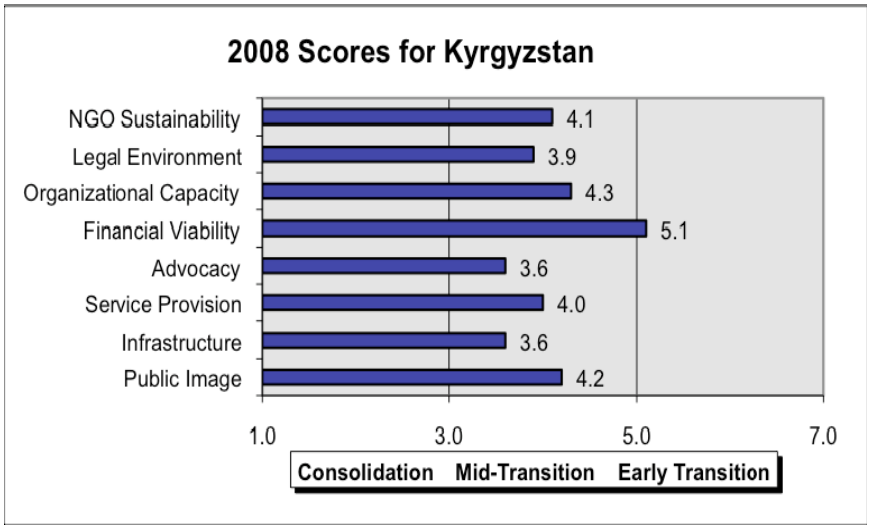
KYRGYZSTAN



Capital: Bishkek

Polity:
Republic

Population:
5,431,747 (July 2009 est.)

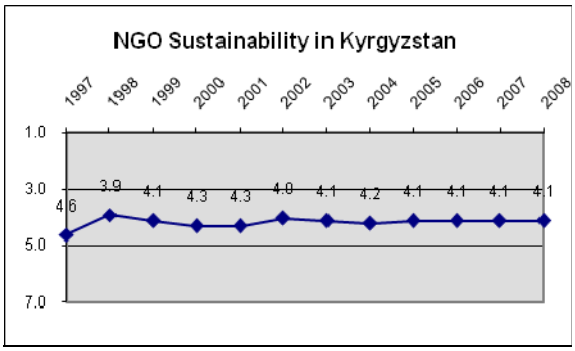
GDP per capita (PPP):
$2,100 (2008 est.)

NGO SUSTAINABILITY: 4.1

As in 2007, the year 2008 began with continued political debates and public actions, giving NGOs an opportunity to expand their spheres of influence, express their concerns, and actively participate in the political process. The estimated number of registered nonprofit organizations, including public associations, public foundations, community-based and religious organizations, and business associations, ranges from 8,000 to as many as 20,000. The Ministry of Justice, which maintains the register, does not have reliable figures.

NGOs' protests against parliamentary election results, participation in opposition mass meetings, and active lobbying for citizens' rights to freedom of assembly and freedom of conscience resulted in authorities having a negative perception of NGOs and taking actions against them. At the same time, NGOs worked within several formal structures aimed at partnership and achieving consensus with the government. Among such structures were four working groups under the Ombudsman's Office, and a working group under the Ministry of Interior.

While some NGOs do not consider the Parliament legitimate and do not interact with it at all, other NGOs have created partnerships with Members of Parliament and involved them in lobbying for the new Social Contracting Law and some provisions of the new Tax Code. Several NGOs initiated the Alliance for Women's Legislative Initiatives, consisting of representatives of NGOs, the Parliament, and government bodies.



NGOs' cooperation with political parties and the growing strength of religious organizations and groups resulted in amendments to freedom of assembly and freedom of conscience laws, which greatly curtailed citizens' rights. Many NGOs and international institutions appealed to the president, but in the end, he signed all the amendments.

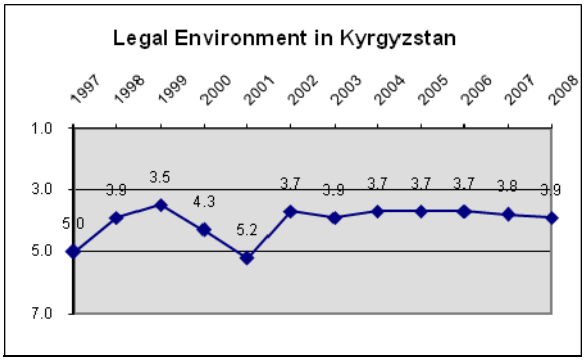
Despite the increased activity of human rights defenders and politically active NGOs, a certain

slump occurred in other spheres of NGO activities. This downturn was largely caused by lack of financing. Soros-Kyrgyzstan Foundation and Eurasia Foundation, which typically conduct the majority of local small grants programs, reduced their programs in 2008. Increasing numbers of NGOs are developing their own income generation activities, but this approach is limited by a lack of business knowledge and experience, and poor access to financial resources.

