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Development and Employment Foundation
Republika Srpska

COMMUNITY DEVELOPMENT PROJECT

OPERATIONAL MANUAL

FEBRUARY 2002

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February 2002.

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COMMUNITY DEVELOPMENT PROJECT

OPERATIONAL MANUAL

SECTION 1

1. Overview

This Operational Manual (the Manual) provides operational guidelines and procedures for activities to be carried out by the Community Development Project (CDP). It will be first promotional document for local communities, local consultants and PIU staff to be able to carry out in legal manner project components. If it is necessary, the Manual will be revised with the agreement of the Board of Trustees and Resident Mission.

1.1 Primary Objectives

The primary objectives of the CDP are to:

- **Improvement of the basic services and facilities** (through investments in non-revenue generating socially oriented projects and programs) in low income and poor communities in under served municipalities.
- **Improvement of governance and capacity of local governments** to deliver services to communities, through better partnership between poor communities and municipality.

CDP will improve municipality 's capacities to lead community development processes and improve the role of local communities in decision making process.

1.2 Institutional Framework

CDP is one of the projects under the authority of the Republika Srpska Development and Training Foundation (RSDEF). RSDEF (hereinafter: DEF) has been established as an autonomous, non-profit agency and it is legal successor of the former Employment and Training Foundation.

Community Development Project Department is set up to manage the day-to-day implementation of the CDP. This Department is headed by Project Manager, appointed by an Executive Director.

The DEF has a Board of Trustees and Credit Committees composed of representatives from relevant ministries and organizations.

The Board is responsible for approving the regulations, policies, procedures and annual budget of the DEF. Board will have meetings in accordance with DEF requirements, but at least once, every three months.

Credit Committee, as executive body, appointed by Board of Trustees, is responsible for approval of the sub-projects up to the amounts specified in Credit Agreement and this Manual.

Committee is composed by five members: DEF General Manager, Project Manager and 3 members from the Board of Trustees.

1.3 Operational system

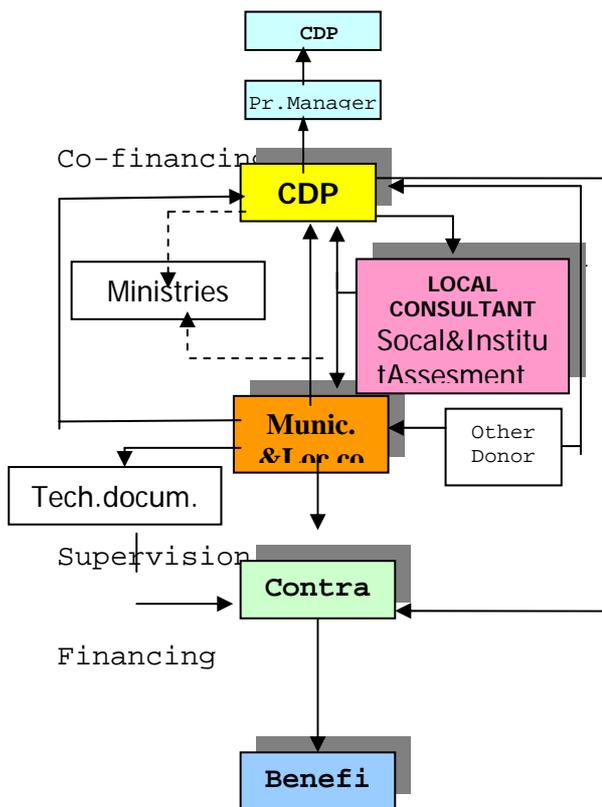
Operational system consists of:

- decision making process
- contracting
- Supervision

Operational Framework

The figure below gives the general operational relationships between CDP, Municipalities and local communities, relevant Ministries, local consultants, contractors and beneficiaries.

Operational relationship



In these operational relationship, responsibilities of relevant participants, are:

1.3.1 Municipality/local community

The Municipalities (on behalf of local communities), with the assistance of CDP, are responsible:

- To express, after public promotion or written invitation, on behalf of Municipality

and local Communities, interest in participating in CDP,

- To submit CDP with all relevant data referring to eligibility criteria for Municipalities,
- To select local consultants to work on Social and Institutional Assessment in local communities with main purpose identifying and prioritization of the community based projects.
- To select on behalf of Municipality Government, a member of Community Action group(CAG), elected during general community meeting, in order to support joint projects of municipalities and communities. Creation of CAG-s intends to increase different stakeholders role in the program.
- To give technical and other assistance, to CAG to prepare sound project proposal to be financial supported by CDP program or other donors.
- To support creation and development of different Community Based Organizations (CBO), as a means of creation institutional conditions for sustainable projects.
- To sign the contract with local communities, citizen representatives groups, on the one side as co-signatories, with CDP on the other side, and contractor/service provider on the third side.
- To carry out (or to contract to be carried) design of selected project and work supervision
- To enable, in cooperation with communities, inhabitants and all possible stakeholders, co-financing of the project in, at least, required minimum
- To enable maintaining the structures built.

1.3.2 Ministries

Ministries (particularly Ministry of Finance - chairman in Board of Trustees, Ministry of governance and self-governance, Ministry of urbanism, civil engineering, housing and Environment, Ministry of soldiers, war victims and labor), are completely included in CDP by participation of their representatives in Board of trustees, and Credit Committee, all in accordance with Chapter and Statute of DEF.

1.3.3 DEF – CDP

DEF in generally will be responsible for:

- Overall Financial managing system,
- Procurement
- Managing Information System
- Monitoring and evaluation,
- Developing and updating Operational manuals.

Preciosly CDP staff is responsible for:

- Project promotion,
- Selection of eligible poor municipalities/ communities
- Co-ordination of all project activities,
- Implementation of a transparent procurement management (in accordance with latest version of the "Guidelines for procurement under IBRD loans and IDA credit")
- Monitoring and evaluation
- Maintenance of data base of all project activities,
- Supervision of executing agencies /contractors and consultants.
- Payment approval of invoices based on completed works/services.

1.3.4 **Local consultants for SA**

Local consultants, hired by Municipality, trained by World Bank consultants, and PIU staff, will be responsible :

- For Social Assessment and Institutional Analysis(SA) , as a core tool in CDP, in order to get quick but detailed research in all participating communities/municipalities.
- To promote participation of key stakeholders, and poor people in particular, in the process of projects/program preparation, by using method of the Participatory community appraisal (PCA).
- To use Participatory approach in Community Assessment (PCA), used in all stages of CDP including Community Action planning(CAP), procurement, monitoring and evaluation.
- To assist people, community members, local initiative groups, in identification and prioritization of their problems and solutions.
- To develop their skills in participatory discussion and join decision making.
- To present, during community meetings importance of Community Action

Groups(CAG) and Community Action Planning (CAP), as continuation of PCA.

