



**COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY
(ARIS)**

BUILDING CAPACITY FOR EFFECTIVE LOCAL GOVERNANCE PROJECT

OPERATIONAL MANUAL

May 2014

Annexes to Operational Manual:

Annex A. SPF Project Action Plan

Annex B. Logical Framework

Annex C. Project Flow Chart

Annex D SPF Project Chart

SECTION 1. INTRODUCTION

The main objective of the project is to enhance participatory decision-making and accountability in selected villages in the Kyrgyz Republic with respect to local government planning and budgeting, service delivery, and investments.

The Village Investment Project (VIP) 1 and 2, previously implemented in rural communities and funded jointly by IDA and DFID with parallel financing of KfW, made a significant contribution to strengthening the participatory process at the community level (Aiyl Aimak). Village Investment Committees (VICs) and the Local Investment Committees (LICs), which were formed under the project, have built significant capacity of communities in identifying and setting priorities for investments in a participatory manner and, more importantly, in the implementation of small infrastructure projects.

Although successful approach of VIP allowed for involvement of members of local councils in the decision making process regarding the use of donor funds, local governments still kept people “at a distance” from the local budget planning, general planning and decision making with regards to budget expenditure.

This proposed project to be funded by the State and Peacebuilding Fund (SPF) requires the participating local governments to make their budgets, investments, and decisions regarding the provision of services transparent for public scrutiny, and is based on the experience that was gained by communities in VICs and LICs, so that they could ask the right questions and participate fully in public debates and public hearings.

This SPF-funded Project will help demonstrate the key innovations in local governance, will enable to continue dialogue on the issues of reform of local government and implement a global system of good practice, which promotes the independence of local authorities in the Kyrgyz Republic with respect to decentralized public governance.

SECTION 2. MANAGEMENT

2.1. The Community Development and Investment Agency is responsible for the management of the Project in accordance with the guidelines and procedures set out in this Operational Manual (OM) and provisions regulating the activities of the ARIS. The ARIS is an autonomous non-commercial institution with its own charter. The ARIS has two regional offices and ten smaller Oblast branch offices that provide support and administrative basis for the work of the ARIS staff and consultants at the local level. The ARIS is headed by the Executive Director and is staffed with specialists responsible for overall administration, financial management, procurement and contracting, settlement of legal issues and issues related to safety measures, technical issues, community advancement and mobilization, management information, monitoring and evaluation. The ARIS carries out its work under the guidance of its Supervisory Board.

2.2. *General principles of the ARIS project management*

The ARIS will be guided by the following fundamental principles of management in implementing the project:

- (a) *Autonomy.* The ARIS, a nonprofit organization in the form of an institution, a legal entity, has the authority to execute the project activities consistent with the laws and regulations of the Kyrgyz Republic and with the legal and project agreements between the Kyrgyz Republic and IDA.
- (b) *Impartiality.* The ARIS practices no form of discrimination or preferential treatment in its relations with anyone and applies the decision-making criteria and selection procedures described in this Operational Manual (OM) without exception. In order to avoid potential conflicts of interest, ARIS staff cannot hold any commercial interest or position of responsibility in any public or private institution that engages in commercial relations with the ARIS.
- (c) *Transparency.* Based on the provisions of this OM, the ARIS will develop and implement transparent and manageable performance procedures.
- (d) *Cost-Effectiveness.* The ARIS conducts all its activities in a cost-effective manner. It seeks to maximize the local benefits achieved through efficient deployment of staff resources and operate within agreed budget parameters.
- (e) *Environmental Consciousness.* The ARIS takes into account the impact of prospective sub-projects on the physical, biological and social environment of the concerned localities and to incorporate appropriate mitigation measures into sub-project design. ARIS also takes into account the impacts of changes on land use on the economic and social well-being of individuals and communities and will consider these impacts and appropriate mitigation measures in the implementation of this project.

2.3. *Supervisory Board*

2.3.1. *Function:* The Supervisory Board is the supreme management body of the ARIS. The Supervisory Board is responsible for guiding the operations of the ARIS in accordance with its Charter.

2.3.2. *Composition and Structure:* Membership of the Supervisory Board comprises representatives of governmental bodies of the Kyrgyz Republic, representatives of Local Self-Governments within the Kyrgyz Republic, and representatives of civil society as embodied in recognized and registered non-governmental organizations.

The Supervisory Board comprises representatives of the following institutions:

- (a) Seven ex-officio members representing governmental institutions of the Kyrgyz Republic:
 - A Representative of the President of the Kyrgyz Republic appointed by the President from his Administration;

- A Representative of the Prime Minister of the Kyrgyz Republic appointed by the Prime Minister either from members of the Government of the Kyrgyz Republic or staff of the Prime-Minister's Administration
 - Minister of Finance of the Kyrgyz Republic (ex officio);
 - Minister of Justice of the Kyrgyz Republic (ex officio);
 - Minister of Education of the Kyrgyz Republic (ex officio);
 - Minister of Health of the Kyrgyz Republic (ex officio);
 - Governor of one of the Oblasts appointed by the Decree of the President of the Kyrgyz Republic.
- (b) Seven members representing local self-government bodies:
- Chair of the Association of Local Self-Governments of Villages and Settlements of the Kyrgyz Republic (ex officio);
 - Executive Director of the Association of Towns of the Kyrgyz Republic (ex officio);
 - Four representatives of rural communities' local self-governments (heads of Aiyl Okmotus/Aiyl Aimak Aimak) elected by the Association of Local Self-Governments of Villages and Settlements of the Kyrgyz Republic at the meeting of the Association;
 - One representative of urban communities' local self-governments (mayor/head of small town administration (*Uprava*) of small towns) elected by the Association of Towns of the Kyrgyz Republic at the meeting of the Association.
- (c) Seven representatives of civil society:
- Chairperson of the Board of the "Counterpart –Sheriktesh" Public Union (ex-officio);
 - Six representatives of registered Kyrgyz non-governmental organizations, candidacies of which are nominated by the ARIS Executive Director and approved by a simple majority of the other Board members.

2.4. ARIS administrative structure and functions in project management

2.4.1. The ARIS is responsible for the management of the Project, in accordance with the guidelines and procedures set out in this Operational Manual (OM) and in the Legal and Project Agreements. The main role of the ARIS is to assist local communities, territorial public self governance bodies and local governments to work together in building own capacity, and support sustainable processes and institutions to achieve key development objectives at the village and Aiyl Aimak levels.

2.4.2. *Structure and key staff of the ARIS and their responsibilities*

2.4.3.1. *Central Office*

Functional responsibilities. The responsibilities of the Central Office (CO) are:

- coordination of capacity building activities
- selection of eligible Aiyl Aimak areas to participate in the project
- project financial management and accounting
- preparation of annual work plan and budget
- information dissemination and public awareness
- guidance and supervision of the work of all ARIS staff and consultants
- management of the M&E program
- management of the MIS
- overall project management
- communications and coordination among involved institutions
- external reporting to ARIS Supervisory Board, GoK, and other donors

2.4.3.1.1. Staff

The Central Office has the following staff:

- Executive Director
- Deputy Executive Director
- Finance Manager
- Procurement Officer
- Senior Technical Officer
- Technical Officer
- Management Information System and Information Technology Specialists
- IC System Development Specialist

Other staff are employed as needed to perform responsibilities for implementation of the project. .