Aiming to increase organizational sustainability, many NGOs create sector alliances and coalitions. In 2008, three coalitions were established: a coalition of harm reduction (HIV/AIDS) NGOs, a coalition of NGOs representing disabled people, and the Union of Civic Organizations. These coalitions have set clear strategic targets and provide NGOs an opportunity to consolidate their organizational, intellectual and financial resources to ensure the achievement of declared goals.

In 2008, business associations developed considerably. Through improvement of their knowledge and experience in analysis, advocacy, and PR, many business associations have diversified and increased their quality of services. This process has led to a sizeable increase in membership. The National Alliance of Business Associations (NABA) became stronger and more effective in improving the business environment.

LEGAL ENVIRONMENT: 3.9



In 2008, the situation regarding registration did not change significantly. Founders of an NGO can easily establish and register their organization. The government has no influence over NGOs' missions and activities as long as they do not violate the law. In 2008, NGOs, like all legal entities, were able to take advantage of the introduction of the so-called "single-window" registration process, in which the whole registration process can be completed at one government office.

Several legislative changes related to faith-based NGO registration were adopted. According to the amended Law on Freedom of Conscience and Religious Organizations, faith-based organizations can be officially registered if they consist of at least 200 members. This rule substantially restricted opportunities of faith-based organizations. Local governments' attempts to curtail freedom of assembly in 2007, which the Constitutional Court declared illegal, now have received legislative support. The previous requirement to notify authorities of mass meetings has become a requirement to obtain permission. According to human rights defenders, compared to 2007 when more than 400 mass meetings were held, only one has been held since the new law was passed in August 2008.

Human rights defenders are also concerned about efforts to exert indirect control over NGOs. Some provisions of the Information Security Concept regulating information exchange on the Internet might be used as a tool for selective pressure on NGOs. The law on intellectual property protection might be used in the same way, particularly in regard to software usage by NGOs, as NGOs are not in a position to observe all provisions of the law due to poor finances.

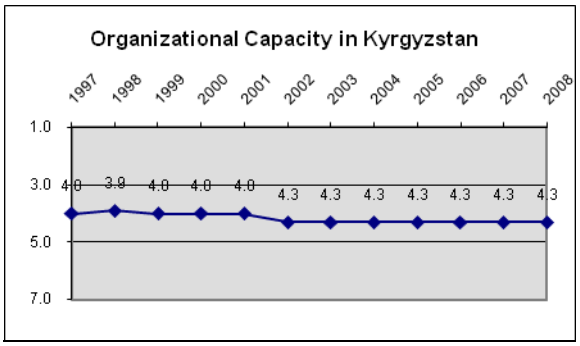
The new Tax Code significantly decreases the tax burden for all taxpayers, including NGOs. It introduces new tax benefits for NGOs designated as charitable organizations, including exemption from income tax, VAT and sales taxes; an increase in the amount of donations to charities that a business may deduct from 5 to 10

percent of taxable income; and, elimination of the certification process which had been required for charitable organizations but not implemented effectively, making it impossible for NGOs to be qualified as charities. Now, all organizations meeting the requirements of the Tax Code and the Law on Philanthropy and Charitable Activity will automatically qualify for tax benefits.

Expectations are high for the State Social Contracting Law adopted in 2008. So far, implementation of this law has been hampered by the absence of procedures and budget lines, but the active work of the Ministry of Labor and Social Development and partner NGOs gives some hope of diversifying NGO financing sources. At the same time, expanded partnerships between the government and NGOs will lead to increased demands on NGOs to improve their institutional and organizational capacities.

ORGANIZATIONAL CAPACITY: 4.3

In general, organizational capacity of NGOs remained the same as in 2007. The trend of weak organizations closing down and the growth of partnerships and networks continued. To some extent the latter was furthered by donors' efforts to support networks. For example, the Union of Civic Organizations, consisting of more than forty NGOs, was established to monitor the 2008 local elections. Within the framework of the election process, the Union produced a wide range of informational and analytical publications, involved citizens in discussion of the election process, and developed recommendations for improvement of the Election Code.



