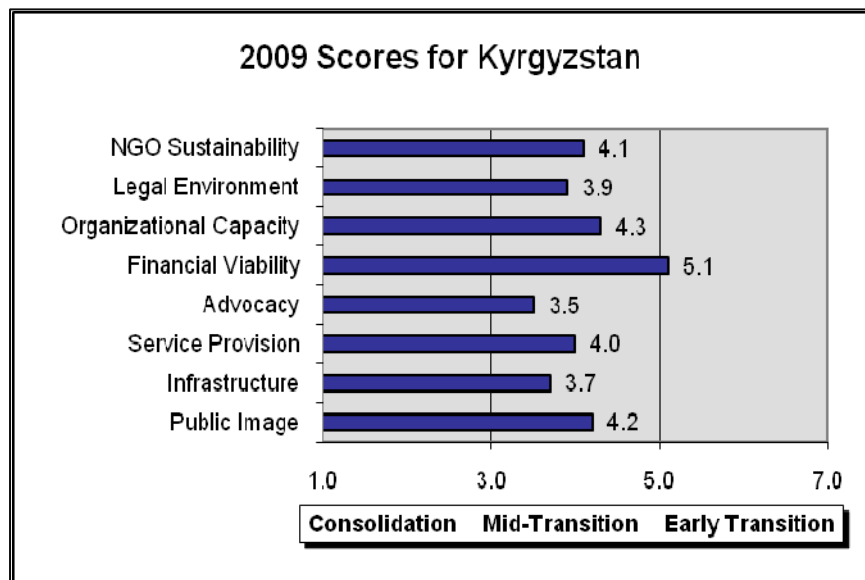


KYRGYZSTAN



Capital: Bishkek

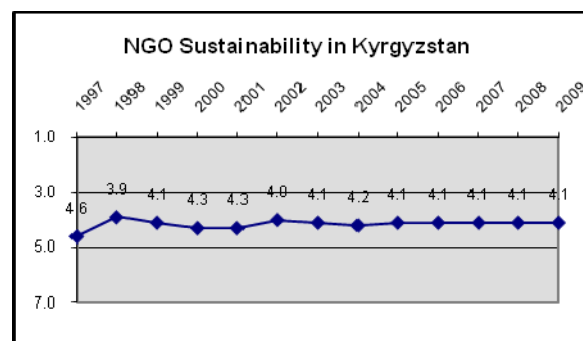
Polity: Republic

Population: 5,508,626 (July 2010 est.)

GDP per capita (PPP): \$2,100 (2009 est.)

NGO SUSTAINABILITY: 4.1

The overall sustainability of NGOs in Kyrgyzstan remained the same as in 2008, although NGOs faced various challenges and threats. Reliable information about the number of NGOs is not available. Three years ago, according to the Ministry of Justice, more than 15,000 nonprofit organizations were registered in Kyrgyzstan.



Proposed amendments to the Law on Noncommercial Organizations surprised and threatened the NGO sector. If adopted, these amendments would have undermined NGOs' independence from the state and subjected them to tremendous pressure and control. NGOs influenced members of parliament with a

nationwide awareness-raising and advocacy campaign, and the bill is still under examination.

According to the new tax policy, the government changed the licensing system, significantly reducing the list of types of entrepreneurial activities for which individuals can obtain licenses. After the reduction of the list, allowed activities included mostly trade and personal services, not activities that NGOs are engaged in. Activities like training and translation were removed from the list and many NGOs and their freelance service providers such as translators, interpreters, facilitators, experts, and trainers were forced to search for other contracting methods, which adversely affected their budgets and income. This reform had a negative effect on state revenue, and in March the government reconsidered the decree.

According to the Election Code amended in 2009, NGOs are not allowed to nominate candidates for precinct election commissions (PECs). To overcome this obstacle, NGOs involved in election monitoring during presidential elections in July and local elections in October worked closely with community-based organizations to nominate NGO experts as

voters' representatives to the PECs. For the first time a group of NGOs, the Union of Civic Organizations—made up of six large organizations and networks—signed an official memorandum with the Central Election Commission to conduct a joint informational campaign to increase citizens' activity in the local elections.

