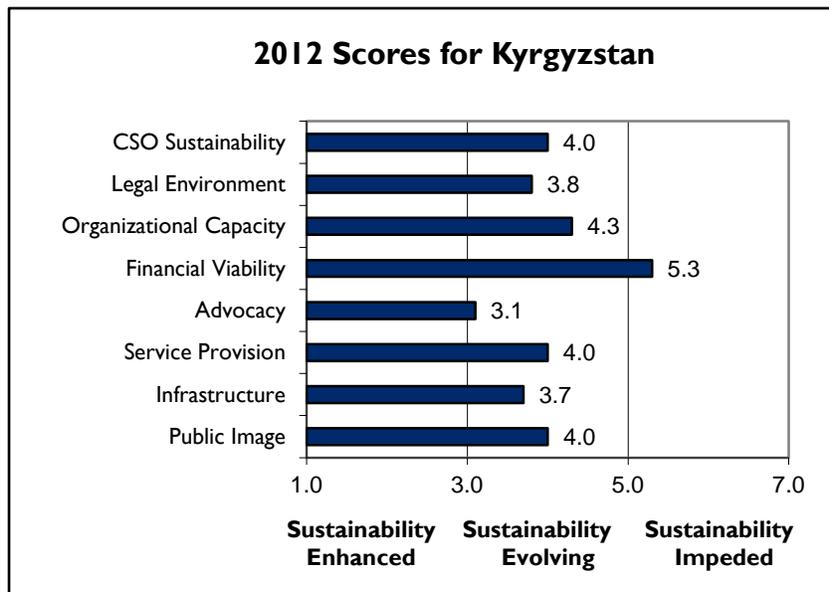


KYRGYZSTAN



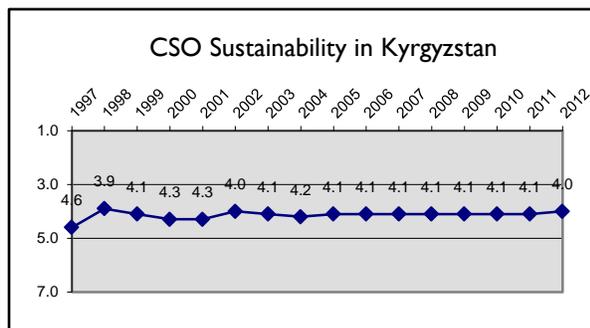
Capital: Bishkek

Population: 5,548,042

GDP per capita (PPP): \$2,400

Human Development Index: 125

CSO SUSTAINABILITY: 4.0



Kyrgyzstan enjoyed a period of increased political stability in 2012. With the tumultuous ousting of the president, inter-ethnic conflict, and major elections now in the past, all stakeholders - including civil society - are now adapting to the new political system. The Kyrgyz parliament endorsed the new coalition government in 2012. Although some parties have already left the governing coalition, the political struggle stayed largely within the parliament. After the presidential election in late 2011, efforts were taken to delineate the functions of the president and the

parliament more clearly. Several laws were adopted through this process, including the July 2012 law that handed foreign policy responsibilities to the president. The key positions of president, speaker of the parliament, and prime minister are currently held by the same political party, the Social Democratic Party of Kyrgyzstan. Civil society is concerned that this centralization of power in one party could undermine the goals of the 2010 constitution.

Local council elections were held in 400 villages and twenty-five towns in 2012, resulting in a decentralization of political power. For example, in Osh, the second biggest city in Kyrgyzstan, most seats were won by parties not represented in parliament.

Throughout the year, civil society sought to influence policy making. The upsurge of activities among youth CSOs and other civic groups that emerged after the 2010 revolt and ethnic conflict

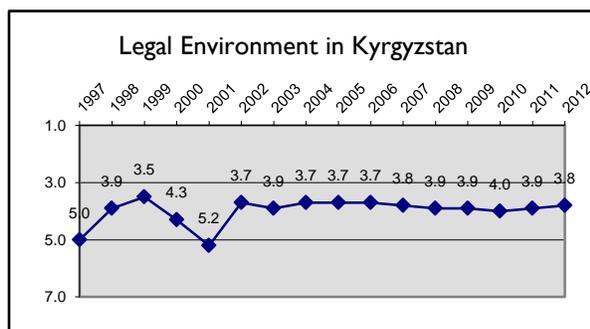


continued. The government is increasingly expected to deliver on its promises to reform the judiciary and step up the fight against corruption.

