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KYRGYZ REPUBLIC

CASE STUDY

Land Auctions Spurt Local Economy

USAID helps a small municipality generate revenues and boost local development



An auction in Mambekov. Photo: Urban Institute

“We have received a lot of thanks from entrepreneurs for using land auctions, which has helped them to start new businesses and expand existing ones.”

– Batma Jakybalieva, Coordinator of the Mombekov Development Center

Challenge

Municipality of Mombekov is a typical rural, agrarian municipality in the south of Kyrgyzstan. Like many other small towns across the country, Mombekov has very few viable businesses to contribute tax revenues. Lack of investment, together with low purchasing capacity of the residents, severely hinders business development in the municipality. This in turn limits local employment and incomes, as well as the availability of services. Like in other townships, finding ways to stimulate local business is one of Mombekov municipality’s most difficult challenges.

Initiative

To help generate investment for local economy around Kyrgyzstan, USAID’s Decentralization and Local Government Program offered a number of rural municipalities to take advantage of one of their most abundant resources – land. One of such municipalities was Mombekov. The USAID project helped Mombekov administration introduce land auctions as a source of revenues for its local budget. USAID assisted the municipality in inventorying and registering available municipal land, trained local officials how to organize auctions, and helped them conduct the municipality’s first auction in July 2008.

Results

Building on the success of the first auction, Mombekov’s municipal government decided to run land auctions on a monthly basis. Within the first couple of months, the municipality sold seven lots of its unused land and earned almost \$20,000 in revenues. This has not only significantly improved the municipal budget, but also gave a boost to business development. The new owners of the seven lots have brought in \$50,000 in investment and are in the process of constructing premises for a variety of small businesses on the previously vacant lots. One of the lots will house a small dairy processing facility that will produce agricultural products for the local consumption and employ 54 people. “Land auctions have helped start new businesses and expand existing ones,” said Batma Jakybalieva, Coordinator of the Mombekov Development Center, one of the organizations that have partnered with the USAID project.