a forum for people who know each other well and who are in a constant contact with each other. This means that they are able to reach out for help to each other very quickly and that they can also easily monitor each other. At the same time, the extremely poor residents in the studied communities were unable to take advantage of the jamaats. They either did not have cash to make monthly investment, or were not deemed creditworthy by the fellow residents to become accepted as members. In addition, most poor respondents seemed to be risk averse and were not willing to take up credits fearing that they would not be able to repay them.

### ***Mutual Help and Solidarity***

In their study of social networks in Kyrgyzstan, Kuehnast and Dudwick<sup>1</sup> (2002: 61) maintain that the 'social networks of the poor and nonpoor have polarised and separated, paralleling the sharp socioeconomic stratification that has taken place since independence'. They suggest that lack of cash has restricted poor households from maintaining their relationships with relatives and acquaintances, especially with those who are not poor. In particular, the poor cannot afford to pay for transportation for visits and the cost incurred by ceremonial activities and traditional gifts. The better-off households in their turn have reduced their financial support to their poor relatives as they seek to advance their own economic and social status.

Indeed, poverty has significantly eroded the existing social networks and has strengthened the divide between people at different income levels. At the same time, certain societal income and status-related differences existed in Kyrgyzstan even before the independence, although in more subtle forms. The present day gap between the rich and the poor individuals in the rural areas reflects the existing structural constraints inherited from Soviet institutions. As illustrated earlier in this paper, more powerful individuals were successful in securing access to economic resources and productive assets during privatisation. Thus power difference between individuals in Soviet times determined their social and economic position in their communities in the post-Soviet period.

Most poor respondents asserted that they received very little help from relatives and neighbours. A very common response was 'nobody helps each other these days'. They explained this by the fact that they did not have rich relatives and that most people in their networks could hardly maintain their own living. There were a number of poor respondents who worked for their rich relatives and received monetary and/or in-kind compensation from them. The better-off respondents mentioned that the income they had was hardly enough to satisfy the various needs of their households. Yet, this research found that mutual help and solidarity existed between individuals at different

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<sup>1</sup> Kuehnast, K. and Dudwick, N. (2002), 'Better a Hundred Friends Than a Hundred Rubles? Social Networks in Transition - The Kyrgyz Republic', *World Bank Economists' Forum*, 2, 51-88.

income levels. The better-off residents helped the poor by donating clothes, food and in rare occasions, small amounts of cash. The poor occasionally received direct help from the rich community members who were not related to them through kinship ties. Most importantly, some degree of redistribution of resources from the rich and better-off to the poor was provided through the existing institutional mechanisms described earlier in this paper.

### *Conclusions*

The existing community-based institutions in Kyrgyzstan support the poor and extremely poor mainly through providing access to priority social infrastructure and modest material support. Residents in the poor and extremely poor categories receive some material (cash and in-kind) assistance from the local government and from more affluent community residents. However, this assistance is very limited and is not sufficient for helping them overcome poverty. The poorest residents do not benefit from participation in community-based associations, such as jamaats. Due to financial and administrative capacity constraints, local governments tend not to address the needs of minority social groups, such as the youth, the elderly and disabled. The existing community-based institutions play little role in mediating access of poor and extremely poor people to productive resources and social entitlements. The weak institutional intermediation is especially detrimental for the extremely poor residents, who do not have connections, cash and leadership qualities to independently pursue their interests and satisfy their immediate welfare needs