KYRGYZ REPUBLIC
THIRD VILLAGE INVESTMENT PROJECT (VIP3)

REVISED PROJECT OPERATIONAL MANUAL

24 June 2020

Draft submitted to Clarify Provisions

TABLE OF CONTENTS

ANNEXES

PART A

   ANNEX 1 GENERAL INFORMATION

   ANNEX 2 SOCIAL MOBILIZATION

   ANNEX 3 VILLAGE INVESTMENTS

PART B

   ANNEX 4 PROJECT MANAGEMENT

PART C

   ANNEX 5 PROCUREMENT FORMS

   ANNEX 6 FINANCIAL FORMS

PART D

   ANNEX 7 ENVIRONMENTAL MANAGEMENT PLAN

   ANNEX 8 RESETTLEMENT POLICY FRAMEWORK

Abbreviations

AA   Aiyl Aimak
AAPM   Aiyl Aimak Prioritization Meeting
AK   Aiyl Kinesh
AO   Aiyl Okmotu
APS   Architect-and-Planning Specifications
ARIS   Community Development and Investment Agency
BFM   Beneficiary Feedback Mechanism
CBO   Community Based Organization
CDSO   Community Development Support Officer
CFO   Chief Financial Officer
DC   Direct Contracting
DDE   Detailed Design and Estimate
EA   Environmental Assessment
EAP   Environmental Action Plan
ED   Executive Director
EIA   Environmental Impact Assessment
EIS   Engineering Technical Specifications
EMP   Environmental Management Plan
EOI   Expression of Interest
ESO   Engineering Services Officer
FA   Framework Agreement
FM   Finance Manager
FMR   Financial Management Report
GoK   Government of Kyrgyzstan
GOSSTROY   State Agency on Architecture, Construction and Commercial Facilities
HO   Head Office
IAS   International Accounting Standards
IDA   International Development Association
IG   Initiative Group
IP   Aiyl Aimak's Local Area Development Investment Plan
ITQ   Invitation to Quote
KfW   Kreditanstalt für Wiederaufbau/German Development Bank
LDS   Local Area Development Strategy
LCS   Least Cost Selection
M&E   Monitoring and Evaluation
MIS   Management Information System
MP   Micro-project
NAS   National Accounting Standards
NGO   Non-Governmental Organization
OE   Oblast Engineer
OM   Operational Manual
O&M   Operation and Maintenance
M&EG   Monitoring and Evaluation Group
PRA   Participatory Rapid Appraisal
RDAUP   Raion Department of Architecture and Urban Planning

RFP	Request for Payment
RPF	Resettlement Policy Framework
RAP	Resettlement Action Plan
SALGIR	State Agency for Local Self-Government
SAW	Statement of Accomplished Works
SETI	State Environmental and Technical Safety Inspectorate
SP	Sub-project
SS	Sole Source
SOW	Scope of Works
TOR	Terms of Reference
VIP3	Third Village Investment Project
VPM	Village Prioritization Meeting
WA	Withdrawal Application
WB	World Bank

Glossary

Aiyl Aimak is a local self-government area.

Aiyl Kenesh is a representative local self-government body.

Aiyl Okmotu is an executive local self-government body.

Capital repair of a building is repair to regain its life span with replacement of structural elements and engineering systems, if needed, and improvement of operating performance.

Commissioning Act is an entitling document certifying the commissioning of the facility.

Contractor is an individual/firm licensed to perform the relevant types of construction works and contracted by the Client.

Deficiency Act is a document drawn up after inspecting the damages on the site. This document is the basis for rehabilitation and complete repair of facility.

Detailed Design Estimates are the documents containing architectural and artistic, space-planning, structural, technological, engineering, environmental, economic and other solutions, as well as the estimates for construction, site development and improvement.

Initiative Group is established and supported during the whole Project implementation period to ensure the effective coordination between the AO and the community. The Initiative Group includes representatives from the community and the local self-administered body.

Local Development Strategy includes plans of local area development developed by local self-government bodies. The Local Investment Plan is an annex to this strategy showing planned investments and their proposed funding sources over the next 1-5 years.

Micro-project includes social and economic infrastructure/activities/assets with a value under US$20,000 implemented/procured within VIP3 sub-grants.

Oblast Contest Commission is a judging panel that evaluates the quality of community proposals and ranks them in order to determine which investments will be funded. The OCC is made up of NGO representatives and Oblast officials nominated by VIP3 with approval from the World Bank.

An official is a representative of the executive local self-government body, who continuously or temporarily authorized to perform the functions of a representative of the authority, or perform organizational, administrative, or business functions in local self-government bodies.

Participatory Monitoring and Evaluation Group (PM&EG) is a group of representatives authorized by the local community for monitoring of the progress and evaluating the achievement of the project outputs and outcome.

Reconstruction (extension, re-equipping) is transformation of the space-planning and structural solutions, technological and engineering equipment in functioning industrial and nonindustrial utilities, buildings, structures, which results in renewal of capital assets.

Repair/rehabilitation of a building is a complex of civil works, organizational and technical activities aimed at mitigating physical depreciation and obsolescence not associated with changes in the main technical and economic parameters of the building.

Statement of Accomplished Works is the primary document certifying the completion of a certain scope of works or services.

Statement of Tranches is a document confirming the compliance of the amount of financing with the scope of accomplished works.

Sub-project includes social and economic infrastructure/activities/assets with a value over US$20,000 implemented/procured within VIP3 sub-grants.

Technical Supervision over construction is a part of a construction process including continuous Client's control and supervision to ensure that construction and installation works, materials, goods, structures and equipment used in construction comply with standard technical documents and detailed design estimates, followed by inspection, acceptance, and record of accomplished works.

Village Head is an Aiyl Okmotu specialist/Aiyl Aimak village head.

List of Figures

List of Tables

CHAPTER 1

GENERAL INFORMATION

CHAPTER 1: GENERAL INFORMATION

THIS SECTION SHOULD BE READ WITH ANNEX 1.

A. Introduction

1. **The purpose of this Project Operations Manual (POM).** This Project Operations Manual (POM) is intended for staff of the Project Implementing Entity, ARIS, and other participating stakeholders to guide the implementation of the Third Village Investment Project (VIP3). The contents of this POM will be shared with participating Aiyl Okmotus (A0) and community groups and inform relevant training materials. Revisions to the procedures set out in this POM, and additions of any procedures, are subject to a no objection from the World Bank.

2. **Project Development Objective**. The Project Development Objective (PDO) of VIP3 is to: (a) build local capacity for participatory development; and (b) improve access to quality community infrastructure services in targeted Project areas. VIP3 is intended to "be qualitatively different from earlier VIP projects by focusing on improving governance and building capacity of local government institutions for effective development planning and implementation." (PAD, pg. 2). The PAD also notes that the intended beneficiaries are "local administration staff, local council members, and community members in the targeted villages" (pg. 4).

3. **Poverty focus.** Paragraph 9 of the PAD notes that VIP3 supports the World Bank's twin goals of poverty reduction and shared prosperity. "The project will only target rural communities, where the highest number of poor people reside. The investments will provide employment and important enduring benefits for poor communities, reflecting national development strategy and local priorities. For example, a large number of the investments are expected to be rehabilitation of schools and health clinics, which will contribute to mitigating high maternal mortality rates and improving education services for the rural poor. Other demand-driven investments will likely provide infrastructure for productive activity such as by expanding the power supply. To encourage engagement of local governments with poorer capacity and resources, the project will dedicate a grants window for microprojects only to subsidized municipalities (i.e., those with fewer resources). The project will strengthen the capacity of local governments to plan and execute development initiatives in the longer term, including through greater sensitivity to the needs of the poor and vulnerable groups." "In an effort to promote a 'pro poor agenda' in line with the World Bank's twin goals, [selection] criteria have 'weights' to ensure the needs of poorer and/or more geographically isolated municipalities are given priority if their proposals are equally as suitable compared to other AAs."

4. **The PDO indicators –** The PDO indicators in the Results Framework (see Annex 4.3) are:

- Number of municipal districts (AAs) with Local Development Strategy developed involving community (target: *all 266 AAs*)
- Number of AAs conducting public hearings annually, where information is disclosed to the public on budget formulation and execution in accessible formats (target: *all 266 AAs*)
- Number of AAs with access to improved quality infrastructure services (disaggregated by non-subsidized and subsidized local self-governments) (targets: *19 SPs; 65 MPs*)
- Direct project beneficiaries, of which female (targets: *29,000 / 50% women*)
- Beneficiaries that report improved access to infrastructure services as a result of project activities (disaggregated by gender) (targets: *70% overall / 40% women*)

5.   The Project consists of three parts[1], each of which is detailed in this POM:

- **Component 1: Capacity Building of Local Self Governments and Communities –** for local communities and local government institutions in participatory local governance and development planning, including: (a) mobilizing communities, conducting communities' needs and resources assessments and developing Local Investment Plans; and (b) carrying out peer-to-peer learning and social cohesion activities in various communities.

- **Component 2: Village Investments –** two types of funding are available under VIP3, namely: (i) Sub-Grants for implementing Sub-projects (SPs) included in the pertinent Local Investment Plan and costing at least $20,000 or more; and (ii) Small Grants for implementing Micro-projects (MPs) or aggregated Micro-projects included in the pertinent Local Investment Plan, costing less than $20,000.

- **Component 3: Project Management –** includes project management activities including project audits, provision of training to ARIS staff on project management, monitoring and evaluation, and the financing of Operating Costs.

B. Key Changes to this Version of the Project Operational Manual

6.   Given the problems emerging in the first stage of the project, the Remedial Action Plan forms a part of the Project Operations Manual moving forward. The following actions were agreed after the first stage of the Post review in 2017. The first set of (7) actions require ARIS to:

1. Respond to WB Cycle 1 Post Review report and letter
2. Complete the Post Review of Cycle 1
3. Recall all Cycle 2 Framework Agreements
4. Carry out a Joint Prior Review of Cycle 2
5. Overhaul the POM and training modules
6. Establish project coordination and management to the satisfaction of the Bank
7. Sample Review of other ARIS Implemented Projects

The additional (4) actions require ARIS to:
1. Cancel the Cycle 2 selection and rerun the cycle with procedures satisfactory to the World Bank
2. Ensure transparency, candor and learning in the project moving forward
3. Strengthen internal controls in ARIS
4. Replace staff associated with the Cycle 2 misrepresentation and falsification

7.   In this context, this revised POM revises procedures and reflects learning from the post-review of Cycle 1 investments (2015/2016) and the prior-review of Cycle 2 selection (2016/2017). [1] It is intended to fill gaps and address weaknesses identified in the previous POM . The Remedial Action Plan (RAP) agreed with the World Bank, required that the POM be fully revised before any further subgrants could be made.

---

[1] See the Project Financing Agreement, pg. 5 (Capacity Building and Project Management) and pg. 7 (Village Investments).

Table 1: Summary of Revisions to the Project Operations Manual (March 2017)[2]

		PAD	'2015' POM	Problem identified / Issue to be addressed in revision	This 'Revised' POM, dated March 2017
	Goal: *To ensure village investments reach intended beneficiaries (local administration staff, local council members, and community members in the targeted villages) (PAD pg. 4)*				
1	**Project beneficiaries:** The project requires that … a minimum of 50 percent of beneficiaries of sub and micro-projects will be women. 30% women refers to the requirement for training participants.	There is no description in the POM as to how this target will be met.	33% of subprojects did *not* meet the gender requirements. An estimated 36% of women's top priorities were selected for subproject investment.	Change Mechanisms established to ensure targeting of women (see item 4 below).	
2	**Geographic area of implementation** All 4 oblasts in the northern region, …weighted for more geographically isolated municipalities".	All 4 oblasts in the northern region, equal budget per oblast, irrespective of population or poverty. Scoring includes weighting for remoteness, altitude and subsidy. • high altitude (2.5%) • distance from oblast center (1.5%-2.5%) • subsidy (2.5%-10%)	Subsidy is not strongly correlated with poverty as it measures only compensation for lack of AO own-source revenues. Remoteness and altitude not necessarily correlated with poverty. Moreover: 4% points were awarded for *not meeting* the criteria. • 0 km from the oblast center provided a "geographically isolated" score of 1.5% • No subsidy received 2.5%.	No change To mitigate potential risks, it was agreed that all 4 oblasts should continue being eligible, despite issues of poverty targeting (which is strengthened below). Change Point system for scoring proposals. • Supplemented by more precise poverty targeting (see item 4) given that poverty correlations with the subsidy system and geographic isolation are weak.[3] • Advantage for AOs not meeting poverty requirements removed.	

---

[2] Should there be any discrepancy between this table and the main text, the main text which describes the details should be followed.
[3] Subsidies from central to AO budget reflect the tax structure for own-source revenues rather than poverty headcount. An AA may have significant agricultural or pastoral resources (which are not taxed) but still receive high percentage of budget support from the central government. Geographically isolated locations may have mineral resources.

		PAD	'2015' POM	Problem identified / Issue to be addressed in revision	This 'Revised' POM, dated March 2017
3		**Eligibility and Selection - of subprojects:** Eligibility: All AAs (N=266) eligible for SP investments. AAs that received SP financing will be excluded from following cycles.	All 266 AOs eligible, winners of SPs not eligible in subsequent cycle.	See below. Issue was not eligibility but focus of investment geared away from the poor and women.	No change 247 AOs eligible, (19 previous winners of SPs are not eligible).
		Competition: Both sub or micro projects, marked and scored by an Oblast Selection Committee. No involvement of ARIS in decision-making.	Competition between AOs in each oblast. Selection by Oblast Contest Committee. To be vetted by a National Committee. Contest at AO level was not defined; no procedures in POM for AO contest commission to evaluate or decide among competing needs.	Oblast Committee was influenced/chaired by ARIS; Republic Committee had no vetting role, it was a show. The lack of procedures at AA level led to capture and divergence from the intent of the POM. **The competition procedures failed and caused the cancellation of Cycle 2.**	Allocation of subgrants will remain competitive. ARIS will act only as a secretariat – this requirement will be enforced. Change Oblast competition rules and criteria revised to reach poverty, gender and integrity goals. Change AO Contest replaced with transparent vote of the community (see item 10).
		Poverty targeting. Participating AAs will be judged against a set of criteria …weighted in order to help "level the playing field" for poorer or more geographically isolated municipalities". …"the criteria have weights to ensure the needs of poorer…are given priority".	Poverty criteria in Oblast selection includes: (i) subsidized/non-subsidized; weighting (max 10%) (ii) geo. isolation (distance and altitude) – (max 5%). Number of vulnerable beneficiaries shown in POM as having max 1% value but this criteria was dropped from final evaluation sheet. Counter-poverty scores: (iv) previous DP experience (max 5%);	26% (budget) of SPs targeted non-subsidized AOs (inc. 4 of 6 SPs in Chui) and 33% were not poverty-focused investments. The weighting on remoteness and altitude was not a proxy for poverty, neither of these criteria helped ensure project beneficiaries were reached. ARIS dropped "vulnerable beneficiaries" in final scorecard -without Bank agreement. Higher scores for AOs that had more contributions or had carried out donor projects before; these were less poor AOs (max. 7.5%).	Change Criteria for selection revised to improve targeting to ensure "level playing field". • Weighting for geographic isolation (4%) • Subsidy (2%)[5] Screening All proposals need to include a description of the benefits for the "poor /vulnerable residents, poor areas or poor villages." Additional requirements Additional poverty criteria from: (i) WB poverty mapping, (ii) Ministry of Social Welfare Passport holders; (iii) infrastructure gap included in Oblast

---

[5] The weighting of the subsidy level is reduced from 10% to reflect weak correlation with poverty headcount.

PAD		'2015' POM	Problem identified / Issue to be addressed in revision	This 'Revised' POM, dated March 2017
		(v) Local contribution (max 2.5%)	Scores given for simply meeting minimum requirement, reduces impact of differentiated scores.[4] **The POM criteria for selection did not "level the playing field" for poorer … municipalities.**	scorecard. AAs receive more points the more poverty criteria apply (max 14%). Description of how "residents of the poorest village in the AA (as per the Village Profile), or how poor areas of the AA, or poor groups will benefit from the investment" (10%). Both AO contribution, and previous DP "experience" removed from criteria.

---

[4] A total of 195 points (19.5%) were awarded for simply meeting minimum requirements.

		PAD	'2015' POM	Problem identified / Issue to be addressed in revision	This 'Revised' POM, dated March 2017
		Gender. "50 percent of beneficiaries of sub and micro-projects will be women".	No mechanism to ensure gender target for beneficiaries of subprojects is met. Beneficiary results data disaggregated by gender.	33% of subprojects selected in cycle did not meet the gender requirements. Women beneficiaries over estimated, simply 50% of village population including for male-focused activities such as football fields or sports halls.	No Change 50% of beneficiaries will be women Screening All proposals need to include a description of the benefits for women, to be eligible. Scoring Additional requirements to improve targeting of intended beneficiaries: • Qualitative description of the equal benefits for women and children required in proposals and scored – weighting increased to 10% • Proposals selected from women FGD priorities receive extra points (max. 5%) • All subprojects for basic services (water, electricity, roads, irrigation, pasture improvements, multi-use community centers) are considered to have equal benefit to the HHs; • Subprojects that support women's health, education and livelihoods (kindergartens and FAPs, craft centers) will be considered to have >50% benefit for women. • Subprojects intended predominately for men will be flagged by ARIS for consideration of the OCC and for final review.[6]
4		Eligibility and Selection - of micro-projects: Eligibility. Subsidized AAs (N=200) eligible to compete for MP investments minus those that won subprojects (p26).	200 subsidized AAs eligible to compete for MP investments (minus subproject winners).	Subsidy criteria did not focus project on poorer AAs or vulnerability. Additional targeting is needed.	Change In order to motivate AOs to engage in participatory planning for vulnerable groups, all AOs will be eligible (266 AOs minus 19 winners of SPs are eligible to compete for MP investments). Subsidy remains a criterion for scoring proposals.

---

[6] This might include, for instance, a wrestling facility or similar.

	PAD	'2015' POM	Problem identified / Issue to be addressed in revision	This 'Revised' POM, dated March 2017
	Grants for micro-projects will only be available to *ayil aymaks* that are classified by the central government as "subsidized"

Poverty. Participating AAs will be judged against a set of criteria …weight[ed] in order to help "level the playing field" for poorer or more geographically isolated municipalities" | | | |
| | | Poverty. (i) Level of subsidies (max 10%) (ii) remoteness (distance and altitude) – (max 5%). (iii) Number of vulnerable beneficiaries – not included

Counter-poverty focus: (iv) Local contribution – (max 2.5%) | At least 32% of microprojects were *not* poverty-focused. | Screening A description of how the microproject benefits vulnerable groups must be included in the proposal.

Scoring • Qualitative description of the benefits for poorer and vulnerable groups in proposals and scored – 10%

Additional Requirements to improve poverty: • MPs are selected by a limited set of vulnerable community groups: (i) extreme poor, (ii) disabled, (iii) elderly, (iv) large HHs, (v) single HHs, (vi) unemployed women, (vii) youth-at-risk, and (viii) ethnic minorities, defined as "vulnerable groups".[7] This is expected to be in the region of 20-30% of the community. |
| | | Gender. No gender weighting. | At least 21% of microprojects did *not* meet the gender requirements. | Additional requirements:

Screening A description of how the microproject benefits women must be included in the proposal.

Scoring |

---

[7] (i) extreme poor -households holding social passport;
(ii) disabled - physically or mentally disabled and/or their caretakers;
(iii) elderly - women and men over 65+ years old;
(iv) large households - families with 6+ children;
(v) single headed households - households with 1 or more absent parent;
(vi) unemployed women -women without access to land or salaried employment; and
(vii) at-risk youth- early school leavers, orphans;
(viii) ethnic minorities (if relevant to that AA).

	PAD	'2015' POM	Problem identified / Issue to be addressed in revision	This 'Revised' POM, dated March 2017
	Gender. 50 percent of beneficiaries of micro-projects will be women.			• Qualitative description of the *equal* benefits for women and children required in proposals and scored – 10%. • Proposals selected from women FGD priorities receive extra points (max. 5%)
5	**Training and meeting requirements applicable to both subprojects and micro projects** 30% participation of women in all meetings	30% participation of women in all meetings Gender equity weighting (max 5%) only applied to women's participation in trainings, not participation in meetings, hearings or decision-making committees. No gender target for decision-making bodies.	Scoring gave points for female participation: **0% women – received 10 points!** 10-29% women – 30 points 30% women – 50 points Participation requirements outside of training were not tracked or enforced, and as a result some decision-making bodies (Initative Groups and Contest Commissions) did not include women. Gender action plan was introduced in 2016.	Change/clarification requirement to be enforced through evidence (photos and sign in sheets) • At least 30% women required in *each and every* meeting/training • Including at least 30% women in community mobilization decision-making bodies • Gender budgeting added to training curriculum • Gender targets must be met to secure subgrants • A <u>gender action plan</u> will be implemented by ARIS to improve attendance to achieve 50%. Screening Proposals not meeting gender participation or decision-making requirements are not eligible. Scoring Additional points will be awarded for AOs that provide evidence of over 30% participation of women (max 5%).
6	**Sub-project definition and value:** New construction, reconstruction and major rehabilitation works.	"large scale subprojects, involve[e] construction and significant rehabilitation works" (p26)	ARIS CDSOs discouraged non-standard capital work such as water supply or roads. ARIS processes encouraged AOs/ communities to opt for a standard design (84% utilized one of 5 standard designs) influencing subproject choice. Standard designs influenced choice.	No change New construction, reconstruction and major rehabilitation works. CDSOs will be trained in the importance of communities being informed of an open menu of options. <u>Additional requirements:</u>

	PAD	'2015' POM	Problem identified / Issue to be addressed in revision	This 'Revised' POM, dated March 2017
			Of the 5 standards designs, 2 were sports facilities. 33% of SP funds spent on sports facilities by end Cycle 1. While this was not ineligible under the project, the POM needs to ensure that project is reaching intended beneficiaries, including the poor, for the remaining cycles. i.e. the project will adapt to the risk of AOs capturing the decision with sports facilities (evidence from cycle 1), when villages are without services. Standard designs were not always appropriate to the use or the site. Instances of capital investments (e.g. water supply) located in wealthier parts of the community. Evidence of AAs whose proposals were selected despite not fulfilling 100% functionality or forward planning needs of the community.	• Community will need to confirm that the description in the proposal meets their needs in a 1st social audit meeting • Community consulted before the use of standard design is applied. • The project budget will pay for any adaptation of standard design for use or site. • The DDE consultant will consult with community at beginning and end of design stage • Community will need to confirm that the design meets their needs in a 2nd social audit meeting. • Community will conduct a Citizen Scorecard (CSC) at the end of construction to confirm that the final facility meets their needs. Screening • VIP3 engineers will apply a technical checklist to all proposals to ensure that forward planning, 100% functionality and safeguard precautions have been met.
	Value of subprojects = > $20,000 80% of Component 1 budget "No fiduciary cap" but there will be at least 2 subprojects per oblast per	80% of Component 1 budget Minimum $20,000.	The project implicitly implemented a cap on subproject value (training modules and CDSOs explained a ceiling of around $400,000, but this was neither a requirement nor approved). In practice, the cap was not a concern, but the very large numbers of small projects, just over the micro project size. The project reached 80% of the final target in Cycle 1 alone. AAs did not combine for bigger cross AA projects, and were not informed of the benefit.	No change Approx. 80% of component 1 budget overall (NB by the end of project) Subprojects are > $20,000 Additional requirement A transparent ceiling of $300,000 of project funds for a subproject will be set and the information shared with all participating AOs.

	PAD	'2015' POM	Problem identified / Issue to be addressed in revision	This 'Revised' POM, dated March 2017
	cycle (or one sub-project that encompasses at least 2 aiyl aimaks)			
7	**Micro-project definition and value:** Repair works, beautification, and upgrading of facilities, e.g. new furniture, sports equipment, ICT"	Repair works, beautification, and upgrading of facilities, e.g. new furniture, sports equipment, ICT.	32% of MP budget was not utilized on poverty-focused basic services. 16% of MP budget in Cycle 1 was used for standard designs (mini-football fields). Evidence of AAs whose proposals were selected despite not fulfilling 100% functionality or forward planning needs of the community.	To focus on poverty and gender as described in the PAD, the focus of MP investments will be open, but they are identified by vulnerable groups as described above. Screening • VIP3 engineers will apply a technical checklist to all relevant proposals to ensure that forward planning, 100% functionality and safeguard requirements have been met.
	Value of microprojects= <$20,000 20% of Component 1 budget	<$20,000 20% of Component 1 budget	Lack of clarity - if $20,000 refers to the project funds only, or is inclusive of the community contribution, i.e. the overall cost of the subproject.	No change Micro projects are <$20,000 20% of Component 1 budget (NB by the end of project) Clarification provided POM clarifies that the <$20,000 refers to the IDA contribution. The community contribution is over and above this amount.

Goal: To improve integrity of project processes				
	PAD/FA	**'2015' POM**	**Cycle 1** **Problem identified**	**This 'Revised' POM** **dated March 2017**
8	Compliance with the Bank ant-corruption guidelines.	The POM did not put in place the tools that might raise awareness of the need for the utmost integrity, accountability and transparency of all project stakeholders; and the WB zero tolerance policy.	Process Review found instances of capture and falsification in Cycle 1 and (the cancelled) Cycle 2. AOs demonstrated that they were not aware of World Bank requirements regarding integrity of documentation, intellectual property and conflict of interest. Review revealed that record keeping was weak and treatment of documentation was not systematic, complicating efforts to conduct audits if needed.	Procedures that promote integrity, accountability, transparency clarified throughout POM. Additional requirements: a. Code of conduct: All AO, AK, Initiative Group members, VIP3 staff members and external consultants to sign code of conduct prior to capacity building (see Annex 1.2). b. Training: Training module on fundamentals of accountability, transparency and WB anti-corruption guidelines added to specialized training curriculum. c. Internal Controls • 5% random check by Internal Audit Unit (IAU) that checklists (pre-verification) of all sub and micro project proposals are filled out correctly • Strengthened reporting and oversight of staff travel • Central management of technical teams • Beneficiary Feedback System (BFS) strengthened. d. Clarification on Integrity of Documentation • Explicit instructions given on collection and storage of documentation to allow for auditing. • Photos that allow verification of attendance and decision-making process required for all meetings. • All VIP3 Central Office travel to the field will be documented. Screening Proposals not including complete documentation are not eligible.

9	Decision making and selection at AA level "priorities proposed by every village in the territory of an ayil aimak (AA) are evaluated by the AA selection committee" (p23)	Procedures at the AA level and the behavior and accountability of the Contest Committee not defined.	Process Review found instances of possible capture and falsification of documents in Cycle 1. Instances found that proposals selected did not correspond with community choices.	Change AA Contest replaced with transparent vote by the community and the Aiyl Kinesh members. Clarification • Process to narrow choices is made explicit- only top 2 ranked choices of FGDs are considered at Village Meeting and only top choice of Village Meeting is considered at AA Meeting. • Photos required of all participants and of decision-making process. Screening • Sub-project proposals must have won the most votes in the AA PM (per minutes) • Micro-project proposals must be the top choice of at least one of the vulnerable group FGDs (per minutes). Scoring Includes quality of participation (10%).
10	Decision-making and competition procedures at the Oblast level, notes ARIS as "nonvoting member" (p26)	Selected by an Oblast Contest Committee of 9 members. POM states no decision-making role of ARIS. POM did not provide procedures for the OCC Contest.	Process Review found domination and influence over OCC by ARIS in violation of POM, tampering of scores, and possible collusion in Cycle 1. Scoring includes a number of objective criteria which were assessed subjectively.	Clarification 3 Govt/3 NGO members (one should be an INGO). NGO list verified by SALGIR, MOF and WB. ARIS explicitly excluded from OCC, will act as secretariat and filter proposals with objective criteria. OCC members will verify that these criteria are applied correctly. Automated system to prevent tampering with OCC members scoring. Procedures described. Clear delineation made between objective and subjective criteria.
11	Republican Contest Commission (RCC), includes SALGIR in approval of sub project selection	"RCC issues final approval of the results of Oblast Commission regarding distribution of grant resources for subprojects/small grants for implementation of microprojects based on the ranking of AAs."	RCC endorsement was a show, occurred after AOs were informed they had won, and in Cycle 2, after Framework Agreements with AOs were signed.	No change. The final approval of the cycle list will be subject to review/no objection by the World Bank and will be sent to the MOF and SALGIR for information.

			The RCC was bypassed/manipulated by ARIS.	
12	**Financing requirements applicable to both subprojects and micro projects** "framework agreements will be signed between local governments and ARIS …Each sub/micro-project will first utilize community-contributions before tapping into IDA resources."	CDSOs "ensure compliance of Framework Agreements with project operational regulations and signing them on behalf of the ARIS" (p14)	In practice, VIP3 Project Coordinator signed the FAs. In Cycle 2, the Framework Agreements were signed by the VIP3 Project Coordinator prior to vetting by the RCC and without knowledge by the Executive Director. In Cycle 1, 2 sub-projects experienced budget over-runs after the Framework Agreements were signed because of unforeseen technical issues identified in the design process. In Cycle 1, audit by World Bank finance team found case of IDA resources used before AO contribution was completed.	No Change. Requirement to use community contribution first will be enforced. To strengthen accountability, Framework Agreements will be signed by Executive Director and and CFO instead of by the VIP3 Project Coordinator. Additional requirement A Letter of Intention will be signed prior to bidding out the works. The Framework Agreement will be signed once final budget is determined by the procurement process.

Table 2: Summary of Revisions to the Project Operations Manual (November 25, 2018)

Comments of the Bank	This Revised POM, dated November 2018	Revision Section
The revisions to this POM have been made to address the requirements of the World Bank Legal Notice on the Threat of Suspension dated October 26, 2018.	The Project Governance Framework	POM document page 27
	Procurement Department Provisions	POM document Section 5.2, page 161
The following revisions have been duly made to the POM dated November 25, 2018, and are highlighted throughout in yellow for ease of reference.	Project Implementation Action Plan revised Now includes the hiring arrangements for the Key Project Staff and Staff funded by the Admin Pool. These include: Project Coordinator, Financial Manager, Chief Procurement Specialist, Lawyer, Chui and Issyk-Kul Oblast Coordinators, Social Mobilization Specialist for Chui Oblast.	Part A, Annex 1
	Revised Terms of Reference for the Project Coordinator position, Included Terms of Reference for the positions funded by the Administrative pool (Executive Director, Financial Manager and Chief Procurement Specialist and Lawyer).	Part B, Annex 4

Table 3: Summary of Revisions to the Project Operations Manual (February - July, 2019)

Comments of the Bank	This Revised POM, dated February – May 2018	Revision Section
	Component 1: Capacity Building	
The revisions to this POM have been made to address inconsistencies between the text and the annexes and clarify points in the text. The following revisions have been duly made to the POM dated February -July 2019 and are highlighted throughout in blue for ease of reference.	1. Social Mobilization Process Description of Social Mobilization Process revised to address discrepancies between body of the POM and the Annexes - Combined subproject/ microproject selection process is clarified and forms in the Annex revised to reflect the combined process. - In order to ensure compliance with the requirement of 30% participation of women at the AA Prioritization Meeting, a change to the group having the right to vote has been made, it means 2 Aiyl Kenesh deputies vote from each village. - Separate template developed for AAs with only one village. - LDS Template amended to reflect new Ministry of Economy regulation (2018)	Step 3.3, 3.4, 3.5 Annexes 2.6-2.10 amended (Annexes to Chapter 2 renumbered) Step 3.5 Annex 2.9 Annex 2.11
	2. Proposal Development - In order to be more precise, "Environmental Assessment Criterion" has been introduced instead of Environmental Check List and EMP, and clarification is made that the environmental assessment criteria are to be filled in by the IG members in consultation with CDSOs . - Tables to estimate the cost of goods, works and services included in the form of subprojects and microprojects proposals.	Step 5.2 and 5.3 Annexes 2.14. and 2.15
	3. Verification of Eligibility - Text amended to clarify that women benefitting "equally" means that women should benefit in proportion to their incidence in the overall population per government statistics. - Clarification is provided that in cases where Internal Audit finds errors in the eligibility checklists, the VIP-3 team has to review the documentation again taking into account the Internal Audit Department recommendations.	Step 6, Box 10, pg. 62 Annex 2.17 and 2.18 Poverty and Gender Checklists Step 6.3
	4. OCC Contest a. Text amended to reflect no objection given to moving OCC to Bishkek. - OCC will be available through live streaming online - Information listing proposals (i) found ineligible or (ii) not passing into Finalist round will be displayed on monitors and on line to increase transparency b. Scorecard in body of text aligned to scorecard in Annex. - Scale for subjective criteria makes clear that OCC members can score any number they like from 0 to the maximum - Weighting of poverty and community mobilization changed to 25% and 23% respectively from 30% and 18% in the previous version per NO by Bank.	Step 7.2 and 7.3 and Step 8.2 and 8.3 Annex 2.22 (SP scorecard) and Annex 2.24 (MP) Step 7.4. Step 8.2

	c. Complaints and appeals made during conducting the OCC will be registered in the BFM and reviewed and resolved during the OCC meeting if possible.	Step 7.4(h)
	5. Awarding of SPs in Cycle 2 and Cycle 3 Correction to remove references to awarding all SPs in Cycle 2.	Table 1, Section C, Step 8
	Component 2: Village Investment	
	6. Micro-projects value Micro-projects are <$20 000. 20% of Component 1 budget. It has been made clear that the microproject cost which is less then 20 000$ applies to the whole grant amount excluding the community contributions, which shall be not less 3,75% but shall not exceed it.	Component 1 Step 3 Point 24 Component 2 "Micro-projects Implementation" Point 25
	7. Updated Safeguards Steps and Annexes Clarification of terminology has been made that it is the Resettlement Action Plan (RAP) that must be prepared, not the RPF (Resettlement Policy Framework). The RAP shall be filled by the AO in consultation with CDSO. And it is specified that the civil works can be started only after approval of the RAP and EMP by the World Bank.	Chapter 3, Component 2, Steps 1.4, 2, and 5.2.
	8. Community Checks/Scorecards Community Monitoring- Description of how Community Facilitators shall carry out the community check using scorecards has been added to the text, including templates and tools in the annexes.	Chapter 3, Component 2, Step 9.3 Annex Part B, 4.11 added.
	Component 3: Project Management	
	9. Human Resources. The position of Senior Social Mobilization Specialist was added the Staffing structure.	Annex 4.1.1
	10. ToRs for a procurement assistant, disbursement specialist's assistant, engineer assistant and CDSO assistant added 11. Project staff structure updated	Annex 4.1 Part B Component 3 Figure18: VIP3 Organizational Structure
	12. Part C - Additions have been made to Contract Forms for improved control of small micro-grants.	Annex 5.11 Part C
	13. Part D – Safeguard Measures have been revise by the International Social Safeguard Specialist and International Environmental Safeguard Specialist, including comments from ARIS Safeguard Specialist.	Annexes Part D
	14. In the form of the Framework Agreement for microprojects, there have been made changes with regard to the fact that the cost of preparing APC, ETC and DED is excluded from the contribution amount of 3.75%.	Annex 3.4 Part A

Table 4: Summary of Revisions to the Project Operations Manual (January 2020)

Comments of the Bank	This Revised POM, dated 31 January 2020	Revision Section

Revisions to this POM have been made to clarify text in the body and the annexes as called for in the Mid-term Review Aide Memoire dated December 2019. The following revisions have been duly made to the POM dated 31 January 2020 and are highlighted throughout in violet for ease of reference.	Assignment of OCC Contest Committees: - Correction of timeframe to establish OCC. Executive Order to be issued 1 week prior to contest (not 2 months) - Amendment to formation of OCC Committees to random assignment (both Committee members and distribution of proposals for scoring) rather than assignment by Oblast.	Chapter 2, Component 1, Step 7.1 (e)and (f) and Step 7.2 (i)
	Commitments in the preliminary O&M plan amended to include ensuring water and heat after completion of facility.	Chapter 2, Component 1, Step 5.6
	Technical checklist amended - Explanation of "stages" of technical checklist clarified. - Reference to standard design removed because standard designs are no longer used (no longer meet national building standards) - Criteria on feasibility that was mistakenly dropped in the last draft of this POM is put back in such that Engineers check all proposed sites prior to OCC contest to identify any feasibility issues.	Annex 2.16, Part A
	DDE Validation meeting with community- additional clarification and templates for agenda and meeting minutes provided.	Chapter 3, Component 2, Step 5.2 Annex 3.5 Part A added
	Clarification of the methodology and templates to conduct the Social Accountability (Community Check and Scorecard) activities including: - Clarifying that all AAs that participate in the OCC (regardless of whether they are selected for investment) should complete a Community Check and Scorecard evaluating the social mobilization process. AAs that win the OCC should also have a Community Check and Scorecard on the investment - Clarifying that the Community Facilitators (CF) should be gender balanced and that CDSOs from neighboring raions can assist during the Community Check meetings - Adding requisite standards to the information that is prepared and disclosed - Further explanation of expected follow-up of the Joint Action Plans	Chapter 2, Component 1, Step 10 Chapter 3, Component 2 Sub-project Implementation Step 9.3 Micro-project Implementation Step 5.6 Annex 4.11, Part B
	Clarifications on the results framework and reporting affecting: - PDO 1-5 - Intermediate Indicators C1.1-5	Chapter 4, Component 3, Section D M&E (Boxes on Description of Indicators beginning pg. 142) Annex 4.3 Part B

8.   **There are no changes to Social and Environmental Safeguards procedures** as documented in the Resettlement Policy Framework (RPF) and Environmental Management Framework (EMP), which are re-included as Annex D of this revised POM.

A. Guiding Principles

9.   VIP3 implementation will be conducted in compliance with the requirements of the Financing Agreement between the World Bank and the Ministry of Finance and the procedures approved in this POM. All staff will be trained in the following principles; these principles are fully reflected in the revisions to this POM.

    a. **Transparency and Anti-corruption**- VIP3 will be implemented with the highest standards of transparency, both between ARIS and the World Bank, between ARIS and the communities, and between local governments and community members. Trainings will include transparency and accountability guidelines and stakeholders will sign Code of Conduct or MoUs. The Beneficiary Feedback Mechanism has been strengthened.

    b. **Pro-poor outcomes-** VIP3 is intended to benefit the poor. This is consistent with the twin goals of the World Bank and the intent of the PAD, as well as the mission of ARIS. Poor communities, and poor and vulnerable residents in wealthier communities, will be the beneficiaries of project support. Additional screening and selection criteria have been put in place to ensure intended results.

    c. **Gender neutral or gender equitable outcomes**- VIP3 will ensure gender equity: 50% of sub-project beneficiaries will be women, and a minimum of 30% of participants in all Project-facilitated events and committees. Additional screening and selection criteria have been put in place to ensure intended results. Efforts will be made to improve on these results during the project through a Gender Action Plan.

    d. **Community-driven investments**- VIP3 will support investment proposals identified by the community/AO. The priority selected by the community/AO shall not be influenced by ARIS staff, Raion or Oblast officials or other third parties. Additional requirements have been put in place to ensure intended results, including social audit meetings and screening of proposals.

    e. **Institutionalization and alignment with AO processes**- VIP3 will support sustainable improvements to local participatory planning and budgeting. The project cycle will support good practices in the formulation of the Kyrgyz Republic Government's Local Development Strategy (LDS) and Investment Plan (IP); align with the government planning and budgeting cycle; and provide capacity building to Aiyl Okmotu staff and Aiyl Kinesh members to help them perform their responsibilities.

B. Poverty Targeting

10.   VIP3 (funded by IDA) is implemented in the 4 northern Oblasts of Talas, Chui, Issykul and Naryn. All 266 AAs in these 4 Oblasts are eligible for capacity building and training. To improve the poverty targeting, the POM will place a far greater weighting on poverty in the new Cycle 2 and in Cycle 3.

    a. **Targeting poorer AOs**. In the course of revising this POM, it has been agreed that the Poverty Weighting in the selection of Sub and Micro projects will, in addition to subsidy and geographic isolation, take into account the following:[8]

---

[8] See Annex 1.1 for the list of AAs against the relevant poverty criteria.

(i)   If AOs are located in raions where poverty incidence is over 30% on WB Poverty Map;

(ii)   Over 20% of households in the AA hold a social welfare passport; and

(iii)   AO self-reports a social infrastructure gap of more than 60%.

b. **Targeting poor and vulnerable groups**- It has further been agreed that the social mobilization process shall increase its focus on vulnerable groups, including the disabled, large or single-parent families, unemployed women, ethnic minorities, and at-risk youth, that were not specifically targeted in Cycle 1. The social mobilization process for Microprojects, in particular, will focus solely on these groups. This will provide incentives for even wealthier AAs to take the needs of these disadvantaged groups into account during the annual planning process.

C. Amount, allocation and sequencing of Sub-Grants

11.   **The allocation of sub-grants for Cycles 2 and 3 has been adjusted as follows**:

a. **Sub-project allocation**. Available investment funds shall be apportioned equally among all 4 Oblasts for the sub-projects to ensure that they are incentivized to participate in VIP3. Approximately 80% of available investment funds under Component 2 are allocated for sub-projects over US$20,000, but any individual AA is limited to a maximum sub-project budget request of US$300,000. Any unused Cycle 2 sub-project funds arising from the 5% contingency included in all building contracts (see Chapter 2) will be rolled into the funds available for micro-projects in Cycle 3.

b. **Micro-projects allocation.** The Cycle 2 micro-project competition is open to AAs that did not win a sub-project in Cycle 1. The Cycle 3 micro-project competition is open to AAs that did not win an SP in Cycle 1 or 2.[9] Approximately 20% of investment funds are allocated for micro-projects under US$20,000.

D. VIP3 Project Cycle

12.   **VIP3 project cycle is conducted in four phases**, shown in Figure 1.

- Phase 1: "Community mobilization" involves capacity building, needs identification and participatory decision-making in the planning process.

- Phase 2 "Proposal preparation and selection" includes proposal preparation and selection of village investments to be funded under the Project (by the OCC).

- Under Phase 3 "Design and Procurement," AAs awarded investment prepare for implementation/ construction with involvement and oversight from the community.

- Under Phase 4, "Construction and Commissioning" the investment is realized and the community is consulted to ensure they are satisfied with the project investment. Capacity building occurs throughout the project cycle to support local actors to carry out the necessary steps of each phase. A GANTT chart of project implementation is provided in Annex 1.4.

---

[9] As stipulated in the PAD, an AA may only receive one sub-project during life of project (pg 28). This applies to 19 AAs that won SPs in Cycle 1. In the case that the AA receives a micro-project grant, it will be eligible for a sub-project or micro-project in subsequent cycles. This applies to 30 AAs that won MP in Cycle 1.

Figure 1: VIP3 Project Cycle

Phase 4: Construction & Commissioning

Phase 1: Community Mobilization

Phase 3: Design & Procurement

Phase 2: Proposal Preparation & Selection

Component 2: Village Investments

Component 1: Capacity Building of Local Self Governments and Communities
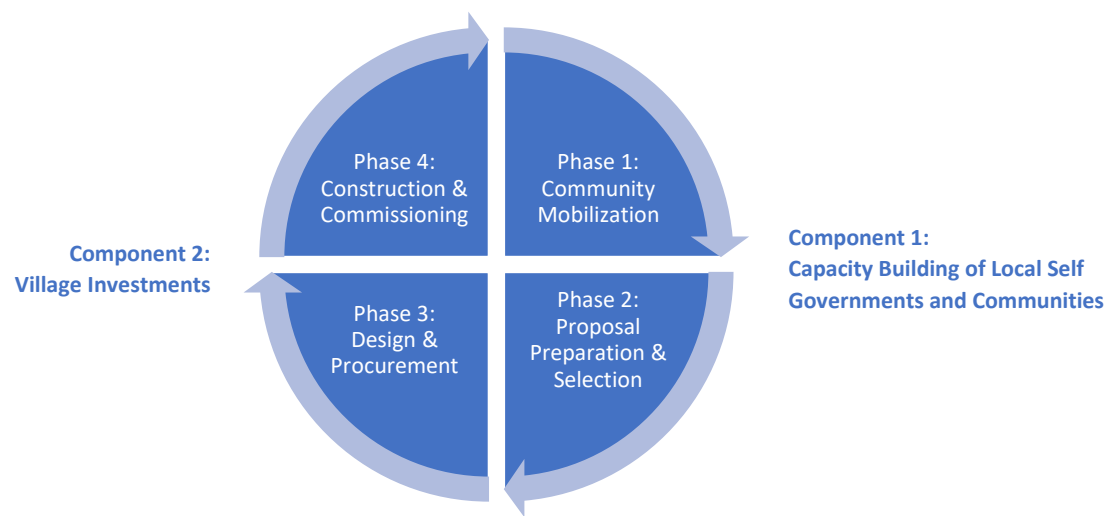
E. Project Governance Framework

This Project Governance Framework provides a summary of the activities and instruments included in this Project Operations Manual to improve project governance. It will be subject to confirmation and update as discussed with the VIP3 team in the forthcoming mission.

Governance approach	Action
1. Transparency	Introductory information materials include information on code of conduct and BFM.
	Photographic evidence supplied for decision-making process.
	Subgrant proposal selection - competition Scores to be publicly displayed in real time.
	Award winners and runners-up to be announced immediately at the OCC; losing AOs given information on how to appeal thru BFM.
	Agreed documents posted on ARIS website.
2. Code of conduct	ARIS management and staff sign code of conduct annually.
	OCC members sign Code of Conduct before each cycle.
	AO/Working Group members sign code of conduct before cycle activities .
3. Conflict of Interest	Working Group members barred from vote for subproject proposals.
	ARIS staff barred from scoring/evaluating proposals.
	Conflict of interested declarations introduced.
4. Enhanced Procurement provisions	Procurement provisions is included as Section 5.2 in the POM main text below. Procurement department provisions provide transparent mechanism for expenditures under IOC and trainings.
	Competitive selection of staff (project and admin pool).
	Conflict of interest declarations on all procurements and by ED.
5. Enhanced Financial Management provisions	Introduction of travel controls (agreed with the Bank).
	Award pre-verification process subject to random audits by the Internal Audit Unit .
	Signatures on all documents will not be on a separate page
	Role of ED defined in ToR.
6. Social accountability	Community participation in decision making: Quorums and gender participation targets set.
	Beneficiary Feedback Mechanism (BFM) to be advertised through public awareness campaigns.
	BFM to be monitored for effectiveness, and BFM data will be published on website.
	Community scorecards to check adherence to community decisions.
7. Capacity building	Anti-corruption module added to specialized training curriculum.
	All Working Group, Staff and community members trained in BFM.
	All Working Group, Staff and community members trained in Code of Conduct.

F. Structure of the Project Operational Manual (POM)

13.   This Project Operation Manual (POM) is structured to provide step-by-step implementation guidance of the project components to all key stakeholders.

- Chapter II describes Component 1 Capacity Building, which includes the social mobilization process.

- Chapter III describes Component 2 Investments- the design, procurement, construction, and oversight of works.

- Chapter IV describes Component 3 Project Management which supports both Components 1 and 2, including staffing, monitoring and evaluation, and the beneficiary feedback mechanism.

- Chapters V and VI describes procurement and financial requirements and procedures, respectively.

- Annexes providing more detailed instructions and/or templates are cited in the text, and should be read with the relevant sections.

CHAPTER 2

COMPONENT 1:
CAPACITY BUILDING OF LOCAL SELF GOVERNMENTS AND COMMUNITIES

CHAPTER 2
COMPONENT 1: CAPACITY BUILDING OF LOCAL SELF GOVERNMENTS AND COMMUNITIES

CHAPTER 2 SHOULD BE READ WITH ANNEX 2.

1.	**The purpose of VIP3 Component 1 is to increase the capacity of AOs and community actors to engage in participatory planning processes**. Component 1 includes opportunities for training, mentoring and "learning by doing" for Aiyl Okmotu (AO) staff, Aiyl Kinesh (AK) members, and community members. This learning is aimed at improving stakeholders' participation in the local planning and budgeting cycle in all AAs. For AAs eligible for investment funding from VIP3, the learning will also be applied to identifying a proposal for the Oblast competition.

2.	**Community Mobilization refers to the participatory needs assessment and prioritization process undertaken by communities** under VIP3. The Community Mobilization process culminates in the selection of proposals for funding under VIP3 Component 2 Investments. AA proposals will be subject to eligibility verification to ensure that the community mobilization process was conducted within the guidelines of this POM. Selection of winning sub-project and micro-project proposals will be made by an Oblast Contest Commission (OCC) made up of Oblast government and non-governmental organization representatives. The ranking carried out in each oblast will be informed to the State Agency for Local Government and Interethnic Relations (SALGIR) and the Ministry of Finance and subject to a no objection by the World Bank.

3.	**Beneficiaries of this component include AO staff, local elected representatives, and community members.** AO staff play multiple roles in organizing and chairing the community mobilization process and implementing required administrative steps related to documentation. Community representatives will serve as facilitators of the community mobilization process. The community will identify and prioritize their needs, which will then be included in local government planning documents (LDS and LIPs). Given the project requirements that women must benefit equally from the proposal selected and the proposal must convincingly benefit the poor, gender targets for female representation, tracked by the project, are established for each step and poverty targeting and social accountability has been strengthened throughout the procedures.

4.	**The process for implementing Component 1 is shown in Figure 2.** This chapter provides step-by-step instructions. The needs identification steps for sub-project identification are detailed in Figure 4. Slightly simplified procedures for micro-project identification are detailed in Figure 6. Should AAs wish to apply for both sub-projects and micro-projects in Cycle 2, they will follow the process described in Box 8.

5.	**Steps 1-4 should be completed** of each year in line with the annual budget cycle**.** Legal changes in the Kyrgyz Republic issued in 2014 and 2016 require local governments to conduct a participatory planning process as a part of the annual planning and budget cycle. The Aiyl Kinesh must hold a public hearing on the Local Development Strategy (LDS). In order to align these two processes, and reinforce the local governance objectives of the project, VIP3 will conduct its community mobilization activities in the spring of each year when the AO is meant to consult community members on their priorities for the upcoming fiscal year. The GoKG requirement for a LDS Public Hearing is also a step in the VIP3 social mobilization process.

Figure 2: VIP3 Community Mobilization Process

Step 1- Start-Up
- Introduce revisions in VIP3 to Local Govt
- AO sends EOI
- AO signs Code of Conduct
- Identify Initiative Group (Community members, AO staff, AK representatives)

Step 2- Capacity Building
- Specialized training for Initiative Group Members
- (Core training for local government officials (AO, AK) and community members follows in October-December)
- (Peer mentoring and training for women occurs in July-Aug)

Step 3 Investment Selection
- SPs, MPs - 5 step process (Intro, Community Survey, FGD, Village Prioritization Meetings, AA Prioritization Meeting)

Step 4- Update LDS/IP
- Initiative Group helps prepare LDS/IP
- Legally required public hearing held by June 1
- AK votes to endorse LDS/IP

Step 5- Proposal Development
- Initiative Group prepares Proposal and Preliminary Budget
- Initiative Group prepares Environmental Managment Plan with Community
- AK votes to endorse proposal

Step 6- Verification of Eligibility
- AO submits proposal to OCC
- ARIS acting as OCC Secretariat verifies that all proposals comply with the Checklists/POM

Step 7-8 Oblast Contest
- Composed of 3 NGO representatives and 3 Oblast officials
- Evaluate proposals against revised Oblast Evaluation Sheet
- OCC members enter scores directly to computer which calculates scores of OCC members
- Scores produce a ranked list of proposals/AAs

Step 9 - Formal Notification
- Ranked list of AA proposals provided to the World Bank for NOL, SALGIR and MOF for veting
- Relevant Ministries and Competing AAs notified of outcome
- Outcome published on ARIS website

Step 1: Project Cycle Start-up

6.   **The first step of each cycle is to determine which AAs wish to participate.** Key sub-steps are for Community Development Support Officers (CDSOs) to:
   (i)   explain the VIP3 process, and revisions of this POM, to the community;
   (ii)   solicit Expression of Interest (EOI) from AOs that wish to receive capacity building and/or compete for awards; and
   (iii)   identify Initiative Group members in each participating AA.

7.   **Once AAs have declared their interest, an AA Initiative Group is formed of volunteer community members and AO staff.** The Initiative Group (IG) will implement VIP3 activities throughout the social mobilization process. The Initiative Group will consist of volunteer community members, Village Elders, and relevant AO specialists. AO will assign relevant staff with access to financial and social welfare information necessary to conduct the activities. However, the proportion of community members to AO specialists must always be in the majority of IG members. Thus, on an Initiative Group of 6 members, 4 must be general members of the public and 2 from AO staff. AAs seeking to compete for both sub-projects and micro-projects are encouraged to have a larger Initiative Group to handle the additional workload.

8.   **The role of the IG is to act as neutral facilitators of the needs identification process.** Members of the IG may not introduce their own ideas or seek to persuade other community members to select one need over another. Towards that end, no member of the IG will be allowed to vote during community decision-making. As detailed in the steps below, for each meeting in the community mobilization process, the IG members will choose from among themselves Facilitators for each event. There shall always be at least one male and one female facilitator for all community mobilization activities. During implementation, if a Facilitator is not able to undertake their duties for any reason, an alternate of the same sex shall substitute for them.

9.   **The responsibilities of the IG will be to**:

   • Manage the community needs identification process by organizing and facilitating the community needs assessment and prioritization meetings.
   • Prepare Citizen's Budgets and lead discussions of the gender impact of the local budget, in collaboration with the AO.
   • Assist the AO to prepare the LDS, ensuring that the community needs identification is reflected in the Investment Plan.
   • Assist the AO to prepare the proposal for submission to the OCC.

10.   **Each AA will select a minimum of two Community Facilitators plus two alternates per village**. 50% of facilitators in each village should be women. The members of the IG are named in an AO decree. If the composition of the Initiative Group should change due to incapacity, illness, absence or any other reason, this will be notified in writing to the VIP3 Oblast Office.

11.   **The criteria for selecting members of the IG are**:

   (i)   Over 18 years of age;
   (ii)   Resident of the AA;
   (iii)   Willingness to volunteer their time to conduct FGDs in each of the villages in their AA;
   (iv)   Willingness to sign the Code of Conduct; and

(v)   Capacity to mobilize community members and promote constructive engagement as a neutral facilitator.