The Executive Director (ED) and his/her Deputy are responsible for management of and supervision over all ARIS activities. The Project Coordinator provides support to the ED and his/her Deputy in coordinating and implementing the project.

2.4.3.2. *Regional Offices*

2.4.3.2.1. Functions

Regional Offices (ROs) of the ARIS serve designated parts of the territory of the Kyrgyz Republic. They assist ARIS Oblast offices and the Community Development Support Officers (CDSOs) in implementing the Project at community level and supervise their activities. ROs are responsible for managing relations with Oblast and Raion state administrations and, where necessary, establishing and adjusting formal relations with local state structures, as well as with representatives of NGOs and other partner organizations.

2.4.3.2.2. Staff

The RO is headed and managed by a Regional Coordinator (RC). Its staff includes CDSOs, Social Mobilization and Capacity Building Specialist, an Accountant, a Procurement Specialist, and other staff as needed. Staff of RO are accountable to the Regional Coordinator and work closely with the Central Office. The RC reports directly to the Executive Director, his/her Deputy and Project Coordinator. The RC represents the ARIS in the region, plans and coordinates all the ARIS activities at the regional level. The RO also contracts short/medium-term local consultants.

* The Regional Offices will not be involved under the Project.

2.4.3.3. *Oblast Offices*

2.4.3.3.1. Oblast Offices of ARIS operate in every Oblast of the Kyrgyz Republic. Chui, Osh and Jalal-Abad Oblasts have two Oblast Offices each: Western and Eastern. Oblast Offices are a medium unit and directly coordinate the activities on Project's advancement at the Oblast level, and provide all necessary assistance to the CDSOs and coordinate their activity as well. The activity of the Oblast Office is coordinated by an Oblast Specialist.

2.4.3.3.2. *Functions of the Oblast Office*

Oblast Office will mainly have the following functional responsibilities within the framework of Project, but not limited to:

1. Ensure success in achieving the project goals and objectives in all participating communities at the Oblast level through coordination of activities of CDSO, Oblast level staff and short-term consultants;
2. Ensure dissemination of the Project information and its results to the Raion, Oblast level state entities, NGOs, media, representatives of various international organizations and other stakeholders;

3. Ensure directly proper compliance with the procedures and terms of all components of the Project implementation through CDSO and Oblast level staff;
4. Bring orders, instructions, orders of the Regional and Central ARIS management, amendments and modifications to the official documents timely and in full to the CDSO and Oblast specialists and ensure their execution;
5. Carry out work on prevention and resolution of conflicts that arise at the community level, between CDSO and the Oblast staff, with contractors, LSGB, Raion and Oblast level state entities and other parties. Inform promptly the Project Coordinator or ARIS management on serious conflict situations;
6. Conduct routine work (meetings, presentations, roundtables, press conferences, etc.) to establish and develop partnership relations with LSGB, Raion and Oblast level state and private entities, NGOs and the representatives of international organizations;
7. Provide information to the Central Office and Project staff on a monthly basis about the success stories, best practices, creative approaches to solving various issues at the level of communities, Raion and Oblast for publication in the media, newsletters and ARIS web site;
8. Monitor the input of the required data into MIS and bear responsibility for their timeliness and quality.

2.4.3.4. Community Development Support Officers

2.4.3.4.1. Functions

The Community Development Support Officers (CDSOs) are the core local consultants of the ARIS at the community level. Each is responsible for working with a defined number of Aiyl Aimak. CDSOs are local consultants of the ARIS and are hired in accordance with approved procurement procedures. Their main role is to assist and support the communities, target groups and local governments in building their capacity to become more effective, accountable and inclusive in achieving local development priorities identified by local communities.

CDSOs will mainly have the following responsibilities within the framework of the Project, but not limited to:

*Detailed functional responsibilities will be reflected in CDSO ToR.

2.4.3.5. ARIS units as part of the Project

A specially established Project Management Unit (PMU) will implement the Project, as well as departments of the ARIS Central Office (financial department, procurement department, M&E department, etc.).

* Detailed responsibilities are reflected in the ToR.

ARIS

CENTRAL OFFICE

Staffing table and responsibilities

Executive Director	<ul style="list-style-type: none"> • Management and supervision of all ARIS project activities.
Deputy Executive Director	<ul style="list-style-type: none"> • General coordination of ARIS Project activity
Finance Manager	<ul style="list-style-type: none"> • Coordination, supervision, monitoring and evaluation of all financial activities; • Managing and supervising the work of all accounting and disbursement staff; • Planning, budgeting and management of ARIS financial resources and assets;

	<ul style="list-style-type: none"> • Preparation of financial reports for presentation to the Supervisory Board, state control and monitoring agencies, IDA and other donors; • Provision of training in financial procedures and technical assistance to ARIS regional staff; • Preparation of TOR and other documents for financial and procurement audits.
Disbursement Officer	<ul style="list-style-type: none"> • Managing disbursement requests and activities in accordance with the established procedures of the World Bank, as reflected in the Grant Agreement, the Disbursement Letter and the Disbursement Handbook; • Ensuring proper management, accounting and reporting of project funds, in accordance with accounting, budgeting, financial control and audit procedures acceptable to IDA and the Kyrgyz Government; • Carrying out the activities required to satisfy all obligations in accordance with the World Bank's Disbursement Handbook, including preparation of financial plans, charter of accounts, budget planning and control, management of the Special Account.
Accountant	<ul style="list-style-type: none"> • Arranging for and ensuring the timely payment of all Central Office bills to suppliers, contractors, consultants, staff and government agencies; • Ensuring timely and accurate project financial reporting and monitoring, and arranging timely external audit of the project accounts; • Following all required procedures and fulfilling the IDA's instructions on financial management, accounting, reporting and auditing, and ensuring that all requirements are met for the timely replenishment of the Special Account.
Procurement Officer	<ul style="list-style-type: none"> • Coordination, supervision, monitoring and evaluation of all ARIS procurement activities; • Preparation of bidding documents, evaluation reports and draft contracts for all ARIS CO and RO procurement for IDA no-objection and submission to the VIP Tender Committee; • Preparing standard bidding documents, samples of framework agreements and contracts with the VIP implementing partners and contractors; • In collaboration with regional coordinators, provision of training and technical assistance to LICs staff and Regional Office consultants involved in local procurement and contracting; • Preparation of TOR for and collaboration with procurement/technical auditors; • Preparation the project's annual procurement plan and quarterly status report for IDA's review.
Procurement Assistant	<ul style="list-style-type: none"> • Developing and updating Procurement Guidelines and Handbooks for the ARIS and communities; • Monitoring jointly with the regional procurement advisers the procurement capacity and procurement process of micro-projects

