

# Small Expenditure Financing Facility Activity Administration Manual

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**PUBLIC**

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## Kyrgyz Republic: New Water Intake to the City of Osh under the Multisector Activities Support

## ABBREVIATIONS

AAM	–	Activity Administration Manual
ADB	–	Asian Development Bank
DDWSSD	–	Department of Drinking Water Supply and Sewerage Development under the Cabinet of Ministers of the Kyrgyz Republic.
EA	–	Executing Agency
EMP	–	Environmental Management Plan
IA	–	Implementing Agency
IEE	–	Initial Environmental Examination
OCMO	-	Mayor's Office of Osh City
PMO	–	Project Management Office
SAACHCS	–	State Agency for Architecture, Construction and Housing and Communal Services under the Government of the Kyrgyz Republic
SEFF	–	Small Expenditure Financing Facility
SEMP	–	Site-specific Environmental Management Plan
SPS	–	Safeguard Policy Statement

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### **Activity Administration Manual Purpose and Process**

The activity administration manual (AAM) for an activity under a small expenditure financing facility (SEFF) describes the essential administrative and management requirements to implement the activity on time, within budget, and following the policies and procedures of the government and ADB. The AAM should include references to all available templates and instructions either by linking relevant URLs or directly incorporating in the AAM. For ordinary capital resources financing, the fourth activity subgrant will show the payment of the front-end fees for the facility.

The Department of Drinking Water Supply and Sewerage Development under the Cabinet of Ministers of the Kyrgyz Republic (DDWSSD) as the activity Executing Agency and Mayor's Office of Osh City (OCMO) as the activity implementing agency are wholly responsible for the implementation of the activity, as agreed jointly between the Recipient and ADB, and following the policies and procedures of the government and ADB. OCMO will assign one staff representative as Project Focal Point. The Project Focal Point will monitor the respective activities and supervise the activities of the project management office (PMO). They are also responsible for compliance with the facility and sub-grant agreement covenants. ADB staff is responsible for supporting implementation, including compliance by DDWSSD, OCMO and PMO of their obligations and responsibilities for SEFF activity implementation following ADB policies and procedures.

The Recipient and ADB shall agree to the AAM and ensure consistency with the sub-grant legal agreement. In case of discrepancy or contradiction between the AAM and the facility agreement and/or the sub-grant legal agreement, the provisions of the facility agreement and the sub-grant legal agreement shall prevail.

After Management approval of the activity report, changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the project administration instructions) and upon such approval, they will be subsequently incorporated in the AAM.



## I. IMPLEMENTATION PLAN

1. The key implementation activities, including monthly or quarterly activity outputs with key implementation activities for the new Water Intake to the City of Osh are show in Table 1 below. The implementation plan is to be updated periodically based on actual progress of the work and submitted to the Asian Development Bank (ADB) as required.

**Table 1: Implementation Schedule**

Indicative Activities	2023				2024				2025				2026				2027			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>A. DMF</b>																				
<b>Output 1 – Project Sustainability Enhanced</b>																				
<b>1. Construction of an upstream water intake and water mains in Osh City</b>																				
Construction																				
Commissioning																				
<b>B. Management Activities</b>																				
<b>1. Procurement of Civil Works</b>																				
Detailed-design bid document preparation and approval																				
Invitation to bid and bid period																				
Issue invitation to bid to first civil works																				
Bid evaluation and ADB/Government approvals																				
Contract negotiation and award																				
Construction works																				
Commissioning																				
Operation and maintenance																				
<b>C. Other Implementation Plans</b>																				
Establishment of PIU																				
Recruitment of audit firm																				
Submission of quarterly progress report																				
Submission of annual audit report																				
Annual/Midterm Reviews																				
Submission of PCR																				

ADB = Asian Development Bank, DMF = design and monitoring framework, PCR = project completion report.

Source: Asian Development Bank.