- To assist CAG in developing main principle self-reliance and self-help, as a guiding approach, i. e. to guide that process, focusing the discussions on mobilization and use of existing community resources and potential,
- To assist them in identification of potential external sources as complementary to community potential.

If it is necessary to hire other types of consultants, they will be engaged in accordance with WB,, Guidelines referring to Using of consultants.

Objectives and responsibilities of these consultants will be defined in mutual signed contract.

1.3.5 **Other participants- donors CDP**

Other participants-donors can be involved in CDP implementation with:

- Co-financing the Project;
- Providing direct financing to DEF-CDP,
- Providing to the local community/ Municipality some equipment or goods.

Under the third option, the donors would provide financial support directly to the local community where project should be implemented.

In the case that this support is in accordance with SA results, and priority defined by CAG and CAP, CDP staff will accept (support) these activities, to increase possibilities of solving problems expressed through PCA.

1.3.6 **Executing Agency/Contractors**

The Executing Agency/contractor can be either a public or a private enterprise, or mixed owned enterprise registered on RS territory. It will be selected on the base of type of work/services to be done in accordance with DEF-CDP procurement procedures.

1.3.7 **Beneficiaries**

The Beneficiaries are the physical persons who benefit directly from the sub-project/programs.

For example, the population using a water network, inhabitants using medical laboratory, pupils using books in library, the children going to a school.

1.4 Working Principles

1.4.1 *Autonomy*

Relations between DEF and Government RS are governed by the Government Decision of the establishing DEF. The Board of Trustees is DEF 's regulating body, and no other authority can influence or override DEF's choices of activities, apart from laws and regulations generally applicable to legal persons.

1.4.2 *Impartiality*

In all its relations with third parties, involved in project implementation, such as municipalities, local communities, local consultants, contractors/service providers, CAG, CBO-s, CDP shall practice no form of discrimination or preferential treatment and will exclusively apply the decision-making criteria and selection procedures described in this Manual.

In order to avoid potential conflicts of interest, CDP staff can not hold any interest in enterprises/service providers, or exercise any responsibility in the public or private institutions, that are maintaining commercial relations with DEF.

1.4.3 *Transparency*

Based on the provisions in this Manual, CDP shall seek to put in place transparent and controllable procedures that are simple and streamlined, but at the same time flexible enough to enable CDP to carry out its wide range of activities.

1.4.4 *Cost-Effectiveness*

CDP shall seek to maximize, and monitor closely, the achievable benefits of its activities within CDP's budget constraints. Cost-effectiveness must be an important working principle and criteria for all of CDP's decisions.

In order to encourage cost-effectiveness, the operation expenditures of the CDP Department of will be limited to 6% of the total cost of the Project.

1.4.5 *Environmental Consciousness*

The principles of project proposal preparation and project implementation include explicitly environmental considerations.

CDP engineers are required to take into account the impact of prospective sub-project/program on physical, biological and social environment of concerned community.

1.5 Project components and Eligibility criteria

1.5.1 *Project components*

In order to achieve main objectives stipulated in article 1.1 of this Manual, CDP consists of next components :

1.5.1.1 *Performance Based Grant program*

Performance Based Grant program includes:

- Provision of the services to conduct financial, social and operational assessment of local governments (FOA).
- Provision of services to develop financial and operational action plans to improve the performance of local governments (FOAP).
- Provision of Performance Grants (PGA) to beneficiaries to implement the financial and operational action plans, above mentioned, including investments in non-revenue generating social infrastructure (water supply, rural roads, bridges, schools, clinics, market places, e.t.c) and services (garbage collection, community recreation, parks, lighting, day cares, e.t.c)

1.5.1.2 *Institutional Strengthening*

Provision of services to strengthen capacity of the municipal government, community associations and agencies in the area of social analysis, project identification and monitoring and evaluation under the project.

Municipality capacities would be developed through participatory inclusive procedures for identifying: appraising, implementing, financing, monitoring, evaluation, operation and maintenance of investments.

It will be, also supported through training in:

- development planning,
- project prioritization
- financial management
- revenue-raising techniques
- conflict management

This project component will increase capacity of municipalities and other organizations/agencies through technical assistance and training.

1.5.1.3 ***Project Implementation***

First two components of CDP, as a main objectives, can be implemented with provision of the services, goods and operational costs of PIU-DEF-CDP .

1.5.2 ***Eligibility Criteria***

According to the Project objectives, the priority criteria for selecting Municipalities, will be:

- Those municipalities non eligible under Local Development Project (relatively lower per capita income and undeserved)
- Per capita municipal budget is relatively lower than other Municipalities (set up on those municipalities included in LDP). This income should be less than _____KM/per capita.
- High level of degraded or destroyed social infrastructure.
- Isolated municipalities with few possibilities for revenue mobilization .
- Those Municipalities demonstrating willingness to be participatory and design joint proposals with a wide range of citizens and enter into contract arrangements on which municipalities , citizens representatives groups, contractor

/service providers and DEF- CDP are co-signatories.

- Demand driven approach so municipalities which approach the CDP and request capacity building for participatory project identification and capacity building.

These eligibility criteria may be revised periodically with the prior agreement of the Board and WB.

1.5.3 ***Selection Criteria for Performance Grant (non-revenue Generating Investment)***

In order to receive funding by CDP for sub-project/program, selection criteria, should be:

- a) Non revenue generating in social services programs and infrastructure,
- b) Equivalent to or less than US \$ 50 000 for the first performance grant.
- c) Joint proposals by municipalities and citizens group based on social and institutional assessment
- d) Clearly laid out operations and maintenance plans in proposals
- e) Does not replace existing line item in budget or is not an investment for which funds were earmarked already as transfers from state or some other source.
- f) Off budget
- g) Does not duplicate existing or planned activities or other donors.
- h) Does not create a duplicate asses which encourages non-integration i.e. such as extra road to circumvent using an existing road through another ethnic group locality or a school when one exists around the corner.
- i) Has a high social and environmental

Those municipalities which are split and who put up joint proposals will receive a bonus grant.

1.5.3.1 ***Mechanism for determining Performance grant amount***

Performance grant amount will be exactly determined in each case after PCA, CAP and

project proposal preparation, but always within maximum defined in CDP documents.

Grant will finance:

- Civil works,
- Services
- Equipment,
- Machinery,
- Goods and services.