	<p>carried out by the communities;</p> <ul style="list-style-type: none"> • Providing input, coordination and support in managing and updating the database of contractors, suppliers, and consultants; • Storing all ARIS procurement information and register all ARIS procurement in the MIS, also keeping hardcopy files; • Providing support to the regional procurement advisers as well as communities for general questions and to resolve case-by-case problems.
Legal Specialist	<ul style="list-style-type: none"> • Ensuring that project procedures are consistent with Kyrgyz legislation; • Providing assistance and guidance to the Executive Office central and regional offices on all legal issues related to ARIS operations and activities; • Providing training and technical assistance to the Community Development Support Officers on legal issues; • Assisting with the registration of LICs and VICs. • Assisting with the ARIS's management of grievances.
Monitoring and Evaluation Officer	<ul style="list-style-type: none"> • Coordination of M&E related activities at all project levels (baseline data, NCA, beneficiary impact assessment etc.); • Preparation of reports to the Supervisory Board, GoK, IDA, donors and general public; • Planning, coordination and provision of training and technical assistance in participatory M&E to relevant ARIS staff, local consultants and implementation partners.
	<ul style="list-style-type: none"> •
Technical Expert	<ul style="list-style-type: none"> • Coordination of the work and consulting the ARIS /TSE , ESO; • Coordination of works on commissioning facilities into operation; • Coordination and supervision of environmental screening and monitoring process; • Ensuring that social and environmental safeguards and guidelines are followed; • Provision of training in social and environmental procedures and technical assistance to ARIS regional staff;
Management Information System and Information Technology Specialist	<ul style="list-style-type: none"> • Administration, maintenance and further development of the ARIS computer network (including regional sub-networks), the computerized Management Information System (MIS), the Financial Management System, including the accounting system; • Ensuring proper information flow between the Regional Offices and the CO ; • Provision of information and tools for monitoring and evaluating overall VIP performance and impact, and for reporting to the Supervisory Board, IDA, donors and public; • Provision of technical assistance (TA) and training to ARIS staff (including CDSOs) with utilization of information technology, and particularly of MIS.

ARIS OBLAST OFFICE

* Detailed responsibilities will be reflected in the ToR.

Oblast Specialist	<ul style="list-style-type: none"> • Coordination and supervision of CDSOs', all OO specialists' and short-term consultants' activities; • Public relations and information dissemination regarding ARIS activities at Oblast level; • Coordination of community mobilization activities in selected AOs; • Coordination and monitoring of all capacity building activities at the Oblast level; • Work with local partners and consultants participating in community mobilization, capacity building, micro project evaluation and implementation; • Preparation of monthly, quarterly, and annual reports as part of ARIS reports; • Facilitation to CDSOs in planning, organization and carrying out Project activities; • Preparation of Activity Plans, respective reports of Oblast Office on social mobilization, capacity building, and micro projects; • Establishment of partnership and constructive relations with state, public, and business structures at the Oblast level; • Planning, organization and conduction of working meetings (round tables) of CDSOs on a regular basis;
Technical supervision Engineer (TSE)	<ul style="list-style-type: none"> • Coordination of the work and consulting MPG and AOWG on the MP preparation and implementation; • Carrying out technical expertise on technical feasibility of MP; • Coordination of MPG and AOWG works on putting facilities into operation; • Coordination and supervision of environmental screening and monitoring process; • Ensuring that social and environmental safeguards and guidelines are followed; • Provision of training in social and environmental procedures and technical assistance to ARIS regional staff; • Assistance to AOWG in hiring and supervising ESO.
Oblast Social Mobilization, Training and Gender Issues Specialist (SMTG)	<ul style="list-style-type: none"> • Provide practical assistance to CDSOs in planning, organizing and conducting activities for social mobilization, capacity building and gender development issues; • Proper performance of responsibilities and powers stipulated in the Terms of Reference for SMTG.
Accountant	<ul style="list-style-type: none"> • Assistance and supervision of the CDSOs and Project target groups in all financial management and accounting related issues; • Providing assistance to the CDSOs in processing grant payment requests and filling of documentation; • Ensuring the timely payment of all Oblast Office bills;

	<ul style="list-style-type: none"> • Ensuring timely and accurate project financial reporting and monitoring; • Following all the required procedures and fulfilling the instructions on financial management, accounting and reporting regulated by ARIS and project documents;
Office-Manager	<ul style="list-style-type: none"> • Creating and maintaining a register and file system of all documentation, including inbound and outbound correspondence within the Oblast office; • Preparing correspondence and administrative letters; • Providing required organizational support to the experts; • Maintaining office supplies and stationery at approved levels within the office and procuring such supplies when needed; • Organizing logistical support; • Organizing collection and verification of payment request and all accompanying financial documents from communities to be submitted to the ARIS; • Organizing collection and initial verification of Advance reports of CDSO with enclosed initial documents.

ARIS staff under the Project

Draft ToRs

Position	Responsibilities
Coordinator	<ul style="list-style-type: none"> • Monitoring and managing the implementation of activities under the Project; • Discharge of duties on behalf of the Executive Director in the event of the respective appointment and in accordance therewith; • In the case of the respective appointment and in accordance therewith, representation of the Agency and its Executive Director in cooperation with other entities, including the authorities of the Kyrgyz Republic, donor organizations, NGOs, etc.; • Monitoring of project activities to ensure its compliance with project agreements, the requirements of donor organizations and legislation of the Kyrgyz Republic, as well as in the case of validity, identifying issues and areas that may require changes to operating regulations and / or legal documents; • Oversight and guidance on developing and, if necessary, updating the key documents, manuals, instructions, regulations and other similar documents regulating the operation and implementation of the project; • Management and control over Project activity on dissemination of information and public awareness, including developing and implementing strategies for public relations; • Project management in the area of procurement, safeguards, capacity building, , monitoring and evaluation (M & E), Information Management System (MIS), information dissemination and public relations, etc.;

	<ul style="list-style-type: none"> • Coordination and supervision over the activities of ROs in matters of daily management; • Control and management of training programs; • Management over the preparation of quarterly and annual Project progress reports requested by the Government of the Kyrgyz Republic and / or external funding agencies. <p>The Project Coordinator reports directly to the Executive Director.</p>
Social Mobilization, Monitoring and Evaluation Specialist	<ul style="list-style-type: none"> • To plan, coordinate and supervise the ARIS activities on promoting the Project, public awareness and community mobilization; • To coordinate, monitor and supervise the social mobilization activities carried out by the ARIS Regional Offices; • To participate in selection and contracting of partners for carrying out social mobilization activities; • To plan, coordinate and conduct trainings and render technical assistance to regional and local staff and partners on ARIS Project implementation; • To participate in development and improvement of social mobilization related standard documents and procedures; • To render assistance to the ARIS Executive Director in establishing cooperation relations with both local NGOs and international agencies engaged in community development; • To coordinate trainings and technical assistance provided to Aiyl Districts (aymaks), Local Investment Committees, Village Investment Unions and Jamaats during the community mobilization process; • To analyze the data entered into the MIS on regular basis; • To train office managers and operators of the ARIS Regional Offices on how to enter data into the MIS; • To prepare reports for the Supervisory Board, the Government of the Kyrgyz Republic, IDA, donors and the public; • To prepare methodic materials on monitoring and evaluation; • To develop aiyl district and village profiles; • To collect data, analyze the collected data and collate current reports; • To develop training modules on monitoring and evaluation; • To work closely with the CDSOs to ensure efficient control and evaluation outcomes; • To carry out the review and collect data on indicators and progress reports on these indicators; • To review information flows and the microproject cycle, develop recommendations on and carry out procedures for improved monitoring and evaluation of their preparation and implementation; • To assist in preparation and analysis of impact assessments, beneficiary assessments, and campaign duration; • To participate directly in preparation and implementation of subject specific surveys together with contracted consultants;