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## II. ACTIVITY MANAGEMENT ARRANGEMENTS

### A. Activity Implementation Organizations: Roles and Responsibilities

**Table 2: Project implementation for the water intake and water mains in Osh city**

Activity Implementation Organizations	Management Roles and Responsibilities
<b>Facility executing agency</b> Ministry of Finance	<ul style="list-style-type: none"> <li>• Sign sub-grant agreement.</li> <li>• Ensure overall oversight of the SEFF and the fifth activity sub-grant project. Monitor project implementation and facilitate interagency coordination with the relevant program stakeholders including the Department of Drinking Water Supply and Sewerage Development under the Cabinet of Ministers of the Kyrgyz Republic, the Municipality of Osh, Mayor's office of Osh City (supported by PMO) and others as required.</li> <li>• Allocate and release counterpart funds in a timely manner;</li> <li>• Establish advance account for the project;</li> <li>• Establish account for counterpart funds;</li> <li>• Endorse to ADB the authorized staff with approved signatures for withdrawal applications (WAs) processing; and</li> <li>• Process and submit to ADB any request, when required, for reallocating the grant proceeds.</li> </ul>
<b>Activity executing agency</b> Department of Drinking Water Supply and Sewerage Development under the Cabinet of Ministers of the Kyrgyz Republic	<ul style="list-style-type: none"> <li>• Appoint staff for the coordination of SEFF Activity subgrant project</li> <li>• Ensure good coordination with Ministry of Finance for adequate allocation of annual budget for the project</li> <li>• Facilitate internal government procedures for signing the sub-grant agreement,</li> <li>• Provide technical and institutional support for the SEFF Activity subgrant project</li> <li>• Guide, support, and monitor Project Management Office in implementing SEFF Activity subproject</li> </ul>
<b>Activity Implementing agency</b> Mayor's Office Osh City	<ul style="list-style-type: none"> <li>• Assign a Project Focal Point;</li> <li>• Recruit and sign contracts with PMO staff;</li> <li>• Overall responsibility for managing the activity including financial and procurement systems,</li> <li>• Overall responsible for reporting on project physical, financial progress, including the development of the government's project/activity completion report and its submission to ADB;</li> <li>• Sign all contracts with suppliers of works and goods, services;</li> <li>• Comply with Facility and sub-grant agreements covenants;</li> <li>• Ensure construction supervision is conducted by certified specialists,</li> <li>• Organize and participate in commissioning of the constructed facilities according to the national legislation;</li> <li>• Public disclosure of project outputs and relevant reports.</li> </ul>
Project Management Office (in the Mayor's Office of Osh City)	<ul style="list-style-type: none"> <li>• Update and implement an overall project plan, establish financial management and procurement system, and preparing annual project budget;</li> </ul>

Activity Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>• Prepare WAs with supporting documents, and submit timely;</li> <li>• Update activity procurement plan, as necessary;</li> <li>• Recruit consultants and procure works and goods;</li> <li>• Coordinate with other government agencies, departments and units, local governments, district and local offices, communities as necessary;</li> <li>• Monitor and supervise works conducted by contractor;</li> <li>• Monitor project progress, prepare progress reports;</li> <li>• Implement required facility and sub-grant agreements' covenants;</li> <li>• Manage disbursement and maintaining financial accounts;</li> <li>• Overall project fund reconciliation after every fiscal year closing and as required by ADB;</li> <li>• Prepare project financial statements and arrangement for annual audit in consultation with the concerned government agencies.</li> </ul>
ADB	<ul style="list-style-type: none"> <li>• Assist the activity EA, IA and PMO in providing timely guidance at each stage of the project for smooth implementation;</li> <li>• Conduct field review missions, special project administration mission (if required), midterm review mission, and project completion review missions to assess project implementation progress and compliance of grant covenants;</li> <li>• Review implementing agency's submissions for procurement of goods, civil works and services, that require ADB's approval upon the submission;</li> <li>• Timely process withdrawal applications and release eligible funds, as agreed in the Grant Agreement and Activity Administration Manual;</li> <li>• Monitor IAs' compliance of all grant covenants;</li> <li>• Monitor IA's compliance of financial audit recommendations;</li> <li>• Regularly post on ADB website the updated project information documents for public disclosure, and the safeguards documents as per disclosure provision of the ADB Safeguards Policy Statement (2009), and ADB Public Communications Policy.</li> </ul>

ADB = Asian Development Bank, PMO= project management office, SEFF=Small Expenditure Finance Facility, SOE= statement of expenditure

Source: Asian Development Bank.