It will not be eligible for financing:

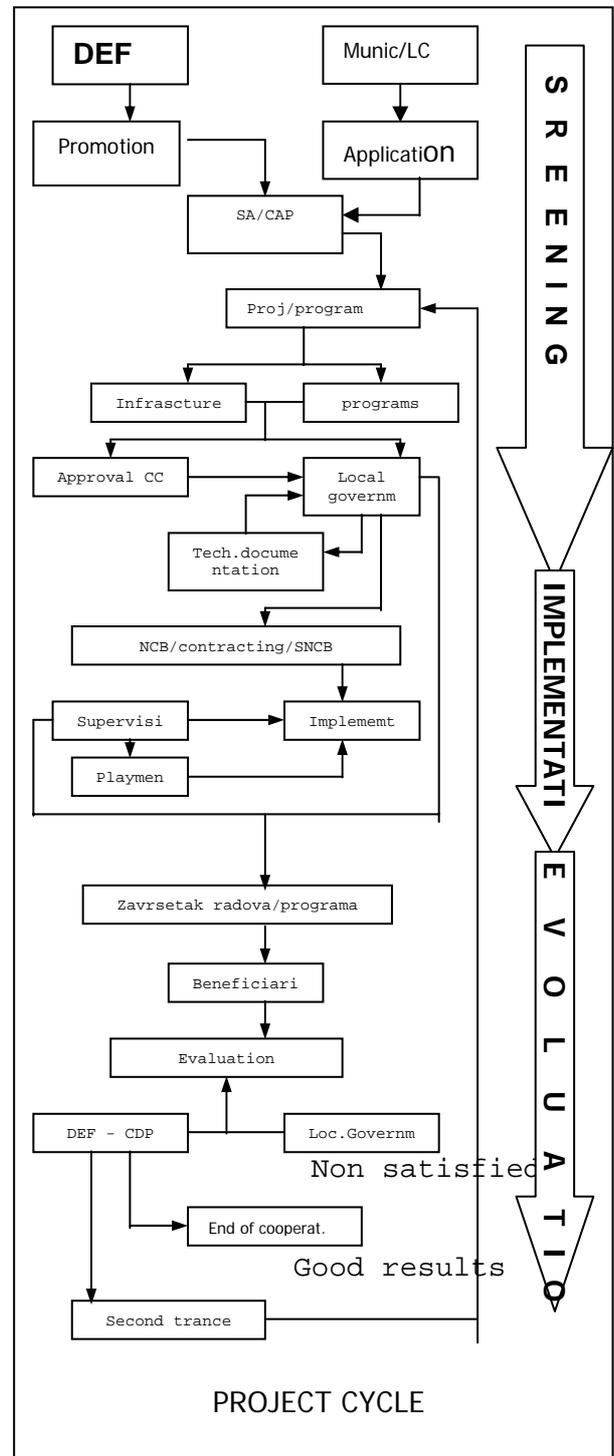
- land acquisition,
- tax
- working capital.

Local governments should contribute at least 15 % of the project cost in cash or as land provision, or provision of well designated and specified works and services.

1.6 Project cycle

The Project cycle will include three steps:

- Screening – which includes: project promotion, screening of Municipal application in accordance with eligibility criteria, assigning to local consultants to do social and institutional assessment of particular municipality/community, checking, appraising and approval of the received project/program proposal (as output of SA and CAP),
- Implementation-carrying out of the contracted works/services and supervision
- Evaluation – evaluation of the achieved results , benefits for end beneficiaries for the purpose financing second trance.



SECTION 2

2 PROMOTION & SCREENING OF THE APPLICATIONS

2.1 PROMOTION

In this phase of the project municipalities/local governments will be informed of the existence of CDP, with its main objectives, eligible criteria for municipalities, and eligibility criteria for sub projects. CDP will provide Municipalities with Guidelines with CDP procedures.

CDP will inform municipalities in written form, or this campaign could be done through PIU staff visits to the Municipality, potentially to be financed.

In order to promote CDP activities on the state level, CDP can announce advertisement in the newspapers, and broadcast announcement on the radio and television.

Expecting results of the promotion are applications of the Municipalities/local communities with, among other data, expressed interest in participating in the project in accordance with procedures of CDP.

2.2 DATA BASE AND SCREENING OF APPLICATION

2.2.1 *Data base*

In official respond to promotion, municipal/local community will submit application for participation in CDP("Letter of intention") and provide CDP with requested data.

Each application will be registered in data base.

Standard form for this application will be distributed in the field, to local government representatives, during promotion.

CDP will be submitted with requested data, as follow:

❖ **General municipality data:**

name of Municipality and code number,

- surface in km²,
- number of inhabitants,(1991,98,02)

❖ **Financial data:**

- Municipal budget for year 2001,
 - planned,
 - realized,
 - realized per capita income,
- Municipal budget for 2002.
 - planned
 - planned per capita income,

- planned investments in infrastructure
- Invested funds in infrastructure for the period 1995-2001
 - own funds
 - by donors
 - with data about degraded or destroyed social infrastructure.
- ❖ Organization of local governance and number of employees:
 - number and type of departments in local governance,
 - Total number of employees and structure per qualification:
 - High educated,
 - Highly educated,
 - High-qualified,
 - Secondary education,
 - Qualified,
 - Non-qualified and primary educated.

2.2.2. *Applicants screening*

Each incoming application (Letter of intention) will be screened to check if it is eligible to be accepted in CDP or not.

In the case that applicant is eligible to LDP CDP staff will give them instruction to contact LDP staff.

On exceptional base, if extremely poor local community exists within developed Municipality, or if local community can not achieve agreement with local authorities about participation in CDP, that local community can be eligible applicant for CDP.

That decision will be made By CDP staff, based on same procedure as in regular case, but with additional information collected in the field by citizens in local communities and by representatives of Local (Municipal) government.

Methodology of the screening is described in organigram bellow step by step ,by asking questions answers to which are "Yes"or "no".

- Is the Municipality ranked in Government decision as "underdeveloped–extremely underdeveloped?"

- Application eligibility- is the application endorsed by authorized representatives of local government”
- Does application content all requested data?
- Is Municipality capable to enable co financing of the projects/programs at least with required minimum?

SECTION 3.

3. ASSESSMENT

Sub-project/program appraisal will be done through several stages.

PIU staff will, in accordance with article 1.3.3. , be included in all stages of project, in order to achieve planned objectives of the project.

3.1 Local consultants

Local consultants will be hired by CDP to perform social and institutional assessment and other activities in article 1.3.4. this Manual.