	<ul style="list-style-type: none"> • To assist the Senior Monitoring and Evaluation Specialist of the ARIS in preparing regular reports on activities, timeline, and financial status of all project components following the established format required by the Government of the Kyrgyz Republic, the World Bank and other financing institutions, as well as to assist in conducting surveys (baseline survey, household survey and etc.); • To carry out other instructions of the ARIS Executive Director and the ARIS Senior Monitoring and Evaluation Specialist; • To fulfill any other responsibilities that can be reasonably assigned by the ARIS Executive Director, the Project Coordinator and/or the Senior Monitoring and Evaluation Specialist.
Capacity building specialist	<ul style="list-style-type: none"> • Planning, coordinating and monitoring the ARIS activities in project promotion, public awareness and community mobilization; • Coordination, monitoring and controlling the activities of the ARIS ROs in the field of community mobilization; • Participate in selecting and contracting the partners to carry out activities in community mobilization; • Planning, coordination and delivery of training and technical assistance to regional staff, local consultants and project partners of ARIS; • Participation in the development of standard documents and procedures related to community mobilization; • Support Project Coordinator in establishing cooperation both with local NGOs and international agencies working in the field of community development; • Coordination of trainings and technical assistance provided to AO, local investment unions, village investment unions and <i>Jamaats</i> in the process of community mobilization; • Organization of the monitoring over project implementation, including the organization of monitoring by the communities;
Project assistant/office-manager	<ul style="list-style-type: none"> • To prepare for and organize seminars, roundtables and trainings conducted under the Project at the national level; • To keep minutes of sessions, meetings and roundtables on capacity building and social mobilization issues organized under the Project; • To manage records on social mobilization and capacity building; • To process and upload reports on social mobilization and capacity building; • To equip with materials, documents and other information on social mobilization and capacity building; • To build and update on regular basis a data base of organizations and individual consultants engaged in social mobilization and capacity building and rendering services to the ARIS in organizing and facilitating events conducted under the capacity building and social mobilization component; • To assist in preparing quarterly reports on activities carried out under the social mobilization and capacity building component;

	<ul style="list-style-type: none"> • To carry out responsibilities and task of an Office Manager; • To keep registry of all incoming and outgoing correspondence under the Project; • To create and maintain the file system of all documentation of the ARIS Oblast Office; • To book air tickets, accommodation and renders other relevant support to the Project staff and deal with logistics for any trainings and seminars; • To draft administrative letters; • To maintain necessary stock of office appliances and stationary, procure these goods when necessary; • To enter data on the Project; • To enter data on indicators of completed MPs; • To accept reports and prepares information on data entered into the MIS; • To keep the database on microprojects, social mobilization, trainings and other documents entered into the MIS; • To be responsible for the quality of data entry into the MIS, performance and installation of new MIS programs; • To fulfill any other responsibilities that can be reasonably assigned by the ARIS Executive Director and/or the Project Coordinator.
MIS specialist	<ul style="list-style-type: none"> • Administration, maintenance and further development of the ARIS computer network (including regional sub-networks), the computerized Management Information System (MIS), the Financial Management System, including the accounting system; • Ensuring proper information flow between the Regional Offices and the CO ; • Consistency of information flow and determine access level to MIS for ARIS staff; • Provision of information and tools for monitoring and evaluating overall VIP performance and impact, and for reporting to the Supervisory Board, IDA, donors and public; • Provision of technical assistance (TA) and training to ARIS staff (including CDSOs) with utilization of information technology, and particularly of MIS; • Develop MIS user guidelines; • Installation, operation and maintenance of local area network as well as other means of communication and office equipment; • Any other duties as may be reasonably assigned by the Executive Director of ARIS and / or Senior MIS engineer

SECTION 3. COMMUNITY-LEVEL INSTITUTIONS

3.1. Microproject Groups

3.1.1 Functions. The microproject groups (MPGs) form their internal structure, and develop microproject proposals

3.1.2. Composition and Structure. Establishment of microproject group is carried out at one of the meetings, by the decision of the Working Group of AO. Microproject groups can be initiated by any group of beneficiaries or various local organizations, including schools, medical facilities, farms and other public and community-based organizations.

3.1.3. Responsibilities. The MPGs are responsible for:

- preparation of preliminary and detailed microproject proposals in compliance with the approved forms and OM requirements subject to recommendations from the Oblast technical experts;
- requesting a specialist for consultations and technical assistances in the preparation of microproject proposals (as required);
- ensuring that MPG decisions are made in a transparent, inclusive, effective and sustainable manner;
- timely informing community, AO, ARIS on achievements and problems encountered in course of project implementation;
- ensuring proper performance of their obligations and responsibilities outlined in the financial agreements, ARIS VIP financial management guidelines and etc.

3.2. Local Self-Government Bodies

3.2.1. Local (aiyl) Kenesh (representative body of local self-government) is an elected collective body of local self-government, elected directly by the population of respective administrative-territorial division and empowered to decide cases of local importance. Local Keneshes are the representative bodies of local self-government in aiyls, towns, cities, districts and regions.

Local Kenesh adopts at the session the Strategic Area Development Plan and the investment projects proposed for implementation under the Project

3.2.2. Aiyl Okmotu (executive and administrative body of local self-government) is a body established to ensure the preparation and execution of the decisions of representative body of local self-government and delegated state authorities; it is an executive power in the territory, assisting members of aiyl keneshes in exercising their powers, preparation and holding of reporting before voters.

SECTION 4. PROJECT COMPONENTS

The project will implement the following components to achieve the goals and objectives:

Component 1. Strengthening Citizens' Knowledge of Participatory Local Governance

Component 2. Strengthening Functional Capacities and Horizontal Interface Between Local Government Bodies

Component 3. Implementing Participatory Local Development

Component 4. Project Management and Monitoring and Evaluation

4.1 Component 1 Strengthening Citizens' Knowledge of Participatory Local Governance

4.1.1. Goals and Objectives

This component will support capacity building of citizens and local CBOs to improve awareness and knowledge with respect to their roles and responsibilities in local governance. It will also support inter- and intra- group social dialogue on ways to work together for a common and shared set of community-defined objectives. It will target approximately 266 poor rural local government areas (*aiyl aimaks*) that have graduated from the Village Investment Project (VIP) out the total 475 in the Kyrgyz Republic.

The capacity building activities will primarily be geared towards traditionally vulnerable groups in rural areas such as poor farmer households, pastoralists, women, remote mountain communities and youth to ensure their inclusion in local decision-making processes and to give them greater voice. A wider range of important local stakeholder groups such as local businesses and CBOs will also benefit from the training activities. Training activities will also target Village Investment Committees (VICs) and Local Investment Committees (LICs) which are participatory planning and investment implementation committees that were established under VIP to manage project resources directly.

The activities under this component will raise awareness among local communities of the approaches necessary to advocate for their development priorities in the context of local government planning and resource allocation. This is a significant shift from the VIP approach in applying demand-side governance. While in the VIP local government officials have been involved in decisions about the use of donor funds, local governments have continued to keep citizens at arm's length in budgeting, planning and expenditure decisions. The proposed project requires participating local governments to open up their budgets, investments and service delivery decisions to community scrutiny as per the provisions set out in the legal framework on local governance, and builds on the experience that communities have gained in VICs and LICs to enable them to ask the right questions and to participate fully in community discussions and public hearings. The activities under this component will also promote social dialogue among diverse social and demographic groups on ways to work together towards common development goals.

