



# BIR BAGYT

Issue # 4, October 2014

The USAID Collaborative Governance Program (CGP) is pleased to present its 4th quarterly newsletter highlighting its main activities that were implemented between July - October 2014. CGP promotes effective collaboration between civil society and the Government of the Kyrgyz Republic and works in three interconnected areas, promoting government support for social procurement; building the capacity of civil society through nonprofit management education; providing targeted technical assistance to strengthen CSOs; and enhancing the work of CSO coalitions working on citizen engagement, public policy analysis, greater government transparency, and outreach and services to citizens through competitive grants.

## ANNOUNCEMENTS

### Act Now Grants Program

Available on an ongoing basis based on emerging needs and applicant responses

### Request for Concept Papers in support of Civic Engagement Grants (CEG)

September 15 – December 31, 2014

### Request for Concept Papers in support of Public Policy Support (PPS) Grants

September 15 – December 31, 2014

### CSO Profiling and Diagnostics

July 2014 - ongoing process further

## Draft Law on Charities: Current Status and Progress

### Creating a Favorable Environment for Charitable Activities in the Kyrgyz Republic

In 1999, the Kyrgyz Republic Law on Arts Patronage and Charitable Activities (the Law) was passed. The Law became the first attempt to legally regulate activities of charitable organizations in the Kyrgyz Republic. Following the Law's adoption, substantial tax preferences were provided to charitable organizations under the Kyrgyz Republic's Tax Code, including exemption from VAT, profit, and sales taxes. However, in the 15 years since the Law's adoption, no nonprofit organization has been given the status of a charitable organization in the Kyrgyz Republic, and no organization has benefited from these tax preferences.

Concerns with the Law are that it establishes undesirable constraints and unrealistic requirements for charitable organizations, such as requiring them to allocate 98% of revenues to charitable purposes and only spend 2% on administrative needs such as office rent, utilities, stationery, staff salaries, etc. This requirement renders the Law moot, as potential beneficiary organizations require more than 2% of their revenue to survive.

Another substantial drawback of the current Law is that charitable organizations are limited in their right to entrepreneurship as they are only permitted to implement entrepreneurial activities which are in line with the organization's foundation goals. For example, a charitable organization supporting persons with disabilities may open a store to sell special goods designed for such persons (wheelchairs, crutches, prosthetic appliances, etc.). However, if that charitable organization sells other goods such as stationery or is engaged in other types of activities such as running a sewing shop, an audit company, etc., then its activities will be considered having violated the terms of the Law and the offending organization will be deprived of its charitable status. Such a limitation significantly limits charitable organizations from being engaged in entrepreneurial activities and thus from generating much-needed revenue.

Unlike charitable organizations, non-profit organizations such as foundations, public associations, institutions, etc. are allowed to undertake a wide array of entrepreneurial activities unless such activities are in conflict with the stated goals of such organizations. As an example, a non-profit organization established for the purpose of protecting people's health may not sell tobacco products and other harmful goods but may sell other goods so long as there is no conflict with the goods and services being sold and the stated goals of the organization. It would seem to be more reasonable to treat charitable organizations' right to entrepreneurship in a similar manner as those of other non-profit organizations.

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## Draft Law on Charities: Current Status and Progress

In addressing the concerns and gaps in the current laws affecting charitable organizations; a working group has been formed by the Parliamentary Committee on Education to develop a new draft law on charitable organizations. The working group consists of Member of Parliament, consultants, representatives of ministries, civil society organizations, and members of the community of experts. In 2013, the working group, facilitated by members of ICNL and the USAID-funded Collaborative Governance Program, developed a draft Law on Charitable Organizations and Charitable Activities (the Draft Law) that seeks to eliminate gaps in the current Law.

The Draft Law is based on international best practices and provides mechanisms that would ensure maximum transparency in charitable organizations activities. Should the Draft Law be adopted, the public will have access to information on charitable organizations' revenues, expenditures, funding sources, and spending as the Draft Law provides for the publishing and maintenance of this information on the Tax Service Office's website.

As for limitations on charitable organizations' administrative expenses, the Draft Law provides for improved conditions where:

- 1) no limitations are to be applied to revenues such as donations and grants - individuals or legal entities providing donations or grants to a charitable organization will track the organization's operation by published auditor reports and opinions; and
- 2) at least 2/3 of the revenues from a charitable organization's entrepreneurial activities will be required to be allocated to charitable program funding.

