**Attachment №1**

**Terms of Reference**

**Organizational development of partners of the Coalition “For Local Self-Government of the Kyrgyz Republic” (Development Policy Institute, Union of Local Self-Governments, Local Government Academy of Central Asia»**

**Abbreviations and designations**

DPI – “Development Policy Institute” Public Association.

BPP – Best Practices Portal.

ULSG – “Union of Local Self-Governments of the Kyrgyz Republic” Association of legal entities.

LGACA – Local Government Academy of Central Asia.

LSG– Local Self-Government.

SDС – Switzerland's international development agency.

KR – Kyrgyz Republic.

Coalition – Coalition for Local Self-Government Development established by DPI, ULSG and LGACA.

1. **Description of the organizations**

**Coalition of non-state actors**

The Local Governance Development Coalition (Coalition), was initiated by the Development Policy Institute (DPI) (informal in 2017), a leading local non-governmental organization (NGO) in the area of local governance, and joined by the Union of Local Self-Governments (ULSG), representing 484 municipalities and more recently (in 2022) by the Local Governance Academy (LGACA). These three organizations are major non-state actors in the area of local governance that act as a unified force and complement each other.

Each of the three organizations recognizes a strong interest from the local self-governments, central government and local community stakeholders, ready to explore long-term cooperation. From 2023 to 2026, the Coalition receives financial support from the SDC aimed at financing the implementation of the Coalition's Program to support the development of LSG in the KR. This support also provides for the organizational development of each Coalition member, and this evaluation is being conducted for this purpose.

In implementing the activities under the Coalition's Program, each Coalition member will principally utilize existing organizational structure, strategic framework, governance and operational management components, that need to be developed and improved.

DPI will provide the managerial and operational structure to manage the SDC's support. In addition to utilizing the key roles and functions within DPI’s organigram, DPI will hire an international consultant to further support each Coalition member as needed on organizational management.

DPI will assist ULSG and LGACA in establishing the infrastructure for project implementation and activities required under the partnership agreement signed by the three organizations. In doing so, DPI will build on previous collaboration results, as it is already providing grant funding to ULSG and LGACA under the USAID-funded Successful Aimak 2 project, where DPI is the lead implementing partner. Also under this project, DPI has implemented its own organizational development plan (all identified accounting, management, and operational recommendations have been taken into account), but improvements are ongoing, particularly in the area of the Coalition's administrative leadership role.

***Development Policy Institute***

DPI is a flagship local development organization with a mission that remains strategically focused on LSG development agenda, from a trusted implementer of local governance initiatives to a capable expert and analytical organization. Established in 2009, DPI won an open tender for the implementation of the VAP project in 2011. DPI went through an immense growth during the 11 years of the project implementation progressing in the areas of strategic development, accountability, operations, financial and human resource management. After the project end, DPI remains strategically focused on LSG development agenda, and will continue to play a variety of roles, from a trusted implementer of local governance initiatives to a capable expert and analytical organization.

***Union of Local Self-Governments***

ULSG is a legitimate association uniting all local governments in Kyrgyzstan. Its membership consists of all 484 municipalities of the country - 452 rural and 32 urban. The main financial source for the Union’s operations are voluntary membership fees, paid by 85% of the country's municipalities (by the end of 2022), as well as donor funds allocated for the implementation of targeted projects. The main functions and powers of the ULSG are reflected in its statute and aimed at protecting the rights and representing the interests of LSG bodies at the local and national levels. The Management Board consists of representatives from all seven provinces of the Kyrgyz Republic and the two major cities of Bishkek and Osh. The ULSG presently enjoys the status of a state-recognized representative of all municipalities and acts as a reliable and constructive partner of the state bodies in the local governance development in Kyrgyzstan.

Created back in 1996, and resulting from a merger of multiple municipal associations, the ULSG was most recently re-registered in 2018. Its status is enshrined in the national legislation - it must be consulted on all legal and policy initiatives with potential impact on local self-governments. Although still relying partially on institutional grant funding, the ULSG emerged as an organization on track to self-sustainability, bringing together advocacy, capacity, coordination, funding and other key functionalities. It represents a key driving force that enjoys support of its members, including through membership dues and is firmly on track to develop as an independent and authoritative stakeholder shaping the country’s local governance agenda.

***Local Governance Academy in Central Asia***

LGACA was created in 2021 by DPI and ULSG with facilitation of the State agency on local governance to address the capacity building needs of the LSGs. LGACA is strategically focused on developing as a holder of “industry knowledge” and a specialized provider of knowledge services, including training of state and municipal employees. It will eventually serve as the main vehicle for project delivery, capacity building and communication support of and on behalf of the ULSG. LGACA is licensed as an independent provider of LSG training programs.