The country's "renewal course," announced by the president in the beginning of 2009, gave NGOs hope that they might be able to establish greater cooperation with state bodies and local governments. In May a group of NGOs met with the president to discuss interaction between the state and civil society organizations. The meeting resulted in a signed memorandum

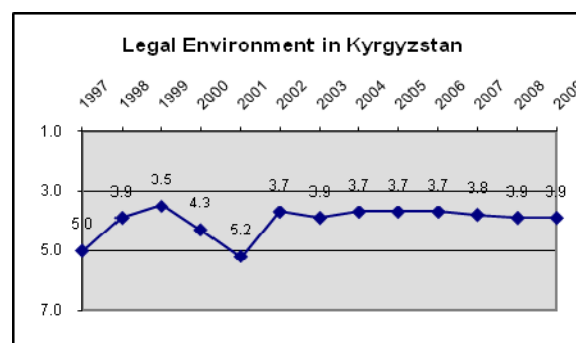
aimed at institutionalizing effective interaction. The Ombudsman's Office and the Ministry of Interior demonstrated their readiness to enter into mutually beneficial partnerships with the NGO sector, establishing public councils to increase state bodies' accountability to society and to promote citizens' interests. New government reforms announced in the fall, however, showed that implementation of the memorandum will not be easy. The reforms abolished some government structures and now NGOs may work only with individual officials rather than with entities such as departments and divisions. Nevertheless, the spirit of the reform leaves some room for NGO initiatives and activities for the country's development.

LEGAL ENVIRONMENT: 3.9

The legal environment for NGOs' operation did not change significantly, although NGOs encountered several threatening developments. Reform in the licensing system canceled licensing of some activities widespread in the NGO sector such as trainings, consultations, and translation. The removal of these activities from the licensing list prevented individuals from providing such services, and NGOs and businesses were unable to buy such services from individuals. Only legal entities such as consulting firms were allowed to be contracted for these services. The cost of licenses also increased significantly. Both private sector and civil society institutions criticized this reform, and while the original list was not fully restored, freelance services were reinstated on the list.

The most challenging event in the legal environment occurred in February when a group of MPs initiated amendments to the Law on Noncommercial Organizations. If adopted, this bill could facilitate greater state control over programs and financing of both local and international NGOs. The proposed amendments include the creation of a state body that would be entitled to revise NGOs' internal documents, participate in all NGO events, ban NGO financing by international NGOs, and stop an NGO's activity or even liquidate an organization at its discretion. Other amendments would

prohibit NGOs from participating in policy making, prohibit NGOs from participating in the election process, and limit foreigners' right to act as NGO founders. Informational and advocacy campaigns launched by NGOs led to a united voice against the initiative, and the parliamentary committee did not consider the bill. The president's secretariat signed a memorandum on behalf of the president suggesting that parliament revise the amendments based on civil society feedback and recommendations.



NGO registration remains easy and inexpensive. Many communities and business entities established and registered new associations and foundations.

Another challenge faced by the NGO sector was the government's attempt to put domain

management under state control. According to a presidential decree, the State Agency on Intellectual Property has been authorized to control all kg domains. This decision was not coordinated with the Internet Corporation for Assigned Names and Numbers (ICANN) and was criticized by NGOs and electronic mass media. NGOs stated that government control over kg domains will lead to significant limitations of citizens' right to freely search for and disseminate information.

During 2009 many human rights defenders launched attempts to change laws which limit freedom of assembly. Several civil actions were submitted to the Constitutional Court but did not yet yield results.

The Tax Code adopted in 2008 introduced a new real estate tax that caused much concern among citizens, private sector entities and NGOs. NGOs are not exempt from the tax, which could have a particularly negative effect on

rehabilitation and crisis centers, health care facilities, and education and social service establishments managed by NGOs, which might be classified as production facilities subject to a higher tax rate. Following a public outcry, in spring 2009 the president declared a moratorium on enforcement of the real estate tax.

The Social Contracting Law established a legal basis for financial support of NGOs from the state budget. Effective enforcement of this law is hindered by state entities' lack of understanding of the law, weak bylaws and normative documents on the principles of NGOs' involvement in social service provision and state bodies' conduct of grant competitions, and a lack of budget appropriations to ministries for social contracting of NGOs. In partnership with the State Agency on Social Welfare (previously known as the Ministry of Labor and Social Development), several NGOs are working to change this situation.