## B. Key Persons Involved in Implementation

2. The executing agency officer and ADB division director and mission leader for the activity are as follows:

Executing Agency for the activity	
Department of Drinking Water Supply and Sewerage Development under the	Officer's Name: Shamshidin Khalov
	Position: Deputy Director of the Department of Drinking Water Supply and Sewerage Development under the Cabinet of Ministers of the Kyrgyz Republic



Cabinet of Ministers of the Kyrgyz Republic. (DDWSSD)	Telephone No. +996 312 610305 / 610336
	E-mail Address: <a href="mailto:khalov1961@mail.ru">khalov1961@mail.ru</a>
	Office Address: 28 Manas Avenue, Bishkek, Kyrgyz Republic
<b>Implementation Agency for Activity</b>	
Mayor's Office Osh City Project Management Office	Officer's Name: Bakytbek Jetigenov
	Position: Mayor of Osh
	Telephone No.: +996 3222 55151, 55551
	E-mail Address: <a href="mailto:control@oshcity.kg">control@oshcity.kg</a> ; <a href="mailto:sonunbek85@mail.ru">sonunbek85@mail.ru</a>
	Office Address: 221, Lenin St., Osh city, Kyrgyz Republic
<b>Asian Development Bank</b>	
Kyrgyz Republic Resident Mission (KYRM)	Staff Name: Cesar Emilio Llorens Alvarez
	Position: Officer-in-Charge, KYRM
	Telephone No.+996 312 626611
	E-mail Address: <a href="mailto:cllorens@adb.org">cllorens@adb.org</a>
<b>Mission Leader</b>	Staff Name: Cesar Emilio Llorens Alvarez
	Position: PAU Head, KYRM
	Telephone No.+996 312 626611
	E-mail Address: <a href="mailto:cllorens@adb.org">cllorens@adb.org</a>

### C. Project Management Office

3. The staffing requirements in the PMO are presented below. OCMO is responsible for recruiting staff in the PMO. Recruitment for PMO positions will follow a transparent and competitive process with ADB's prior review and approval. The roles and tasks of key PMO positions.

**Table 3: Staff Requirement for PMO**

PMO Staff		Location	Expected Total Months	# Staff
1	PMO Director	Osh	24	1
2	Finance Manager/Disbursement Specialist*	Osh	24	1
3	Safeguards Specialist*	Osh	10	1
4	Procurement Specialist*	Osh	3	1
5	Supervision Engineer/Hyrotechnical Engineer	Osh	12	1
6	Supervision Engineer/Construction Engineer	Osh	12	
<b>Support Staff</b>				
6	Office Manager/Translator*	Osh	24	1
7				

\* Intermittent inputs

Source: OCMO

**Table 4: Roles and Responsibilities of Key PMO Staff**

Position	Roles and Responsibilities
PMO Director	(i) Draft annual work programs for the output, based on design and monitoring framework, and agreed implementation plans and terms of reference (TOR) appended to AAM, and submit them to the Project Focal Points and obtaining their agreements;