Local consultants will be hired, for the contracts under 5000 \$,in accordance with section 5 of WB Guidelines Use of consultants(individual consultants).

3.1.1 *Field work*

The most important issue referring to local consultant work is field work with wide range of stakeholders in order to define real needs of local communities, their own possibilities in process problems solving.

3.1.1.1 *Participatory rapid appraisal /participatory community assessment (PRA/PCA)*

During social assessment and institutional analysis, local consultants shall use participatory appraisal method and techniques (review of secondary sources, direct observations, semi-structured interview, time trends, Venn Diagram, ranking, and many more e.t.c) aimed at solving practical problems at the community with the community.

This type of appraisal should be carried out by multidisciplinary team, including wide range of community members: different age, education, gender, range, minority members.

Terms of references (TOR) for Social assessment and Institutional analysis are integral part of this Manual.

At the culmination of the PCA, during general community meeting will be hold discussion and prioritization of community problems.

It is important to facilitate discussion on general meeting to give chance to everyone to express thoughts and ideas.

A decision on 6-8 major problems have to be made by community meeting.

Finally, after the discussion on priority problems it have to be elected Community action group (CAG) to work on Community action planning.

3.1.1.2 *Community Action group (CAG)*

Optimal number of CAG members, from efficiency point of view, can be 5-9.

Some of selection criteria can be: permanent inhabitants, representing different groups of population, respectful and influential individuals, previous experience in organizing community works, have a willingness and ability to voluntary work for their community, ready to contribute to future community works, e.t.c.

In the case that one CAG works on behalf of several communities, each community should have representative in a joint CAG.

Representatives of local municipalities could also be elected in CAG.

Main objective of CAG is development of the Community Action Plan (CAP) as a precondition for the future success of community initiative and subprojects.

CAG should develop CAP format to enable CAG members to think and write down responses to all questions of CAP.

3.1.1.3 **Community Action Plan (CAP)**

CAP should have guiding approach how to find required resources within the community, and only if it can not be done within community, external resources should be identified.

CAP should have next items:

- problems to be solved by actions of the CAP,
- Concrete actions, addressing problems:
- Who will be involved in actions,
- When actions are planned,
- How actions will be implemented,
- Resource required,
- Possible sources of support
- Expected results.

Draft of the CAP should be discussed before presentation and final discussion on it, in a general community meeting.

Final result of that community meeting is that local consultants and CAG should start beginning of development of community project.

3.2 **Project proposal preparation**

Once defined priority, as a result of above described activities, is a subject of project proposal preparation. (it can be each project mentioned in Article 1.5.1.0)

CAG will request from Municipal, technical and other available assistance for proposal preparation.

In accordance with type of project, it should be prepared by qualified, authorized, physical or legal parson.

If there is no available capacities for project preparation, Municipality can request By CDP to hire consultants for project preparation.

Project contents:

3.2.1 **Type of the project**

Projects can be selected in a three main groups:

- for improvement of local infrastructure
- for improvement of local services

- for improvement of social and economic development

3.2.2 **Site Location**

In infrastructure type of the project, security of the area will be ensured. Operations will be strictly limited to public infrastructure under the responsibility of eligible Municipality/ community.

3.2.3 **Existing structures**

In the case that existing facility is to be renovated, it will be assessed to determine whether is structurally sound and of sufficient quality to warrant renovation.

3.2.4 **Technical solutions-design**

Technical Designs and specifications of proposed sub-project must be consistent with the existing technical norms and standards of the relevant Ministries, and positive legislation.

3.2.5 **Bill of quantities**

Proposed bill of quantities will be checked by CDP staff and verify all mayor components in order to ensure that:

- unnecessary components will not be paid,
- mayor components are include.

3.2.6 **Planning of the works**

Planning (duration) of the works will be checked by PIU engineers to ensure:

- that duration of project is in accordance with existing rules and norms for that type of works/services,
- adjusted to weather conditions and other circumstances of particular project.

3.3 **Budget**

3.3.1 **Costing**

Sub-projects/programs will be appraised according to actual costs of the works/services to be done.

- Total price, which consist of costs of material and equipment and salaries,
- will not be expressed separate by mentioned items.

In order to monitor and maintenance cost data base, CDP staff will use existing PWEF data base(if the works are similar or the same).

For new type of projects/programs data base will be established.

- If the total cost of sub-project/program is less or equal to 50.000 \$ it is eligible to be financed.

3.3.2 **Co financing**

Additional value of the sub project/program in the form of co-financing is mandatory. Co-financing, at least 15 % of total cost financed by CDP, out of which, can be as follow:

- minimum 7,5 % in cash, before contract signing , paid on the account of CDP,
- 7,5 % in goods, equipment, work.

Sub-project can be co-financed by other donors. (1.3.5)

CDP will have permanent data about co-financing, in order to have results of joint efforts of municipalities and local communities, and total value of investments.

3.4 **Economic and social impact**

Economic and social impact of sub-projects will be recorded for each municipality separately. It will be used to evaluate whether expected benefits will be achieved per number of beneficiaries and would it have influence on improvement of living conditions and standard in local community.

3.5 **Environment**

All projects in implementation should have a mitigation measures referring to protection of physical, biological and social environment.

Possible environmental impact of the project(according to project type), can be described as:

- positive or negative

- it can be requested Environmental review(ER)
- or Limited Environmental Assessment (LEA)
- or Environmental Impact Assessment (EIA).

For positive impact it should be checked , if it could be maximized, for neutral if it could be convert into positive.

If ER is required, it should identified needed mitigation measures. For LEA, it should be prepared terms of reference for consultants. If EIA is required, cost-effectiveness factor should be considered.

In civil/infrastructure works it should verified from contractor where construction debris would be transported and if permission has been given to use that dumpsite.

3.6 **Maintenance**

Maintenance of rehabilitated infrastructure is main concern in CDP. Municipalities will develop jointly with PIU Financial and Operational Action Plan (FOAP) which will include maintenance as a key issue for sustainability.

3.7 **Eligible executing agency**

Eligible executing agency/ contractor can be enterprise /agency if meet following criteria:

1. registered on RS territory, with appropriate license, issued by relevant Ministry (if it is required by positive legislation)
2. have complied their obligations with their legal obligations;
3. they are not in the process of bankruptcy or liquidation;
4. they have not committed any penal offense falsification or fraud related to their activity;
5. they have the financial capacity, equipment and staff to perform the works;

Public companies/agencies may be allowed to be the executing agencies if satisfy four requirements:

- the works are uniquely suited to the skills and capacities of the agency;

- the agency can demonstrate that it has the ability to account for the funds disbursed to it;
- the agency will execute the contract for a fixed price based on completed works;
- the agency agrees to full supervision by the CDP of completed works before the CDP authorizes disbursement.