NGOs experience notable difficulties in improving organizational capacity. These problems are caused by various factors including generational change, staff turnover, funding, and weak capacity to attract and train new employees.

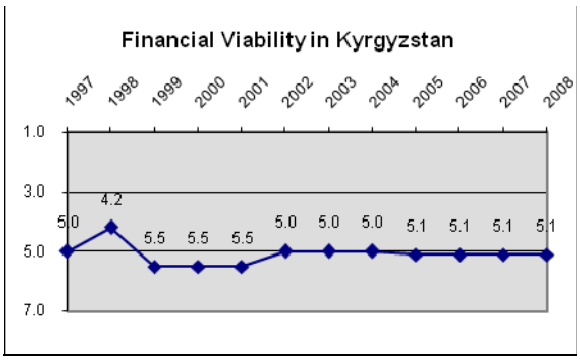
Networking provides NGOs an opportunity to improve their planning and management. Strong NGOs contribute positively to making projects substantive, assessing beneficiaries' needs, and hiring staff. At the same time, in both individual NGOs and in networks, personalities of NGO leaders still exert a strong influence.

Positive changes have occurred in business associations' organizational capacity. Many associations have managed to increase their membership bases and partnerships with colleagues from abroad. By being focused on their members and using a business approach, many business associations strengthened the institutional component of their activities. Moreover, NABA's activities demonstrate the clear advantages of joint efforts and have motivated organizations to engage in networking not only in the capital but in the regions as well.

Like business associations, many NGOs focused on social issues became more committed to their missions. In spite of the lack of finances, their programs and activities are more tied to their missions than to donors' or international agencies' programs.

FINANCIAL VIABILITY: 5.1

Organizational audits of some NGOs have revealed the need to improve NGOs' accounting and financial management. Decreasing external support and a lack of internal resources lead to the loss of qualified employees and an inability to raise the skill levels of remaining staff. To increase internal resources, NGOs develop non-grant sources: membership, local philanthropy, and fee-for-service activities, including paid trainings and consultations. Fee-for-service development is restrained by NGOs' inability to pay, as many organizational services may not be purchased using donor funds.



Some business associations have managed to switch completely to self-financing through membership fees. Increased membership, a result of members' high satisfaction with services offered, allows business associations to reduce their dependence on donor support. Many local NGOs have established good relations with local businesses and managed to increase the share of philanthropy and sponsorship in their budgets. To some extent, this is a result of the improved quality of NGO services, such as legal consultations to citizens and institutions.

NGOs specialized in informational technology (IT) and informational support experienced increased demand for their services. IT NGOs receive requests for open-source software trainings not only in Kyrgyzstan but from abroad as well.

The new Law on State Social Contracting is an achievement of the successful partnership between the Ministry of Labor and Social Development and social services NGOs. In 2008, the Ministry directed a portion of funds to social contracting under the New Generation Program. It is expected that state financial support to the NGO sector will increase if the social contracting system is developed in other ministries and if NGOs are proactive in the budgeting process.

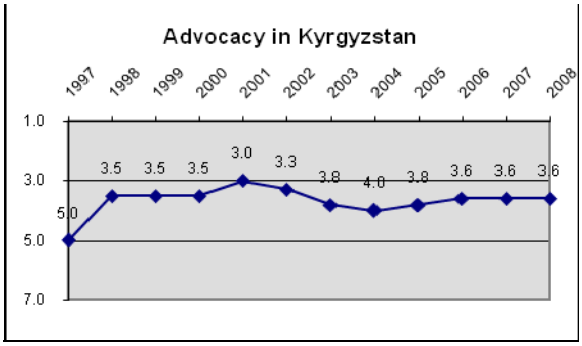
NGOs' fee-for-service and income-generation activities are not generally supported by the new Tax Code. The absence of tax incentives and low access to credit resources do not motivate NGOs to develop independent financial sources. Only organizations that already possess specific skills and practical experience are operating in this sphere. To increase financial and organizational sustainability, NGOs must continue to promote their interests actively.