Currently, under the Kyrgyz Republic's Tax Code, non-profit organizations may at any time declare themselves as charitable activities and then take advantage of the tax preferences provided under such status. However the practice has shown that certificate-based procedures would be preferable in documenting a charitable organization's status as it:

- 1) allows appropriate government authorities to supervise the charitable organizations' compliance with requirements of the charitable activities laws;
- 2) provides legal entities and individual entrepreneurs who donate to charitable organizations with a proof of donation in the form of copy of the certificate of the respective charitable organization; and
- 3) allows charitable organizations to provide a charitable organization's certificate to donors as a written proof of its status being recognized by the government.

In the view of the above, the Draft Law provides for the following: return of a certificate-based system for documenting the charitable status of non-profit organizations (as was provided for under the Kyrgyz Republic Tax Code until 2009), and, based upon Commission will serve as a consultative body and consist of 10 representatives of various ministries and 10 representatives of civil society. The Charity Commission will be authorized to review non-profit Commission in the Tax Service Office. The Charity organizations' applications for charitable status and will help to promote charitable organizations' compliance

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with relevant laws.

Adoption of the Draft Law will create the preconditions for charitable organizations to receive financing from domestic sources by facilitating their income generating activities to include that of entrepreneurship. As of today, the Draft Law has been sent to the Parliamentary Committee on Human Rights and Constitutional Legislation and is expected to be initiated in the Parliament by the end of 2014.

### Commitment to Excellence

*Mark Grubb, Chief of Party, Collaborative Governance Program*

Regardless of which sector you may find yourself a member, success in the public, private, or civil society sector demands strong leadership, professionalism up and down its chain of command, and systems that achieve results and consistently demonstrate strength, integrity, industry, and a relentless commitment to excellence in the services they provide. In their commitment and pursuit of excellence, organizational capacity building is used by civil society organizations (CSOs) to guide their internal development and activities.

Capacity development is a conceptual approach to development that focuses on understanding the obstacles that inhibit people, governments, private businesses, and non-governmental organizations from realizing their developmental goals while enhancing the abilities that will allow them to achieve measurable and sustainable results<sup>1</sup>. In support of CSOs pursuit of excellence in the area of capacity development, the USAID-funded Collaborative Governance Program seeks to aid *cooperating* CSOs within the Kyrgyz Republic in providing opportunities and mechanisms for CSOs to strengthen skills, competencies and abilities of members of civil society sector at the human and organizational levels so as to further their capacity to meet such sectorial objectives as overcoming the causes of societal exclusion and suffering.

In the spring of 2014 the Collaborative Governance Program took the position that grants to civil society would not result in desired levels of change or advancement of the overall sector unless there was an extended period of engagement at the individual CSO level that assessed their strengths and weaknesses and then leveraging the strengths and mitigating the weaknesses. As a result of this, CGP's approach is to conduct a diagnostic/assessment of *participating* CSOs and then, based upon the results of the diagnostic, produce a comprehensive report on the individual CSO's "organizational health" followed by an actionable "CSO Strengthening Plan" that serves to guide the organization in strengthening their areas of weaknesses and leveraging their strengths. However, the key step is that a decision on the part of each CSO to *elect to participate* in this approach is both *required before the diagnostic process* can begin as well as that decision

<sup>1</sup> United Nations Committee of Experts on Public Administration (2006). "Definition of basic concepts and terminologies in governance and public administration". United Nations Economic and Social Council.



# Strengthening Organizational and Human Capacity of Civil Society Sector

serves as a *prerequisite to applying for a grant* under the CGP. In this regard, CGP sees the need for members of the

CSO community to *freely elect* to participate in the diagnostic process without any assurances that this decision would lead to the award of a grant. This valuable measure of “*will to succeed as an organization*” is considered an initial indicator that those participating CSO’s may evolve into stronger and more durable organizations who represent that subset of the overall CSO community who most likely would propose and implement successful grants. Accordingly, CGP requires any potential grant applicant to have elected to undergo a diagnostic of their organization; possess and be able to discuss the findings within their resultant organizational health report; and be able to demonstrate that the “CSO



*On September 9, 2014, team members of Public Union Club of Private Investors were glad to know the results of the diagnostics process. CGP CSO Capacity Strengthening Expert Nurgul Toktogulova and ACSSC Program Manager Aida Kurbanova responded to the questions raised and provided guidance on how to develop their CSO strengthening plan.*

Strengthening Plan” is being followed before they are allowed to *apply* for a grant.