Position	Roles and Responsibilities
	<ul style="list-style-type: none"> <li>(ii) Consult with the finance manager to monitor budgetary expenditure, review disbursement requests, prepare the annual budget and submit these the Project Focal Points for agreements;</li> <li>(iii) Ensure the hiring of suitably qualified staff to implement the output in accordance with ADB requirements;</li> <li>(iv) Guide and collaborate with the relevant staff to monitor output implementation in accordance with the agreed work program described in AAM and appendices;</li> <li>(v) Attend, hold or participate in seminars, workshops, media events etc. to represent the project;</li> <li>(vi) Conduct site visits as required to monitor and correct implementation of the project;</li> <li>(vii) Develop and submit recommendations to the Project Focal Points to resolve issues which arise during project implementation;</li> <li>(viii) Support the Project Focal Points in the overall project management and preparation of reports for the Government and its relevant agencies;</li> <li>(ix) Manage all staff directly working on the project, including staff grievance procedures and make recommendations to the Project Focal Points on hiring decisions;</li> <li>(x) Coordinate with relevant key staff to maintain an overview of the day-to-day operations of the project;</li> <li>(xi) Provide operational support to key staff members in the implementation of their responsibilities;</li> <li>(xii) Draft a comprehensive project reporting system, submit it to the Project Focal Points for agreements and implementations;</li> <li>(xiii) Coordinate implementation of project outputs with the relevant project related agencies;</li> <li>(xiv) Assist the Project Focal Points to coordinate interaction with relevant ministries and agencies, as may be required;</li> <li>(xv) Liaise with local government administrations participating in the project to ensure successful implementation of project activities;</li> <li>(xvi) Draft project implementation reports and submit to the Project Focal Points for agreements and distributions;</li> <li>(xvii) Liaise with ADB staff and supervision missions to ensure successful completion of missions and ongoing project monitoring; and</li> <li>(xviii) Implement recommendations of ADB supervision missions and associated aide-memoires, as agreed by the Project Focal Points.</li> <li>(xix) Ensure that an appropriate M&amp;E strategy and plans are developed to assess the achievement of each project output;</li> <li>(xx) During initial phase of the implementation of the project, reconfirm and/or update: (a) activities with milestones, performance targets and indicators with baselines, all of which are defined in the Design and Monitoring Framework, (b) requirements indicated in the Summary Poverty Reduction and Social Strategy;</li> <li>(xxi) Ensure to update (a) activities with milestones, performance targets and indicators with baselines, all of which are defined in the Design and Monitoring Framework, (b) requirements indicated in the Summary Poverty Reduction and Social Strategy at the project completion;</li> <li>(xxii) Disseminate project progress (e.g., planned and completed project activities including procurement) through Project's/municipality's website.</li> </ul>

Position	Roles and Responsibilities
	(xxiii) To adhere to the highest ethical standards, have zero tolerance attitude to fraud, corruption and other integrity violations, and report any violation of ADB's Anticorruption Policy to OAI and/or appropriate government authorities.
Finance Manager/ Disbursement Specialist	<ul style="list-style-type: none"> <li>(i) Develop project Financial Management Manual based on the accounting system of Mayor's Office, guidelines on public investment programs and ADB's procedures on financial management and disbursements.</li> <li>(ii) Responsible for recording and monitoring of both ADB and Government funds;</li> <li>(iii) Ensure timely preparation of the project financial statements for the conduct of annual audit and timely submission of audited project financial statements to ADB within 6 months of financial year end;</li> <li>(iv) Work with the auditors and management in preparing management replies to auditors' observations in the Management Letters;</li> <li>(v) Ensure that adequate financial controls are in place related to financial management and reporting;</li> <li>(vi) Cooperate with the PMO Director to develop a strategy for guiding and supporting purchases made by the PMO in regard to project components;</li> <li>(vii) Support procurement specialist to negotiate and prepare standard bidding packages and specifications to evaluate, enter into contracts, oversee delivery, issue invoices, inspect/test procured items, and make payments to suppliers/contractors;</li> <li>(viii) Coordinate with the PMO Director to develop and implement payment mechanisms and procedures to support purchases of goods, technical assistance, and construction services; and</li> <li>(ix) Communicate through the PMO Director information and/or documentation to the Government or ADB for their inspection, obtaining comments and/or for commencement of funding.</li> <li>(x) Responsible for advance account, funds flow arrangements, and payments procedures;</li> <li>(xi) Establish project account(s) to manage and record utilization of project funds;</li> <li>(xii) Prepare withdrawal applications, statements of expenditures, and disbursement requests for advance account and direct payment in accordance with provisions in ADB Loan Disbursement Handbook;</li> <li>(xiii) Maintain payment records of all invoices received;</li> <li>(xiv) Monitor payments for all project related expenditures and ensure that these are made in a timely manner;</li> <li>(xv) Monitor detailed cost estimates for variances and prepare monthly monitoring report;</li> <li>(xvi) Ensure that adequate financial controls for fund management and reporting; and</li> <li>(xvii) Perform other related functions, duties, and tasks as may be requested by PMO Director</li> <li>(xviii) To adhere to the highest ethical standards, have zero tolerance attitude to fraud, corruption and other integrity violations, and report any violation of ADB's Anticorruption Policy to OAI and/or appropriate government authorities.</li> </ul>