The overall sustainability of civil society improved slightly in 2012. Improvements were noted in legal environment, advocacy, and public image, while organizational capacity, financial viability, service provision, and infrastructure all remained fairly stable.

There are approximately 11,500 CSOs registered in Kyrgyzstan. It is estimated that only about 1,500 of these are currently active as many inactive organizations remain on the books due to the complicated procedures to close and de-register an organization.

LEGAL ENVIRONMENT: 3.8



CSO-related legislation continues to be generally favorable and improved slightly this year. The Law on Non-Commercial Organizations clearly stipulates procedures for the registration, operation, and internal management of CSOs. A CSO can engage in a wide range of permissible activities, including human rights, environment, education, art, media, youth, and sports. Moreover, a CSO can be registered within ten working days.

Dissolution procedures, on the other hand, are complicated and time-consuming, requiring CSOs to collect numerous documents and gain permission from several government organizations. Many inactive CSOs thus have not formally terminated.

In general, CSOs have not encountered harassment from central and local government authorities in their daily operations since the revolution and subsequent change of power in 2010. CSOs must only report information on taxes, pension funds, and other statistics to the government. CSOs can freely express criticism of the government and current legislation provides CSOs with relatively good access to the law-making process. Since 2010, CSOs have been able to easily approach parliamentary committees, members of parliament, and executive government agencies to address matters of public debate.

In 2012, the parliament adopted the Law on Peaceful Assembly, which is based on democratic principles and standards. Promoted by local CSOs, this law provides citizens and civic organizations with greater political rights to organize and participate in peaceful assemblies.

The Kyrgyz parliament continues to consider the Law on Public Councils, which will make public councils more sustainable and independent from the government. Public councils were established by presidential decree in September 2010 to provide public oversight of state agencies.

Legislation governing religious organizations is still poorly developed. While legislation defines the types of religious organizations, as well as the rules for their registration and operation, it does not meet democratic standards. Consequently, many religious organizations remain unregistered while their activities are loosely scrutinized both by government and civic organizations.

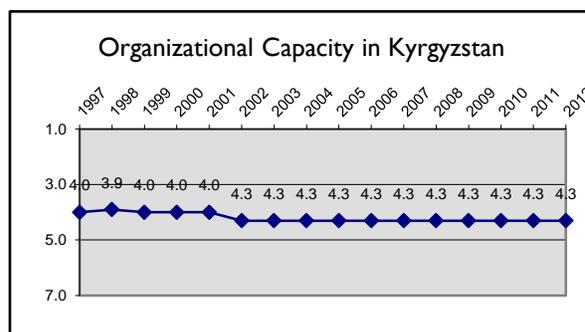
CSOs must pay the same high tax rate on income from economic activities as commercial companies. As a result, only a limited number of CSOs engage in economic activities. According to legislation, charitable organizations receive exemptions on income tax, value-added tax (VAT), and sales tax. Corporations and individual entrepreneurs can deduct up to 10 percent of the amount they donate to a charitable organization from their income taxes. However, there are no charitable organizations in the country, because the Law on Charitable Organizations stipulates provisions that are impossible to meet. For example, a charitable

organization must use 98 percent of its income for its charitable purposes, leaving just 2 percent for administrative purposes. As a result, local charitable CSOs register as public foundations or public associations, and are unable to access these benefits.

There are local lawyers who are trained in and familiar with CSO law, but they are primarily located in the capital city. The availability of legal services in secondary cities and rural areas is quite limited.

ORGANIZATIONAL CAPACITY: 4.3

CSOs did not make significant progress in organizational development in 2012. CSOs have limited access to capacity building programs. Many donors have ceased their capacity building programs, resulting in a generational gap. While CSO staff had access to a wide range of training programs in the 1990s, the staff of new CSOs have access to fewer organizational development resources. Furthermore, only a few international donors cover CSOs' overhead costs, focusing instead of direct programmatic costs. The organizational capacity of rural CSOs is of particular concern, as they have limited access to training, Internet, networking platforms, and modern office equipment.



Strategic planning is not a core element in the decision-making processes of CSOs. Instead, CSOs often develop their activities based on the agendas of international donors, while neglecting their strategic missions and goals.