LGACA is positioned well to reach long-term sustainability due to its unique assets of the Best Practices Portal (BPP), an online platform for information exchange (to be transformed into a learning platform), P2P platform (peer to peer), Women deputies club, and the *Municipalitet* magazine, the only specialized local governance publication in the country providing updates on local governance-related developments from all over the country. That said, Municipalitet magazine is on its way to becoming self-sustaining, covering a part of its operating costs through subscriptions to more than 1,000 paying subscribers.

1. **Purpose and scope of the Development**

The main task is to carry out an organizational capacity development of Coalition’s members in order to improve their internal structure, their procedures and their professional competencies. The implementation of the assignment shall start with an organizational assessment and then capacity development shall be provided based on recommendations of this assessment and identified needs and requests of Coalition’s members.

General analysis of working methods and procedures will help to establish a diagnosis of how Coalition’s members functions, to identify shortcomings and to develop recommendations. A set of recommendations will aim at streamlining tasks, functions and decision-making processes in order to improve effectiveness, efficiency, fiduciary management and internal control systems.

***Development Policy Institute.*** During 10 years of operation DPI gained management experience, though some organizational capacities need further development. Currently DPI is reforming its structure and management system, including formation of an independent supervisory board. These reforms make organizational capacity development absolutely relevant and more critical. Within the Coalition, DPI is the lead operational partner that manages funds received from SDC and transfers support to ULSG and LGACA under grant agreements. Correspondingly, DPI is responsible for organizing administrative and financial interactions among Coalition members as part of SDC's support, playing the role of resource and administrative partner. DPI has the highest (among Coalition members) degree of dependence on donor funding.

***Union of Local Self-Governments.*** ULSG has been undergoing a significant transformation over the last 5 years, updating internal governance procedures and re-establishing membership ties. ULSG has repeatedly undergone institutional development assessments and received support in developing internal policies and procedures from development partners, including DPI, however, the need for efforts to operationalize policies for staff capacity building remains. ULSG needs to assess institutional development and identify reasons why recommendations from previous assessments may or may not be implemented.

***Local Governance Academy in Central Asia.*** LGACA is a relative new organization and is currently in its development stage (established in 2021), and therefore needs an assessment of institutional development. A distinctive feature of LGACA is that it is the only member of the Coalition that is oriented towards market methods of financing and paid services. In 2023 LGACA started to provide paid educational services to LSG bodies, which requires special efforts in financial management, marketization, team development and training.

On the basis of the objectives set out above, within the first part of the assignment the consultant/s will have a mandate to:

* Describe, analyze and evaluate the Coalition’s governance and organizational structure, procedures for interaction among Coalition members, including management of programmatic actions and financial matters;
* Describe, analyze and evaluate the governance and organizational structure of each Coalition’s members described in the revised Charter of the Organizations, and all Regulations on management, including relationship between supreme, supervisory and executive management bodies;
* Analyze and evaluate internal control system, operations/financial/administrative manuals, logistics;
* Analyze and evaluate financial management, accounting and reporting and risk management systems;
* Review the human resources policy and assess its suitability for a renewed structure;
* Review the systems for staff monitoring (timesheets, performance);
* Analyze and evaluate the management system (meetings, communication, decision-making, working groups, internal notes, etc.) and review the functioning of the management system put in place;
* Review the administrative and accounting recording system, and operational monitoring system.

Under the second part of the assignment, the consultant/s will have a mandate to provide capacity development based on the recommendations of the assessment and identified needs of Coalition and each Coalition’s members, including:

* Improvement of Coalition’s governance and organizational structure, procedures for interaction among Coalition members, including management of programmatic actions and financial matters;
* Improvement of organizational structure of Coalition members;
* Improvement of the risk assessment system at the level of organizations, and at the level of projects (including compliance risks);
* Design of an adequate allocation system of administrative expenses between different projects and the Organization itself;
* Improvement of the internal control system;
* Improvement of staff monitoring system (timesheets, performance);
* automation (digitalization) of work processes.
1. **Expected results**

The task should achieve the two following results:

Provide an overview of the Organization:

* Analysis of the governance and organizational structure;
* Analysis of financial management, accounting, reporting, risk and personel management systems;

Prepare recommendations for an action plan to strengthen the Coalition and each Coalition’s members, jointly with Coalition’s members, addressing the following:

* Relashionship between Coalition’s members;
* Relashionship between supreme, supervisory and executive management bodies of Coalition’s members;
* Risk management system;
* Internal control system;
* Allocation of administrative expenses of the organization among different projects and own funds of the organization;
* Staff management, development and monitoring (timesheets, performance), and
* Other issues based on the results of the assessment.