The following activities will be carried out under this component:

- a) Public information campaign: An information campaign will be organized for each community. It will bring together local stakeholders, and will include organizing village town hall meetings, informational plays, and the distribution of flyers, booklets, etc. The preparation and implementation of the information campaign will pay particular attention to reaching different ethnic groups, women and youth.
- b) On-site training: On-site training will be provided for community members. Participatory workshops, role plays, and focus group discussions will be organized in each community as part of the training. The training will be designed to ensure the inclusion of both women and youth by using culturally appropriate methodologies. The capacity building activities will focus on building awareness about the roles and responsibilities of community members, and on strengthening their understanding of the local governance processes and

how they can participate effectively. Specific training modules will be developed on the legal framework for local self-governance, local budget formation and execution, public hearings, the roles and responsibilities of community members in service delivery (such as tariff payments), participatory local development planning and investments, and grievance redress mechanisms. Training modules will also be developed on conflict management among different ethnic, social, and demographic groups, including communities, CBOs, and local governments. The capacity building program will be carried out over two weeks; 2 days long information campaign followed by 12 days of training.

- c) Peer-to-peer learning: Exchange visits among communities will be supported to learn good practices in dispute resolution mechanisms, grievance redress mechanisms, participatory governance and community development. Exchange visits will be held across different communities, ethnic groups, and northern and southern populations. This will help to promote social convergence among diverse groups.

4.2. Component 2 Strengthening Functional Capacities and Horizontal Interface Between Local Government Bodies

4.2.1. Goals and Objectives

This component will build functional capacities of both the legislative and executive branches of local government; i.e., the local councils and local government administrations. Beneficiary *aiyl aimaks* will be the same as those targeted under Component 1.

The following activities will be implemented under this component:

- a) Capacity building workshops for local councils, the legislative branch of local government (*aiyl kenesh* deputies). The focus will be on building capacity in areas of participatory policy making and mechanisms for providing oversight of local government administrations. Two week-long on-site trainings will be provided on the following themes: participatory planning and legislative processes; good practices in assessing, reviewing, and approving proposed budgets and plans; local economic development; and local revenue mobilization. The project will train local councils on how to create and strengthen committees for local legislative oversight, and how to use those committees to oversee implementation of activities by the local administration. This activity will help local councils to better understand how they should organize themselves to provide horizontal checks and balances to the *aiyl okmotus*.
- b) Capacity building training for local government administrations, the executive branch of local governments (*aiyl okmotu* heads, finance officers, and other staff). The focus will be on building capacity in areas of participatory, inclusive, and demand-responsive planning, delivery of local services, procurement, and financial management. Two week-long workshops will be organized in each participating Rayon (county level). The training modules will include good practices in: participatory local development planning, budgeting, and investments; local resource mobilization, including asset management; accounting and record-keeping; procurement of goods, works, and services, and good practice on operations and maintenance of social infrastructure. Training will also be provided on conflict management strategies in local decision-making, grievance redress mechanisms, and in the promotion of social cohesion through participatory development planning and implementation which integrates the perspectives and needs of women and youth.
- c) Peer-to-peer learning: Exchange visits for local councils and local government administrations will be supported to learn good practices in participatory governance and local development. Participants will also learn good practices in conflict management and grievance redress

mechanisms. Exchange visits will be held among government officials across communities, ethnic groups, and northern and southern populations.

4.3 Component 3. *Implementing Participatory Local Development*

4.3.1. *Goals and Objectives*

This component will support *aiyl aimaks* in developing participatory local investment plans. The investment plans will be an integral part of VIP 3 participatory planning. Support for the implementation of development priorities identified in the investment plans will be provided, in part, by the upcoming IDA-financed Third Village Investment Project. The investment plans will also help communities to prioritize development activities that can be implemented with local resources.

The following activity will be carried out under this component:

- a) Local development planning: Participatory approaches will be utilized to strengthen the relationship between state and citizens through collaborative development planning at the level of local villages. Local stakeholders will jointly collect basic data, assess local needs and funding sources, and carry out participatory identification of priorities. These local stakeholders will comprise diverse social and demographic groups in decision-making committees, meetings, and conferences overseen by community-level working groups. Community members, local government officials, indigenous structures (elders councils, common works committees, etc.), and organized civil society (NGOs) will work together towards the design of local development plans. The project will explore ways in which social dialogue among different groups can be incorporated into social mobilization and local development planning that is anchored on delivering an inclusive development plan that reflects a shared set of community-defined objectives. This will help to strengthen societal relationships between and within groups. An important aspect of the process will be to integrate existing development plans and priorities of various local groups such as water users groups, pasture management groups, VICs and LICs into the strategic local development plan. Emphasis will be given to pro-poor planning that is responsive to the concerns of vulnerable groups. The local government administration will prepare a strategic local development plan that will be costed and budgeted, and the plan will be presented first to citizens groups through open public hearings, and then to the local council for discussion and final approval. The *ayil okmotus* will then be able to compete against other *ayil okmotus* for access to funding for priority development projects from the VIP 3 (under preparation)

4.4. Component 4. *Project Management and Monitoring and Evaluation*

This component will finance incremental costs of the implementing agency for grant management, specifically coordination and supervision of implementation activities, financial management, annual grant audit, and monitoring and evaluation. Funds will also be used to assess ARIS' internal capacity gaps in these areas and to address them effectively. An additional area of assessment will be gaps in local staffing, particularly in poorer municipalities that are particularly vulnerable to conflict and tensions. Strengthening the capacity of ARIS for project management and M&E is not only critical for the success of the SPF-initiative but also for the success of VIP3, since ARIS will be the implementing agency of VIP3.

The management and coordination of this project will be the responsibility of a small dedicated project management team established within the implementing agency. The team will be responsible for preparing

work plans and operation manuals, managing the budget, managing relations with local authorities and communities, developing terms of references for the necessary consultancies, and overseeing and providing support for grant activities under components 1-4. In addition, the team will be responsible for tracking the progress of the project, carrying out semi- annual assessments of outcomes and results, and communicating and reporting regularly on the progress of the project to relevant audiences. Eventually this team will be incorporated into the VIP3 implementation team.

4.1. OBJECTIVES. The objectives of the M&E activities are:

- Provide ARIS and stakeholders with regular information on project implementation and outputs;
- Identify bottlenecks and impediments in project implementation;
- Ensure that all the activities under the project are implemented in compliance with the project agreements and regulations: Grant Agreement, Project Agreement, Operational Manual, etc.
- Determine to what extent the ARIS achieves its goals and objectives, and how it affects the intended beneficiaries' social conditions and capacities.
- Maintain acceptable performance standards for environmental and social impacts.
- The monitoring and evaluation (M&E) system for the project will focus not only on tracking implementation progress, but also on assessing achievement of results and outcomes of the project and facilitating programmatic learning.

4.2. The ARIS monitoring and evaluation activities are facilitated and coordinated by the Monitoring and Evaluation Officer.

4.3. M&E tools

4.3.1. The following tools will be used by ARIS for project monitoring and evaluation:

- Detailed Logical Framework (see Annex B Logical Framework) with performance and impact indicators;
- Computerized Management Information System (MIS) which will allow to collect, analyze, and deliver all the information needed;
- Regular and special –purpose reports;
- Financial, procurement and technical audits. Financial audits will be carried out on an annual basis. Procurement/technical audits will also take place every year and will cover at least 50% of all micro-projects in pilot phase and at least 5% in the main phase. A special audit and evaluation will be carried out upon completion of grants or loans provided to the Project.
- Impact Assessment will be carried out upon completion of the Project.

