Executive Summary

The “Strengthening Voice and Accountability” Project (VAP) is a multi-phase intervention in the Kyrgyz Republic supporting citizen participation in local budgetary process and local self-government (LSG) responsiveness to civic initiatives. As its overall goal VAP seeks to ensure that **public finances are managed by LSGs in a more transparent and accountable mode through citizen participation in decision-making process**.

The Project was delivered in three distinct stages - 2011-2012 (inception phase), 2012-2015 (phase I) and 2015-2020 (phase II, with extension). This Project Document elaborates the proposed Exit Phase activities for the period from September 15, 2020 to March 15, 2022, with intended outcomes aimed at strengthening long-term foundations of sustainability and scale.

**Phase 2 (Apr 2015-July 2020 with extension)**

In Phase 2, VAP project succeeded in substantial sustainable replication and scale-up of the LSG participatory budgetary process across the country. The project achieved its both outcomes, strengthening citizen’s engagement and responsibility in the local decision-making process (Outcome 1), and increasing LSG’s responsiveness to local initiatives (Outcome 2).

In 2019, 71% of LSGs provided accessible budget information to their constituencies, through visual budget information and online citizen budgets. Also, in 2019, 70% of all LSGs (330 municipalities) conducted hearings, as a result of a major policy milestone achieved through the Budget Code (institutionalizing public budget hearings). Over 28 000 citizens (42% women) participated in these hearings. Average number of participants in hearings grew by 20% from 2018 to 2019, and the number of questions fielded by citizens also increased similarly, signifying more effective local engagement. A total of 1625 documented citizen proposals to the budgets were reflected in local budgets and thus taken into account by the LSGs.

In reviewing more than a decade of citizen participation in budget hearings at the local level (Figure 1 below), an impressive 20% participation rate has been achieved in 2018-2020, in terms of the target population.

Figure 1. Share of citizens taking part in public budgetary hearings, 2007-2020, % of total population.

A significant VAP conclusion in relation to this participation rate is that any further improvements will only be possible if the quality of the public hearings improves, with key importance assigned to responsiveness, or taking into account the recommendations to the budget that are voiced by the participating citizens. The process of community engagement appears to have exhausted the potential for improving participation that was associated with information and awareness building among the citizens. Also, the conditions for most residents that have interest in public hearings are by now in place.

From 2018 to 2020, at target municipalities covered by the VAP activities, the share of residents reporting corruption concerns related to budget management has decreased from 20% to 16%; with similar trend for corruption concerns in public procurement procedures (13.3% to 10.4%).

An average of 35 activists in each target LSG (totaling more than 1,700 people) united in almost 190 initiative groups participate in the decision-making process in an effective manner and help communities and LSGs to address problems together with LSGs. All target municipalities in oblasts of the VAP operation (53) and 105 non-target municipalities throughout Kyrgyzstan adopted Local Community Charters, representing 33% of all the municipalities.

In total, more than 100 000 people took part in the decision-making process during Phase II, exceeding the target (95 000). Furthermore, the inclusive budgeting process helped improve the livelihoods of over 250 000 citizens. Joint Action Plans continued to serve as an effective tool for inclusion and participation, helping address and resolve up to 150 acute locally significant problems among the target municipalities. In 2019, the JAPs were adopted as a basis for official programs of social and economic development, supported by the related methodology of the Ministry of Economy.

Moreover, through the VAP’s grant program, which set the precedent in Kyrgyzstan for grant programs delivered through local budgets, LSGs resolved 71 local issues, attracting 34% co-funding and creating 61 new jobs. Working with the VAP project, the target municipalities unlocked over 421 million soms, or ~ 6 million CHF for local needs, a figure which was 18 times less back in 2014, prior to joining the VAP program.

Such activity had expressly guided prioritization of gender responsive budgeting. 68% of grant projects addressed gender-sensitive issues, shifting local expenditure and investment to schools, kindergartens and other priorities, benefiting over 27 thousand women. 43% of the jobs resulting from the grant projects were for women. Compared to Phase I, in Phase II the share of women in the initiative groups was up from 36% to 43%.

As a result of Phase 2 activities, public finances are predominantly managed by local governments in a more transparent and effective mode, with increased accountability of LSGs and meaningful participation of citizens. Participatory budgetary process is legally required and practiced by LSGs, due to a detailed legal and regulatory framework for the participatory budgeting, such as the newly introduced provisions of the Budget Code, Model Charter of Local communities and Regulations for allocation of stimulating grants.

The project expanded and refined the legal and institutional environment facilitating the LSG’s responsive and accountable performance. The joint monitoring and evaluation of local government performance and service delivery was institutionalized at the level of SALSGIR and is being piloted among the non-target municipalities.

VAP also directly shaped the LSG’s operating environment in many positive dimensions, such as:

* State ownership of the system for municipal servants’ capacity development;
* Institutionalized engagement of LSGs in the national policy decision making;
* A new State LSG development program formulated and in advanced stages of implementation;
* Elevated status of a municipal employee, and a further consolidation of the state system of capacity development for municipal servants;
* The government officially recognized the need to finance delegated state powers executed by LSGs and actual delineation of powers between the central authorities and LSGs has begun, starting with 36 different sectoral legislative acts;
* Conditions to increase local budget revenues were created and inter-budgetary relations have been clarified;
* The legislative frameworks were amended towards better human capital and financial health of the local councils;
* Inspections of LSG bodies have been partially streamlined.

More outcome level changes and observed outputs are provided at the end of phase external Evaluation (August 2018) and the End of Phase II Report (May 2020).