

COMMUNITY DEVELOPMENT PROJECT

OPERATIONAL MANUAL

SECTION 1  
OVERVIEW

This Operational Manual (the Manual) provides operational guidelines and procedures for activities to be carried out by the Community Development Project (CDP). (CDP is working title of the Project). This Manual, if necessary, will be revised with the agreement of the Board and participating donors.

1.1 Primary Objectives

The primary objectives of CDP are to:

1. to improve living conditions in low-income municipalities through improved infrastructure, services and economic and social development
2. to build the capacity of municipalities to deliver quality services through better planning, management and technical skills
3. to support *equal access* to infrastructure and services across the country
4. to reduce migration from rural to urban areas by improving local conditions

1.2 Institutional Framework

The CDP is one of the projects under the authority of the Foundation for Sustainable Development (FSD). FSD has been established as an autonomous, non-profit agency.

The FSD has a Board of Trustees composed of representatives from relevant ministries and organizations, including Ministry of Finance, Ministry of Social Affairs and Refugees, Ministry of Physical Planning and Environment, Ministry of Traffic and Communications, Ministry of Justice, Ministry of Liberation War Veterans and Disabled Veterans Issues, Federal Agency for privatization in the Federation of BiH, Federal Agency for

Banking, Microfinancing Institutions Association, Municipalities Association, other NGO.

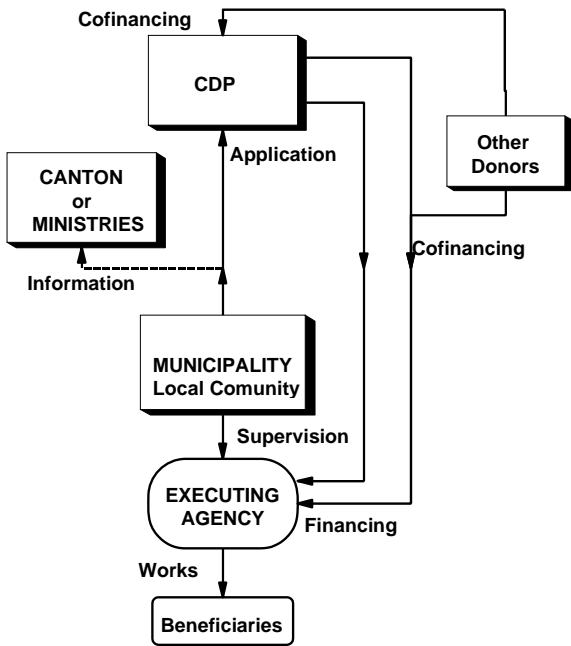
The Board, which will meet every three months, is responsible for approving the regulations, policies, procedures and annual budget of the FSD.

The FSD has a Community Development Department set up to manage the day-to-day implementation of the CDP. An Executive Director, appointed by the Government, heads this Department.

1.3 Operational Framework

The figure below gives the general operational relationships between CDP, other donors, Municipalities, Canton and Ministries, executing agencies and the beneficiaries.

Operational relationships



### 1.3.1 Municipality

**The Municipalities, Local Communities, Community Organizations** are responsible for :

- identifying works according to local needs and priorities;

**The Municipalities** with the help of **CDP** are responsible for :

- carrying out (or contracting) design of subproject;
- contracting the works;
- supervising the works;
- maintaining the structures built.

### 1.3.2 Cantons, Ministries

- **Cantons and/or Ministries** will be informed by the Municipality of the application sent to **CDP**, as appropriate.

### 1.3.3 CDP

**CDP** will review the Application (Eligibility of works), prioritize incoming applications, check designs and costs of the works, and, if the Application is agreed:

- prepare and sign a three part contract with the Municipality and the executing agency to carry out the works,
- Supervise the works (in coordination with the Municipality),
- Pay the invoices according to the works completed.

### 1.3.4 Other donors

**Other donors** may cofinance the works, by

1. Cofinancing the Project;
2. Providing direct financing to **CDP**;
3. Providing to the Municipality some equipment or goods.

Under the third option, the donors would provide financial support directly to the municipality, which in turn would prepare a project application to **CDP** for the remaining financial requirement. This would enable donors to limit their contributions to specific expenditure categories, such as equipment and materials, leaving the labor intensive activities for **CDP** financial support. This cofinancing will be encouraged as it maximizes the labor content in the sub-projects directly financed by **CDP**.

### 1.3.5 Executing Agency

**The Executing Agency** can be either a public or a private enterprise. It will be selected according to the kind of work to be done with the agreement of both the Municipality and **CDP** and according with **CDP** procurement procedures.

### 1.3.6 Beneficiaries

**The Beneficiaries** are the physical persons who benefit directly from the sub-project. For example, the local community or village population, the school going children, returnees

## 1.4 Working Principles

### 1.4.1 Autonomy

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

### 1.4.2 Impartiality

In its relations with third parties, such as cantons, municipalities, villages and sub-contractors, **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 cannot hold any interest in enterprises, or exercise any responsibility in the public or private institutions, that are maintaining commercial relations with **CDP**.