No executing agency, may have more than one sub-projects under implementation at the same time, whatever is the source of funding by CDP.

3.8 Sub-project Approval

Final approval of the sub-projects/program will be taken by the Credit Committee, executive body for CDP.

For approval, all the following appraisals have to be positive, i.e. answering "yes" to all the questions :

➤ Technical design

- **Type of project** : is the proposed sub-project/program final result of SA and CAP?
- **Site location** : Is the site sound?
- **Existing structure**: Is it sound?
- **Design** : Is the design in accordance with norms and standards for the type of the project/program?
- **Bill of quantities** : Is everything included?
- **Planning of works** : is the proposed duration in accordance with standards?

➤ Budget

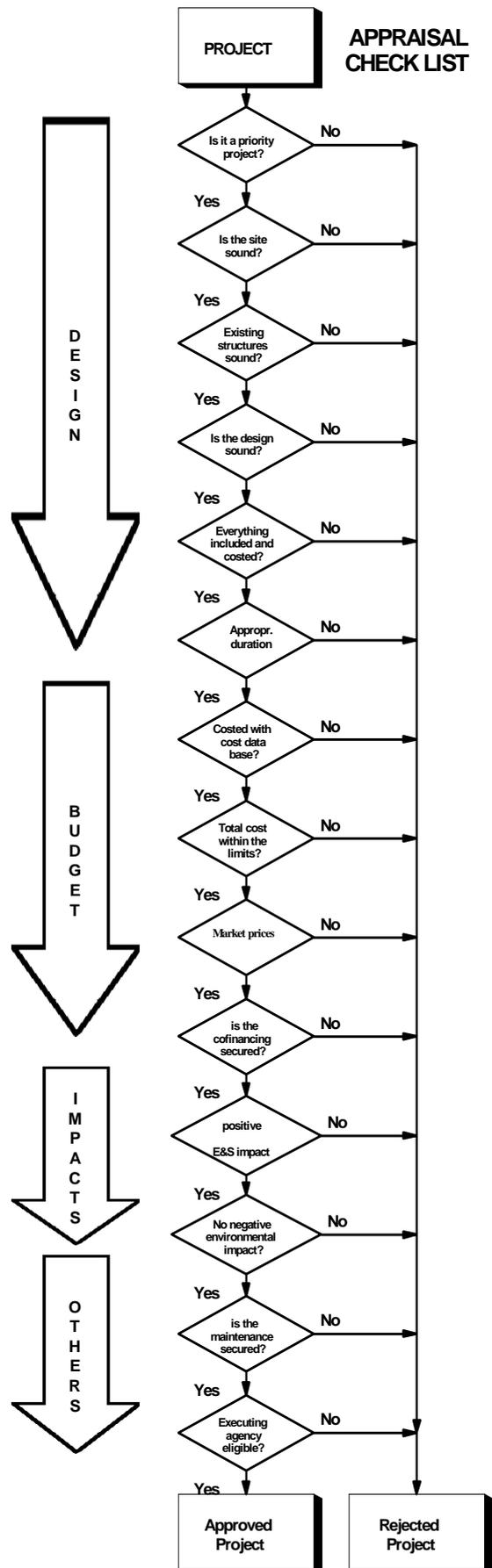
- **Costing** :Is the cost made using unit cost from the existing market? Is the total cost within the limits of CDP?
- **Cofinancing** : (if applicable) is the cofinancing secured?

➤ impact

- **Economic & social impact** : (if applicable) Is this impact positive?
- **Environmental impact** : Does the sub-project have positive environmental impact?

➤ Others

- **Maintenance** : is the maintenance secured?
- **Executing agency** : is proposed method of contracting in accordance with procurement procedures?



Municipality will be informed in written form about Committee decision and will be provided with instructions for bidding procedure.

Final approval for contracting will be given by CDP project Manager, after prior approval by WB of the project and executing agency

SECTION 4

4.1. Implementation of the works

Upon approval of the sub-project, the municipality would select the contractor to carry out the works, in accordance with procurement procedures and using a standard sub-project contract.

The contractors in three-partite contract are: Municipal (with local community if it is necessary) on the one side, FRZ CDP , on second and Contractor/agency on third side.

The municipality supervisor would supervise the works on a regular basis. Municipal supervisor should be appropriate qualified parson to be able to check and monitor implementation on daily base.

CDP technical staff would also carry out site supervision visits at least once a month to check the progress of the works and authorize requested disbursements.

Disbursements would be made directly to the contractor by CDP in trenches based on work activities completed and confirmed during the site supervision visits.

4.2. Procurement of civil works

Civil works, proposed by Municipalities, as a result of SA and CAP, are value up to 50.000\$.

Procurement for these types of small works will be made in accordance with Guidelines for Procurement under IBRD Loans and IDA credit"

NCB will be used for construction of community infrastructure, and possible some equipment such as computers and software for municipalities and partner associations. SNCB method can be used , with prior Non objection of WB, in case that total appraised value of the project/program is less or equal to

20.000 USD.(CDP will made on states level pre qualifications of contractors eligible for this type of contracting).

On exceptional base, if the circumstances approve it, CDP can ask Non-objection by WB to have direct contracting.

Works shall be procured under fixed priced contracts.

The award shall be made to the contractor who offers the lowest price quotation for the required works/services and who has experience and resources to complete contract successfully.

The Municipality will set up a Bidding commission, The commission shall work with participation of CDP engineer as a standing partner. No member of the commission shall have legal relations with the bidders. Each member shall make a written statement to this effect.

The bidding commission shall be responsible for all bidding procedures. It shall keep record of all documents and procedures.

4.2.1. Consulting Services and Training

Consultants for technical assistance financed under the project should be selected in accordance with the "World bank Guidelines for the Use of consultants .

4.3. Award approval

Before the notification of award and signing the contract, municipality/local community shall ask CDP to provide them with Non-objection notice on bidding procedure and award.

CDP shall not reimburse the Municipality of the expenses related to the bid if the non objection notice is rejected.

4.4. Contracting

If CDP issue non objection on the bidding and award (after WB non-objection) it will be condition to enter into three party contract. This contract will be signed by parties described in Article 4, in Standard form with main responsibilities:

- **The Municipality** will be responsible for monitoring the progress of contract implementation and may object to scheduled contract disbursement if the performance of the contractor is, in the judgment of the Municipality, inconsistent with the terms of the contract.