<b>Position</b>	<b>Roles and Responsibilities</b>
Safeguards Specialist	<ul style="list-style-type: none"> <li>(i) Conduct review of prospective project works sites for eligibility with regards to environment and social safeguards impact;</li> <li>(ii) Ensure bidding documents include all requirement to implement IEE and its EMP;</li> <li>(iii) Ensure that EMP will be updated during detailed design completed;</li> <li>(iv) Ensure that the bidder selected will have adequate resources to implement and update EMP;</li> <li>(v) Undertake environmental safeguards monitoring activities and prepare environmental safeguard reports to be submitted to ADB;</li> <li>(vi) Ensure preparation of due diligence report (DDR) and/or land acquisition and resettlement plan (LARP) for additional subprojects and other works if required;</li> <li>(vii) Ensure that LARP will be updated during detailed design and implemented accordingly;</li> <li>(viii) Ensure that bidding documents, capacity building programs, demonstration activities, and any other activities include all requirement to implement LARP;</li> <li>(ix) Ensure that the bidder selected will have adequate resources to implement and update LARP;</li> <li>(x) Undertake social safeguards and gender monitoring activities and prepare social safeguard and gender reports to be submitted to ADB; and</li> <li>(xi) Ensure that the any works are implemented in accordance with ADB SPS 2009 as well as the government law and regulation related to resettlement.</li> <li>(xii) To adhere to the highest ethical standards, have zero tolerance attitude to fraud, corruption and other integrity violations, and report any violation of ADB's Anticorruption Policy to OAI and/or appropriate government authorities.</li> </ul>
Procurement Specialists	<ul style="list-style-type: none"> <li>(i) Ensure a scheduled carrying out of procurement activities in line with the requirements of the Government and ADB;</li> <li>(ii) Maintain an information database on procurements of technical services, suppliers of equipment, ADB procurement regulations, standard bidding documents, and other resources needed by staff in carrying out project components;</li> <li>(iii) Negotiate and prepare standard bidding packages and specifications to evaluate, enter into contracts, oversee delivery, issue invoices, inspect/test procured items, and make payments to suppliers/contractors;</li> <li>(iv) Establish a monitoring system for overseeing project procurement actions, coordinating necessary approvals or correcting shortcomings in procedures, and monitoring and managing progress and deliverables of approved contracts; and</li> <li>(v) Communicate through the PMO Director information and/or documentation to the Government or ADB for their inspection, obtaining comments and/or for commencement of funding.</li> <li>(vi) Prepare the documents for conducting procurement of goods, works, consulting and non-consulting services, conduct the relevant evaluation of bids, prepare bid evaluation reports as required according to ADB Procurement Policy and Procurement Regulations.</li> <li>(vii) To adhere to the highest ethical standards, have zero tolerance attitude to fraud, corruption and other integrity violations, and report any violation of</li> </ul>