### 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 criterion for all of **CDP's** decisions.

In order to encourage cost-effectiveness, the operation expenditures of the CDP Department will be limited to 8% of the total cost of the Project.

#### 1.4.5 Environmental Consciousness

The appraisal criteria set out in this Manual for selecting sub-projects explicitly refer to environmental considerations in project design and implementation. **CDP's** engineers are required to take into account the impact of prospective sub-projects on the physical, biological and social environment of the concerned Municipalities.

### 1.5 Sub-project menu

#### 1.5.1 Priority Criteria

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

1. **Economic activity:** This is the main objective. One will encourage infrastructure works having a direct impact on the local economy.
2. **Employment:** One will encourage works that include the largest proportion of labor in the total cost.
3. **Social & Environment:** One will encourage works having a positive impact on the environment, public health or other social aspects.

The multi-criteria analysis presented in the table below yields a qualitative scoring to some possible works for each of the 3 priority criteria.

This ranking ranges from 0 (no impact) to 3 (high impact).

#### PRIORITY of WORKS

Works	Employ.	Econ. Impact	Social Environ. Impact	TOTAL
Coefficient				
<b>PRIORITY 1</b>				
Drinking water distrib. ntw.	2	3	3	3
Rural roads repair	1	3	3	3
Drink. water Intakes, Plants	1	3	3	3
Local Electricity network	1	3	3	3
Street repair	1	3	3	3
Urban Sewage piping	1	3	3	3
Social services buildings	2	3	3	3
<b>PRIORITY 2</b>				
Rural Drainage canals	1	2	2	2
Irrigation rehabilitation	2	3	1	2
Tramway lines rehab.	0	3	2	2
Reforestation	3	1	3	2
Urban Surface Sewage	1	1	3	2
Local Telephone network	1	2	2	2
Public housing	2	2	3	2
<b>PRIORITY 3</b>				
Cleaning up of war ruins	1	1	2	1
Municipal Landfills	0	0	3	1
Sewage Treatment plants	0	0	3	1
Park rehabilitation	1	0	3	1
Cemeteries rehabilitation	1	0	3	1

#### 1.5.5 Non eligible works

The following works would not be eligible:

- Regular maintenance operations such as collecting domestic garbage or normal maintenance of infrastructure.
- Works which are not of collective interest.
- Works which are not under the responsibility of the Municipality.

#### 1.6 Eligibility criteria

The eligibility criteria given in this chapter may be revised periodically with the agreement of the Board and the participating donors.

### 1.6.1 Eligible applicants

Only Municipalities are eligible to apply to **CDP**. Other potential applicants (community councils, NGOs, etc.) would need to channel their requests through a Municipality.

The project would rehabilitate municipal assets, and the improved assets would be the property of the municipality.

In any given municipality, **CDP** shall initially finance only one works sub-project in order to test the local government's motivation and implementation capacity. Further sub-projects may be approved only if this initial sub-project has been completed satisfactorily i.e. the final payment by **CDP** has been made.

### 1.6.2 Eligible works

The eligible sub-projects have been listed above. Operations will be strictly limited to public infrastructure under the responsibility of the applicant Municipality. **CDP** will finance neither recurrent costs nor private works.

Eligible sub-projects are, also, social infrastructure projects and projects which increase the capacity of municipalities and communities or other organizations in the areas identifying; appraisal, implementation, financing, monitoring, evaluation, operations and maintenance of investments. These projects will include technical assistance and training for development planning, project prioritization, financial management, revenue-raising techniques and environmental education.

### 1.6.3 Technical design

Designs will be prepared under the responsibility and at the cost of the applicant Municipality. *In any case (specific projects or very poor Municipality), it will be possible to made the design of project at the cost of the CDP).*

Sub-projects should be simple and avoid administrative complexity.

Design and specifications must be consistent with the existing norms and standards of the relevant Ministries, if applicable. They should include

qualities of the materials to be used during the construction process.

A detailed site plan of the works must be included in the project documents.

To the extent possible, sub-projects shall have a high local material content. Exceptions are possible for sub-projects with a large social impact requiring imported equipment and parts, such as water supply sub-projects.

### 1.6.4 Cost per sub-project

The cost ceiling by operation will be US\$ 100,000 equivalent (first project US\$ 50.000).

To be eligible for financing, sub-projects must fall within the unit cost limits set by the CDP unit cost data base.

**CDP** staff shall carefully review all assumptions made on costs and project timing and propose necessary changes such as to assure that sub-projects can be carried out within a realistic and enforceable cost budget and time-frame.

### 1.6.5 Labor intensity

There is no restriction on labor intensity per sub-project.

### 1.6.6 Cost per beneficiary and per unit

Maximum cost per beneficiary and unit for each type of sub-project are used to evaluate whether expected benefits will be achieved in a cost efficient way.

Table here after gives these maximum costs for the most frequent type of works.

Proposed limits (DM)		
Component	Limit (DM) per	
	Benefic.	unit
War Ruins Clean Up (m3)	4,5	28
Reforestation (Ha)	-	3,140
Urban Surface Piping (m)	12	100
Local power network (m)	15	20
Local PTT Network (m)	22	8
Rural Road Repair (m)	34	15

These value may be adapted every 6 months.