ADVOCACY: 3.6

One of the factors that led to business associations' increased membership was their success in advocating private sector interests. NABA, made up of twenty-one business associations, advocated for tax reform, and its "Business Joint Voice" advocacy campaign resulted in a moratorium on fiscal inspections and other measures. This contributed to Kyrgyzstan's improved rating by the World Bank's Doing Business project. Business associations' representatives are members of many working groups and expert councils, and are able to promote business community interests more effectively. In fact, the government is supportive of the business community's interest in development of the economy.

In contrast, NGOs' efforts to promote and protect political, civil, and electoral rights were less effective. One of the reasons for this discrepancy may be the parliamentary election

in December 2007, in which the Parliament was elected based on party list proportional representation. Many vocal NGOs − particularly human rights NGOs − criticized the election results, did not accept the Parliament's legitimacy, and stopped their legislative activity. At the same time, many other NGOs lacking experience in interaction with political parties could not organize effective advocacy. NGOs active in the areas of social issues, advocacy, and NGO sector support continued to champion various initiatives before Parliament.
To increase the effectiveness of advocacy actions, many NGOs create coalitions, such as the Union of Civic Organizations. During local elections, the Union implemented a public awareness campaign urging citizens to vote responsibly and conducted election monitoring.



After the election the Union held public discussions on lessons learned from the parliamentary and local elections, and facilitated the development of voters' recommendations for improvement of the Election Code.

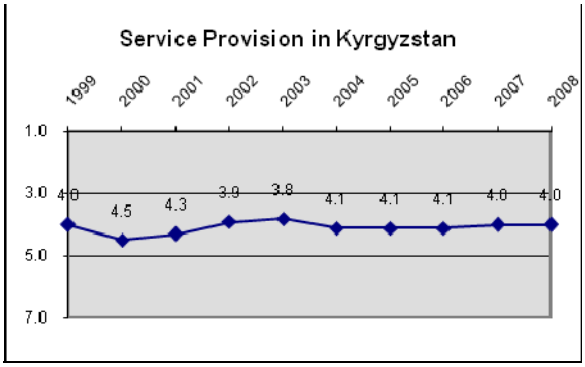
Creation of the Alliance for Women's Legislative Initiatives is considered an important step in advocacy. Established in May 2008, AWLI initially consisted of nine founding members. Now, AWLI consists of 122 members, including individuals and legal entities. Today the AWLI is one of the most powerful organizations promoting gender policy.

The so-called Gender Equality Law adopted in August 2008 gave gender NGOs a reason to increase their activities. Many gender NGOs were involved in implementation of the law, offering services such as organizational gender audits, gender education, and monitoring implementation of the National Action Plan. These activities are strongly supported by female Members of Parliament.

SERVICE PROVISION: 4.0

In the sphere of social services, NGOs are still highly dependent on donor support, but service provision by professional associations has evolved considerably. Increased membership is a sign of members' appreciation of the range and quality of the services provided. For instance, business associations not only promote members' interests on the legislative level, but also raise issues such as corruption in the judicial system and effectiveness of the Antimonopoly Committee.

Human rights organizations are mostly involved in protection of civil and political rights, partly as a result of donors' interests and partly because of the weak development of services in the area of social and economic rights. Nevertheless, many human rights defenders agree that implementing citizens' social and economic rights is impracticable without civil and political rights. Increasing demand for specific services, such as psychological rehabilitation of torture victims, motivates NGOs to expand their range of services and conduct fundraising.



Social services development is affected not only by lack of finances, but also by insufficient assessment of beneficiaries' needs. Some shifts in this area are expected as a result of implementation of the Social Contracting Law. Objectives and tasks set by the government will probably require NGOs to apply new methods to assess beneficiaries' needs and satisfaction. The lack of an approved 2009 budget for social contracting delays these developments, however.

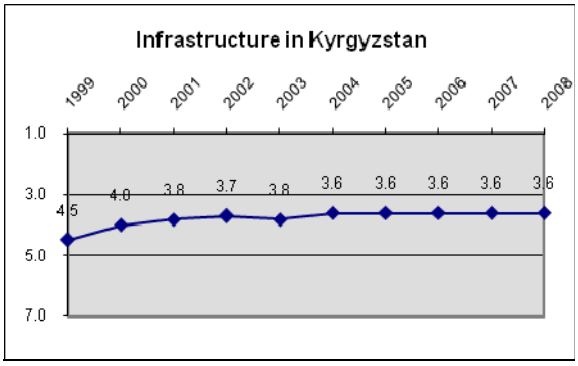
Some NGOs had concerns about the lack of transparency in the procedures for distributing funds under the new Social Contracting Law. The Ministry of Labor and Social Development is working on implementing legislation to ensure a competitive and transparent award process, and developed regulations stating that half of the award committee should be composed of NGO representatives. The Ministry is also actively discussing with NGOs the scope and quality of social services which might be delegated to NGOs.