Position	Roles and Responsibilities
	ADB's Anticorruption Policy to OAI and/or appropriate government authorities.
Supervision Engineer/ Hydrotechnical Engineer	<ul style="list-style-type: none"> <li>(i) Conduct construction supervision of the CW contract,</li> <li>(ii) Review detailed design, provide technical guidance and support on issues related to construction of hydrotechnical facilities,</li> <li>(iii) coordinate work with the ME Vodokanal, the contractor and relevant stakeholders on the changes to the detailed design, options of technical solutions;</li> <li>(iv) ensure the quality of construction works and materials, their compliance with technical specifications and detailed design</li> <li>(v) oversight of the preparation and commissioning of tests; study operating and maintenance manuals (O&amp;M) and commissioning test reports;</li> <li>(vi) Contract administration for civil works, including verification and confirmation of statement of accomplished works (SAWs), preparation and issuance of variation orders as well as fulfillment of contract procedures</li> <li>(vii) Arrange and carry out systematic work to ensure compliance with ADB technical requirements and legislation of the Kyrgyz Republic, as well as compliance with safeguard and environmental measures related to the implementation of subprojects;</li> <li>(viii) Coordination of work on commissioning the facilities in conjunction with the municipality and Vodokanal;</li> <li>(ix) Provide information about the progress of the technical part of the project for dissemination in mass media; prepare and submit reports, responds to letters, project analytical notes and other information for the management and external partners;</li> <li>(x) To adhere to the highest ethical standards, have zero tolerance attitude to fraud, corruption and other integrity violations, and report any violation of ADB's Anticorruption Policy to OAI and/or appropriate government authorities.</li> <li>(xi) Perform other related functions, duties, and tasks as may be requested by PMO Director</li> </ul>
Supervision Engineer / Construction Engineer	<ul style="list-style-type: none"> <li>(i) Conduct construction supervision of the CW contract,</li> <li>(ii) Review detailed design, provide technical guidance and support on issues related to construction of hydrotechnical facilities,</li> <li>(iii) coordinate work with the ME Vodokanal, the contractor and relevant stakeholders on the changes to the detailed design, options of technical solutions.</li> <li>(iv) ensure the quality of construction works and materials, their compliance with technical specifications and detailed design</li> <li>(v) oversight of the preparation and commissioning of tests; study operating and maintenance manuals (O&amp;M) and commissioning test reports.</li> <li>(vi) Contract administration for civil works, including verification and confirmation of statement of accomplished works (SAWs), preparation and issuance of variation orders as well as fulfillment of contract procedures</li> <li>(vii) Arrange and carry out systematic work to ensure compliance with ADB technical requirements and legislation of the Kyrgyz Republic, as well as</li> </ul>

Position	Roles and Responsibilities
	<p>compliance with safeguard and environmental measures related to the implementation of subprojects;</p> <p>(viii) Coordination of work on commissioning the facilities in conjunction with the municipality and Vodokanal;</p> <p>(ix) Provide information about the progress of the technical part of the project for dissemination in mass media; prepare and submit reports, responds to letters, project analytical notes and other information for the management and external partners;</p> <p>(x) To adhere to the highest ethical standards, have zero tolerance attitude to fraud, corruption and other integrity violations, and report any violation of ADB's Anticorruption Policy to OAI and/or appropriate government authorities</p> <p>(xi) Perform other related functions, duties, and tasks as may be requested by PMO Director</p>

### III. COSTS AND FINANCING

4. The activity is estimated to cost \$5.233 million (Table 7). The activity will be financed by a subgrant not exceeding \$3.0 million from ADB's Special Funds resources (Asian Development Fund). ADB will finance the construction of an upstream water intake and water mains in Osh City that includes partial civil works, supervision consultants and annual audit of Activity 5. The Recipient will provide counterpart financing of up to \$2.233 million, including partial civil works, taxes and duties.

#### A. Key Assumptions

5. The following key assumptions underpin the activity cost estimates and financing plan:
- (i) Exchange rate: 88.27 = \$1.00 (as of 15 August 2023).
  - (ii) Price contingencies based on expected cumulative inflation during the implementation period are as follows:

**Table 5: Escalation Rates for Price Contingency Calculation**  
(%)

Item	2023	2024	2025	2026	Average
Foreign rate of price inflation	1.70%	1.80%	1.80%	2.00%	1.82%
Domestic rate of price inflation	12.00%	8.60%	6.00%	5.50%	8.02%

Source: Asian Development Bank.