The objective of these limits is to identify (and eliminate) the projects which have a relative high cost per beneficiary (or per unit). This relative high cost of a project may have technical justifications (for example a lot of supporting walls to be built

for a road), but **CDP** should choose in priority the best economic ratio in both terms of unit cost and cost per beneficiary.

#### 1.6.7 Eligible executing agency

As far as possible, **CDP** will promote the development of enterprises as well as the training of skilled craftsmen.

Public Owned enterprises will be considered on the same basis as Private Enterprises if they are legally, managerially and financially autonomous; and operate under commercial laws.

Government Agencies which are not legally, managerially and financially autonomous and/or do not operate under commercial laws may be allowed to be the executing agencies provided that the contracting agency can satisfy three requirements:

- the works are uniquely suited to the skills and capacities of the agency;
- 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. The **CDP's** unit cost database will establish reference prices for such contracts.

**CDP** engineers will establish a list, by Canton and municipality, of enterprises and small entrepreneurs who correspond to **CDP's** quality requirements.

#### 1.6.8 Duration of works

Sub-projects shall be carried out in a maximum of 6 months.

#### 1.6.9 Environment

In order to assure that sub-projects have no adverse impact on the environment, **CDP** staff shall carry out environmental assessments of sub-

projects in accordance with **CDP's** Environmental Guidelines and Checklists.

Such Guidelines shall be reviewed and changed when necessary, with the agreement of the Board

of Trustees and participating donors.

#### 1.6.10 Maintenance of Infrastructures

Maintenance of Infrastructure sub-projects shall be taken into consideration by **CDP**. In each case, contracts with Municipalities (or local community) will make provision for the operations and maintenance of public works sub-projects.

### 1.8 Project Cycle

The Project cycle will include three steps :

- **Promotion & Screening of the applications:**
- **Appraisal of the sub-projects,**
- **Implementation and supervision of the works.**

## SECTION 2

### PROMOTION & SCREENING OF THE APPLICATIONS

#### 2.1 Promotion by CDP

During this phase, Municipalities will be informed of the existence of **CDP** and will receive guidelines and eligibility criteria for sub-project applications :

**CDP** will inform Municipalities in writing of the type of works financed by the Foundation and the eligibility criteria for both projects and applicants.

This promotion campaign should be carried out through visits by **CDP** staff to the respective Cantons and Municipalities. In order to promote activities at the national level, the **CDP** may place advertisements in newspapers and broadcast announcements on radio and television.

Municipalities would then submit applications to the **CDP** for project financing. Sub-project applications would be screened by the **CDP** according to the eligibility criteria

#### 2.2 Application by Municipality

Municipalities will make an official Application for **CDP** appraisal

Standard application forms will be dispatched to the local governments. The Application forms to be filled by the applicant Municipality will collect information on :

- **Applicant** : name of the Municipality, contact person, population, refugees, unemployed;
- **Sub-project** : type of sub-project, location, number of beneficiaries, maintenance;
- **Technical design** : date, name of engineer bill of quantities, cost;
- **Cofinancing** (if applicable): type (in kind or in cash), donor's name, amount, availability.

Each application will be recorded in a data base.

#### 2.3 Screening of applications

Each incoming application will be screened to check if it is eligible or not.

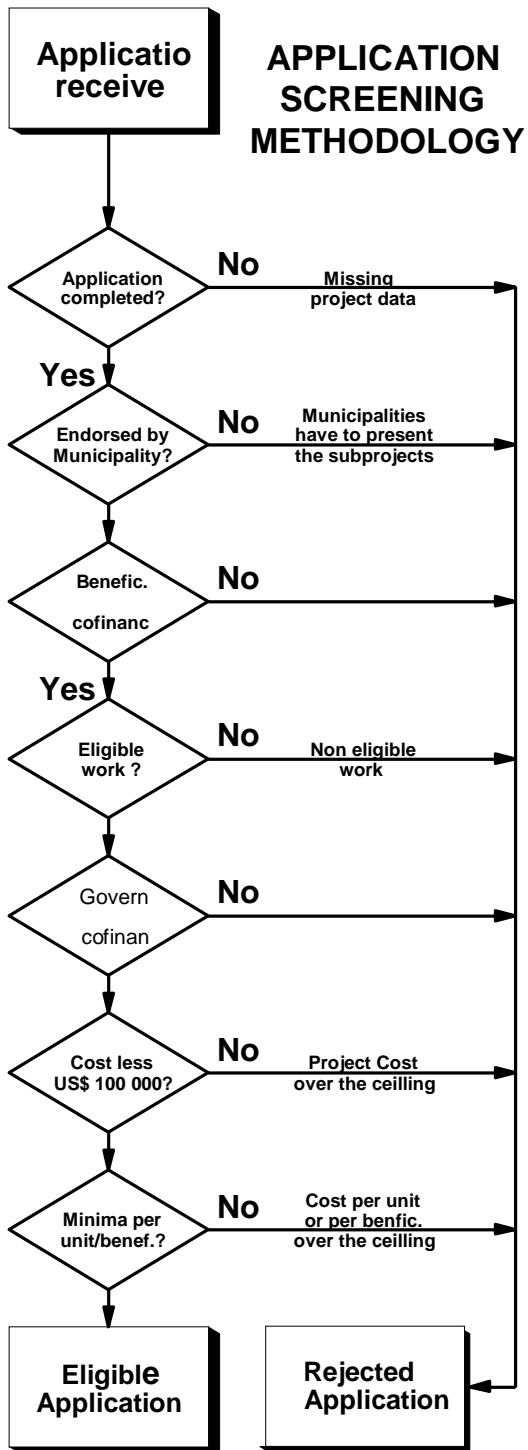
The Screening methodology is described in the figure below. The organigram shows a step by step approach to the screening process by asking questions the answers to which are yes or no. These questions deal with the following items :