The entry of NGOs into the international market indicates that their services are of increasingly high quality. This applies only to specific NGOs and services, however, primarily in the fields of IT, organizational development, and monitoring and evaluation. The Civic Initiative in Internet Policy offers a wide range of services in informational security, which is in popular demand not only in Kyrgyzstan but in the Central Asia region. Think tanks in Kyrgyzstan are also securing orders from international agencies and organizations for research and surveys.

INFRASTRUCTURE: 3.6

In 2008, the situation regarding networks of information, resource and consultation centers changed significantly. For various reasons, resource center networks funded by Soros-Kyrgyzstan Foundation (SKF) and the National Democratic Institute (NDI) were reorganized. SKF stopped direct administration of its information centers and outsourced that function to a local NGO. NDI has reduced the number of its information centers and will re-register the remaining centers as local NGOs, which will need to conduct their own fundraising. Similar changes occurred in the Legal Assistance to Rural Communities (LARC) network, which provides consultations to rural residents and farmers; its centers are gradually shifting to self-financing.

NGOs working in the same spheres have strengthened coalition- and network-building efforts. One example is the Union of Civic Organizations, working in the areas of election monitoring and voters' rights, as mentioned above. To increase the effectiveness of efforts to promote common interests, alliances were also established by harm reduction (HIV/AIDS) NGOs and associations of disabled people. Such networking allows NGOs to effectively share information and more flexibly respond to challenges.

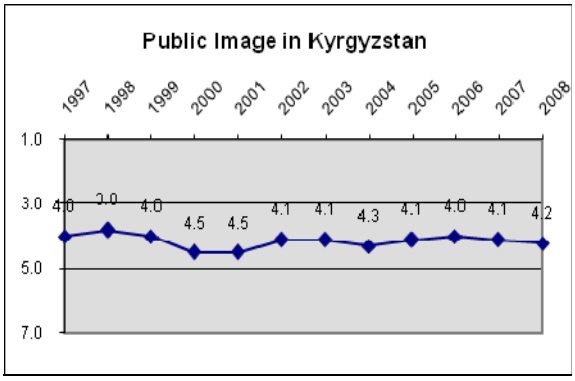


The activity of intermediary support organizations has decreased due to NGOs' lack of ability to pay for trainings and consultations. External financing for organizational development is provided either by donors for their target organizations only, or through isolated programs such as the Association of Civil Society Support Centers organizational audit, or the USAID Capacity Project, aimed at organizational development of harm reduction NGOs. As many qualified and experienced NGO employees leave to work in business or government, the remaining NGO leaders and employees are driving high demand for training

in strategic planning and management, financial management, and project development. The new generation of NGO employees does not have access to free training as was provided through past NGO capacity-building programs. The demand for PR strategies and tools has also increased as NGOs recognize the necessity and importance of effective communication with their constituencies.

PUBLIC IMAGE: 4.2

Changes in the political situation, especially in the first half of 2008, produced close interaction between some NGOs and political parties and movements. As in 2007, NGOs' participation in protest actions and opposition gatherings caused a worsening of public opinion about the sector as a whole. The public perceived NGOs as organizations striving for a change in power. Due to the lack of public awareness of NGOs' ideas, and because of publications in the pro-government media that focused primarily on NGOs' political activities, the public views any NGO advocacy activities as political activity. The efforts of NGOs to promote human rights and freedoms, such as the efforts to reform the Election Code and discussions of draft laws on freedom of assembly and freedom of conscience, could at least improve awareness of NGOs' work in those areas.

NGOs are still considered "foreign grant consumers" by the public (and ineffective consumers at that). To change this stereotype, the National Statistical Committee, in partnership with Johns Hopkins University, UN Volunteers, and the Association of Civil Society Support Centers, is developing a UN Handbook on Non-Profit Institutions to evaluate NGOs' contribution to the national economy. The results of this pilot project will be publicized in mid-2009 and may be a good opportunity to improve the NGO sector's image.

The Social Contracting Law can be seen as an example of recognition of social NGOs' importance and their commitment to solving social issues. The law provides NGOs an opportunity to be involved proactively in assessing social problems and defining solutions, thus improving their public image.