12.   The steps to be followed during start-up are shown in Figure 3 and explained below:

Figure 3: <u>STEP 1</u> Project Cycle Start-Up

1.1 Start-up Meetings	1.2 AOs submit EOI	1.3 Initiative Groups formed	1.4 Training Participants Identified	1.5 Action Plan Drafted
• AOs invited to Oblast Start-Up Meeting • CDSO explains revisions and asks for EOIs	• AO send EOI to ARIS • AO and AK Heads sign MoU	• Initative Goups formed in each AA • IG members sign Code of Conduct • AO Decree Issued	• CDSO and AO identify volunteers for training	• IG members draft communit y mobiliz- ation action plan

<u>Step 1.1- ARIS holds Start up meetings in each Oblast to explain eligibility and process to the AAs[10]</u>

a. Oblast Administrations will be requested to organize meetings with all AO Heads in their Oblast.
b. At this meeting, the ARIS Oblast Coordinator will explain:
    i.   Findings of the 2017 Process Review and changes to improve poverty focus, gender outcomes, and integrity of future Cycles.
    ii.   AO Heads will receive initial orientation on the weighting of the OCC contest and may review their status on the poverty criteria list (see Annex 1.1).
    iii. AO Heads will receive initial orientation on World Bank anti-corruption guidelines and the Code of Conduct.
    iv.   AO Heads will be asked to submit EOIs if they would like to participate in VIP3.
    v.   VIP3 staff will take minutes of this meeting using the Template in Annex 2.3.

Output 1.1 Four Start-Up meetings (one in each Oblast) held at the beginning of Cycle 2

<u>Step 1.2- AO Heads submit Expression of Interest</u>

a. AO Heads provide ARIS with written confirmation of their interest to participate in capacity building and/or the sub-grant competition.
b. AO Head and AK Chair will be asked to sign Memorandum of Understanding detailing the responsibilities of each party, particularly in relation to integrity (see Annex 1.3) before the capacity building to confirm their participation in VIP3.

Output 1.2 Expression of Interest submitted to ARIS from each participating AA

Output 1.3 All participating AO/AK Heads Sign MOU

---

[10] This step is conducted only in 2018 to launch the revised POM.

Step 1.3- Formation of Initiative Group

a. CDSOs will approach past trainees and other active people in the AA (see Box 1) to ask them if they would like to participate. Community members volunteering for the Initiative Group will be informed that they will facilitate the process but will not have voting rights.
b. Community members volunteering for the Initiative Group will be asked to sign an EOI.
c. The CDSO shall inform the AO Head of interested community members. In the event that no community members express interest, the CDSO shall confer with the AO Head to identify potential candidates.
d. The IG members shall be named in an order by the Head of the AO.
e. All members sign Stakeholder Code of Conduct (see Annex 1.2) at the first training.

Output 1.4 Composition of IG approved by the Order of AO Head and copy provided to ARIS

Output 1.5 All participating IG members sign Stakeholder Code of Conduct

Step 1.4- AO Head and CDSO jointly identify participants of Community Core Training

a. AO Head, through his/her staff, asks community members to volunteer if they would like to participate in the core trainings.
b. Community members contact the Head of the AO or CDSO to express interest.
c. AO Head compiles a list of members of the community (not on the Initiative Group) who have elected to attend the community training (see Table 5) and provides this list to the CDSO.

Output 1.6 The list of training participants is provided to ARIS

Step 1.5- CDSOs and IG members plan VIP-3 implementation in the AA

a. CDSO provides the IG with an orientation on the requirements and procedures laid out in the POM and discusses the list of activities the Initiative Group/ AO staff should undertake in the framework of the sub-project and/or micro-project selection.
b. Based on this information, the AO Head and staff and the IG members formulate a work plan (using the template in Annex 1.5) indicating the activities and expected outcomes, the date of activities, the identification of responsible IG members for each event and the required documents for implementation of each activity.
c. The work plan is submitted to the AO Head for inclusion in an AO Decree/Order that will govern the VIP3 activities.

Output 1.7 Work Plan for project implementation on the AO territory approved by the Order of AO Head

Step 2: Capacity Building

13.   **Three types of capacity building**- discussed in detail below- are offered to AO staff and community representatives under VIP3:

(1) Training specific to identifying and implementing VIP-3 social mobilization and investments (known as Specialized training);

(2) General information on local governance in Kyrgyz Republic (known as Core training); and

(3) Training and mentoring for women to assume leadership roles (known as Peer-to-peer learning).

14. **Specialized Training (1) - Offered to AO Staff and IG Members from AAs Competing for Sub/microprojects**

- The Specialized training curriculum is open only to those AAs eligible to compete for sub or micro-projects.
- Specialized trainings will be provided by the CDSOs and are conducted in the respective Raion centers.
- The gender participation target for these specialized trainings is 30% women in each and every training. For specialized trainings for procurement and O&M, women staff members of the AO should be invited in addition to the target audience below if necessary to reach the 30% target.

15.   The curriculum modules, target audiences and timing are shown in Table 4 below:

Table 4: Specialized Training Modules

#	Content of Training	Target Audience	# of Days
Specialized Training Pre-Award (Component 1) [11]			
1	Anti-corruption requirements *New module*	Initiative Group (4 per AA- min. 30% female)	1-day training
2	Needs Identification Skills • Facilitation skills • Formulation of Village Profiles • Participatory Rapid Appraisal (PRA) • Formulation of Citizen's Budgets *New module*	Initiative Group (4 per AA- min. 30% female)	1-day training
4	Formulation of the Local Development Strategy (LDS) and Investment Plan	Initiative Group (4 per AA- min. 30% female)	1-day training in
3	Proposal Preparation • Preliminary Budget[12] • Environmental and Safeguard Training • Documentation requirements *New module*	Initiative Group (4 per AA- min. 30% female)	1-day training
Specialized Training Post-Award (Component 2)			
5	Procurement Procedures	AO Tender Commission Members (3 per AA) min. 30% female	1-day training
6	Social Accountability Scorecards and Participatory Monitoring & Evaluation *New module*	M&E Group Community members	1-day training

---

[11] These modules will be delivered to the members of the Initiative Group identified in Step 1.3.

[12] In particular, AOs have shown that they need significant assistance to draft proposals that demonstrate that the investment would be 100% functional at completion and to develop realistic proposed budgets. Curriculum will be revised to strengthen these aspects of the training.

		(3 per AA) min. 30% female	
7	Operation and Maintenance Requirements	AO Heads (1 per AA) min. 30% female	1-day training

16. **Core Training (2) Offered to AO Staff and Community Members – open to all 266 AAs**

- The Core training curriculum is offered to all 266 AAs in the four target oblasts, to build capacity to conduct a participatory planning process. All AOs can send staff and community members even if they are not eligible for investment or do not wish to compete. CDSOs will contact AO Heads by telephone and field visit in the two months prior to the trainings to ensure that as many staff and community members in their AAs are encouraged and able to attend.
- Core trainings will be provided by external short-term consultants hired and trained by ARIS (see Chapter 4).
- The modules below will be delivered to a minimum of 5 AO staff, 5 AK members and 5 community members per AA. A minimum of 30% of trainees must be women. For groups of government officials where it is difficult to reach the 30% target, more junior AO staff and or female community representatives can be invited to increase the number of women sufficient to meet the target.
- Trainings are conducted in the respective Raion center.
- The effectiveness of this training is measured in the Results Framework by Indicator C.1.1 "Percentage of beneficiaries with increased knowledge of local governance topics covered under project trainings." The questionnaire administered to participants to collect data for this indicator is provided in Annex 2.1.
- The curriculum consists of the following modules and will be refreshed using international expertise if required.[13] The modules and their delivery to target audiences is shown in Table 5 below:

Table 5: Core Training Modules

#	Content of Training	Target Audience	# of Days
1	Core training- AO Staff 1. Legal basis of local self-government 2. Formation and execution of local budget 3. Participatory Needs Assessment and Needs-Based Development 4. Formulation of Citizen's Budgets (see Box 1) *New module* 5. Basic principles of gender budgeting *New module* 6. Municipal Property Management	Aiyl Okmotu staff specialists (5 per AA) Aiyl Kenesh Deputies (5 per AA) Min. 30% women	3-day training in October
2	Core training- Community 1. Budget literacy *New module* 2. Basic principles of gender budgeting *New module* 3. Legal basis of local self-government 4. Conflict management	Community members (5 per AA) Min. 30% women	2-day training in November
3	Core training- Heads of AO/AK 1. Legal basis of local self-government 2. Formation and execution of local budget	AO Head and Chairperson of Aiyl Kenesh[14] (2 per AA)	3-day training in December

---

[13] VIP3 staff capacity building to deliver and support these new components is set out in Component 3.

[14] Gender breakdown of AO Chairs and AK Deputies is beyond the reasonable control of ARIS. Women currently make up a very small proportion of these positions currently (only 4% AO Heads and 7% of AK Deputies in the 4 Obasts). These women will be invited personally by telephone and letter by the CDSOs to encourage their participation. In order to reach the 30% gender target for this training, female AK members and/or AO staff members will also be invited to participate.

	3. Participatory Needs Assessment and Needs-Based Development 4. Formulation of Citizen's Budgets *New module* 5. Basic principles of gender budgeting *New module* 6. Municipal Property Management	Min. 30% women	

Box 1. Creation and Dissemination of Citizen Budgets

A Citizens Budget is a simple, non-technical version of a government's budget presenting key information to the public. It can be in the form of a brochure, handout, poster or report and usually presents information visually in charts and graphs to make the information easy to understand.

At a minimum, the Citizen's Budget should provide the public with information on main sources of revenue and expenditure. See the template provided in Annex 2.4. For example:
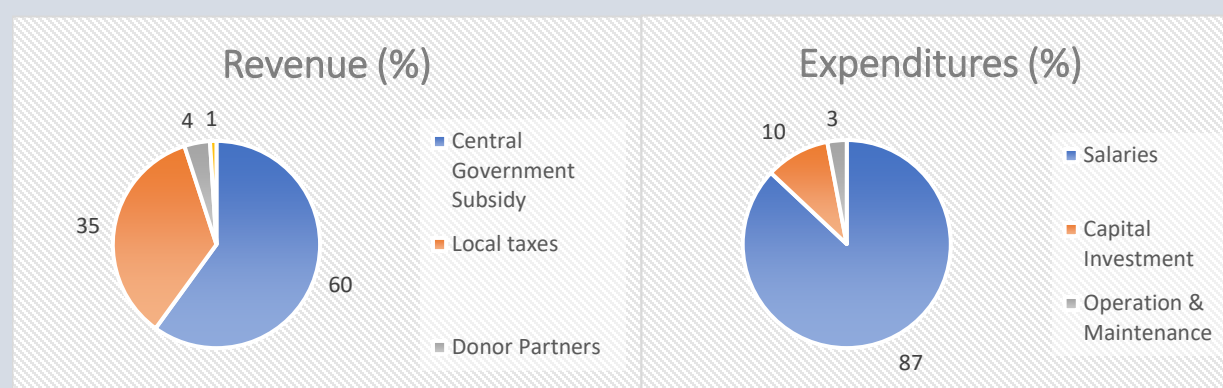
 For VIP3, the purpose of preparing and disseminating a Citizen's Budget is to help the public understand what sources of funding might be available for investments and what projects have already been planned and funded for the current fiscal year. This will increase informed participation in the planning process. Approved capital expenditures for the current fiscal year should be explained in some detail.

The Citizen Budget will also be helpful during the annually required Public Budget Hearing described in Chapter 3 Investment.

17. **Peer-to-peer Learning (3) - Open to all 266 AAs**

- VIP3 will support three events annually focused on women, as shown in Table 6. These will include capacity building for female AO staff and active women community members, an exchange visit and a roundtable.
- Invitations will be issued to women facilitators, AO Heads, AO staff and AK members, and women community members.
- The effectiveness of this training is measured by Indicator C.1.4 "Satisfaction rate of beneficiaries who attended exchange visits (peer to peer learning)." The questionnaire administered to participants to collect data for this indicator is provided in Annex 2.2.

Table 6: Peer -to-peer Activity for Women

#	Content	Target Audience	# of Days

1	**Trainings** on: • Financial literacy - planning of family budget • Business planning - income-generating projects	Women community members (2 per AA)	2 days in July
2	**Exchange visits** for women *New activity* • Visit to regional examples of women's leadership in the political or economic spheres	Women members of Initiative Groups/ Women members of AO staff	3 days in August
3	**Roundtables** Agenda focuses on role of women in local decision-making	Women members of Initiative Groups/ Women members of AO staff	1 day in August

18. **Training material revision and update**. Materials for all specialized and core trainings will be updated annually to reflect feedback of trainees and any changes in the laws, rules and procedures governing VIP3 (such as the revision of this POM). Any edits to the training materials must be done in track changes and the revised module submitted to the Bank for no objection.

19. **Scheduling of the specialized training** are done such that trainings are received by beneficiaries at a time and sequence that supports the local planning and budget cycle. Due to this, the steps below are not performed in a consecutive fashion. The months in which they will occur are shown in the tables above.

20. **The steps to be taken in providing the trainings are**:

Step 2.1- CDSOs Conduct Specialized Training

a. CDSOs invite Initiative Group members to training at Raion center.
b. CDSOs conduct trainings per the schedule shown in Table 4.

Output 2.1: For Oblast Contest Participants - 128 Trainings attended by 3,200 people

Output 2.2: For Contest Winners – 3 Trainings attended by 7 people in each winning AA (number TBD after number of winning AAs is confirmed)

Output 2.3: Initiative Group members able to develop the Village Profile, the LDS and SP/MP proposals

Output 2.4: Community Facilitators on Initiative Group able to facilitate and properly document community meetings and conduct PRA

Output 2.5: All stakeholders involved in VIP-3 learn about World Bank policies on corruption.

Step 2.2- Consultants Conduct Core Training

a. CDSOs invite AO, AK and community members to training at Raion center.
b. Consultants conduct trainings per the schedule shown in Table 5.
c. At the beginning and end of each training, CDSOs administer pre- and post- tests to training participants to evaluate their level of knowledge on the subject matter using the questionnaires in Annex 2.1.
d. CDSOs collect the completed questionnaires.
e. Oblast Capacity Building Specialists input the data to the MIS system per the instructions in Annex 4.5.

Output 2.6: Over 180 Trainings attended by 4,500 people in each Cycle

Output 2.7: At least 60% of beneficiaries with increased knowledge of local governance topics

Output 2.8: AO staff able to create a "Citizen's Budget" and aware of and able to explain gendered impacts of local government budgeting.

Step 2.3- Social Mobilization and Capacity Building Specialists Conduct Peer-to-Peer Learning Events

a. CDSOs invite female AO, AK and community members to the peer learning events.
b. Oblast and Central Office social mobilization and capacity building specialists facilitate the events held per the schedule shown in Table 4.
c. At the end of each peer exchange, CDSOs administer a questionnaire to participants to evaluate their level of satisfaction and whether they can apply what they learned using the template provided in Annex 2.2.
d. CDSOs collect the completed questionnaires.
e. Oblast Capacity Building Specialists input the data to the MIS system per the instructions in Annex 4.5.

Output 2.8; Minimum of 532 women complete training on financial literacy and budget planning

Output 2.9: No fewer than 500 women attend leadership roundtable discussions and exchange visits per Cycle

Output 2.10: At least 80% of beneficiaries satisfied with peer exchange visits

Step 3: Sub-Project and Micro-project Selection

21.   **Sub-projects and microprojects in Cycle 2-3 are open to all AAs (that have not already won a VIP3 subproject) and may be used for any type of investment not included on the negative list (see Box 2 below).** While Box 2 also provides examples of the type of investments communities may wish to make, this should not be considered a complete list. Communities should have the opportunity to identify their needs and prioritize among them. Sub-projects identified through the community mobilization process may entail:

- New capital construction, significant repairs, or renovation. Investments can be in any sector including electricity, water and sanitation, irrigation, pasture management, roads, and social infrastructure (e.g. medical or educational facilities).

- Investments that are located between a number of villages; for example, roads, water supply or irrigation;

- Investments may involve multiple structures within the AA- the justification would likely explain that the investment serves to address a common, critical need held by multiple villages in the AO (e.g. a First Aid Point). For example, if *Village A* selects construction of a kindergarten as their top priority and *Village C* selects re-roofing their school as their top priority, the community may vote to combine these two priorities into one sub-project proposal intended to improve access to education for the children in the AA as long as the total budget amount is under the maximum limit.

Box 2. Ineligible Investments

	Original POM	Revised POM
Ineligible Investments	• Sub-projects/micro-projects related to existing or proposed storage capacity for explosive or hazardous materials, • Manufacture or sale of hazardous substances such as those with carcinogenic, mutagenic or teratogenic properties including creosotes and chlorinated solvents • Service and repair of appliances with chloro-fluorocarbons (CFCs) • Storage or packaging of pesticides and herbicides • Mining and mineral extraction (except for small scale coal, sand, stone and gravel) • Production or processing of tobacco products • Production, distribution or sale of illegal pesticides • Sale of natural products listed under CITES Appendix • Any activity with significant use of radioactive materials • Use or production of chlorofluorocarbons (CFCs) • Production of products containing polychlorinated biphenyls (PCBs) • Other projects that are deemed to be detrimental (by ARIS or the selection committee) to the immediate and surrounding communities, environment at large, and/or similar projects already funded through other financing instruments • Recurrent costs (for example, textbooks for a school, pharmaceuticals for a health center, raw materials for	• Sub-projects/micro-projects related to existing or proposed storage capacity for explosive or hazardous materials, • Manufacture or sale of hazardous substances such as those with carcinogenic, mutagenic or teratogenic properties including creosotes and chlorinated solvents • Service and repair of appliances with chloro-fluorocarbons (CFCs) • Storage or packaging of pesticides and herbicides • Mining and mineral extraction (except for small scale coal, sand, stone and gravel) • Production or processing of tobacco products • Production, distribution or sale of illegal pesticides • Sale of natural products listed under CITES Appendix • Any activity with significant use of radioactive materials • Use or production of chlorofluorocarbons (CFCs) • Production of products containing polychlorinated biphenyls (PCBs) • Other projects that are deemed to be detrimental (by ARIS or the selection committee) to the immediate and surrounding communities, environment at large, and/or similar projects already funded through other financing instruments • Recurrent costs (for example, textbooks for a school, pharmaceuticals for a health center, raw materials

	a processing enterprise, or electricity and chemicals for a water supply system). • Any structure not on the balance sheet of the AO (i.e. structures belonging to private parties or raion government)	for a processing enterprise, or electricity and chemicals for a water supply system). • Any structure not on the balance sheet of the AO (i.e. structures belonging to private parties or raion government) • Any non-poverty focused facility, especially those that are not gender neutral. Sports halls, wrestling gyms, and mini football fields will not be eligible in cycles 2 and 3 to refocus the project on fulfilling basic infrastructure and service needs. This includes renovations to any government office buildings.
Eligible Investments (Illustrative Only)	No examples provided in POM but anecdotal evidence in Review that CDSOs were using as examples: • Facilities for which a standard design existed • "Social infrastructure" e.g. kindergarten, school, FAP, leisure facilities, etc. And at same time, dissuading communities from selecting water and roads.	Communities **may choose <u>any investment as long as it is not on the ineligible list</u>**. Examples that may be used in brochures and start-up meetings, noting they are not exhaustive, are: • Health facilities and/or specialized equipment • Kindergartens • School extensions (primary/secondary) • Community water supply (drinking water) • Sanitation facilities • Toilets in schools • Access and local roads • Lighting and local power supply systems • Electrical substations or transformers • Street lighting • Natural gas supply systems • Constructing or rehabilitating irrigation canals • Constructing or rehabilitating bridges • Pasture improvements • Sewage systems and pump stations • Rehabilitation or construction of solid or liquid waste disposal facilities • Erosion control works (including drainage and embankments) • Public bath houses • Multi-use community centers

22.   **Sub-projects are defined as small grants from $20,000 to $300,000**. Subprojects may include one or more structures that satisfy a common need, as long as the total amount financed by the project is not less than $20,000 and not more than $300,000.

23.   **Microprojects under Cycle 2 and 3 are also aimed to improve poverty-focus under the Project. In order to achieve the goal the selection process will allow ensuring the participation of vulnerable groups in the decision-making process. These small amount investments should be selected by and oriented to vulnerable groups.** The vulnerable groups are defined as one of 5 groups that based on estimations make 20-30% of population:

    i.   Vulnerable Group 1: Extreme poor (households holding the social passport);
    ii.   Vulnerable Group 2: Unemployed women (defined as women without access to land or formal employment);
    iii.   Vulnerable Group 3: households with one or more absent parents; families with 6 or more children;
    iv.   Vulnerable Group 4: disabled people and/or their guardians;
    v.   Vulnerable Group 5: ethnic minorities (if relevant to this AA).

24.   **Micro-projects are defined as investments with a total cost, to the project, of less than $20,000;**

- The proposed budget of the investment cannot require more than $20,000 from VIP3 funds, excluding the AO contribution which shall be not less 3,75% but shall not exceed it.

- One or more investments could make up a micro-project: For example, if sight impaired residents choose books in braille for the public library as their first choice, and women over 65 choose repairs to the public bath house as their first choice, the AK and AO may consider that both priorities could be funded within the $20,000 budget request to VIP3. In this case, both would be submitted as one package to the Oblast Contest to be evaluated and potentially awarded as a set. Micro-projects may also include investments that are located between villages.

- AOs should be aware that in cases where the total budget exceeds $20,000 because of the AO contribution the following rules apply and will be screened during the technical checklist:

  o The project must be planned and completed within the time period for the cycle;
  o AO contribution must be disbursed in full before the VIP3 contribution will be provided;
  o AO will be responsible for procurement of all contractors;
  o AO will be responsible for procuring and paying for technical oversight from their contribution.

25.   **The community mobilization process to select sub-projects and microprojects involves 5 key sub-steps at the AA level.** Key sub-steps are for Initiative Group members to (i) survey the community on their needs; (ii) collect statistical and budget data to inform community decision-making; (iii) facilitate focus group discussions among targeted community members; and (iv) facilitate a participatory decision-making process to choose an investment for submission to the VIP3 Oblast Contest among the competing community priorities. These steps are shown in Figure 4.

Figure 4: STEP 3 Sub-Project/Microproject Identification - Flowchart of Key Steps

3.1 Information Dissemination	3.2 Preliminary Needs Identification	3.3 Focus Group Discussions	3.4 Village Prioritization Meeting	3.5 AA Prioritization Meeting
• Initative Group disseminates information on project to community	• IG polls community on their needs • IG prepares Citizen Budget • IG prepares Village Profile	• IG conducts the FGD with mixed group, elderly • FGD for Vulnerable Groups 1, 2, 3, 4 and 5 • Each group elects 1 representative to VPM • Vulnerable FGD selects 1 MP for consideration at the AAPM	• FGD Reps Present top 2 priorities • Vote to choose 1 Village Priority • Elect 4 represent-atives (2 women; 2 men) of whom 1 man and 1 woman from vulnerable groups	• Village Reps present the SP Priority • Village Rep (vulnerable) presents the MP Priority • Identify any cross-Village investments • Vote on SP • Vote on MP

Step 3.1- Initiative group disseminates information on the project at AA Introductory Meeting

    a. CDSO furnishes IG in each AA with information materials prepared by VIP3 Central Office staff. These booklets and posters will describe:
        i. Project goals and objectives;
        ii. Implementation mechanisms and opportunities for community participation in the social mobilization process;
        iii. The simplified Code of Conduct for the community (shown in Box 3 below); and
        iv. Information on the Beneficiary Feedback System.
    b. IG members work with AO Head to convene an AA Introductory Meeting and invite representatives from each village. A template for the minutes of this meeting are provided in Annex 2.3
    c. IG members distribute at least 100 copies of the booklets and posters per village through the Village Heads.
    d. IG members and Village Heads invite community to participate in the FGD while they are distributing the materials.
    e. IG members work with Village Head to post the "Community Dos and Don'ts" in frequently visited locations, such as the school, AO Bulletin Board, etc.

Step 3.2- Initiative group surveys community members, prepares village profiles and citizen budget

26.   **The second step in the community mobilization process for sub-project selection is to identify general needs in the community** through:

- A survey covering at least 30% of residents (half of respondents should be women).
- The Village Profile (see Annex 2.5 for template). The Village Profile provides general statistical data on poverty, social infrastructure, projects already financed for the current fiscal year, and other sources of funding (public and private).
- A Citizen's Budget (see Box 1).

Step 3.2.1 – Initiative Group members survey the community

    a. When passing out information brochures in Step 3.1, IG members ask 100 villagers what they consider to be the top need of the village.
    b. IG compiles the responses and enters them to a spreadsheet.
    c. IG counts responses, producing a ranked list of needs.
    d. Three most frequently requested needs should be included in the list of proposals voted on in the Village Prioritization Meeting (see Step 3.4 below).

Box 3. Simplified Anti-Corruption Message for Communities

VIP3 Community Code of Conduct

Do's
1. Be honest and responsible in your job.
2. Be open and transparent in your actions.
3. Observe the laws of the Kyrgyz Republic.
4. Observe the rights of everyone.
5. Respect the community and engage equally all women, men, disabled persons, the poor, and any ethnic or religious groups.

Don'ts
1. Don't take bribes or gifts, money, goods, materials for personal use.
2. Don't falsify documents.
3. Don't give contracts to friends or relatives.
4. Don't use or abuse the project for personal gain.
5. Don't hire children under 15 years of age for sub-project construction. And don´t exploit labor.

Step 3.2.2 Initiative Group prepares Village Profiles

a. IG confers with the AO staff to complete the statistical information in the Village Profile following the guidelines provided in the VIP3 Training.
b. IG uses data from the survey to complete the qualitative sections of the Village Profile on the challenges and needs in the village.
c. AO Head signs the Village Profile once it is complete.

Step 3.2.3 Initiative Group prepares Citizen Budget

a. IG members work with the AO Finance Officer to prepare the Citizen Budget (see Box 2) using the template in Annex 2.4 that will be covered in the VIP3 Training.
b. IG members with AO staff and Village Heads post the prepared Citizen Budget in prominent community places (School, AO Bulletin Board, etc.). These should be posted prior to conducting the FGDs.

Output 3.1 Survey of Village Residents

Output 3.2 Completed Village Profile

Output 3.3 Completed Citizen Budget

Step 3.3- Initiative Group Conducts Focus Group Discussions

27.   **The third step of the SP identification process is to conduct focus group discussions (FGDs).** The FGDs are led by the Facilitators selected from the Initiative Group members whose role is to act as a neutral actor soliciting the views of others in a respectful and constructive manner. Facilitators may not introduce their own ideas or seek to influence the views of others. FGDs must be held in each village in the AA.

28.   **Purpose** - to solicit the views and opinions of target groups regarding investments needed in the community. Each target group shall produce a ranked list of these needed investments in order of priority. The top two ranked priorities for each target group will move on for consideration at the Village Prioritization Meeting.

29.   **Participants**- Should be residents of the village. It is recommended that each group have approximately 7-10 participants to enable open and flowing conversations. Community members may only participate (and vote) in one FGD. FGDs should be conducted for 7 separate groups, thus FGDs will involve a total of approximately 50-70 people.

a. Minimum participation of 30% women in each of the individual FGDs except for the ==vulnerable== women's (100% women).
b. Attendees are separated into target groups as follows:

Focus Group to determine SP	Focus Group to determine MP
1. Elderly – defined as those over 65 years of age 2. Professional Group– includes employed women and men that receive salaries; 3. Vulnerable Group 1: Extreme poor (households holding the social passport); 4. Vulnerable Group 2: Unemployed women (defined as women without access to land or formal employment); 5. Vulnerable Group 3: households with one or more absent parents; families with 6 or more children; 6. Vulnerable Group 4: disabled people and/or their guardians; 7. Vulnerable Group 5: ethnic minorities (if relevant to this AA)	1. Vulnerable Group 1: Extreme poor (households holding the social passport); 2. Vulnerable Group 2: Unemployed women (defined as women without access to land or formal employment); 3. Vulnerable Group 3: households with one or more absent parents; families with 6 or more children; 4. Vulnerable Group 4: disabled people and/or their guardians; 5. Vulnerable Group 5: ethnic minorities (if relevant to this AA)

30.   **Timeframe**- FGDs should take approximately 1 to 1.5 hours each. Depending on the number of facilitators available, the FGDs may be organized simultaneously or at consecutive times. It is desirable to complete all 7 FGDs within one week.

31.   **Documentation of results**- The FGD results will be recorded in Minutes drawn up for each group, which should contain the following minimum information (see template in Annex 2.6 and Annex 2.7):

- The list of participants who attended the FGD with their name, contact phone number and signature and a group photo of all people in attendance;
- Registration sheet with results of voting and ranking the community needs identified in the FGD;
- Names and contact information of the FGD representatives to the VPM;
- Photos of the meeting (see template for detailed instructions);
- If voting was by stickers / notes on the wall or on the board, then photos showing this process should be attached;
- Originals of the Minutes with the attendance sheet, photos and ranked priority lists are kept by the AO; copies are collected by CDSO.

Step 3.3.1- Initiative Group Prepares FGDs

a. Initiative Group members set date(s) & time(s) convenient to the community taking into consideration women's household responsibilities and the agricultural season responsibilities.
b. Initiative Group members select venue. If possible, it should have adequate heating, seating and lighting and be free from noise/interruption (e.g. schools, cultural halls, government offices, etc.).
c. Initiative Group members and Village Elders invite participants to attend, announcing this through neighborhood committees.[15] All neighborhoods/streets should be represented to the extent possible.

---

[15] In smaller villages that do not have neighborhood committees, invitations should be issued by the Village Head.

d. Initiative Group members responsible for FGDs prepare all necessary equipment and materials including flipcharts, stickers or paper, markers, masking tape, etc.

e. Initiative Group members makes special arrangements if needed to arrange transport for elderly and disabled.

f. Members of the Initiative Group decide among themselves who will act as "Facilitator" and who will act as "Secretary." The Facilitator should be a woman for at least half the FGDs, including the vulnerable women's group. AO staff should not be selected as Facilitator but may serve as Secretary. The IG should also identify a member responsible for taking photographs of the FGD.

Step 3.3.2- Initiative Group Conducts FGDs

a. FGD participants are asked to sign the attendance sheet when arriving for the meeting using the template in Annex 2.6.

b. IG members open the FGD with a "General Information" introduction session that includes:
    i.   Changes in the project design focusing on problems of the poor, gender, and integrity (transparency and social accountability), and the stages of the project cycle (no more than 15 minutes)
    ii. Key data from the Village Profile and the "Citizens Budget" with a view to informing the needs identification process followed by question-answer (no more than 15 minutes)

c. IG members asks participants to break into small groups. These should be held in separate rooms if possible, according to the target groups above.

d. For each group, the Facilitator selected in Step 3.3.1 above explains the methodology that will be used and the "house rules" regarding respectful and constructive inputs (5 mins)

e. Participants collectively review and verify the Village Profile. They should confirm, in particular:
    (i) social infrastructure needs
    (ii) investments already funded for the fiscal year
    (iii) the number and concentration of vulnerable people (15 mins)

f. Participants brainstorm community needs through an open discussion (30 mins)

g. Participants prioritize top 4-5 needs as follows: (10 mins)
    i.   The Facilitator and Secretary write all the choices raised in the brainstorming (one per piece of paper) deleting all items deemed unfeasible in the discussion and combining items as necessary to avoid duplication. Secretary posts the choices on a wall.
    ii. The Secretary should distribute three stickers (or sheet of paper) for each participant; Explain that if they feel strongly about an option for SP, they can write it 3 times. [Note that trying to prioritize in large group discussions with a show of hands is often ineffective and is often dominated by more powerful or outspoken participants]
    iii. Facilitator invites everyone to vote simultaneously (instead of lining up) by placing their sticker/paper on the wall under the appropriate sign. This can look "chaotic" but is faster and more confidential then lining up.
    iv. Once everyone has finished voting, the Facilitator counts the number of votes for each item and the Secretary photographs the walls/vote and makes ranked list.
    v.   **For Vulnerable groups**- participants should receive an extra sticker to vote their top choice for MP. Vulnerable groups vote first for SP. Then after SP votes are counted, they vote for MP. The top choice for MP will be voted immediately following the FGDs.

Output 3.4 Ranked list of Priorities for each FGD. Top rank from each vulnerable MP selection will be presented at the joint session directly following the FGD. ONLY the top two ranked needs for SP from each group thus identified will be presented at the Village Prioritization Meeting.

49

Step 3.3.3 FGD Participants Elect Representative to Village Prioritization Meeting

a. Facilitator asks each FGD to elect 1 person to present their groups' top two priorities at the VPM.
b. Facilitator asks FGD participants to volunteer themselves and/or asks for nomination by the group of someone physically present in the FGD. Facilitator encourages participants to elect women representatives, explaining that there is a target of 30% female representatives.
c. Once candidates are identified, facilitator asks participants to elect a representative by show of hands.

Output 3.5 Names of the FGD Representatives elected to present the priorities of their group at the Village Prioritization Meeting

Step 3.3.4 Vulnerable Group FGD Participants Hold Joint Session to Select the Village MP Proposal

a. Facilitator asks participants of all 5 Vulnerable Group FGDs to come together in one room immediately following the FGDs.
b. Secretary uses the minutes template in Annex 2.7. Separate photos should be taken of this session, particularly the voting.
c. Facilitator posts on the wall the top choice of each of the 5 Vulnerable Groups and combines any choices that were the same for more than one group.
d. Facilitator provides each person from the Vulnerable Groups assembled one sticker.
e. Participants vote as above in 3.3.2 (g).
f. Facilitator counts the number of votes. The identified priority with a simple majority of votes is the selected MP for this Village and will be presented at the AAPM.

Output 3.6 Ranked list of MP Priorities for this village. ONLY the top ranked need for MP thus identified will be presented at the Aiyl Aimak Prioritization Meeting (If there is only one village in the AA this is the need that will be presented to the Aiyl Kinesh for endorsement).

Step 3.4- AO Head and IG Hold the Village Prioritization Meeting

32. **The fourth step of the sub-project needs identification is to conduct a Village Prioritization Meeting (VPM) to select the SP proposal for the Village.** The VPM is led by members of the Initiative Group whose role is to act as neutral facilitators soliciting the views of others in a respectful and constructive manner. Initiative Group members may not introduce their own ideas or seek to influence the views of others and do not vote in the meeting. An AK Representative from the village should serve as Chair but does not have voting rights. VPMs must be held in <u>each</u> village in the AA.

33. **Purpose** – (i) to solicit the views and opinions of residents, (ii) vote on the highest priority investment needed for that village, and (iii) elect community representatives to the AA Prioritization Meeting.

34. **Participants-** The VPM is open to all residents of the village and should involve as many people as possible.

- **Quorum**- attendance should be equivalent to no fewer than 60 people for the village meeting. In cases where the village population is small (under 100 adults), the required quorum is a number

equivalent to one representative from 2 of 3 households in the village (for example, in a village with 30 households, 20 participants would be required at the Village Meeting).

- **Gender requirement**- Minimum participation of women is 30% of total participants (18 women in a group of 60 participants).

35.   **Timeframe-** The VPM should take approximately 1.5 to 2 hours.

36.   **Documentation of results-** Results will be recorded in the Minutes which should contain the following minimum information (see template in Annex 2.8 for AA with more than one village and Annex 2.9 for AA with only one village):

- The list of participants who attended the VPM with their name, gender, contact phone number and signature;
- Registration sheet with results of voting and ranking the community needs identified in the FGD showing the top priority identified;
- Names, gender and contact information of the FGD representatives to the VPM;
- Photos of the meeting;
- Photos of the voting; if voting was by stickers / notes on the wall or on the board, then photos showing the wall should be attached;
- Originals of the Minutes with the attendance sheet, photos and ranked priority lists are kept by the AO; copies are collected by CDSO and brought to the Oblast Office for data entry and storage according to the guidelines provided in the M&E section of Chapter 4.

Step 3.4.1- Village Head and Initiative Group Prepare Village Prioritization Meeting

a. Village Head sets date, time and venue in agreement with the AO.
b. Village Head invites community to the meeting, emphasizing importance of female participation, using various channels including bulletin boards, home visits, loudspeakers, announcements to the school, etc.
c. Village Head working with AO Social Welfare Officer makes special arrangements if needed to ensure that elderly and disabled are able to attend.
d. IG members prepare all necessary equipment and materials for discussion and voting (flipchart, markers, colored paper, "ballot boxes" made out of boxes or other closed container).
e. Community members of the Initiative Group decide among themselves two "Facilitators" (1 man/1 woman) and two "Secretaries" (1 man/1 woman).

Step 3.4.2- IG conducts the meeting to select priority investment

a. AK Representative opens meeting with reminder of VIP3 poverty focus/criteria; Facilitator explains agenda and process (5 mins)
b. Each FGD Representative presents their group's top two priorities for SP (35 mins max for 7 groups)
c. Initiative Group member presents the three priorities most often mentioned in the community survey in Step 3.2.1
d. Facilitator leads general discussion of priority needs in the community and notes any new needs identified on a flipchart (20 mins)
e. AK Representative calls for a vote on the options identified above. The vote may be conducted in 2 ways:

Option 1. Ballot (preferred as it allows individuals to voice their preferences with privacy).

    i.   Facilitator prepares box for each choice with the name and a picture or drawing of the proposed project on the box so people know what choice it represents.

   ii.   Each person receives 1 card/piece of paper

  iii.   Each person deposits paper into the ballot box of their choice.

  iv.   Once voting is completed, Facilitators count votes from each box in front of the assembled group.

   <u>Option 2. Show of hands</u>

    i.   Each option is put to vote and people in support are asked to raise their hands if they believe it should be the top priority (each person present may only vote once).

   ii.   Facilitator and Secretary take notes of how many people vote for each option

  iii.   In event of a tie, the top two options are put to vote.

  iv.   IG members count results and note how many people voted for each option regarding to SP

- **The proposal for SP that wins the majority votes shall be selected.**

- **ONLY one priority for SP will be put forward at the AA Prioritization Meeting (AAPM) from each village.**

- **Note: If there is only 1 village in the AA**, this choice is the SP selection for the Oblast Contest and cannot be changed. In this case, there is no need for an AAPM and the AO and AK Heads should endorse this choice along with the choice for MP selected in Step 3.3.4 using the forms in Annex 2.9. AAs with only one village can skip step 3.4.3.

Step 3.4.3 Community Elects Representatives to AA Prioritization Meeting

a. Facilitator asks each Village to elect 4 representatives (2 Men, 2 Women, of which 1 man and 1 woman from the Vulnerable Groups) to represent the village's SP proposal. The two representatives of Vulnerable Groups will vote in the selection of SPs and also at the selection of MPs at the AAPM. Facilitator should explain that:

    i.   Representatives will be responsible for presenting the priorities of the group and voting at the AAPM.

   ii.   Qualifications include: resident of the village, ability to speak in front of a large group, confidence of the village residents that they will represent the priorities, willingness to travel to AA center for the meeting, preferably literate in order to facilitate voting at AA meeting.

  iii.   The community is encouraged to elect women representatives, explaining that there is a target of 50% female representatives.

b. Facilitator asks VPM participants to volunteer themselves and/or asks for nomination by the group of someone physically present.

c. Once candidates are identified, participants elect a representative by show of hands.

Output 3.7 Minutes with ranked list of priorities and winning SP for the village

Output 3.8 Names of the Village Representatives elected to go to the AA Prioritization Meeting

Step 3.5- AO Head Convenes Aiyl Aimak Prioritization Meeting to Select Priority for Submission to VIP3[16]

37.   **The fifth step of the sub-project need identification is to conduct an Aiyl Aimak Prioritization Meeting (AAPM).**[17] The AAPM is led by the Facilitators whose role is to act as a neutral actor soliciting the views of others in a respectful and constructive manner. Facilitators may not introduce their own ideas or seek to influence the views of others and may not vote. The AO or AK Head should serve as Chair. This meeting may be combined with a legally required AO or AK meeting (for example the public budget hearing) as long as it is open to the public.

38.   **Purpose** - to select one top priority for SP and one top priority for MP from among village (or between a number of villages) priorities for submission to the Oblast Contest.

39.   **Participants-**
   - The AA PM is open to all residents of the AA.
   - Aiyl Kinesh members should be present.
   - 4 elected Representatives from each village should be present, including 2 representatives from vulnerable groups - 1 man and 1 woman - presenting the MP proposal.[18]
   - **Gender requirement**- Minimum participation of women is 30%.

40.   **Voting Rights**- the selection of the sub-project will be made by a vote of a limited number of people who have been elected by their community as follows:
   - Voting rights by two Aiyl Kinesh deputies from each village. The deputies from each village shall independently determine who among them shall have the right to vote for their village, keeping in mind the need to reach 30% women.
   - 4 elected Representatives (including 2 from Vulnerable Groups- 1 man and 1 woman) from each village have voting rights for SP.
   - The 2 Vulnerable Group Representatives from each village also have voting rights for MP.
   - Voting members of the meeting are identified in a separate page in Annex 2.9.
   - Aksakal **do not** have voting rights unless they are present in the capacity of elected representative of their village.
   - AO Heads, AO staff and Village Heads **do not** have voting rights.

41.   **Timeframe-** The AAPM should take approximately 1 to 1.5 hours.

42.   **Documentation of results**
   - See Annex 2.10 for template of the minutes for this meeting.
   - All participants must sign attendance sheets with their name, gender and address
   - Photos should be taken of the meeting and in particular the voting (separate photos of SP and MP vote;)
   - Group photo of voting members in attendance
   - Originals of attendance sheet, photos and ranked priorities kept by the AO; copies collected by CDSO.

---

[16] If there is only one village in the AA, this step is skipped. However, the final page of the AAPM minutes showing AO and AK endorsement should be filled out and attached to the VPM minutes (see Templates in Annex 2).

[17] Adjustment to POM- This meeting replaces the former AA Contest Commission to have a more democratic and transparent process.

[18] If one of these representatives is not available to attend for any reason, an alternate of the same sex will be sent from their village from among the elected FGD representatives to the Village Meeting and this change shall be noted in the attendance list.

- Once vote is completed, the minutes are signed by the Village Representatives and the AK Members at the bottom or margins (not on a separate piece of paper). Original is submitted to ARIS; copy is kept by AO.

Step 3.5.1- AO and Initiative Group prepare the AAPM

a. AO sets date, time and venue. taking into consideration women's household responsibilities and the agricultural season responsibilities.
b. AO selects venue. If possible, it should have adequate heating, seating and lighting and be free from noise/interruption (e.g. schools, cultural halls, government offices, etc.).
c. AO (through Village Head and IG members) invites community to the meeting, emphasizing importance of female participation, using various channels including bulletin boards, home visits, loudspeakers, announcements to the school, etc.
d. AO Social Welfare Officer makes special arrangements if needed to ensure that elderly and disabled are able to attend.
e. IG members prepare all necessary equipment and materials for discussion and voting (flipchart, markers, colored paper, "ballot box" made out of box or other closed container).

Step 3.5.2- AK Head and Initiative Group Conduct the meeting to select priority investment

a. AK Head opens meeting with reminder of VIP3 poverty focus/criteria; Facilitator explains agenda and process (5 mins)
b. Elected Village Representatives present their group's top SP priority (5 min each Village) including:
    i. Which FGD suggested the proposal
    ii. How many people voted for it in the Village Meeting
    iii. Who will benefit from the proposal; and
    iv. Why it was considered the top priority (need statement)
c. Any needs identified in multiple villages that address the same problem (for example if 2 of 3 villages are having obstacles to health care and both request repairs to their FAP as their top priority) should be identified at this point and can be voted on as a cross-village option.
d. Facilitator writes list of options on a flip chart using the format shown in the Minutes Template. Note that no new proposals can be added at this meeting- voters must select from the proposals of the village and the cross-village proposals.
e. Facilitator prepares box for each choice with the name and a picture of the proposed project on the box so people know what choice it represents.
f. Voting members in attendance (i.e. AK members and 4 representatives from each village) vote for their choice for SP by ballot:
    i. Each participant having the right to vote is given one sheet of paper. The voting members are requested to write their preferred investment option for SP on the individual sheet of paper and place it in the ballot box.
    ii. Once voting is completed, Facilitators count votes in front of the assembled group.
    iii. In event of a tie, the top two options are put to vote.

Step 3.5.3- AK Members and Vulnerable Group Representatives select MP investment

a. Vulnerable Group representatives present the proposals from each village
b. AK members and Vulnerable Group representatives vote for their choice for MP by ballot:

54

i. Each participant having the right to vote is given a second sheet of paper in a different color then the first piece of paper. The voting members are requested to write their preferred investment option for MP on the individual sheet of paper and place it in the ballot box.
ii. Once voting is completed, Facilitators count votes in front of the assembled group.
iii. In event of a tie, the top two options are put to vote.

Output 3.9 Minutes of the AA Prioritization Meeting showing the winning proposal for SP and winning proposal for MP.

43.   **Investment with simple majority wins and may not be changed.** This is the proposal for the OCC. The AO must certify that the proposed investments (a) have not secured funding from another donor and (b) that 3.75% of the approximate budget would be a feasible amount for the AO to contribute.

Step 4: Updating Local Area Development Strategy (LDS)

44.   **Investment proposals submitted to the VIP3 Oblast Contest must be included in the Investment Plan.** Once the top voted sub-project and/or micro-project need have been identified, the next step is for the local government to update the LDS and Local Investment Plan (IP) to reflect needs identified through the participatory process. The LDS is discussed with the community at the LDS Public Hearing. After that, the Initiative Group develops the proposal for the Oblast Contest (see Step 6 below). These steps – which apply to both sub-projects and micro-projects – are shown in Figure 5.

Figure 5. STEP 4: Update LDS Flowchart

5.1 Update LDS	5.2 LDS Public Hearing	5.3 AK endorses LDS
•IG includes selected investment and ideas raised in social mobilization that are not yet in the LDS/ Investment Plan	•AO and AK Heads organize legally required LDS Public Hearing •Proposed Investment Plan presented	•AK votes to endorse LDS and Investment Plan for upcoming fiscal year
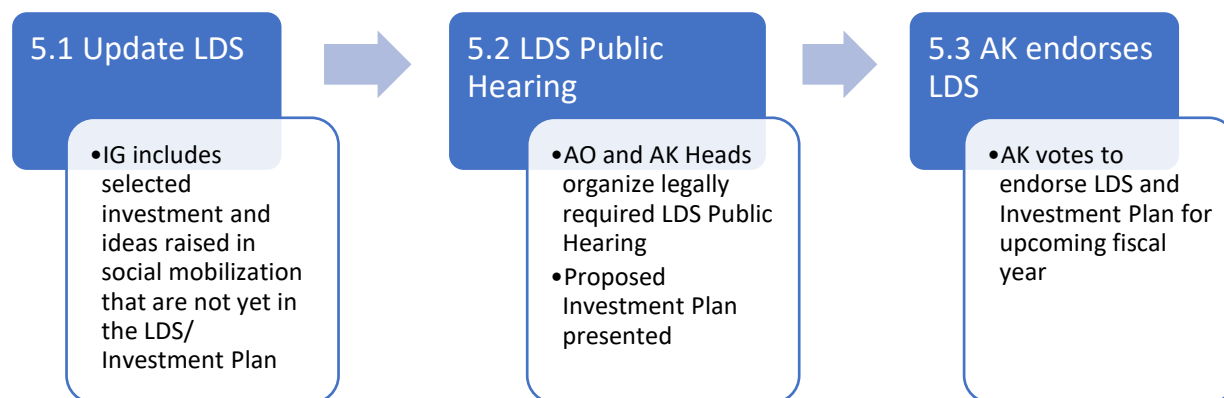
45.   **The LDS (with the Investment Plan as an annex) is a legally required document independent of the Project and VIP3 shall use the format and guidelines recommended by the Ministry of Economy.**[19] Pending more detailed regulations, a draft format is provided in Annex 2.11. The Government Budget Code requires a Public Hearing on the LDS no later than June 1st of each year.[20] This Public Hearing is to discuss the budget

---

[19] See "Methodological Recommendations for LSG on Development of Sustainable Development Strategy and Plans" approved by the Ministry of Economy Order No.01-18/56 dated May 16, 2018.
[20] See Budget Code of the Kyrgyz Republic No.59 dated May 16, 2016.

priorities for the coming fiscal year. All investment proposals submitted to the VIP3 Oblast Contest must be included in the investment plan that is discussed at the Public Hearing.

46.   The effectiveness of this step is measured by the PDO indicator 1: "Number of municipal districts (AAs) with Local Development Strategy developed involving community" and C.1.2 "average number of people that participated in public hearings."

47.   **AOs and/or the AK may not substitute the investment identified through the social mobilization process above with other investment proposals from the LDS**. In the event that the priority identified through the social mobilization process is funded by another donor or funding source, the AO must write to ARIS VIP3 Oblast office formally withdrawing from the contest. In the event that the AO discovers that (i) the 3.75% local contribution or (ii) resources to assure 100% functionality at completion (for example necessary equipment or staff to operate the facility) cannot be guaranteed or that (iii) land cannot be obtained without serious safeguard issues, the AO must also write to ARIS VIP3 Oblast office formally withdrawing from the contest.

48.   **The Initiative Group will assist in the annual preparation of the LDS according to the following steps**.

Step 4.1- Initiative Group Updates LDS to include selected investment(s)

   a. AO and Initiative Group compile a list of needs raised during the social mobilization process (FGD, VPM and AA PM priority lists) including the investment selected for the VIP3 Oblast Contest.
   b. IG works with AO staff to cross-reference these needs to the prior year's LDS. Any needs not identified in the prior year's LDS shall be incorporated.
   c. IG works with AO staff to include the top priorities selected for the Sub-project and Micro-project in the Investment Plan.
   d. IG works with AO staff to prepare a summary table of proposed investment projects (not limited to VIP3) with associated projected budget figures for dissemination to the public.
   e. AO staff post the LDS on the AO Office bulletin board, and through the Village Heads post the information on public bulletin boards in schools and public places in each village.

Step 4.2- LDS Public Hearing following MoF regulations for the AO annual budget cycle

   • This meeting is a legally mandated part of the local government annual budget cycle.
   • Organization and agenda of this meeting shall follow any relevant MoF regulations.
   • Minimum attendance is 100 people. 30% of participants must be women.

   a. IG members will ask all participants to sign the attendance sheet and shall take photos of the meeting.
   b. The AO Head and Finance Officer will present the budget information prepared in Step 4.1.
   c. AO staff and IG members shall copy the originals of attendance sheet, photos and provide them to the CDSO. The originals are kept by the AO. (See Annex 2.12 for templates.)

Step 4.3- Aiyl Kinesh Session to Approve LDS following MoF regulations for the AO annual budget cycle

   • This meeting is a legally mandated part of the local government annual budget cycle. Organization and agenda of this meeting (including method of voting) shall follow MoF regulations. The Decree issued at the end of this meeting is a supporting document that is enclosed with the proposal for the VIP3 Oblast Contest.

- **AKs may not substitute the proposed VIP3 investment identified through the social mobilization process above with other investment proposals**. In the event that the priority identified through the social mobilization process is considered unsuitable for whatever reason by the AK, the AO must write to ARIS VIP3 Oblast office formally withdrawing from the contest.

Output 4.1 Public Hearing conducted on contents of LDS/IP

Output 4.2 AK Decree Endorsing the LDS

Step 5: Initiative Group Develops Oblast Contest Proposal

49.   **Following the endorsement of the Investment Plan by the AK, Initiative Groups will develop the proposal for submission to the Oblast Contest Commission.** The following applies:

- Proposal templates for sub-project and micro-project with all required attachments are provided in Annex 2.14 and 2.15, respectively.
- AAs eligible and wishing to compete for both must prepare two separate proposals for submission to the Oblast Contest.
- Proposals are proprietary information and may not be shared with other AAs or copied from other AAs in whole or in part. Proposals found to violate this requirement shall be considered fraudulent and ineligible.
- In no case may the CDSO or any other ARIS staff member suggest that the Aiyl Okmotu raise or lower the beneficiary numbers in order to save money, accommodate a standard design, or over-estimate beneficiaries.
- Proposals must describe how the investment would meet the following requirements:
  - Benefit men and women equally;
  - Be accessible to the poor and/or benefit the poor in line with the project objectives;
  - Meet the World Bank's environmental and social safeguard requirements;
  - Be financially and logistically feasible to construct within the timeframe of the VIP3 project
  - Be financially and logistically feasible to operate.

50.   **In developing the proposal, the Initiative Group must estimate the number of beneficiaries.** The proposal template calls for estimation of two types of beneficiaries:

- **Direct beneficiaries** can be defined as individuals who directly participate under the Project and benefit from its implementation. Persons who will use materials and services developed under the Project or will use the Project outcomes can be considered as direct beneficiaries, for example, community members who use hospital services or attend school (and their parents and teachers).

- **Indirect beneficiaries** can be defined as a person, a group of persons or an organization not directly associated with activities carried out under the Project, but which these actions affect. Indirect beneficiaries may be (but not always) persons living within the region of the Project impact. In the case of a hospital, they would be people living at a distance of 5-10 km.