Recommendations shall take into account local legislation and SDC requirements.

1. **Methodology**

The assessment will be carried out by an international consultant or by a team of two consultants. Fluency in Russian language is required. The consultant/s will identify and develop the approach for implementing the assignment in the offer and refine it in coordination with SDC and DPI upon inception of their work.

When preparing the work plan, the consultant/s shall take into account all available assessments/checks/controls/organizational analysis already carried out by internal and external control bodies. Building on conclusions of these assessments, the consultant/s shall assist in further enhancing the Coalition and each Coalition’s members in order to improve the internal control system and consolidate financial and administrative systems and procedures.

Based on the recommendations of the assessment, a remote coaching will take place to support the Coalition and each Coalition’s members in implementing the recommendations of the assessment, including support in drafting necessary internal policies and documents.

**Specific tasks** will include:

Collection of information, desk research, interviews:

* Collection of relevant documents (strategy, annual plans, annual reports, financial reports, etc…)
* Preparation of the toolbox required for the assessment
* Organization of interviews and/or group discussions with the key staff, or other staff as needed
* Statistical and procedural analysis

Analysis and diagnosis of the Coalition and each Coalition’s members:

* Analysis and diagnosis of the Coalition’s and each Coalition’s members’s resources
* Analysis and diagnosis of the Coalition’s and each Coalition’s members’s governance structure and decision-making processes
* Analysis and diagnosis of the Coalition’s and each Coalition’s members’s procedures and regulations, including risk management and cost distribution systems

Conclusions and recommendations

* Conclusions and recommendations on the governance and organizational structure
* Conclusions and recommendations on the human resources policy
* Conclusions and recommendations for policy management/decision-making policy

Support in implementation of recommendations

* Capacity building and support in implementing the action plan and the recommendations
1. **Deliverables**

The consultant/s will submit the following documents:

1. A plan and a program of the assessment mission to be submitted two weeks after the start of the assignment;
2. The first mission should take place within four weeks after the start of the assignment;
3. A presentation of preliminary findings of the assessment and preliminary recommendations at the first debriefing meeting in Bishkek;
4. A draft report with analysis and recommendations, and an action plan for the implementation of recommendations to be submitted three weeks after the mission;
5. Drafts of internal documents improving procedures (jointly elaborated by the consultant/s and DPI) to be submitted in Russian language within three months after the start of the assignment;
6. A status review report providing an assessment on the progress of the implementation of the action plan to be submitted one week after the second mission to Bishkek. A draft of the status review report to be presented at the second debriefing meeting in Bishkek;
7. A final report with analysis and recommendations, and the final status of the action plan to be submitted four weeks after the second mission to Bishkek.

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| Work stage | November | December | January | February | March | April |
| 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 |
| Mission plan and program |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Collection and provision of information from Coalition members |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First mission |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Preliminary findings and recommendations |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Report on the situation and recommendations |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Policy projects |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Second mission and monitoring report |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Final report and action plan |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

All reports will be in Russian and English language. Other documents, i.e. internal procedural documents, will be in Russian language. The Consultant/s will provide the electronic version of the reports and annexes in Word and Excel format.

1. **Budget**

The overall budget of the consultancy, including consultants’ fees, travelling, and accommodation costs in Bishkek, and other costs will be fixed on the basis of the offer made by the consultant/s and in line with internal guidelines and DPI’s rules and regulations. Payment is made in two tranches: 25% upon approval of the plan and program of the evaluation mission; 75% upon acceptance of the final report.

1. **Logistics**

All logistics for this assignment shall be organized by the consultant/s. DPI may assist if need be.

1. **Duration**

The fieldwork of the assessment exercise will take place over a period of 14 days, in December 2023. It will be carried out in Bishkek, Kyrgyzstan. All preliminary work shall be done at the consultant’s office prior to the fieldwork.

A remote coaching and follow-up for the implementation of the action plan is foreseen within a period of six months after completion of the assessment.

Expected date of assignment – November 10, 2023.

1. **Acceptability**

In their work, the Consultant (s) will be accountable to DPI represented by the Chairperson of the Board Nadezhda Dobretsova, Board member Bekbolot Bekiev and persons authorized by them. Conclusions and recommendations regarding ULSG will be discussed with the participation of Director Bekturgan Orozbaev and persons authorized by him. Conclusions and recommendations regarding LGACA will be discussed with the participation of Director Asel Kurmanalieva and persons authorized by her.