The aforementioned diagnostic process and the resultant health reports and strengthening plans are CGP’s “*in-kind-grant*” offerings to the civil society sector available for use by any CSO who *elect* to take advantage of this opportunity. The “*in-kind-grant*” offer will continue to provide follow-on topical and a series of regionally-provided workshops, seminars, and trainings designed to address the major weaknesses of participating CSO (*only open to those CSO who elect to participate in the diagnostic strengthening process*). The workshops, seminars, and trainings will be provided by CGP but do require “*cost-share*” from participating CSO in the form of their time and any travel expenses required to attend the workshops, seminars, and trainings. The timing of these regionally-provided workshops, seminars, and trainings will be marketed in advanced and scheduled at times when the appropriate member of the participating CSOs are most likely available to attend. CGP also recognizes that there may be a need to provide the material presented at workshops, seminars, and trainings at different levels (i.e., basic, intermediate, or advanced levels).

**CGP is currently using the capabilities and talents of the Kyrgyz research & consulting firm - M-Vector - to advertise the resources available through the Collaborative Governance Program. They have established a website at [www.cso-kq.org](http://www.cso-kq.org) and “help desk” support that may be accessed by email at [profile@cso-kq.org](mailto:profile@cso-kq.org) or by phone at +996 (553) 33 66 33 to assist any CSO who seeks to take advantage of the capacity building resources of the CGP as well as to be positioned to receive critical information about**

***grant opportunities ranging from \$3,000 to \$30,000.***

Regardless if your organizational interests lie in the public, private, or civil society sector; if your organizational mission is to aid in removing or minimizing the obstacles that inhibit people, governments, businesses, or civil society organizations from realizing their goals – then any commitment to excellence demands a parallel commitment to a self-awareness of your strengths and weaknesses and then a commitment to leveraging your strengths and overcome your weaknesses.

If you are reading this article and are a member of one of the CSOs in the Kyrgyz Republic, then ask yourself if your organization has used the website, email address or telephone number highlighted above.

## Changing a Program to Meet the Changes in Demand

The USAID-funded Collaborative Governance Program (CGP) provides opportunities and incentives for Civil Society Organizations (CSOs), networks of CSOs, and think tank organizations through its grants programs. Since the fall of 2013, CGP has managed six Civic Engagement Grants supporting CSOs in their efforts to engage in advocacy activities; two ACT Now Grants supporting civil society efforts to address urgent emerging issues; three Partnership for Change Grants; and one Public Policy Support Grant supporting CSO networks or coalitions in their efforts to address specific policy issues through non-partisan, evidence-based research and policy analysis and/or the monitoring of implementation of reforms.

CGP awardees implement projects that promote and advocate for transparency and improved accountability of local institutions and local authorities in budget allocations and expenditures; the improvement of local services such as electricity and irrigation; focuses on gender issues; and conducts monitoring on the judicial process and law enforcement reform.

CGP grantees have already laid the foundations for advancing their advocacy initiatives by conducting stakeholders’ surveys, establishing civic engagement mechanisms around their advocacy issues, and maintaining public awareness on their advocacy efforts. Through onsite monitoring visits, participation in grantees’ activities, CGP’s CSO mentoring program, training workshops, and long distance assistance on an as-needed basis, the CGP staff has assisted grantees to hone their advocacy and management skills so that they implement their projects effectively and efficiently. Perhaps the most compelling example of this success was the results of CGP grantee, Public Fund Nookat Civil Society Support Center in the Osh Oblast.

***Community leaders, civil society organizations, and the media have noted the unprecedented and highly successful public hearings at the local government (aiyl okmotus) level. These hearings ensured that the local governments took into account residents’ priorities. As part of these hearings, the government and civil society engaged in long discussions, worked through disagreements, and listened to Initiative Groups’ reports and analyses of the local 2013 budget expenditures.***

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*Their collective efforts culminated in recommendations for the 2014 budget in oblasts where the CGP awardees work.*



*Over 200 villagers and three officially recognized “Initiative Groups” representing nine communities — three from each AO (Zolpuev, Isanov, and Janynookat) — actively participated in the open budget hearings, and proposed priorities, amendments and additions for the 2014 annual budget.*

However, as a result of a grant application review board in January 2014, it became necessary to re-focus CGP resources on improving the human and institutional weaknesses of the community of CSOs – particularly as it came to their abilities in writing successful grant proposals. What CGP had experienced was an inherent weakness amongst numerous members of civil society (particularly in CSOs that are outside of Bishkek and who were newly registered) in being able to clearly articulate their strategic vision and plans for addressing problems; how their proposed solution can be monitored over time through well-defined milestones within the grant implementation; and ultimately to clearly define how success would be measured. Common gaps in the applications included:

- 1) Applicants lacking creativity in direct advocacy – often they stressed too much training, needs assessment, and preparations for advocacy with too little actual advocacy.
- 2) Applications lacked a clear understanding of what advocacy is which resulted in confusing trainings, workshops, and round table discussions with actual advocacy activities.
- 3) Application budget forms were often filled out incorrectly – i.e., matching funds were not calculated accurately as well as salaries and taxes were being incorrectly reflected in the proposed budget.