- **Applicant eligibility** :
  - ⇒ Is the application fully completed?
  - ⇒ Is the project endorsed by a Municipality?
- **Canton/Region eligibility** : are some funds still available for the canton/region?
- **Sub-project eligibility** : does the sub-project deal with public or social infrastructure rehabilitation. (See 1.5 Sub-project menu).
- **Total cost** : is the sub-project under the ceiling limit (See 1.6.4 Cost per sub-project).
- **Costs per unit and per beneficiary** : are the sub-project costs per unit and per beneficiary under the ceiling limits (See 1.6.6 Cost per unit and per beneficiary).

When screening a sub-project, **CDP** will only take into account the total cost of the project to be financed by **CDP** as it is estimated by the Municipality. **CDP** technical staff will check the design and cost during appraisal.

A letter will be sent to the applicant Municipality within one month of the date of receipt by **CDP**.

- If the application is eligible, this will give the reference number of the application and explain that an appraisal team will visit the site.
- If not, rejected applications will be sent back to the Municipality explaining why the sub-project has been rejected.



## SECTION 3

### APPRAISAL OF THE SUB-PROJECTS

**CDP** technical staff will appraise the sub-projects in the field and check the sub-project design and

cost estimates. The appraisal of the sub-project will check the eligibility criteria (see 1.6 Eligibility criteria).

#### 3.1 Site visit

The site visit to appraise a project by **CDP** Engineer is compulsory. It will be arranged with the applicant Municipality after the application has been screened, registered and ranked.

Sites visits will be planned according to their geographic location.

During the site visit, the **CDP** engineer will contact and meet the following parties :

- Head of the applicant Municipality,
- Local agency in charge of running and maintaining the infrastructure,
- Local engineer responsible for the technical design and costing,
- Cantonal authorities(if applicable),
- Possible other donors (if applicable),
- Possible executing agencies.

During this visit, the **CDP** Engineer will check the following points :

- Technical design
- Budget
- Economic & social impact
- Environmental impact
- Maintenance
- Executing agency

#### 3.2 Technical design

##### 3.2.1 Type of project

The **CDP** Engineer will check the type of project in order to verify that it is within the scope of **CDP** priorities (See 1.5 Sub-project menu).

##### 3.2.2 Site location

The layout of the site will be assessed to determine whether the proposed construction is appropriate.

The legal ownership of the site and the existing infrastructures will be determined to ensure that all works will be carried out only on public land.

Security of the area will be checked. Mines removing works will not be taken into account by **CDP**; they have to be done by the Municipality before the appraisal of the sub-project.

Accessibility of the site will be assessed so the appropriate cost for transportation can be estimated. The possibility of implementing the works during winter will also be assessed.

Particular attention will be paid to quarries in terms of quality and distance to the site.

##### 3.2.3 Existing structures

If a facility is to be renovated, the existing structure will be assessed to determine whether it is structurally sound and of sufficient quality to warrant renovation.

##### 3.2.4 Design

Design and specifications must be consistent with the existing norms and standards, according to the objectives of **CDP**. The engineer will verify that Sub-projects will :

- be simple
- have a high local material content.
- be designed in order to minimize operational and recurrent costs.

##### 3.2.5 Bill of quantities

The **CDP** Engineer will check the proposed bill of quantities and verify all major components of the works to ensure that :

- unnecessary components will not receive funding by **CDP**.



- Major components are included to avoid unnecessary changes after the sub-project has been appraised.

### 3.2.6 Planning of works

Planning of works will be carefully checked by the **CDP** Engineer, keeping in mind that :

- Works must be carried out in less than 6 month,
- Some of the works cannot be carried out in winter season.

## 3.3 Budget

### 3.3.1 Costing

Cost of sub-projects will be according to the actual physical works to be done. The breakdown of the prices should 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 (such as transport) : types, cost;

The **CDP** Engineer will cost the sub-projects using the unit cost data base maintained by the **CDP**. This database will be a tool to monitor market prices throughout the country and would provide reference prices for labor and other inputs against which proposed cost estimates would be evaluated.

After checking the total cost of the sub-project, the **CDP** Engineer will verify that the eligibility cost criteria are met . The cost ceiling by operation will be US\$ 100,000 equivalent;

### 3.3.2 Cofinancing

Other donors may cofinance the works, this can be the case for International donors providing free of charge imported materials (for instance pipes),

Municipalities are encouraged to cofinance the sub-project by providing "in kind" participation (a truck for example)

**CDP** will encourage labor contribution from the beneficiaries.

The **CDP** Engineer will check which part of the works will be cofinanced, at what cost and when the cofinancing will be available.