51.   **The Initiative Group will assist the AO to prepare the proposal for the VIP3 Oblast Contest according to the following steps:**

Figure 6: STEP 5 Proposal Development
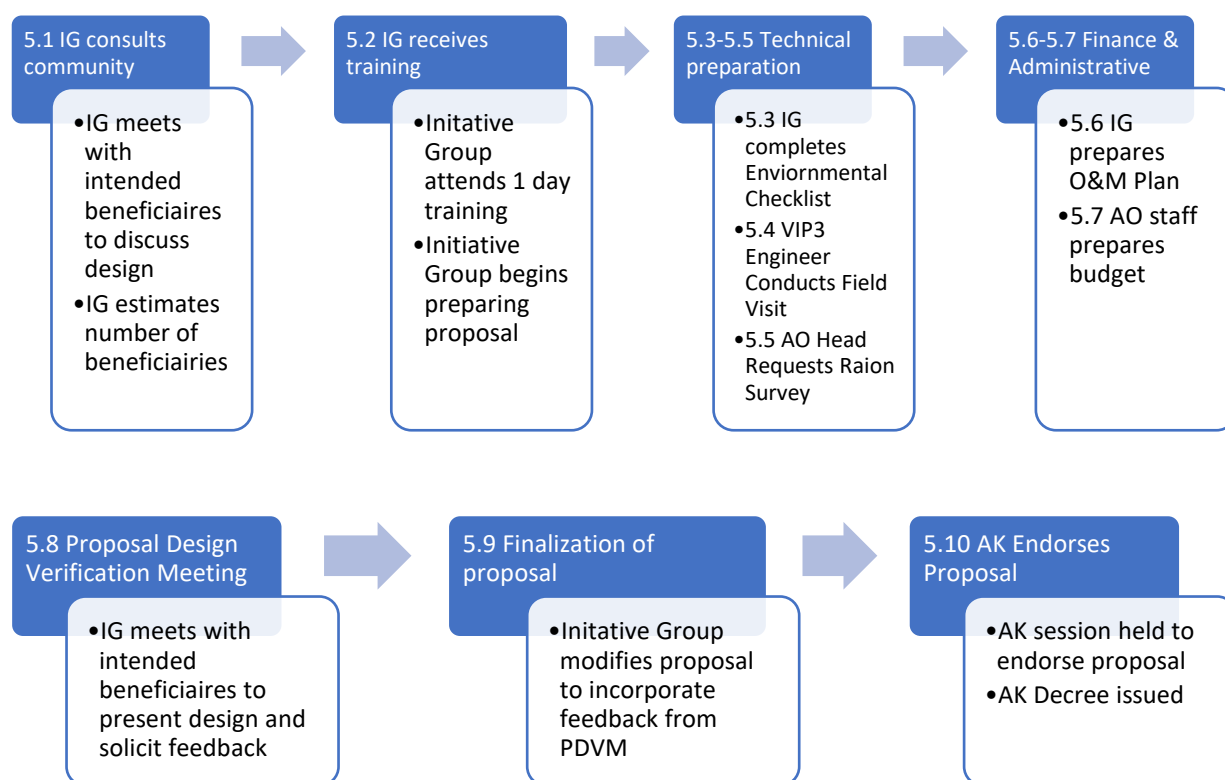
Step 5.1   Initiative Group Members Consult Community on the Design and Estimates Beneficiaries

a. Initiative Group members shall meet with residents who helped select the proposal to identify:
    i.   **Intended beneficiaries-** who are the primary intended users of the proposed investment? Are any accommodations necessary to make sure that women are able to benefit equally from the investment?
    ii. **Intended use of investment**- How do they envision the design? What times of day/year would they use the investment?
    iii. **Location**- What is the preferred location of new construction (if relevant). Is this location accessible to the poorest families and/or be located in the poorest village/neighborhood in the AA?
b. Initiative Groups conduct surveys to determine the number of potential beneficiaries over the coming 5 years. These beneficiary numbers will be recorded in the proposal.
    i.   Initiative Group identifies the sub-project target groups based on the analysis of the context, the problem type, causes of the group's vulnerability, and needs of the various groups;
    ii. Initiative Group set criteria to determine which groups are to be considered as direct beneficiaries and which should be considered as indirect beneficiaries;
    iii. Initiative Group selects reliable, data sources commensurate with the definitions of target groups and estimates the beneficiary population, also using the Methodology developed to count the direct beneficiaries of the Project in Component 1, Part A, Annex 2.26.

Step 5.2   Specialized Training in How to Develop the Proposal

a. Social Safeguard Specialist trains CDSO in social and environmental safeguard measures including resettlement issues in accordance with World Bank policies and Kyrgyz Republic legislation.

b. The CDSO invites 3 members from each Initiative Group to a training at the Raion center to learn how to complete the proposal. This is a one-day training.

c. CDSO explains to the IG members how to fill in the Environmental Assessment Criterion in order to determine the environmental category for subprojects and microprojects. Relevant documentation on environmental screening results should be submitted as part of the package of proposal documents. According to the environmental screening results, the environmental category of the subproject/microproject shall be assigned in accordance with the WB classification.

d. Subprojects that have a high potential negative impact on the environment are not eligible for funding under VIP-3.

e. ARIS Engineer and/or CDSO will explain in detail the sequence of budgeting and filling in the MP/SP budget forms, which include the cost of materials and equipment, the cost of works, the cost of consulting services, and the cost of renting machinery.

f. IG members will produce a first draft of the Monitoring & Evaluation Plan, Procurement Plan, and a GANTT chart.

g. IG members will begin filling in the required forms and templates. The forms include problem description, determination of which technical documents are required, preliminary project budget, number of beneficiaries, and preliminary O&M.

Output 6.1 Three IG members trained to draft the VIP3 Oblast Contest proposal in each competing AA

Step 5.3   Initiative Group together with CDSO completes the Environment Assessment Criterion

a. With support from the CDSO, the Initiative Group fills in the Environment Assessment Crietrion and the Site Visiting Questionnaire in accordance with Part D, Annex 7 of the POM.

b. In the event that the original proposed location does not meet the Environmental Rating permitted under VIP3 per the EMP, the AO Head will identify an alternate location.

Output 6.2 Environmental Management Plan (EMP) (if required) Completed

Step 5.4 ARIS Oblast Engineer and CDSO Visits Each Site to Verify Technical Feasibility and Safeguard Compliance

a. ARIS VIP3 staff (one engineer, one CDSO) visit each site to assist the Initiative Group members to complete their proposals.

b. ARIS VIP3 staff determine during this time whether there are any potential resettlement / environmental or social safeguard issues with the proposed location of the sub-project.

c. ARIS VIP3 engineer will fill in the preliminary technical checklist which provides an initial assessment of Fit-for-Purpose and 100% functionality requirements (see Box 9). This technical checklist is provided in Annex 2.16 Part A.

d. ARIS VIP3 engineer shares a copy of the technical checklist with the AO and scans the original to the MIS system for use in proposal pre-verification prior to the Oblast Contest (see Step 7.2 below).

Output 5.3 Preliminary Technical Checklist Completed

Step 5.5   AO Head Requests Survey on the Conversion or Refurbishment of Existing Buildings

a. In the event that the planned sub-project involves the conversion of existing buildings, or rehabilitation of an old or damaged building, the AO Head will apply to the permanent Raion Commission[21] for prior approval.
b. The Commission will assess the feasibility of converting the building and provide their conclusion.
c. In the event that the building is not approved for conversion, the AO must propose an alternate site or adjust the proposal to be new construction rather than retrofitting.
d. The commission produces a "Defective Act" with its conclusion on whether it is possible to convert or retrofit the building. A template of the Defective Act is provided in Annex 2.14.

Box 9. Technical Checklist

1. **Appropriateness and forward planning -** The infrastructure/facility is fit for purpose in terms of the 4-agreed *appropriateness and forward planning* criteria: (i) its adequacy to meet anticipated demand, (ii) the filling of an identified gap in existing provision, (iii) the demands it is expected to place on existing infrastructure, and (iv) its consistency with other elements of the LDS.
2. **100% functionality -** The infrastructure/facility is fit for purpose in terms of the 5 agreed *functionality* criteria: being structurally sound, weatherproof, secure and connected to all utilities and services necessary for its effective functioning. These include electricity, potable water supply, sanitation, heating, and (where appropriate) external lighting.
3. **Feasibility** - The infrastructure/facility can be completed within the remaining timeframe of VIP3 and does not raise any significant technical concerns.

Step 5.6   Initiative Group Finalizes Preliminary O&M Plan

a. The AO staff, in cooperation with the IG, prepares a preliminary O&M Plan for the sub- or micro-project during the proposal stage for inclusion in the sub- or micro-project proposal listing estimated resource requirements and how they will be budgeted. A template is provided in the respective Annexes (Annex 2.14 (SP) and 2.15 (MP)).
b. AO Head provides a letter of guarantee to ARIS that under the O&M Plan they will:
   o Maintain the facility/equipment in good working condition;
   o Ensure that all utilities are connected, available and put into use including water and heating;
   o Ensure the facility/equipment will remain under public ownership of the AO (i.e. not be transferred to Raion government or private ownership);
   o Ensure the intended services provided by the facility/equipment are available to the community for a minimum of 15 years from date of commissioning (use of the facility/equipment cannot change from original intention during this time).

Output 5.4 Draft O&M Plan for inclusion in the Proposal

---

a.   [21] The Raion Commission is a government body and usually consists of representatives of the Raion State Administration, Sanitary-Epidemiological Station, Fire Service, Raion Department for Urban Planning and Architecture, Ministry of Emergency Situations, AO and others.

Step 5.7   Initiative Group Finalizes Preliminary Budget

a. AO Finance Officer and/or accredited Procurement Officer on the AO staff will assist the IG members to estimate the cost of the proposed investment. Initiative Group members can request assistance from the CDSOs and Oblast engineers. The AO Finance/Procurement Officer may base this estimate on:

   o **Structures**- Budget/ cost information available from Raion Administration/Ministry of Finance guidelines for comparable structures; AO Head may also with to hire Local Engineers/Construction specialists who can help in determining the quantity and scope of materials, equipment, works and machinery to be rented.
   o **Goods/Services**- Requests to vendors for pricing information
   o If the AO Head has already prepared DDE for the project proposal, the AO Head can use the budget drawn up under the DDE and attach it to the MP/SP proposal.

b. The AO Finance Officer shall specify the prices for materials/equipment, works, renting the machinery at the local and national markets and, based on information received, fill in the relevant MP/SP budget forms. The AO Finance Officer will prepare the draft budget using the template in Annex 2.14 (SP) and 2.15 (MP)).

c. ARIS Engineer conducts a consultation meeting, during which he shall check the budget draft and, if necessary, gives advice on clarifying the prices indicated in budget.

d. AO Head prepares a guarantee letter that the AO will ensure a community contribution of at least 3.75% of the preliminary budget should be included in the proposal (see template in Annex 2.14 (SP) and 2.15 (MP)).

Note: the proposal must include the top ranked priority from the community; neither the AO, the AK or the IG may substitute or add other investments simply to reach the maximum budget allowance.

Output 5.5 Draft Budget for inclusion in the Proposal

Step 5.8   Initiative Group Holds Proposal Design Verification Meeting with Community

a. Once the proposal is drafted, the Initiative Group will hold a meeting with the representatives of the Village Meeting (for SPs) or FGDs (for MPs) of the winning proposal (i.e. people elected to represent the FGDs or Village at the subsequent meeting). The Initiative Group may hold a broader community meeting if they wish.

b. Initiative Group members will share the draft, including the budget and specifications, and describe the proposed site for the construction. The Initiative Group will ask for feedback on the proposed specifications. Community representatives shall confirm that the specifications reflect the expressed wishes and intentions of the community during the social mobilization process. In the event that the design does not reflect these discussions, the community representatives shall ask for adjustments to the proposal so long as they are technically and financially feasible.

c. The IG Secretary takes minutes of the meeting, administer the attendance sheet and take photos using the template in Annex 2.13.

Output 5.6 Minutes and Photos of the Proposal Design Verification Meeting

Step 5.9   Initiative Group Finalizes the Proposal

a. IG members will modify the draft proposal to incorporate the feedback from the Proposal Design Verification Meeting (if any).

b. Community representatives will sign the bottom of the first page of the proposal (or a subsequent revision) to validate that the proposal reflects the specifications that were discussed in the Village Prioritization Meeting and AA PM.

c. IG members finalize the proposal and submit to the Head of the AO.

Step 5.10   Aiyl Kenesh Votes to Accept the Proposal

a. Once the proposal is drafted, the Aiyl Kenesh shall hold a special session to approve the proposal.

b. The chair of the AK will issue a resolution of approval that shall be included with the proposal (see Annex 2.14 (SP) and 2.15 (MP) page 2).

Output 5.7 Full, Final Proposal Submitted to the Oblast Contest

Output 5.8 AK Decree Endorsing the Proposal

---- PROPOSALS ARE NOW READY TO BE SUBMITTED TO THE OBLAST CONTEST. ---

Step 6: Verification of Eligibility

52.   **The next step in the process is for AOs to submit their proposals and for ARIS to validate their eligibility.** ARIS, in its capacity as the Secretariat to the Oblast Contest, will verify that the proposal meets the objective project eligibility criteria and that the social mobilization process complied with this POM. ARIS staff do not make qualitative decisions about the merits of the proposals and are required to follow the integrity rules in the code of conduct signed by all staff (see Annex 1.2 and Annex 4.2).

53.   Proposals will be transferred securely to the VIP3 Oblast offices, where they will be transferred to the VIP3 Central Office so that no Oblast staff are verifying proposals within their own area of responsibility. Any attempts by persons internal or external to ARIS to influence the eligibility of proposals or otherwise affect the outcome of the OCC in any way should be reported to the Beneficiary Feedback System described in Component 3 and will be sanctioned if the charges are found to be accurate.

54.   **Responsible personnel**- Verification that the proposals meet VIP3 requirements shall be done by Oblast Coordinator, Social Mobilization and capacity building specialists (Oblast and Central), Engineers (Oblast and Central) and relevant Central Office Staff. Verification shall take place at the ARIS Central Office.

- Assignment shall not be pre-announced and will change every cycle to prevent collusion
- Oblast staff may NOT verify proposals located in their own Oblast

55.   **Verification criteria**- Proposals shall be verified against the checklists as follows:

- Technical Checklist- filled out in Step 6.4 by engineers using the Template in Annex 2.16
- Poverty and Gender Checklist – filled out by social mobilization specialists using the Template in Annex 2.17 (SP) and 2.18 (MP)
- Documentation Checklist- filled out by all assigned VIP3 staff using the Template in Annex 2.19 (SP) and 2.20 (MP)

Internal control- During the process of pre-verification, the ARIS Internal Audit Unit (IAU) will work simultaneously with the VIP3 team to double-check whether the checklists are filled in correctly. They will randomly check 5% of all packages already evaluated by VIP3 staff as a quality control measure (including proposals found to meet and not meet the requirements). If errors are found, an additional 15% shall be verified. Based on the IAU report and conducted audit, in case when the IAU has found inconsistencies regarding verification of legibility/ineligibility of proposals, these packages should be reviewed by the VIP3 team once again, considering the IAU recommendations. Any significant errors by VIP3 staff during the verification process shall be reported to the Executive Director who will launch an investigation of how the errors were made and whether any remedial or disciplinary actions are required.

Box 10 OCC screening

All proposals must meet the criteria below to be considered at the VIP3 OCC.

Poverty pre-check

1. Sub-project proposals must have won the most votes in the AA PM (per minutes).
2. Micro-project proposals must be the top choice of at least one of the vulnerable group FGDs (per minutes).
3. The proposed investment may not be on the negative list.

Gender pre-check

4. Proposals must describe how women will benefit equally from the investment (50% direct beneficiaries will be women[22]).
5. Si7n-in sheets must show that at least 30% of participants at (Village prioritization and AA prioritization) meetings were women, and decision-making meetings and be backed up with photos attached to separate sign in sheets.

Integrity pre-check

6. The Proposal contains all required photos, attendance sheets, and priority lists of the: **SP-** (i) FGDs (ii) VPM & (iii) AA PM; and **MP-** (i) FGDs (ii) AK MP Selection Meeting
7. Minutes of decision-making meetings must be signed by Voting Members
8. No obvious signs of alteration or falsification of signatures, dates or other information
9. Proposal must be clearly listed in the Local Development Strategy Investment Plan
10. LDS/IP must be endorsed by the Aiyl Kinesh with proper required legal stamps, dates and signatures.

---

[22] For villages/AA where women make up less than 50% of the general population, "equally" will be understood to mean equivalent to their proportion of the general population per government statistics.

Figure 57: STEP 6 Verification of Eligibility

6.1 Proposal Submission	6.2 Verification of Eligibility	6.3 Internal Control
• AOs seal proposals • CDSOs collect proposals in raion center • Oblast Coordinator brings to Central Office	• Staff members verify proposals against checklists • Staff compiles lists of eligible and inelgible proposals	• IAU conducts random control of 5% of all proposals (eligible and ineligible)
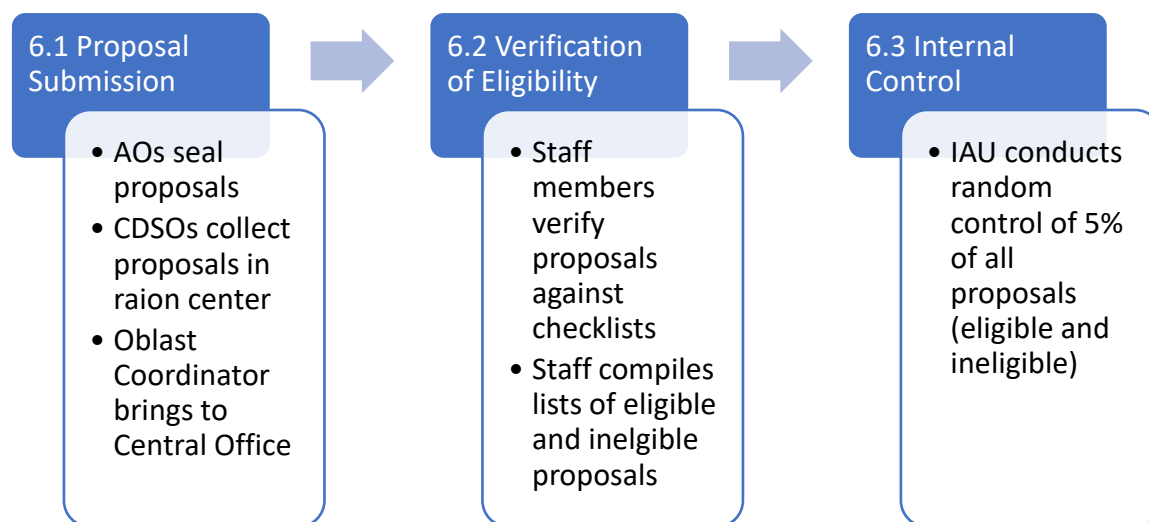
Step 6.1- Oblast staff Deliver Sealed Proposals to ARIS Central Office

a. AO Head places proposal in envelope, and seals it. AO stamp shall be placed over closure of envelope in such a way that any attempt to open the envelope will be visible.
b. CDSO arranges a pre-set time to pick up proposals in the Raion center.
c. AO staff delivers envelope to the CDSO. AO signs register and receives receipt showing date and time that the proposal was submitted.
d. CDSO transports hard copies of all proposals to the ARIS Oblast office.
e. Oblast Coordinator signs register that all proposals listed have been received.
f. Oblast Coordinator, Social Mobilization Specialist and Engineer bring <u>unopened</u> proposals to the Central Office.
g. The proposals thus received are counted for indicator C.1.5 "Number of AAs that have submitted proposals to compete for grants."

Output 6.1 List of all AOs that submitted proposals including clear project title and proposed budget

Step 6.2- VIP3 staff Verify Eligibility of Proposals

a. VIP3 staff open envelopes and assigns each proposal an identification number.
b. VIP3 staff enter the number, location (Village/AA/Raion/Oblast), requested budget amount, sector of investment, and title of project to the MIS database. (Note: The title of the project should be detailed enough that readers (including the WB) can easily understand the proposed investment.)
c. VIP 3 Coordinator randomly assigns equal number of proposals to the people listed in paragraph 67.
d. The person notes their name on the checklist cover page and in the database file to allow traceability.
e. Assigned staff member verifies their assigned proposals against two checklists using the templates in Annex 2.17 - 2.20.

f. VIP3 Engineers verify technical checklists filled out earlier by the Oblast engineer and pulls out any proposals that appear to have issues with 100% functionality, forward planning or safeguards.

g. Any proposals not meeting the criteria in a checklist shall be deemed ineligible and do not need to be verified against the other checklists.

h. Once verification is completed, VIP3 Central Office staff shall compile two lists of proposals as follows:

    i. **Ineligible proposals**

        a. VIP3 staff prepare a list of ineligible packages with the reason for their disqualification for submission to the OCC.

        b. This list is provided to the OCC and is displayed on the monitors/internet feed during the contest; OCC members shall have the right to verify that the checklist was filled out correctly during the contest.

        c. VIP3 Central Office staff prepares a notification letter to the respective AOs giving the reason that their proposal was deemed non-eligible.

            ▪ The letter shall include information of the Beneficiary Feedback System (BFS) described in Component 3 and procedures to follow if the AO disagrees with the decision.

            ▪ Letters will be sent in step 9 below when all non-winners are notified of the results.

    ii. **Eligible proposals**

        a. VIP3 staff prepare a list of eligible packages that will be evaluated in the Oblast Contest.

        b. ARIS IT or M&E staff enter data on the eligible packages (Oblast/Raion/AA/proposal title/requested budget/scores for objective criteria) to the VIP3 OCC electronic evaluation sheets.

Step 6.3- IAU conducts internal control

a. IAU Head calculates 5% of all received proposals and assigns these using a random skipping method (e.g. every 10th proposal) being sure to capture proposals deemed eligible and ineligible.

b. IAU collects verified proposals from the VIP3 team on an ongoing basis and verifies the contents against the two checklists (#1 Poverty and Gender Checklist and #2 Documentation Checklist, Annexes 2.17-2.20).

c. IAU prepares a short report for the Executive Director on the findings noting:

    i. Which proposals were audited

    ii. Whether any errors were found in the checklists

    iii. Results of investigation on any errors found

    iv. In the event errors are found, see paragraph 55 above.

Output 6.2 Report by the IAU on findings of the audit of the technical checklists

Output 6.3 List of all AO proposals deemed ineligible with summarized justification

Output 6.4 List of all AO proposals deemed eligible for submission to the OCC

Step 7: Oblast Contest for Sub-projects

56.   **The final step in the selection process is for the Oblast Contest Commission (OCC) to determine the winners among eligible proposals**.

57.   **Purpose** - to (i) evaluate the quality of eligible AA proposals, and (ii) produce a ranked list in descending order of quality that will determine which AAs will be awarded VIP3 subprojects (the Awardees). A template for the minutes of this meeting is provided in Annex 2.21.

58.   **OCC membership-**
- The Panel shall be made up of 3 NGO representatives, (independent of ARIS and the Government of Kyrgyz Republic), and 3 Oblast government officials.
- Half of the members shall be women.
- NGO representatives should work for an organization active in the Oblast; at least one of the NGO members should work for an international organization. NGO members will receive an honorarium within the World Bank guidelines in Chapter VI below.
- The Chair of the OCC shall be elected by the members of the OCC from among their members during the first day of training.

59.   **Scoring** - Proposals will be scored according to the criteria in the OCC Evaluation Sheet (see Table 5- reproduced from Annex 2.22). In order to prevent possible tampering with scores, scoring and calculation shall use an automated system that is password protected. To enhance transparency, the system will be connected by a live feed to TV monitors placed in an adjacent hall/room from where the OCC is meeting where the AO representatives are invited to view the proceedings and live streamed on the internet for AOs who cannot travel to Bishkek. Features of the automated system include:

- The backend of this system shall be encrypted and otherwise protected from interference and shall only be accessible by the responsible ARIS IT staff.
- OCC members will each be lent a laptop with the electronic evaluation sheet loaded. Each OCC will enter a personalized password, known only to them, in order to access the electronic scorecard and enter their results.
- ARIS VIP3 team shall not have access to the automated system.
- The automated system calculates the score of each OCC member and then averages the Panel's scores to generate an overall score for each proposal.
- Once OCC member have entered all the scores, the automated system will "sort" the database fields in descending order from highest to lowest score.
- The top 20 projects with their proposed budgets shall be displayed in descending order from highest to lowest score on the monitors.
- OCC members may not discuss their scoring with each other.

Table 7: OCC Subproject Evaluation Sheet

	Criteria	Max. Points
	TOTAL POSSIBLE POINTS	**1000**
	1. WELL BEING AND POVERTY OF AA	
1.1	Subsidy provided by central Government Y/N	20/0
1.2	Geographic Isolation Remoteness (Distance from Oblast center) (<75 km/ 25-74 km/> 25km)	20/10/0
1.3	Geographic Isolation (Village incl. in list of altitude zones) Y/N	20/0
1.4	World Bank Poverty Map (>30% poverty headcount) Y/N	30/0
1.5	Social passport holders (>20% of households) Y/N	30/0
1.6	Infrastructure gap (<60% of 10 key social and economic infrastructure facilities are functional) as defined in Village Profile Y/N	30/0
1.7	**POVERTY CASE - Proposal describes how vulnerable groups will benefit from the investment. The poverty focus is clear and well made.** **(OCC Score – guidelines provided below)**	**100-0**
	Poverty (25%)	**250**
	2. ATTENTION TO GENDER – Gender Equity of process and selection	
2.1	Proposal was selected from unemployed women and/or large family FGD's Priority List Y/N	50/0
2.2	Women's representation at AA Prioritization Meeting exceeded requirements (<40%/31-39%/>30%)	50/25/0
2.3	**GENDER EQUITY CASE** **Proposal is persuasive as to how women and children will benefit equally from the investment. The gender case is clear and well made.** **(OCC Score – guidelines provided below)**	**100-0**
	Gender (20%)	**200**
	3. COMMUNITY MOBILIZATION - Quality of Participation	
3.1	Minutes and Photo documentation shows that FGDs were well attended and photos show that there was active participation Y/N	30/0
3.2	Minutes and Photo documentation shows that Village Prioritization Meetings were well attended and photos show that there was active participation Y/N	40/0
3.3	Minutes and Photo documentation shows that AA Prioritization Meeting was well attended and photos show that there was active participation Y/N	30/0
3.4	Minutes and Photo documentation shows that LDS Public Hearing was well attended and photos show that there was active participation Y/N	30/0
3.5	**COMMUNITY MOBILIZATION CASE** **The proposal clearly describes a genuine, participatory process. Proposal is persuasive as to how the community led the decision-making and that the necessary social accountability took place and confirmed the selection.** **(OCC Score – guidelines provided below)**	**100-0**
	Community mobilization (23%)	**230**
	4. DEVELOPMENT STRATEGY QUALITY OF THE PROPOSAL AND LDS	
4.1	The LDS is well prepared and the subproject proposal will support local development **(OCC Score**-Strongly agree/Agree/Disagree)	50/25/0
4.2	The LDS describes the limitations on the AO in accessing alternative sources of discretionary funding. Y/N	20/0
4.3	**LOCAL DEVELOPMENT STRATEGY AND INVESTMENT PLAN CASE** **Proposal is persuasive as to why this investment fills a critical infrastructure need gap in the LDS (e.g. the type of facility does not currently exist or is overcrowded, etc.)** **(OCC Score – guidelines provided below)**	**150-0**
	LDS and local governance (22%)	**220**
	5. TECHNICAL AND FEASIBILITY	
5.1	Technical checklist does not flag any major issues re 100% functionality, forward planning, timely completion or safeguards (No issue flagged/Issues flagged)	25/0
5.2	O&M plan is detailed, feasible and funded Y/N	25/0
5.3	**TECHNICAL AND SUSTAINABILITY CASE** **The proposal has clearly captured issues of 100% functionality, forward planning, availability of suitable**	**50-0**

68

	land or building, provision of the AO contribution, why other sources of funding aren't available, and sets out how the proposed facility will be sustained in the medium and long term. **(OCC Score – guidelines provided below)**	
	Technical (10%)	**100**

60.   The steps to evaluate the sub-project proposals for the Oblast Contest and select the winners is shown below.

Figure 8: STEP 7 Oblast Contest for Sub-Projects

7.1 ARIS Convenes the OCC Panel
- Identifies NGO candidates
- Oblast nominates members
- Panel named in Executive Order

7.2 VIP3 Prepares OCC
- One day training for OCC panel
- Logistical arrangements
- Invitations to competing AOs
- VIP pre-fill objetive criteria

7.3 OCC Shortlists Proposals
- Proposals reviewed
- Shortlist developed

7.4 OCC Evaluates Shortlist
- Proposals scored
- Scores automatically tallied and averaged
- Ranked list produced

7.5 OCC determines winners
- Value of proposed projects deducted from available funds in order of ranking

Step 7.1- ARIS convenes the OCC Panel

a. The VIP3 Oblast Coordinator will ask the Plenipotentiary of the Government to nominate the Oblast officials.

b. The VIP3 Oblast Coordinator will ask local and international NGOs operating in the 4 Oblasts to nominate potential NGO representatives.

c. The VIP3 Oblast Coordinator shall contact the nominees to determine their availability and interest in participating, explaining the time commitment required and the honorarium (available to NGO members only).

d. The VIP3 Project Coordinator prepares a list of the 6 nominated OCC representatives from each Oblast and submits to MOF, SALGIR the World Bank for no objection with a request to provide comments within 5 days or the list is automatically approved.

e. After receiving no objection, the ARIS Executive Director issues an Order establishing the OCC representatives from each oblast at least one week prior to Oblast Contest.

f. On the day prior to the contest, the OCC members will assemble in Bishkek for training (see Step7.2 below). On this day, the four Oblast Contest Committees shall be formed as follows:
   i. All OCC members sign the Code of Conduct.
   ii. The Panel of the Oblast Contest Commissions (OCC) will consist of 3 oblast officials appointed by the Plenipotentiary of the Government in the oblasts and 3 representatives of NGOs from other oblasts.
   iii. The chairman of each commission is elected by the commission members themselves.

Output 7.1 ARIS Executive Director Order establishing the OCC Panel for each Oblast

Step 7.2- VIP3 staff prepare the OCC session and train OCC Panel

a. VIP3 Central Office staff set the date and venue of the Oblast Contest with agreement of the OCC members. (The contest takes approximately 7 days to evaluate the sub-projects and micro-projects, depending on the number of eligible proposals).
b. OCC members participate in a one-day training one day prior to the Oblast Contest to explain the evaluation sheet, rules and regulations, and anti-corruption requirements.
c. At this training, each OCC member shall create their personalized password for the automated system which shall be known only to them.
d. The VIP3 Coordinator will inform the OCC members of the available fund during the training; each Oblast is allocated a fixed amount for sub-projects in Cycle 2.
e. ARIS office staff prepare all necessary documentation and office supplies.
f. CDSOs issue invitations to all eligible AAs (AO Head, AK Head and Community Facilitators) to attend relevant days of the OCC if they wish to be present for the announcement of the ranking and provides web link if they cannot attend in Bishkek.
g. VIP3 staff score eligible packages against objective criteria (see Evaluation Sheet in Table 5) using the information in the proposals.
h. ARIS IT or M&E staff enter data for each AO proposal for the Oblast in question to the scoring database system. This data shall include (i) location Oblast/Raion/AA/ Village, (ii) type of investment by sector, (iii) title of proposal, (iv) poverty data for that AA (i.e. the poverty indicators used to determine eligibility for sub-projects), (v) proposed budget, and (vi) scores on objective criteria provided by the VIP3 staff.
i. Once all proposals have been entered, the computer randomly sorts proposals into four groups- one for each OCC Committee.
j. VIP3 identifies staff member who will serve as secretary in charge of taking minutes per template provided in Annex 2.21.

Output 7.2 OCC Panel members from each Oblast understand evaluation process, criteria and system
Output 7.3 Eligible proposals scored on all objective criteria
Output 7.4 OCC database populated with relevant data

Step 7.3- OCC Members review sub-project proposals and create shortlist (Day 1-2)

a. OCC members meet in separate rooms- one for each Committee
b. OCC members review the proposals against broad criteria (see Box 12).
c. OCC members creates two lists: (i) proposals that are of satisfactory quality and should continue to the next round and (ii) those that are not of satisfactory quality with the reason noted why the proposal is deemed unsatisfactory.
d. At the end of Day 2 after reviewing all proposals, the members create a consolidated list of those that should continue to the second round. (Proposals eliminated by any one member even if deemed satisfactory by other members should be eliminated).
e. The consolidated list of eliminated proposals and the reason for their rejection should be put into the IT system and displayed on Day 3 of the OCC.

Output 7.5 List of all AO proposals eliminated at first round, with summarized justification

Output 7.6 List of all AO proposals that will move on to second round

Box 12. OCC First Round Qualitative Checklist

Instructions: for any criteria where the OCC member selects "No" a concrete, factual example should be provided in the comment box provided.

Pkg #	Description of equipment/infrastructure	Village	Ayil Aimak	Raion	Oblast
Qualitative Questions					
1. The proposed investment clearly demonstrates how it will benefit poor and disadvantaged people in the community	Response	Yes ☐		No ☐	
	Comment				
2. The social mobilization process was participatory and inclusive	Response	Yes ☐		No ☐	
	Comment				
3. There does not appear to be any sign of capture in the project package; the community has held a Design Verification meeting and signed the proposal.	Response	Yes		No	
	Comment				
4. The proposal clearly describes how the works will be completed in time.	Response	☐		☐ ☐	
	Comment				
5. The proposal clearly describes why no other donor or funding source is available to fulfil this need and how the AO contribution would be provided in full before any VIP3 contribution.	Response	☐		☐ ☐	
	Comment				

Step 7.4- OCC Members score shortlisted proposals (Day 3)

a. OCC members review the shortlisted sub-project proposals completing the Evaluation Sheet in Annex 2.22 for each proposal, using a paper copy.
b. OCC members decide among themselves who will verify which pre-filled criteria.
c. OCC members randomly verify 10% of the scores for objective criteria against the actual proposals to ensure that they were scored correctly (see instructions in the Evaluation Sheet Annex 2.22).
d. Each OCC member ranks the shortlisted proposals according to their own preference/findings.
e. Each OCC member individually enters their score directly to the automated system.
f. The automated system calculates the score of each OCC member and the average score for the proposal.
g. This score is simultaneously displayed on TV monitors placed in an adjacent hall/room where the AA representatives are invited to view the proceedings and on the internet livestream page.
h. In the event of complaints or other claims from AA representatives during the OCC meeting, these complaints/claims have to be registered by the BFM staff. If the complaint/claim is justified and can be considered directly there during the OCC meeting, the BFM together with the VIP-3 staff must draw up a relevant act and submit it for a review by OCC.

i.   Once all scores are entered, the automated system will "sort" the database fields in descending order from highest to lowest score. **This list becomes the official ranking for the Oblast** (see Box 13- step 1).

j.   VIP3 Secretary prints the ranked list is printed and all 6 members of the Oblast sign using the template in Annex 2.21.

Step 7.5- OCC Chairperson Identifies Winners Based on the Ranked List and Available Funds

a.   VIP3 Finance Officer, with help of automated system, calculates total proposed budget for each of the top 10-15 ranked proposals, including an additional 5% contract contingency fee (see Box 13- step 2).

b.   The OCC, with assistance from the VIP3 Finance Officer if required, deducts proposed budgets against the available budget envelope for that Oblast in order of ranking, one by one until available funds are no longer sufficient to cover the next ranked proposal (see Box 13- step 3).

- The calculation above shall determine how many of the proposals can be funded based on the requested VIP3 grant.
- The ranking and budget information shall be publicly displayed for the AOs in attendance.
- Proposals shall be awarded in order of the ranking with no skipping or replacements allowed.
- Any remaining balance (unallocated funds) in the budget envelope shall be rolled into the Micro-project allocation/ budget envelope for Cycle 2.

Output 7.7 Signed, ranked List of competing AO proposals with winners identified

Output 7.8 Minutes of the OCC Session

Box 13: Example of Award Ranking

Below is an illustration of how the system works in practice using actual Cycle 1 data in Naryn Oblast, where the total available budget envelope was $609,807.

Step 1: Based on Oblast Scores, the list of competing proposals is ranked

Rank	AA	Investment	Proposed Budget
1	A	50-student kindergarten	$227,941
2	B	50-student kindergarten	$227,941
3	C	Construction of the community center	$205,882
4	D	Repair of the heating system in 100-student kindergarten	$22,285
5	E	First Aid Point (FAP)	$35,368
6	F	FAP	$35,368
7	G	Reconstruction of water intake in Kyzyl-Jyldyz village	$54,901
8	Etc.	Purchase of special equipment for collection of solid waste	$39,220

Step 2: An adjusted budget is calculated, taking into account 5% contingency and the AO contribution

Rank	AA	Investment	Proposed Budget	5% Contingency	Total Estimate inc. Contingency	AO Contri-bution	Adjusted Total
1	A	50-student kindergarten	$227,941	$11,397	$239,338	$19,118	$220,220
2	B	50-student kindergarten	$227,941	$11,397	$239,338	$22,059	$217,279
3	C	Construction of the community center	$205,882	$10,294	$216,176	$3,676	$212,500
4	D	Repair of the heating system in 100-student kindergarten	$22,285	$1,114	$23,399	$2,432	$20,967
5	E	FAP	$35,368	$1,768	$37,136	$1,544	$35,592
6	F	FAP	$35,368	$1,768	$37,136	$3,676	$33,460
7	G	Reconstruction of water intake	$54,901	$2,745	$57,646	$3,676	$53,970
8	H	Purchase of special equipment for collection of solid waste	$39,220	$1,961	$41,181	$3,676	$37,505

Step 3: A running total of the adjusted budget is calculated until the available budget envelope $609,807 is allocated. In this scenario, the AAs ranked 1-2 are winners.

Rank	AA	Investment	Adjusted Total	Running Total
1	A	50-student kindergarten	$220,220	$220,220
2	B	50-student kindergarten	$217,279	**$437,500**
3	C	Construction of the community center	$212,500	$650,000
Total SP funds available $609,807				
4	D	Repair of heating system in 100-student kindergarten	$20,967	$670,967
5	E	FAP	$35,592	$706,559

Step 4: The remaining $172,307 would be rolled into the available funds for micro-projects in Cycle 2.

Step 8: Oblast Contest for Micro-projects

61.   Following the selection of the sub-projects in Step 7, the VIP3 Oblast Coordinator and Social Mobilization Specialist will help the OCC members to remove any MP proposals submitted by SP winners prior to the review as they are no longer eligible. A template for the minutes of this meeting is provided in Annex 2.23.

Figure 6: STEP 8 Oblast Contest for Micro-projects

8.1 OCC Shortlists Proposals		8.2 OCC Evaluates Shortlist		8.3 OCC determines winners
•Proposals reviewed •Shortlist developed	→	•Proposals scored •Scores automatically tallied and averaged •Ranked list produced	→	•Value of proposed projects deducted from available funds in order of ranking
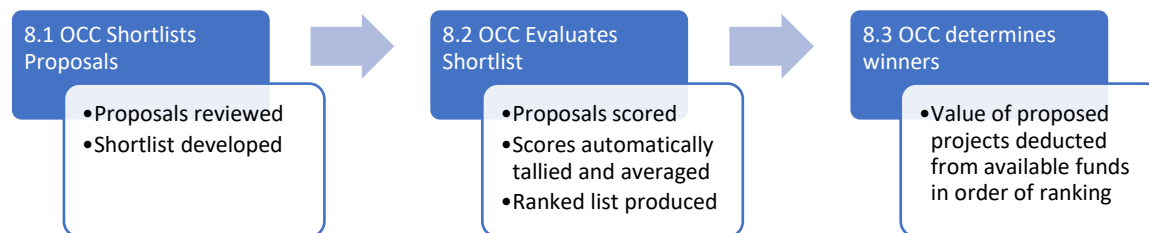
Step 8.1- OCC Members review micro-project proposals and create shortlist (Day 4-5)

a. OCC members review the micro-project proposals submitted by the AOs against broad criteria (see Box 14).
b. OCC members creates two lists: (i) proposals that are of satisfactory quality and should continue to the next round and (ii) those that are not of satisfactory quality with the reason noted why the proposal is deemed unsatisfactory.
c. At the end of Day 5 after reviewing all micro-project proposals, the members create a consolidated list of those that should continue to the second round. Proposals eliminated by any one member even if deemed satisfactory by other members should be eliminated. A list of these eliminated proposals with the accompanying reason shall be displayed on Day 3 on the electronic system (monitors and web-based streaming).

Output 8.1 List of all AO proposals eliminated at first round, with summarized justification

Output 8.2 List of all AO proposals that will move on to second round

Box 14. OCC First Round Qualitative Checklist- Micro-projects

Instructions: for any criteria where the OCC member selects "No" a concrete, factual explanation should be provided in the comment box provided.

Pkg #	Description of equipment/infrastructure	Village	Ayil Aimak	Raion	Oblast

Qualitative Questions					
1. The poverty focus of the proposed investment is clearly demonstrated	Response		Yes ☐		No ☐
	Comment				
2. The proposed investment clearly responds to an expressed need of a vulnerable group and beneficiaries are clearly defined	Response		Yes ☐		No ☐
	Comment				
3. There does not appear to be any sign of capture in the project package; the community has held a Design Verification meeting and signed the proposal.	Response		Yes		No
4. The proposal clearly describes how the works will be completed in time.	Response		☐ ☐		☐
	Comment				
5. The proposal clearly describes why no other donor or funding source is available to fulfill this need and how the AO contribution would be provided in full before any VIP3 contribution.	Response		☐		☐

Step 8.2- OCC Members score shortlisted proposals (Day 6-7)

  a. OCC members review the shortlisted micro-project proposals completing the Evaluation Sheet in Annex 2.24 for each proposal (reproduced below in Table 6).
  b. OCC members randomly verify 10% of the scores for objective criteria against the actual proposals to ensure that they were scored correctly (see instructions in the Evaluation Sheet Annex 2.24).
  c. Each OCC member individually enters their score directly to the automated system.
  d. The automated system calculates the score of each OCC member and the average score for the proposal.
  e. This score is simultaneously displayed on TV monitors placed in an adjacent hall/room where the AA representatives are invited to view the proceedings and on the internet livestream page.
  f. In the event of complaints or other claims from AA representatives during the OCC meeting, these complaints/claims have to be registered by the BFM staff. If the complaint/claim is justified and can be considered directly there during the OCC meeting, the BFM together with the VIP-3 staff must draw up a relevant act and submit it for a review by OCC.
  g. Once all scores are entered, the automated system will "sort" the database fields in descending order from highest to lowest score. This list becomes the official ranking for the Oblast.

h. VIP3 Secretary prints the ranked list and all 6 members of the Oblast sign using the template in Annex 2.23.

Table 8: OCC Microproject Evaluation Sheet

	Criteria	Max. Points
	TOTAL POSSIBLE POINTS	**1000**
	1. WELL BEING AND POVERTY OF AA	
1.1	Subsidy provided by central Government Y/N	20/0
1.2	Geographic Isolation Remoteness (Distance from Oblast center) (<75 km/ 25-74 km/> 25km)	20/10/0
1.3	Geographic Isolation (Village incl. in list of altitude zones) Y/N	20/0
1.4	World Bank Poverty Map (>30% poverty headcount) Y/N	30/0
1.5	Social passport holders (>20% of households) Y/N	30/0
1.6	Infrastructure gap (<60% of 10 key social and economic infrastructure facilities are functional) as defined in Village Profile Y/N	30/0
1.7	**POVERTY CASE - Proposal describes how vulnerable groups will benefit from the investment. The poverty focus is clear and well made.** **(OCC Score – guidelines provided below)**	100-0
	Poverty (25%)	**250**
	2. ATTENTION TO GENDER – Gender Equity of process and selection	
2.1	Proposal was selected from unemployed women and/or large family FGD's Priority List Y/N	50/0
2.2	Women's representation at AA Prioritization Meeting exceeded requirements (<40%/31-39%/>30%)	50/25/0
2.3	**GENDER EQUITY CASE** **Proposal is persuasive as to how women and children will benefit equally from the investment. The gender case is clear and well made. .** **(OCC Score – guidelines provided below)**	100-0
	Gender (20%)	**200**
	3. COMMUNITY MOBILIZATION - Quality of Participation	
3.1	Minutes and Photo documentation shows that FGDs were well attended and photos show that there was active participation Y/N	40/0
3.2	Minutes and Photo documentation shows that AA Prioritization Meeting was well attended and photos show that there was active participation Y/N	40/0
3.3	Minutes and Photo documentation shows that LDS Public Hearing was well attended and photos show that there was active participation Y/N	50/0
3.4	**COMMUNITY MOBILIZATION CASE** **The proposal clearly describes a genuine, participatory process. Proposal is persuasive as to how the community led the decision-making and that the necessary social accountability took place and confirmed the selection.** **(OCC Score – guidelines provided below)**	100-0
	Community mobilization (23%)	**230**
	4. DEVELOPMENT STRATEGY QUALITY OF THE PROPOSAL AND LDS	
4.1	The LDS is well prepared and the subproject proposal will support local development **(OCC Score**-Strongly agree/Agree/Disagree)	50/25/0
4.2	The LDS describes the limitations on the AO in accessing alternative sources of discretionary funding. Y/N	20/0
4.3	**LOCAL DEVELOPMENT STRATEGY AND INVESTMENT PLAN CASE** **Proposal is persuasive as to why this investment fills a critical infrastructure need gap in the LDS (e.g. the type of facility does not currently exist or is overcrowded, etc.)** **(OCC Score – guidelines provided below)**	150-0
	LDS and local governance (22%)	**220**
	5. TECHNICAL AND FEASIBILITY	
5.1	Technical checklist does not flag any major issues re 100% functionality, forward planning, timely completion or safeguards (No issue flagged/Issues flagged)	25/0
5.2	O&M plan is detailed, feasible and funded Y/N	25/0

5.3	TECHNICAL AND SUSTAINABILITY CASE The proposal has clearly captured issues of 100% functionality, forward planning, availability of suitable land or building, provision of the AO contribution, why other sources of funding aren't available, and sets out how the proposed facility will be sustained in the medium and long term. (OCC Score – guidelines provided below)	50-0
	Technical (10%)	100

Step 8.3- Announcement of Winners

a. VIP3 staff informs the OCC of the available budget envelope for that Oblast (including in Cycle 2 any remaining balance from the sub-project fund and in Cycle 3 any unused contingency fees from Cycle 2).

b. The OCC, with assistance from the VIP3 Finance Officer if required, deducts proposed budgets against the available budget envelope for that Oblast in order of ranking, one by one until available funds are no longer sufficient to cover the next ranked proposal (see Box 12- step 3). [The computer system will automatically deduct from available amount.]

- For micro-projects, there are no contingency fees required. The preliminary budget for each proposal shall be used without contingency.
- Proposals shall be awarded in order of the displayed ranking with no skipping or replacements allowed.
- Any remaining balance from Cycle 2 shall be rolled into Cycle 3. Any remaining balance from Cycle 3 are returned to the World Bank.

Output 8.3 Signed, ranked List of competing AO proposals with winners identified

Output 8.4 Minutes of the OCC Session

Step 9: Formal notifications

62.   **All AAs that competed in the Oblast Contest shall be notified of the outcome of the Oblast Contest in a letter sent by the VIP3 Coordinator**. The list of winners should also be circulated to relevant Ministries of the Kyrgyz Republic and published for the public in the interests of full transparency.

63.   The steps to notify competing AOs and the general public (after obtaining final approval) are:

Figure 10: STEP 9 Notification of Winners

| 9.1 ARIS Submits List of Winners to MoF | → | 9.2 ARIS Notifies AOs of Winners | → | 9.3 ARIS Publishes Winners |
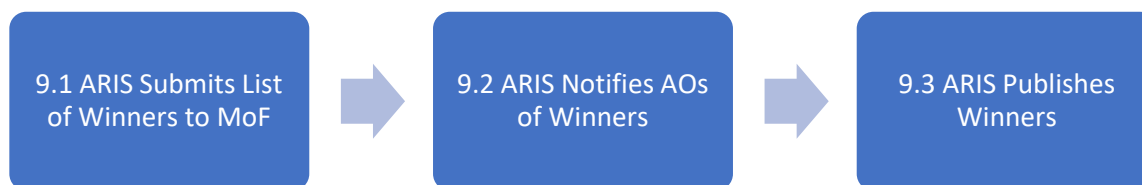
Step 9.1 ARIS Executive Director Disseminates Winners to Government counterparts

a. Once No Objection has been given, the ranked list will be distributed to relevant Ministries (Education, Health, etc.) to inform them of the winners.

Step 9.2 VIP3 Coordinator informs AOs of their status

a. The VIP3 Coordinator writes to all competing AO Heads to notify them of the winners and the status of their application: (i) winning, (ii) evaluated by OCC but did not win (with score or reason did not pass round 1), (iii) ineligible for stated reason.

Step 9.3 VIP3 Communications team posts winners

a. VIP3 communications specialist will publish the names of winning AOs and project titles on ARIS' website and social media pages.

64.   **The ranked lists of sub-project and micro-project proposals and winners decided by the Oblast Contest Commission must receive No Objection**. ARIS Executive Director will submit the compiled ranked list to the Ministry of Finance (MOF), State Agency for Local Self-Government (SALGIR), and the World Bank for their no objection before signing Letters of Intention. If there

are no comments from the three parties within 5 working days, the list is considered approved. The following materials should be submitted to the three institutions:

- Cover letter from the VIP3 Coordinator stating that all steps taken to select the investments were in compliance with the POM.
- Ranked lists for each Oblast. The description of the proposed investments must be detailed enough to give a clear sense of the intended facility (for example, "construction of a new cafeteria for primary school" instead of simply "addition to school.")
- All 3 completed checklists for the winning proposals as well as the IAU report on the findings of the audit of the checklists conducted under Step 6.2.
- Percentage investment per type of structure/good/service.
- Results Framework with provisionary figures for the indicators showing whether the proposed awards will meet targets.

The ranked lists decided by the Oblast Contest Commission after receiving No Objection determine the winning AAs that will receive the investment.

Step 10:   Social mobilization process Community Check and Scorecard meeting

65.   **All communities that participated in the contest should have the opportunity to conduct a Community Check and Scorecard meeting** to evaluate whether the social mobilization process met standards and identify ways that it could be improved. Within two months following the announcement of winning AAs, CDSOs should work in each community to organize a community check on the process that was followed, using the instructions described in Chapter 3, Component 2, Step 9.3 and Annex Part B 4.11.

---- THIS COMPLETES THE PROCESS TO SELECT AND AWARD SUBGRANTS. ---

CHAPTER 3

COMPONENT 2:
VILLAGE INVESTMENTS

CHAPTER 3

COMPONENT 2: VILLAGE INVESTMENTS

THIS SECTION SHOULD BE READ WITH ANNEX 3.

1.   **Component 2 Investment includes the purchase of goods and/or design, build, and commissioning of physical investment funded under VIP3**. The component is largely devoted to designing and supervising the technical aspects of building works, procurement of goods and services, and financial management. In addition, this component involves social accountability steps to ensure that the investment meet the needs of the community as expressed in the social mobilization process. Specifically, the community will engage in monitoring and evaluating of the design and ongoing works and conduct a Social Accountability Scorecard at the completion of sub-project works to assess community satisfaction.

2.   **The process for implementing Component 2 is explained step-by-step in this chapter**. The steps are different for sub-project implementation (see Figure 11) and micro-project implementation (provided in Figure 12) unless the micro-project involves new construction or extensive renovations in which case the AO should follow the steps in Figure 11. As noted above, all sub-projects will be awarded in Cycle 2 to allow sufficient time to complete all steps.

3.   **Contractors for Sub-projects –** because of their higher complexity and value – are procured directly by ARIS. For sub-projects, the services of three separate contractors must be procured: (i) One contractor to conduct the detailed design and estimate (DDE), (ii) a contractor to build the structure; and (iii) a contractor to supervise the building works. In order to exploit economies of scale, the tenders for these contactors can be combined for works across AAs (or villages) where the sub-projects involve similar type of construction (i.e. the Scope of Work is the same for each facility) and the contractor convincingly shows they have the capacity to take on the larger contract. All procurements must follow World Bank and ARIS guidelines (see Procurement Manual in Chapter V).

4.   **Contractors for Micro-projects –** in contrast, because of their lower value are presumably easier to manage and thus procured directly by the AO, who are also required to procure their own supervision engineer at their own cost if necessary. As part of its oversight responsibilities, VIP3 provides additional supervision of the works by the ARIS Oblast Engineers.

Figure 7: VIP3 Sub-Project Investment Implementation

Step 1. Letter of Intention
- AO & AK receive orientation on project requirements
- AO, AK and ARIS sign LOI

Step 2. Land Allotment
- NEW CONSTRUCTION ONLY
- AO Decree on land allocation (if not done at proposal stage)
- Development of a resettlement policy framework (if required)

Step 3. Preparation of APS
- Application of the AO for preparation of Architect-and-Planning Specifications (APS) to the Republican Department of Architecture and Urban Planning (RDAUP)
- RDAUP prepares APS

Step 4. Selection of Technial Supervision
- ARIS procures technical supervision services from licensed independent company/consultant
- Contract signed betweeen ARIS and winning firm

Step 5. Preparation of Design Estimates
- ARIS selects the Licensed Consultant (RDAUP or Design institute) to prepare a DDE
- The Consultant prepares the DDE or uses a standard design if appropriate and connects it to the site
- The Consultant obtains State Construction Expertise (Gosstroy) approval of the DDE

Step 6. Selection of Contractor
- ARIS conducts a tender to select contractor for implementation of the Sub-project
- ARIS AO and AK sign the Financing Agreement
- Contract signed betweeen AO and winning firm

Step 7. Construction
- Technical supervision and monthly reports to ARIS and AO
- Contractor develops an O&M Manual and trains the AO in its implementation
- Community conducts social accountability oversight (M&E and Scorecard)

Step 8. Commissioning
- AO applies to SETI to establish State Commission to approve the completed SP
- The SETI State Commission issues approval of the structure as fit for operation
- AO reflects the value of the asset in its budget (balance sheet) and allocates funds to O&M.
- AK annually allocates funds in budget for O&M
- AO holds Public Budget Hearing to Report on Completion of Facility

SUB-PROJECT IMPLEMENTATION

Step 1. Letter of Intention

5.   **The first step of the investment process is for the winning Aiyl Okmotu and Aiyl Kinesh and ARIS to jointly sign a Letter of Intention** (LOI) that defines the respective rights and obligations of each party. The LOI includes a commitment by VIP3 to fund the design and construction of the proposed facility. The LOI will note the preliminary budget figures, the 5% contract contingency, and will state that final budget in the Framework Agreement will be determined after the contract has been awarded. Abridged terms of the LOI are shown in Box 15. The full text of the LOI for sub-projects is provided in Annex 3.1.

Figure 81: STEP 1 Letter of Intention

1.1 Orientation Meeting	1.2 Letter of Intention	1.3 Procurement Training	1.4 Site Visits
•CDSO invites AOs to meeting •Information provided on funding requirements	•AO and AK Heads and VIP3 Coordinator sign LOI with estimated budget	•AO staff attend training on procurement and finance requirements	•VIP3 Engineer conducts site visits to verify settlement issues and validate technical checklist

Step 1.1 Orientation Meeting on Funding Requirements

a. CDSOs invite the winning AOs to an orientation meeting in the ARIS Oblast Office on the legal requirements of the project, including:
   i. Provisions on finance, procurement, anti-corruption, etc.
   ii. Legal requirements of the project, including provisions on finance, procurement, anti-corruption, etc.
   iii. Terms of the subgrant in the Framework Agreement.
b. AO and AK will be asked to confirm their willingness to accept the investment.

• The AA will be represented by the AO Head, AK Chair, AO Finance Specialist, and AO Procurement Specialist (if different person then Finance Specialist).
• ARIS will be represented by the VIP3 Coordinator, Oblast Coordinator, Oblast Social Mobilization Specialist, Capacity building and Gender Development Specialist, Central and Oblast Office Engineers, and Procurement and Financial Managers from Central Office.

Step 1.2 AO Head and ARIS Executive Director Sign Letter of Intention

    a.   AO and AK willing to accept the investment sign the LOI (signed by the Head of Aiyl Okmotu and Head of Aiyl Kenesh on behalf of the AA and the Executive Director (ED) on behalf of ARIS; LOI can be pre-signed by ED).

    b.   VIP3 Coordinator notifies the World Bank once all the LOI are signed.