Drawing on this experience of poor quality grant applications in three iterations of grant review panels, CGP determined that it would review and amend its overall grant-making strategy as well as the actual application process. The amendments in the CGP approach would require using limited grant funds to provide “in-kind” technical assistance to strengthen the human and organizational capacity of the civil society sector in key areas that would improve the quality of grant applications and grant implementation. Another source of

“in-kind” technical assistance was created to provide funds for “post award” technical assistance and travel to support a grantee during implementation of their grant. Finally, a new approach would mean that with less grant funds for use in implementing actual grants, the CGP would need to be increasingly more strategic in selecting the types of grants it would support.

In response to lack of quality applications; the CGP has begun to implement an approach to strengthen applications by introducing a new mechanism based on self-selection and self-motivation. Through the use of a process of assessment/diagnostic, CSOs receive a report on their organizational health with an accompanying set of strengthening recommendations. This “CSO Health Report” is now a requirement for applications in response to CGP-announced RFAs.

CGP is also following the process of assessment/diagnostic and the resultant “CSO Health Report” with a series of “in-kind” grants that provide workshops on such topics as successful grant proposal writing, financial management for CSOs, and effective and responsible advocacy. For more information on how to access these CGP benefits, please go to [www.ewmi-cgp.org](http://www.ewmi-cgp.org).

CGP’s approach in the strategic planning of “where” and “for what purpose” it would award grants began with identifying and strengthening linkages with other USAID’s programs supporting various strategic objectives. Linking these USAID programs with those CSOs in the Kyrgyz Republic who profess to share similar objectives provides opportunities for CGP to integrate those cross-cutting themes into its program’s products through a combination of a targeted, multifaceted programs of technical assistance combined with a tailored grant-making capacity that leveraged local organizational and human strengthening resources to provide the CGP with the flexibility to address strategic initiatives. To implement this approach, and with consideration of prior efforts to award grants, the CGP initiated a series of (ongoing) discussions with other USAID programs such as the Judicial Strengthening and the Parliamentary Strengthening Programs to become better informed as to where and when future collaboration would be feasible – more specifically, this effort allows the CGP to “map” other USAID programs’ interests against those of corresponding members of civil society.

**As a result of these “mapping” efforts with USAID and USG programs, CGP in collaboration with the USAID Judicial Strengthening Program, recently awarded a grant to Public Union “Institute Management of Consultants” on “The Institution of a Law on Conflict of Interest in the Public Service in Kyrgyzstan”.**

The “mapping” efforts also allows the CGP Team to leverage the capacity of other programs in an effort to assist CGP grantees in meeting their stated goals and objectives. This was best illustrated when USAID Regional Energy Security, Efficiency and Trade (RESET) team assisted the CGP grantee, Public Fund Elsen, in reviewing document they had prepared to address the critical issue of getting electricity supplied to settlements.

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*The RESET team was able to help the grantee better understand how to integrate their research findings and recommendations into the GoKR's ongoing process of addressing the needs for electricity within the many settlements throughout the Kyrgyz Republic.*



*CGP grantee Public Union Elsen at a Working Group meeting with a local Council member, DPI legal expert, a school teacher, a health employee, and CSO reps to develop recommendations for improving access to electricity for citizens in new settlements.*

In summary, programs of technical and grant assistance must be sensitive to both what can be achieved through the use of technical assistance as well as through the use of grant funding. However, the correlation between quality grant implementation and thus, the successful achievement of the stated goals and objectives, is often directly proportionate to the organizational and human capacity of the grantee. Dynamic programs such as the USAID-funded Collaborative Governance Program must constantly monitor and evaluate their program to detect when the balance of technical assistance and grant funding may need to be adjusted to meet changes in the demand for and in the capacity to meet program objectives.

## **“Self-awareness” as a Means of Improving an Organization**

Why do some organizations succeed, while others struggle to simply exist? The answer to this question is particularly important for civil society organizations (CSOs), but also for government agencies, local governments, businesses, and even donor organizations and their implementing partners. The Collaborative Governance Program (CGP) has developed a voluntary diagnostic tool and process that is designed for those organizations seeking to better understand their strengths and weaknesses. CGP's diagnostic process seeks to strengthen participating CSOs by analyzing the organization against ten key areas. There is no “pass” or “fail” when it comes to the diagnostic process – rather it is a step in self-awareness of the organization's strengths and weaknesses and then planning appropriate institutional measures to address those challenges. The ten areas that are examined are: *Mission and Values; Strategic Planning; Leadership and Governance; Operational planning; Human Resource Management; Public Relations; Infrastructure; Quality Management; and Financial Security.*