4.4. Performance monitoring

4.4.1. Performance monitoring will consist of continuous and regular follow-up activities of current operations and their progress according to a set of pre-defined performance indicators (**see Annex B. Logical Framework**). These activities will include the physical follow-up of activities by the various concerned authorities, and the assessment of technical and financial progress, facilitated by MIS and covering operational, technical, and financial management aspects of the project. Follow-up activities are used to: (i) measure progress of activities and efficiency of the financing mechanisms; (ii) record adequately the number of activities carried out; and (iii) identify in advance the difficulties in project implementation and propose effective solutions.

4.4.2. Performance monitoring will be carried-out (i) at the Project level; and (ii) at the local (Aiyl Kenesh/village/micro-project) level.

4.5. Project level performance monitoring

4.5.1. Performance at the Project level will be monitored by following institutions:

ARIS Central Office. On-going monitoring will be done through: (i) regular analysis of data entered into MIS by the project officers and consultants; (ii) regular reports of the Regional Units; and (iii) regular supervision visits of the Central Office staff to the Regional Offices and the field.

Supervisory Board. On-going supervision and monitoring will be done by the Supervisory Board through regular and special reports provided by the Project, independent auditors' reports, reports on special studies, random supervision, etc.

IDA. Through regular Project management reports, regular supervision missions, independent auditors' reports, reports on special studies. State agencies for monitoring and evaluation. In accordance with state regulations and Project official documents.

Donors. According to the corresponding grant, credit, assistance or cooperation agreements.

General Public. The project shall regularly widely disseminate information on its activities through media (TV, newspapers, radio, pamphlets, public notice boards etc.)

4.6. Local level performance monitoring

4.6.1. At the local level, performance of the project financed activities will be monitored by the following structures:

ARIS Central Office through (i) the CDSOs' selective visits to the Regional Offices, Aiyl Okmotus and microproject sites; (ii) regular analysis of data entered into MIS by the CDSO and ARIS consultants at regional offices; (iii) regular reports of the Regional Offices;

ARIS Regional Offices will be responsible for supervision and monitoring of all the local project-funded activities. It will be done through (i) reports of the CDSO; (ii) reports of local consultants and supervisors (physical persons/NGO/private companies) involved by regional offices; (iii) regular analysis of data entered into MIS by the CDSO and ARIS consultants;

Local authorities (Oblast/Raion/AO level) by random visits to the Aiyl Kenesh areas and microproject implementation sites and through the participation in microproject handovers.

4.7. Participatory monitoring and evaluation

4.7.1. One of the essential tools for following up the ARIS-financed activities at the local level will be a participatory monitoring system organized by a Participatory Monitoring and Evaluation Group (PM&EG) approved by head of AO.

4.7.2. A Participatory Monitoring and Evaluation Group will be established at the Aiyl Okrug level to monitor and evaluate the project performance. The group will include members of the poor and vulnerable groups, local NGOs, representatives of media and business, members of local councils and employees of local government administration.

4.7.3. The PM&EG members will receive special training and technical assistance in participatory M&E, that will allow them to identify a set of monitoring indicators and to work out procedures to effectively monitor and supervise all the activities implemented at the Aiyl Kenesh level under the project, including community mobilization activities, strategic planning, implementation of micro-projects, and provision of technical assistance.

4.7.4. Local supervisors and other experts will be hired when necessary to support the PM&EGs in conducting the participatory monitoring.

4.7.5. A special mechanism is incorporated in the ARIS procedures, which empowers the monitoring capacity of the PM&EGs (e.g. participation of PM&EG members in microproject appraisal, etc.).

4.7.6. All procedures of participatory monitoring are presented in detailed Guidelines on participatory monitoring and evaluation and in Instructions on organization and implementation of participatory monitoring and evaluation in community.

4.8. Annual participatory evaluation

4.8.1. The following types of evaluations will be carried out during and after project implementation:

(a) Self-assessment. It is undertaken by stakeholders reviewing own operation. If possible, in self-assessment, the development of local capacity and micro-projects is taken into account; own strengths and weaknesses

are identified; plans for capacity and quality of life improvement are developed; management of community investments and achieving their sustainability.

4.9. ARIS reporting system

4.9.1. ARIS Central Office will generate on regular basis and deliver special reports to allow the Project stakeholders to effectively monitor implementation of the Project.

4.9.2. The following are the periodic reports to be generated during the implementation of the project:

- i) Monthly and quarterly reports will be prepared based on MIS information with activities performance and financial resources flow.
- ii) quarterly reports will report on project performance and cover the following items: (i) progress in achieving expected outputs set in the Logical framework; (ii) financial analysis and data; (iii) best practices and cases, lessons learned; (iv) problems and issues to be addressed.
- iii) Semiannual and Annual reports will consist of: (i) summary and update of the quarterly reports; (ii) impact at the Project level, which is based on the impact evaluation studies carried out, and on local level impact evaluation results; (iii) results of annual technical and financial audits; (iv) conclusions and recommendations.
- iv) Special-purpose reports will include reports of external financial, technical and procurement auditors, reports on special surveys and studies, etc.

4.10. Project impact

The Project Impact Assessment shall be ensured through a number of special studies conducted by independent entities. Such studies allow to assess the Project impact and obtain information for performance improvement.

Activities of Project Components A, B, C and D shall be implemented in compliance with Project action matrix subject to approval by ARIS.

SECTION 5. MOBILIZATION AND CAPACITY BUILDING

5.1. Introduction

5.1.1. The Project requires participating local governments to make their budgets, investments, and decisions regarding the provision of services transparent for public scrutiny, and is based on the experience that was gained by communities in VIC and LIC, so they can ask the right questions and participate fully in public debates and public hearings.

5.1.2. The project will cover approximately 70 rural areas of local self-government (Aiyl Aimak), which graduated from the Village Investment Project (VIP).

5.2 Selection of participating communities

5.2.1 Eligible Aiyl Aimak will be selected for the Project in 2 stages.

Stage I. Approximately 70 AOs in two Oblasts (west/east), 2-3 Raions (not covered by other ARIS activities and other similar projects) from each Oblast will be selected for the Project according the following criteria: a) AOs completed the VIP, b) Letters of interest c) ratio of AO heads and AK chairpersons (gender aspect)) quantitative membership of AK, and f) accountability of AO head and AK members to public.

5.2.2 Communities not wishing to participate in the project will be excluded from the list of participating communities. Refusal to participate shall be addressed to ARIS in writing. Waiver is signed by the head of the AO and visaed by the Oblast governor. Reasons for exclusion will be documented and communicated to the public. These communities will be removed from the ranking list only for the current year.

5.4. MOBILIZATION AND COMMUNITY CAPACITY BUILDING

5.4.1. Introduction

The Project will support capacity building of citizens and local CBOs to improve awareness and knowledge with respect to their rights, roles and responsibilities. The capacity building activities will primarily be geared towards traditionally vulnerable groups in rural areas such as poor farmer households, pastoralists, women, remote mountain communities and youth to ensure their inclusion in local decision-making processes and give them greater voice. A wider range of important local stakeholder groups such as local businesses and CBOs will also benefit from the training activities. In addition, training activities will target members of working groups, which participate in planning and investment implementation and were established under the project to manage project resources directly.

The activities under the Project will raise awareness of groups of approaches necessary to advocate their own development priorities in the context of the local government planning and resources allocation.