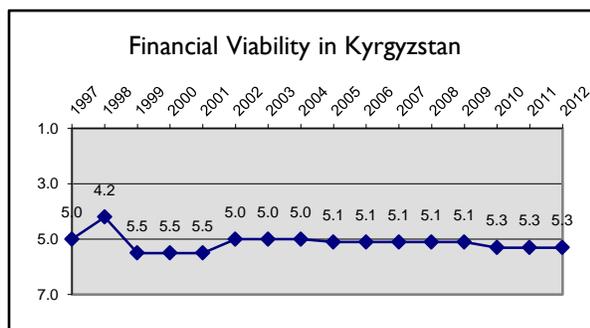
Most CSOs lack functioning boards of directors. Most organizations are led by an executive body headed by the director of the CSO, who runs and makes all programmatic, financial, personnel, and other decisions.

On average, CSOs have three to four paid staff members. Many of those, such as accountants and IT managers, tend to be part-time. Most CSOs, particularly rural groups, find it difficult to maintain permanent, paid staff as they operate from project to project. Throughout the country, many well-educated CSO staff members leave the sector for jobs with business consulting companies or the government in order to increase their salaries and job stability. CSOs utilize professional services such as lawyers or tax consultants only when required.

Volunteerism is most developed among youth organizations, which have a broad network of young people who participate in election, environmental, information, advocacy, and other campaigns. Youth CSOs also employ aggressive constituency building strategies and actively utilize new IT tools, such as Facebook and Twitter, to build their bases of support. After the June 2010 inter-ethnic conflict, some local CSOs started to work closely with their beneficiaries on peace-building and conflict prevention projects and increasingly develop their activities based on beneficiary interests. However, most CSOs do not actively seek to build local constituencies because they work from project to project.

CSOs typically have computers, laptops, printers, copiers, fax machines, scanners, and cameras. Some also own LCD projectors and video cameras. However, due to the lack of financial resources, CSOs do not modernize their basic office equipment or software regularly.

FINANCIAL VIABILITY: 5.3



Financial viability remains the most significant challenge for CSOs in Kyrgyzstan. CSOs lack multiple sources of funding and continue to rely predominantly on international donor funding, which remained stable in 2012. The major international donors that support CSOs in the country include USAID, the European Commission, various UN agencies, the Open Society Foundations, and Danish Church Aid, among others.

Funding from local sources is minimal. Many businesses are just starting out and are reluctant to

provide financial support to CSOs. Large companies prefer to organize their own charity and community projects, avoiding CSOs and supporting beneficiaries directly. Individuals do not get any tax benefits for donating to CSOs. Therefore, most support from individuals is in the form of in-kind donations and benefits certain types of organizations, including orphanages, shelters, and homes for senior citizens. Membership fees are also not a significant source of income for CSOs.

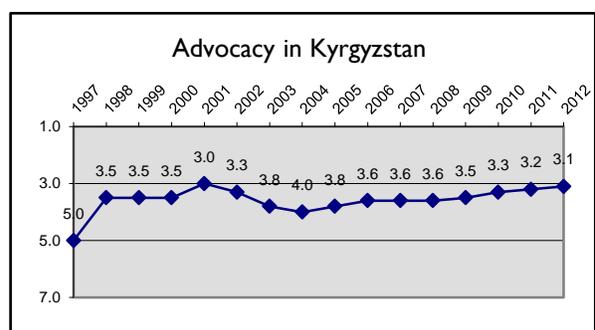
The government is not in a position to provide much funding to CSOs as the country's international debt totals \$3.21 billion. In 2012, the government allocated KGS 13 million (about \$276,595) to CSOs through its Social Procurement Scheme, an increase from KGS 12 million (approximately \$270,000) in 2011 and KGS 5 million (around \$111,100) in 2009 and 2010. Municipal government authorities fund CSOs infrequently, preferring to provide non-monetary support like offices, telephones, and furniture.

A small number of social enterprises are beginning to emerge in both rural and urban areas. In addition, many CSOs are interested in launching income-generating activities, but face several obstacles. First, local legislation requires CSOs to pay the same tax rates on economic activities as commercial enterprises. Second, CSO representatives lack the entrepreneurial and business management skills needed to successfully run enterprises. Third, CSOs have limited access to start-up capital. To address these problems, several donors, including USAID's Youth Leadership Program (Jasa.kg), are helping CSOs launch economic activities by providing training, mentoring, and grants for start-up capital or equipment purchases. The Association of Social Entrepreneurs, formed in 2012, is also helping new social enterprises develop.