- **The executing agency/contractor** is responsible for implementing the project according to the specification, design, site plan and cost contained in the contract and its attachments.

The contractor will also be responsible for safe and secure storage of materials and equipment, transport of materials and equipment(if it is civil work) The contractor retains all responsibilities for all labor and personnel employed by the contractor, including all responsibilities for emergencies, health, accident liabilities and other social benefits.

- **CDP** will assume the responsibility of financing, disbursement and supervision.

Typical contract forms will be used. The contract will make provision for :

- Advance payment less than 20%;
- Bank Guarantee requested for advance payments above 7500 DEM.
- payments on the basis of the quantities of completed works.
- retention moneys not less than 5% to assure the performance of works;
- defect liability period not less than 3 months;
- liquidated damages for each day that the completion date is later than the required completion date.

CDP reserves its rights to break the contract if the municipality as the contract partner fails to fulfill its duties or it appears that the works cannot be properly carried out in due time and cost.

In these cases, a detailed account of the expenses will be made and delivered goods and supplies will remain the property of the CDP, the municipality being responsible for them by keeping them in safety until the CDP decides on their new allocation.

Moreover, if the failure comes from the side of CDP contractual partner municipality, it will

lose eligibility for any further funding from CDP.

4.5. Works Supervision

Works will be implemented by the executing agency.

Municipalities will be in charge of daily supervision. Supervisor appointed by Municipality should have appropriate qualifications,(with license for supervision) or it can be done by specialized institution.

CDP technical staff will visit the works at least once a month in order to check with the Municipality the invoices submitted to be paid. Direct payments will be made monthly by CDP to the executing agency on the base of the actual work performed.

4.6. Additions and revisions

CDP will not authorize price revision during project implementation.

Any changes in the quantities of works which may impact on increasing in the total cost of the project can only be authorized by the CDP supervising under following conditions :

- The proposed increase of quantities is justified for safety reasons and was unforeseen at the design level;
- The increase of the total cost is less than 10% of the initial cost estimate.
- If some items are not included in contracted bill of quantity, , but it can obviously improve general impact of sub-project for final beneficiaries, and it will be paid as co-financing by local community members. This type of increasing of total cost of sub-project is not limited, and it will be recorded as co financing.

If these conditions are met, CDP may give a "no objection". Based on that Non objection, contractual parties will sign Annex of contract. For the third case Annex can be signed only between Municipality and contractor, and sample

4.7. Payments

The payment cycle is described in the diagram below.

This payment cycle can be observed through:

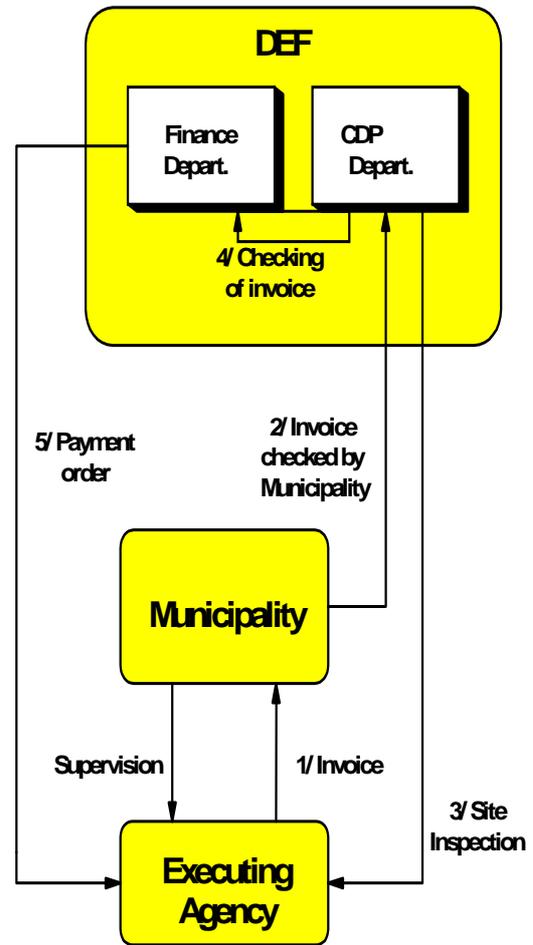
- payments of local consultants services.
- ❖ Payments for completed works.

- CDP will enter into a contract with local consultants where will be stipulated mutual responsibilities.

- Payments will be done, as follows:
 - advance payment- 10 % of contracted value
 - first tranche before general community meeting up to 40% of contracted value,
 - second tranche-after completion of the assessment and developed CAP.

Local consultant will submit request payment and after approval by CDP it will be paid.

- ❖ Payments for the completed works will be done:
 - The Executing agency submits an invoice for the actual work done.
 - The invoice is checked and signed by the Municipality supervisor and sent to CDP,
 - CDP Engineer visits the site to check the quantity and quality of works, sign the invoice,.
 - The invoice is transmitted by CDP to the Financial Department.
 - The Financial Department issues a payment order to the executing agency.

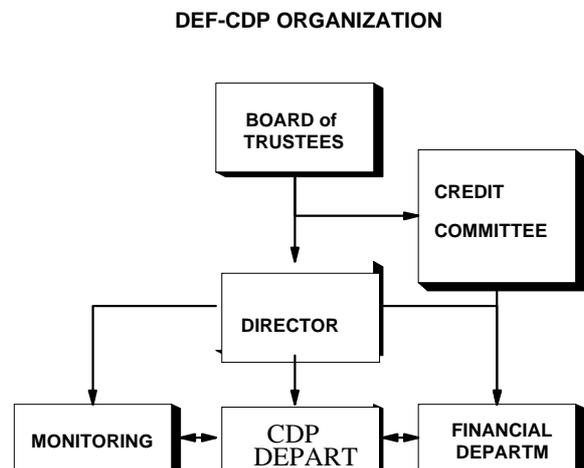


SECTION 5

5. COMMUNITY DEVELOPMENT PROJECT DEPARTMENT (CDP)

5.1. CDP organization

The organizational structure of CDP is showed in the diagram below.



As it is explained in Chapter 2. (See 1.2 Institutional Framework), CDP is one of the projects under the authority of the Development and Employment Foundation (DEF).