<div align="center">

Box 15. Terms of the Letter of Agreement

</div>

- A reference will be made to the Sub-project name for which the funding is provided.
- VIP3 will finance the preparation of design estimates for all sub-projects selected through the contest.
- In the event that the AO makes significant changes to the design after the contest that have the effect of (i) veering away from the intention of the community or (ii) significantly increasing the budget, ARIS reserves the right to cancel the award.
- ARIS provides specialized training and ensures the capacity building of the AO officers and Initiative Group to conduct the necessary steps of the Investment.
- ARIS will provide technical support for conducting tender procedures in accordance with the procurement procedures for goods, works and services stated in the project operational manual.
- AO will provide co-financing in the amount of at least 3.75% of the grant amount for implementation of sub-projects and micro-projects.
- In the event of resettlement compensation being necessary, the amount of the sub-grant to the AA in question will be reduced to cover the compensation payment.

Step 1.3 AO Specialists Attend Specialized Training in Procurement Procedures.

    a.   CDSO invites AO Finance Officer, certified procurement officer and Responsible Secretary to a one-day specialized training in the Raion center to learn the skills necessary for VIP3 procurement and financial management. (See Table 4 for a more complete description of the training.)

    b.   VIP3 Procurement Officer provides the training using the Procurement Manual provided in Chapter V.

Step 1.4 VIP3 Central Office Engineer Conducts Field Inspection of All Winning Sites

    a.   ARIS Central Office engineer conducts field visit to all winning sites (if necessary, together with the Safeguard Measures Specialist)

    b.   S/he consults the Raion Land Use Map to verify that the proposed sub-project site is zoned for that type of construction and confirms technical checklist.

Step 2. Land Allocation

6.   **New Construction works only**. For sub-projects were new construction is proposed, the AO must show that they have the right to build on the identified plot of land. If the land is owned by the municipality and there are no private persons using the land, the AO should prepare and issue a land allocation decree if this was not already done during proposal preparation. If the land is privately owned or there is private use of the land for economic reasons, a Resettlement Policy Framework (RFP) must be prepared. The steps to be followed in these two scenarios are described below.

Scenario 1 – Land is Unoccupied and Fully Owned by the Municipality

a. The AO issues a Decree assigning the land plot for this use.
b. The Central Office Engineers during the site visit in Step 1.5 above verifies that the Decree is in order.

Scenario 2 – Land is Privately Owned and/or Publicly Owned but Being Used by Private Persons

a. If the Central Office Engineer during the site visit in (Step 1.5 above, identifies cases where the land falls into this category, the Engineer will alert the VIP3 Coordinator and ARIS Safeguard Specialist. This will launch a Safeguards inspection.
b. The Safeguard Specialist will conduct a site visit, and meet with the AO. The AO in accordance with Resettlement Policy Framework (RPF) and at the support of CDSO shall develop Resettlement Action Plan (RAP). The ARIS Safeguard Specialist shall correct and add the RAP. (See Annex D.)

Preparation of Resettlement Action Plan (RAP)

- The RAP must be applied for any investments that involve land allocation, restriction of access to land or services, and loss of property. The RAP lays out the guidelines to identify possible impacts from project implementation; measure the extent of possible impact (temporary or permanent) on land use / access to land or facilities; and determine the amounts and procedures for providing compensation and resettlement assistance where relevant.

- The RAP describes the measures to be taken to provide compensation for land allotment and mitigate social impacts caused by the planned work of sub-projects. The RPF is based on OP 4.12 "Forced Resettlement" and agreed with the World Bank (Annex 8 to the OP "Resettlement Policy Framework").

- In cases of discrepancy between the procedures provided for by the Kyrgyz legislation and the procedures defined by the WB OP 4.12 "Forced Resettlement", the latter will prevail in relation to all activities financed under the VIP-3.

- AO is responsible for preparation of documentation associated with the Resettlement Policy Framework (RPF). Any funds for financing Resettlement Compensation, if applicable, are covered under this Component per the Financing Agreement.

Step 3. Preparation of Architect Planning Specifications (APS) and Engineering Technical Specifications (EIS)

7.   **Once the AO Land Use Decree has been issued, the AO applies to** the Raion Department of Architecture and Urban Planning **(RDAUP) for the Architect-and-Planning Specifications (APS) and Engineering Technical Specifications (EIS)** to be prepared. The APS consists of architectural designs (blueprints), topographical survey, engineering assessment and positive conclusion from the State Environmental Agency. The EIS consists of plans for connection to utilities. These documents are legal requirements for all municipally owned capital investment. The cost to prepare these two documents is covered by the AO and deducted from the 3.75% AO contribution.[23] The final documents and a receipt must be submitted to ARIS confirming the payment.

8.   In cases where the subproject involves public utilities (i.e. electricity, water pipelines, irrigation canals), the DDE consultant should be procured before obtaining the APS to assist the AO. Once the APS and EIS have been issued, the AO can then proceed to preparation of the DDE.

---

[23] In Cycle 1, the AO paid for this step in addition to the 3.75% contribution as it was not clearly specified in the POM.

Step 4. Procurement of Contractors to Conduct Technical Supervision

9.   Procurement of works, goods and non-consultancy services within the framework of the Village Investment Project-3 (VIP) is carried out in accordance with the "Guidelines for Procurement of Goods, Works and Non-Consultancy Services by World Bank Borrowers on IBRD Loans and IDA Credits and Grants", published in January 2011 and revised in July 2014.

10.   Procurement of consultancy services under the Project is carried out in accordance with the "Guidelines for the Selection and Hiring of Consultants by World Bank Borrowers on IBRD Loans and IDA Credits and Grants", published in January 2011 and revised in July 2014.

11.   Procurements for implementation of sub-projects will be carried out by ARIS with direct involvement of the AOs. Procurement of goods, works and services under this component should be carried out in accordance with the "Guidelines for procurement of goods, works and non-consultancy services by World Bank borrowers for IBRD loans and IDA loans and grants", published in January 2011 and revised in July 2014; and "Guidelines for the selection and hiring of consultants by the World Bank borrowers for IBRD loans and IDA loans and grants", published in January 2011 and revised in July 2014.

12.   The procedures specified in the above guidelines apply to all activities that are fully or partially funded from the IDA grant. In the framework of a project activity that is not financed by IDA, procurement will be carried out in accordance with procedures agreed upon by the respective funding organizations and the Government of the Kyrgyz Republic. See Chapter V for the Procurement Manual.

13.   In order to save time, the procurements for Technical Supervision and DDE can be tendered simultaneously. However, per Kyrgyz Republic legislation, the same firm cannot be awarded both contracts. In order to exploit economies of scale, the tenders may combine works across AAs where the sub-projects involve the same type of construction (i.e. the Scope of Work is similar for each facility) and the contractor convincingly shows they have the capacity to take on the larger contract.

14.   All Technical Supervision Consultants must be certified with the State Agency on Architecture, Construction and Communal Facilities of the Government of the Kyrgyz Republic (GOSSTROY). To avoid conflict of interest, the firm and individuals cannot work for the company that wins the award for DDE or construction. The Technical Supervision Consultants will be supervised by the VIP3 Chief Engineer and the assigned Project Managers.

Step 4.1 ARIS Procures Qualified Construction Firm or Consultant to Supervise the Works[24]

   a. VIP3 Procurement Officer prepares the tender documents and contract according to the requirements of the Procurement Manual (see Chapter V).
   b. VIP3 Tender Committee conducts the tender(s) according to the requirements laid out in Chapter V and selects consultants and/or a qualified firm able to assign sufficient numbers of individual technical specialists to supervise the Construction firms contracted to build the works.
   c. The Technical Supervision Consultants will sign the Code of Conduct in Annex 1.2 when signing their contract.

---

[24] Adjustment to POM. In Cycle 1, AOs were required to hire their own technical supervision consultant out of funds in addition to the minimum 3.75% contribution. For Cycle 2, this is voluntary- they are not required to do so but can if they would like to be directly involved in supervising the works.

Step 5. Preparation of Detailed Design Estimates (DDE)

Step 5.1 – ARIS Procures Qualified Architectural Design and Engineering Firm

   a. VIP3 Procurement Officer prepares the tender documents according to the scope of work (see Box 16) and contract according to the requirements of the Procurement Manual.
   b. VIP3 Tender Committee conducts a tender and selects the services of a consultant/firm licensed with the State Agency on Architecture, Construction and Communal Facilities of the Government of the Kyrgyz Republic (GOSSTROY) to prepare the Design Estimates or to tie-in a standard design is suitable for the project.
   c. The DDE Consultants will sign the Code of Conduct in Annex 1.2 when signing their contract.
   d. The Consultant (licensed design institute/author of project) prepares individual design estimates and/or modification of standard design to the sub-project at the expense of the Project.

Box 16: DDE Consultant Scope of Work

The DDE Consultant's tasks are to:
   - Review the sub-project proposal
   - Meet with AO and Initiative Group members to discuss specifications
   - Review the permitting documents (APS, EIS)
   - Conduct additional topographical survey work
   - Develop detailed working drawings reflecting the community proposal/needs and/or tie-in an ARIS standard design if the community members wish to use one.

The DDE Consultant's Deliverables are:
   - Working drawings
   - Master plan
   - Landscaping plan
   - Internal and external engineering networks
   - Bill of Quantities
   - Calculation of the projected cost of the sub-project (estimate)
   - Technical specifications
   - Presentation of the blueprint drawings to the community including:
       o Building size, siting and access
       o Interior and Exterior Build-out
       o Construction budget

These documents must be prepared in compliance with Kyrgyz Republic law and the contract conditions. The designs must receive approval from the State Expertise Department of the State Agency on Architecture, Construction and Commercial Facilities (GOSSTROY) prior to submission to ARIS.

Step 5.2 – Design Firm/Consultant Produces the DDE

a. Design firm/consultant holds an initial consultation with members of the Initiative Group and representatives of the women and vulnerable FGDs to verify the design specifications.

b. Design firm/consultant prepares the deliverables listed in Box 16

c. If there is a standard design or pre-existing blueprint commissioned by the AO that fits the wishes of the community, the CDSO and DDE discuss with the community members and AO if they agree to use it. All architectural drawings must be tied- in to site (see Box 17).

d. Design firm transfers copies of the Technical Solutions and an Environmental Protection Section to the CDSOs and IG for further development of the EMP or EMP checklists.

e. Design firm presents the draft blueprint drawings to the community at a social audit meeting organized by the AO. This meeting should be attended by a minimum of 60 community members (minimum 30% women). Templates for the agenda and minutes of this meeting are provided in Annex 3.5 Part A.

f. The design firm makes modifications suggested by the community if possible and finalizes the design.

g. Design firm submits the design and estimate documentation to the Raion Chief Architect and the AO Head for agreement.

h. Design firm together with the AO Head obtains approval from the State Expertise Department of GOSSTROY.

i. Design firm submits the finalized package of documents (DDE, approval) to ARIS in hard copy (5 copies) and electronic (soft) version. The final design (photocopy of image) will be posted on the AO bulletin board.

90

Box 17: Appropriate Use of Standard Designs

In Cycle 1, ARIS prepared a number of standard designs for commonly requested social infrastructure (i.e. schools, kindergartens, FAPs). The Cycle 1 Post Review found cases were the standard designs unduly influenced community decisions or were imposed on Aiyl Okmotus. For example, there were cases where the community identified the need for a kindergarten with capacity for 100 children, but these figures were adjusted to the standard design for 50 places in order to save money and time, contradicting the community's goals and needs for the project.

To prevent the recurrence of such mis-use of the standard designs, the following conditions on their use apply in Cycle 2:

- AOs will not be made aware of the availability of the Standard Designs during the social mobilization process;
- The Standard Designs prepared by ARIS will not be used to help determine preliminary budgets for the sub-project proposals;
- In no case should use of the standard designs affect the number of beneficiaries able to use the site or impact the intended use of the facility;
- **Standard Designs for sub-projects may only be used if the AO and community agree that it fully meets their specifications/requirements;**
- In the event the standard design is proposed and accepted by the AO, the design must be fully tied-in with the site; and
- Any modifications made to the standard design so that it meets community needs or fully ties-in with the site will be at the expense of the project.

Step 6. Procurement of Contractors to Conduct Civil Works

Based on the completed DDE produced above, VIP3 Procurement Specialist prepares bidding documents to tender the works (see Annex C).

Step 6.1 – ARIS Procures Qualified Construction Firm to Conduct the Works

a. CDSO invites AO Head and AK Chair to participate on the tender committee and sets a date and time.
b. VIP3 Tender Committee meets to evaluate the bids and selects the services of a construction company licensed with the State Agency on Architecture, Construction and Communal Facilities of the Government of the Kyrgyz Republic (GOSSTROY) to build the facility according to the DDE.
c. Tender committee conducts and signs the bid evaluation report.
d. VIP3 Procurement Officer notifies winning firm that they have been selected.
e. Winning firm within maximum 21 days provides bank guarantee for the performance of contract (at least 10% of the contract value). If necessary, the contractor provides insurance for the entire construction period (accidents, force majeure, etc.). **These two documents must be submitted to ARIS before the contract can be signed**.

- The winning bid price – including contingency– determines the budget in the Framework Agreement.
- Tenders may combine works across AAs – or combine multiple facilities within an AA if relevant – where the sub-projects involve the same type of construction (i.e. the Scope of Work is similar for each facility) and the contractor convincingly shows they have the capacity to take on the larger contract.
- The tender documents should request bidders to include a 5% contingency based on the price offered.
- Contract is prepared according to the requirements of the Procurement Manual in Chapter V.

Step 7. Signing Framework Agreement

15.   **Once the final budget has been determined, the winning Aiyl Aimak (AO and AK Heads) and ARIS jointly sign the Framework Agreement (FA)** that defines the respective rights and obligations of each party. A FA is required for all sub-projects and micro-projects.

- The FA is signed by the Head of Aiyl Okmotu and Head of Aiyl Kenesh representing the Aiyl Aimak and the Executive Director (ED) ARIS (form can be pre-signed by ED if the signing will be at the Oblast Center).
- These meetings are held at the ARIS Oblast Office.
- The meetings are attended by the VIP3 Coordinator and VIP3 Central Office Engineer, the Oblast Coordinator and the Oblast Social Mobilization Specialist, Capacity building and Gender Development Specialist.
- When signing the FA, the exchange rate is set at the rate of the NBKR as of the date of signing the Framework Agreements.
- The World Bank is notified once all the FAs are signed.
- The full text of the Framework Agreement is given in Annex 3.3.

Box 18. Terms of the Framework Agreement

- Signing of the Framework Agreement replaces the Letter of Expression and renders it void.
- Reference will be made to the Sub-project or Micro-project name for which the funding is provided.
- In the event that the final works go over budget by more than the 5% contingency, the AO will be responsible for covering all over-run costs.
- In the event that the final works come in under budget, not counting the 5% contingency, remaining funds will be retained by the AO.
- Any unused contingency fees are returned to ARIS.
- The Financing Agreement requires each Ayil Okmotu to: (1) make a financial contribution of a minimum of 3.75% for any selected Sub-Project or Micro-Project; (2) carry out its Sub-project or Micro-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (3) provide, promptly as needed, the resources required for the purpose;
- Per the Financing Agreement, ARIS maintains the right to suspend or terminate the right of the corresponding Ayil Okmotu to use the proceeds of the Sub-Grant or Small Grant, or obtain a refund of all or any part of the amount of the Small-Grant or Sub-Grant then withdrawn, upon the Ayil Okmotu failure to perform any of its obligations under the respective Framework Agreement.

Step 8. Performance of Works

16. **Once the Framework Agreements are signed, the Contractor can begin the works.** Key sub-steps include (i) signing the contract with the construction firm, (ii) making payments according to the satisfactory progress against the Work Performance (Implementation) Schedule (iii) regular supervision of the works and (iv) community oversight of the works. The steps are shown in Figure 16.

Figure 92: STEP 8 Performance of Works

8.1 Assign Project Managers
- VIP3 Coordinator assigns Oblast Engineer sites they will supervise
- Engineers develop schedule of visits

8.2 Sign Contract with Construction Firm
- AO Head and VIP3 Coordinator sign the Contract
- Financial Officer explains terms (schedule) of payment

8.3 Advance Payment
- Firm provides Bank Guarantee
- Finance Officer arranges advance

8.4 Work Commences
- AO obtains building permit
- Signs posted at worksite
- Contractor begins works according to DDE

8.5 Initial Payment Made
- AO and VIP3 Engineer approve progress
- Contractor prepares invoice
- AO submits invoice to VIP3
- VIP3 Financial Officer processes payment

8.6 Technical Supervision
- Technical Supervision firm performs ongoing oversight
- VIP3 Engineers provide secondary oversight
- Regular reports made and posted for public

8.7 Subsequent Payments
- Steps in 8.5 repeated as work meets benchmarks set in the Work Schedule

8.8 M&E Group Conducts 50% Visit
- Community members form M&E Group
- CDSO trains M&E Group
- M&E Group conduct site visit at half-way point
- M&E Group submit report to AO and publish findings

Step 8.1 VIP3 Coordinator assigns Central Office Engineers to act as Project Manager

a. VIP3 Coordinator and Chief Engineer assigns set number of sub-projects per Oblast Engineer depending upon complexity of DDE, distances between sites, etc. The Engineer serves as "Project Manager" responsible for overseeing the work of the Technical Supervision Consultants hired in Step 4 above and monitoring the progress of the civil works.

b. Chief Engineer and Project Managers develop a schedule of supervision visits to each investment site.

Step 8.2 AO Head signs the contract with the Selected Construction Firm

a. , AO Head and Contractor meet at the ARIS Oblast or Central Office to conduct the signing.
b. VIP3 Oblast Coordinator and/or Finance Officer explains the terms of payments under the contract will be made according to Work Performance Act which is linked with the Work Performance (Implementation) Schedule in the bidding documents.
c. VIP3 staff makes 3 hard copies of the contract (1 to AO, 1 to Contractor, 1 for ARIS).

Step 8.3. VIP3 Financial Officer makes an advance payment (if required)

a. Contractor provides written proof of a bank guarantee to VIP3 Financial Officer.
b. Contractor invoices the AO for advance payment of maximum 20% of the total contract amount (assuming bank guarantee has been furnished).
c. VIP3 Financial Officer contacts the bank for confirmation of the guarantee.
d. VIP3 Financial Officer transfers advance payment to contractor.

   Before the bank guarantee expiration, the advance payment will be recovered from subsequent payments based on the contract and/or bank guarantee terms.

Step 8.4 Contractor commences work

a. Based on the design estimates developed in accordance with the APS (ETS) and agreed with the Raion Chief Architect, the Client in the person of AO receives the Construction Permit from the Raion Chief Architect.
b. AO registers the Construction Permit with the regional SETI and gives it to the Contractor for implementation of construction-installation works on the sub-project.
c. Contractor posts all required information at the worksite (building permit, donor and budget amount)
d. The contractor implements the project in accordance with the calendar work schedule agreed upon with the Client and approved by the VIP-3 Coordinator and in accordance with the plan for labor protection and safety rules and the environmental action plan. The physical implementation of civil works can be started only after approval the EMP and RAP by the World Bank.

Step 8.5 AO makes an initial payment

a. If the Contractor does not need/provide a bank guarantee, the Contractor invoices to AO directly for work performed or the supplier invoices for supply of goods. This first invoice is paid out of the AO co-financing share (3.75% of the grant amount) with the funds available after payment for the APS.
b. If the AO co-financing share is not sufficient to cover the first invoice, the AO sends the invoice to ARIS with attachment of the following documents:
   i. Cover letter, signed by AO;
   ii. Act of Completed Works (ACW), signed by the Contractor, the Technical Supervision Specialist, the Engineering Project Manager, and the Head of AO;
   iii. Once the ACW is approved, the Contractor may prepare the invoice;
   iv. Invoice for payment must be signed by the Contractor, the AO Head (or authorized person), and the VIP-3 Engineer;

     v.   Documentary evidence of payment of the AO' contribution (no less than 3.75% of the grant amount), a copy of the AO' payment order or the statement of an account of the Contractor.

c. ARIS will make the residual payment (balance after AO contribution) upon receipt of the invoice with the supporting documents above following the requirements of the Finance Manual (see Chapter VI).

Step 8.6 Senior technical supervision carries out quality control

Technical supervision over the progress of construction and installation works will be carried out by two parties at each sub-project location:

a. The independent consultant/company "Technical Supervision Consultant" procured in Step 4 above monitors construction in accordance with the SOW and design estimates.
b. The Technical Supervision Consultant is responsible for filling in the logbook "Performance of Works" on a daily basis when supervising the important construction and installation works.
c. For ARIS, the VIP-3 Engineer assigned as Project Manager in Step 8.1 conducts visits to the construction site during implementation to monitor the works.
d. Project Manager alerts the Chief Engineer and the VIP3 Coordinator of any problems with the performance of the Technical Supervision Consultants or the progress of works immediately.

Step 8.7 VIP3 Financial Officer makes subsequent payments to Contractor

a. As works progress, subsequent payments will be invoiced according to the Works Implementation Schedule upon submission of invoices with the supporting documents:
    i.   Cover letter, signed by AO Head;
    ii.   Act of Completed Works (ACW), signed by the Contractor and the Technical Supervision Specialist; the Engineering Project Manager and the Head of AO;
    iii. Invoice for payment signed by Contractor; invoices for payment must be signed by the Contractor, the AO Head (or authorized person), the VIP-3 Engineer;

Step 8.8 Members of the M&E Group conduct quality monitoring at 50% completion

17.   **The community has the possibility to monitor satisfactory progress of the sub-project** (in addition to the technical supervision provided by the engineers described above). This is carried out by a community Monitoring and Evaluation (M&E) group. The detailed instructions for this M&E group are provided in Annex 4.4 Monitoring and Evaluation Guidelines for Communities.

18.   **Criteria for community members wishing to join the M&E group include:**

- Members of the IG may volunteer for the M&E group.
- Members of the M&E group should be a village resident.
- The M&E group should consist of at least 4-6 people
- **Gender target**- at least 50% women
- Composition of the group is approved for 1 year by the AO Head.

Step 8.8.1 AO Issues Decree Establishing the Community M&E Group

a. AO and CDSO call for volunteers from the community to form the M&E Group.
b. AO and CDSO make list of proposed M&E Group based on the criteria above.
c. AO issues Decree naming the members of the group.

Step 8.8.2 The M&E Group receives training from VIP3 at the Raion center in how to conduct the Community M&E.

a. CDSO invites members of the M&E Group to a training at the Raion Center.
b. CDSO provides the training according to the curriculum and timeframe in Table 4.

Step 8.8.3 The M&E Group conducts monitoring at the point of 50% completion of sub-project.

a. M&E group conduct a visit to the construction site. During the visit, they verify in particular the following points:

  i.   Availability of an information board/ signage at the site indicating: the amount of funding (World Bank and AO contribution); Dates of commencement and completion: Name and Contact of Contractor; Contact information for ARIS' Beneficiary Feedback Mechanism (BFM).
  ii. Document **"Financing plan for sub-projects for 200_ - 200_ years"**, ARIS payments and community contribution, tranches.
  iii. Works performed (construction progress, work stages)
  iv. Administration of complaints and suggestions of community members.

b. M&E Group documents its findings.

Step 8.8.4 Development of M&E report

a. The Head of the M&E Group drafts a report of 1-2 pages of the M&E results no later than 7 days after the completion of the site visit. The report should include:
  i.   Brief description of progress
  ii. Brief description of the problems encountered in implementation
  iii. Description of how these problems were solved (or are being solved)
  iv. Recommendations for improving implementation of the works (mandatory).
b. All members (required) sign the report.
c. The M&E group and the Initiative Group jointly discuss any proposed recommendations for improvement of work.
d. The M&E Group submits the report to the AO Head

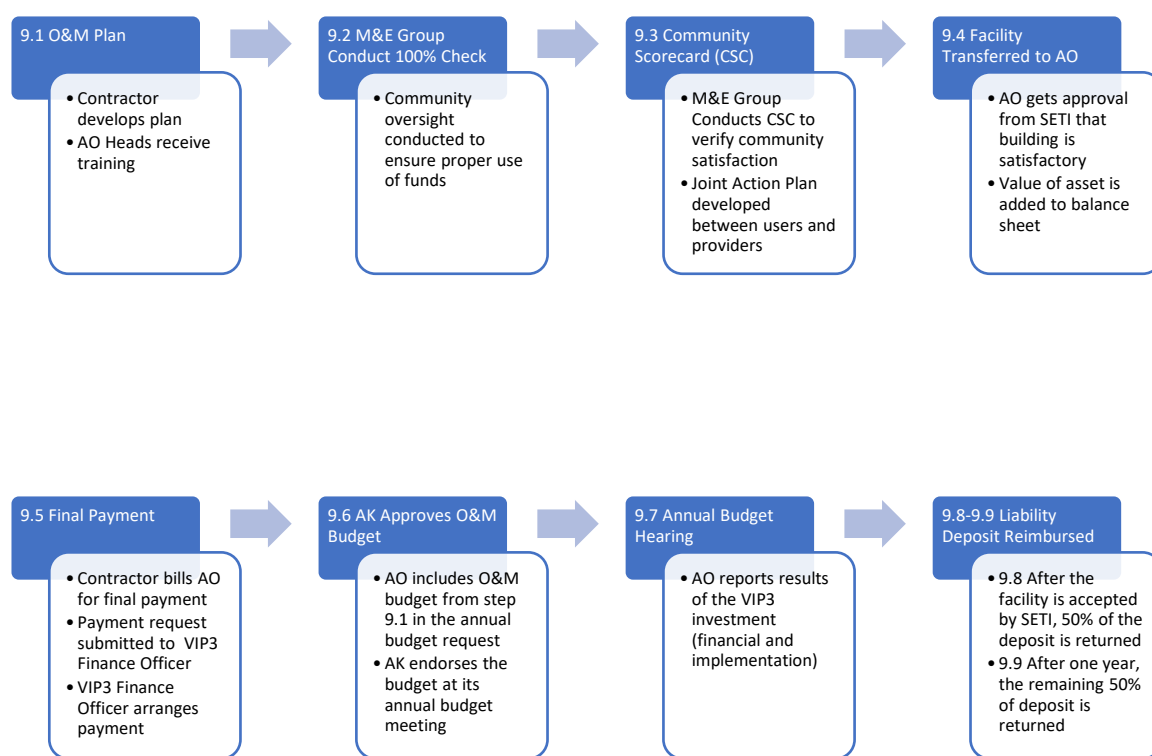### Step 8.8.5 Dissemination of M&E Findings

a. AO Head issues the report as an AO Decree, with the stamp of the AO.
b. AO Responsible Secretary files the original.
c. AO Responsible Secretary places the report on the bulletin board of the AO Office.
d. The M&E group disseminates the results to the community at the annual budget hearing organized by the AO and at AK sessions (see Step 9.8).

Step 9. Completion of Works

19. **As the Construction works are completed, the AO, Contractor, and community begin steps to commission the new facility for use by the community.** Key sub-steps include (i) developing a final Operations and Maintenance Plan; (ii) conducting community oversight and social auditing, notably a Community Scorecard, to ensure the investment meets the requirements and expectations of the community; (iii) final supervision/inspection of the works and transfer to the AO balance sheet; and (iv) presentation of the amount of investment and satisfactory completion of works at the AK Budget Hearing. The steps are shown in Figure 17.

Figure 103: STEP 9 Completion of Works

9.1 O&M Plan
- Contractor develops plan
- AO Heads receive training

9.2 M&E Group Conduct 100% Check
- Community oversight conducted to ensure proper use of funds

9.3 Community Scorecard (CSC)
- M&E Group Conducts CSC to verify community satisfaction
- Joint Action Plan developed between users and providers

9.4 Facility Transferred to AO
- AO gets approval from SETI that building is satisfactory
- Value of asset is added to balance sheet

9.5 Final Payment
- Contractor bills AO for final payment
- Payment request submitted to VIP3 Finance Officer
- VIP3 Finance Officer arranges payment

9.6 AK Approves O&M Budget
- AO includes O&M budget from step 9.1 in the annual budget request
- AK endorses the budget at its annual budget meeting

9.7 Annual Budget Hearing
- AO reports results of the VIP3 investment (financial and implementation)

9.8-9.9 Liability Deposit Reimbursed
- 9.8 After the facility is accepted by SETI, 50% of the deposit is returned
- 9.9 After one year, the remaining 50% of deposit is returned

Step 9.1 Contractor develops an O&M Plan and Trains AO O&M Specialist

a. AO Heads receive training from VIP3 at the Raion center in how to prepare an O&M Plan (see Table 4).

b. Contractor, together with ARIS Oblast Engineers, provide training to the AO specialists on implementing the O&M Plan.

c. The Contractor shall develop and provide, under signature, to the AO a "Plan and Manual for O&M"

Step 9.2 Members of the M&E Group conduct quality monitoring at 100% completion

    a. At completion, the M&E Group conducts a site visit and repeats the steps described under Step 8.8 above.

Step 9.3 Community Facilitator (CF) conducts Community Check and Social Accountability Scorecard at the completion of works (shall be read together with Annex 4.11 (Part B))

20. Community Facilitators are active volunteers that have to conduct a community check meeting, while remaining neutral.

21. The AO Head selects the most active community representatives for the meeting and appoints them as the Community Facilitators (CF). The group must consist of at least 2 people, one of which must be a woman. In order to conduct an objective evaluation, Community Facilitators should not be members of the Initiative Group, the Joint Monitoring and Evaluation Group, and AO and AK representatives.

22.   Upon completion of the construction, the Community Facilitator will conduct a community check meeting, including a Social Accountability Scorecard. Scorecards are a method for service users and service providers to identify needed improvements and agree on ways to implement them.

23.   **Objectives and outcomes**: Under this activity, VIP3 supports a facilitated process of citizen feedback in each target village using the social audit and community scorecard methodology. Community Scorecards (CSC) are an effective tool for strengthening citizens' voices and promoting constructive dialogue between supply and demand side actors.

24.   **Key activities include**:

    a. Develop CSC guidelines and conduct a TOT
    b. Train CF in social audit and CSC methods
    c. CF organize the community check meetings
    d. CF facilitates the community check meetings (including the service provider self-assessment)
    e. CF conducts the interface meeting and notes the joint-accountability action plan (JAAP)
    f. JAAP is publicly disseminated and there is follow-up on its' implementation

Each of these activities is explained more below.

    a. **VIP3 staff develops guidelines and conducts an internal ToT on community scorecards.**
        i. VIP3 staff develops guidelines and training material on community scorecards in Russian or Kyrgyz.
        ii. CDSOs receive a one-day ToT on the social audit/community scorecard methodology, and facilitate a practice community check meeting in a target community.

    b. **CF members trained in social audit and community scorecard methods.**
        i. CDSOs train CFs on the social audit and CSC methodology.
        ii. There will be [15-20] participants in each training held at the district level.
        iii. CDSOs from neighboring raions may assist the CFs to ensure sufficient facilitation skills.

    c. **CF facilitates the community check meeting.**
        i. With the support of CDSOs, CF facilitates community check meetings.

ii.   The number of participants is based on the sub-projects that are being assessed. In all cases, the community members who participate must be beneficiaries of the service.

iii.   The CF notifies the community of the meeting in advance and it is held in an easy-to-access location.

iv.   In smaller communities, the CF facilitates one community check meeting, but may facilitate multiple meetings in larger communities.

v.   CF makes a special effort to encourage the participation of women by:
   o   Ensuring women are invited to the meeting;
   o   Holding the meeting at a time convenient to women, when they will not be engaged in care work;
   o   Inviting women's committees, such that women will not be isolated.

vi.   CF leads the community in evaluating whether the social mobilization process and/or the investment provided by VIP3 meets requisite standards and is satisfactory per the methodology in Annex 4.11, Part B.

vii.   CF facilitates the self-assessment of service providers on whether the social mobilization process and/or the investment provided by VIP3 meets requisite standards and is satisfactory.

viii. CF facilitates the community and service providers to agree upon the Joint Accountability Action Plan (JAAP) to address needed improvements (if any) to the facility.

ix.   CF and AO ensure that the JAAP and minutes of the community check meeting are publicly displayed and that there is follow-up on whether the actions are taken.

Outputs: Community check meetings resulting in JAAP are held in each Aiyl Aimak that participated in VIP3.

Step 9.4 AO transfers the completed facility to its balance sheet

- After the completion of construction and installation works, the AO must obtain a Certificate of Acceptance from SETI in order to put the sub-project into operation;
- AO under the Act of investment costs must reflect the value of the new facility/asset on its balance sheet;
- Successful commissioning of sub-projects measured by the indicator C.2.1 "Number of Subprojects Completed."

Step 9.5 The contractor submits an invoice to the AO for final payment for the work performed

a. Upon completion of the contractual scope of work and/or delivery of goods and in order to receive the final tranche, the contractor / supplier of goods draws up an ACW / delivery of goods and submits an invoice to the AO;

b. The AO' engineering-and-technical officer and the Technical Supervision Specialist verify and sign the Act of completed works (ACW) and the Invoice for payment;

c. AO prepares a cover letter, signs the invoice for payment and the Act of completed works / delivery of goods, and submits to ARIS;

d. Once received by ARIS, the package of documents is registered and sent to finance specialists for further consideration and payment.

Step 9.6 AK approves reserve of funds for O&M in the AO budget

- In the fiscal year in which the AO transfers the facility to its balance sheet, sufficient budget must be made available in the operating budget to cover any O&M costs foreseen by the O&M Plan. In future fiscal years, the AO will conduct an annual assessment of the state of the facility before reviewing the local budget, and determine the list of necessary works and costs to ensure operation and maintenance, and makes a budget for O&M.
- The annual O&M budget is provided to the AK for review and approval. The AK considers and allocates funds from the AA budget for O&M.
- This amount, compared to the O&M budget promised in the sub-project proposal, is measured by indicator C.2.3 "Percentage of actually allocated vs. planned funds for O&M."

Step 9.7 AO reports on the results of work at the Annual Public Budget Hearing

- Annual Public budget hearings are required by the Budget Code. These are usually conducted in Q1 of the Fiscal Year (January- March).
- Preparation of a Citizen's Budget per the Core Training module would be appropriate for this meeting.
- The number of AAs conducting this Hearing is measured by the PDO Indicator 2, "Number of AAs conducting public hearings annually, where information is disclosed to the public on budget formulation and execution in accessible formats."
- The total number of participants must be at least 100 participants, of which at least 30% should be women. Attendance at this meeting provides data for indicator C.1.2 "Average number of people that participated in public hearings at village level."
- The following information on the implementation of SP / MP should be provided at a minimum: the approved SP/MP budget, the actual SP/MP costs, name of the SP/MP contractor, name of the firm that carried out construction supervision, the date of signing the Act of the State Commission on acceptance into operation, the date of acceptance of the object on the balance sheet, and the costs of subsequent operation and maintenance of SP / MP.
- The procedure for conducting Public budget hearings is explained in detail in the materials of the core training on the Formation and Execution of the local budget. This training is conducted for all 266 AO (see Table 5).

a. The AO and AK determine the date of the public hearings and prepare materials on budget execution report for the past period, a draft budget for the future period (year), reports on the implementation of local area development plans, including the LDS and the implementation of SP / MP.
b. The Head of AO, through the AO officers, village elders, formal institutions (women's, youth, pasture committees, school administrations, FAPs), etc. informs the community of the date of the meeting and organizes the invitation and attendance of participants.
c. At the Public Budget Hearings, the AO presents a review of the implementation of the SP / MP supported under the VIP-3, as well as information on the implementation of activities in the LDS planned for the past period and planned changes for the future period.
d. After the presentation, the AO Head opens a Question and Answer period to allow participants to ask and receive answers to all questions regarding the implementation of SP / MP in the territory of AA.

Step 9.8 VIP3 Financial Officer returns half of defective liability funds (2.5%) to the contractor after commissioning

- Per the contract conditions, once the facility has received the Act from SETI that it can be put into operation, the contractor can apply for reimbursement of 50% of defective liability retention funds.

Step 9.9 VIP3 Financial Officer returns the final retained funds of 2.5% of budget contractor one year after completion,

a. After the one-year defective liability period has expired, ASW is drawn up and signed by AO Head, ARIS Engineer and Contractor verifying that no defects have occurred during the one-year period.
b. The contractor prepares an invoice. The payment request should be submitted to ARIS with:
    i. Letter from Contractor to the ARIS Director requesting payment
    ii. Original Invoice
    iii. Letter from AO certifying that they have no claims regarding the sub-project
    iv. Commissioning Act
    v. Act of Transfer of Facility to Balance Sheet of the AO
    vi. Work Completion Act signed by ARIS Engineer

---- THIS IS THE COMPLETION OF THE SUB-PROJECT IMPLEMENTATION PROCESS. ---

MICRO-PROJECT IMPLEMENTATION

25.   **Micro-projects are investments with a total value less than $20,000 (excluding the AO contribution, which shall be not less 3,75% but shall not exceed it).**They are intended for simpler types of investments then sub-projects. Assuming that the investment concerns capital repair of existing municipal structures or purchase of equipment/goods, implementation of micro-projects follows a simplified process described in this section and shown in Figure 10. The process in this case has only 5 steps compared to 10 steps for the sub-project process above. If the micro-project involves new construction (such as an addition to a building) or extensive repairs (such as retrofitting an existing structure) the steps laid out above for sub-projects should be followed with the sole difference that the contractors for design, construction and technical supervision, shall be procured by the AO instead of ARIS. In this case, ARIS will also provide technical supervision from its side.
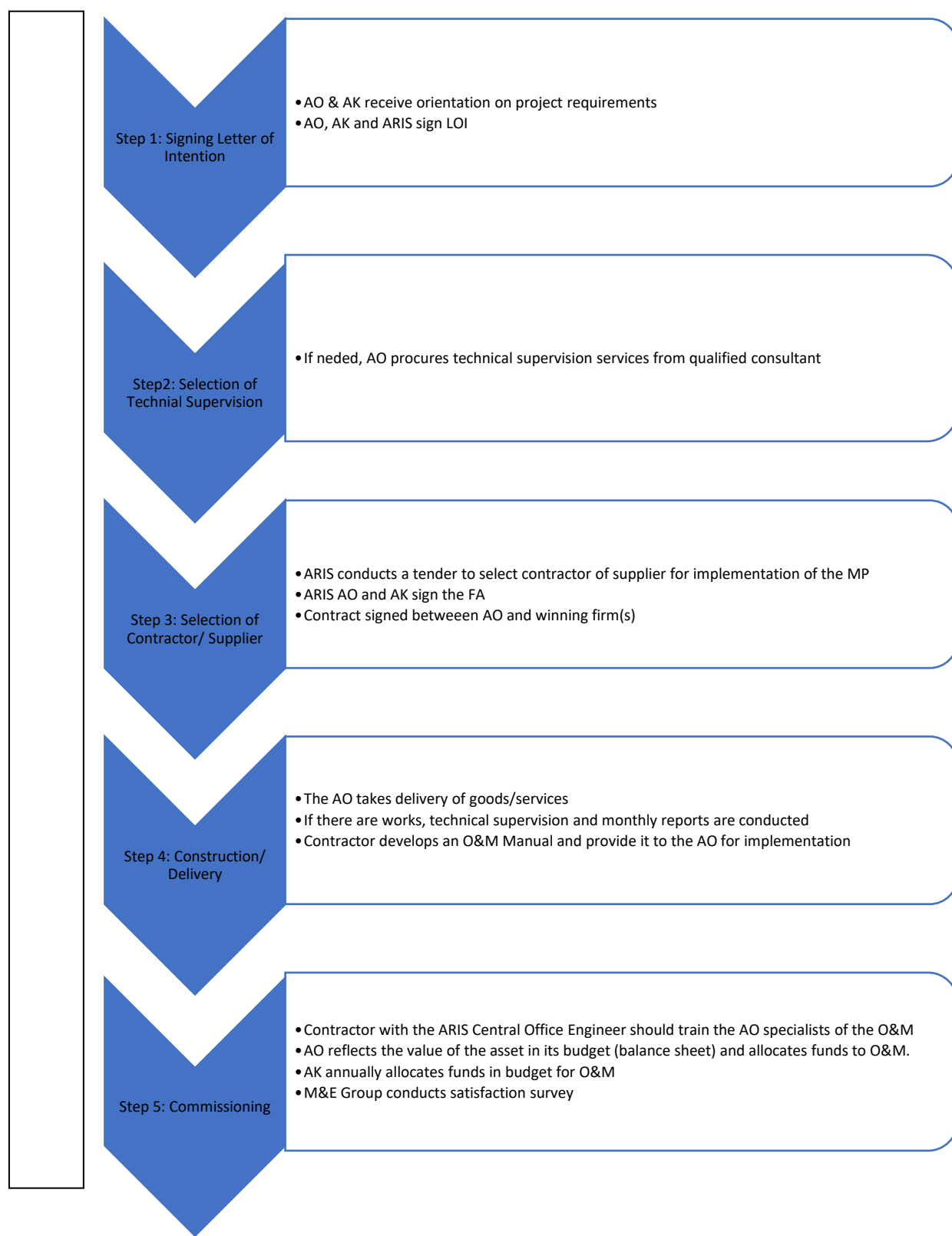
Step 1. Letter of Intention

26.   **The first step of the investment process is for the winning Aiyl Okmotu and Aiyl Kinesh and ARIS to jointly sign a Letter of Intention** that defines the respective rights and obligations of each party.

Step 1.1 AOs attend Orientation Meeting on Funding Requirements

  a. CDSOs invite the winning AOs to an orientation meeting in the ARIS Oblast Office on the legal requirements of the project, including:
      i.   Provisions on finance, procurement, anti-corruption, etc.
      ii.   Legal requirements of the project, including provisions on finance, procurement, anti-corruption, etc.
      iii. Terms of the subgrant in the Framework Agreement.
  b. AO and AK will be asked to confirm their willingness to accept the investment.

  •   The AA will be represented by the AO Head, AK Chair, AO Finance Specialist, and AO Procurement Specialist (if different person then Finance Specialist).
  •   ARIS will be represented by the VIP3 Coordinator, Oblast Coordinator, Oblast Social Mobilization Specialist, Capacity building and Gender Development Specialist, Central and Oblast Office Engineers, and Procurement and Financial Managers from Central Office.

Step 1.2 AO and ARIS Executive Director Sign Letter of Intention

  a. AO and AK willing to accept the investment sign the LOI (signed by the Head of Aiyl Okmotu and Head of Aiyl Kenesh and the Executive Director ARIS). The LOI will note the preliminary budget figures and will state that final budget in the Framework Agreement will be determined after the goods/services have been contracted. The full text of the LOI is provided in Annex 3.2.
  b. VIP3 Coordinator notifies the World Bank once all the LOI are signed.

Figure 115: VIP3 Micro-projects Investment Implementation

Step 1: Signing Letter of Intention
- AO & AK receive orientation on project requirements
- AO, AK and ARIS sign LOI

Step2: Selection of Technial Supervision
- If neded, AO procures technical supervision services from qualified consultant

Step 3: Selection of Contractor/ Supplier
- ARIS conducts a tender to select contractor of supplier for implementation of the MP
- ARIS AO and AK sign the FA
- Contract signed betweeen AO and winning firm(s)

Step 4: Construction/ Delivery
- The AO takes delivery of goods/services
- If there are works, technical supervision and monthly reports are conducted
- Contractor develops an O&M Manual and provide it to the AO for implementation

Step 5: Commissioning
- Contractor with the ARIS Central Office Engineer should train the AO specialists of the O&M
- AO reflects the value of the asset in its budget (balance sheet) and allocates funds to O&M.
- AK annually allocates funds in budget for O&M
- M&E Group conducts satisfaction survey

Step 1.3 Specialized Training of AO Specialists in Procurement Procedures.

    a. CDSO invites AO Finance Officer, certified procurement officer and Responsible Secretary to a one-day specialized training in the Raion center to learn the skills necessary for VIP3 procurement and financial management. (See Table 4 for a more complete description of the training.)

    b. VIP3 Procurement Officer provides the training using the Procurement Manual provided in Chapter V.

Step 1.4 VIP3 Oblast Office Engineer Conducts Field Inspection of All Winning Sites

    a. As assigned, ARIS Oblast Office engineer conducts field visit to all winning sites.

<div align="center">

Box 14. Terms of the Letter of Agreement

</div>

- Reference will be made to the Sub-project or Micro-project name for which the funding is provided.
- The AO is responsible for procuring and supervising the micro-project.
- ARIS provides specialized training and capacity building of the AO officers and Initiative Group to conduct the necessary steps for the Investment. This is financed under Component 1.
- ARIS will provide technical support for conducting tender procedures in accordance with the procurement procedures for goods, works and services stated in the project operational manual.
- AO will provide co-financing in the amount of at least 3.75% of the grant amount for implementation of sub-projects and micro-projects.
- In the event that the AO makes any significant changes to the design after the contest that have the effect of either (i) veering away from the intention of the community or (ii) significantly increasing the budget, ARIS reserves the right to cancel the award.

Step 2. Procurement of Contractors and Technical Supervisors

27.   Procurement of works, goods and non-consultancy services within the framework of the Village Investment Project-3 (VIP) is carried out in accordance with the "Guidelines for Procurement of Goods, Works and Non-Consultancy Services by World Bank Borrowers on IBRD Loans and IDA Credits and Grants", published in January 2011 and revised in July 2014.

28.   Procurement of consultancy services under the Project is carried out in accordance with the "Guidelines for the Selection and Hiring of Consultants by World Bank Borrowers on IBRD Loans and IDA Credits and Grants", published in January 2011 and revised in July 2014.

29.   Procurements for micro-projects under the VIP component "Village Investments (grants for sub-projects and micro-projects)" will be carried out by the AO with direct participation of the community. Procurement of goods, works and services under the subgrants will be carried out in accordance with the Guidelines on Procurement for Communities (Annex C) to this Operational Manual and based on harmonized procedures of the Small Cost Procurement Guidelines for Small Grants, Loans and Credits of the World Bank / IDA and the procedures of the Law of the Kyrgyz Republic No. 72 "On Public Procurement" as of April 3, 2015.

30.   The procedures specified in the above guidelines apply to all activities that are fully or partially funded from the IDA grant. In the framework of project activity that is not financed by IDA, procurement will be carried out in accordance with procedures agreed upon by the respective funding organizations and the Government of the Kyrgyz Republic. See Chapter V for the Procurement Manual.

31.   In order to save time, the following two procurements can be tendered simultaneously. However, the same firm cannot be awarded both contracts.

Step 2.1 AO Procures Qualified Firm to Undertake the Repairs or Supply the Goods

   a. AO prepares the tender according to the requirements of the Kyrgyz Republic Public Procurement legal provisions.
   b. AO conducts the tender and selects the services of a construction company to repair the facility and/or a supplier firm to provide goods.
   c. AO awards the contract.

Step 2.2 AO Head Procures Qualified Consultant to Supervise the Works (if needed)

   • If there are renovation or small building works, AO may choose to hire a Technical Supervision Consultant if they feel the repairs are sufficiently complicated. This is at the discretion of the AO Head.
   • In the event the AO Head wants to hire such a consultant, they shall tender and select the services of a qualified consultant.
   • AO staff will prepare the tender and award the contract according to the requirements of the Kyrgyz Republic Public Procurement legal provisions.
   • To avoid conflict of interest, the consultant cannot work for the company that wins the award for repairs/construction. This person will sign the Code of Conduct in Annex 1.2 after contracting.
   • The consultant will be supervised by the AO Head.

Step 3. Signing Framework Agreement

32.   **Once the final budget has been determined, the winning Aiyl Aimak (AO and AK Heads) and ARIS jointly sign the Framework Agreement (FA)** that defines the respective rights and obligations of each party. A FA is required for all sub-projects and micro-projects.
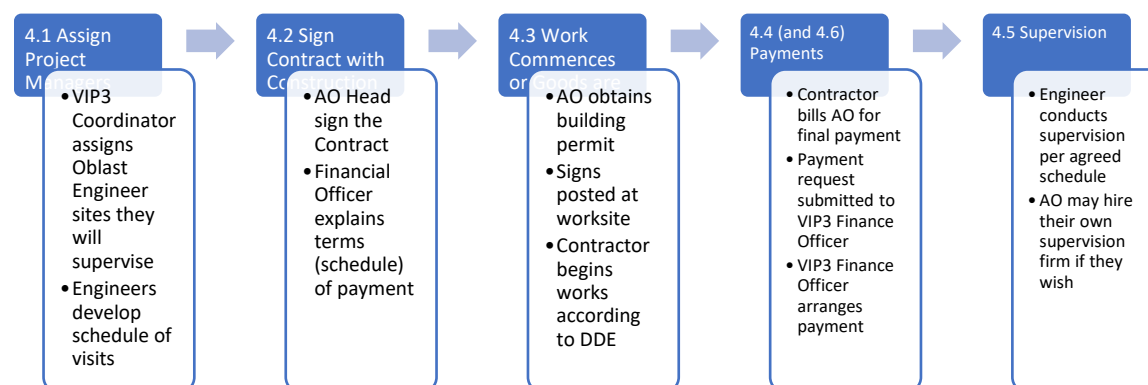
a. The FA is signed by the Head of Aiyl Okmotu and Head of Aiyl Kenesh representing the Aiyl Aimak and the Executive Director (ED) on behalf of the ARIS (form can be pre-signed by ED).
b. These meetings are held at the ARIS Oblast Office.
c. The meetings are attended by the VIP3 Coordinator and VIP3 Central Office Engineer, the Oblast Coordinator and the Oblast Social Mobilization Specialist, Capacity building and Gender Development Specialist.
d. When signing the FA, the exchange rate is set at the rate of the NBKR as of the date of signing the Framework Agreements.
e. The World Bank is notified once all the FAs are signed.
f. The full text of the Framework Agreement is given in Annex 3.4.

Box 15. Terms of the Framework Agreement

- Signing of the Framework Agreement replaces the Letter of Expression and renders it void
- Reference will be made to the Sub-project or Micro-project name for which the funding is provided.
- In the event that the final works or goods go over budget, the AO will be responsible for covering all over-run costs.
- In the event that the final works or goods come in under budget, remaining funds will be retained by the AO.
- The FA requires each Ayil Okmotu to: (1) make a financial contribution of a minimum of 3.75% for any selected Sub-Project or Micro-Project; (2) carry out its Sub-project or Micro-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (3) provide, promptly as needed, the resources required for the purpose; (4) procure the goods, works and services, to be financed by a Small Grant under Part 2 (a) (ii) of the Project in accordance with the Community Procurement Handbook and the provisions of this Agreement;
- Per the Financing Agreement (FA), ARIS maintains the right to suspend or terminate the right of the corresponding Ayil Okmotu to use the proceeds of the Sub-Grant or Small Grant, or obtain a refund of all or any part of the amount of the Small-Grant or Sub-Grant then withdrawn, upon the Ayil Okmotu failure to perform any of its obligations under the respective Framework Agreement.

Step 4. Performance of Works

Figure 16: STEP 4 Micro-project Implementation

4.1 Assign Project Managers	4.2 Sign Contract with Construction	4.3 Work Commences or Goods are	4.4 (and 4.6) Payments	4.5 Supervision
• VIP3 Coordinator assigns Oblast Engineer sites they will supervise • Engineers develop schedule of visits	• AO Head sign the Contract • Financial Officer explains terms (schedule) of payment	• AO obtains building permit • Signs posted at worksite • Contractor begins works according to DDE	• Contractor bills AO for final payment • Payment request submitted to VIP3 Finance Officer • VIP3 Finance Officer arranges payment	• Engineer conducts supervision per agreed schedule • AO may hire their own supervision firm if they wish

Step 4.1 VIP3 Coordinator assigns Oblast Office Engineers to Supervise Micro-projects

a. VIP3 Coordinator and Chief Engineer assigns set number of sub-projects per Oblast Engineer depending upon complexity of the proposed repairs/goods/works, distances between sites. The Engineer serves as "Project Manager" responsible for overseeing the work of the Contractors/Suppliers hired in Step 2.1 above.

b. Chief Engineer and Project Managers develop a schedule of supervision visits to each investment site.

Step 4.2 AO Head signs the contract with the Selected Firm

a. VIP3 Oblast Coordinator, AO Head and Contractor meet at the ARIS Oblast or Central Office to conduct the signing.

b. VIP3 Oblast Coordinator and/or Finance Officer explains the terms of payments under the contract will be made according to Work Performance Act which is linked with the Work Performance (Implementation) Schedule in the bidding documents.

c. VIP3 staff makes 3 hard copies of the contract (1 to AO, 1 to Contractor, 1 for ARIS).

Step 4.3 Contractor commences work / Vendor Orders Equipment

a. Firm conducts repairs or supplies goods based on the Scope of Works in the contract.

b. Firm implements the project in accordance with the calendar work schedule / goods delivery schedule agreed with the Client.

108

Step 4.4 AO makes an initial payment

a. Firm invoices AO directly for work performed or the supplier' invoices for supply of goods. This first invoice is paid out of the AO co-financing share (3.75% of the grant amount). In the case of goods, payment is made upon satisfactory receipt of those goods.

b. If the AO co-financing share is not sufficient to cover the first invoice, the AO sends the invoice to ARIS with attachment of the following documents:

    i. Cover letter, signed by AO Head;

    ii. Act of Completed Works (ACW) or Acceptance of Delivery of Goods, signed by the Contractor, the Oblast Engineer, and the Head of AO;

    iii. Invoice for payment signed by firm, the AO Head (or authorized person), and the Oblast Engineer;

    iv. Documentary evidence of payment of the AO' contribution (no less than 3.75% of the grant amount), a copy of the AO' payment order or the statement of an account of the Firm.

c. VIP3 Financial Officer will make the residual payment (balance after AO contribution) upon receipt of the invoice with the supporting documents above following the requirements of the Finance Manual (see Chapter VI).