**B. Allocation and Withdrawal of Subgrant Proceeds****Table 6: Allocation and Withdrawal of Grant Proceeds for Fifth Activity**

<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (\$)</b>	<b>Basis for Withdrawal from the Grant Account</b>
1	Civil works	2,553,000	100.00% of total expenditure claimed*
2	Activity implementation support (including audit services)	447,000	100.00% of total expenditure claimed
	<b>TOTAL</b>	<b>3,000,000</b>	

\* Exclusive of taxes and duties for all items imposed within the territory of the recipient.  
Source: Asian Development Bank.

**C. Detailed Cost Estimates by Expenditure Category and Financier**

**Table 7: Detailed Cost Estimated by Expenditure Category and Financier**

Item	ADB Grant		Total Cost (\$ million)
	Amount (\$ million)	% of Cost Category	
<b>A. Consulting and non-consulting services</b>			
1. PMO staff remuneration	0.135	85.00	0.158
2. PMO operational expenses	0.012	92.00	0.013
3. Audit services	0.028	90.00	0.031
<b>Subtotal (A)</b>	<b>0.175</b>	<b>87.00</b>	<b>0.202</b>
<b>B. Works and Goods</b>			
1. Civil Works	2.553	55.46	4.603
<b>Subtotal (B)</b>	<b>2.553</b>	<b>55.46</b>	<b>4.603</b>
<b>Total Base Cost (A+B)</b>	<b>2.728</b>	<b>56.76</b>	<b>4.806</b>
<b>C. Contingencies</b>			
1. Physical	0.136	63.62	0.214
2. Price	0.136	63.62	0.214
<b>Subtotal (C)</b>	<b>0.273</b>	<b>63.62</b>	<b>0.429</b>
<b>Total Subproject Cost (A+B+C+D)</b>	<b>3.000</b>	<b>57.33</b>	<b>5.233</b>
<b>% Total Project Cost</b>		<b>57.33</b>	

Note:

- Numbers may not sum precisely because of rounding.
- Recipient counterpart contribution is \$2.233 million representing partial civil works amounting to \$1.715 million to be financed through the municipal budget system as a parallel contribution not administered by ADB and \$518,000 taxes and duties to be provided in the form of exemption.

Source: Asian Development Bank.



## D. Detailed Cost Estimates by Year

**Table 8: Detailed Cost Estimates by Year**  
(\$ million)

Item	Total Cost	Year 1	Year 2	Year 3
<b>A. Consulting Services</b>				
1. PMO staff remuneration	0.135	0.054	0.054	0.027
2. PMO operational expenses	0.012	0.005	0.005	0.002
3. Audit services	0.028	0.010	0.009	0.009
<b>Subtotal (A)</b>	<b>0.175</b>	<b>0.069</b>	<b>0.068</b>	<b>0.038</b>
<b>B. Works and Goods</b>				
1. Civil Works	2.553	0.893	1.659	0.000
2. Goods and Equipment	0.000	0.000	0.000	0.000
<b>Subtotal (B)</b>	<b>2.553</b>	<b>0.893</b>	<b>1.659</b>	<b>0.000</b>
<b>Total Base Cost (A+B)</b>	<b>2.728</b>	<b>0.962</b>	<b>1.727</b>	<b>0.038</b>
<b>C. Contingencies</b>				
1. Physical	0.136	0.045	0.083	0.005
2. Price	0.136	0.045	0.083	0.005
<b>Subtotal (C)</b>	<b>0.273</b>	<b>0.089</b>	<b>0.166</b>	<b>0.009</b>
<b>Total Project Cost (A+B+C)</b>	<b>3.000</b>	<b>1.055</b>	<b>1.898</b>	<b>0.047</b>

Note:

1. Numbers may not sum precisely because of rounding

2. Recipient counterpart contribution is \$2.233 million representing partial civil works amounting to \$1.715 million to be financed through the municipal budget system as a parallel contribution not administered by ADB and \$518,000 taxes and duties to be provided in the form of exemption.

Source: Asian Development Bank.