5.4.2. Community mobilization is a process of working with local communities in order to familiarize them with the principles of project activities, as well as to deliver knowledge to help benefit from the Project grant funds and capacity building and mobilization activities. This process is important for addressing the long-term objective of the project – strengthening the local government and community institutions, which promotes their involvement in solving their development needs, increasing accountability before the public and to maximize the effect from the applied efforts. Community mobilization has three main objectives:

1. Introduction of participating communities with the processes and mechanisms of the Project as well as the roles, responsibilities and rights of single institutions and individuals;
2. Enforcing processes supported by the Project on the principles of transparency and community involvement;
3. Assisting in the implementation of technical requirements and coordination of technical inputs and activities to develop the local capacity.

5.4.3. An overview of activities on mobilization and capacity building

The process involves a series of activities. Some of the activities are held collectively by all the local community, while others are performed by individuals or groups on behalf of the community. Depending on the extent of participation in previous community development work, some activities may be familiar to the villagers. Some activities are based on traditional relationships and models, while others require new skills and relationships. All activities are implemented on the principles of full transparency and clear accountability. This may be a new requirement for villagers and may cause concerns in some groups.

5.4.3.1. Key activities under the Project:

- informing the villagers, LSGBs, public, community and private organizations and other stakeholders of the project on the project objectives, mechanisms, opportunities, requirements, procedures, commitments and timeliness by holding information round tables, meetings, individual and group meetings, etc.;
- delivery of trainings for community members to ensure awareness of rights and responsibilities of various actors in accordance with the law, strengthen the understanding of the formation of local budgets and the effective participation of citizens;
- delivery of trainings for members of aiyl keneshes and AO staff;
- activities of the AO working groups on local territory investment and development plans;
- formation and registration of AO microprojects groups;
- training and consulting of AO working groups on the preparation of local territory development and the investment plans;
- training on avoiding and managing social and economic impacts of land use changes on individuals and communities, consistent with the World Bank's policy on involuntary resettlement;
- holding public hearings to discuss the local area investment and development plans;
- conclusion of the Framework Agreement;

5.5. Implementation steps

5.5.1. Step 1. Information campaign

5.5.1.1. CDSOs hold information roundtables in each Aiyl Aimak. The list of invitees will include leaders and activists of the villages, the head of AO, headman of the village, the chairman of aiyl kenesh, members of aiyl kenesh, members of LIC, workers of health care and education sectors, NGO leaders, community organizations, associations of resources users, Jamaats, Mahallas and enterprises, as well as other representatives of civil society. Composition of the invitees will vary depending on the venue. Inception round tables will target the following objectives: a) providing information on the project, highlighting its objectives, approaches, procedures, requirements and responsibilities of participants to community and its leaders and activists; b) preparation of specific list of households for distribution of information booklets.

5.5.1.2. Brochures with project information will be distributed to households by members of the Working Group assisted by CDSOs for purposes of extended coverage of community members. Number of households is determined jointly with the AO bodies and must cover at least 60% of households in the territory of the Aiyl Aimak.

5.5.2 Step 2. Capacity building under Component A

5.5.2.1. In order to provide training to target groups of the Component A, the *external consultants* will prepare training modules according to para 4.1.1.

5.5.2.2. The training of community target groups under the Component A will be delivered by *training consultants*, who will pass training of trainers (TOT) in order to gain knowledge and skills on the training module.

5.5.2.3. One pilot training in one of 70 AOs with the participation of all training consultants will be conducted following the TOT. Attendees of this training will include representatives from remote communities, stock-breeders group, social sector groups (education, health, culture), business groups (processing, trade, manufacturing, services), representatives of plant production and livestock farming groups, group of public service providers (WUAs and CDWUUs etc.) and NGOs. The purpose of this training is to prepare proposals to improve the training module.

As a result of pilot training, *external consultant* will elaborate the training module on the basis of proposals from trainers and participants.

5.5.2.4. *Training consultants* will prepare a training schedule for the rest of AOs subject to ARIS approval. *External consultants* will provide an updated training module to ARIS.

5.5.2.5. After the delivery of trainings by *training consultants*, a report on the trainings delivered shall be provided according to contract terms.

5.5.3. Step 3. Capacity building under the Component B

5.5.3.1. *External consultants* will also prepare training modules, according to contract terms, in order to conduct the trainings for target groups under the Component B.

5.5.3.2. The training of community target groups will be delivered by *training consultants*, who will pass training of trainers (TOT) in order to gain knowledge and skills on the training module.

5.5.3.3. Two pilot trainings in one of 70 AOs with the participation of all training consultants will be conducted following the TOT. One pilot training will be delivered for members of AK, and other one for AO staff. Relevant target groups will attend the trainings. The purpose of these trainings is to prepare proposals to improve the training module.

As a result of pilot training, *external consultant* will elaborate the training module on the basis of proposals from trainers and participants.

5.5.3.4. *Training consultants* will prepare a training schedule for the rest of AOs subject to ARIS approval. *External consultants* will provide an updated training module to ARIS.

5.5.3.5. After the delivery of trainings by *training consultants*, a report on the trainings delivered shall be provided according to contract terms (see Section "Procurement procedures").

5.5.4. Step 4. Local area development planning

Activities on local area development planning include a number of activities aimed at collecting baseline data, assessing local needs, conditions and sources of financing, participatory prioritization and actions aimed at a broad discussion with members of the community.

SECTION 7. PROCUREMENT PROCEDURES

7.1. Introduction

7.1.1 Procurement of all works, goods and technical services at ARIS level under the Project follows the World Bank Procurement Guidelines “Procurement under IBRD Loans and IDA Credits” published in May 2004 and updated in January 2011.

7.1.2 Selection of consultants at ARIS level. Procurement of consulting services under the Project follows the Consultants Guidelines “Selection and Employment of Consultants by World Bank Borrowers” published in May 2004 and updated in January 2011.

7.1.4 The procedures outlined in these guidelines apply to all procurement activities of ARIS financed in whole or in part from the IDA Grant.

7.1.5 Project activities for delivery of community grants financed by IDA are procured in accordance with procurement procedures stipulated in agreements signed between ARIS and the Bank.

7.2. Procurement Responsibilities

7.2.1. ARIS

7.2.1.1 Overall responsibility for management and coordination of procurement activities under the Project rests with the ARIS Central Office.

ARIS shall be responsible for the procurement of:

- goods and technical services;
- consulting services, including for audits.

7.2.1.2 The ARIS procurement specialists provide procurement assistance and support to the communities and monitor the procurement.

7.3.1. Procurement Planning at ARIS Level

7.3.1.1 The ARIS Central Office annually prepares procurement plan for goods, works and services. The ARIS Procurement plan is prepared on an annual basis and is subject to IDA’s prior review and no-objection.

7.4. Procurement Methods

7.4.1. Procurement Methods to be Applied at the ARIS level

7.4.1.1. Procurement of Goods, Works, and Services will be carried out in strict compliance with the World Bank’s procurement guidelines (“Procurement under IBRD Loans and IDA Credits,” published in May 2004 and updated in January 2011, and the standard bidding documents will be used:

(a) *Request for Quotations (RFQ)* will be used by ARIS for procurement of goods contracts estimated to cost the equivalent of US\$ 100 000 or less.

(b) *National Competitive Bidding (NCB)* is used by the ARIS for civil works contracts estimated to cost more than the equivalent of US\$100,000.

(c) *Request for Quotations for Minor Works* will be used for civil works contracts estimated to cost the equivalent of US\$100,000 or less.