Most CSOs do not have financial management systems. CSOs only conduct independent financial audits when donors request them. In part, this is because audits are expensive. In addition, CSOs are not accountable to their boards of directors and do not have well-established internal financial procedures requiring them to undergo systematic independent audits. CSOs rarely publish annual reports with financial statements.

ADVOCACY: 3.1

CSO advocacy capacity improved slightly over the past year. CSO advocacy activities continue to be quite dynamic. CSOs gathered 30,000 signatures in favor of the draft law on lustration, which would ban corrupt officials from the previous two governments from getting government positions in the future. However, since the initiative did not receive the support of the parliament or president, it is unlikely to move forward. Advocacy also prevented the adoption of bills that would have been harmful to civil society. For example,

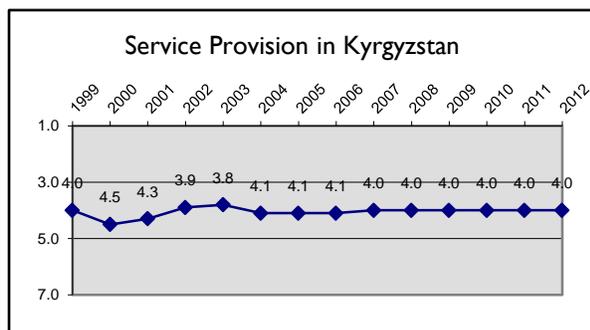


the draft Law on Foreign Gratuitous Aid would have introduced undue limitations on foreign sources of funding for CSOs. Civil society groups also continue advocating against bride kidnapping and for harsher criminal prosecution of kidnappers. Elections for local councils in 2012 invigorated local level advocacy by civil society. For example, various civil society groups made concerted efforts to increase the transparency of urban planning in big cities around the country, including Bishkek.

In general, the policy process became more open to engagement with civil society. The parliament’s web site, for example, now provides updated information about planned discussions and the voting records of members of parliament. State authorities increasingly consider CSOs as experts and engage their services accordingly. Many CSO representatives serve on working groups drafting legislation or provide comments on various normative acts. Increased interaction with the government has yielded some results, such as an agreement between the Human Rights Council and the General Prosecutor’s Office to cooperate when monitoring observance of the rule of law.

Still, interaction between CSOs and government is not always effective. The frequent turnover of government officials has resulted in a loss of institutional memory, which requires advocacy groups to continually build new government contacts. In addition, CSOs have unclear advocacy strategies. Instead, they tend to engage in ad hoc activities that do not always have significant effects on policy. CSOs do not always take full advantage of existing cooperation mechanisms, such as the public councils that function within each governmental agency, despite the fact that most of the leadership positions in these councils are held by CSO representatives. Finally, the proliferation of protests by participants paid by politicians and others has weakened the effectiveness of advocacy efforts.

SERVICE PROVISION: 4.0



CSO service provision did not change significantly in 2012. CSOs continue to provide a broad array of services around the country in areas including basic social services to vulnerable groups, such as homeless children, migrants, victims of human trafficking, and the elderly, as well as governance and human rights.

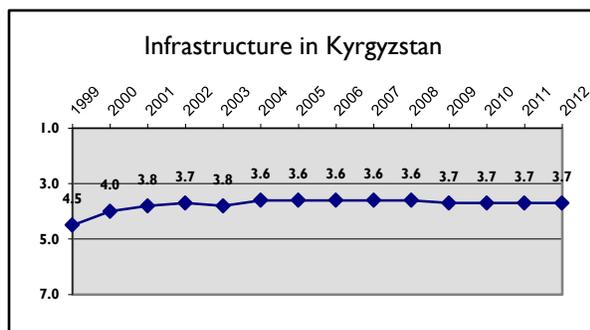
CSOs are often unable to recover the costs of services provided, mostly due to CSOs’ inability to develop market-oriented and cost effective services. Only a few organizations sustain themselves through service

provision, primarily membership-based organizations, such as the Trekking Union, which provide services to their members. In other cases, CSOs are unable to rely on their clients for revenue. For example, shelters for socially disadvantaged people cannot be sustained without continuous support from outside resources.