For the implementation of CDP, responsibilities are:

-Board of Trustees, described in article 1.2. of this Manual

-Credit committee (chaired by DEF General manager) as executive body is responsible for approving proposals of the sub-projects/programs,

General Manager is responsible for::

- Representing CDP in negotiations and agreements with the Donors.
- Appointing CDP staff,
- Monitoring project activities,
- Preparation and carrying out Credit Committee meetings

CDP Project Manager is responsible:

- CDP managing on daily base,
- project promotion, planning and coordination of project activities,
- contacts and co-ordination among local consultants, municipality/ community representatives and others,
- screening of eligible municipality,
- assigning SA to particular municipality /community,
- Operational manual draft preparation,
- forms of project documentation preparation,
- preparation sub-projects for the Credit committee approval,
- participation with General manager in negotiations referring to CDP,
- reporting on project implementation.

Two DEF departments are responsible for CDP:

- CDP department,
- Financial department.

CDP department is responsible for:

- promotion & screening applications
- appraisal of the sub-projects
- supervision of the works

- payment approvals
- co-ordination all project activities

The Financial Department will manage the following :

- Personnel and Payrolls.
- Equipment, vehicles and offices supplies.
- Banking and Accounting.
- Procurement for equipment and supplies.
- Project payments and operational expenses.
- Requests of funds and statement of expenditures.

5.1.1. Required staff

Based on good experience of PWEF, the same staff will be responsible for CDP implementation:

JOB TITLE		CDP depart.	Financial departm.	Total
General Manager	1			1
Project Manager		1	1	2
Engineers		2		2
Accountant			1	1
MIS			1	1
Procurement			1	1
Administrator			1	1
TOTAL:	1	3	5	9

Full time employees for CDP are three persons, others are included in project implementation, as well as for other projects under DEF.

5.2. Reporting

5.2.1. Quarterly reports

The quarterly progress reports to be submitted to the Board, Credit Committee, Government and Participating Donors will provide information on the following topics:

- **Project Implementation Status :** Summary of project status according to the

monitoring and evaluation indicators providing quantitative data on project completion, targeting and processing, including local consultant works.

- **Procurement** : Summary of total amounts by procurement method (NCB, direct contracting, SNCB, IC,CQ,LCS), no. of contracts per procurement method; average amount of contract per procurement method; and percentage disbursement of funds by donor for each procurement method, number of contracts per type of works(infrastructure, services, consultants).
- **Local consultants**- summary of total number of contracts and basic data about completed PCA.
- **Financial Information** : Statement of the project's financial records, including information on disbursement requests made; payment made out of the Special Account; current account balances including bank statements for the Special Account; future payment commitments with payment dates.
- **Personnel Information** : listing with the names and functions of all domestic and foreign staff and consultants employed under the project.
- **Issues** : Short description of any problems encountered during project implementation and how they were resolved. Summary of outstanding issues and actions to be taken.

5.2.2. Annual Work Plan and Budget

CDP shall present to the DEF's Board of Trustees for approval an Annual Work Plan and Budget, to be agreed .

The Annual Work Plan and Budget shall be prepared before the end of the year on the base of the criteria stated in this Manual. They may be adjusted each 6 months with the agreement of the Board of Trustees and participating donors.

5.3. Records

In order to monitor and record the history of program development, CDP will maintain a file containing:

- Written documents-all sample contracts and other documents used in processing sub-projects. All versions of such documents shall be maintained in the file; all changes to documents shall be carefully recorded.
- Computerized documentation:

CDP will set up and maintain the following computerized data bases:

- a database of local enterprises and local consultants,
- a average unit cost database for the entire country;(per type of works)
- a database of each Municipality application;
- a database of approved projects and rejected .
sub-projects/programs,

These files and data bases will be available to Government and participating donors upon request.

5.3.1. Enterprises/service providers Data Base and local consultants data base

CDP engineers will establish a list entrepreneurs/service providers, who correspond to CDP quality requirements.

Each enterprise/ service provider will be recorded with :

- Name and address.
- Municipality.
- Specialty (type of works/services).
- Date of establishing, registering.
- Turnover.
- Permanent staff, Manager, contact person,
- Works carried out for CDP
- Reference list,
- Recommendation
- License,
- Ownership

Former experience of PWEF with contractors can be used in a phase of Non objection for the contract award.

Local consultants data base will have the similar data(name and surname, address, qualification, license, experience, SA carried out for CDP).

5.3.2. Municipality Data Base

Each Municipality will be recorded in a data base with :

- A code number (and name of Municipality,
- Application number and Date of application,
- Development status(government decision)
- Municipality surface in km²
- Type of sub-project/program;
- Main data of number of inhabitants(in 1991,98 and 2002)
- Budget 2001(planned, realized, per capita income)
- Budget 2002 (planned, planned investments in infrastructure, planned per capita income),
- Invested funds in infrastructure (95-2001) own or by donors,
- Local government structure, total number of employees and per qualification)
- Date of site visit for appraisal.
- Level of existing devastated infrastructure

This data base will be used for screening eligibility of municipality.

5.3.3. Unit cost Data Base

CDP staff will inquire about prices of material and labor in the respective areas and will, progressively, build up a comprehensive cost database for the entire country.

Unit cost tables will be prepared, and updated regularly, on a regional basis for the most representative types of sub-projects financed by **CDP**.

The breakdown of the unit prices will provide the following :

- material : cost: types of inputs required, unit cost, amounts required, total cost per type of material;
- salaries : types hired workers required, unit cost, hours of labor required, total labor cost;
- contracted services : types, cost;

Given the diversity of prices on local markets, this will allow for effective cost control of sub-projects to be financed. CDP collection and dissemination of price information on a nationwide basis will also have a positive effect on the organization of local markets.

5.3.4. Projects Data Base

As soon as local consultants, CAG and municipality, complete sub-project proposal and submit CDP with it, it will be recorded in data base with :

- code number and name of Municipality,
- Date of application.
- SA local consultant name,
- sub-project/ program type
- number of sub-projects/programs per each municipality,
- Main data of the sub-project (length of road,WS ntw, reservoir capacity)
- Date on CDP field appraisal
- Date of Credit Committee approval,
- Date of WB Non objection,
- Date of CDP Non objection
- Date of contract. signing
- Source of funding
- Total cost , duration, contractor/service provider,
- Co-financing
- Expected completion date
- Approved extension of the completion date (if it was),
- Annex of contract (if it was,
- Dates and amounts of payments,
- Actual completion date,
- Final cost of the project,
- Total invested CDP funds in particular municipality.

5.4. Monitoring and evaluation

CDP will carefully record the following indicators and dispatch them to the Board of Trustees, the Government and the participating donors. On request, these indicators can be detailed explained.