7.4.1.2 **Procurement of Consulting Services** follows the World Bank Guidelines “Selection and Employment of Consultants by World Bank Borrowers,” published in May 2004 and updated in January 2011. The World Bank’s Standard Request for Proposals and Forms of Consultants’ Contracts are used for the procurement of consulting services carried out by the ARIS.

a) *Selection Based on Consultant’s Qualifications (CQ)* is used for assignments estimated to cost less than the equivalent of US\$ 200 000.

b) *Individual Consultants (IC)* is used for recruitment of ARIS staff and individual consultants for assignments of short term duration.

7.5. Contract Awards

7.5.1 The Bid Evaluation Committees’s primary responsibility is to evaluate the price offers/quotations/bids received and to make recommendations for contract award. For ARIS-managed procurement the Bid evaluation committees are formed at the Central Office. Bid Evaluation Committees consist of three to seven members, who are specialists on technical, legal, economic, financial and other issues as needed.

(a) **ARIS Central Office:** The Bid Evaluation Committees are established by the Executive Director. Notification and signing of all contracts is done by the Executive Director or by the duly authorized Project Coordinator.

7.6. Procurement Monitoring by IDA

7.6.1. Prior Review. The following contracts procured by ARIS are subject to prior review by IDA:

- (i) For consulting service, all terms of reference and single source contracts, regardless of cost. Selection and contracting procedures for the Project Coordinator and consulting firms costing more than US\$ 200 000.

7.6.2. Post Review. All contracts below the prior review thresholds (see para. 7.6.1) are subject to IDA's ex-post review. Periodic ex-post reviews by IDA are undertaken during regular supervision missions or by specific procurement supervisions. Procurement documents, such as bidding documents, bids, bid evaluation reports and correspondence related to bids and contracts are kept readily available for IDA ex-post review during supervision mission or at any other time.

7.7. Filing of Procurement Documentation

7.7.1 For all ARIS-managed procurement the ARIS Central Office maintain an adequate filing system for each individual procurement action. This includes all relevant procurement documents, such as bidding documents, bids, bid evaluation reports and correspondence related to bids and contracts.

SECTION 8. FINANCIAL MANAGEMENT AND DISBURSEMENTS

8.1. Accounting

The ARIS accounting system is a fully computerised system of financial data processing, capable of producing Financial Monitoring Reports, in accordance with the requirements of the ARIS's Supervisory Board, the laws and regulations of the Kyrgyz Republic, IDA and other donors. All financial documentation (such as bank statements, checks, payment orders, invoices, reports, confirmations, receipts, etc.) received from banks, contractors, supervisors and regional offices are entered into the accounting system in a timely manner. Financial information are entered only once into the accounting system. The ARIS is responsible for keeping accounts based on International Accounting Standards (IAS), and collecting supporting documentation for all payments made by the ARIS. This documentation will be placed in an accessible but secure place.

The Accounting System ensures the following:

- groups and sub-groups of costs can be identified and can be compared with physical and monitorable achievements;
- expenditures are shown under disbursement categories, which are further subdivided into sub-categories;
- sources of funding and expenditures are shown by each donor;
- reliability in information storage and fast processing of information;
- simple and transparent methods of information input and output including the rule of single entry of the IT system;
- the necessary level of protection from unauthorised access;
- generation of reports required by national Kyrgyz and by International Accounting Standards (IAS), IDA, Ministry of Finances of the Kyrgyz Republic, donors and other control institutions;
- dual currency KGS and USD accounting;
- dual language Russian and English;
- incorporation of the full accounting cycle of budgeting, accounting and reporting;
- assistance in budget preparation for the next year;
- all necessary financial information is entered into the system as quickly as possible

Active and automatic exchange of financial data between the Accounting System and the MIS is provided for. Specifically, the Accounting System receives information from the Budgeting and Follow-up Subsystems of the MIS, and the MIS in turn receives actual payment amounts and their confirmations from the Accounting System. The IT systems will ensure creation of back-up of entered information.

8.2. Use and Management of the Project Bank Accounts

The bank utilized for the Project must be acceptable to both the Government of the Kyrgyz Republic and to IDA. The ARIS makes disbursements via bank transfers, or in cash if required and necessary. The ARIS opens separate accounts for every source of funding (IDA Grant, government co-financing, and other donor contributions). All bank accounts are maintained at the same bank whenever and wherever possible.

The primary signatories to the ARIS accounts are the Executive Director or the Deputy Executive Director, or the Project Coordinator, and the ARIS disbursement specialist or the accountant are secondary signatories to the ARIS accounts.

8.2.1 Designated Account

Based on the Grant Financing Agreement (FA) signed between the ARIS and IDA, the ARIS opens a Designated Account with a bank acceptable to both the Government of the ARIS and IDA. The Designated Account is a USD account and is used to hold IDA's funding contributions to the Project.

The Designated Account is replenished monthly by IDA, based on requests from ARIS for replenishment, statement of expenditures and requests for payment collected from the financial system

8.2.2 Transit Account

ARIS shall open the Transit Account to exchange the money in foreign currency into KGS. Transfers to the Transit Account are made on a need basis only in order to avoid possible exchange rate losses. The TA balance shall be minimum. The need for local currency funds is estimated by the ARIS Central Office based on the requests for payments collected in the system.

8.2.3 ARIS Regional Office Accounts

Each Regional Office maintains the account in KGS opened to meet its operational expenditure requirements and to pay for consulting services contracted under the capacity building and training component. The signatories to the Regional Office account are the Regional social mobilization and capacity building specialist (first signature) and the RO Accountant (second signature).

8.2.4 ARIS Oblast Office Accounts

Each Oblast Office maintains an account (in KGS) to cover its operational expenditures and trainings. The signatory for the Oblast Office account is the Oblast Officer (first signature) and the OO accountant (second signature).

8.3. ARIS Disbursements

8.3.1 To the ARIS Central Office. Funding for the Project is received directly from IDA into the USD Designated Account. These funds are used to pay eligible Project expenditures in accordance with the Grant Financing Agreement letter. Payment and bank transfer orders are automated in the ARIS accounting system, which creates accounting entries in the Project's general ledgers.

8.3.2 To the ARIS Regional and Oblast Offices

The CO transfers funds directly to the Regional Office accounts upon receipt of a Request for Payment from the RO, based on monthly budget and supported by the statement of expenditure. Signed Requests for Payments are sent in the form of electronically signed files with confirmation of the existence of the necessary support documents. The signed original documents are sent to the CO twice per year, and copies of all payments made are retained at the RO and OO, respectively. Each contract or expenditure must be linked to a source of financing and a specific budget line. RO will transfer funds to OO on the basis of request for payment from OO. Regional Offices and Oblast Offices are provided with KGS funds from the CO for their consultancy and operational expenses, and training costs in the localities.

8.4. Reporting

ARIS submits to IDA, to the Ministry of Finance of the Kyrgyz Republic and other donors monthly, quarterly and annual reports as described below.

Name of report	Recipient	Time
Financial reports	State Investments Planning Department, MOF	Monthly, quarterly
Unaudited Interim Financial Report (IFR)	IDA	Quarterly
Consolidated balance sheet	For audit	Annually
Project balance sheet	Accounting and Internal Audit Division, MOF	Quarterly
Report to National Statistics Committee		Quarterly, annually
Estimates of social insurance funds	Social Fund	Monthly, quarterly
Statement of income (Form 1)	State Tax Office	Quarterly
Information on incomes and income tax withheld by tax agent	State Tax Office	Quarterly
Report on individual's income tax	State Tax Office	Monthly

Report on allowances (sick-leave)	State Tax Office	Monthly
-----------------------------------	------------------	---------

