

COMPARATIVE RESEARCH ON CHALLENGES  
FOR FUNCTIONAL ANALYSIS AND AUDITS (FR)  
IN ECONOMIC DOWNTURN

**The case of Kyrgyz  
Republic**

*(add the name of country, based on  
the questionnaires)*

# ECONOMIC DOWNTURN CONTEXT OF FR

Items	2001	2002	2003	2004	2005	2006	2007	2008	2009 (forec ast)	2010 (fotrec ast)
Real GDP growth rate, %	5.3	0.0	7.0	7.0	-0.6	3.1	8,5	7.6	8.5	7.9
GDP per capita, USD avr rate	309.2	323.8	384.3	435.0	475.1	550	620	775	872	1360,6
Inflation rate	6.9	2,0	3.1	4.1	4.9	5.1	20.1	20.0	15.0	14.0%
National Public Budget , Income, % GDP					24,0	25,6	28,1	27,5	24,0	25,8
National Public Budget, Expenditures, %GDP					24,2	24,8	26,6	25,1	23,5	23,2
External Debt, % GDP	94.2	114.5	104.2	95.5	82.4	69.8	54,6	41,8	62.9	60.3
Unemployment (%)	7.8	8.6	8.9	9.0	7.8	8.6	8.9	9.0	9.7	7.8

# 1. PRIMARY CONSIDERATIONS FOR FR

First PA reform Stage: making government small, and cutting the size of the government by 10-15%, delegating functions to local government and private sector – downsizing & restructuring.

Second PA reform Stage: modernization of public administration system: efficiency, transparency, cost-cutting considerations within institutions, identifying budget priorities through Mid-Term Budget Framework - streamlining.

Current PA reform Stage: rationalizing the services, bringing services closer to citizens, customer satisfaction - **“improving quality of life by means of improving quality of economic growth & good governance (CDS)”**

## 2. LEVEL OF POLITICAL SUPPORT FOR FR

The prime-minister office is **the main beneficiary** of the FR project, namely the Unit of Public Administration Reforms Implementation, and Monitoring.

Functional Review viewed as a pure technical effort, and conducted by technical and financial support of EC and UNDP.

(Application of different Methodologies across pilot ministries).

### 3. FR SCALE, TERMS

Functional Review has been the main PA reform agenda since 2000. However, the PA Reform Strategy was developed in 2004.

- ◉ Ministry of Agriculture: central level (2000)
- ◉ Ministry of Labor: central level (2001)
- ◉ Ministry of Health and Education (2002-2004)
- ◉ Ministry of Agriculture, Labor and Justice (2004-2006): both central & oblast levels
- ◉ Ministry of Agriculture and the Ministry of Labor (2008 - 2010): oblast and rayon levels

## 4. FA COVERAGE AND COMPREHENSIVENESS

**FR main Objectives:** a policy and strategy focused process aimed at clarifying genuine role and tasks of state institutions and assessment of their capacity. Therefore, the FR looked at:

- ⦿ Institutional mandate and role in the sector.
- ⦿ Review of all functions and **results** associated with functions.
- ⦿ Review of internal institutional procedures.
- ⦿ Evaluation of **financial cost allocations** for identified functions.
- ⦿ Review of **staff allocation**.
- ⦿ Decision-making and relevant policy-making functions.

# 5. FR METHODOLOGY

- ◉ **Step 1.** Agreeing on the objectives of the analysis and the steps to be followed during the course of the analysis.
- ◉ **Step 2.** Identifying which information is needed.
- ◉ **Step 3.** Preparing an information request to the ministry or agency
  - An Organisational Chart
  - The number of persons working within each entity
  - The consolidated operations accounts (from the past year)
  - Budgets (current and for future years within the MTBF)
  - Regulations for each state entity
  - Job descriptions
  - Recent studies, if any, on the recent performance of the ministry or agency
  - Current priorities and problem solutions, as seen from the point of view of top management
- ◉ **Step 4.** Formulating a Questionnaire and Interview Guide
- ◉ **Step 5.** Collecting information
- ◉ **Step 6.** Carrying out Interviews
- ◉ **Step 7.** Categorizing functions and tasks
- ◉ **Step 8.** Evaluating the Evidence

**For ministry staff participation at the FR process was viewed as overburden and time consuming.**

## 6. FR FINDINGS AND RESULTS

- ◉ Overlap of functions and mandates among institutions (same functions in several institutions).
- ◉ Internal inefficiencies-within institutions (time, finances, procedures).
- ◉ Obsolete functions (functions that produce no value or of secondary value).
- ◉ Wrong role in the sector
- ◉ Inadequate content and procedure for the decision-making

***Over 100 structural subdivisions of government agencies have been eliminated; 110 functions were liquidated as not meeting market conditions; 125 functions were transferred to other ministries, agencies, and local self government bodies; and 120 functions were consolidated.***

For each ministry around **100** recommendations were developed. Implementation was not facilitated.

# 7. IMPACT AND SUSTAINABILITY OF FR

- ◉ Some functions (previously in public institution) delegated (devolved or decentralized) to actors outside the public sector (-).
- ◉ Functions were categorized and grouped (+)
- ◉ Regulations were re-designed in compliance with categorization of functions (+)

Efficiency: efficiency of the FR and its impact was not properly assessed, as well as efficiency of state institutions in performance of those functions.

Note: State institutions on the central level are all assigned with policy formulation, regulatory, support and service provision services. For execution of regulatory functions and service provision functions the state institutions charge fees to citizens (legally and/or illegally). The analysis of the reporting system shows that 80% of working hours is used for deliberation of reports.

## 8. NEXT PA REFORM STEPS

In November 2009 the President announced the first step of in-depth PA reforms.

- ✓ President Administration was established that include President Secretariat, Ministry of Foreign Affairs, Institute of Strategic Research, Central Agency on Development, Innovation and Investment
- ✓ 14 ministries were re-established
- ✓ National agencies committees and were abolished except the National Agency for LSG Affairs
- ✓ The Civil Service Agency was reorganized into the State Personnel Service that will look at all issues of appointment of high civil service positions, training and retraining of all public employees financed by the state budget.
- ✓ The nearest future objective is downsizing the state institutions, cut of budget expenditures, developing a new system of incentives in connection with abolishment of ranking system, assessment of public administration efficiency.

# BIBLIOGRAPHY, SOURCES, WEB-LINKS

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**THANKS FOR ATTENTION !**