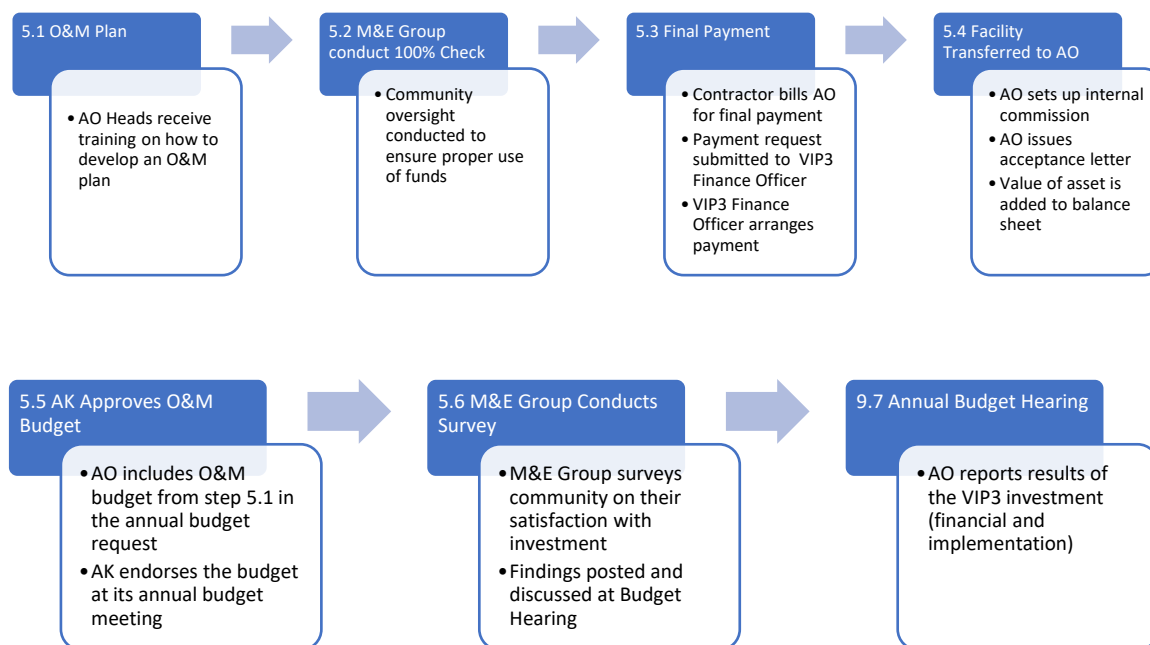**Step 4.5 VIP3 Oblast Engineer carries out quality control**

- In case of repairs, the Oblast Engineer provides technical and environmental supervision over the progress of works in accordance with the SNiP and SOW. S/he will conduct site visits in accordance with the Order of the VIP3 Coordinator.
- In case of purchase of goods, the Oblast Engineer should be present for delivery of goods and sign the Acceptance of Delivery certificate.

Step 4.6 VIP3 Financial Officer makes subsequent payments to Contractor (if relevant for repairs)

a. As repair works progress, subsequent payments will be invoiced according to the Works Implementation Schedule upon submission of invoices with the supporting documents:

    i. Cover letter, signed by AO Head;

    ii. Act of Completed Works (ACW) or Acceptance of Delivery of Goods, signed by the Contractor, the Oblast Engineer, and the Head of AO;

    iii. Invoice for payment signed by firm, the AO Head (or authorized person), the Oblast Engineer.

Step 5. Commissioning/ Completion of Works

Figure17: STEP 5 Commission Micro-Projects

5.1 O&M Plan
- AO Heads receive training on how to develop an O&M plan

5.2 M&E Group conduct 100% Check
- Community oversight conducted to ensure proper use of funds

5.3 Final Payment
- Contractor bills AO for final payment
- Payment request submitted to VIP3 Finance Officer
- VIP3 Finance Officer arranges payment

5.4 Facility Transferred to AO
- AO sets up internal commission
- AO issues acceptance letter
- Value of asset is added to balance sheet

5.5 AK Approves O&M Budget
- AO includes O&M budget from step 5.1 in the annual budget request
- AK endorses the budget at its annual budget meeting

5.6 M&E Group Conducts Survey
- M&E Group surveys community on their satisfaction with investment
- Findings posted and discussed at Budget Hearing

9.7 Annual Budget Hearing
- AO reports results of the VIP3 investment (financial and implementation)

Step 5.1 The VIP3 Central Officer Engineer Provides Training to Oblast Engineer in how to develop an O&M Plan

- AO Heads receive training from VIP3 at the Raion center in how to prepare an O&M Plan (see Table 4).
- For equipment, goods are expected to come with maintenance and instruction manuals.

Step 5.2 Members of the M&E Group conduct quality monitoring at 100% completion

Step 5.2.1 M&E Group conducts a site visit during which they verify:

i. Availability of an information board/ signage at the site indicating: the amount of funding (World Bank and AO contribution); Dates of commencement and completion: Name and Contact of Contractor; Contact information for ARIS' Beneficiary Feedback Mechanism (BFM).
ii. Document **"Financing plan for sub-projects for 200_ - 200_ years"**, ARIS payments and community contribution, tranches.
iii. Works performed (construction progress, work stages)
iv. Administration of complaints and suggestions of community members.

Step 5.2.2 Development of M&E report

a. The Head of the M&E Group drafts a report of 1-2 pages of the M&E results no later than 7 days after the completion of the site visit. The report should include:
   - v. Brief description of progress
   - vi. Brief description of the problems encountered in implementation
   - vii. Description of how these problems were solved (or are being solved)
   - viii. Recommendations for improving implementation of the works (mandatory).
b. All members (required) sign the report.
c. The M&E group and the Initiative Group jointly discuss any proposed recommendations for improvement of work.
d. The M&E Group submits the report to the AO Head

Step 5.2.3 Dissemination of M&E Findings

a. AO Head issues the report as an AO Decree, with the stamp of the AO.
b. AO Responsible Secretary files the original.
c. AO Responsible Secretary places the report on the bulletin board of the AO Office.
d. The M&E group disseminates the results to the community at the annual budget hearing organized by the AO and at AK sessions (see Step 9.8).

Step 5.3 The contractor submits final invoice to the AO for payment for the work performed

a. Upon completion of the contractual scope of work and/or delivery of goods and in order to receive the final tranche, the contractor / supplier of goods draws up an Act of Completed Works (ACW) / delivery of goods
b. ACW is signed by the Head of contractor / supplier organization and is submitted with the invoice for payment to the Aiyl Okmotu
c. The AO confirms the completed scope of works and sends the Invoice to ARIS with the attached documents:
   - i. The Oblast Engineer shall verify and sign the Act of completed works (ACW) and the Invoice for payment.
   - ii. Aiyl Okmotu prepares a cover letter and signs the invoice for payment and the Act of completed works / delivery of goods.
d. Once received by ARIS, the CDSO registers the package of documents and sends to finance specialists for further processing and payment.

Step 5.4 Transfer of completed facility and/or equipment to the balance sheet of AO

a. AO establishes internal commission to accept the repairs or goods.
b. In the case of goods procured, following signature of the Acceptance of Goods Delivered, the AO shall assign an inventory number to each article and reflect this inventory on their balance sheet. All purchased goods are required to have minimum one-year warranty period.
c. After the completion of repair works, the AO must issue an AO Acceptance Certificate stating that the quality of works is accepted. The increased value of the facility that has been improved should be reflected on the AO balance sheet.

Step 5.5 AO Head and AK reserve funds for O&M in the annual budget

a. Aiyl Okmotu conducts an annual assessment of the state of the equipment and/or repaired facility before reviewing the local budget, and determines the list of necessary works and costs to ensure operation and maintenance, and makes a budget for O&M.
b. The compiled O&M budget is provided to the AK for review and approval.
c. The AK considers and allocates funds from the AA budget for O&M.

- This amount, compared to the O&M budget promised in the sub-project proposal, is measured by indicator C.2.3 "Percentage of actually allocated vs. planned funds for O&M."

Step 5.6. Community Facilitators conduct Social Accountability Scorecard at the completion of works (shall be read together with Annex 4.11 (Part B))

33. Community Facilitators are active volunteers that have to conduct a community check meeting, while remaining neutral.

34. The AO Head selects the most active community representatives for the meeting and appoints them as the Community Facilitators (CF). The group must consist of at least 2 people, one of which must be a woman. In order to conduct an objective evaluation, Community Facilitators should not be members of the Initiative Group, a Joint Monitoring and Evaluation Group, and AO and AK representatives.

35. Upon completion of the construction, the Community Facilitators will conduct a community check meeting, including a Social Accountability Scorecard. Scorecards are a method for service users and service providers to identify needed improvements and agree on ways to implement them.

36. **Objectives and outcomes**: Under this activity, VIP3 supports a facilitated process of citizen feedback in each target village using the community check and scorecard methodology. Community Scorecards (CSC) are an effective tool for strengthening citizens' voices and promoting constructive dialogue between supply and demand side actors.

37. **Key activities include**:

- Develop CSC guidelines and conduct a TOT
- Train CFs in social audit and CSC methods
- CFs organize the community check meeting
- CFs facilitates the community social audit and service provider self-assessment
- CFs conducts the interface meeting and notes the joint-accountability action plan (JAAP)
- JAAP is publicly disseminated and there is follow-up on its' implementation

Each of these activities is explained more below.

     a. **VIP3 staff develops guidelines and conducts an internal ToT on community scorecards.**
        i. VIP3 staff develops guidelines and training material on community scorecards in Russian or Kyrgyz.
       ii. CDSOs receive a one-day ToT on the social audit/community scorecard methodology, and facilitate a practice community check meeting in a target community.

b. CF members trained in social audit and community scorecard methods.
    i.   CDSOs train CF on the social audit and CSC methodology.
    ii.   There will be [15-20] participants in each training held at the raion level.
    iii.   CDSOs from neighboring raions may assist the CFs to ensure sufficient facilitation skills.

c. CF facilitates the community check meeting.
    i.   With the support of CDSOs, CF facilitates community check meetings.
    ii.   The CF notifies the community of the meeting in advance and it is held in an easy-to-access location.
    iii.   In smaller communities, the CF facilitates one community check meeting, but may facilitate multiple meetings in larger communities.
    iv.   CF makes a special effort to encourage the participation of women by:
        o   Ensuring women are invited to the meeting;
        o   Holding the meeting at a time convenient to women, when they will not be engaged in care work;
        o   Inviting women's committees, such that women will not be isolated.
    v.   CF leads the community in evaluating whether the social mobilization process and/or the investment provided by VIP3 meets requisite standards and is satisfactory per the methodology in Annex 4.11, Part B.
    vi.   CF facilitates the self-assessment of service providers on whether the social mobilization process and/or the investment provided by VIP3 meets requisite standards and is satisfactory.
    vii.   CF facilitates the community and service providers to agree upon the Joint Accountability Action Plan (JAAP) to address needed improvements (if any) to the facility.
    viii.   CF and AO ensure that the JAAP and minutes of the community check meeting are publicly displayed and that there is follow-up on whether the actions are taken.

Outputs: *Community check meetings resulting in JAAP are held in each Aiyl Aimak that participated in VIP3.*

Step 5.7 AO Head reports on the results of work at the Annual Public Budget Hearing

- Annual Public budget hearings are required by the Budget Code. These are usually conducted in Q1 of the Fiscal Year (January- March).
- Preparation of a Citizen's Budget per the Core Training module would be appropriate for this meeting.
- The number of AAs conducting this Hearing is measured by the PDO Indicator 2, "Number of AAs conducting public hearings annually, where information is disclosed to the public on budget formulation and execution in accessible formats."
- The total number of participants must be at least 100 participants, of which at least 30% should be women. Attendance at this meeting provides data for indicator C.1.2 "Average number of people that participated in public hearings at village level."
- The following information on the implementation of SP / MP should be provided at a minimum: the approved SP/MP budget, the actual SP/MP costs, name of the SP/MP contractor, name of the firm that carried out construction supervision, the date of signing the Act of the State Commission on acceptance into operation, the date of acceptance of the object on the balance sheet, and the costs of subsequent operation and maintenance of SP / MP.

- The procedure for conducting Public budget hearings is explained in detail in the materials of the core training on the Formation and Execution of the local budget. This training is conducted for all 266 AO (see Table 5).

a. The AO and AK Heads determine the date of the public hearings and prepare materials on budget execution report for the past period, a draft budget for the future period (year), reports on the implementation of local area development plans, including the LDS and the implementation of SP / MP.
b. The Head of AO, through the AO officers, village elders, formal institutions (women's, youth, pasture committees, school administrations, FAPs), etc. informs the community of the date of the meeting and organizes the invitation and attendance of participants.
c. At the Public Budget Hearings, the AO Head presents a review of the implementation of the SP / MP supported under the VIP-3, as well as information on the implementation of activities in the LDS planned for the past period and planned changes for the future period.
d. After the presentation, the AO Head opens a Question and Answer period to allow participants to ask and receive answers to all questions regarding the implementation of SP / MP in the territory of AA.

CHAPTER 4

COMPONENT 3:
PROJECT MANAGEMENT

CHAPTER 4:

COMPONENT 3. PROJECT MANAGEMENT

THIS SECTION SHOULD BE READ WITH ANNEX B.

1.   **This component finances costs of the Executive Agency related to project management, including coordination and oversight of implementation of activities, financial management, annual audit, and monitoring and evaluation**. Responsibilities for administration and coordination of project activities are assigned to the VIP3 project management team within ARIS. The project will coordinate activities of construction, design and other sub-contractors in the course of project implementation, as well as manage regional offices of ARIS located in oblasts. Under this component, the project will facilitate coordination between AO and other stakeholders. VIP3 will use the ARIS management information system (MIS) and beneficiary feedback mechanism (BFM).

## A. Human Resources

Staffing Structure

2.   **The project team consists of approximately 20 project staff located in the ARIS Central Office as well as regional staff located in Oblast offices**. The structure of the VIP3 staffing is presented in Figure 22 below. TORs for each specialist are given in Annex 4.1.

3.   **In the Central Office, there are 16 VIP3 Project staff (shown in green below) under the supervision of the Project Coordinator**. The Project Coordinator is also responsible for communication and coordination with the involved parties and represents the project to the Government of the Kyrgyz Republic, IDA, the National Assembly and other donors.

4.   **ARIS Oblast offices operate in each of the four Oblasts of the Kyrgyz Republic**. The Oblast offices are the intermediary between the Project Senior Management and the communities. They directly coordinate project implementation at the Oblast level and provide all necessary support to the community development support officers (CDSOs) and project consultants. The activity of the Oblast office is coordinated by the Oblast Specialist. CDSOs and Oblast Specialists are accountable to the Project Coordinator; however, the Oblast Specialist is responsible for direct work with CDSOs. Each Oblast office has 3 staff members plus a varying number of CDSOs (shown in blue below).

5.   **CDSOs are the ARIS staff most present at the local community level.** Each Officer is responsible for a certain number of Aiyl Aimaks. CDSOs are ARIS consultants; they are recruited, supported and supervised by the ARIS Oblast Offices. The main role of CDSOs is to assist and support local communities and local self-governments in developing local capacity to achieve greater efficiency, accountability and involvement in the process of overcoming the developmental difficulties that are determined by the local communities themselves. CDSOs support the participating local communities in developing mechanisms of decision-making, strategic planning and prioritizing needs. The aim of the CDSOs is to promote the main principles of the Project, such as community involvement, poverty and gender targeting, transparency and sustainability.

Figure18: VIP3 Organizational Structure
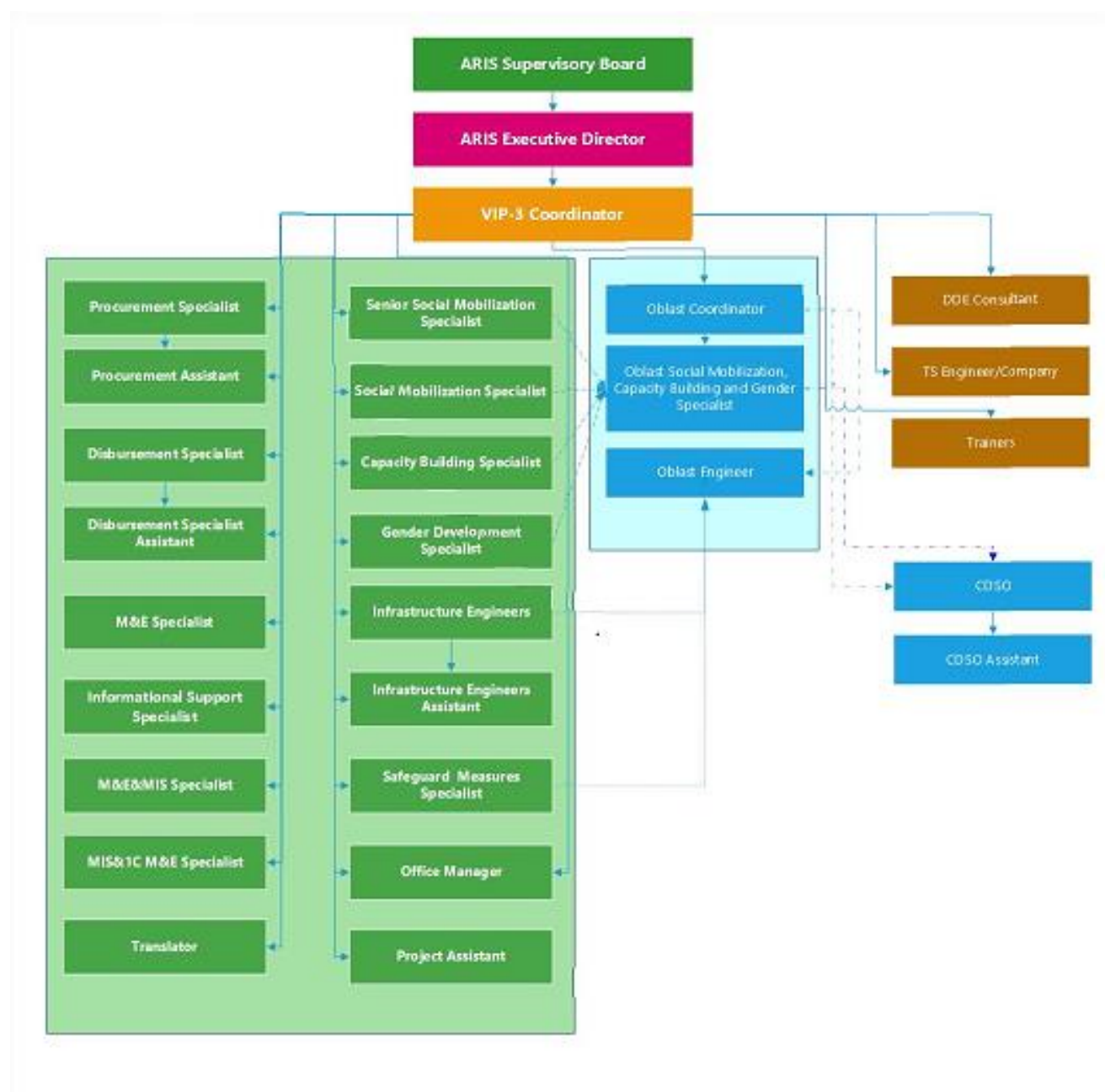
6.   **Technical Support Engineers at Central and Oblast levels are responsible for preparation of design estimates, environmental impact assessments, and social safeguards.** In cases where safeguards are triggered, they help develop appropriate measures to mitigate social sector impacts and provide compensation for land allotment caused by the planned work of sub-projects and micro-projects. They also provide quality control of construction and installation works during the construction, reconstruction or major repairs in the implementation of sub-projects or micro-projects, to ensure full compliance of the Contractor with approved design (DDE), working drawings, work performance plan, construction norms

and regulations (SNiP), standards and technical specifications of the Kyrgyz Republic and international practices.

7.   **Each engineer is responsible for a certain stage of preparation, implementation and monitoring of sub-projects and micro-projects**. As described in Component 2, for sub-projects, ARIS will procure additional services from licensed companies/consultants for technical supervision. As regards micro-projects, if the ARIS Engineer confirms that the work is rather complicated and a special supervision is necessary, a tender will also be held for the services of a Technical Supervision Company.

8.   The level of effort for all staff budgeted for the remainder of the project is provided in Table 7 below.

Table 9: VIP3 Staff Level of Effort

№	Item name	#	2018 Number of months	#	2019 Number of months	#	2020 Number of months
1.	Project coordinator	1	12	1	12	1	11
2.	Senior Social Mobilization Specialist			1	7	1	11
3.	Social Mobilization Specialist	1	12	1	12	1	11
4.	Capacity Building Specialist						
5.	Gender Development Specialist	1	9	1	12	1	11
6.	Infrastructure Engineer	2	9	2	12	2	11
7.	Assistant Infrastructure Engineer	1	4	1	12	1	11
8.	Safeguard Specialist	1	9	1	12	1	11
9.	Monitoring and Evaluation Specialist	1	12	1	12	1	11
10.	Monitoring Specialist and MIS	1	12	1	12	1	11
11.	Specialist in MIS and 1C	1	12	1	12	1	11
12.	Economist	1	12	1	12	1	11
13.	Information Support Specialist	1	12	1	12	1	11
14.	Procurement Specialist	1	12	2	12	2	11
15.	Procurement Assistant	1	12	2	12	2	11

№	Item name	#	2018 Number of months	#	2019 Number of months	#	2020 Number of months
16.	Disbursement Specialist	1	12	1	12	1	11
17.	Assistant Disbursement Specialist	1	9	1	12	1	11
18.	Interpreter	1	12	1	12	1	11
19.	Assistant to the Project Coordinator	1	12	1	12	1	11
20.	Office Manager	1	12	1	12	1	11
21.	Oblast Coordinator	4	6	4	6	4	6
22.	Oblast Engineer	4	4	4	12	4	11
23.	Oblast specialist in social mobilization, capacity development and gender development	4	12	4	12	4	12
	Consultants						
24.	CDSO	42	10	33	12	22	11
25.	MP Technical Supervisor (TS)	12	4	12	4	12	6
26.	SP TS/ Engineering company			13/1	9	13/1	11
27.	Consultant on CAP	1	4	1	2		
28.	Author's supervision			1	9	1	11
29.	External consultants – core curriculum trainers	30	4	30	4		

Staff Integrity Standards

9.   **VIP3 staff and consultants, like all ARIS employees, are expected to perform their duties adhering to the highest standards of professional integrity and efficiency**. All VIP3 staff, consultants, and stakeholders shall receive training in the World Bank's anti-corruption guidelines as part of their intake process or in refresher courses. They shall also sign the ARIS Employee Code of Ethics and Conduct, provided in Annex 4.2. In relation to VIP3 specifically, all staff members are strictly forbidden from:

- Sharing proprietary documents with third parties during the proposal development process;
- Seeking to influence the selection of the AAs in the Oblast contest in any way including by altering documents, lobbying Contest members, selectively providing information to stakeholders, etc.;

- Seeking to influence the type of investment the community selects. All guidance shall follow the provisions of this POM (for example, the list of ineligible investments) and otherwise be neutral in content as to the sector, size, design, etc.

10. **Sanctions for violating these principles, the ARIS Employee Code of Ethics and Conduct, or the World Bank's anti-corruption guidelines shall be implemented by the ARIS Executive Director immediately**. Any corrective actions taken in this regard shall be communicated to the World Bank within one week.

Staff Development

11. VIP3 staff and consultants will benefit from the following trainings during Cycle 2 and as needed in Cycle 3:

- Training for all staff in the revisions to the POM and World Bank anti-corruption guidelines;
- Training for CDSOs in how to deliver all modules under the Specialized Training curriculum;
- Training of Trainers for external consultants in how to deliver all modules under the Core Training curriculum.

Communications and Outreach

12. Planned communications and outreach to inform communities and beneficiaries about Project objectives, tasks, mechanisms and implementation progress, will be carried out as shown in Table 8.

Table 8: Communication Strategy

Beneficiaries and stakeholders	Content	Methods / channels of information dissemination	Frequency/ Timing
Communities AO/ AK	• Goals, objectives, mechanisms for implementation of the Project	• Dissemination of information leaflets in every village • Conducting meetings in villages • Holding a round table in ayil okmotu • Public hearings of AO	Before the beginning of cycles of subprojects and microprojects implementation (2-3 times)
	• Goals and objectives of increasing the capacity of local self-governance bodies and mechanisms for increasing the capacity of local self-government bodies, a list of trainings, and the composition of participants	• At the round table in Aiyl Okmotu • During the training (included in the training program)	In all trainings in each cycle.
	• Opportunities for local communities to participate in the	• Dissemination of information leaflets in every village	Before the beginning of cycles of subprojects and microprojects implementation (2-3 times)

120

Beneficiaries and stakeholders	Content	Methods / channels of information dissemination	Frequency/ Timing
	implementation of the Project	• Holding a round table in ayil okmotu • Public hearings of ayil okmotu	
	• Mechanisms for selection of SP and MP	• Dissemination of information leaflets in every village • Conducting meetings in villages • Holding a round table in ayil okmotu • Public hearings of ayil okmotu	Before the beginning of cycles of subprojects and microprojects implementation (2-3 times)
	• Anti-corruption and feedback mechanisms	• Information stands in AO office • Signing of a memorandum of cooperation with each AO/AK (code of conduct) • Anti-Corruption Training for AO	Regularly Before starting the implementation of the social mobilization for each cycle In each cycle for all AO
	• The process of implementation and completion of sub-projects and micro-projects	• Trainings for the preparation and completion of the forms of PP and MP • Information stands at the facilities with the cost of the object, the contribution of the Project and the Local Self-Government Bodies, the contractor organization, the start and completion of the implementation of subprojects and micro-projects • SMiO upon completion of 50% and 100% of the implementation of MT and PP • Public hearings at the level of ayil aimak	As the Project progresses in each cycle • Regularly, during the implementation of the project • As the achievement of 50% and 100% of the volume of implementation of MT and PP for each cycle
State bodies and institutions (Office of the President, Government, oblast and raion state administrations)	• Project Implementation Progress • Achievement of key indicators and indicators • Use of Project Funds	• Project Implementation Reports	• Annually • On request

Beneficiaries and stakeholders	Content	Methods / channels of information dissemination	Frequency/ Timing
Donors	• Project Implementation Progress • Achievement of key indicators and indicators • Use of Project Funds	• Project Implementation Reports • Visits to communities and sites	• Quarterly • Semi-annual • Annual • Project Completion Report
Partners NGO	Project Implementation Progress	• National Forum on Project Implementation	
Contractor organizations	Anti-corruption and feedback mechanisms	• Signing a code of conduct	• Before signing contracts for the performance of work and the supply of goods and services
Supervisory Board	• Project implementation Progress • Achievement of key indicators and indicators • Use of Project Funds	• Project Implementation Reports	• As required, but at least once a year
General population of the Republic	• Progress and difficulties in implementing the Project • Impact of the Project	• Plots and articles in the media • Inauguration of the objects with the invitation of representatives of the government, local government bodies and communities • ARIS Bulletins	• As the facilities are completed in the field • Quarterly

B. Gender Development and Inclusion Strategy

13.   **In line with World Bank guidelines and anti-poverty best practice, VIP3 seeks to empower women to play an active and egalitarian role in project design and implementation**. At the project implementation level, VIP3 has the following strategic goals for gender development and inclusion:

  a. Ensure full participation of women in social mobilization activities and capacity building;
  b. Ensure the interests of women are represented in the selection of sub-projects and micro-projects and their implementation and that women benefit equally from these investments;
  c. Building capacity of women in decision-making processes at the local level; and
  d. Building capacity of women in poverty reduction.

14.   In relation to project activities under Component 1 and 2 above the following approaches and performance targets have been developed:

Table 10: Gender Inclusion Actions

Ensure full participation of women in social mobilization activities and capacity building			
#	Activities	RF Target	Mechanisms and methods to meet the indicators
1.	All village and AA meetings and public hearings in the Aiyl Aimak level.	No less than 30% of the participants must be women	• AO Officers, village elders, as well as other persons responsible for preparation and holding of meetings and public hearings will be notified on the requirement to ensure 30% attendance of women in the events; • The requirement to ensure 30% participation of women will be one of the criteria for selecting sub-projects and micro-projects by the Oblast Contest Commission. • AAs that surpass the 30% target will receive more points during the OCC.
2.	Core Trainings	At least 30% of participants must be women	• Trainings for AO Heads and AK members will include other female staff from the AO administration to reach the 30% target. • When conducting trainings, women AO and AK members will receive a personal invitation to trainings and seminars (by phone call) based on a pre-compiled list.
3.	Specialized training	At least 30% of participants must be women	• Lists of training participants will be determined jointly with AO in advance, with inclusion of at least 30% of women in the list, indicating contact phones. • When conducting trainings, women will receive a personal invitation to trainings and seminars (by phone call) based on a pre-compiled list. • The requirement to ensure 50% participation of women will be one of the criteria for selecting sub-projects and micro-projects by the Oblast Contest Commission.
4.	AA Initiative Groups	At least 30% of participants must be women	• Lists of IG members will be determined jointly with AO in advance, with inclusion of at least 50% of women
Ensure the interests of women are represented in the selection of sub-projects and micro-projects and their implementation and that women benefit equally from these investments			
5.	Focus Group Discussions for identification of sub-projects and micro-projects	At least 30% of participants must be women	• One FGD will be made up exclusively by women (10-15 people); in another four groups (youth, elderly, professionals and vulnerable) the representation of women will be 30%. Thus, from the total 60-90 participants, 25-35 will be women. • The requirement to ensure 30% participation of women will be one of the criteria for selecting

			sub-projects and micro-projects by the Oblast Contest Commission and will be verified with photos.
6.	Implementation of sub-projects and micro-projects	50% of beneficiaries of sub-projects and micro-projects should be women.	• One of the requirements (criteria) for selection of sub-projects and micro-projects by the Oblast Contest Commission will be the criterion for women beneficiaries. Within each sub-project and micro-project, 50% of the beneficiaries must be women.
Build capacity of women in decision-making processes at the local level			
7.	Annual peer learning study tour for women in local governments and active women community members.	100% of participants must be women	• The list of participants will be determined CDSOs.
8.	FGDs and Village Representatives	At least 50% of the participants must be women	• For selection of SPs, village representatives to the AA meeting shall be gender equitable (50% women, 50% men). • For selection of MPs, representatives to the AK meeting, shall be gender equitable (50% women, 50% men).
9.	Female participation in LDS public hearings	At least 30% of participants must be women	• AO Officers, village elders, as well as other persons responsible for preparation and holding public hearings will be notified on the requirement to provide 30% of attendance of women on public hearings; • Requirement to ensure 30% participation of women will be one of the criteria for selecting sub-projects and micro-projects by the Oblast Contest Commission. • AAs that surpass the 30% target will receive more points during the OCC.
10.	Female participation on the OCC	At least 30% of participants must be women	• VIP3 staff will work with NGOs and Oblast governments asked to join the OCC to ensure gender balance.
11.	Participation of women in community M&E Group	At least 50% of participants must be women	• The Head of AO approving the composition of the M&EG will be notified on the requirement to include 50% women in the group.
Build capacity of women in poverty reduction			

12.	Core Training curriculum modified to include Gender Budgeting	30% of training beneficiaries should be women	• Local government officials and community members will be trained in the gendered impact of local government budget decisions
13.	Core Training will include module on household financial planning and the business planning for income generating activities.	100% of participants must be women	• Female community members will be trained on relevant economic issues in response to demand from stakeholders expressed in past projects

15.   In relation to internal gender considerations for VIP3 staff and consultants, the project will seek to:

   a. Increase the number of women among CDSOs to improve the gender balance among the frontline staff working with the community. This will be done by allowing job-sharing of CDSO jobs (i.e. two part-time positions to make one full-time position to allow women to better balance their household responsibilities and/or two women traveling together if security is a concern).
   b. Promote opportunities for women in leadership roles in the Central Office to engage women leaders in the community (for example, by participating in the peer learning activities) and represent the project to government and donors.

16.   **Gender in Hiring Policy**. ARIS will take all possible measures to improve equal gender representation in the staff of the Project. In cases where equally qualified candidates apply for field positions, ARIS will give priority to the selection of women candidates.

C. Beneficiary Feedback Mechanism

17.   The project will adopt a Beneficiary Feedback Mechanism (BFM) to enable the project beneficiaries and the citizens of the Kyrgyz Republic to provide feedback on the project. The BFM is a process of receiving prompt, objective information, evaluation and consideration of appeals (claims, suggestions, complaints, requests, positive feedback) related to all ARIS projects, and will include the VIP3. This BFM includes a grievance redress mechanism for any resettlement compliant as required by World Bank policy OP4.12.

18.   In accordance with the Law on "the procedure of citizen's appeals" and internal regulations of ARIS work with the appeals, citizens/beneficiaries may send any appeals on the issues related to the implementation of ARIS projects at all implementation stages, including the Resettlement Program issues (to identify resettlement needs); follow the procedures of involuntary resettlement in accordance with the laws and regulations of the Kyrgyz Republic and WB OP policy 4.12 on Involuntary Resettlement.

19.   **Scope of BFM**. Beneficiaries Feedback Mechanism (BFM) and will cover all Oblasts in the Kyrgyz Republic where VIP3 is being implemented.

20.   **Principles**. Project stakeholders are those who are likely to be directly or indirectly affected positively or negatively by the project. Project stakeholders have, among others, the following rights under the project:

- Right to information;
- Right against inappropriate intervention by an outside party;
- Right to a project free of fraud and corruption.

21. Any stakeholders (including villagers, contractors, project staff, authorities, and other involved parties) may file a grievance if s/he believes one or more of these rights have been infringed, or if any of the project's principles and procedures has been violated.

     a. Information about the BFM, including contact details, is distributed in all participating villages at public meetings through brochures/pamphlets in local languages to the extent possible, and posted at the AO boards.

     b. The BFM offers a number of different channels for providing feedback. Villagers and stakeholders themselves decide on the best ways to file complaints.

     c. Grievances are disclosed publicly, but no one who files a grievance is identified unless they self-identify. The identity of all those who have filed grievances is treated with confidentially.

     d. There is no charge for filing a grievance.

     e. The timeframe for responding to a grievance should not exceed 30 days from the time the grievance is originally received. Grievances should be resolved within 90 days of receipt.

     f. Grievances are resolved locally, at the lowest level, if possible. If not, they are "escalated" or sent up to a higher level within 30 days.

22. Anyone may convey comments or suggestions about any aspect of the project through the BFM. Comments, suggestions, appreciations, or questions should be recorded and submitted to the BFM handling officer of the ARIS Central Office to provide an answer in coordination with relevant project staff, ensuring that responses are in line with the Operations Manual.

23. **Channels for feedback**. Within the framework of VIP3, the following channels will be established through which citizens / beneficiaries can apply at various stages of VIP3 implementation:

     a. Hotline (calls are received 24-hours; conversations will be recorded);

     b. WhatsApp (a system of immediate text messaging for mobile devices with voice and video connections);

     c. Social media (Facebook, Odnoklassniki);

     d. ARIS web-site: www.aris.kg;

     e. Verbal or written appeal received during the on-site working meetings or via C-VIA, youth facilitators and/or CDSO;

     f. Incoming correspondence via ARIS reception;

     g. Incoming correspondence via e-mail.

24. Beneficiaries Feedback Mechanism shall ensure flexibility and availability of using above-mentioned channels to the citizens/beneficiaries, anyone wishing to submit an appeal. The work with

citizen's/beneficiaries' appeals is carried out by ARIS specialists responsible for the implementation of Beneficiaries Feedback Mechanism.

25.   **Steps for Processing and Responding to Feedback**.

Step 1. Logging of feedback. For the purpose of consolidating, analyzing and providing unified data (reports to donors, ARIS Executive Director and project coordinators), all appeals are logged.

a. *Appeals received by written correspondence or verbal report* are included in the log of BFM and are entered into GRM configuration in 1C program to analyze and monitor incoming correspondence with the following information (depending on what is provided):
   - Name and surname;
   - Registration and residential address or telephone number;
   - Contents of the request;
   - Other background information.

The appeals may be submitted anonymously. In cases where the appeals were received in the absence of any of the above data, it is recorded in the log of incoming correspondence of the BFM, and the results of the appeal will be published in the media at the local level, on the ARIS website or made public at the session of the AK.

b. *Appeals received electronically* (around the clock) through the BFM channels (e-mail, hotline, social networks, etc.) are automatically registered in the BFM configuration in the 1C system. The privacy shall be ensured in all cases including the case when the identity of a person submitting the request is known to avoid a conflict between the interested parties.

c. *Appeals (application, proposal, complaint, request, positive feedback) received during the OCC meeting* are automatically registered in the BFM 1C system configuration by the staffer who is present at the contest every day. If the appeal is justified and can be considered directly during the OCC meeting, then the BFM specialist, together with the VIP staff, prepares a relevant act and submits the appeal for the review by the OCC. The ARIS staff members accompanying the OCC process, when they receive appeals directly from participants, should mandatorily accompany the applicant to the BFM officer, where the appeal has to be registered in the BFM 1C system.

Step 2. BFM Categories Sorting / distribution by category/ distributing by safeguards measures. When appeals are received, the BFM specialist distributes them by categories in the BFM configuration in the 1C system.

№ Categories	Code in the 1C System	Classification
1	001	General enquiries
2	002	Grievances regarding abuse of power/intervention

3	003	Grievances regarding violations of policies, guidelines and procedures
4	004	Grievances regarding the misuse of project funds
5	005	Grievances regarding contract violations/breach of contract
6	006	Reports of force majeure
7	007	Suggestion
8	008	Appreciation

In order to ensure the complex work with beneficiaries' appeals regarding safeguard measures, the appeals received have to be distributed by the BFM Specialist in the BFM configuration of 1C System

#	Code in the 1C System	Safeguard measures	Classification of measures (during construction and operation)
1.	001	Environmental (biological)	Flora fauna
2.	002	Social	health safety resettlement policy an access of communites to existing communications aesthetics and landscape preservation of cultural heritage conflicts
3.	003	Physical	soil water resources air quality

Step 3. Action/Response. Once sorted, cases categorized as a grievance (Category 2-6) are assigned to a responsible individual for investigation if needed. The staff handling the complaint gathers facts and clarifies information in order to generate a clear picture of the circumstances surrounding the grievance. Verification normally includes site visits, a review of documents, a meeting with the complainant (if known and willing to engage), and meetings with those who could resolve the issue (including formal and informal AA leaders). For grievances related to the misuse of funds, it may also require meetings with suppliers and contractors. The responsible individual will agree an action plan with the BFM Officer and set a deadline for resolving the issue.

- If the grievance relates to an AA, the BFM specialist forwards it to the respective Oblast Coordinator.
- If the grievance relates to an Oblast issue, the BFM specialist forwards it to the CSP Coordinator.
- If the grievance relates to a Central Office issue, the BFM specialist forwards it to the Executive Director.

- The relevant officer and the BFM specialist decide on a course of action within 2 weeks of receiving the information.

Step 4. Notification. If the person sending feedback is not anonymous, they will be sent a notification via telephone or other BFM channels that their grievance is being investigated. The notification will be registered in the log of outgoing correspondence. The BFM Officer will provide the following information:

- Name and surname of the executor (project specialist) to which the appeal was forwarded.
- Deadlines for the execution (minimum 30 days, maximum 60 days since the day it was registered).
- Deadlines and actions are determined in accordance with the ARIS BFM instructions on handling grievances.

Step 5. Follow Up. Once the investigation is complete, the beneficiary will be notified of the decision made by ARIS regarding their case. The citizen/beneficiary has a right to appeal is not satisfied with the resolution of the case. Instructions on appeal will be provided with the response.

Step 6. Appeals. Appeals are considered by the ARIS special Review Committee. The Executive director of ARIS will form the Review Committee from project managers and head of departments that will conduct appeal hearings. The Review Committee will consist of [X] people including [X] people from BFM and [X] people independent from project implementation unit and the Government of the KR. After review of the appeal the citizen/beneficiary unsatisfied with the solution received has a right to appeal against the decision in court.

26.   **Public Awareness-building on BFM/GRM**. Information on the BFM will be disseminated to all beneficiaries and people having been influenced by ARIS projects via regular information channels (for instance, TV and radio companies, printed media, radio stations, news agencies, social media) including organization of meetings, roundtables, public hearings (including on resettlement or compensation), working meetings at all stages of ARIS projects implementation; and through ARIS BFM training module and other awareness sources.

27.   ARIS will provide information on the scope of Beneficiaries Feedback Mechanism, eligibility criteria for submission of the appeals, procedure of appeal submission (where, when and how), deadlines of response, as well as the privacy principle and the right to submit anonymous appeals.

28.   Awareness building will be conducted annually. They will be designed by the ARIS communications team to encourage the use of the BFM/GRM and publish information on complaints received and resolved. The campaigns will use local media (e.g. TV, newspaper, radio). When organizing and conducting these campaigns, special efforts shall be made to reach vulnerable groups.

29.   The campaigns should include information on the scope of the GRM, the eligibility criteria to make a complaint, the procedure to make a complaint (where, when and how), the investigation process, the timeframe(s) for responding to the complainant, principle of confidentiality and right to make anonymous complaints.

30.   **Publication of the Appeals**. After the APPEAL (applications, suggestions, complaints, requests, positive feedback) is resolved to encourage BFM use, measures taken to resolve the appeal will be

published in mass media at the local level. Upon request the identity of an appealing person will be kept in secret.

31. **Reporting on BFM Progress**. Quarter and annual reports of ARIS projects shall include Section related to Beneficiaries Feedback Mechanism which provides updated information on the following:

- Status of BFM formation (procedures, training, population awareness campaigns, budgeting etc.);
- Qualitative data on number of received appeals (applications, suggestions, complaints, requests, positive feedback), of them the appeals related to the WB policy OP 4.12 on Involuntary Resettlement and number of resolved appeals;
- Quantitative data on the type of appeals and responses, issues provided and remained unsolved;
- Level of satisfaction by the measures (response) taken;
- Any correction measures taken.

32. **Monitoring BFM Effectiveness.** In addition, the following measures will be taken to monitor whether the BFM is functioning as intended:

- During the social audit open meetings, villagers discuss the effectiveness of the grievance handling system and gather suggestions on how to improve it.
- In its regular supervision visits, the CSP Central Office will assess the functioning of the grievance handling system.
- The CSP team and World Bank jointly review BFM monitoring data as part of regular implementation support missions.

D. Monitoring and Evaluation, and Reporting

Monitoring and Evaluation Goals and Tasks

1.   The monitoring and evaluation system is an important tool that is used by the Project to assess and report on progress towards goals. VIP-3 conducts regular monitoring of activities and monitors the progress of their implementation. This includes physical monitoring of events, which is carried out by ARIS stakeholders, government agencies of the Kyrgyz Republic and donors; the evaluation of technical and financial progress is carried out through the Management Information System (MIS) and covers aspects of operational, technical and financial management of the Project.

2.   The monitoring and evaluation goal is to ensure the successful implementation of project activities, ensure the transparency of the project implementation process, systematically monitor the implementation of the project with the aim of assessing, monitoring and forecasting any challenges.

3.   M&E tasks are:
- Regular provision of information on the project's progress and its results to managers, donors and other interested parties;
- Identification of problems and obstacles encountered in the course of the project, offering effective solutions;
- Contribute to the ongoing awareness of what is working well and what can be improved to inform the forthcoming project cycles and / or other ARIS projects;
- Evaluation of the activities' progress and the effectiveness of financial mechanisms;
- Evaluation of the project's success in achieving goals and objectives, as well as the level of the project's impact on the social conditions and potential of the intended beneficiaries;

Monitoring and Evaluation Principles

- M&E will be practiced by all managers and implementers. M&E is a basic management function.
- Performance targets will be used to ensure implementation remains on track; managers are expected to understand their targets and to design interventions and adjust their activities in order to meet them.
- M&E is carried out in an open and transparent manner.
- M&E systems will be kept as simple as possible based on MIS basic, where information is available in real time.
- Community and participatory monitoring will be promoted.
- Gender aspect will be taken into account in all M&E practices.

Institutional Arrangements

4.   The Monitoring and Evaluation Specialist carries out overall coordination of the Project activity monitoring and evaluation and is also responsible for the formation of a consolidated Project report.

5.   The Project Coordinator and all Project staff are responsible for timely submission of the project consolidated report to the Donor and all stakeholders.

6.   All Project specialists at the central and oblast levels are involved in monitoring and evaluation process within components under their responsibility.

7.   Senior Social Mobilization and Capacity Building Specialist and Social Mobilization and Capacity Building Specialist in the Central office, Oblast Specialist, Social Mobilization/Capacity Building/Gender Specialist at the Oblast level and CDSO are responsible for timeliness and reliability of the data to be entered into MIS.
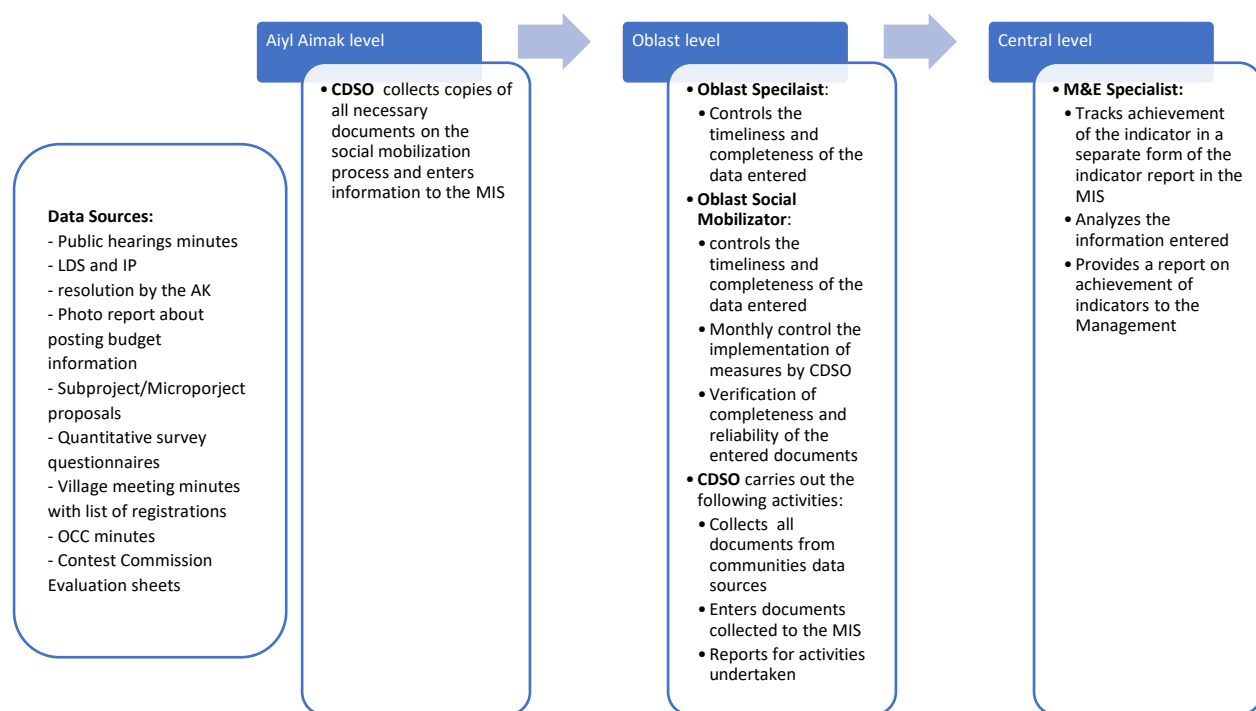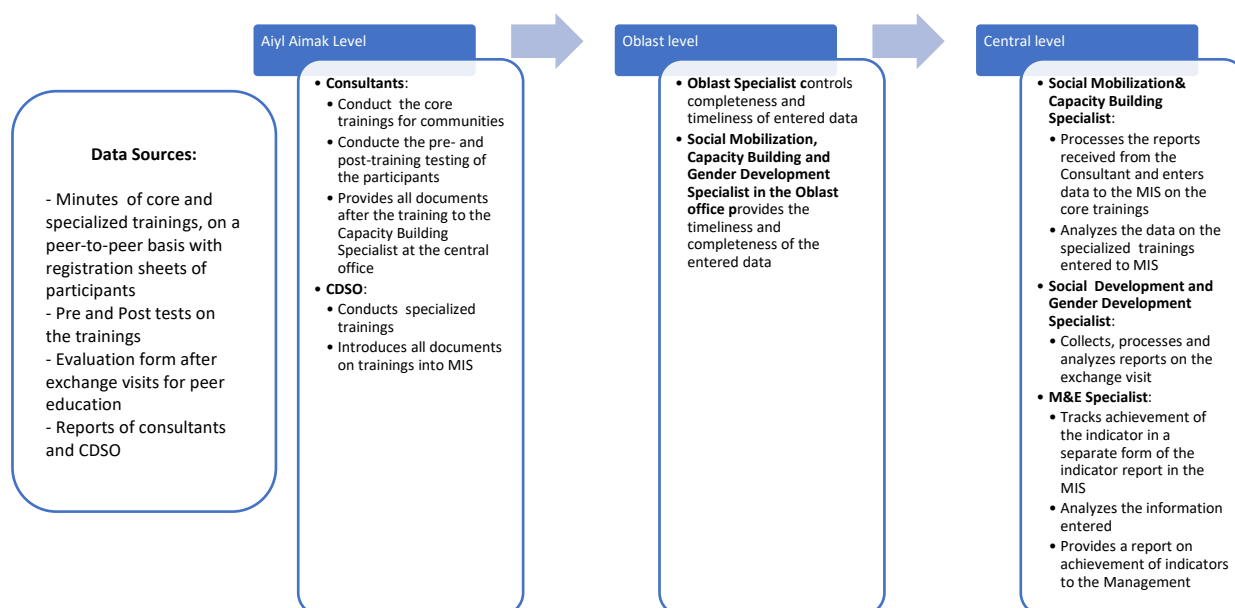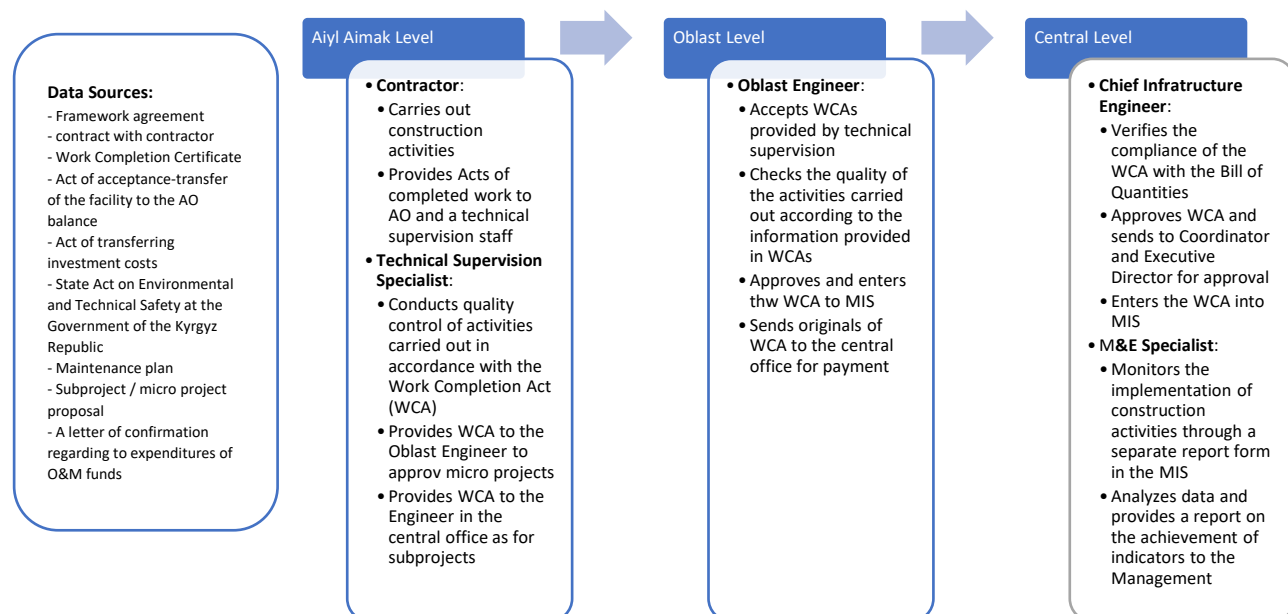
M&E Process

   a. **Data Sources**

Data are to be collected on an ongoing basis. Data for the VIP-3 M&E system are provided from the following sources:
- All data collected from beneficiary AOs is collected in hard copy and will be kept in bound form at the respective Oblast Office for a minimum of one year after the completion of the Project. All documents will be scanned to the MIS system.
- Regular staff reports at the AA level, at the Oblast and Central levels
- Field inspection reports from the supervision mission to be provided by the VIP-3 Central Office staff and engineers, donors and ARIS management (including the Steering Committee). These field inspection reports will be submitted according to the revised travel record protocols (see Chapter VI).
- Financial statements/amounts of disbursements
- Initial documents developed during the Project implementation, such as:
    o Component 1 – Project documents submitted by the communities under the social mobilization; Reports on trainings conducted
    o Component 2 – Framework Agreement, Terms of References, bidding documents, supply contracts, Monitoring and evaluation reports / social reporting results provided by the M&E Group.

   b. **Summarized Data Flows**

There are three data flows under the Project to collect information for monitoring the achievement of Project indicators:

Figure 19: Data Flow for Monitoring the Social Mobilization Indicators

Aiyl Aimak level

- **CDSO** collects copies of all necessary documents on the social mobilization process and enters information to the MIS

Data Sources:
- Public hearings minutes
- LDS and IP
- resolution by the AK
- Photo report about posting budget information
- Subproject/Microporject proposals
- Quantitative survey questionnaires
- Village meeting minutes with list of registrations
- OCC minutes
- Contest Commission Evaluation sheets

Oblast level

- **Oblast Specilaist**:
  - Controls the timeliness and completeness of the data entered
- **Oblast Social Mobilizator**:
  - controls the timeliness and completeness of the data entered
  - Monthly control the implementation of measures by CDSO
  - Verification of completeness and reliability of the entered documents
- **CDSO** carries out the following activities:
  - Collects all documents from communities data sources
  - Enters documents collected to the MIS
  - Reports for activities undertaken

Central level

- **M&E Specialist:**
  - Tracks achievement of the indicator in a separate form of the indicator report in the MIS
  - Analyzes the information entered
  - Provides a report on achievement of indicators to the Management

Figure 20: Data Flow for Monitoring Capacity Building Indicators

Aiyl Aimak Level

Oblast level

Central level

Data Sources:

- Minutes of core and specialized trainings, on a peer-to-peer basis with registration sheets of participants
- Pre and Post tests on the trainings
- Evaluation form after exchange visits for peer education
- Reports of consultants and CDSO

- **Consultants**:
  - Conduct the core trainings for communities
  - Conducte the pre- and post-training testing of the participants
  - Provides all documents after the training to the Capacity Building Specialist at the central office
- **CDSO**:
  - Conducts specialized trainings
  - Introduces all documents on trainings into MIS

- **Oblast Specialist c**ontrols completeness and timeliness of entered data
- **Social Mobilization, Capacity Building and Gender Development Specialist in the Oblast office p**rovides the timeliness and completeness of the entered data

- **Social Mobilization& Capacity Building Specialist**:
  - Processes the reports received from the Consultant and enters data to the MIS on the core trainings
  - Analyzes the data on the specialized trainings entered to MIS
- **Social Development and Gender Development Specialist**:
  - Collects, processes and analyzes reports on the exchange visit
- **M&E Specialist**:
  - Tracks achievement of the indicator in a separate form of the indicator report in the MIS
  - Analyzes the information entered
  - Provides a report on achievement of indicators to the Management

Figure 21: Data Flow for Monitoring Investment Implementation

Aiyl Aimak Level

Oblast Level

Central Level

Data Sources:
- Framework agreement
- contract with contractor
- Work Completion Certificate
- Act of acceptance-transfer of the facility to the AO balance
- Act of transferring investment costs
- State Act on Environmental and Technical Safety at the Government of the Kyrgyz Republic
- Maintenance plan
- Subproject / micro project proposal
- A letter of confirmation regarding to expenditures of O&M funds

- **Contractor**:
  - Carries out construction activities
  - Provides Acts of completed work to AO and a technical supervision staff
- **Technical Supervision Specialist**:
  - Conducts quality control of activities carried out in accordance with the Work Completion Act (WCA)
  - Provides WCA to the Oblast Engineer to approv micro projects
  - Provides WCA to the Engineer in the central office as for subprojects

- **Oblast Engineer**:
  - Accepts WCAs provided by technical supervision
  - Checks the quality of the activities carried out according to the information provided in WCAs
  - Approves and enters thw WCA to MIS
  - Sends originals of WCA to the central office for payment

- **Chief Infratructure Engineer**:
  - Verifies the compliance of the WCA with the Bill of Quantities
  - Approves WCA and sends to Coordinator and Executive Director for approval
  - Enters the WCA into MIS
- **M&E Specialist**:
  - Monitors the implementation of construction activities through a separate report form in the MIS
  - Analyzes data and provides a report on the achievement of indicators to the Management

Management Information System

This section shall be read in accordance with the Instruction for Data Entry into the MIS (Appendix 4.5).

a.   Description of the Management Information System (MIS)

Description of the Management Information System (MIS) - a web-enabled, automated MIS system is managed in the ARIS Central Office for effective centralization of data collection, analysis and storage. MIS provides a reliable flow of information within the Central Office, as well as between the Central and Oblast Offices . MIS allows organizing and analyzing the data collected and entered into the system, taking into account the activities for notifying the potential and mobilizing the community, and the status of investments. MIS data is the basis for reporting to the Supervisory Board, IDA, other donors and the general public.