## 3.4 Economic & social impact

Economic rates of return for different works sub-projects are difficult to estimate. **CDP** staff shall therefore estimate expected project benefits through an analysis of the impact of investments financed on the local economy and on the standard of living of the affected population. This assessment shall be made through brief sample surveys carried out by the monitoring and evaluation division before and after sub-project execution.

The evaluation of benefits shall concentrate on the numbers of inhabitants benefiting from the proposed works.

As explained above (See 1.6.6 Cost per beneficiary), **CDP** propose for each type of project maximum cost per beneficiary to evaluate whether expected benefits will be achieved in a cost efficient way.

### 3.5 Environmental impact

The **CDP** Engineer will carry out a simplified environmental assessment of the sub-projects in accordance with **CDP's** Environmental Guidelines and Checklists.

### 3.6 Maintenance

Sustainability is one of the main concerns of **CDP**. For infrastructure sub-projects, the key issue in sustainability is the maintenance of the rehabilitated infrastructure.

In most cases, maintenance of the local infrastructure will be the responsibility of the Municipality, through a public service enterprise.

The Municipality will give a written agreement on the maintenance of the rehabilitated infrastructure.

The **CDP** Engineer will assess the technical and financial capacities of the applicant to maintain the works.

### 3.7 Executing agency

The **CDP** Engineer will visit and check the capacity of the possible executing agencies for the project. He will check if the executing agency recommended by the Municipality is eligible as stated above, (See 1.6.7 Eligible executing agency),

- Government Agencies may be allowed to be the executing agencies only if they respect conditions stated in 1.6.7;
- Moreover, an executing agency, will not carry out more than one sub-project at the same time<sup>1</sup>. In special cases one agency will have more than one sub-project under implementation at the same time with prior approval (no-objection letter) from the World Bank.

### 3.8 Sub-project Approval

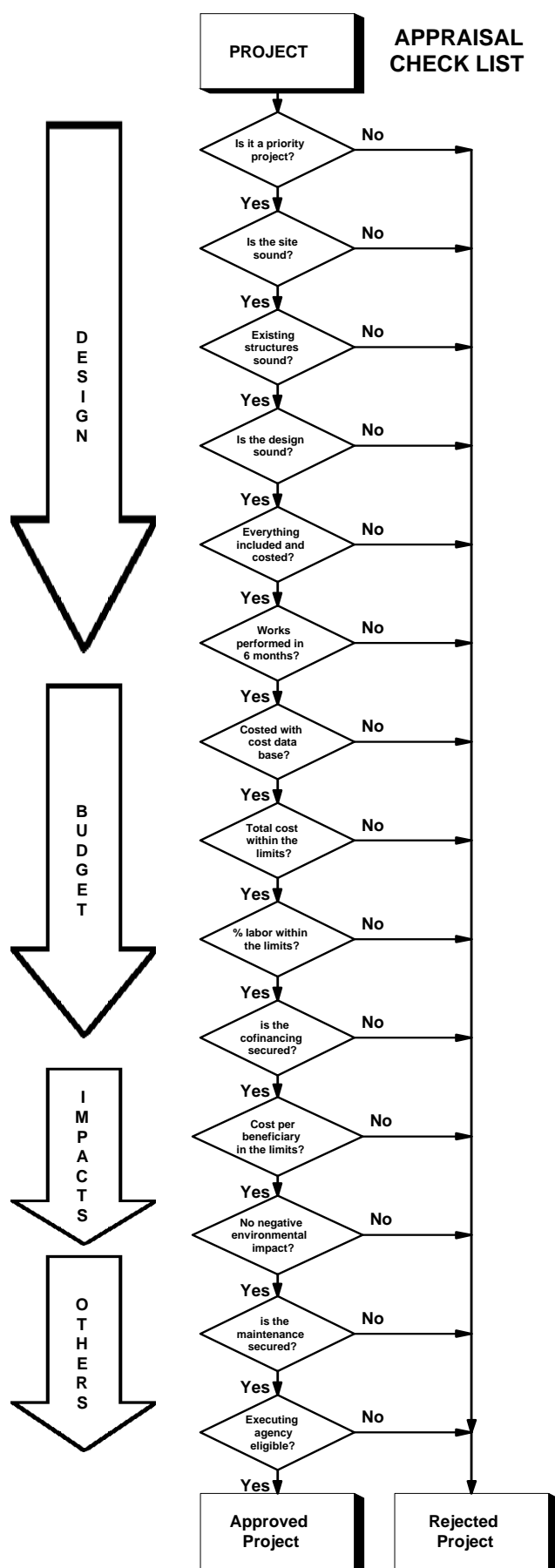
Final approval of the sub-projects for financing over 100 000 KM will be taken by the Executive Board of Foundation which will meet on a biweekly basis or as otherwise proposed by the Executive Director.