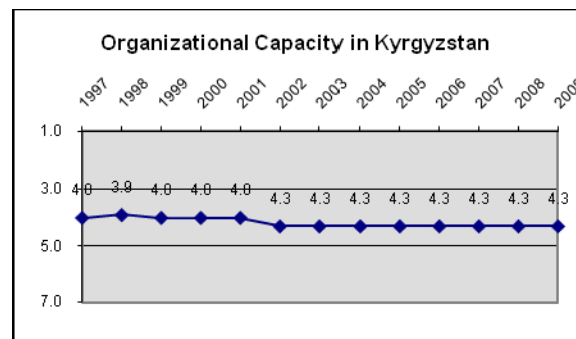
ORGANIZATIONAL CAPACITY: 4.3

A high level of competition for declining donor funding led to the closure of dozens of small and weak NGOs. Those weak NGOs that did not close became more donor-driven, going from one donor program to the next regardless of their missions.

Governing bodies in many NGOs are ceremonial and do not influence strategic decision making. About one-third of NGOs have no members; they are registered as public or charity foundations or nonprofit institutions and are managed by one person.

There have been challenges in introducing a culture of strong internal governance for NGOs. During 2008–2009, the Association of Civil Society Support Centers (ACSSC) offered organizational audits. Only twenty-seven NGOs have completed the audit process and are working on further institutional development. These organizations may have good potential for establishing partnerships with government and the private sector, as many state bodies, corporations and donors are searching for strong

and sustainable organizations with effective management and constituency building.

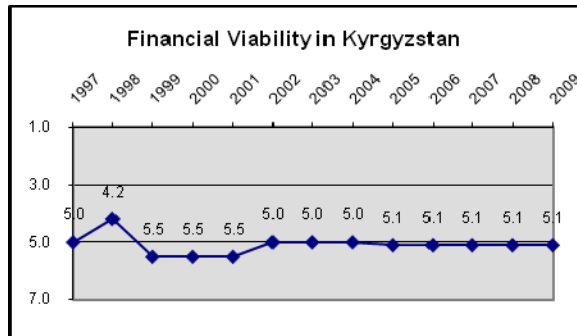


Large and strong NGOs often play the role of resource centers for smaller NGOs. Many local organizations are willing to participate in networks and associations, but often expect to gain better access to financial resources. As a result it is primarily strong NGOs and organizations located in the capital and large cities that are active in networks. Nevertheless, small local NGOs gain from these networking opportunities through learning best practices and obtaining informational support.

The NGO sector is experiencing a need for qualified and experienced staff. The Academy of Management under the president, with the support of the Hanns Seidel Foundation, educates students about nonprofit management, but the number of students does not meet NGOs' needs. NGOs are interested in practical training

for employees and increasing their capacities, but lack sufficient resources to educate their staffs or modernize their office equipment. NGOs suffer from high employee turnover and weak technological development. International NGOs provide capacity development assistance for particular NGOs.

FINANCIAL VIABILITY: 5.1



The situation with NGO financial sustainability remained the same as in 2008. International donor funding remains the main source of financing. Funding from donor agencies like USAID, DFID, and the European Commission has slightly decreased, but large international NGOs have launched new programs. Tax incentives for philanthropy have not changed and corporations' giving tends to be limited to specific occasions or direct sponsorship of health, educational and cultural institutions. Some corporations have established subsidiary foundations to conduct grantmaking and prefer to donate equipment or provide scholarships.

The Social Contracting Law mentioned above has not been enforced as expected and only a limited number of NGOs received funding to implement projects.

NGOs are learning to charge fees for their services and projects in order to ensure some institutional sustainability. These efforts are not necessarily successful, especially in the case of service provision. Many customers prefer to contract individual experts rather than organizations in order to lower costs. Donors' small grant programs do not support cost recovery.

Income generation among NGOs is not well developed due to a lack of business skills and poor access to financial resources. Generally proceeds made from subsidiary enterprises only cover NGOs' operational expenses and a very limited number of organizations are able to pursue their own self-financed projects.

Membership fees are a valuable source of income only for business associations, which are clearly focused on providing services for members. In other public associations, membership fees provide less than 1 percent of annual budgets.

Volunteers' contributions are important for NGOs implementing projects on social issues, awareness-raising, and advocacy, but NGOs have no methodology and little capacity to track volunteers' contributions to projects or to measure the value of their work in financial terms.