MIS structure consists of two systems, first, the Project Monitoring and Management System (PMMS) and, secondly, the Financial Accounting System (FAS).

- *Project Monitoring and Management System (PMMS)* is the main information system of ARIS. It contains data at all levels on ARIS project implementation activities necessary for effective project management and reporting to stakeholders. This system is directly used by employees of the Central and Oblast Offices.
- *Financial Accounting System* is a tool for financial management and reporting on the Project. The ARIS computerized reporting system is based on 1C accounting software and is an integral part of the FAS System.

The Central Office and all oblast offices of ARIS are working with the PMMS and the FAS. Both systems are united and interact with each other at two levels - central and oblast. Both systems have built-in data synchronization mechanisms between the central and oblast offices. At the central level, both systems combine information from the regional databases that are necessary for data analysis and reporting on ARIS activities.

b.   Entering Data

The procedures and persons responsible for entering data into the MIS Databases are regulated by the Data Entry Instruction (Appendix 4.5) and to be implemented at various steps within the scope of the activities being supervised:

Step 1. Entering the Social Mobilization data

Step 1.1 The CDSO develops a monthly plan for work at the places and coordinates it with the Oblast Specialist and Social Mobilization/Capacity Building/Gender Specialist at the Oblast Level

Step 1.2 CDSOs at the end of the social mobilization activity, collects copies of documents and entered in the MIS database on "Social mobilization" and put them into monthly report on implementation of the work plan. At the same time, originals documents will be left with AO office.

135

Step 1.3 The Social Mobilization/Capacity Building/Gender Specialist at the Oblast Level and Senior Social Mobilization and Capacity Building Specialist at the Central level conduct monthly monitoring of the quality of the entered data by CDSO.

Step 1.4 The entered data is consolidated in the form of the project indicators report.

Step 2. Entering the Data on Specialized Trainings

Step 2.1 CDSO shall on a monthly basis develop a work plan for each AA and enter it to the MIS

Step 2.2 CDSO develops the planned budgets, program and lists of participants for the specialized training, which shall be agreed with the Social Mobilization, Capacity Building and Gender Development Specialist at the Oblast level.

Step 2.3 The Social Mobilization, Capacity Building and Gender Development Specialist at the Oblast level after approval of the entire package of documents sends the agreed budget, programs and lists of participants to the Central Office for approval and further payments.

Step 2.4 The Social Mobilization and Capacity Building Specialist at the Central level and the Project Coordinator shall approve the budget, program and lists of participants for the specialized training, send scanned copies of approved documents to the Oblast Specialist and CDSO to enter planned data to the MIS.

Step 2.5 After the training, CDSO shall enter the data on actual dates, budget and lists of participants to the MIS. Central level Specialists, who conduct specialized trainings, also shall put the actual data into MIS after the training conducted.

Step 2.6 The Oblast Specialist, the Oblast Social Mobilization, Capacity Building and Gender Development Specialist, Social Mobilization and Capacity Building Specialist at the central level control the timeliness and completeness of the data entered on a monthly basis.

Step 3. Entering the Data on Core Trainings

Step 3.1 The Consultant conducts basic trainings, including testing to assess increasing the knowledge of beneficiaries.

Step 3.2 The Consultant shall process the test results, prepare a personal summary report and provide all documents to the Social Mobilization and Capacity Building Specialist in the central office.

Step 3.3 The Social Mobilization and Capacity Building Specialist at the central level processes the reports and test results received that to be entered into the MIS.

Step 3.4 The Monitoring and Evaluation Specialist analyzes the entered data in the MIS to calculate indicator.

Step 4. Entering the Data on Investment Implementation

Step 4.1 The MIS Specialist at the central level shall enter Bill of Quantities according to the contract into the "Civil Works" Database.

Step 4.2 Upon the completion of construction works, the Contractor shall agree with the Aiyl Okmotu Head and provide the Work Completed Act (WCA) to the Technical Supervision Consultant.

Step 4.3 The Technical Supervision Consultant provides WCA to the Oblast Engineer for approval of microprojects and to Engineer in the central office for approval of subprojects.

Step 4.4 After approval, the Oblast Engineer on micro-projects and Engineer at the central level shall enter Work Completed Act (WCA) into the "Civil Works" Database and transfer the original documents to the Finance Department for payments.

Step 5. Entering Data on Contracts is to be Done Only by the Procurement Specialist

Step 6. Entering Data on Payments is to be Done Only by the Disbursement Specialist

a.   Access to MIS database

In order to obtain the necessary information for management and other purposes, ARIS specialists will have access to the MIS system, both to the financial and non-financial database. Access to the database will be governed by internal documents of ARIS in order to ensure the protection of information. Access of the Central Office and Regional Offices employees will be provided online (web-enabled). This will allow the necessary information to be received in a timely manner, as well as to enter data into the MIS. In order to ensure the availability of reports to ARIS specialists, the reports will be published in the ARIS portal in accordance with the established deadlines and forms, as well as for monitoring the provision of reports by specialists.

Each project specialist will have access to enter and view data within his/her authority:
- CDSO will have access to entry data on social mobilization and training provided.
- Oblast Social Mobilization Specialist has access to view the entered by CDSO data within its scope, as well as access to view output reports on social mobilization and trainings.
- Oblast Specialist will have an access to view all output reports under the Project.
- The Oblast Engineer and Central Level Engineer have an access to the entire "Civil works" database with the right to enter data and make changes, whereas the M & E specialists and the Project Coordinator in this Base have the right to view only, without the right to make changes.
- The Procurement Specialist and the Disbursement Specialist have full access to the database on procurement contracts and payments.
- The Social Mobilization and Capacity Building Specialist has access to make changes in "Core Training" database and the right to view the "Training" database and output reports on trainings.
- Senior Social Mobilization and Capacity Building Specialist at the central level has access to view the output reports on social mobilization.
- The Project Coordinator and the Monitoring and Evaluation Specialists have access, without the right to make changes, to view to all databases in the MIS, in addition to procurement contracts, as well as to all forms of reports.

b.   Timing for Data Entry

Timing of data entry is regulated in accordance with the instruction on data entry.

c.   Quality and Reliability of Information Entered into MIS

The Social Mobilization and Capacity Building Specialists, Infrastructure Engineers at the central level, Oblast Social Mobilization and Capacity Building and Gender Development Specialists, and CDSOs are responsible for the quality and reliability of data entry into the MIS. In order to ensure the quality of data entry, the responsible specialists shall carry out:

- Regular control over the input of the data by CDSO.
- Carry out a random control of the entered data (documents).
- Responsible specialists and CDSO are responsible for the reliability of data in documents entered into MIS. Before entering these documents into MIS, they should carefully check the correctness of data in documents.

The Senior Social Mobilization and Capacity Building Specialist at the Oblast level and Social Mobilization and Capacity Building Specialist at the central level conduct monthly monitoring of the timeliness and completeness of the data entered.

The Monitoring and Evaluation Specialist shall carry out periodic monitoring regarding to timeliness, completeness and quality of the data entered using the random-based method.

Quality Control

External and internal control and monitoring is carried out by:
- **Supervisory Board.** Ongoing control and monitoring are carried out by the Supervisory Board through the provision of regular and special reports by Project staff, independent audit reports, special study reports, spot checks, etc.
- **Donors** Through regular project management reports, regular monitoring missions, independent audit reports, and special research reports.
- **Local authorities** (oblast and raion representatives). Representatives of the state authorities from the Oblasts and Rayons participate in the field trips to the sites for the implementation of AA sub-/micro projects, and also participate in adoption and transfer of the subproject.
- **ARIS Employees** - Central office employees conduct selectively visit oblast offices, AOs and sub-/micro projects to support the development of communities. Regional Coordinators regularly visit AA. Also, monitoring is carried out through the provision of regular reports by employees at the local level to employees of the oblast level, and from them to employees of the central level. All employee reports are archived in the MIS.

Assessment of Beneficiaries' Satisfaction with Project Activities

8.   The percentage of beneficiaries who are satisfied with improved access to infrastructure services, the percentage of beneficiaries that perceive their role has increased in decision-making and that feel that community investments funded by the project reflected their priority needs are indicators of the Project. These indicators are intended to provide reporting on effectiveness of the project implementation. Monitoring the satisfaction of the beneficiaries tracks perception of the project by beneficiaries and gives a picture of how the beneficiaries' opinions are taken into account during the decision-making processes and whether their needs are reflected in the investments financed by the project.

9.   Monitoring of beneficiary satisfaction will be carried out by consulting Project beneficiaries at the end of the first Project Cycle in 2018 and upon the completion of the second and third Project Cycles in 2019 and 2020. This will be done through the Community Scorecard exercise described in Component 2: Village Investments, Step 9.3 for sub-projects. For micro-projects, a small survey will be conducted, as described in Step 5.6. The work of the community will generate the data point for the following three Project indicators:

a.   PDO5 Indicator: **Beneficiaries who state an improvement in access to infrastructure facilities** (disaggregated by gender)

The indicator measures the satisfaction of beneficiaries with access to improved infrastructure services as a result of the project. Data will be collected by the M&E Group, with support from the CDSO, in each AA that received investment grants under the project. A template for the Community Scorecard will be provided to the M&E Group which includes a question for this indicator. Once the data has been collected by the M&E Group, the CDSO will provide it to the M&E team. Findings will be disaggregated by sex and by subsidized/non-subsidized AA. The target in the Results Framework for this indicator is "70% of the beneficiaries interviewed state improvement access to infrastructure facilities, 40% of them are women."

b.   C1.3. Indicator: **Percentage of beneficiaries that perceive their role has increased in decision-making** (disaggregated by gender)

The indicator measures opinions of beneficiaries with respect to strengthening their role in the decision-making process. The indicator measures the effectiveness of participatory decision-making during the social mobilization process. A question to generate this data point will be included in the Community Scorecard; findings will be disaggregated by sex. The target in the Results Framework for this indicator is "70% of the beneficiaries surveyed that believe that their role in decision-making has increased, 30% of which are women."

c.   2.4. Indicator: **Percentage of beneficiaries that feel that community investments funded by the project reflected their priority needs**.

The Indicator measures compliance of the finalized project-financed investment(s) with local community priority needs. The indicator measures the effectiveness of the social accountability design elements intended to assure that the investment is guided by the community. A question to generate this data point will be included in the Community Scorecard; findings will be disaggregated by sex. The target in the Results Framework for this of the indicator is "80% of respondents believe that their priority needs are reflected in investments financed by the project." Results will be disaggregated by sex.

The questions included in the Scorecard methodology will be developed by Project Monitoring and Evaluation Specialists and coordinated with the Donor.

10.   **Baseline Survey**- As part of the Project preparation (ECAPDEV), a Baseline Study of the Village Investment Project-3 was carried out from July 1 to November 30, 2015. The baseline aimed to: (i) determine the current situation of interaction between local governments and local community in relation to addressing local development issues and defining relevant basic indicators; and (ii) assess people expectations from the Project implementation.

Based on baseline survey, the basic Project indicator had been developed, and also the Evaluation of LSGB and Community Interaction during the decision-making process and evaluation of community representatives' satisfactory with LSGB works have developed.

139

Participatory Monitoring and Evaluation

11.   This section shall be read in accordance with the Community Monitoring and Evaluation Guidelines (Appendix 4.4).

12.   Regular monitoring and evaluation by the communities is to be carried out under the Project in order to ensure the successful implementation of the subproject or microproject, to provide transparency and publicity during the Project implementation process, broad awareness rising of community members about the results achieved.

13.   To perform the participatory monitoring and evaluation, after the signing of the tripartite Financing Agreement, the CDSO and AO will solicit volunteers for a Community Monitoring and Evaluation Group (M&E Group). This Group may include members of the Initiative Group if they would like to continue volunteering their time. Like the Initiative Group, the M&E Group should be made up of local residents and consist of equal numbers of women and men. The M&E Group members should elect among themselves who will Head their group.

14.   The tasks of the M&E Group are to:
- Conduct timely monitoring and evaluation activities at 50% and 100% completion in accordance with the Community Monitoring and Evaluation Guidelines;
- Ensure publicity and accessibility of information on the sub-project and / or micro-project;
- Conduct the Community Scorecard exercise; and
- Inform the community about the results of the monitoring conducted.

15.   As described in the relevant sections above, the monitoring results are included in the Monitoring Report and provided at the meeting of villagers to inform them about monitoring results. Based on results, the M&E Group prepares a report informing the public about the Project progress and proposing recommendations for further improvement of the work. This information will be disseminated to community members at rural gatherings, meetings and workshops, and also posted on bulletin boards. The CDSO collects reports on monitoring and evaluation implementation, Joint Monitoring Acts (50% and 100%), checks the quality and completeness of documents and enters them into the MIS. Monitoring and Evaluation Specialists at the central office collect and analyze the MIS and then in the report provide information to the management for further decision making.

Reporting and Improvement

The Project reporting to the donor consists of:
- Quarterly summary reports on project progress implementation (see Template in Annex 4.6);
- Semi-annual descriptive and analytical project reports (see Template in Annex 4.7); and
- Annual descriptive and analytical reports highlighting the results on achieving the Project indicators (see Template in Annex 4.8).

To generate a consolidated Project report, data from the MIS and the Project staff reports should be collected and analyzed. The process of data generation in the MIS is described in Section 4.3.

   a. **Process of generating the Reporting at all Project Levels**

Step 1. Each CDSO develops a personal descriptive and analytical report on his/her activities under the Project and sends to the Oblast Social Mobilization, Capacity Building and Gender Development Specialist for processing.

Step 2. The Oblast Social Mobilization, Capacity Building and Gender Development Specialist collects and processes the personal reports of all CDSOs at the level of their Oblast, and then creates a combined report highlighting works for the Oblast. The report with attachment of all CDSO reports shall be sent to the Oblast Specialist for approval and further for the processing by the Senior Social Mobilization and Capacity Building Specialist, Social Mobilization and Capacity Building Specialist and Gender Development Specialist in the central Office.

Step 3. The Senior Social Mobilization and Capacity Building Specialist, Social Mobilization and Capacity Building Specialist and Gender Development Specialist in the central Office collect all personal reports of Oblast Social Mobilization, Capacity Building and Gender Development Specialists with attachment of all CDSO reports, process information under the activities to be coordinated by them and form descriptive and analytical reports with attachment of all reports of Oblast Social Mobilization, Capacity Building and Gender Development Specialists and reports of all CDSOs. S/he submits them to the Monitoring and Evaluation Specialist for further analysis and drafting the Project report.

Step 4. The Procurement Specialists, Payment Specialist, Infrastructure Engineer and other Specialists at the central office level also form descriptive and analytical reports on the implementation activities coordinated by them and provide them to the Monitoring and Evaluation Specialist in the central office for further analysis and development of the Project report.

Step 5. The Monitoring and Evaluation Specialist, after analyzing and processing all data from the MIS and reports of specialists, shall develop a report on the whole Project in accordance with provisions of the Financing Agreement, the Project Assessment Document and this Project Operational Manual and agree this report with all Project staff at the central level.

Step 6. The finalized Project progress report shall be sent to the Donor and all stakeholders only after agreement with all project staff at the central level and only after approval by the Project Coordinator.

b. **Timeline for Submission of Report**

For timely submission of the Project report to the Donor, it is required the strict observance of deadlines for personal report submission by each project specialist at all levels.

The personal reports of the Project staff cover one calendar quarter period and are to be provided in accordance with the deadlines indicated below:
- CDSO should provide a personal report no later than 2 days after the end of the reporting period

- Oblast specialists, Oblast Social Mobilization, Capacity Building and Gender Development Specialists should submit their personal report attaching all CDSO reports no later than 7 days after the end of the reporting period
- Specialists at the central level should provide their personal reports to the Monitoring and Evaluation Specialist and the Project Coordinator no later than 10 days after the end of the reporting period
- A consolidated project progress report should be submitted to the Donors in accordance with the terms specified in the Financing Agreement

c. Forms of Reporting

Annual reports will describe implementation against both the annual work plan and the results framework / implementation indicators. Annual reports will focus more on the longer term issues confronting the project. It will describe implementation in terms of milestones, targets, outputs, and budgets, ensuring greater explanation and analysis for cases of under-performance. The report will be discussed by stakeholders and made available on the internet. Annual reports should be completed by the end of January. Its main elements will include:

- Title page, table of contents, executive summary, etc.
- A short introduction of the report and the project, reviewing what the project wants to achieve, and how it is structured (components etc.). In the introduction an overall view of performance can be provided, for example, looking at which annual priorities were met or not met and analyzing expenditure against budget. Project wide issues, challenges, and remedial actions can be highlighted.
- A sub-component by sub-component review of implementation. For each sub-component, the report will: (i) provide a short introduction to the sub-component; (ii) review implementation against the plan (providing, where necessary reasons why implementation may have been behind schedule or below expectations); (iii) review all annual targets in this operations manual (providing, where necessary reasons why targets were not met); (iv) identify and analyze constraints, challenges, issues, lessons learned and agreed remedial actions.
- Annex 1: Financial analysis, including budget vs. expenditure for all activities, summed to the sub-component, component and project level. Financial analysis will include a procurement report and final (unaudited) balance sheet.
- Annex 2: any other detailed and supporting data, including data on capacity development.

The semi-annual report will be shorter and will focus on implementation to date as the identification of immediate challenges. The semi-annual report will be completed by the end of July each year. The structure of the report will be the same as the annual report except: (i) there is no reporting against indicators / targets; (ii) there is no reporting against project outcomes; (iii) the focus on challenges and issues is on "immediate" challenges that can be solved addressed by the end of the year; (iv) reporting on implementation is much shorter; (v) financial report is a short summary (sub-component, component and project totals) without balance sheet or procurement reports; and (vi) annex 2 is much shorter.

The quarterly report will present a description of project activities carried out and focus on recording all activities with an indication of funds spent. Structure of the quarterly report will be the same as the annual and semi-annual reports, except for: (i) there is no reporting against indicators/targets; (ii) there is no

reporting on project outcomes; (iii) there is no analysis and detailed explanation on cases of insufficient effectiveness; (iv) there are no balance sheets.

d. Further Decisions based on Results of Project Reports

The Project progress report is developed not only for accountability to donors and other stakeholders, but also to improve the project activities. Based on analysis of results conducted during the process of drafting the report, decisions shall be made to correct and improve the Project activities in order to eliminate identified gaps in the Project implementation or apply the best practices in the future.

The results of the Project reports will be highlighted and discussed during trainings of the project staff and CDSOs annually.

Description of Indicators

PDO 1 Indicator. Number of municipal districts (AAs) with Local Development Strategy developed involving community
Description: This indicator measures participatory development in the PDO. This indicator will determine in cumulative total whether the local development plans *were developed involving community* and whether each LDS was developed with an *acceptable quality* covering the period of 3-5 years and supported with feasible budget.
Methodology and source of information: Analysis of AO data in the MIS
Method of Calculation: (1) evidence of participation of community members are presented, i.e. a public hearing is held, the minutes and registration sheets of participants are entered to MIS; (2) Local Area Development Strategy (LDS) was adopted at the public hearing (PH) at the AA level, the minutes and registration sheets of public hearing participants are entered to MIS; (3) The LDS was adopted by the Aiyl Kenesh, and the Resolution by the AK was entered into the MIS. Only includes AAs eligible for VIP3 financing. The cumulative figure refers to the number of AAs that have participated at least once in capacity-building or training. The cumulative figures do not double-count AAs.
Frequency and reporting: Annually
Means of Verification: Minutes of public hearings, Investment plan and Local Area Development Strategy, Resolution of the AK
Target: 266 Aiyl Aimaks, having the LDSs
Disaggregation: Oblast

PDO 2 Indicator. Number of AAs conducting public hearings annually, where information is disclosed to the public on budget formulation and execution in accessible formats (cumulative)
Description: This PDO indicator will reflect the capacity in one of the key aspects of participatory local governance: participatory budget planning. If local self-government bodies (LSGB) will be able to hold these meetings and report to the community on implementation of the budget for a certain year and can disclose information in accessible formats, this will be indicative of the strengthened capacity of LSGB in budget planning and implementation. The Law on "Financial and Economic Basis of local self-government" (Article 13, par. 7) stipulates that the budget of local self-government bodies is to reviewed and approved openly and publicly at open sessions of local council and public hearings and budgets need to be published in mass media. This indicator requires holding at least one meeting a year, where the LSGB discuss implementation of the budget for the previous year and the budget for the current year with the public.
Methodology and source of information: Analyzing the AO data in MIS

Method of Calculation: (1) Public hearings on the budget formation and execution were held, the AO provided a report on budget execution (2) AA disclosed the budget (in written or oral form) before/after the meeting and information provided is available / understandable. The cumulative figure refers to the number of AAs that have participated at least once in capacity-building or training. The cumulative figures do not double-count AAs.
Frequency and reporting: Annually
Means of Verification: Minutes of public hearings, photo report on budget information posted
Target: 266 AA conduct public hearings on the budget formation and execution
Disaggregation: Oblast

PDO 3 Indicator. Number of AAs with access to improved quality infrastructure services (disaggregated by non-subsidized and subsidized)
Description: This indicator will measure the second part of the PDO, 'access to improved quality infrastructure services". 'Infrastructure services' refers to successfully constructed/rehabilitated infrastructure + fully functioning facility+ existence of operations and maintenance plan and budget. This indicator will be disaggregated by subsidized and non-subsidized municipalities. Improved access is defined as: (1) number of constructed/capital repaired infrastructure facilities (2) constructed / capitally repaired facilities are functioning as planned; (3) Operation and Maintenance plans and budgets are available
Methodology and source of information: Studying and analyzing information in the MIS
Method of Calculation: the number of subprojects - in the numerator and the number of microprojects - in the denominator; in each value the number of subsidized and the number of self-sustained AAs. The cumulative figure refers to the number of AAs that have participated at least once in capacity-building or training. The cumulative figures do not double-count AAs.
Frequency and reporting: once a year
Means of Verification: A Framework Agreement, a contract with a contractor's organization, a Work Completed Act, Acceptance and Transfer of the Facility to the AO balance, a State Commissioning Act from the State Environmental and Technical Safety Inspection from the Government of the Kyrgyz Republic, and a maintenance plan.
Target: 19 subprojects & 65 microprojects carried out by the end of the Project
Disaggregation: Oblast

PDO 4 Indicator. Direct project beneficiaries (number), of which female (percentage)
Description: This indicator measures individuals actively using the infrastructure services supported by the project, or those who participated in trainings or peer-to-peer learning activities funded under the project. The indicator is disaggregated by sex.
Methodology and source of information: Studying and analyzing information in the MIS
Method of Calculation: This indicator counts both (1) the number of direct beneficiaries of the projects (2) the number of participants in core trainings (3) the number of participants in specialized training (4) the number of participants in peer-to-peer events. The ratio of female to total number of project beneficiaries will be calculated. See Annex 2.26, Part A for detailed formula for calculating this indicator.The number of direct project beneficiaries for each cycle is only reported once the cycle is complete and ARIS has verified the actual number of beneficiaries utilizing the SPs and MPs. Include the number of beneficiaries who received training or participated in capacity building in the cancelled cycle 2.
Frequency and reporting: once a year
Means of Verification: Subproject and microproject proposal, lists of participants in core and specialized trainings and activities on peer –to-peer trainings
Target: 29 000 people, 30% of which are women
Disaggregation: Gender, Oblast

PDO 5 Indicator. Beneficiaries that report improved access to infrastructure services as a result of project activities (gender disaggregated in %)
Description: This indicator will report results of Community Scorecard exercises used to measure satisfaction with improved access to infrastructure services.
Methodology and source of information: This indicator is calculated from scorecards that are implemented in communities following the completion of SP and MPs. The data for this indicator should only be taken from the community (service user) scorecard (not the service provider scorecard).
Method of Calculation: Results will be averaged across all AAs with completed infrastructure in that Cycle. ARIS will report the (i) percentage of beneficiaries who report improved access to infrastructure services using the total number of beneficiaries who answered this question on the scorecard as the denominator; (ii) the percentage of women who report improved access using women who report improved access as the numerator and the total number of women who answered this question on the scorecard as the denominator; and (ii) the percentage of men who report improved access calculated using the total number of men who answered this question on the scorecard as the denominator.
Frequency and reporting: at the end of the first Project Cycle in 2018 and at the end of the second and third Project Cycles in 2020 and 2021.
Means of Verification: Community Scorecard report
Target: 70% of respondents state improved access to infrastructure facilities, 40% of which are women
Disaggregation: Gender, Oblast

C 1.1. Indicator: Percentage of beneficiaries with increased knowledge of local governance topics covered under project trainings
Description: For this indicator an assessment of knowledge is to be carried out through method of testing the direct beneficiaries, i.e. the pre- and post- tests will be conducted for representatives of LSGB and communities.
Methodology and source of information: Pre- and Post- testing; self-administered to trainees
Method of Calculation: Difference between (1) number of correct answers before the training (2) number of correct answers after participation in the training to determine number of beneficiaries with increased knowledge. Final number is generated by the average value of product of the number of training participants and the ratio of proportion of correct answers before training to proportion of correct answers after training
Frequency and reporting: once a year (includes trainees of cancelled cycle 2)
Means of Verification: input and output forms of testing tasks
Target: 60% annually
Disaggregation: Gender, Oblast

C 1.2. Indicator: Average number of people that participated in public hearings at village level
Description: This indicator will ensure that decisions on community priorities were made with the participation of average 60 people at the public hearings at the village level and 100 people at the public hearings at the AA level
Methodology and source of information: Studying and analyzing information in the MIS
Method of Calculation: (1) number of participants at public hearings at AA level (2) number of participants at village gatherings where the average number of participants in the public hearing at the AA level - in the numerator, the average number of participants in the village gatherings - in the denominator
Frequency and reporting: once a year
Means of Verification: The minutes of public hearings at the AA level with registration sheets, the minutes of village gatherings with registration sheets
Target: 100 people at the public hearings and 60 people at the village gatherings annually; 30% female
Disaggregation: Gender

C 1.3 Indicator. Percentage of beneficiaries that perceive their role has increased in decision making (disaggregated by gender, % of women)
Description: This indicator will be based on questions posed during the Community Scorecard exercises
Methodology and source of information: This indicator is calculated from scorecards that are implemented in communities following the completion of SP and MPs. The data for this indicator should only be taken from the community (service user) scorecard (not the service provider scorecard).
Method of Calculation: Results will be averaged across all AAs who participated in OCC competition for cycle 3 and who have completed investments from cycle 1 and cycle 2. ARIS will report the (i) percentage of beneficiaries who report increased role in decision-making using the total number of beneficiaries who answered this question on the scorecard as the denominator; (ii) the percentage of women who report improved access using women who report increased role in decision-making as the numerator and the total number of women who answered this question on the scorecard as the denominator; and (ii) the percentage of men who report increased role in decision-making calculated using the total number of men who answered this question on the scorecard as the denominator.
Frequency and reporting: at the end of the first Project Cycle in 2018 and at the end of the second Project Cycle in 2020 and at the end of the social mobilization process for cycle 3 in 2020.
Means of Verification: Community Scorecard report
Target: 70% of the beneficiaries surveyed believe that their role in decision-making has increased, 30% of which are women.
Disaggregation: Gender

C 1.4. Indicator: Satisfaction rate of beneficiaries who attended exchange visits (peer to peer learning)
Description: This indicator measures how satisfied beneficiaries are with the peer learning they received.
Methodology and source of information: An evaluation form (using a 3 point or 5 point scale) will be administered to all participants of the peer learning events and study tours.
Method of Calculation: Data of the evaluation form will be input to a database and results averaged across participants (the ratio of sum of average satisfaction points to the number of training participants).
Frequency and reporting: once a year
Means of Verification: Evaluation forms
Target: 80% of satisfaction
Disaggregation: Oblast (Note: peer learning is targeted only at women so gender disaggregation is not needed)

C 1.5. Indicator: Number of AAs that have submitted proposals to compete for grants (cumulative)
Description: This indicator seeks to measure 'increasing local level capacity for participatory development'. AAs would need to use all the knowledge and skills learned in trainings in order to complete and submit proposals. As part of the project proposal, they need to submit their local development strategies, investment plans, procurement, O&M planning. The result of capacity building and social mobilization activities in local communities is development and submission for contest applications for review. The application package includes: Village profile; discussion in focus groups; minutes and lists of participants at the village level; minutes of the session of the contest commission at AA level, list of priorities approved at the session of the local council; Local development strategy; decision of the local council of approval of the Local development strategy (LDS) assessment of its goals, objectives and feasibility of implementation arrangements, availability of funding; investment plan; project proposal; technical design and project proposal; O&M.
Methodology and source of information: The whole package of competitive proposals from AA, who applied for participation in the contest, the minutes of the Oblast Commissions will be scanned and entered into MIS. The cumulative figure refers to the number of AAs that have participated at least once in capacity-building or training. The cumulative figures do not double-count AAs.
Method of Calculation: none
Frequency and reporting: once a year

146

Means of Verification: Number of proposals entered to system; number of packages registered for the OCC.	
Target: 240 AA submitted their proposals by the third year of the Project implementation	
Disaggregation: Oblast	

C 2.1. Indicator: Number of Subprojects Completed
Description: This indicator measures the number of sub-projects completed, including new or renovated schools, kindergartens, bridges, health clinics, and other physical facilities as a sign of project progress.
Methodology and source of information: Studying and analyzing information in the MIS
Method of Calculation: number is calculated per Cycle and cumulatively for life-of-project
Frequency and reporting: once a year
Means of Verification: The Acceptance-and-Transfer the Facility into Operation Act, Investment Cost Transferring Act
Target: as minimum 24 subprojects by the Project completion
Disaggregation: Oblast

C 2.2. Indicator: Number of small grants implemented (cumulative)
Description: This indicator measures the number of micro-projects completed, including renovations, equipment and small structures as a sign of project progress.
Methodology and source of information: Studying and analyzing information in the MIS
Method of Calculation: number is calculated per Cycle and cumulatively for life-of-project
Frequency and reporting: once a year
Means of Verification: The Acceptance-and-Transfer the Facility into Operation Act, Investment Cost Transferring Act
Target: minimum 60 microprojects by the Project completion
Disaggregation: Oblast

C 2.3. Indicator: Percentage of actually allocated vs. planned funds for O&M.
Description: ARIS will analyze MIS/costs confirmation letters to measure the percentage of funds that were allocated for Operations and Maintenance.
Methodology and source of information: AO data in MIS
Method of Calculation: the weighted average of O&M budget funds used relative to planned for each SP and MP. Calculations: (Actual/Planned) x100 percent = Percent of O&M budget spent relative to planned for each sub-project and micro-project, then the total summation of percentages for all Bank-financed projects divided by the total number of projects in service during that year (calculated as weighted average).
Frequency and reporting: once a year. Data should be reported 12 months after each SP and MP is completed.
Means of Verification: the Subproject/Microproject proposal, the letter of confirmation regarding to using funds for O&M
Target: 70% annually starting from the third year of implementation
Disaggregation: None

C 2.4. Indicator: Percentage of beneficiaries that feel that community investments funded by the project reflected their priority needs
Description: This indicator will be based on questions posed during the Community Scorecard exercises.
Methodology and source of information: This indicator is calculated from scorecards that are implemented in communities following the completion of SP and MPs. The data for this indicator should only be taken from the community (service user) scorecard (not the service provider scorecard).

Method of Calculation: Results will be averaged across all AAs with completed infrastructure in that Cycle. ARIS will report the (i) percentage of beneficiaries who report investment reflected their priority needs using the total number of beneficiaries who answered this question on the scorecard as the denominator; (ii) the percentage of women who report investment reflected their priority needs using women who report investment reflected their priority needs as the numerator and the total number of women who answered this question on the scorecard as the denominator; and (ii) the percentage of men who report investment reflected their priority needs calculated using the total number of men who answered this question on the scorecard as the denominator.
Frequency and reporting: at the end of the first Project Cycle in 2018 and at the end of the second and third Project Cycles in 2019 and 2020
Means of Verification: Community Scorecard report
Target: 80% beneficiaries believe that their need are reflected in community investments funded by the project
Disaggregation: Gender, Oblast

C 3.1.Indicator: Ratio between operational costs and the total project budget
Description: This indicator measures the efficiency and progress in project implementation.
Methodology and source of information: Studying and analyzing data received from MIS and Finance Unit in the MIS
Method of Calculation: (1) amount of operating expenses (2) amount of total project budget; ratio of operating expenses to total project budget
Frequency and reporting: Quarterly
Means of Verification: Financial reports and audits
Target: 10.3% [averaged] by the end of the Project implementation
Disaggregation: None

Monitoring of Results of Project Components Implementation (to be finalized in accordance with the POM Steps)

16.   In addition to the performance indicators in the Results Framework, the M&E system also monitors satisfactory progress of the outputs outlined in the body of the POM. In accordance with steps for social mobilization, capacity building and investment implementation, the results of each step and output for each activity will also be monitored during the Project implementation.

17.   The results of each step are to be understood as the Project additional indicators, achievement of which should be reflected in the Project reports.

18.   The Outputs are provided in the Table below and divided into three types: (1) results of social mobilization activities, (2) results of capacity building activities, and (3) results of investment implementation activities.

Figure 22: Project Outputs to be Monitored

Results for each step under Components 1 and 2/Indicator	Description of Indicator	Sources of Data
Step 1: Launching the Project Cycle		
Result 1.1 *Four round tables at the Oblast level to be conducted at the beginning of the Project Cycle 2*	Conducting round tables at the Oblast level Purpose of the Round Tables: Informing about the Project,	Minutes of Round Tables

	changes, review results, anti-corruption policy, receiving the Expressions of Interests after some time after the Round Table and signing the Memorandum of Cooperation (Outcome 1.2.)	
Result 1.2. *Expressions of Interests submitted to ARIS, indicating the number of participating AAs*	AO and AK submit the Expression of Interests if there is a wish to participate in the Project. Result of conducting the Round Table	Number of EoIs received from AAs
Result 1.3 *The Memorandum on Cooperation signed by AO / AK*	Interested AA sign a Memorandum. Result of conducting the Round Table	Signed Memorandum on Cooperation
Result 1.4. *Composition of Initiative Groups (IG) approved by the AO Order and copy of it should be submitted to ARIS*	AO by its order approves the composition of the IG (WG) for implementation of the project	Orders on Establishing the IGs
Result 1.5. *List of participants of trainings submitted to ARIS*	AO provides a list of IG (WG) to participate in the specialized trainings	List of participants of specialized trainings
Result 1.6 *Work plan to implement the project within the AO territory approved by the Order of AO*	IGs (WGs) develop a work plan and approve by the AO Order	Copies of Work Plans
Step 2: Build local capacity for participatory development		
Result 2.1. *128 trainings for participants of the Contest attended by 3,200 people*	3 people from each AA will be trained on each subject. Total number of participants in the training is 12 people from each AA	Report on specialized trainings
Result 2.2. *The winners of the Cycle competitions will participate in the specialized trainings on 3 topics, which will involve 7 people in each wining AA (number TBD)*	3 topics: "M&E", "O&M", "Procurement" are held only for winners of investment grants	Report on specialized trainings
Result 2.3 *Initiative Group Members are able to develop village profiles, SP/MP proposals*	Village profiles, Subproject and microproject proposals are to be submitted for the contest	Report on specialized trainings
Result 2.4 *Citizen facilitators on the initiative group are able to facilitate and properly document community meetings and conduct poverty mapping*	Specialized training is to be conducted on documents required	Report on specialized trainings
Result 2.5 *All stakeholders involved under VIP-3 understand the Anti-corruption*	Specialized training is to be conducted on anti-corruption mechanisms	Report on specialized trainings
Result 2.6 *More than 180 trainings, where4,500 people participated in each cycle*	Core trainings are conducted, where 17 people from each AA will participate.	Report on core trainings
Result 2.7 *The AO staff is able to develop "citizen budget" and aware of the gender impact by budgeting of local authorities (see Box 2)*	New topics on the Citizen Budget and Budget for women will be covered under the core trainings	Report on core trainings
Step 3: Results of Steps in the Subproject Selection Process		

149

Result 3.1 *Village profiles completed*	AO updates Village Profiles – Cycle 2	Village Profiles
Result 3.2 *Citizen Budget completed*	At the AA level, information on the budget for citizens will be developed – Cycle 2	Minutes of meeting at the village level
Result 3.3. *List of priority needs for each village*	6 FGs will be at the village level Here, the village meeting is held then according to the results of the FG - the key indicator	FG minutes
Result 3.4. *The minutes of the AA need prioritization meeting showing the winning proposals*	A joint meeting of the AK with participation of FG representatives to select the priority need for participation in the contest is held – Cycle 2	Minutes of joint meeting of AK and FG representatives
Step 4: Updating the Local Area Development Strategy (LDS)		
Result 4.1 *Public hearings carried out to discuss the contents of LDS and IP*	Public hearings are to be conducted to discuss the LDS and IP	Minutes of Public Hearings
Result 4.2 *LDS and IP approved by the AK*	Resolution of the AK on approval of LDS and IP	Resolution of the AK on approval of LDS
Step 5: The Initiative Group develops a proposal for the contest		
Result 5.1 *Proposals submitted to the Oblast Contest*	Evaluation of competitive documents are to be held at the Oblast level by the OCC	OCC minutes

E. Preparation of the Annual Work Plan and Budget

19.   **VIP3 is required to submit an annual work plan to the World Bank for no objection**. The workplan is due by November 31st each year after approval by the Executive Director of ARIS. The annual plan has two parts: a narrative workplan and an annual budget projection.

Narrative work plan

20.   **The Project Coordinator is responsible for coordinating the preparation of the annual work plan** by the Central Office Specialists (social mobilization, capacity building, monitoring and evaluation, engineers, procurement and finance) and the Oblast Coordinators. A draft overall workplan is provided to all Central Office Specialists, Oblast Specialists and CDSOs for comments. They in turn use this overarching workplan as the basis to develop individual plans and plans for each Project units. After receiving comments internally from the VIP3 team, the Plan is revised and finalized.

21.   The workplan should describe expected progress of the following year's activities in quantitative and qualitative terms (see Template in Annex 4.9). The workplan should contain information for the upcoming year on:

- *Trainings* – the planned number of trainings, the training schedule and any modifications deemed necessary to the curriculum or training materials

- *Social mobilization activities-* the schedule for implementing social mobilization in eligible AAs each year
- *Actions pending completion* - any prior Cycle investments (SP/MPs) that were not closed out in the outgoing Cycle/calendar year should be noted along with action plans for how they will be resolved in the upcoming calendar year;
- *Expected number and average sizes of SPs/MPs* for the next cycle
- *Personnel changes-* any anticipated changes in staffing structure or personnel
- *Corrective actions* – the workplan should have a section highlighting how any past challenges or problems are being addressed in the upcoming year's activities

Annual Projected Operating Budget

22.   The preparation of the annual budget which should be submitted with the workplan is described in Chapter V below.

CHAPTER 5

PROCUREMENT MANUAL

CHAPTER 5:

PROCUREMENT MANUAL

This section should be read with Appendix D – FM and Procurement Forms

1. Introduction

1.1   Procurement of all works, goods and non-consulting services under the Third Village Investment Project (VIP-3) follows the World Bank Procurement Guidelines "Procurement of Goods, Works and Non-Consulting Services under IBRD loans and IDA Credits & Grants by World Bank Borrowers" published in January 2011 and revised in July 2014.

1.2   Procurement of consulting services under the Project is performed following the Guidelines "Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" published in January 2011 and revised in July 2014.

1.3   Under VIP Village Investments component 2 «Community grants» grants for subprojects and microprojects, procurements for subproject implementation will be carried out at the ARIS level with immediate participation of local self-government bodies.Procurement of goods, works and services under this component shall comply with the Guidelines "Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" published in January 2011 and revised in July 2014 and the Guidelines "Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" published in January 2011 and revised in July 2014.

1.4 Procurements under component 2 "Community grants" (grants for microprojects) shall be performed at Aiyl Aimak level with immediate participation of the community. Procurement of goods, works and services under microprojects will be carried out in line with the Procurement Handbook for (Package 3 to this Operational Manual), developed by the ARIS and based on harmonized procedures of Manual for Conducting Very Small-Value Procurement under World Bank/IDA Small Grants, Loans and Credits and procedures stipulated by the Law of the Kyrgyz Republic "On Public Procurements" No. 72, dated 3 April 2015.

1.5   The procedures outlined in these guidelines apply to all activities financed in whole or in part from the IDA Grant.

1.6.   **Employee Recruitment Procedure.** Consistent with the World Bank Procurement Manual dated January 2011, (revised July 2014) and given that ARIS implements several projects (including World Bank projects), a Procurement Unit has been established in ARIS. The role of this unit is to implement procurement principles and procedures, with staff ensuring they meet the rules/code of conduct and the integrity requirements of procurement duties. In order to carry out their tasks effectively, a unified "Provisions of the Procurement Unit" document has been developed. This document sets out the mechanisms, rules and procedures for hiring employees/consultants; it is an integral part of the Project Operations Manual (and is included in Section [5.2] below).

The following principles are applied in all procurement and every effort is made to get the best value for money:

Goods and works and consulting services

a. the need for economy and efficiency in the implementation of the project, including the procurement of the goods and works involved;
b. the importance of transparency in the procurement process.
c. the need for high-quality services,
d. the need for economy and efficiency,
e. the need to give all eligible consultants an opportunity to compete in providing the services,
f. the need for transparency in the selection process.

2. Procurement Responsibilities

2.1 Overall responsibility for management and coordination of procurement activities under the Project rests with the ARIS. The ARIS Central and Oblast Offices, in accordance with approved procurement plan, are responsible for activities under the following components:

- Component 1. Local self-government and Community Capacity Building
- Component 2. Village Investments
- Component 3. Project Management.

3. Procurement Planning

3.1 A **Procurement Plan** will be developed for implementation of the Project. It will be updated periodically, at least once a year, and each update is subject to prior review of the World Bank. The initial Procurement Plan as well as subsequent updates thereof will be disclosed on the on the public website of the World Bank according to the requirements of the World Bank Guidelines as well as on the official website of the ARIS. Procurement plan is to be implemented as approved by the World Bank.

3.2. Following approval of selection for allocation of small grants made by the Contest Commission under the Village Investments Component (grants for sub-projects and micro-projects), AOs will develop procurement plans that reflect contract packages for procurement of goods, works and services necessary for the micro-project implementation. The Micro-project Procurement Plan is a required annex to the detailed micro-project proposal to be reviewed by ARIS.

4. Procurement Methods

4.1 Procurement of Goods, Works, and Non-Consulting Services will be carried out in compliance with the World Bank's Procurement Guidelines "Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" published in January 2011 and as revised in July 2014 and the standard bidding documents will be used:

- **Procurement of Goods.** Goods procured under this project would include some office equipment and furnishings, several vehicles, publishing reference book for AO and AK, and operational consumables. The procurement will be done using appropriate form of Invitation to Quote (ITQ) agreed with the Bank. The ITQ shall contain draft contract and conditions of contract acceptable to the Bank. *Shopping* will be used for goods contracts estimated to cost less than US$100,000 per contract. The procurement by Local Self Governments (LSG) financed out of micro-grants will be in accordance with the provisions applicable for Community Participation in Procurement

(CPP) as defined in para. 3.19 of Procurement Guidelines and described in detail in the Community Handbook

- **Procurement of Works.** Procurement of Works for sub-project will be handled by ARIS. The procurement will be made using appropriate Standard Bidding Documents (SBD) agreed with the Bank. The SBD shall contain draft contract and conditions of contract acceptable to the Bank. National Competitive Bidding (NCB) will be used for civil works contracts estimated to cost more than US$50,000. Shopping for Minor Works will be used for civil works contracts estimated to cost less than US$50,000 per contract The procurement of works financed out of micro-grants will be described in detail in the Community Handbook.
- **Procurement of non-consulting services** is not anticipated.

4.1.2 *Procurement of Consulting Services* follows the World Bank Guidelines "Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" published in January 2011 as revised in July 2014. Consultants will be selected mostly through methods of LCS, CQS and IC, not excluding application of other procurement methods.

ARIS shall use standard request for proposals and forms of contracts for consultants of WB for procurement of consulting services.

4.1.3. Notification, publication of procurement announcements and results of selection

General Procurement Notice

ARIS will develop and submit to the Bank the General Procurement Notice for publication in the electronic bulletin UN Development Business online (UNDB online) and post it on the ARIS' official website www.aris.kg. The General Procurement Notice should contain information about the Project, its goals and budget, list of procurements in line with the Procurement Plan, contact information of contact points, their telephone numbers and address and a link to the ARIS' official website where all subsequent Procurement Announcements are to be published.

Procurement Announcement

In conducting procurement of goods, works and services, the ARIS publishes procurement announcements in the mass media and its official web-site at www.aris.kg. All results of announced bids are published on the ARIS' website.

Under small grants, AOs when conducting procurement of goods, works and services will post procurement announcements in mass media on public procurements portal as well as on their information boards (www.zakupki.gov.kg). Results of bids will also be posted in parallel on the information board and detailing information on contract awards, including name of each supplier that submitted a quotations; prices that were announced during the public bid opening; description and estimated cost of each proposal with post evaluation prices; names of bidders whose proposals were declined with indication of reasons for rejection; name of the winning bidder with indication of prices proposed by him; duration and summary of the scope of the awarded contract. All contracts awarded by direct contracting (regardless of the amount) should be posted on the public information boards.

5. Contract Awards, Bid Evaluation Committee

5.1   The role and functions of Bid Evaluation Committees are to review and evaluate bids and adopt decision on contract awarding.

(a) *ARIS Head Office*: The Bid Evaluation Committees are established by the ARIS Executive Director.   A separate Bid Evaluation Committee is set up for any specific procurement by the order of the ARIS Executive Director. Notification about the contract awarding is made on behalf of the ARIS Executive Director and the Project Coordinator. Contracts are signed by the ARIS Executive Director or a person to whom these authorities were delegated. The Bid Evaluation Committee should include Project staff members, specialists competent in the sphere related to goods, works, consulting services to be procured and other persons.

(b) *Bid Evaluation Committees under sub-projects:* Bid Evaluation Committees are established by the ARIS Executive Director. A separate Bid Evaluation Committee is set up for any specific procurement by the order of the ARIS. The Bid Evaluation Committee shall include representatives of LSG bodies – head of Aiyl Okmotu and a representative of direct beneficiaries, staff members of the ARIS oblast office, and etc. It should also include a specialist in the relevant field related to the subject of procurement and other persons appointed to participate in the procurement procedures.

(c) **Tender Committees under small grants:** Tender Committees for implementation of small grants are established through AO's Order. Composition of the Tender Committee should include a head of AO, AO staff, a specialist in corresponding field, certified specialist for procurement, beneficiary representative and others.

6. Procurement Monitoring by IDA

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

Expenditure Category	Contract Value (USD)	Procurement Method	Bank Prior Review
Civil Works	>= 5, 000 000	ICB	All ICB contracts
	< 5, 000,000	NCB	First contract
	<50 000	Shopping	First contract
	NA	DC	All DC contracts
Goods	>= 1, 000 000	ICB	All ICB contracts
	<1, 000 000	NCB	First contract
	<100 000	Shopping	First contract
	NA	DC	All DC contracts
Consultant Services	NA	QCBS, QBS, FBS, LCS and CQS*	All contracts >= USD 300,000 for firms; all contracts >= USD 200,000 for individuals; and all SSS contracts above 10,000.
	NA	SSS	
	NA	IC	

Notes: ICB – International Competitive Bidding
            NCB – National Competitive Bidding
            DC – Direct Contracting
            QCBS – Quality and Cost Based Selection
            QBS – Quality Based Selection
            FBS – Fixed Budget Selection
            LCS – Least Cost Selection
            *CQS – Selection Based on Consultants' Qualification below $300,000 depending on the nature of assignment
            SSS – Single (or Sole) Source Selection
            IC – Individual Consultant selection procedure
            NA – Not Applicable

6.2   *Post Review*. All contracts below the prior review requirements 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. Storage of Procurement Documentation

7.1   For all ARIS-managed procurement the ARIS, including procurements for implementation of sub-projects, the Central and Regional Offices 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.

8. Procurement of goods, works and services for implementation of sub-projects

8.1. Procurement of goods, works and services under the sub-projects is done at the ARIS Central Office and ARIS Oblast Office level in accordance with procedures of IDA and applying the procurement method and thresholds indicated above.

It is anticipated that sub-projects will be of larger scale and most probably they will involve new construction, reconstruction, capital repair, supply of machinery, equipment and etc.

Local self-government bodies will delegate implementation of procurement procedures, including management of implementation of contracts to the ARIS.

ARIS will be responsible for the following:

a. Including of selected sub-projects to the procurement plan;
b. Development of Terms of Reference, selection of consultants for development of detailed design and estimates (DDEs);
c. Development of bidding documents for procurement of works;
d. Development of bidding documents for procurement of goods;
e. Issue procurement announcements;
f. Organize evaluation of bids for implementation of works or supply of goods with participation of LSGs.
g. Notification of contract award;
h. Preparation of contracts for signing between the local self-government bodies and the winning bidder;
i. Contract administration, including:
j. Technical supervision and coordination of works performed by contractors, including quality control and compliance with the approved schedules of works and delivery of goods; Verification and coordination of all decisions on revising the design, technical specifications, construction methods, quantity and quality of materials.

Local self-government bodies will perform the following functions:

a. Participate as a full-fledged member in the work of tender commissions for selection of contractors and suppliers during procurement of works, goods necessary for sub-project implementation;
b. Act as a Client and sign contracts with the winning bidder;
c. Assign a person responsible for supervision over sub-project/micro-project implementation by contractor on behalf of AO;
d. Participate in verification and acceptance of intermediate and final outputs;
e. Obtain all necessary permits or approvals necessary for sub-project implementation;
f. Carry out all necessary activities to arrange final approval/acceptance/commissioning of completed facility following the legal norms;
g. Further operation and maintenance of the facility.

9. Monitoring of procurements by the International Development Association

Prior and post review of contracts signed under Village Investments Component for implementation of sub-projects will be done as specified in paragraph 7.6.

10. Procurement of goods, works and services under small grants

Procurement of goods, works and services under small grants for micro-project implementation will follow procedures prescribed in the Procurement Handbook for Communities developed by the ARIS. Procurement Guidelines for communities under small grants contains detailed description of procurement procedures, including sample forms of Invitation to Quote, standard bidding documents, including contracts and evaluation reports.

The ARIS' Procurement Specialists will render support to local communities in tackling the procurement related issues. These may include procurement of goods, small repair works, and consulting services according to needs identified by micro-project group. The ARIS will deliver a number of trainings on

procurement and render consultation support over the course of micro-project implementation. Assigned ARIS Community Development Support Officers (CDSO) will work closely with the communities and track fulfillment of required procedures.

ARIS will carry out activities essential for strengthening the capacity of AO staff and members of micro-project groups involved in the work of the Bid Evaluation Committee to carry out procurement procedures. Training on Procurement will be based on rules and principles outlined in the Procurement Handbook for Communities. The ARIS shall pay close attention to development of training materials and conducting training with use of modern interactive methods of training of adults. With the assistance of CDSO, the ARIS will assess the capacity of AO communities and micro-project groups so as to identify their strengths and weaknesses. Identification of weaknesses and suggestion of additional capacity building measures falls within the responsibilities of the Community Development Support Officer. If the capacity of AO and micro-project groups for conducting procurements is rated as low, activities will be carried out to strengthen their capacity etc.

AO is fully responsible for micro-projects implementation, including conducting bidding, contracting, technical supervision, inspection and acceptance of goods and works.

On behalf of the ARIS, the Community Development Support Officers assisting terms of consulting support to micro-project groups in carrying out procurements, including development of simple procurement plans, drawing of bidding documents, evaluation reports and etc.

Procurement Methods Under Small Grants

Procurement of Goods, Works and Services will be carried out in accordance with the procedures set out in detail in the Community Procurement Handbook. These are based on the harmonized procedures partially based on procedures detailed in the World Bank's "Manual for Conducting Very Small-Value Procurement under World Bank/IDA Small Grants, Loans and Credits" and procedures stipulated by the Law of the Kyrgyz Republic "On Public Procurements" No. 72 dated 3 April 2015.

Procurement of Goods

 Procurement of goods with estimated contract value less than KGS **KGS 3 000 000** is done by AO through application of the "Shopping" method following the procedure described below. Competitive bidding based on the simplified method is used in case of procurement of finished goods not requiring special manufacturing, works or services with specific description. *Steps to be followed:*

- Establish a Bid Evaluation Committees at the AO level;
- Develop a list of required items and quantities;
- Prepare technical specifications;
- Prepare Invitation to Quote, minimum 14 days for submission of bids;
- Upon decision of the bidding commission, publish bidding announcement in mass media at the oblast level;
- Publish an advertisement on information boards and public procurements portal www.zakupki.gov.kg ;
- Make sure that the requirement of obtaining a minimum of three quotations has been fulfilled;
- Receive quotations by a deadline. Every supplier may submit one bid only, without a right to modify or replace the bid. No negotiations should be kept between AO and supplier regarding the bid submitted by the supplier ;

- Carry out evaluation of bids, prepare an evaluation report using sample documents and award contract;
- Keep the process confidential until the contract has been awarded;
- Publish bidding results on information boards and public procurements portal;
- Sign a contract with the selected supplier using the sample included in the ITQ;
- Inspect goods to ascertain their compliance with technical specifications and accepting them;
- Make payments as per the contract; and
- Keep all documents on file for ARIS verification.