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

- **Technical design**
  - ⇒ **Type of project** : is it a **CDP** priority project?
  - ⇒ **Site location** : Is the site sound?
  - ⇒ **Existing structures** : Are they sound?
  - ⇒ **Design** : Is the design sound?
  - ⇒ **Bill of quantities** : Is everything included?
  - ⇒ **Planning of works** : Are the works performed within 6 months?
- **Budget**
  - ⇒ **Costing** :
    - Is the cost made using **CDP** unit cost data base?
    - Is the total cost within the limits?
    - Is the cost per beneficiary (if applicable) the limits?
    - Is the cost per unit (if applicable) within the limits?
  - ⇒ **Cofinancing** : (if applicable) is the cofinancing secured?
- **impact**
  - ⇒ **Economic & social impact** : (if applicable) Is the cost per beneficiary within the limits?
  - ⇒ **Environmental impact** : Does the sub-project have no negative environmental impact?
- **Others**
  - ⇒ **Maintenance** : is the maintenance secured?
  - ⇒ **Executing agency** : (if public) Is the proposed Executing agency eligible?

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<sup>1</sup> This will not apply for guaranty period.



## SECTION 4 IMPLEMENTATION OF THE WORKS

Upon approval of the sub-project, the municipality would select the contractor to carry out the works, in accordance with **CDP's** procurement procedures and using a standard sub-project contract. The contractor might be a municipal utility company, private contractor or NGO depending on the nature of the works.

The municipality would supervise the works on a regular basis. **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.

### 4.1 Procurement for Civil Works

The civil works contracts under the Project consist of public works sub-projects identified and proposed by the municipalities up to a maximum sub-project cost of US\$ 100,000.

These contracts, which would consist of labor and materials, would be dispersed throughout the country. The small size of the contracts and their dispersed nature make international competitive bidding inappropriate. Therefore, procurement of civil works would be carried out as described below. Municipalities would be responsible for carrying out procurement, in accordance with the following procedures provided to the municipality by **CDP**.

#### 4.1.1 Executing agency

Enterprise may be the executing agency. They shall give evidence that :

- they are legally registered in the Federation;
- they have complied with their legal obligations;
- they are not in the process of bankruptcy or liquidation;
- they have not committed any penal offense falsification or fraud related to their activity;
- they have the financial capacity, equipment and staff to perform the works;

If one of the above conditions is not met, the enterprise will be rejected.

As explained above (See 1.6.7 Eligible executing agency), NGOs or Government agencies may be the executing agencies provided that the agency can satisfy four requirements:

- the works are uniquely suited to the skills and capacities of the agency;
- 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. The **CDPs'** unit cost database will establish reference prices for such contracts.

Moreover, no enterprise may carry out more than one sub-project at the same time, whatever is the source of funding by **CDP**. In special cases one agency will have more than one sub-project under implementation at the same time with prior approval (no-objection letter) from the World Bank.

#### 4.1.2 Simplified national competitive bidding

Simplified national competitive bidding (Procurement of Small Works) will be used for the contracts with enterprises, except as described below.

Works shall be procured under fixed price contracts awarded on the basis of quotations obtained from at least three qualified domestic contractors in response to a written invitation. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the 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.

#### 4.1.5 Award approval

Before the notification of award and signing of the contract, the commune or municipality shall ask **CDP** to a non objection notice on the bidding procedure and award. **CDP** shall not reimburse the municipality of the expenses related to the bid if the non objection notice is rejected.

## 4.2 Other Procurements

### 4.2.1 Goods and Equipment

Goods and equipment to be procured under the Project's institutional support component include vehicles, computers and office equipment. National shopping will be used for contracts for goods available in Bosnia and Herzegovina up to an estimated cost of US\$ 50,000 per contract with at least three quotations,

### 4.2.2 Consulting Services and Training

Consultants for technical assistance financed under the project would be selected in accordance with the "World Bank Guidelines for the Use of Consultants" (1981). Technical assistance would consist of specialized management, financial and technical audit, social assessment, evaluating, involving consulting firms and individual experts, both local and foreign. Any consultant contract for over US\$ 100,000 would be based on a short list of qualified firms.

## 4.3 Contracting

In all Public Works contracts under **CDP** financing, it is the responsibility of the applicant Municipality to procure and appoint the contractor. **CDP** will issue a "no objection" to this procurement and enter into a three party contract with the Municipality and the contractor.

- **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 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, labor cost and other costs incidental to implementing the contract. 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 US\$ 5,000;
- payments on the basis of the quantities of work (no lump sum payments);
- 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's** contractual partner, it will lose eligibility for any further funding from **CDP**.

#### 4.4 Works Supervision

Works will be implemented by the executing agency. Municipalities will be in charge of daily supervision, but the technical staff of **CDP** will visit the works at least once a month in order to check with the Municipality the invoice sent to **CDP**. Direct payments will be made monthly by **CDP** to the executing agency on the base of the actual work performed.

#### 4.5 Additions and revisions

The works being completed within 6 months, **CDP** will not authorize price revision.

Any changes in the quantities of works which may imply an increase in the total cost of the project can only be authorized by the supervising **CDP** Engineer on the 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 these two conditions are met, **CDP** Engineer may give a "no objection". **CDP** will not pay or reimburse any extra cost unless it has given prior "no objection".