Basic indicators can be shown as follow:

Completed sub-projects	From start	Last month
1. No sub-projects 2. No sub-projects per type of works 2.1. Type "A" 2.2. Type "B" 2.3. Type "C" 2.4. Type "D" 3. Total cost 4. Total Annex cost 5. Total payments to local consultants		
PER Municipalities	From start	In implement.
6. Total No of sub-projects 6.1. Municipality 1 6.2. Municipality 2 6.3. Municipality 3 . . . 7. Total invested funds: 7.1. Municipality 1 7.2. Municipality 2 7.3. Municipality 3 . . .		
LOCAL CONSULTANTS	From start	Current month
8. No. of Municipality with current PCA 9. No. of completed general meetings 10. No. of expired LC contracts		
SUMMARY	From start	Last month
11. No. of received sub-project proposals 12. Total No. of contracts 13. Average SA duration, by local consultants. 14. Average project duration per type of project/program 15. Average duration of sub-project/program.		

5.5. Training and information

slightly different approach in CDP implementation, comparing with PWEP

experience, requires specific training and information.

5.5.1. Training

Training those involved in CDP implementation, will be done in several stages:
-first phase is training for PIU staff in order to understand project objectives and procedures to be able to carry out and coordinate project activities on the desk and in the field,
It should be done by team leader CDP and WB

-second stage is training of elected local consultants, municipal representatives and PIU staff about methods on SA and Institutional analysis,
It should be done by WB consultants.

- Third stage would be training for those who are in the field included in project implementation, in different ways.

5.5.2. Information

During the project activities preparation, a large number of information is to be collected by CDP staff (underdeveloped and extremely underdeveloped municipalities, number of inhabitants, potential beneficiaries, existing problems in local governance functioning).
It will enable to decide where is the best to start with assessment and to check how project implementation as soon as possible can have visible impact.

5. Ekološka procjena

Ekološka procjena mora biti urađena u fazi tehničke pripreme podprojekta koji će se dostaviti projektu CDP na finansiranje.
Metodologija izrade ekološke procjene je jednostavna i operativna, a zasnovana je na određivanju "ekološkog indeksa".

6.1. Ekološki indeks

Određivanje ekološkog indeksa se dobije odgovorom na pitanja sa liste provjere date u 6.4. ("ekološka lista provjere).

6.2. Identifikacija uticaja

Koriste}i listu provjere za odre|ene projekte, mogu}e je prepoznati komponente projekta koje imaju negativan ili pozitivan uticaj na okolinu. Ovim se mo`e dati odgovor na slede}a pitanja:

- Da li projekat ima uticaj na okolinu?
- Koji su pozitivni, a koji negativni uticaji na okolinu?
- Da li projekat ima mogu}i uticaj na stanovni{tvo?
- Da li projekat ima uticaj na zdravlje ljudi i `ivotinja?

6.3. Olak{avaju}e mjere

Ekolo{ka procjena je trajni proces i njen cilj je da predlo}i olak{avaju}e mjere ili da u~ini da projekat bude odbijen. Ovom procjenom se mo`e odgovoriti i na pitanja:

- Koja komponenta projekta ima negativan uticaj?
- Koje su olak{avaju}e mjere koje mo`emo preporu~iti da smanjimo negativan uticaj?
- Koja je cijena mjera za smanjenje negativnog uticaja.

6.4. Ekolo{ka lista provjere

U dole navedenoj tabeli su data pitanja ~iji odgovori, kada se saberu, dovode do ocjene uticaja projekta na ekologiju.

Na~in kori{tenja tabele je slede}i:

Tabela sadr`i 9 (devet) osnovnih pitanja koja su data u koloni "1" i podpitanja koja se nalaze u koloni "2". U koloni "3" se nalaze pozitivni ili negativni bodovi za svako podpitanje.

Potrbrno je da, osoba koja vr{i ekolo{ku procjenu, uvrsti umjesto ta~kica u pitanju, odre|eno podpitanje, te odgovor "DA" ili "NE" evidentirati u koloni "4".

Kada se daju odgovori na sva pitanja iz tabele, izvr{i se zbrajanje indeksa iz kolone "3" za sve odgovore koji su

ozna~eni sa "DA". Posebno se zbrajaju indeksi koji imaju negativan prdznak, a posebno oni koji imaju pozitivan predznak.

Sve se ovo evidentira na kraju u dijelu tabele ozna~nom sa "UKUPNO".

Razlika indeksa sa pozitivnim i negativnim predznakom daje rezultat koji, tako|e, mo`e imati pozitivni ili negativni predznak.

Projekti koji imaju rezultat sa negativnim predznakom nisu podobni sa ekolo{kog aspekta i potrebno je izvr{iti ocjenu za pobolj{anje ovih uticaja.

PITANJA		Index	Odgov
1	2	3	4
^VRSTI OTPAD			
Da li }e radovi ~vrsti otpad?	Proizvesti	-2	
	Sakupljati, ~istiti	2	
	Prera ivati	4	
	Nijedno od ovog	0	
TE^NI OTPAD			
Da li }e radovi te-ni otpad?	Proizvesti	-2	
	Sakupljati, ~istiti	2	
	Prera ivati	4	
	Nijedno od ovog	0	
ODVOD			
Da li }e radovi otpad?	Proizvesti	-2	
	Sakupljati, ~istiti	2	
	Prera ivati	4	
	Nijedno od ovog	0	
KANALIZACIJA			
Da li }e radovi otpadne vode?	Proizvesti	-2	
	Sakupljati, ~istiti	2	
	Prera ivati	4	
	Nijedno od ovog	0	
IZVORI VODE			
Da li }e radovi	Pove}ati izvore	2	
	Smanjiti izvore	-2	

..... ?	Zagaditi povr{inske vode	-4	
	Umanjiti zaga enje vode	4	
	Nijedno od ovog	0	
ZEMLJI[TE			
Da li }e radovi ?	Koristiti poljopr. zemlji{te	-3	
	Koristiti zemlji{te gradskog parka	-3	
	Pobolj{ati kori{tenje zemlje	3	
	Pove}ati poljop. zemlji{te	3	
	Pove}ati zemlji{te gradskog parka	3	
	Nijedno od ovog	0	
[UME			
Da li }e radovi {ume ?	Smanjiti	-3	
	Pobolj{ati	3	
	Pove}ati	3	
	Nijedno od ovog	0	
SAOBRA}AJ			
Da li }e radovi gradki saobra}aj	Pove}ati	-2	
	Smanjiti	2	
	Pobolj{ati	2	
	Nijedno od ovog	0	
STAMBENI PROSTOR			
Da li }e radovi stambeni prostor	Smanjiti	-2	
	Pobolj{ati	2	
	Uve}ati	2	
	Ni jedno od ovog	0	
UKUPNO	Pozitivno		
	Negativno		
	Neto		