For procurement of goods for estimated cost equal to or more than KGS **KGS 3 000 000**, AO will use the procurement method "Single-stage bidding". The following steps are to be taken to apply this method:

- Establish a Bid Evaluation Committee;
- Prepare bidding documents (technical specifications, terms and schedule of supply, and minimum qualification requirements and etc);
- Announce tender in oblast level media;
- Publish tender announcement on information boards and public procurements portal, minimum 21 days for bid submission (www.zakupki.gov.);
- Make tender documents available to potential bidders;
- Comply with the requirement of at least one quotation;
- Carry out qualification, technical and financial assessments and prepare an evaluation report containing full information about the tender process and recommendation for award of contract;
- Publish results of bidding on information boards and the public procurements portal;
- Notify the supplier of selection results;
- Sign contract with the winning bidder;
- Inspect goods to ascertain their compliance with technical specifications and accepting them;
- Make payments as per the contract provisions; and
- Keep all documents on file for ARIS verification.

Procurement of works

For procurement of works with estimated cost less than KGS **KGS 3 000 000**AO uses "Shopping" method following the procedures described below. This method is used for procurement of minor works related to repair and reconstruction of facilities and other works. This method involves the following steps:

- Establish a Bid Evaluation Committees at the AO level;
- Prepare technical specifications, bills of quantities, drawings and minimum qualification requirements;
- Prepare a list of qualified contractors;
- Prepare Invitation To Quote (ITQ);
- Upon decision of the bidding commission, announce bidding in mass media at the oblast level;
- Publish an advertisement on information boards and public procurements portal www.zakupki.gov.kg;
- Send ITQ to all interested contractors, attaching specifications, bills of quantities, drawings, draft contract and quotation form.

- Make sure that the requirement of obtaining a minimum of three quotations has been fulfilled;
- Receive properly prepared quotations by the deadline and evaluate them;
- Carry out evaluation of bids, prepare an evaluation report using sample documents and award contract;
- Keep the process confidential until the contract has been awarded;
- Publish bidding results on information boards and public procurements portal;
- Prepare a contract using the attached sample and sign it with the contractor;
- Assist the contractor in launching the works;
- Make payments for completed and accepted works; and
- Keep all documents on file for ARIS verification.

For procurement of works for estimated cost equal to or more than **KGS 3 000 000** AO will use the procurement method "Single-stage bidding". The following steps are to be taken to apply this method:

- Establish a Bid Evaluation Committee;
- Prepare bidding documents (technical specifications, bills of quantities, drawings, and minimum qualification requirements and etc);
- Determine timeframe for completion of works;
- Announce tender in oblast level media;
- Publish tender announcement on information boards and public procurements portal www.zakupki.gov.kg;
- Make tender documents available to potential bidders;
- Comply with the requirement of at least one quotation;
- Carry out qualification, technical and financial assessments and prepare an evaluation report containing full information about the tender process and recommendation for award of contract;
- Publish results of bidding on information boards and public procurements portal;
- Notify the contractor of selection results and sign contract with the winning bidder;
- Make payments for completed and accepted works; and
- Keep all documents on file for ARIS verification.

Procurement of Consulting Services (Firms)

In procurement of a consulting firm, AO applies method "Consultants Qualification Selection) (CQS). The following steps are followed in the method:

- Establish a Bid Evaluation Committee;
- Prepare Terms of Reference for the firm;
- Send an Invitation to Quote to bidders;
- Upon decision of the Tender commission announce tender in oblast level mass media;
- Bidding is considered accomplished if minimum three quotations are received from three interested firms responsive and experienced relevantly;

- Evaluate and compare received expressions of interest responsive to experience and qualification requirements under the assignment; firm appropriately experienced and qualified is selected
- Prepare an evaluation report reflecting the selection process consistent with the qualification requirements;
- It is only a winning firm should be proposed to submit a consolidate technical and financial proposal; if the proposal meets the requirements, the firm is invited contract negotiations;
- Invite a nominated candidate and negotiate technical and financial aspects as part of the proposal;
- Minutes of the negotiations should be executed and signed by both parties;
- Sign a contract for consulting services;
- Ensure payments based on submitted reports/progress.

Procurement of Consulting Services (Individual Consultants)

For procuring services of **Individual Consultants**, AOs follow the steps outlined below:

- Establish a Bid Evaluation Committee
- Prepare Terms of Reference for the consultant;
- Issue a letter of invitation, and collect at least three resumes for competitive selection;
- Upon decision of the Tender commission announce tender in oblast level mass media;
- Use the register of consultations (if available) for invitation of interested candidates
- Prepare a brief evaluation report reflecting the selection process consistent with the qualification requirements;
- Invite nominated candidate and negotiate the assignment conditions and contract terms;
- Sign a simple contract for consulting services;
- Supervise consultant's performance;
- Make sure that payments are made against agreed deliverables/outcomes.

"Direct Contract" This method allows AO to conduct direct negotiations with supplier or contractor skipping the steps of bidding procedures. AO has a right to conduct direct contract procurement in the following cases:

1) additional procurement of goods, not exceeding 15% of the amount of the contract signed based on competitive selection, preserving the amount and technical specifications;

2) additional civil works or services, not exceeding 25% of the amount of the contract signed based on competitive selection, related to extension of earlier commenced works or enhanced amount and engaging the same contractor would ensure cost-efficiency and consistency of outputs with the quality of earlier completed works and services.

3) procurement of goods, works, and services from producers or from a particular supplier (contractor) that has intellectual or exclusive rights regarding these goods, works, and services, if there is no opportunity to apply other procurement method;

4) procurement of goods, works, and services for location of consequences of force-majeure requiring urgent mitigation;

5) if competitive selection was not acknowledged completed and retendering didn't result in contract signature as per revised requirements;

6) this method also can be used when only one supplier, contractor or consultant is available in the area where micro-project is implemented, as well as in cases when it is defined that receipt of quotations from other oblasts would lead to increase in contract amount due to transportation costs etc.).

AOs should carry out monitoring of prices and compare the prices provided by a sole supplier or contractor with market prices. The decision of the tender commission should be placed on record reflecting valid justifications for selecting this particular procurement method. CDSO working for a particular MPG should be informed about all sole source procurements before contract signature.

11. Contract Administration and Modifications

Aiyl Okmotu is the Client for all contracts for implementation of sub-projects and small grants. The Client and the ARIS as the financing party will together manage the contract, and supervise implementation of works in accordance with the Contract terms. All payments under the contract should be made against actual results, i.e. in case of supply of materials- payment should be made after acceptance of 100% full volume of goods compliant with technical specifications, in case of consulting services- after submission of reports specified in the contracts, in case of works – after receipt of confirmation in the form of Statements of Accomplished Works by authorized persons.

If any modifications or amendments need to be introduced to the ongoing contract, the Client/AO introduces such modifications based on valid justifications.

Advice and consulting support on contract implementation shall be provided by the CDSOs, technical specialists and regional procurement specialists of the ARIS.

Monitoring of procurement of contracts under small grants by IDA and the ARIS

International Development Association

Contracts under small grants are subject to IDA's post review, which will be performed during regular supervision missions or ad-hoc procurement audits. Procurement documents such as bidding documents, bids, bid evaluation reports and correspondence related to bids and contracts are kept by AO readily available for IDA's ex-post review during supervision mission or any other time.

ARIS

Contracts under small grants are subject to ARIS' review, which will be performed by ARIS regional procurement specialists and CDSOs. If necessary, some contracts may be subjected to the ARIS' prior review at each stage of procurement procedures up to signing of contracts. Procurement documents such as bidding documents, bids, bid evaluation reports and correspondence related to bids and contracts are kept by AO readily available for ARIS's review at any other time.

12. Storage of Procurement Documentation

For all procurement conducted at AO level, all relevant procurement documents should be filed as described in the Procurement Handbook for Communities.

13. Complaints regarding the procurement procedures

Over the course of competitive selection/bidding, the bidders (including potential bidders/consultants) may file complaints concerning the selection/bidding process. The Bidder (or potential bidder/consultant) may file a complaint to the ARIS Oblast Office or directly to the ARIS Central Office. Once a complaint is received, the Oblast Offices notify immediately the ARIS Central Office.

A complaint received by the ARIS before the deadline for submission of bids/ proposals from the consultants from the short list or the selection that received bidding documents should be reviewed along with comments and recommendation for taking necessary measures to introduce amendments, additions and preparation of an adequate response.

If a complaint is related to technical specifications or terms of reference, the response letter will be prepared by specialists who were involved in development of these documents. ARIS must prepare and provide a detailed response to the complaint.

If the complaint contains accusation of fraud and corruption, this procedure can be changed to ensure confidentiality until the investigation is complete.

Once the contract is awarded and a Consultant wishes to find out reasons why his/her proposal was not selected, he/she should appeal to the ARIS/AO to clarify results of selection. This meeting should only involve discussion of the proposal of this Consultant and not the proposals of other candidates.

Order of reviewing proposals, claims and complaints is described in detail in Chapter 9 of this Operational Manual.

5.2   PROVISIONS OF THE PROCUREMENT UNIT.

(This provision was prepared by ARIS Procurement Unit employees and coordinated with donors, 2018. It is still to be finalized in the English version and will be completed in agreement with TTLs).

This section on the Procurement Department Provisions includes the following::

1. General provisions of ARIS Procurement unit

2. Principles, aims and objectives of the procurement unit

3. Structure of work of employees of the procurement unit

4. Procurement planning within the projects implemented by ARIS

5. General rules of procurement within the projects implemented by ARIS

6. The procedure for selection of consultation services (firms/individual consultants) from the operating expenses and trainings

7. The procedure for recruitment of project staff and personnel (including management) within the operating expenses

8. The procedure for selection of companies to deliver goods and accomplishment of works and providing non-consultation services within the operating expenses and trainings

9. The procedure for selection of trainers and training venues with all related services within the projects implemented by ARIS

10. Filing of documents

11. Contract administration

Attachment 1.   Sample contract

Attachment 2.   Declaration of Impartiality for Tender Committee members

1. General provisions of the ARIS Procurement Unit

Given that ARIS implements a number of World Bank-funded and other donor-funded projects it was agreed that a Procurement Department would be established in ARIS as a standing (central) structural unit. to optimize and organize the work of ARIS' procurement specialists..

The task of this unit is to ensure compliance with procurement principles and procedures, conduct timely, planned, consistent steps to develop and implement the project procurement plans agreed with the donors; and to work with the members of tender committees, market actors (contractors, suppliers, consultants) to organize and hold fair, transparent procurement and prevent fraudulence and corruption.

2. Principles, aims and objectives of the ARIS Procurement Unit

The main principles for the Procurement Unit are to:

- Ensure cost effectiveness and efficiency of procurement
- Allow all eligible bidders to compete
- Promote market development
- Ensure transparency and integrity of procurement.

The **aim of this Provision** is to provide a description of rules which must be followed in the purchasing of goods, works and appropriate services required for the performance of projects implemented by ARIS; to establish the policies and procedures for the selection and finalization of contracts with consultants needed for such projects; and to control the work undertaken in this regard.

The **aim of the Procurement Unit** is to follow the policies and procedures of donors described in the project agreements of each project implemented by ARIS in the field of selection, hiring consultants as well as selection of suppliers of goods and contractors of works as per the principles of procurement.

The **objectives of the Procurement Unit** are the planning and conducting of procurements and the administration of contracts within projects implemented by ARIS according to the relevant procurement procedures, the laws of the Kyrgyz Republic and Donor Guidelines. SHoudl there be discrepancies, the rules and Procurement Guidelines included in the relevant Donor Financing Agreements will prevail. Other subobjectives are to:

- Participate in the development of project design documents, project procurement strategies, reviewing project designs, and generally contributing to the preparation of projects;
- Prepare operational manuals for community procurements within projects, where relevant, and/or prepareprocurement sections in the Project Operational Manuals (POMs) for all projects;
- Carry out the planning of procurements within each project;
- Determine the need for goods, works and services for project;
- Carry out the market analysis for individual procurements;
- Prepare the Procurement strategy (PPSD) as required for World Bank financed projects if required;
- Prepare the Procurement plan within the projects implemented by ARIS (update procurement plan annually or upon necessity during the implementation of projects);

- Enter all packages of procurement into the electronic system STEP, and enter into 1C system, if required;
- Prepare bidding documents, including assistance in the preparation of technical specifications;
- Create, maintain and update the database of suppliers, contractors and consultants;
- Preparation and publication of announcements for existing vacant positions or tenders in the media and on the website and other tools of dissemination of information;
- Send and issue bidding documents to suppliers, contractors and consultants;
- Conduct bid opening, if required;
- Conduct evaluation of bids;
- Prepare requests and distribute them to bidders;
- Plan and conduct tender committee meetings;
- Prepare evaluation reports as the result of tender committee meetings;
- Prepare contract with the winning bidder, followup on signing of the contract by both parties;
- Enter the contract into the electronic system of ARIS, and into the electronic system of donors, if required;
- Contract administration, including the tracking of acceptance of goods and accomplishment of works;
- Prepare amendments to the contracts, if required;
- Prepare the results of bidding and publish them on the website of ARIS and other websites required by the Donors;
- Prepare bidding progress reports within the projects implemented by ARIS;
- Participation of the procurement specialist in the donor missions providing a status of procurement within the projects implemented by ARIS;
- Filing (record keeping) all procurement documents. The following procurement documents such as bidding documents, bids, evaluation reports, correspondences associated with bids and contracts are kept available for subsequent review by IDA in the course of supervision missions or any other time;
- Provide access to procurement documents for subsequent review by ARIS and for independent annual audits;
- Submit reports to the Ministry of Finance and Monitoring and Evaluation unit;
- Conduct procurement trainings for communities and other beneficiaries within some projects implemented by ARIS;
- Conduct revision of procurement of communities within some projects implemented by ARIS;
- Conduct community-level tenders, if required;

**3. Structure of the Procurement Unit work and reporting**

The Procurement Unit includes a Chief Procurement Specialist/Head of Unit (currently funded by the Central Administrative Pool), athe Senior Procurement Specialist, Procurement Specialists and their assistants within each project.   Duties and responsibilities are as follows:

- *The Chief Procurement Specialist/Head of Unit* shall be responsible for, the following, inter alia: overall coordination of work of the procurement unit. He/she prepares the annual work plan of the Procurement Unit with the approval of all scheduled procurement activities within all projects implemented by ARIS. He/she participates in the preparation of project documents for new projects, including the preparation of Procurement Strategy for new projects. He/she assists the

Procurement Specialists with preparation of a procurement section in the operational manuals of projects. He/she also delegates the responsibilities to conduct various small tenders for the necessity of projects and representative offices of ARIS between the project-level procurement specialists and assistants.

- *Chief Procurement Specialist hired at the project level* shall perform all responsibilities specified in the procurement specialist's contract. Key tasks are to: 1) conduct all procurements in compliance with procurement principles described in each individual's project's documents; 2) plan procurements in a timely manner within each individual project; 3) filing/record keeping of all tenders completed and submit reports.

- *The procurement specialist hired at the project level* fulfills all functional duties specified in the contract of the procurement specialist. The main tasks of the procurement specialist are: 1) to conduct all procurement procedures according to the procurement principles described in the project documents of each separate project; 2) timely plan procurements within each project; 3) documentation of all conducted tenders and submit reports on works done.

- *The procurement assistant* assists the procurement specialist to conduct tenders, plan and file reports, as well as conduct logistics within the conducted tenders;

The Procurement Unit will report to the Executive Director and ARIS management.
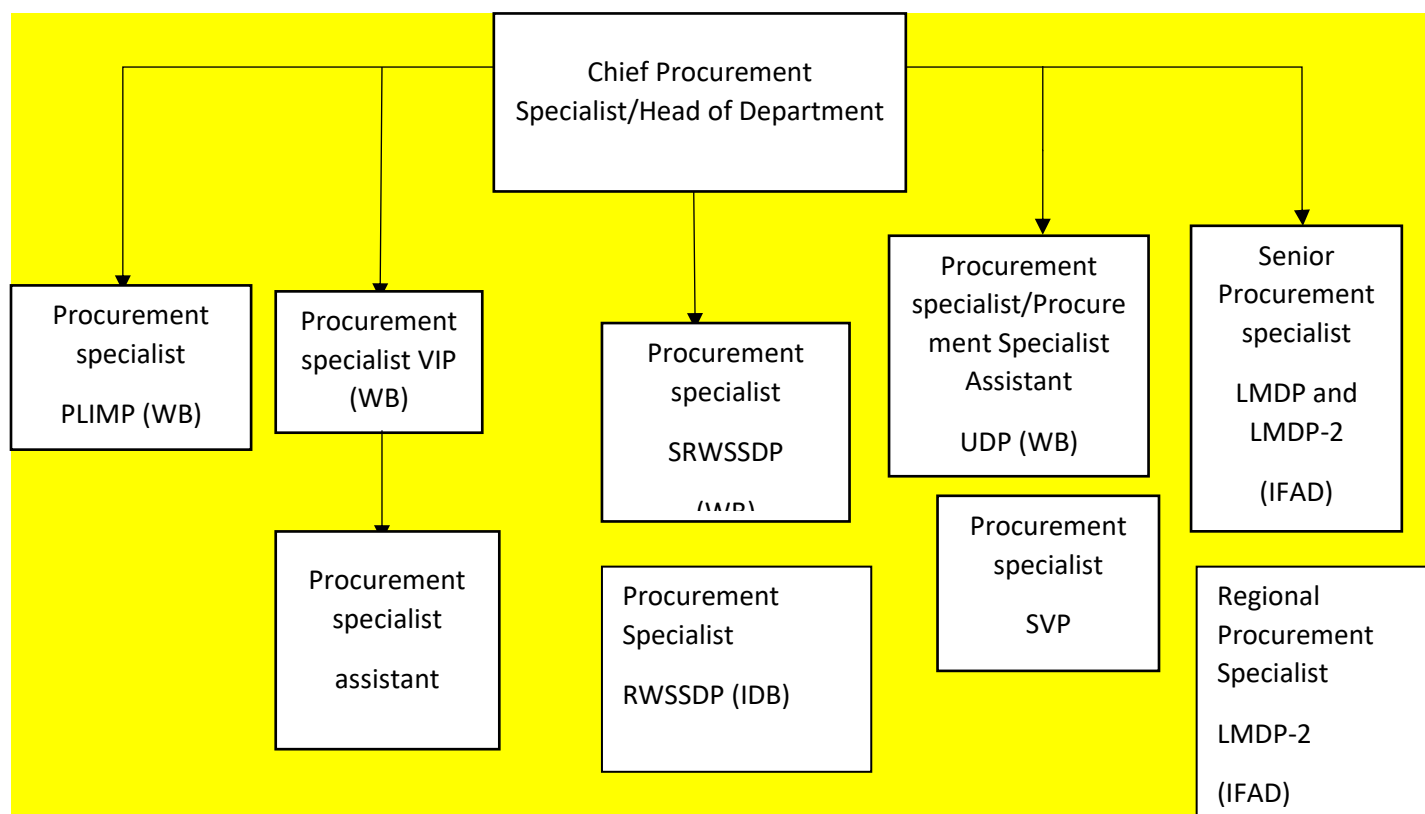
4. Procurement planning within all projects implemented by ARIS

Within each project implemented by ARIS, the Procurement Specialist, jointly with the Project Specialists, must determine, at the stage of preparing (designing) the project, the basic proposed packages of procurement (goods, works and services).

Within some projects the Procurement Specialist jointly with the Project Specialists prepares the Project Procurement Strategy for Development (PPSD), if required. The Project Procurement Strategy for Development (PPSD) is a methodology that is used to determine the optimum Procurement Approach to deliver the right procurement results.

The PPSD requires Projects to consider, among other things, the market situation, the operational context, previous experience and the risks present – then from this, determine the right Procurement Approach that will yield the right type of response from the market. By designing the right Procurement Approach, there is far more likelihood of the right suppliers participating, better bids being received, and an overall increased chance of achieving value for money (VfM). Therefore, determining the right Procurement Approach, informed by appropriate analysis is a critical activity that subsequently impacts every following step of the Procurement Process, and onwards into Project implementation.

This Guidance provides a structured approach for Projects to use a modern set of procurement tools and techniques to achieve VfM in Projects financed through Investment Project Financing (IPF).

As with the overall preparation of the PPSD, the use and application of these tools needs to be proportionate to the level of market research and information required to develop a "fit for purpose" Procurement Approach. There is not an expectation that all the tools detailed will be used, but only those most appropriate to the individual Project circumstances.

The project level Procurement Specialist prepares a sample Procurement plan on projects based on the objectives of projects, as well as he/she prepares the Procurement strategy within the project, as required. When preparing the Procurement plan, the procurement specialist should also sign all scheduled\expected procurements within the funds of operating expenses.

All Procurement plans and all revisions by the projects must be agreed with donors, as required. Any revisions at all to approved Procurement Plans require agreement with the donors.

5. General rules of procurement within projects implemented by ARIS

All tenders in the projects implemented by ARIS are conducted according to the established, approved procurement procedures and rules in the project documents (Guidelines for Procurement of Goods, Works and Non-Consultation Services for World Bank Borrowers of IBRD Loans and Credits and IDA Grants; Guidelines for selection and hiring of consultants by World Bank Borrowers of IBRD Loans and Credits and IDA Grants).

For each project, the general rules and provisions of procurement are written in the project documents.

The project group (relevant narrowly focused specialists) prepares technical specifications for goods and works with the estimates and terms of references for consultation services. According to the approved Procurement Plan these technical specifications and terms of references should be agreed with donors, if required. After that the final technical specifications and terms of references are handed over to the

procurement specialist. The procurement specialist prepares tender documents (for goods and works) according to the standard forms of tender documents issued by donors.

5.1 Advertisement

The Project Procurement specialist considers technical specifications and terms of reference and, through analyzing the relevant market, should define more efficient sites for announcement (newspapers, websites, direct mailing etc.) in order to get maximum amount of interest on the part of market.

Advertisement for goods and construction works are published also on the web portal of public procurements.

5.2 Tender Committee

The Procurement Unit, represented by the Procurement Specialist prepares an order on forming commission for each separate tender of the project based on the tender committee formed by the executive director. All members of the Tender committee will first sign a code of integrity (Annex 2) which stares their commitment to procurement rules and that they have no conflict of interest in the said procurement.

The main tasks of the Tender Committee are (to):
1) review technical specifications and terms of references;
2) review qualification, technical criterions and selection criteria;
3) conduct assessment of submitted proposals/bids, expressions of interest as per provisions of the Procurement Guidelines/Regulations and POM;
4) nominating to award the contract through signing a decision to award the contract in the assessment report by all tender committee members;
(5) letter of acceptance/notification of contract award shall be signed by the Executive Director or Project Coordinator.

5.3 Opening procedure

At the deadline for the submission of tender proposals/bids/expressions of interest there will be an opening procedure by the Procurement Specialist, as required. (NCB, LCB, shopping, expressions of interest).

As for the contracts to be reviewed by donors preliminary, in the cases of some projects determined in the Procurement plan, the protocols of opening of proposals/expressions of interest are sent to the donors for information.

5.4 Evaluation

The Procurement Specialist hands over the received bids/expressions of interest to relevant project specialists to get technical assessment/assessment of strong/weak points of the companies. The procurement specialist in his turn prepares preliminary qualification assessment and arranges a meeting of the tender committee. The Procurement Specialist based on the missing information prepares requests and forwards them to bidders providing enough time for reply. However, the requested information should not change the meaning of the tender proposal.

During the meeting of the Tender Committee, the Procurement Specialist should familiarize all members of the commission with the following:

- Inform about the rights and obligations of all members of the commission, including the regulation on confidentiality, impartiality, conflict of interest, fraud and corruption.
- General information about the tender (project name, name of the procurement, date of issuance of the announcement, deadline for submission, number of submitted proposals, date of opening etc.).
- Give explanation of how the tender committee should evaluate proposals.
- Give preliminary qualification assessment explaining each qualification criteria given in the tender documents.
- Also the relevant procurement specialist should present to the members of the tender committee the prepared technical assessment as per the given technical criterions.
- At the result of assessment, the tender committee makes decision and signs evaluation report.

As for the contracts to be prior reviewed by donors, in the cases of some projects determined in the Procurement plan, the assessment report with the decision of tender committee is sent to the donor for prior -approval.

If necessary, the Procurement Specialist prepares and sends a Letter of acceptance to the winning bidder.

If necessary, according to the provisions of tender documents when providing a Bank guarantee by the supplier of goods/by the contractor of works for the performance of the contract, the procurement specialist should check the form of the provided bank guarantee and send official request to the bank to confirm the given guarantee.

Assessment of the tender proposals as well as signing of a contract should be done within the period of validity of the tender proposals.

5.5 Signing of the Contract

The Procurement Specialist prepares contract for each conducted tender and ensures the signing of the contract by both parties. In the preparation of contract, the form of standard tender documents is used. After the signing of contract, the procurement specialist prepares information on the results of tender and publishes it on the website of ARIS.

The Procurement Specialist after the signing of contract sends its scanned version to the relevant project specialist and enters it into the electronic system of ARIS and donor's (STEP), if required. The project specialist, indicated in the contract as a contract manager bears full responsibility for the contract administration. Project Specialist responsible for contract administration must be competent in a relevant field. However, the procurement specialist provides full support and assistance to this manager in proper administration of the contract. Invoices for payment/certificates of work performed / acts of acceptance of goods are formed and provided by the relevant managers of the contract to the finance department. Procurement specialist will provide complete information on tender process in strict compliance with the established rules. With that the tender committee members will be notified on the responsibility and consequences in case of any mistaken actions.

Procedure and rules of conducting procurement within the funds of operating expenses (IOC) and trainings

Procedure and rules for procurement within the funds of operating expenses and trainings in the framework of implemented projects is regulated by this Provision on Procurement unit as follows:

6. The procedure for selecting consulting services (firm/individuals) from the operating expenses and trainings

The project procurement specialist receives a final Terms of reference for certain consulting services from the project specialists.

The procurement specialist reviews the Terms of reference and through the analysis of the relevant market should determine the most effective sites for announcement (newspaper, ARIS website, Internet websites, direct mail, etc.) to obtain the maximum amount of interest from the market.

The announcement should indicate the name of the consulting services, selection criteria, the deadline for the submission of expressions of interest. At the same time, the deadline for the submission of expressions of interest should be at least 14 calendar days.

The procurement specialist prepares an order on the composition of the tender committee, to be signed by the executive director.

After the expiry of the deadline for the submission of expressions of interest, the procurement specialist sends all expressions of interest to the project specialist to prepare strong and weak points and reviews them in parallel.

The Procurement Specialist invites all members of the commission to evaluate the proposals received. During the tender committee meeting, the procurement specialist should familiarize the commission members with the selection criteria set out, as well as with the evaluation procedures. To this meeting of the tender committee, the procurement specialist prepares evaluation sheets to fill out by the members of the tender committee. During the meeting of the tender committee, the project specialist, who prepared the strong and weak points of the companies should make a presentation for the members of the commission. The members of the tender committee consider the expressions of interest obtained and evaluate them on a score system in individual scorecards. After that, the Procurement Specialist consolidates all individual evaluation sheets and enters the results to the evaluation report. Based on the results of the evaluation reflected in the evaluation report, the Request for technical and financial proposal is directed to the company that received the highest score. A Request for technical and financial proposals is prepared by a procurement specialist. At the same time, the deadline for submitting a proposal should be acceptable for the preparation of the company's proposal. After receiving the technical and financial proposal, the specialist arranges the next meeting of the tender committee to evaluate the submitted technical and financial proposals. Based on the results of this evaluation, the procurement specialist prepares a protocol to review technical and financial proposals with the results on awarding or not awarding a contract.

Subsequently, the specialist prepares a contract with the consultant to implement these consulting services. The results of the tender are published on the ARIS website.

7. The procedure for hiring project implementation staff and staff (including management) funded in the framework of operating expenses (IOC) of projects.

ARIS in recruiting any staff funded in the framework of IOC relies on the general procurement principles defined above.

The selection of project implementation personnel (paid through the IDA resources, IOC category) should be carried out by comparing at least three eligible candidates from those who have expressed an interest in competing for the assignment in response to the announcement, or among those directly contracted by ARIS. Candidates who are selected for recruitment by ARIS should be the most experienced and best qualified and fully capable for caring out the assignment.

The selection of any central managerial position, the heads of ARIS units, project coordinators and Executive Director should be agreed with relevant project Task Team Leaders. TTLs may also conduct technical review of the evaluations for other key personnel, when required.

TORs for staff are developed by the relevant departments of ARIS/project team. When required, the Terms of reference are approved with donors within each project.

ARIS Procurement unit arranges hiring process as follows:
1) , as a best practice the procurement unit publishes the announcement on the information site from where it can collect the maximum amount of interest. After the deadline for the submission of expressions of interest (CV), the procurement unit hands over all received CVs of candidates to the members of the commission to examine and evaluate according to the qualification criteria described in the Terms of reference. Based on the results of review of the submitted CVs, the tender committee fills out individual evaluation sheets, which are consolidated into a single evaluation report by the procurement specialist and the nominee for signing the contract is determined. If necessary, the tender committee conducts an interview, check references or testing of candidates. During the evaluation, the members of the tender committee should come to a common opinion to define the candidate to award the contract. A contract with a nominated participant is prepared on the basis of a standard form of the labor contract previously agreed with donors. The payment of staff is governed by a Government Resolution and regulation on payment for ARIS staff;

    Detailed steps to follow:
    ♦ Prepare draft terms of reference, and submit the draft terms of reference to the Bank for review and no objection,
    ♦ Establish a small evaluation committee comprising at least three members;
    ♦ Establish evaluation criteria;
    ♦ Seek expression of interest preferably through advertisement in a national newspaper and/or in an appropriate website, and, if feasible, disseminate information to professional associations, etc);
    ♦ Request further information/clarification on references and qualifications where required and useful to determine if a candidate is qualified;
    ♦ Based on the expression of interests (and additional information/clarification) received, prepare a list of a minimum of three candidates, based on their relevant experience in the field of assignment (i.e. the list should not include candidates who don't have experience/qualifications in the relevant field of assignment, or who may not fulfill any minimum experience/qualifications, etc,);
    ♦ Evaluate the CVs based on the criteria set up beforehand;
    ♦ If needed, interview the first three candidates, and document the results properly in the evaluation report (i.e., how many candidates were interviewed, what were the results, etc?);

- ♦ Prepare evaluation report;
- ♦ Submit the evaluation report to the Bank, when required;
- ♦ After Bank's agreement, sign the contract;
- ♦ Keep the process confidential until contract is awarded;

2) In certain cases, ARIS personnel may be selected on an out-of-competition basis if there are reasonable grounds, such as (a) the assignment is a continuation of the previous work performed by the staff to which he was hired on a competitive basis (in case of switching from one project to another to the same position); (b) occurrence of emergency situations; and (c) the employee is the only qualified to perform this task.

Selection of ARIS department heads and project coordinators should be agreed with the relevant donors.

8. The procedure for selecting companies for the supply of goods and works and the provision of non-consulting services within the framework of operating expenses (IOC) and training.

Goods and works within the framework of operating expenses can be purchased in the following ways:

1) **Selection of companies for the supply of goods or work for more than 5,000 (five thousand USD) should be conducted on the basis of the Shopping method:**

Procurement of goods and works by the method of "Shopping"
Purchase of goods by the method of "Shopping" is a method of procurement based on the comparison of price quotations submitted by several suppliers (for the procurement of goods), several contractors (in the procurement of construction works) or service providers (in the case of non-consulting services); while there should be minimum of three to ensure competitive prices. This method is useful when purchasing a limited number of goods that are available for free sale, commodities with standard specifications or simple construction works in small quantities when other competitive methods of procurement are not justified because of the cost and efficiency. Requests for the submission of price quotes should indicate the technical characteristics and quantity of goods or specifications for work, as well as the desired time and point of delivery of goods (or the time and place of work). Price quotes can be presented in the form of letters, by fax or by e-mail. When evaluating the price quotations, it is necessary to observe the principle: the contract must be awarded to the corresponding to all parameters of the bids with the lowest price. Conducting an assessment of price quotations and awarding a contract must be conducted during the validity period of price quotes.

In case of submission of an improper form of price quotation (the quotation period does not meet the requirements, the bill of quantities of work/price table is filled not in the form, there is no signature on the price quotation), these price quotes are not subject to further consideration and evaluation.

Stages of procurement procedures to be carried out using this method:

- ♦ Create a tender committee;
- ♦ Determine the type, quantity, technical specification and delivery time of the required goods. This information is provided by the specialists of the project or the relevant department;

- ♦ Prepare technical specifications, drawings, BoQs, etc. This information is provided by the specialists of the project or the relevant department;
- ♦ Prepare Invitations for Quotations (ITQ) based on the sample;
- ♦ Publish an announcement on the ARIS website, send ITQ to the suppliers from the ARIS database or those who applied according to the published announcement, if necessary, publish the announcement in local print media;
- ♦ Determine the date of submission of quotations (at least 2 weeks from the date of the initial request);
- ♦ Fulfill the established requirement, having received at least three price offers;
- ♦ Get quotes before the expiry of the deadline, carry out the opening of bids and fill out the protocol of opening bids;
- ♦ Conduct a technical evaluation of proposals with the help of relevant experts and conduct financial/qualification evaluation of the proposals submitted;
- ♦ Prepare a sample report on the basis of a sample and submit recommendations for the award of the contract;
- ♦ Ensure the confidentiality of the process until the award of the contract;
- ♦ Sign the contract and enter this contract into the system;
- ♦ Acceptance of goods. The procurement specialist administers the contract as a whole by consulting the supplier/contractor regarding the terms of the contract. The Project Specialist as determined by the Contract Manager directly manages the contract by preparing certificate of acceptance of goods/work, providing invoices for payment, submitting an order for the issuance of additional work for the procurement specialist;
- ♦ Store all documents in the folder.

At the same time, if there is a need to purchase the same goods or perform similar works within the framework of this project or another project within 3 months after the tender (the deadline for submission of applications), ARIS has the right to conclude a direct contract with this supplier for the same types of goods or works on the declared unit prices without holding a repeated tender.

2) **Selection of companies for the supply of goods or performance of works less than 5 000 (five thousand USD) can be carried out on the basis of the "price comparison" method:**
   Price comparison is used in the case of purchases of finished goods that do not require special manufacture, works and services with a specific description for less than 5,000 (five thousand US dollars).

   When comparing the prices to ensure the competition and effective selection, the procurement unit fills out the list of prices declared by the participants. When comparing the prices there must be at least two participants. Each supplier (contractor) is allowed to submit only one bid and is not allowed to change it. The winning competitive bid is an acceptable competitive bid with the lowest price, satisfying the needs of ARIS.

3) **ARIS in cases of purchasing repetitive goods or performing work, can conduct one tender for the selection of the company by the method of Shopping and conclude a framework contract for a certain necessary period with fixing single quotations.** A framework contract will be concluded without determining the specific cost. If there is a need for each project in these goods/works or non-consulting services, the project staff will prepare an application with the determination of the number of necessary goods / work and non-consulting services based on

the unit costs specified in the framework contract and provide it to the procurement specialist. The procurement specialist, on the basis of the application received prepares Supplement to the Framework Contract and signs it by both parties. After signing such Supplement, the supplier/contractor can proceed with the execution of this order (delivery of goods/performance of work and non-consulting services). The framework contract and Supplements to it are entered into the electronic system. Within each framework contract, the Contract manager is appointed who performs full supervision of the contract, including the acceptance of goods/works and non-consulting services and provides an invoice to the finance department.

4) Goods or works with price less than 1,000 (one thousand USD) can be purchased without conducting a formal tender but based on the comparison of prices. If necessary, each project within its operating expenses can purchase goods/works and non-consulting services for the needs of a project with a cost of less than 1,000 USD without a formal tender selection announcement but through comparison of prices.

9. The procedure for selecting trainers and training venues with all related services, within the framework of projects implemented by ARIS

ARIS within the implemented contracts has a lot of activities to conduct trainings. These activities include: selection of trainers, reimbursable expenses of coaches, training venue, handouts, in some cases, accommodation and participants' food.

Taking into account that trainings are conducted in different territorial areas of the Kyrgyz Republic, and the potential of services to provide training venues, tenders for trainings should be conducted as follows:

1) Taking into account the expanded database of trainers in the context of regions of the Kyrgyz Republic, the selection of trainers can be carried out of three qualified CVs from the ARIS database. Selection should be carried out by tender committee out of three qualified CVs.

2) Expenses for trainings, the budget of which is less than **1000 (one thousand USD)**, must be confirmed by appropriate financial documents. Wherever possible, comparison of process shall be conducted.

3) The tender process should be conducted for the purchase of goods and services, in the case of a training budget more than **1,000 (one thousand USD).**

4) Training services for ARIS staff or ARIS partners in order to improve the skills and potential of employees can be submitted without conducting tender for the selection of educational institutions (training centers, exchange visits, etc.).

10. Filing of all documents

Storage of documents. The Procurement unit should make a hard copy of all documents relating to the tender processes, file documents in STEP. To ensure the integrity and safety of documentations, the department must maintain and store all documents related to the tender process, contracts and contract administration. At the same time, the procurement unit keeps these documents in its archive within 5 years after the tender.

11. Contract administration

Contract administration is the action to resolve technical and administrative issues from the signing to the completion of a contract, as well as controlling the payments and resolving contract disputes, also this process is aimed at systematic and efficient management in order to maximize financial and operational activities and minimize the risks of the customer and supplier/contractor.

Contract administration includes the planning of relationships between all parties, regulating the development of relationships, establishing intermediate stages in the implementation of the project, finding problems and risks, as well as addressing such problems and minimizing the risks for contract performance on time within the budget and in accordance with the quality requirements.

The procurement unit deals with general administration, concluded on the results of tender, contracts:

1. Preparation of the contract in accordance with the standard forms. In each contract, the Contract manager, who is the head contract administrator is determined;

2. Entering the copy of the contract to the electronic system and, if necessary, to STEP;

3. Checking the validity period of Bank guarantees for the execution of the contract, as well as insurance policies under the contract;

4. Upon reasonable application of the Contract manager, preparation and signing of additional agreements to the contract;

5. Checking the validity of delivery/performance of work and the time of implementation under the contract;

6. Advising the parties on the contract, the Contract manager on the terms of contract;

7. File a copy of the certificate of completion of work/certificate of delivery of goods to the folder.

Obligations of people responsible for the contract management (Contract Manager, Project manager or coordinator indicated in the contract) in the administration of contracts:

1. Review all contract terms and follow them when administering the contract;

2. If necessary, prepare Orders for changes to the contract or an application for making changes to the contract, justifying and providing them to the procurement specialist to prepare Supplement to the contract;

3. Supervision of proper execution of works and acceptance of goods in accordance with the terms of contract;

4. Preparation of certificate of acceptance/completion of works performed, and submission of invoices for payment to the finance department. Certificate of acceptance/completion of work performed are signed by the Managers under the contract;

5. Providing copies of certificates of works performed to the procurement specialist.

LIST OF ANNEXES

Attachment A: Labor agreement applicable to employees of ARIS

Attachment B: Declaration of Impartiality and Confidentiality

Attachment A: Labor agreement applicable to employees of ARIS

LABOR AGREEMENT №

Project _____

Job title _____

THIS AGREEMENT ("Agreement") is entered into this Month XX____, 201_, by and between

- the Kyrgyz Republic's Community Development and Investment Agency ("ARIS") established by the President's Edict No. 330 dated October 15, 2003 and having its principal place of business at 102 Bokonbaev street, Bishkek, Kyrgyz Republic ("the Employer"), and represented by the ARIS Executive Director, Supanalieva Bekzhana Torobaevitcha acting on the basis of Charter, on one part and

- Mr/Mrs _____ ("the Employee"), _____, passport № _____, dated xx/xx/xxxx, issued by MIA xx- having her/his address at _____(address) on the other part.

WHEREAS, the Employer wishes to have the Employee performing the services hereinafter referred to, and

WHEREAS, the Employee is willing to perform these services,

NOW THEREFORE THE EMPLOYER AND THE EMPLOYEE ("the parties") hereby agree as follows:

1. Services	(i) The Employee shall perform the services ("the Services") specified in Annex A, "Terms of Reference" which is an integral part of this Agreement.
	(ii) The Employee shall personally perform the specified services.
	(iii) The Employee shall furnish reports specified in Annex B "Employee's Reporting Obligations" on dates specified in the same Annex.
2. Term	The Employee shall perform the Services during the period commencing from XX (commencing date) and continuing through XX (completion date). with probation period during XX months starting from the contract signing date.
	The term of the Agreement can be extended upon agreement by the Parties in writing.

179

Signing of this Agreement for the specified period is conditioned by the nature of the project activity, developed for a predetermined period of time or for implementation of predetermined tasks.

3. Compensation

The compensation provided by the Employer to the Employee under the Agreement consists of the Employee's salary as defined in sub-paragraph A below and of the reimbursable expenditures as defined in sub-paragraph B below.

A. Salary

For the Services rendered pursuant to Annex A, the Employer shall pay the Employee a monthly salary in accordance with the provisions set forth in Section 1 of Annex C ("Remuneration, Reimbursable Expenses, Leave and Temporary Incapacity") to this Agreement, which is an integral part of this Agreement. This salary has been established based on the understanding that it includes all costs and profits of the Employee and any tax and other obligations that may be imposed on the Employee following the legislation of the Kyrgyz Republic.

B. Reimbursable Expenses

The Employer shall compensate the Employee for reimbursable expenses in accordance with the provisions set forth in Section 2 of Annex C. The reimbursable expenses shall consist and be limited to normal and customary expenditures for official travel, accommodation, per diem and costs related to hiring motor transport.

C. Ceiling

For Services rendered pursuant to Annex A of this Agreement, the Employer shall pay the Employee an amount not to exceed a ceiling of **XXX** Kyrgyz Som for the whole employment period.

This ceiling includes the following payments: salary, Chiefity pay, payments for services rendered under irregular conditions, payments for services rendered under special climatic conditions, other compensation and social payments.

4. Leave

A. Paid Leave

The Employee is entitled to paid annual leave in accordance with the provisions set forth in Section 3 of Annex C ("Remuneration, Reimbursable Expenses, Leave and Temporary Incapacity") to this Agreement, which is an integral part of this Agreement.

Unused days of the leave cannot be added or transferred to other periods beyond the term of this Agreement.

B. Unpaid Leave

The Employer may grant unpaid leave to the Employee upon his/her written request for family and other valid reasons for a period agreed upon by the Parties. During the period of the Employee's unpaid leave, the Employee retains his/her place of work (position).

5. Project Administration	A. Employee's Coordinator The Employer designates _____(full name and job title)as the Employee's Coordinator; the Coordinator shall be responsible for the coordination of activities under the Agreement, for receiving and approving reports and other deliverables. B. Timesheets The timesheets are kept in compliance with labor legislation of the Kyrgyz Republic. C. Records and Accounts The Employee shall keep accurate and systematic records and accounts in respect of the Services, which shall clearly identify whole amount of services rendered. The Employer reserves the right as part of audit carried out by ARIS, to request from the Employee additional information and documentary evidences of expenses relating to amounts claimed under this Agreement during its term and any extension, and for a period of twelve months thereafter. D. Work Schedule The work schedule is set out in accordance with the ARIS procedures. E. Liability for Damages The Employee shall bear liability for direct actual damage according to the labor legislation of the Kyrgyz Republic. Amount of damage incurred by the Employer as a result of property loss or damage shall be determined by actual losses calculated on the basis of the current local market prices as of the day of damage but not less than the value of property recorded in accounts taking into account its depreciation.
6. Performance Standard	The Employee undertakes to perform the Services with the highest standards of professional and ethical competence and integrity.
7. Training	The Employer in case of need provides the Employee with training, and covers all per diem, transportation and other costs associated with training. The Employee must successfully complete the full course of study in accordance with the program and following the training provide the Employer with copies of certificates/diplomas and other documents to be provided upon completion of the study. The Employee shall share the knowledge gained in the training upon the Employer's request with other employees through various forms of training. When the Employer assigns an Employee to training, the Employee's position is retained. If the Employee

(1) does not pass the full course of training under the program,

(2) fails to resume performance of his/her professional obligations under this Agreement upon completion of training without valid reason;

(3) decides to terminate the Contract prior to its expiration, the Employee shall be obliged to reimburse the training costs incurred by the Employer in full upon the request of the Employer.

8. Confidentiality	The Employee shall not, during the term of this Agreement and within two years after its expiration, disclose any proprietary or confidential information, including information that forms commercial and business secret relating to the Services, this Agreement or the Employer's business or operations without the prior written consent of the Employer.
9. Ownership of Material	Any studies, reports or other material, graphic, software or otherwise, prepared by the Employee for the Employer under the Agreement shall belong to and remain the property of the Employer. The Employee may retain a copy of such documents and software and use them in routine work upon the Employer's consent.
10. Employee Not to be Engaged in Certain Activities	During the term of this Agreement the Employee agrees not to establish, participate or promote in any form the activities of political parties and not to participate in election campaigns, including advocacy activities. The Employee agrees that, during the term of this Agreement and after its termination, the Employee and any entity affiliated with the Employee shall be disqualified from providing goods, works or services (other than the Services or any continuation thereof) for any project resulting from or closely related to the Services. The Employee must pursue the interests of the Employer and strictly avoid conflict of interest situations defined in the current Procurement and Consultant Guidelines of the international financing institutions. The Employee confirms that at present he/she does not hold any other part time/full time parallel employment elsewhere in parallel with this Agreement. Further if the Employee during the contract period will be proposed to take up any part time/full time parallel employment elsewhere in parallel with this contract, then the Employee shall submit a written request to the Employer and on Employer's no-objection only, the Employee can enter into another parallel contract.
11. Conflict of Interest	The Employee must pursue the interests of the Employer and strictly avoid conflict of interest situations as defined in the current Procurement and Consultant Guidelines of the international financing institutions. The Employee is required to provide professional, objective, and impartial advice, at all times holding the Employer's interests paramount, strictly avoiding conflicts

with other assignments or its own corporate interests, and acting without any consideration for future work.

The Employee has an obligation to disclose to the Employer any situation of actual or potential conflict that impacts his/her capacity to serve the best interest of the Employer. Intentional failure to disclose such situations will be taken as basis for termination of the Agreement.

12. Restrictions for public employees	The Employee confirms that at present he/she is not engaged in government service. Further if the Employee during the contract period will be proposed to take up public service, then the Employee shall submit to the Employer a written request for early termination of this Agreement.
13. Corrupt and Fraudulent Practices	The Employee obliges not to engage in any activities aimed at distortion, omission, misleading the Employer deliberately or by negligence to gain financial or other benefits or to avoid performance of his/her obligations.
	The Employee obliges not to commit actions involving establishment of illegal steady relations between one or several officials and individuals or groups to gain illegally material any other benefits and advantages, and not to prevent provision of these benefits and advantages to individuals and legal entities, thus threatening the interests of the Employer.
	The Employee shall not accept proposal of or participate in giving (delivery), accepting or extortion (direct or indirect) of any valuables in order to influence actions of another party.
	Any action taken by the Employee to influence the competitive selection or contracting processes to gain inappropriate benefits for himself/herself or third parties is wrongful.
	The Employee commits to rigorously and strictly comply with the requirements of the legislation of the Kyrgyz Republic and the Donors' Guidelines on prevention of corrupt and fraudulent practices and to abide by the ethical norms in competitive selection and contracting of third parties by the Employer.
14. Insurance	The Employee is responsible for any appropriate insurance coverage.
15. Assignment	The Employee shall not assign this Agreement or any part thereof without the Employer's prior written consent.
16. Taxation	The taxation of the Employee for any remuneration received from the Employer under this Agreement will be done in accordance with the legislation of the Kyrgyz Republic.

17. Law Governing Agreement and Language	The Agreement shall be governed by the labor legislation of the Kyrgyz Republic. This Agreement is signed in Russian in two copies, one is retained by the Employer, and the other is given to the Employee. This Agreement shall come into force upon its signature by the two parties.
18. Dispute Resolution	Any dispute arising out of this Agreement shall be referred to adjudication/arbitration in accordance with the laws of the Kyrgyz Republic. The parties can terminate this Agreement at any time upon mutual consent in writing.
19. Termination	This Agreement can be terminated by the Employer before its expiry date in following cases: 1. Failure to perform or inappropriate performance of conditions of this Agreement by the Employee; 2. Reduction in the number or staff list of employees including reorganization of the Agency; 3. Significant reduction in budget or early closure of the project; 4. Completion of the project; 5. Repeated failure to perform duties by the Employee without good reasons if the Employee had a disciplinary fine; 6. A gross neglect of duties (absenteeism, coming to work under the influence of alcohol, drugs or intoxicating substances, willful damage to or theft of the Employer's property, violation of labor protection requirements that lead to severe adverse consequences, including trauma and accidents); 7. If it will be established that during participation in the bidding processing under the Project or implementation of the Agreement, the Employee was engaged in fraud, collusion, misuse and other corrupt activities; 8. Other cases stipulated by this Agreement and the Labor Code of the Kyrgyz Republic and other laws. The procedures for termination of this Agreement should comply with the requirements of the labor legislation.
20. List of Annexes	Annex A: Terms of Reference Annex B: Employee's Reporting Obligations Annex C: Remuneration, Reimbursable Expenses, Leave and Temporary Incapacity.

FOR THE EMPLOYER   **FOR THE EMPLOYEE**

Signed by _____   **Signed by _____**

ARIS Executive Director   _____

Agreed with:

184

Project Coordinator _____

Attachment B

Declaration of Impartiality and Confidentiality

As a member of the Tender Committee I herewith agree to participate in the evaluation for selection of contractor for **«…»** under the **«…»** implemented by ARIS.

I herewith confirm that I have reviewed the bids for works. Likewise, I declare that I will perform and an honest and fair manner

To the best of my knowledge there are no facts or circumstances, which could be considered as conflict of interest during evaluation. Should such event occur, I shall notify the Tender Committee thereof immediately and terminate by membership.

During evaluation I will not disclose to any third party any confidential information or documents that I have.

Member of Tender Committee   _____

CHAPTER 6

FINANCIAL MANAGEMENT AND DISBURSEMENT ARRANGEMENTS

CHAPTER 6:

FINANCIAL MANAGEMENT AND DISBURSEMENT ARRANGEMENTS

This section should be read with Appendix C – FM and Procurement Forms

1. ARIS shall be responsible for implementation of overall financial management function including budget planning and preparation, accounting, external audit, flow of funds, internal audit means and financial reporting.

2. Financial reporting will include preparation of Financial reports for the International Development Association (IDA) and the Ministry of Finance of the Kyrgyz Republic (MoF KR) according to consistently applied accounting standards, adequately reflecting the operations, resources and expenditure under the Project.

3. The Project financial management includes :
    - 8.1   Budgeting and planning
    - 8.2   Accounting policies, procedures and system
    - 8.3   Financial reporting
    - 8.4   Funds flow and disbursement arrangements, including fund flow diagram
    - 8.5   Internal controls
    - 8.6   Audits

    Proper control over accounting information, ensuring timely, complete and proper registration in the accounting system, as well as financial flows, control and audit flows

    A. Budgeting and Planning

4. Financial plans for VIP3 include:

    - Financial plan for the project implementation period,
    - Annual budgets

5. The Project Coordinator shall be responsible for coordination of all planning activities under the Project. Financial planning covers all the key project staff. All the parties participating in VIP3 preparation and implementation shall contribute to the financial planning processes.

6. The Project Financial Plan is reflected in the Project Expenditure Tables and Legal Agreements. These documents are fundamental for understanding of the Project Operational Plan, which puts the financial plan into the context. The Financial Plan sets forth, in monetary terms, ARIS' action plans, activities, outcomes, effects, goals, objectives, etc. in selected measurements over the project life cycle.

7. In accordance with the Project Legal Agreement, no later than December 1 of each calendar year during the Project implementation, ARIS shall prepare and implement the Annual Work Plan containing all activities proposed to be included in the Project: (a) a detailed schedule for sequence and implementation of proposed Project activities; (b) types of expenses required for such activities and proposed financing plan (including the necessary funds and resources to be provided by the Recipient to cover such costs); (c) any training activities that may be required under the Project; and (d) a reference to each and a safeguard measure applied to that activity in accordance with the

provisions of Section I.D. Schedule 2 of the Project Legal Agreement (Annex 2), and proposed approach to ensure preparation and implementation of Protection Measures Tool mentioned above during the relevant year.

8. The first step in annual budget planning is to study the Project Financial Plan. Therefore, prior to the beginning of each financial year, the project staff study and, if required, revise the Project Financial Plan in terms of changes resulting from delays in expenditure, assumptions, item variations, activities, etc. Thus, the Annual Budget for the next year will reflect changes over the project lifetime. This will help avoid variances in reporting and analysis that have not been yet reflected in the revised Project Financial Plan. It will also help ensure that the planned figures are realistic and the variance analysis is meaningful.

9. The Annual Budget is divided into quarters in order to account for the seasonal nature of cash flows. The Annual Budget shall be cleared by the MoF KR and the Executive Director of ARIS and agreed with IDA. The budget must be closely linked with procurement plans and physical tasks.

10. The Project Annual Budget includes the annual budget for incremental operational costs (IOC), that should be agreed with IDA. Given that ARIS implements a number of projects with several donors, the nature of some IOC (such as administrative management staff costs [also called as "admin pool"]) is such that those costs are born by all projects and are proportionated by projects. The admin pool costs are distributed between projects/donors based on a certain logical basis (such as annual projects budgets, or other reasonable basis acceptable to the donors), and agreed with donors. The annual budget for the rest of IOC that are directly attributable to projects are agreed separately with each donor. The admin pool budget should be prepared and agreed with donors before beginning each fiscal year.

11. VIP-3 Operational Expenses mean the Project Implementation Agency's incremental operational expenses for the implementation, management, monitoring and evaluation of the Project, including the payment of salaries to contract employees, social charges and rental costs, maintenance and repair of office premises, as well as costs for materials and consumables, communication costs, technical support of information systems, costs for translation services, payment of bank fees, travel and subsistence expenses for employees of the Project Implementation Agency, as well as other reasonable costs directly related to the implementation of project activities, each based on an annual budget acceptable to the Association, but excluding salaries paid to employees of the Recipient's public service and other such costs that may be agreed with the Association.