Any other extra works will be contracted separately.

#### 4.6 Payments

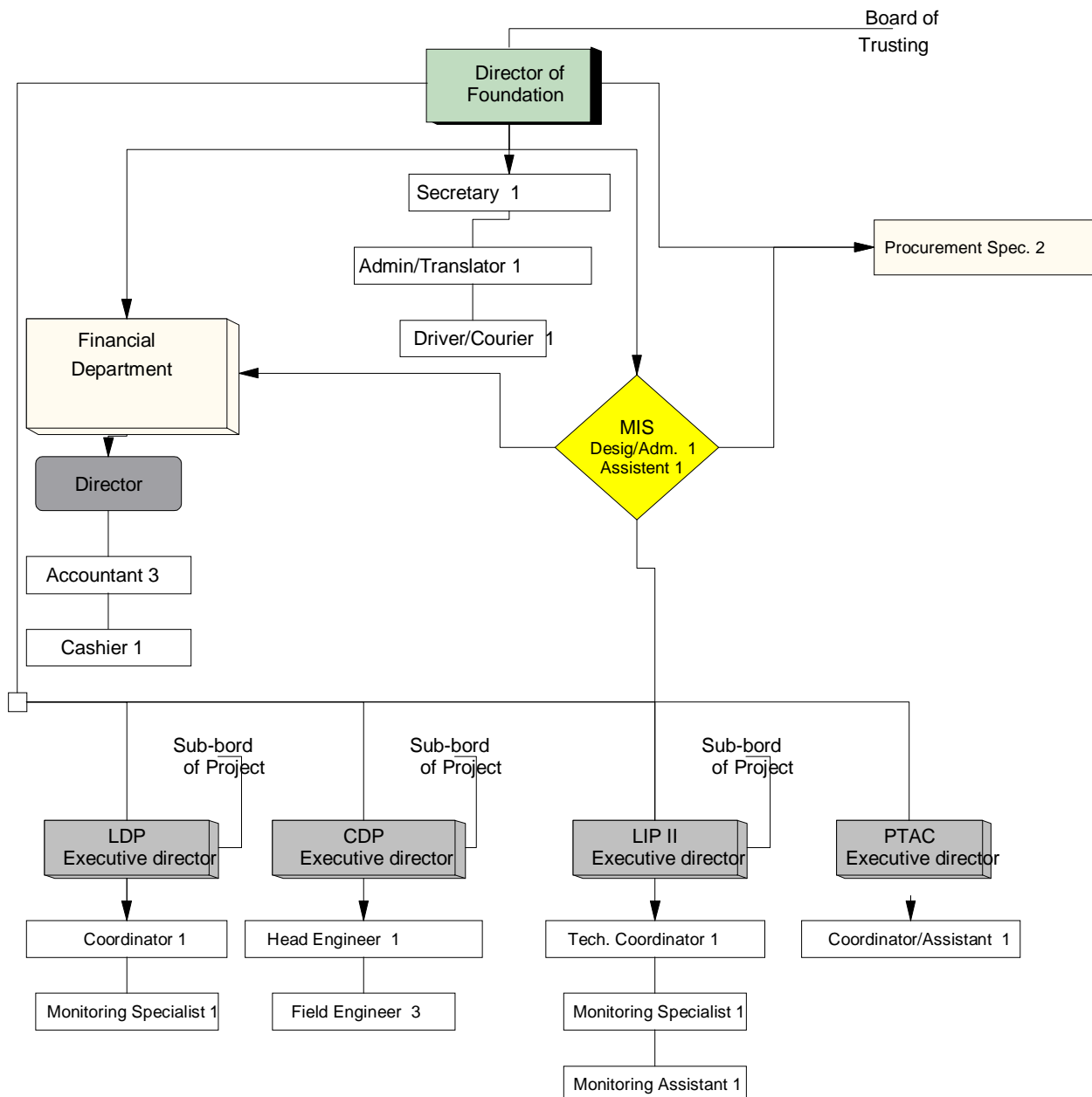
The payment cycle is follow:

1. The Executing agency submits an invoice for the actual work done.
2. The invoice is checked by the Municipality and sent to **CDP**.
3. **CDP** Engineer visits the site to check the quantity and quality of works.
4. CDP Technical Division transmits the invoice to the Procurement.
5. After checking, PD transmits the invoice to the Financial Division of Foundation.
6. The Financial Division issues a payment order to the executing agency.

## Section 5

### 5.1 CDP organization

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



As explained above (See 1.2 Institutional Framework), **CDP** is one of the projects under the authority of the Foundation

- The **FSD's** Board of Trustees will be responsible for approving the regulations, policies, procedures and annual budget of **CDP**.
- An Sub-board of Project, (chaired by the Executive Director of **CDP**, and comprising the Financial Director and two members of the Board) will have the responsibility for approving proposals for sub-projects projects for financing over USD\$100 000

**CDP** will be headed by an Executive Director, appointed by the Government. and will be responsible for:

- Promotion & Screening of the applications (See Section 2).
- Appraisal of the sub-projects (See Section 3).
- Supervision of the works (See Section 4)
- Sample Impact Surveys.
- Publications, information and public relations.
- Maintenance of the Monitoring & Evaluation indicators (See 5.4 Monitoring).