For most CSOs, having a clear awareness of their mission, values, and the meaning of their activities is no less important than their professional skills. Indeed, successful CSOs around the world are routinely engaged in building their capacities, increasing their efficiency and effectiveness, and achieving a level of self-awareness that will guide them over time in achieving their stated missions. The ultimate goal of an organizational capacity strengthening approach is to ensure that the organization meets or exceeds the expectations of its target constituencies. Accordingly, successful CSOs use a number of different approaches and mechanisms to assess the progress of their organizations in establishing a solid foundation from which they will become sustainable and meet their strategic goals and objectives.

While the CSO diagnostic is a process of analyzing “organizational health” to determine strengths and internal challenges, it is also a process through which effective and successful CSO leaders will proactively undergo their own internal process of self-evaluation as they try to demonstrate to their organization, to their constituents, and perhaps most importantly, to themselves, that they are both committed to seeing their organizations be successful and to ensuring their organization's management team is empowered and properly resourced to be successful.

CGP's diagnostic process is actually a “toolkit” that is designed to be flexible, with the team of subject matter experts conducting the CSO diagnostic and discussing their findings and recommendations with the organization. The process provides opportunities for the organization's leaders and the diagnostic team to examine the relevant legal regulatory, environment test the organization's mechanisms and procedures for functionality, and to collaboratively determine a strategy for strengthening organizational capacity for the future. However, not all CSOs have the desired level of technical expertise and knowledge – or often, sufficient resources – to take the necessary actions to sustainably strengthen their organizational capacity. Nevertheless, the “road” to rebuilding or strengthening an organization does require committed leadership.



*Photo: (from left to right) Bakyta Kachikeeva, Expert on Diagnostics from ACSSC, Nurjamal Djakubova, Head of PU Institute for Childhood, and Shatan Toktogaziev, PU employee.*

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The first step in working on this strengthening process is to go to [www.cso-kg.org](http://www.cso-kg.org) and follow the directions to have the organizations profiled with the CGP.

Feedback on the CSO diagnostic process and analysis of CSO comments showed that the diagnostic process helped CSOs to update and strengthen the existing organizational structures and documents. For example, Nurjamal Djakubova, the head of the Public Union Institute for Childhood, which works to promote and protect the interests and rights of children, noted that the diagnostic process is an effective methodology for CSOs' institutional development: "The view and momentum from the outside, which makes us through routine of current activities and allowed us to see the main - heart of the organization and make a breakthrough in its development."



*Photo: Executive Director of Public Charitable Fund Babushka Adoption shared: "The success of the Fund has been achieved thanks to the joint work of the professional team of Babushka Adoption and management, which I have studied, and working to improve it continuously in our organization."*

Aiday Kadyrova, Executive Director of the Public Charitable Fund Babushka Adoption, stated that her organization is working to improve the living conditions of the elderly living alone and in need by providing financial and social support and services and by protecting the interests of older people at the national and local levels. According to her, it is not the first time that Babushka Adoption is undergoing CSO diagnostics and this process would be useful to improve the capacity of the staff and the efficiency of services provided to their target audience – "grandmas and grandpas."

Most CSOs that participated in the diagnostic process concluded that the diagnostic allows them to analyze the internal systems of the organization, assess the state of its administrative, programmatic and financial activities, strengthen the activities of the CSO's governing body, improve the organizational structure and strategic and operational management, and create important policies and procedures for organizational sustainability. The diagnostic helps to analyze the CSO's potential in all organizational aspects, allowing its leadership to view the organization from "the outside" and "treat" its weaknesses in a timely manner.

## Achievements of CGP Grantees



*In September 2014, Prime Minister Joomart Otorbaev met with representatives of CGP grantee Liberal Youth Alliance as part of Civic Union "For Reforms and Results" and discussed priorities of reforming the internal affairs agencies, highlighting government's interest to work closely with civil society partners to promote their ideas and suggestions, to integrate them into the agenda of the reform, and take priority measures to increase citizen's trust to the police.*



*Over 200 villagers and three officially recognized "Initiative Groups" representing nine communities — three from each AO (Zolpuev, Isanov, and Janynookat) — actively participated in the open budget hearings, resulting with inclusion of proposed priorities, amendments and additions in the 2014 annual budget.*



*CGP grantee Public Union Atuul organized the first public hearings in Karakol history on the reconstruction of irrigation system with over 60 Karakol citizens, including city Council deputies, city administration senior staff, heads of municipal services, community leaders and CSOs.*

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