12. Training means costs (other than costs of consultants) of the Project Implementation Agency in connection with internships, training courses, seminars, workshops and other training activities not included in contracts with suppliers of goods or services, including the cost of teaching materials, rental of premises and equipment, transportation costs, per diems for students and instructors, payment for instructors (if necessary), based on the annual budget that satisfies the Association.

13. Annual budgets should be prepared and approved before the beginning of the fiscal year for which they were drawn up.

B. Accounting Policies, Procedures and System

14. For the Project accounting cash basis will be applied, and the Project financial reporting will be based on IPSAS "Financial Reporting Under The Cash Basis of Accounting" issued by the International Public Sector

Accounting Standards Board (the IPSASB) of the International Federation of Accountants (IFAC). For the project accounting historical cost basis will be applied.

15. Under cash basis of accounting, revenue is recognized when cash is received and expense is recognized when cash is paid.

16. Kyrgyz Som (KGS) is the national currency of the Kyrgyz Republic. The presentation currency for the financial reporting to IDA is US dollar. Government co-financing amounts in KGS are converted into US dollar, applying the exchange rate set by a financial institution, where the account is held, on the date of the transaction. Payments made from the IDA funds expenditures in KGS are converted into US dollar applying the exchange rate set by a financial institution, at which the Designated Accounting is held, on the date when the conversion of UD dollars from the Designated Account into KGS, was made.

17. In preparing the financial statements, the transactions in currencies other than US dollar are recorded at exchange rates set by the financial institution on the date of the transaction.

18. No depreciation will be charged on the fixed assets procured from the Project funds.

19. For accounting purposes VIP3 uses the 1C Enterprise software, Version 8.3. The ARIS accounting system is a fully computerized system of financial data processing, capable of producing Interim Un-Audited Financial Reports (IFRs), Statements of Expenditure (SOEs) in accordance with the requirements of IDA, as well as entrance of the data obtained from the engineering subsystem on Statements of Accomplished Works (SAWs) under Components A and B. All financial documents (such as bank statements, checks, payment orders, invoices, reports, confirmations, receipts, etc.) received from banks, contractors, suppliers and other parties shall be promptly entered into the accounting system once. The electronic scanned versions of the financial documents as well as contracts are also maintained in the accounting software as attachments.

20. The Accounting System ensures the following:

    a. Reporting on receipt of funds and payments (by categories, components and funding sources);
    b. Expenditures are shown under disbursement categories, which are further subdivided into sub-categories;
    c. Reliability in information storage and fast processing of information;
    d. Simple and transparent methods of information input and output including the rule of single entry of the IT system;
    e. The necessary level of protection from unauthorized access;
    f. Generation of reports for IDA, MoF KR and other control institutions, namely the Tax Service, Social Fund and the National Statistics Committee
    g. Dual currency accounting: KGS and USD;
    h. Dual language: Russian and English;
    i. Accounting of staff time input, entrance or orders for employment and dismissal of staff, on business trips, vacations, sick leaves with subsequent execution of Time sheets to be electronically approved by the ARIS Executive Director of his/her Deputy for payroll accounting;
    j. Track disbursements under contracts by funding sources to keep within the threshold amount, accounting of advance payments by the amounts and terms of bank guarantees;
    k. Accounting by projects by operational expenses;
    l. Accounting of fixed assets by projects, accountable officers, dates, and inventory numbers.

21. The 1C Enterprise Version 8.3 database is backed up to the backup server automatically twice a day: in the afternoon and in the evening. Database copies are recorded onto a DVD every month and locked in a safe for storage. The specialist in entrance and backup of 1C accounting system shall additionally copy information on a flash stick to be kept by the Financial Manager beyond the office.

C. Financial Reporting

22. ARIS' Financial reports are a part of the Financial Monitoring Report System.

23. ARIS shall also be responsible for the submission of quarterly Interim unaudited Financial Reports (IFRs) that will be prepared using the current accounting system adopted for the Project and in accordance with the format agreed with IDA. IFRs will include:

     a) Project Sources and Uses of Funds,
     b) Uses of Funds by Project Activities,
     c) Designated Account (DA) Statement,
     d) A Statement of the Project Financial Position
     e) SOE Withdrawal Schedule.

24. In addition, ARIS will prepared and submit to IDA, no later than 6 months after the end of the reporting period, audited annual financial statements of the Project.
25. On a monthly and quarterly basis, MoF KR shall receive the reports reflecting the source and use of funds by the categories of expenditure, and payment currency.

26. The State Tax Service and the Social Fund of the Kyrgyz Republic shall monthly receive the reports on the retained and transferred amounts of the income tax for residents and non-residents, social transfers from individuals and from enterprise.

1.4. Internal Control System
27. Internal control is a process designed to enhance accountability and provide reasonable assurance that ARIS achieves certain objectives. These objectives include ensuring effectiveness and efficiency of operations, reliability of financial and operational reporting, and compliance with applicable laws, regulations, covenants, and internal policies and procedures. Internal controls, which include internal audit, are important aspects of effective financial management. While internal control is the responsibility of ARIS, everyone in the organization has responsibility for internal control to some extent. Internal control can be classified into five main components:

- **Control environment.** It includes integrity, ethical values, and competence of ARIS management and staff; management's philosophy and management's style; management's organizational methods; employee career development programs; and processes for delegating power and responsibilities. Control environment is the foundation for the other four components of internal control.

- **Risk assessment.** Risk assessment includes defining, identifying, analyzing, and determining how to manage risks.

- **Information and communication.** Information systems generate reports that facilitate overseeing and controlling project activities. Information should be appropriate, timely, and current, as well as

191

accurate, complete, and accessible. Information must be communicated so that individuals can do their jobs properly. Management should clarify to all personnel his/her role in the control structure. Also, effective communications should be maintained with donors, government supervisory agencies, suppliers, and project beneficiaries.

- **Control activities.** ARIS developed policies and procedures to ensure that directives are followed and that necessary actions are taken to address risks that could affect the project. Such policies and procedures would include suitable authorization procedures, for example award of contracts by authorized personnel; segregation of duties, which includes segregating authorization, custody, record-keeping, and accounting; safeguarding of assets, which covers restricting access to cash, checks, systems; reconciliation; and monitoring.

- **Monitoring.** ARIS management must monitor the internal control systems thoroughly. This should include ongoing monitoring such as control reports and reconciliations, evaluations such as control self-assessment, internal and external audits. Internal control deficiencies must be reported promptly to the project management.

28. Practical details of internal controls for the project are further elaborated below.

Control Environment

29. The ARIS Supervisory Board comprises of representatives of state bodies of the Kyrgyz Republic (a representative of the President, a representative of the Prime Minister, and representatives of ministries and regional administration), representatives of Local Self-Government Bodies, and representatives of civil society. The responsibilities of the Supervisory Board include supervising the activities of ARIS, appointing or dismissing the Executive Director, approving ARIS policies, charter and changes to it, the annual budget and working plans of ARIS and any modifications to them, annual reports of the ARIS, reports on special studies, and independent auditors' reports. The Supervisory Board has no right to interfere in the operational activities of ARIS.

30. ARIS management has rigorous authorization and control procedures in place. ARIS employs adequate accounting staff with sufficient background and experience. ARIS organizational chart is presented below.

Risk *assessment*

31. Risk assessment includes defining, identifying, analyzing, and determining how to manage risks. ARIS accounting staff consistently monitors the risks associated with contract implementation and payments, as well as the risks resulting from foreign exchange movement that could adversely affect the implementation of the Project.

The Information System

32. ARIS information system gives management the ability to properly and accurately record the results of the project'sactivities. The system allows the comparison of actual performance results with planned targets in order to enable ARIS management to make corrective actions, if required. Accounting is conducted according to cash basis IPSAS. The management information system (MIS) at ARIS ensures reliable and complete recording of accounting data. All transactions are supported by appropriate documentation that provides objective and verifiable data. The process of collecting the supporting documents is the first step

for record keeping and providing an audit trail. Support documents are normally received from external source but are in some cases prepared internally.

Control Activities

33. ARIS internal control system ensures:

- Proper segregation of duties
- Proper Authorization
- Proper recording, accounting reconciliation and arithmetic controls
- Physical safeguards of the assets and resources.

34. The system enables the FM/accounting staff of ARIS to:

- Verify documents submitted for payment,
- Disaggregation of information among specialists:
    − Regarding preparation of draft Withdrawal Application with attachment of all required documents,
    − Viewing documents by the Executive director or his deputy or the Project Coordinator,
    − Viewing Withdrawal Application by the Financial Manager (name of the project, category of expenses, donor and disaggregation by project for operational expenses),
    − Breaking down of transactions by accounts, crosschecking: one specialist carries out transactions in 1C system, another one- verifies payments and signs payment orders, conversion by the bank's countersignature;
- Verification of completeness of accounting records and documents when entering in 1 C system (project, category, component, share, terms, threshold, payment schedules under the Contract, confirming documents, signatures),
- Daily verification of accounts by transactions in 1 C system with the i-bank system of the Bank online,
- Regular verification of mutual settlement of accounts with debtors and creditors regarding accountable and advance amounts;
- Regular reconciliation of the project accounting records with SOEs, bank account balances and the World Bank Client Connection data
- Verification of accounting data:
    − Monthly receipt of the statements from the bank accounts shall be verified with documents, followed by the Analysis of the accounts; executor shall prepare and sign those; the Financial Manager shall view and approve,
- Control over compliance with the budget under the project categories and expenditure components
- Ensure integrity and confidentiality of information:
    − Control over the access to computerized 1C system (passwords); everyone shall have a permitted access level. Coordinator and an M&E specialist have an access to particular reports for reading; procurement specialist shall have an access for entrance the data on contracts with disclosure of scanned copies of contracts; engineers shall enter Statements of accomplished works as per Bills of Quantities (BoQs); a human resources specialist shall be authorized for registration of employees with password, login and e-mail, orders, table sheets; internal auditors shall have their own manual with project audits (project audit schedules shall be approved a year in advance); IT specialist shall enter the documents with inventory numbers; while the accounting system shall automatically generate sequential numbers according to the type of equipment. After inventory numbering, the IT specialist shall enter a serial number of equipment. Administrative officer shall

enter a document with sequential numbers, while the system shall automatically generate sequential numbers according to the type of furniture and enters the state numbers of vehicles;

– Establishment of fixed assets register in 1C software, listing the assets description, technical specification, inventory number as well as unique identification number (serial number) for those assets that have such numbers.

– Conducting annual stock-taking of fixed assets of ARIS

– Establishment of reserve copies of the bank data subject to computerized management;

– Duplicated electric charge in case of network disconnection; uninterrupted power supply is provided to all the equipment;

– Prevention of misuses resulting from collusion among employees:
   o Disaggregation of responsibilities,
   o Allowing for annual vacation leaves for all the employees according to the schedules;

– Financial Manager and disbursement specialist shall regularly carry out tabular analysis of use of the allocated and available funds of Grant and credit by categories by XDR/USD/KGS with analysis of tracking of the available funds taking into account the reserved amounts as per the contracts signed.

35. For USD/XDR reconciliation purposes the Financial Manager will monitor the movement of the exchange rate and its effect on the funding available under the Project categories. Such monitoring will be conducted regularly, at least quarterly, and more frequent closer to the end of the project. This will help to timely identify the need for relocation between the project categories, or the overall need in additional financial sources for the project in case significant adverse movement of the exchange rate. The sample monitoring table is presented in Table X below:

Grant: IDA_____

Status: _____

Country: Kyrgyz Republic

Project : Village Investment Project 3

Exchange rate on xx.xx.20XX, 1 SDR =

Category Category Description	Amount Allocated (expressed in XDR)	Disbursed (Clientconnection XDR)	Undisbursed WB XDR	Undisbursed WB XDR USD	Paid from DA and AW is not submited to WB USD	Amount Allocated USD	Unallocated funds available USD
Goods, works, non-consulting services, consultants' services including under Sub-Grants and Small Grants, Training, Operating Costs under the Project, and Resettlement Compensation under Part 2(b) of the Project							
Designated account							

D. Ensuring Internal Control

36. The Internal Audit Department (hereinafter IAD) is the structural subdivision of ARIS, responsible for implementation of internal control functions of the organization as a whole and Projects being implemented by the Agency.

37. The IAD goals, tasks, powers, subordination, reporting procedure and staff are determined by the internal documents of ARIS and this Project Operational Manual, taking into account the requirements of the current legislation of the Kyrgyz Republic.

38. The IAD goal is to ensure transparency, manageability and efficiency of ARIS and implemented projects through the formation of an optimal control environment.

39. The Internal Audit Department is independent of activities to be audited and does not fulfill any functional duties in the ARIS, other than the activities of the internal audit. The organizational independence of the Internal Audit Department is achieved through functional accountability directly to the Supervisory Board and the administrative – to the Executive Director. IAD organizes its work, based on the tasks assigned to it and the functions performed and the work plans of the department.

The main tasks of the IAD are:

- evaluation of effectiveness of internal control systems and its compliance with goals and objectives of the institution and the Projects;
- evaluation of reliability and sufficiency of financial accounting, management and other information within the framework of annual audit plans;
- assessment of compliance of the activities of ARIS structural subdivisions with normative legal acts, specified functions and approved business plans;
- assisting the managers of the objects of the ARIS audit in the development of measures (corrective steps) based on the results of the conducted audits, as well as monitoring progress in the implementation of activities;
- consultations of the Agency's employees on risk management, control;
- support and interaction with ARIS units / functions on issues related to internal audit;
- coordination of activities with external auditors in order to avoid duplication of efforts and minimize audit costs;
- assistance in investigation of fraud and informing the Executive Director about the results of investigations;
- carry out other tasks and participate in other activities at the request of the Executive Director, regarding the implementation of the functions of the internal audit department.

Staff of the Internal Audit departments are authorized to:

- Draw up annual audit plans, identify audit objects and scopes, make decisions on frequency of audits;
- request and receive unimpeded access to any assets, documents, accounting records and other information on the activities of ARIS, make copies of documents;
- study and evaluate any documents requested during the performance of audit assignments and send these documents and / or relevant information to the Executive Director;

- consider the advisability of accepting a consultancy assignment to determine the potential benefit of a task to improve the risk management process and the organization's activities within the scheduled time for the provision of advice;
- request and receive the necessary assistance from the employees of the units where the audit is conducted, as well as assistance to employees of other ARIS units / functions;
- bring to the notice of the Supervisory Board and the Executive Director any proposals for improving existing systems, processes, policies, procedures, methods of conducting business, as well as comments on any issues related to the conduct of internal audit specified in these Regulations;
- in consultation with the Executive Director, use the services of independent appraisers and other experts in the performance of their duties;
- if necessary and with the consent of the Executive Director, involve other ARIS employees as experts in the performance of audit assignments.

40. Interference of the Third Parties into the process on identifying audit objects and scope, carrying out work and presenting a report on results is not allowed.
41. In accordance with the approved annual plan of the ARIS Internal Audit Department, various stages of VIP-3 implementation shall be audited, including assessment of social mobilization, procurement (tenders) and payments. Under such audit / review, the Project effectiveness, achievement of results / indicators, and the Project implementation in communities regarding their sustainability and other issues will be checked.
42. Prior to the beginning of the audit / review, the ARIS responsible auditors should prepare an audit program coordinated with the Agency's Executive Director.

43. The results of the audit / review should be provided to stakeholders and directly to the ARIS Executive Director. In case of development / preparation of recommendations on audit / review findings, they are timely entered to the integrated 1C: Accounting ("Audit") section and further the program and the ARIS responsible auditor monitors the process of its implementation on a weekly basis

Travel expenses

44. A " business travel" means a trip upon the order of the ARIS Management for a certain period to fulfill assignments beyond the office.
45. The basis for sending employees on business trips is the order of the Executive Director or Deputy Executive Director, on the basis of the travel schedule signed by the Project Coordinator.
46. Human Resources Specialist shall prepare an order for an employee to go on a business trip direction; the scanned copies shall be posted in 1C system, and the data shall be entered in the table. A travel certificate shall be provided in one copy and signed and stamped by the organization upon departure.
47. The amount of travel expenses is determined on the basis of:
- -approximate cost of travel in both directions, or, if an air ticket is requested, per diem and accommodation.
48. Advance report shall be provided for use of funds by the accountable person within 10 (ten) business days after returning from a business trip. The report shall be accompanied by all the supporting documents - receipts, invoices, statements, contract for the provision of transport services, receipt and statement of accomplished works, a copy of the patent and the insurance policy with the date and scope of services; in the absence of supporting documents, travel shall be compensated as of the fixed tariff according to the

GoK's Decree No. 471 dated 28.08.2008 and so on. The balance of undisbursed funds shall be returned to the cashier or transferred to the transit account of the Project.

The rate for accommodation and per diem

49. Daily expenses shall be provided in the amount of KGS 600 (Bishkek), and KGS 500 in the regions according to the GoK's Decree No. 241 dated May 11, 2016, coming effective on 1 January 2017.

50. The costs for hotel accommodation shall be paid according to the documents provided. The receipt/invoice indicating the name, date, amount and stamp of the State Tax Service.

51. In the absence of documents, KGS 300/250 shall be paid for 1 day of stay, which is 50% of the per diem according to the GoK's Decree No. 241 dated May 11, 2016.

International business trip

52. -The size of the costs (per diem, accommodation) shall be paid according to 641GoK's Decree No. 471 dated August 26, 2008. Travel budget shall be approved at the MoF KR on the basis of the approval of of a donor's letter of invitation, with articles of expenses for visa, travel expenses within the host country, air ticket, accommodation/ per diems and insurance costs.

Fixed Assets Accounting

53. Fixed assets include tangible assets with the operation life of more than one year, and which are used for administrative purposes.
54. All fixed assets purchased in project implementation shall fully be managed by ARIS. The records for the acquired tangible assets shall be kept in 1C system with the registry of inventory and serial number for each item of fixed assets by classifications.
55. Operations for accounting of fixed assets (delivery, acceptance for accounting, transfer, cancellation) shall be registered in the relevant documents.

Writing-off of fixed assets

56. Assets, the actual service life of which is longer than the period used for calculation of depreciation, shall remain on the balance sheet until expiration of physical operation of the asset, or until its loss due stealing or actual loss. To write-off the fixed assets, a commission shall be established, a deficiency act shall be provided to confirm the inadequacy of the fixed asset accompanied with the corresponding order.In case of stealing or loss, an employee's application, a written consent of the Director of ARIS and a certificate from the police authorities shall be provided.

Inventory process

57. Inventory is a comparison of the actual amount of assets purchased under the project irrespective of its location with the accounting data.
58. The inventory of fixed assets of the project is carried out every year, as well as in case of change of accountable persons, when the fact of stealing, abuse and damage to property is established, as well as in

the event of natural disaster, fire or other emergencies, or in other cases envisaged by legislation of the Kyrgyz Republic.

59. Annually inventory shall be carried out in order to monitor effective, intended use, as well as the physical availability of equipment. An order shall be issued to conduct an inventory of the property with the establishment of the commission and responsible persons and dates.

Maintenance of vehicles and fuel

60. Twice a month, a waybill and route sheets shall be provided for each driver of the vehicle. The waybill shall indicate the reading of odometer at the beginning and end of the period, i.e. the mileage of the car, as well as fuel consumption. This process shall be checked by an administrative officer based on GPS system ("Teltonika FM 4200) in the data server of Ltd " Realcom" which is set in each vehicle of ARIS. Using the device, one can track the route, stop time, kilometers traveled, etc. The data shall be entered into 1C version 8.3., which distributes fuel by projects, depending on whether one or the other trip was made on any project. If the route sheet includes an employee receiving a salary from the Administrative pool, the travel costs shall be allocated for projects in the same way as payroll. Each driver shall provide a report on a waybill and route sheet every 2 (two) weeks, where they mark every trip with indication kilometers signed by the employee initiating the trip and confirmed by the manager of the Project or department.

61. Every driver is provided with a fuel card to fuel his vehicle (gasoline A-92), which should be used by fueling stations of the selected company Ltd "Gazprom Neft Asia" contracted by ARIS.

62. Ltd "Gazprom Neft Asia" shall provide a monthly electronic report on fueling and an invoice to ARIS. The administrative offices shall, based on details and drivers' reports, enter in 1C version 8.3., the vehicles' route indicating kilometers. The officer shall write off gasoline and lubricants and withdraws according to consumption by each vehicle in compliance with the norms specified in the data sheet, which is entered in the system. The system shows the fuel balance in the tank at the end of the month, the balance of fuel shall be used next month. Provision of fuel and lubricants shall be strictly limited per each vehicle per month in accordance with the order signed by the ARIS Management. The data on the limit shall be transferred to the Ltd "Gazprom Neft Asia" to prevent overuse of fuel in a month. Fuel shall be replenished over the limit, if necessary, in the event of business trips using a vehicle, and the driver shall be seconded in accordance with the order signed by the ARIS Management.

63. Sustainable safety of vehicles shall be the responsibility of the drivers responsible for their according to the agreement on material liability signed between the driver and ARIS. Each driver shall park his vehicle in a safe place when it is not in use and during off-hours. Drivers shall monitor the technical condition and keep the vehicle clean. Drivers shall notify ARIS on the need in technical maintenance. Administrative officer shall maintain records on the maintenance and repair of vehicle.

Insurance of ARIS' property and vehicles

64. ARIS insured property and vehicles with the insurance company according to the signed contract:

- Non-residential premises (Office) located at the address: 102, Bokonbaeva street, Bishkek;
- Non-residential premises (Office) located at the address: 2, Erkindik Blvd, Bishkek;
- Insurance of the drivers and passengers in case of car accidents;
- Vehicles.

65. The main risk group to be covered by the insurance contract shall be the following types of:

- Fire, lightning, explosion of gas used for domestic purposes;

- Natural disasters: earthquakes, monster volcano, storm, hurricane, flood;
- Exposure to water: flooding from nearby objects or ground water, water and heating pipes breakthroughs, fire protection systems,
- Theft, robbery, hooliganism with trespassing;
- Breaking windows and other glass structures;
- Fall of objects: trees, light poles, aircraft and their parts;
- Car accidents;
- Hijacking;
- Malicious acts.

Payroll

66. Timesheets shall be filled monthly in 1C system based on the input of orders by a human resources specialist personnel and chip readings. The timesheet shall be signed by the Human Resources specialist, Project Coordinator, and by the Executive Director or Financial Manager (hard and soft copies).
67. A basis to calculate the wage is a personal report by the employee filled in for the certain time period and sent for approval to the head. After the report is approved by the Manager, the data is uploaded to the time sheet.

68. Wages, salaries, sick leave, deductions from wages, income tax and contributions for social insurance shall be carried out in the payroll to be signed by a disbursement specialist and by an authorized signatory of the first signature. Electronic version of the payroll shall be sent by e-mail to commercial bank for further crediting the salary to the employees' personal bank accounts. Besides, the employees shall receive payslips showing the amount of calculation and deductions made.

69. Remuneration during the period of temporary disability shall be made on the basis of sick leave issued by medical institutions, in accordance with the current legislation of the Kyrgyz Republic.

70. Remuneration for the admin pool specialists shall be made based on agreed amounts and proportions agreed with donors. The agreed proportions are entered into the accounting software, and automatically posted to several projects financed by different donors and implemented by ARIS. 1C system has a separate database for accrual of payroll in KGS; the accounting allows for generation of costs in the main project in the currency of KGS/USD and KGS/EUR.

Payment for training

71. Training means study visits, training courses, seminars and other training activities associated with the Project and not included in contracts with service providers, including cost of training materials, rental of premises and equipment, travel expenses, accommodation and meals for participants and trainers, trainers' fees , fee for course and other related costs, all on the basis of annual budgets satisfactory for the Association.
72. Annual budgets should be prepared and approved before the beginning of the fiscal year. When planning a training, there is a need on preparation of the training budget indicating the title, date, venue of the training by expenditure articles and the amounts to be signed by the executor, approved by the manager/ ARIS Coordinator and agreed with IDA;

a) Title of training, venue, date or terms,
b) List of participants, name, position and signature
c) Travel expenses of participants on the basic of:

- air tickets based on boarding passes (in case of absence on the basis of a written request by ARIS / Project and confirmation of the flight by name from the airline) – through transfer;
- Accounts of the Contractor of PE / IP under the Contract for the provision of transportation services, the Service Performed Act, copies of the patent with the date, the scope of services provided) – through transfer;
- in the case of rental of vehicles, the trainees shall be provided with a contract for transport services, receipt and Statement of accomplished works, a copy of the patent and the insurance policy with the date; in the absence of supporting documents, the travel shall be reimbursed based on the fixed tariff according to the GoK's Decree No. 471 dated 28.08. 2008, the funds are to be transferred to the account of the Project responsible specialist who submitted the application for payment with further submission of advance payment report.

d) Payment for stationery / reproduction of handout materials based on:
- invoices indicating the name of the goods, quantity and amount to the service provider-by transfer;
- in exceptional cases, the absence of the Contractor's bank details, in remote regions where there is no opportunity to transfer funds - by agreement with the management, on the basis of a check-of cash register machine (CRM), or a purchase certificate with a copy of the patent with the date and field of activity, the funds are to be transferred to account of the Project responsible specialist who submitted the application for payment with further submission of advance payment report;

73. These stationery materials or materials are distributed to the participants of the training that should sing a distribution list, confirming receiving them. This serves as the basis for writing off stationery (indicating the name of the participant, the name of the stationery, the number and signature of the participant (recipient)).

e) Payment for catering to participants on the basis of:
- invoices indicating the name, quantity, amount, Service Agreement, invoice / Act of performed services, certificate or copy of the patent and insurance police with the date, the scope of the services provided - by transfer;
- in exceptional cases, the absence of the Executor's bank details, in remote regions where there is no opportunity to transfer funds - by agreement with the management, on the basis of a check-of cash register machine (CRM), or a purchase certificate with a copy of the patent with the date and field of activity, the funds are to be transferred to account of the Project responsible specialist who submitted the application for payment with further submission of advance payment report, the Act to write-off products used for organization of nutrition for participants shall be prepared with signing by several members of the training;

f) Payment for accommodation services to participants on the basis of:

- hotel invoices for payment indicating the names of the participants, the date of residence, the amount, the contract, the Act of the executed services signed on both sides - by transfer,

- in exceptional cases, the absence of the Executor's bank details, in remote regions where there is no opportunity to transfer funds - by agreement with the management, on the basis of a check-of cash register machine (CRM), or receipt with stamp of State Tax Inspection (STI), indicating the name of participant, date of accommodation, and funds are to be transferred to account of the Project responsible specialist who submitted the application for payment with further submission of advance payment report,

g) Payment for renting the hall on the basis of:
- invoices for payment indicating the date of conduction and amount - by transfer,
- In exceptional cases of the absence of bank details of the Executor in remote regions where the premises cannot be provided, it is permissible, by agreement with the management, on the basis of a check-of cash register machine (CRM), or receipt with stamp of State Tax Inspection (STI), indicating the name of participant, date of accommodation, and funds are to be transferred to account of the Project responsible specialist who submitted the application for payment with further submission of advance payment report.

74. Based on training completion results, budget execution shall be prepared for all items of expenditure.

75. ARIS should avoid be providing cash advances for the training needs. In cases when it is not possible, those amounts could be provided to a responsible staff in installments not more KGS 75 000, after receiving the proof of the eligible use of the previous tranche (e.g. after receiving the scanned copies of documents proving occurrence of eligible expenditures at the end of each training day or two).

76. The confirmation of the the participants' list and actual presence of the trainees as recorded in the participants' list, as well as correctness and actual occurrence of expenditures in petty cash distribution sheets for reimbursement of trainees' expenditures (such as transportation, accommodation cost and per diems) will be approved by the trainer and another responsible staff of ARIS. The participation and cash distribution lists should include trainees contact details (such as mobile phone numbers), which would enable ARIS to conduct ad hoc verification of participants lists and distributed cash amounts.

Project incremental operating costs

77. Project incremental operating costs include the costs associated with the implementation, management and monitoring, including office rent, operation and maintenance of vehicles, office equipment and supplies, communications costs, support for information systems, translation costs, bank charges, travel and per diem costs, salaries of contractual staff (excluding consultants' services and salaries of officials of the Recipient's civil service), social charges, office administration costs and other reasonable expenditures directly associated with carrying out the Project, as agreed with IDA; and based on an annual budget acceptable to IDA.

78. For each project, in preparing the budget for the year, an analysis of available resources shall be carried out by category of expenditure and currencies SDR/USD/KGS and EUR/KGS. Based on the data, the analysis shall be carried out; at the beginning, the funds shall be calculated on the duration of the project and allocated for the year (quarter, month), all the expenditure items shall be carefully analyzed before budget planning. As a result, we see a picture of each project: the purpose and timeline of the articles for all the projects.

79. Project operating costs relating to all projects, in particular communal costs (electricity, heat, water, waste), Internet, communication services, office security and others shall be allocated to projects in proportions/amounts agreed with donors.

Controls over bank guarantees

80. The disbursement specialist will be responsible for the due diligence process for and monitoring of the bank guarantees (or other corresponding guarantees) received during the Project implementation. The disbursement specialist will register the bank guarantees in IC system, hang on scanned copies, verify its compliance to the sample formats acceptable to IDA, constantly monitor approaching the bank guaranty expiration date, and inform the financial manager on the need to take respective actions: 14 days before expiration of the bank guarantee, the supplier/contractor/consultant should be requested to provide the extension of the guarantee, otherwise, if there is a need (for example, in case the advance was not fully recovered), to submit to the issuing commercial bank a request for encashment of the guarantee.

81. The disbursement specialist will also be responsible for timely and proportional recovery of advance paid from subsequent payments to suppliers/contractors/consultants in accordance with the contract and bank guarantee terms.

Filing and Archiving Procedures

82. ARIS has adopted the procedures for filing/document management with the aim to ensure proper control and security of the overall documentation, internal distribution of data and information, tracking tasks and their execution

83. Responsible staff is assigned to keep certain types of documents. The project's financial and disbursement documents, and payment supporting documents should be kept with Accounting department. The Procurement Specialist shall be responsible for keeping all procurement related documents and shall be responsible for preserving the original copies of the overall correspondence, translated copies, internal acts as well as copies of all newspaper articles and press releases relating to the Project.

84. Letters submitted to ARIS are registered, numbered, the date of the acceptance marked by Receptionists, as well as notes stating to which department it is addressed.

85. For project implementation, the supporting documentation for each payment (invoice and attached statements of work, a copy of the signed payment order, and the copy of instruments delegating signature authority, if appropriate) shall be filed using a chronological numbering system. Upon the completion of the Project the documents shall be archived and kept within 5 years as minimum.

Conflict of Interest and Fraud Reporting

86. Conflict of interest shall be interpreted but in no way limited to the following: any past, present or prospective economic, financial and private direct and/or indirect (through relatives or partners) interest, as well as ownership or other links with the ARIS staff or companies, project developers and individuals involved in projects financed directly by ARIS. It is expected that all officers, trustees, and staff of ARIS will at all times adhere to the highest ethical standards in all matters.

87. Where any officer, trustee, or staff member, or any spouse (or other person with whom one cohabits), or lineal descendant or ascendant of same respectively, is an officer, director, or staff member of, or has a financial interest in, any other association or other organization (including any vendor of goods or services) with which ARIS has entered into, or is considering entering into, any contract or other transaction, such officer, trustee, or staff member shall disclose in writing to the ARIS director all material facts as to the relationship or interest. Individuals with conflicts of interest must recluse themselves from participating in any part of the decisions related to the transaction giving rise to the conflict.

88. No officer, trustee, or staff member shall use, for financial or other advantage, confidential or proprietary information accessed by virtue of his or her position with ARIS. Information does not need to be marked as "proprietary" or "confidential" before this policy applies. Types of information ARIS considers proprietary or confidential include, for example, computer programs and databases, such other information as personnel files, research and development information, strategic plans, technical information, financial information, and advice of accountants and legal counsel. Only individuals to whom proprietary and confidential information must be disclosed in the performance of duties have a need to know this information.

89. Each case of fraud, waste or misuse of project resources or property identified by ARIS employee shall be reported in writing to its direct supervisor or to the ARIS director if the issue is neglected or unsettled by the supervisor. Should the ARIS director fail to undertake any action for suspending such fraud, waste or misuse, the issue shall be submitted to the ARIS Supervisory Board in writing by the same employee with sending a copy of such notification to the person having committed an act of fraud, waste or misuse.

1.5. Fund flows

90. The Executive Director of ARIS shall be authorized for management of project bank/treasury accounts. The Executive Director may in writing delegate this responsibility to the Project Coordinator of VIP-3. ARIS shall in writing request the MoF KR to open separate accounts with a commercial bank under the Project. The Bank that will open the project accounts shall be acceptable for IDA and GOK. A Tripartite Agreement shall be signed for opening the accounts between the MoF KR, ARIS, and a commercial bank. Accounts shall be separately opened for each source as follows:

- Designated account A for Grant in USD;
- Designated account B for Credit in USD;
- Transit account for Grant in KGS;
- Transit account for Credit in KGS;
- Interest Account for Grant and Credit in USD;
- Tender Account in USD and KGS.

91. The Executive Director, VIP-3 Project Coordinator or authorized person in accordance with Executive Director's Order shall act as primary signatories to the project accounts, while the Disbursement Specialists shall have a right of countersignature. The cards with signatures and stamp of the authorized persons shall be notarized and the Original card is provided to the Commercial Bank, in which the project accounts are opened, in accordance with the signed triple Agreement for opening and maintaining accounts for PSI-3 between MFKR, ARIS and a commercial bank.

Designated Accounts

92. Based on the Agreement for the Third Village Investment Project signed between the Government of the Kyrgyz Republic (GoKR) and the World Bank, ARIS shall open designated bank accounts for IDA grant and an IDA loan in US dollars in a commercial bank acceptable to IDA.

93. Disbursements from the IDA Grant and Credit Accounts will follow the transaction-based method, i.e., traditional Bank procedures, including advances to designated accounts, direct payments and special commitments as outlined in the Project Disbursement Letter (DFIL) dated 12 June 2015 and the World Bank Disbursement Guidelines for Projects dated February 2017(the "Disbursement Guidelines") is available on the Association public website (https://www.worldbank.org). Applications for withdrawal will be filled in through the World Bank's Client Connection (clientconnection.worldbank.org) using electronic tokens and endorsed by the MoF KR and ARIS. IDA shall receive a list of authorizes signatories on the letter head of the GoK KR on behalf of MoF KR and ARIS with the authorized signatures for Applications. The list of authorized individuals on behalf of the MoF KR shall be submitted to IDA on behalf of the MoF KR - Deputy of the Minister of Finance of the Kyrgyz Republic, Head of the Department of State Investments and Technical Assistance of the MFKR, Head of the Department of Public Investment and Technical Assistance of the MoF KR and ARIS - Executive Director and Financial Manager with samples of signatures for Applications.

94. The filled and signed withdrawal applications with supporting documents, applications for receipt of special commitments with a copy of a letter of credit of a commercial bank shall be sent to IDA (through a system site) in electronic form. All the applications shall be numbered in ascending manner, separately and subsequently indicating Grant and Credit, once applications are drawn. Instructions for filling of withdrawal applications and disbursement procedures are provided in the manual "WB Disbursements".

95. The Ceilings for the designated Accounts for Grant and Credit shall be USD 1 000 000. Designated Accounts shall be replenished on a quarterly basis or, if required, more frequently.

96. Supporting documents should be provided with each application for withdrawal as set out below:

For requests for reimbursement of expenses and reporting on eligible expenses paid from DAs:

- Records evidencing eligible expenditures (e.g. copies of receipts, suppliers' invoices) for payment for: ***works, goods and non-consulting services*** against contracts valued at USD 200 000 equivalent or more; ***consultants' services*** against contracts valued at USD 200 000 equivalent or more for firms; and USD 50 000 equivalent or more for individual consultants.
- Statement of Expenditures in the form attached to the Disbursement letter (Attachment 4 of the Disbursement Letter) for all expenditures/contracts including ***training and incremental operational costs***;
- List of payments against contracts that are subject to the Bank's prior review, in the form attached to the Disbursement letter (Attachment 5 of the Disbursement Letter and Annex 4.7 below); and
- A Designated Account reconciliation statement in the form attached to the Disbursement letter (Attachment 6 of the Disbursement Letter and Annex 4.8 below) and corresponding bank account statements.

For requests for Direct Payment:

- records evidencing eligible expenditures, e.g. copies of receipts, suppliers' invoices.
- Minimum Value of Applications for Direct Payment, Reimbursement and issuance of Special Commitments shall be USD 200,000.

Special Commitments

- Copy of the Letter of Credit

As specified in the Disbursement Letter, to the extent practicable, the proceeds of the IDA Grant shall be disbursed before the proceeds of the IDA Credit.

Transit account

97. Transit Accounts shall be opened separately for each Designated Account and used solely for currency exchange purposes (US dollars from the designated accounts into Kyrgyz soms). Transfers from the Designated Accounts to the Transit Accounts shall be used for disbursements in the national currency only. The Transit Accounts shall have a zero balance at all times. The need for local currency funds shall be estimated based on transactions entered into the accounting system for the current day. The transit accounts will be opened and maintained in the commercial bank, where the DAs are held.

Cash transactions

98. Cash receipts are:
    - Replenishment of funds from bank/treasury accounts withdrawn based on receipt,
    - Return to staff of undisbursed share of advance payments for travel expenses and small purchases. Receipts shall be documented through Cash receipt order. The receipt must be certified with the stamp and signature of a specialist that is issued to all employees who return cash.
a) **Withdrawal receipts**
    - The balance of funds should always be kept in the safe. When the check is canceled, the specialist crosses out the check "canceled" with ink through the front of the check and stores it in the checkbook.
    - The Financial Manager should review all canceled checks to avoid suspicious notes or change the amount of the check or the payee; It is also necessary to verify that all canceled, invalid checks are sequentially numbered.

b) **Cash store**
    - Cash withdrawn from the bank account shall be stored separately in a safe; it is not allowed to use the funds of other projects to cover expenses. Accounting for receiving funds for projects is carried out separately. The specialist shall withdraw cash on the basis of the application or expense report for compensation. Withdrawal of cash is made in exceptional cases. In any case the monthly petty cash turnover cannot exceed USD 2000 equivalent, with daily cah balance not exceeding USD 100 equivalent. Exceptional cases should be properly documented by exception reports and be approved by ARIS director.

c) **Use and types of cash payments**

Receiving and disbursing funds from the Project cash desk are considered as cash transactions and performed in accordance with the cash payment procedure.
All cash transactions are made by the Disbursement Specialist who is a staff with full financial responsibility.
From the cash desk, cash can be issued for the following purposes:

- Providing employees with services for business trips, both local and foreign, and expenditures for approved budgets for trainings and seminars.

d) Cash registration

On a monthly basis, the specialist should prepare a cash flow statement for the project, as well as a quarterly Cash Transactions Act, which is signed by the relevant persons.

Interest account

99. An interest account shall be opened for Grant/Credit DAs for accrual of interest for the DA's undisbursed balance. The funds of the interest account shall be used solely for justified expenses under the categories of eligible expenses under the Project Credit and Grant. The interest account will be opened and maintained in the commercial bank, where the DAs are held.

Tender Accounts

100.   Tender account shall be opened in USD and KGS. The account shall be used for accumulation of funds provided by bidders. Tender funds shall be used for the activities associated with arrangement of tender processes, including announcements, multiplication of tender documents, purchase of paper, toner, cartridge and cabinet or accessories for storage of tender documents.

DISBURSEMENTS

101.   Payments are made only for purposes of VIP-3 implementation as specified in this Operating Manual. All payments under the Project will be carried out, according to the supporting documents, invoices for payment / invoices, way-bills, work performed acts to be attached to the signed contracts / agreements. ARIS is responsible for the correct use of funds deposited on the Project accounts, with the exception of accounts. All payments are made directly from the project accounts (or the World Bank in case of direct payment) to counterparty accounts.

Disbursements under Component 1: Capacity Building

102.   Payments under the Component will be made for consulting services, goods, training for capacity development of AO, in accordance with general provisions (Financial Management). Payments are made on the basis of the payment schedule specified in the contract, and the invoice signed by the contractor and responsible ARIS specialist specified in the contract. And also on the basis of the training budgets and application submitted by the ARIS staff, approved by the VIP-3 Coordinator.

Disbursements under Component 2: Village Investments

103.   Disbursements for subcomponents: Sub-grants for subprojects and Small grants for micro-projects. ARIS and AO sign the Framework Agreement on awarding a grant to implement subproject or micro-project.

Co-financing of subproject and microproject by AO.

104.   The total amount of co-financing the subproject or micro-projects by AO or local community in the investment costs of sub-project or micro-project should not be less than 3.75% of allocated amount of subproject and amount of microproject.

105.   In accordance with the Framework Agreement and its supplement, the AO shall sign a contract for supply of works or goods with the selected Supplier / Contractor. According to the Framework Agreement, the AO should pay by itself from co-financing share for preparation of the Architectural and Planning Specifications (APS) and Engineering and Technical Specifications (ETS), and other documents necessary for preparation of DDE.

106.   The contractor's invoices for payment for work performed or for goods supplied are initially paid from AO co-financing share, subsequent payments will be made from the Project funds.

a. Advance payment

The advance payment amount under the contracts of the Component: Village Investment should not exceed 20% of the contract amount.
Advance payment is made upon submitting:
1. Advance Payment Bank Guarantee (no more than 20% of the contract amount);
2. Covering letter, signed by AO
3. Invoices for payment (for advance payment)

After confirming the authenticity of the bank guarantee, ARIS makes a full prepayment**.**

b. Subsequent payments

Performed on the basis of:
1. A cover letter addressed to the Executive Director signed by AO
2. The Work Completed Act (WCA), signed by the Contractor, the AO Technical Supervisor, the Project Engineering and Technical Specialist and approved by the AO Head;
3. Invoice for payment signed by the Contractor, the AO Head (or an authorized person), the Project Engineering and Technical Specialist
4. Documentary certificate about payment from the contribution of AO (at least 3.75% of the grant amount), a copy of the AO payment order or an extract from the Contractor's account and also bills for payment and Work Completed Act (WCA) submitted to AO.

 At the same time, the amount of each subsequent invoice for payment should be made by reducing the amount of Work Completed Act (WCA) by 5% (deduction of amount of contract implementation guarantees), decreasing the share of advance payment repayment and amount of co-financing of the AO.
Return of retention money

107.   The refund of the retained guarantee amounts is made in accordance with the terms of the contracts; the initial 2.5% is paid on the basis of the Statement of Accomplished Works and the Certificate of Acceptance of Investment Costs, and the remaining 2.5% is paid after the expiration of the Defects Liability Period, or on the basis of a Bank Guarantee (the contract should also state that if the project is close to completion, the contractor is required to provide a Bank Guarantee for a Defects Liability Period for obtaining a guarantee amount of 2.5%):

1. A cover letter addressed to the Executive Director signed by AO

2. Invoice for payment signed by the Contractor, the AO Head (or an authorized person), the Project Engineering and Technical Specialist.

Consulting services

 Consulting services for the Component:

-Consultants to develop the detailed design and estimation documentation (DDE),
-Design supervision
-Technical Supervision

Payments will be made on the basis of payment schedule specified in the contract, the invoice issued on the basis of Work Completed Act (WCA). The WCA must be accepted by the responsible ARIS specialist indicated in the contract and must also be approved by the Project Coordinator.

Compensation for resettlement is made at submitting an Act, the evaluation sheet of the Resettlement Commission, the application of the owner of building / structure.

Payments for component 3: "Project management":

108.   Payments under the component will be carried out in accordance with the general rules on the basis of the schedule of payments, invoices and the report / acceptance report signed by the contractor and the responsible ARIS specialist specified in the contract, audit services, purchase of goods and operating costs.

109.   All Project operational costs, including office costs, operation and maintenance of vehicles, operation and logistics of the office, communications, information system support, translation services, payment for banking services, fees for services, travel, per diem, transportation expenses , staff salaries, social deductions from the enterprise, cover costs and other reasonable expenses directly related to the implementation of the Project, as well as earnings for salaries of administrative staff to support the implementation of the project

AUDITING ARRANGEMENTS

 External Audit

110.   Under VIP3, external audit of the project's financial statements will be conducted annually: (i) by independent private auditors acceptable to the IDA, on terms of reference (TOR) acceptable to the IDA, and procured by ARIS, and (ii) according to the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC).

111.   The annual audits of the Project financial statements shall be provided to the IDA within six months after the end of each fiscal year and at the Project closing. The sample audit Terms of Reference agreed with IDA.

112.   ARIS shall disclose for public an audit report under the Project within one month after receipt thereof from auditors, and acceptance by IDA, at the ARIS web-site www.aris.kg.

113.   Following the Bank's formal receipt of these reports from the Borrower, the Bank will make them publicly available according to World Bank Policy on Access to Information.

114.   ARIS will provide the auditor with free access to all project documents and records and all other information that may be required for the auditing purposes.

115.   ARIS, as well as AOs (who received sub-grants and small grants for the implementation of sub-projects and micro-projects) will provide the auditor with free access to all documents, records and all other information that may be required for audit purposes.

Chapter 7: ENVIRONMENTAL AND SOCIAL SAFEGUARDS

7.1. Safeguards measures
Overview

The purpose of an environmental assessment is to evaluate potential positive or negative impacts of any proposed subproject/micro-project; to specify measures that must be taken to prevent or minimize the potential negative impacts that could damage the human and natural environment; and to provide the basis for the supervision of these measures during subproject/micro-project implementation.

At the same time, since the anticipated impacts of the subprojects/micro-project to be implemented under the Project are not significant or irreversible and can be prevented or reduced through appropriate preventive measures, they can be classified as World Bank Category B projects and therefore are eligible for financing by the World Bank in line with World Bank requirements and instructions for such Category B projects.

Under the Kyrgyz law, all subprojects/micro-project under VIP-3 are subject to review by the State Agency for Environmental Protection and Forestry (SAEPF). According to the Financing Agreement, all subprojects should be implemented in accordance with the World Bank safeguards policies. ARIS will be responsible for ensuring compliance with the Kyrgyz environmental legislation and World Bank Policy 4.01 Environmental Assessment.

All requirements for environmental and social safeguards are described in details in Environmental and social management framework (attached as Annex 7), which is an integral part of the POM. This ESMF prepared for the Project covers procedures and mechanisms that will be triggered by the Project to comply with the World Bank Policy 4.01 Environmental Assessment, legislation and normative and legal acts of the Kyrgyz Republic governing preparation and implementation of environmental protection requirements.

ESMF will allow ensuring environmental and social sustainability of activities throughout their implementation cycle and to provide the ARIS' engineering and technical staff (ETS) and consultants with adequate institutional, normative and technical framework for future processes and procedures that should be observed.

In order to increase the capacity of ARIS partners and staff, for successful implementation of subprojects/micro-project according to all requirements, regular trainings will be conducted for partners: project institutes, contractors and ARIS staff.

The key elements involved in the EA process to be used in the Project are listed below and subsequently described in full detail.

7.2 Preparation and construction phase

7.2.1 Environmental assessment documentation

ARIS will be responsible for preparation of all EA documentation. The World Bank EA policies and guidelines require the preparation of an Environmental and Social Management Framework (ESMF) for all Category B projects.
In accordance with ESMF an individual (site-specific) Environmental and Social Management Plan (ESMP)

will be produced for each water supply subproject, integrating the complex of social and environmental impact mitigation measures, environmental monitoring and institutional responsibility. An individual ESMP will be included into the bidding documents.

Depending on the scope of work and the complexity of the project, ESMP or checklist EMP will be filled out for social infrastructure facilities.

Category B subprojects have moderate environmental impacts that are limited in duration and coverage and can be readily mitigated through standard methods and procedures of good housekeeping and good engineering practice. Most of the adverse impacts occur during project construction. The project ESMF is attached as Annex 7.1, which provides a list of impacts and mitigation measures normally associated with several types of subprojects that will be considered under the Project. For each individual subproject/micro-project, actual impacts may include additional site-specific issues, or such issues can be raised during public consultations. Alternatively, for a particular subproject, fewer issues than those indicated in Annex 7.1. may need to be addressed in the ESMP.

7.2.2   Public consultation

ARIS will be responsible for organizing and conducting at least *one* public consultation with community groups affected by the subproject prior to completion of the site-specific ESMP. Usually, these groups consist of people living near the subproject site and any local NGOs. The purpose of the public consultation is to inform affected community groups about the subproject/micro-project and offer them the opportunity to voice their views of any adverse environmental issues they feel may develop during subproject/micro-project implementation. Any *legitimate issue raised through the public consultation* should be included in the ESMP. In this way, "the voice of the people" will be heard and reflected in subproject/micro-project implementation.

Public consultations are normally conducted as a meeting. However, there are other methods of holding public consultations. Under previous World Bank projects, public consultations used questionnaires and live TV programs with local communities calling and asking their questions in real time.

The key characteristic of public consultation is that it is a *two-way flow of information*: subproject originators describe their activities to local communities, and local communities ask questions or raise their concerns in return.

It is very important to document public consultation results properly and include them in the ESMP. The ESMP forms in Annex 7.1 outline the requirements to information that must be included in public consultation documents.

7.2.3   Related conditions and responsibilities

ARIS is responsible for including all construction related ESMP measures in bidding documents that will be distributed to bidders for construction contracts.

7.3 Implementation phase

7.3.1 Organizational arrangements for environmental management

During subproject/micro-project implementation, ARIS will be fully responsible for overall supervision to ensure that all measures listed in the ESMP are complied with as required. In cooperation with Ayil Okmotus, as well as territorial branches of the State Inspection for Environmental and Technical Safety (SIETS) under the Kyrgyz Government, ARIS will conduct environmental monitoring during both construction and operational phases in accordance with the Monitoring Plan, which is part of the ESMP.

- Field technical supervision engineer of ARIS is responsible to monitor and supervise the activities, including monitoring of potential environmental risks, he will maintain all relevant documentation in the field.
- Representative of contractor is responsible to execute the mitigation measure.
- Safeguard specialist and infrastructure engineer of ARIS are responsible for overall oversight.
- State inspectors of the State Inspection for Environmental and Technical Safety (SIETS) will supervise fulfillment of design solutions in construction and installation works or reconstruction of facilities, quality of construction materials, structures, and participate in commissioning of completed construction facilities.
- State inspectors of SIETS carrying out state environmental supervision have a right to supervise in established procedure on presentation of official identification papers in compliance with environmental provisions, normative quality, environmental protection activities in project implementation.

7.3.2 Supervision and reporting

During subproject/micro-project implementation, ARIS is expected to visit construction sites at least once a month to monitor compliance with ESMF requirements. More visits may be required if any issues are identified. If there are any significant environmental issues associated with subproject/micro-project operation, ARISAIS will continue supervision during the operation phase as well. Initially, monthly visits should be conducted, and if no problems arise, supervision frequency can be reduced to quarterly, semiannual and eventually annual site visits.

Regular subproject/micro-project progress reports should include information about fulfillment of the Environmental Management and Social Plan which shall be as brief as possible, providing a short description of monitoring activities, issues identified and plans and measures taken to address those issues.

In order to monitor the impact of construction works on the environment and to take appropriate measures Chapter 5 has been developed, which specifies the parameters and methods of monitoring of the state of environment. ARIS will carry out monitoring using the checklist "Construction Sites Monitoring Checklist ", which is the part of ESMP.

7.4   Social safeguards

7.4.1 General:

The main document providing guidelines for development of appropriate mitigation and compensation measures for land acquisition and resettlement impacts caused by future project activities whose exact locations are not known yet is the Resettlement Policy Framework (RPF) (see Annex 8), which was developed in accordance with Operational Policy (OP) 4.12, publicly consulted and cleared by the World Bank, disclosed in-country [December 2014].

This Resettlement Policy Framework (RPF) will inform all activities involving land acquisition, restriction of access to land, or loss of assets. The RPF identifies the possible impacts from project activities, describes the range of potential impacts (temporary and permanent) to land use/access and structures and specifies the compensation and resettlement assistance/procedures for the same.

7.4.2 Resettlement documentation

ARIS will be responsible for preparation of all documentation related to resettlement procedures.

When required, site-specific Resettlement Action Plans (RAP) will be developed for each subproject/micro-project based on recommendations and guidelines outlined in the RPF.

7.4.3 RAP preparation

RAP will be prepared in consultation with affected parties in accordance with the RPF. RAP(s) will be circulated to local authorities, concerned NGOs and project affected persons (PAPs) for review and comment. After all comments from stakeholders are incorporated and approved by ARIS, RAPs will be formally forwarded to the World Bank for review as required under the RPF to comply with OP 4.12 and other applicable policies and guidelines. After public hearing will be held, the document will be posted on ARIS' official website.

7.4.4 Assessment of affected assets

The assessment of assets to be affected by the Project will be performed as described in the RPF.

7.4.5 Implementation schedule

The implementation schedule must be agreed between ARIS and participating municipalities (Mayor's Offices and/or Ayil Okmotus, if required). In particular, the parties will discuss the start and completion dates of construction activities, a schedule for the handover of completed facilities to PAPs, and ownership of land/assets/services used by PAPs. Prior to commencement of any civil works, the RAP should be implemented in full to the satisfaction of the WB.

7.4.6 Grievance redress mechanisms

ARIS has a corporate system for managing grievances and appeals from citizens. Guidelines (Regulations) were developed to set procedures for managing grievances and appeals, delineate responsibilities between ARIS officials and specify follow-up measures. This Guideline covers all programs and projects implemented by ARIS, and all ARIS' staff and consultants without exception are to adhere by the requirements of this Guideline.

All appeals and complaints from citizens received under the VIP-3 will be supplied to the corporate system for further processing and follow-up. People can use GRM/BFM to submit complaints, suggestions and recommendations in regard to the ARIS activities in writing or orally, meanwhile ARIS and its staff are obliged to accept and register this document in accordance with the provisions of this Guideline. Thus, citizens' complaints can be sent by regular mail, e-mail or handed personally during an appointment. One of the additional feedback channels in ARIS is a helpline.

Grievance redress mechanism will be available for project stakeholders to submit questions, comments, suggestions and/or complaints, or provide any form of feedback on all project-funded activities.
Project beneficiaries, project affected people (i.e. those who will be and/or are likely to be directly or indirectly affected, positively or negatively, by the project), as well as the broader citizenry can use the GRM/BFM for the purposes of making complaints or providing complaints. Project affected people include those who will be affected in resettlement issues.

7.4.7   Monitoring and evaluation

Monitoring arrangements will fit the overall project monitoring plan that will be implemented through ARIS. All RAPs will set objectives by which their successes can be measured. To measure the achievement of such objectives, RAPs will define the parameters to be monitored, establish monitoring milestones and

describe necessary resources, and also grievance redress mechanisms. The monitoring and evaluation arrangements are detailed in the RPF attached hereto.

Please refer Annex - D for further information and guidance on conducting social safeguards tasks under the VIP 3 Project.