#### 5.1.1 Executive Director

The Executive Director will have the following tasks :

- Direct and administer the daily operations of **CDP**.
- Represent **CDP** in negotiations and agreements with the Donors.
- Appoint the staff of **CDP**.
- Submit to the Executive Board of Foundation and Sub- board of Project the proposed sub-projects for approval.

#### 5.1.2 Supporting Divisions of Foundation

Supporting Divisions of Foundation will manage the following :

- Personnel and Payrolls.
- Equipment, vehicles and offices supplies.
- Building and maintenance.
- Banking and Accounting.
- Procurement for equipment and supplies.
- Project payments and operational expenses.

- Requests of funds and statement of expenditures.

## 5.2 Reporting

### 5.2.1 Quarterly reports

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

- **Project Implementation Status** : Summary of project status according to the monitoring and evaluation indicators (see Section 5.5) providing quantitative data on project completion, targeting and processing.
- **Procurement** : Summary of total amounts by procurement method (force account, direct contracting, and simplified NCB), no. of contracts per procurement method; average amount of contract per procurement method; and percentage disbursement of funds by donor for each procurement method.
- **Distribution Information** : A listing of sub-project per type, per Municipality and per Canton.
- **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 **FSD's** Board of Trustees for approval an Annual Work Plan and Budget, to be agreed by participating donors.

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 3 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 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.

In addition, **CDP** will set up and maintain the following computerized data bases :

- a database of local enterprises
- a unit cost database for the entire country;
- a database of every application;
- a database of approved projects.

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

### 5.3.1 Unit cost Data Base

**CDP** staff will inquire about prices of material and labor in the respective region 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 (such as transport) : types, cost;

Maximum unit prices for the different categories of labor and supplies will be defined per canton and will be revised periodically, in agreement with the Board and participating donors.

Given the diversity of prices on local markets, this will allow for effective cost control of sub-projects

to be financed. **CDP's** collection and dissemination of price information on a nationwide basis will also have a positive effect on the organization of local markets.

### 5.3.2 Enterprises Data Base

**CDP** engineers will establish a list, by Canton and municipality, of artisans and small entrepreneurs who correspond to **CDP's** quality requirements.

Each enterprise will be recorded with :

- Name and address.
- Canton and Municipality.
- Speciality.
- Date of creation.
- Turnover.
- Permanent staff.
- Works carried out for **CDP**.

### 5.3.3 Applications Data Base

Each application will be recorded in a data base with :

- A code number (canton number, Municipality number, application number);
- Name of the Municipality;
- Date of application;
- Type of sub-project and **CDP** priority;
- Main data of the sub-project (length of road for instance);
- Available design;
- First cost estimate by the Municipality.
- Screening decision (and date).
- Date of site visit for appraisal.
- Appraisal decision (and date)

This data base will be used to screen the applications (See 2.3 Screening of applications)

### 5.3.4 Projects Data Base

As soon as a project is approved it will be recorded in a data base with :

- A code numbers (canton numbers, Municipality numbers, project numbers).
- Name of the Municipality.
- Date of application.
- Type of sub-project and **CDP** priority.
- Main data of the sub-project (length of road for instance).
- Completion time.
- Date of first application.
- Date of site visit.
- Date of approval.



- Date of contract.
- Source of funding.
- Name and address of contractor.
- Total cost of the project and percentage of labor.
- Dates and amounts of payments.
- Date of completion.
- Final cost of the project.

## 5.4 Monitoring

**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 according to the source of funding.

### Monitoring & Evaluation Indicators

COMPLETED PROJECTS	From the beginning	Last Month
1 Number of works 2 Nb of works per type 2.1 Works type A 2.2 Works type B 2.3 Works type C 2.4 Works type D 3 Total cost 4 Total value of extra costs 5 Labor Cost 6 Percentage of Labor Cost 7 Number of Manmonth 8 Of which extra workers		
TARGETING	From the beginning	Last Month
9 Nb Project per Canton 9.1 Canton 1 9.2 Canton 2 9.3 Canton 3 10 Committed funds per Canton 10.1 Canton 1 10.2 Canton 2 10.3 Canton 3 11 % of fund committed per Canton 11.1 Canton 1 11.2 Canton 2 11.3 Canton 3		
PROCESSING	From the beginning	Last Month
12 Nb of Application received 13 Total eligible Applications 14 Nb of Projects appraised 15 Nb of Contracts 16 Elapsed time screening to Appraisal 17 Elapsed time Appraisal to Contract 18 Average implementation time		

## 5.5 Training and information

Training and information will be an important side effect of **CDP**.

### 5.5.1 Training

Training will be done for **CDP** staff and local government staff in two ways :

- On-the-job training during identification and implementation of the sub-projects;
- Training sessions in all skills related to technical design, project evaluation, works supervision and financial management in local governments.

### 5.5.2 Information

A large amount of information and data is to be collected by **CDP** during the course of its activities such as cost data, regulations, technical norms and so on. It is one of the duties of **CDP** to make this information available to Government Departments, Local authorities and NGOs.