ADVOCACY: 3.5

Limited access to information and mass media, the ban on political meetings, and exclusion from policy- and decision-making processes significantly decreased the space for NGO advocacy, forcing NGOs to search for other

opportunities and advocacy approaches. One of the most effective advocacy campaigns was organized by several leading NGOs in response to MPs' initiative to change the existing Law on Noncommercial Organizations. In addition to

hundreds of local NGOs, several international NGOs and intergovernmental institutions like UNDP and OSCE were involved in the campaign. The parliament did not yet examine the bill, but the analysis prepared by legal experts provides a basis for MPs to make an informed decision.

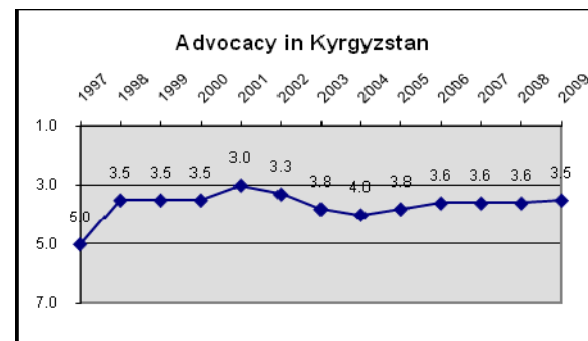
NGOs and businesses were among the actors that criticized the new real estate tax, leading to the president's announcement of a moratorium on enforcement of the tax.

During 2009 NGOs managed to establish two valuable structures supporting their advocacy activities. Under the Ombudsman's Office, public councils were created to address human rights, gender and other issues. These public councils respond on ad-hoc issues but also work toward strategic goals, such as revision of the Domestic Violence Law. Another body to increase citizens' influence, the Civic Control Council, was created under the Ministry of Interior. Active and recognized human rights defenders participate in these structures.

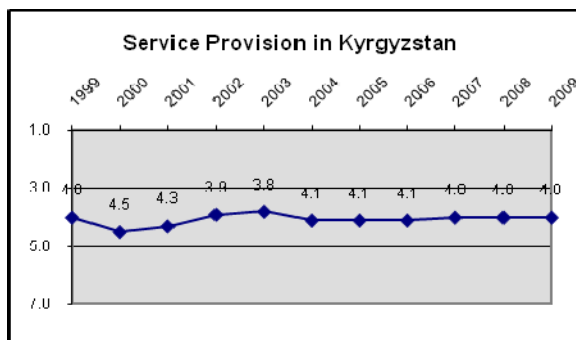
Compared to previous years, coalition building among NGOs became more stakeholder-

oriented. To ensure campaign effectiveness, advocacy NGOs pay more attention to influencing key stakeholders rather than just increasing public awareness. NGOs employ more intelligent approaches, and advocacy networks are characterized by quality rather than quantity.

In May 2009, twenty-six NGOs reached an agreement with the president's secretariat to work toward effective interaction between state bodies and civil society organizations. The so-called Open Agreement is aimed at increasing civil society participation in policymaking and policy implementation.



SERVICE PROVISION: 4.0



The Social Contracting Law was expected to provide valuable financial resources for NGOs. One of the reasons it failed to fulfill this expectation was NGOs' weakness in service development and marketing. A limited number of organizations are experienced in assessing constituency needs and organizing services to meet these needs. In general NGOs do not have enough capacity to market and promote their

services and products. Nor are there state standards on social services, so NGOs working on social issues have no indicators to evaluate services.

The development of NGOs' social services is also limited by insufficient tax incentives. The existing Tax Code does not provide any privileges to NGOs. Only small NGOs whose volume of services does not exceed the established limit are VAT-exempt, which does not motivate NGOs to develop new services or expand existing services.

The Ministry of Labor and Social Development has supported twenty-four NGOs working with children. In addition, some state and local self-government bodies use social contracting mechanisms to obtain expert assessments and evaluation of their social programs. Some

services such as expert surveys and program evaluations are in demand by state and self-governing entities. International organizations and agencies recognize the NGO sector's expertise and consultative support to programs in various fields. Such service provision does not support organizational sustainability, however, because clients prefer to contract individuals rather than organizations.

NGOs focused on capacity building suffer from a very limited market. Local NGOs cannot offer capacity-building services without support from international NGOs and agencies. Capacity-building NGOs are more active in providing services for business associations.