In many cases, services provided by CSOs meet the demands of clients. Youth organizations are especially effective at identifying their niches and understanding their target groups.

The state provides minimal support to CSOs for service delivery, such as providing offices for organizations establishing women’s shelters or defending children’s rights. While state-funded social contracts for CSOs are gradually increasing in size and numbers, these contracts are still insufficient to cover all needed service provision by CSOs.

INFRASTRUCTURE: 3.7



Infrastructure in the sector did not change significantly in 2012, as advances and setbacks in various areas canceled each other out. On the positive side, some universities now offer courses on non-commercial law. A textbook on non-commercial law was updated and reprinted in 2012.

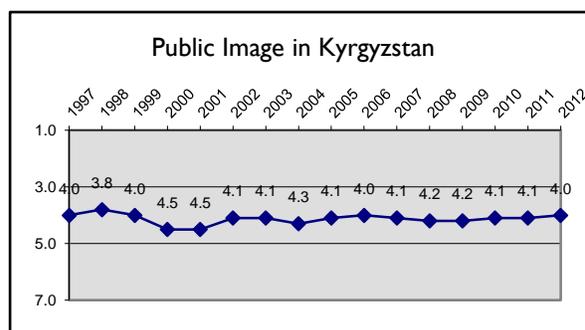
In the post-conflict situation, many new networks and coalitions, including mediation networks and a regional humanitarian forum, have been created to facilitate the exchange of information among their members. In

2012, a coalition for HIV/AIDS prevention was created. Several CSO networks conduct training programs. Many new CSOs, however, have not joined coalitions and do not have resource centers to help them achieve their goals. Local grantmaking organizations still have not developed.

Partnerships with the government have become more visible through the participation of CSOs in the work of public councils at the national and local levels. In addition, the central government appointed experienced CSO representatives to participate in the interview panels selecting new staff for the Finance Police, which was considered the most corrupt government body and was previously dissolved. Links between businesses and CSOs, on the other hand, remain weak, although some business associations do work with other CSOs.

PUBLIC IMAGE: 4.0

The public image of CSOs improved slightly in 2012. Based on informal feedback received during public hearings, TV and radio debates, and meetings between CSOs and their beneficiaries, it appears that the public is starting to appreciate CSO efforts in overseeing the government, monitoring public spending, observing elections, protecting human rights, and reforming government institutions, including the court system and the police. In addition, CSO services for vulnerable groups, such as homeless children, migrants, victims of human trafficking, or elderly people receiving low pensions, are highly valued.



According to public opinion polls conducted by IRI in August 2012, 40 percent of respondents had a favorable opinion of NGOs (down from 51 percent in February 2012), while 45 percent (up from 34 percent) did not answer the question. Certain social groups, including citizens who do not support democratic development, members of nationalistic movements, rural inhabitants, and some elderly people raised in the Soviet Union, criticize CSOs for their dependence on foreign donors' funding and agendas.

Some parliamentary committees and executive government agencies regard CSOs as sources of credible information and consult with them during the law-drafting process. For example, CSOs were actively involved in the development of the Sustainable Development Strategy of Kyrgyzstan for 2013-2017. Other political leaders, however, only cooperate with CSOs to gain public legitimacy. Municipal and local government authorities perceive CSOs as indispensable sources of expertise and regularly include CSO representatives in regional working groups and commissions.

Businesses recognize CSOs as important actors in promoting democratic governance and reforming the government, especially legal institutions, but are reluctant to financially support CSO projects. CSO and business representatives serve together on public councils at the Finance Ministry, Tax Service, Ministry for Economic Regulation, and other state agencies.

Overall, the media coverage of CSO activities is quite positive. All types of mass media, both at the local and national levels, report on CSO activities related to elections, rallies, demonstrations, and public campaigns, but are less inclined to cover CSOs' social projects. Media seldom discusses the role of CSOs in society.

Only experienced CSOs publicize their activities or promote their public images. Likewise, only a few CSOs, primarily youth organizations, utilize social media to promote their work. Public relations within most CSOs is limited to issuing short press releases on project implementation or progress. Only a few CSOs publish annual reports with financial statements. Many CSOs lack codes of ethics.