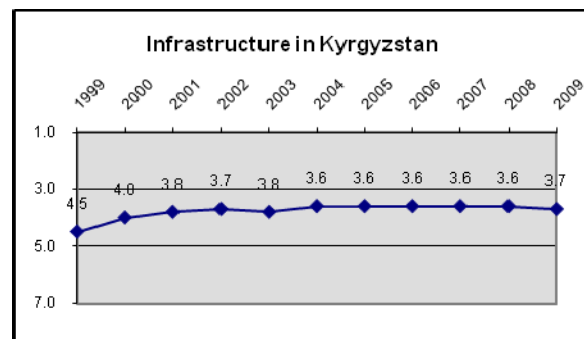
INFRASTRUCTURE: 3.7

During 2008–2009, many information and resource centers were closed, such as some of those that operated under NDI and Soros Foundation-Kyrgyzstan programs. Others were reduced or redesigned to provide fee-based services in order to decrease centers' dependence on grants. These changes decreased NGOs' access to resources such as information, best practices, and technology. Informational support for local NGOs is provided through electronic bulletins, but this approach does not provide full coverage due to limited Internet access in villages.

To overcome the lack of information and technical support, many NGOs operating in the same area establish informal networks allowing for exchange of information and provision of mutual support. One of these networks emerged under the Ombudsman's Office, where public councils became a venue for human rights defenders' cooperation. These human rights NGOs have managed to establish an effective system of information sharing, division of responsibilities, and support. In responding to detentions of human rights defenders, for

Human rights organizations' services are gaining more public recognition. Legal support in court and rehabilitation for torture victims are unique services which are not available from other private or state entities. Through their activities and services, human rights defenders help citizens to overcome problems, and are making a significant impact in decreasing social tensions. These services are provided free of charge with the financial support of donors or NGOs' own resources, which limits the number of service recipients. A similar situation exists regarding NGOs that provide social services. Due to the poor financial status of the recipients, service provision is maintained with donor support and stops when external financing ceases.

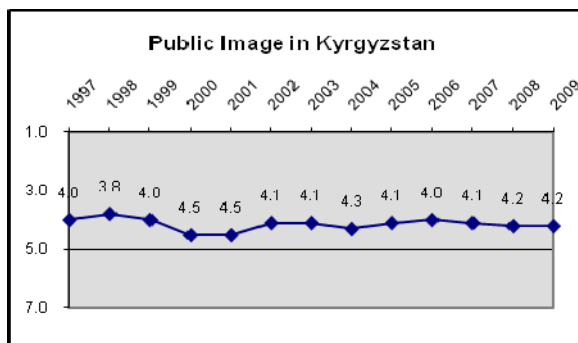
example, some human rights NGOs work with the mass media and civil society organizations, while others apply to the Prosecutor's Office or other government structures.



The number of local grantmaking organizations did not increase. Moreover, some grantmaking organizations started to apply for grants provided by international NGOs operating in Kyrgyzstan, which increases the competition between grantmaking organizations and other NGOs. Decreased grant opportunities and a high level of competition almost blocked the access of small local NGOs to financial resources.

PUBLIC IMAGE: 4.2

NGOs' weak public image has two main causes: a lack of NGO capacity and efforts to conduct effective PR, and negative coverage in the state-controlled media. Few NGOs manage to establish effective relationships with mass media outlets and actively promote their missions and activities. Most NGOs are weak in planning and implementing PR activities and do not use modern PR tools and technologies. Usually annual reports are like program reports and do not expose NGOs to a wider constituency.



The reduced number of independent media outlets, strong state control, and profit-oriented newsmakers do not provide a solid ground for socially conscious journalism and social advertising. In many cases NGO activities are interpreted by the media as political events or actions of people who are able only to criticize.

NGOs' work in social protection, infrastructure rehabilitation, health care and other spheres is appreciated by their constituencies. Residents of communities where these NGOs are active are aware of NGOs' efforts to improve their living conditions, but the rest of the public does not share this awareness. Similarly, beneficiaries of human rights defenders' work—such as people who receive legal support, or torture victims who benefit from rehabilitation—appreciate the impact of human rights defenders on citizens' lives. Human rights defenders' efforts to improve the legal environment for civil society, however, such as advocating for freedom of assembly, are negatively reported (if reported at all) by the pro-government mass media.

Few national and municipal officials are ready to establish partnerships with NGOs, especially in the areas of policy- and decision making. Leading NGOs undertake efforts to overcome this situation by establishing dialogue and cooperation with open-minded officials. International agencies contribute to this process through organizing joint events such as roundtables and workshops where representatives of government and civil society can exchange and discuss opinions.