## E. Detailed Cost Estimates by Outputs

Table 9: Detailed Cost Estimates by Output

Item	Total Cost (\$ million)	Output 1	
		Amount (\$ million)	% of Cost Category
<b>A. Consultant Costs</b>			
1. PMO staff remuneration	0.135	0.135	4.50
2. PMO operational expenses	0.012	0.012	0.40
3. Audit services	0.028	0.028	0.93
<b>Subtotal (A)</b>	<b>0.175</b>	<b>0.175</b>	<b>5.83</b>
<b>B. Civil works</b>			
1. Small works	2.553	2.553	85.08
<b>Subtotal (B)</b>	<b>2.553</b>	<b>2.553</b>	<b>85.08</b>
<b>Total Base Cost (A+B)</b>	<b>2.728</b>	<b>2.728</b>	<b>90.91</b>
<b>C. Contingencies</b>			
1. Physical	0.136	0.136	4.55
2. Price	0.136	0.136	4.55
<b>Subtotal (C)</b>	<b>0.273</b>	<b>0.273</b>	<b>9.09</b>
<b>D. Financial Charges During Implementation</b>			
1. Interest during construction	0.000	0.000	0.00
<b>Subtotal (D)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.00</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>3.000</b>	<b>3.000</b>	<b>100.00</b>

Note:

1. Numbers may not sum precisely because of rounding

2. Recipient counterpart contribution is \$2.233 million representing partial civil works amounting to \$1.715 million to be financed through the municipal budget system as a parallel contribution not administered by ADB and \$518,000 taxes and duties to be provided in the form of exemption.

Source: Asian Development Bank.

**F. Contract and Disbursement S-Curve**

**Table 10: Contract Awards (\$ million)**

Year	Q1	Q2	Q3	Q4	Total
2023	0.00	0.000	0.00	2.55	2.55
2024	0.18	0.00	0.00	0.00	0.18
2025	0.00	0.00	0.00	0.00	0.00
Total	0.18	0.00	0.00	2.55	2.73

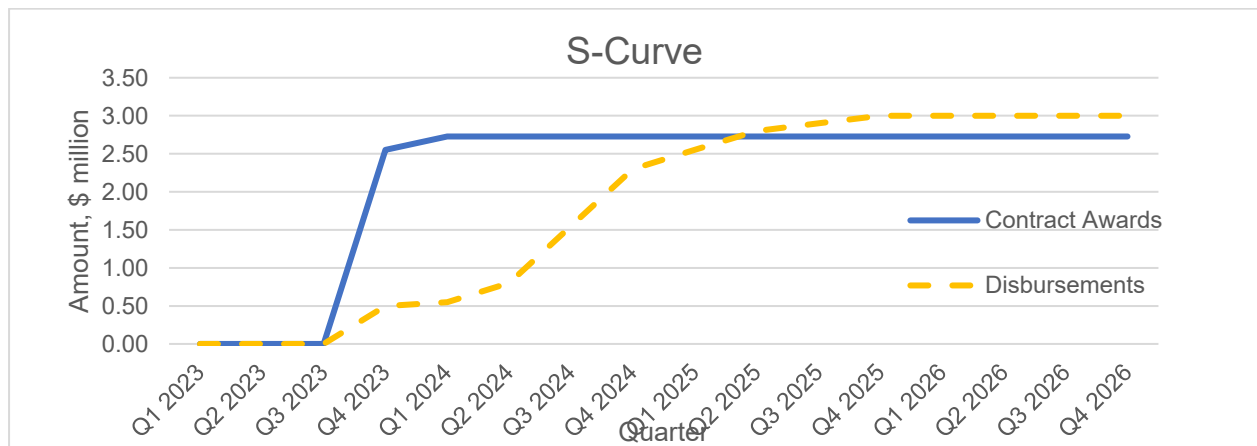
Source: Asian Development Bank

**Table 11: Disbursements (\$ million)**

Year	Q1	Q2	Q3	Q4	Total
2023	0.00	0.00	0.00	0.50	0.50
2024	0.05	0.25	0.75	0.75	1.80
2025	0.25	0.25	0.10	0.10	0.70
Total	0.30	0.50	0.85	1.35	3.00

Source: Asian Development Bank

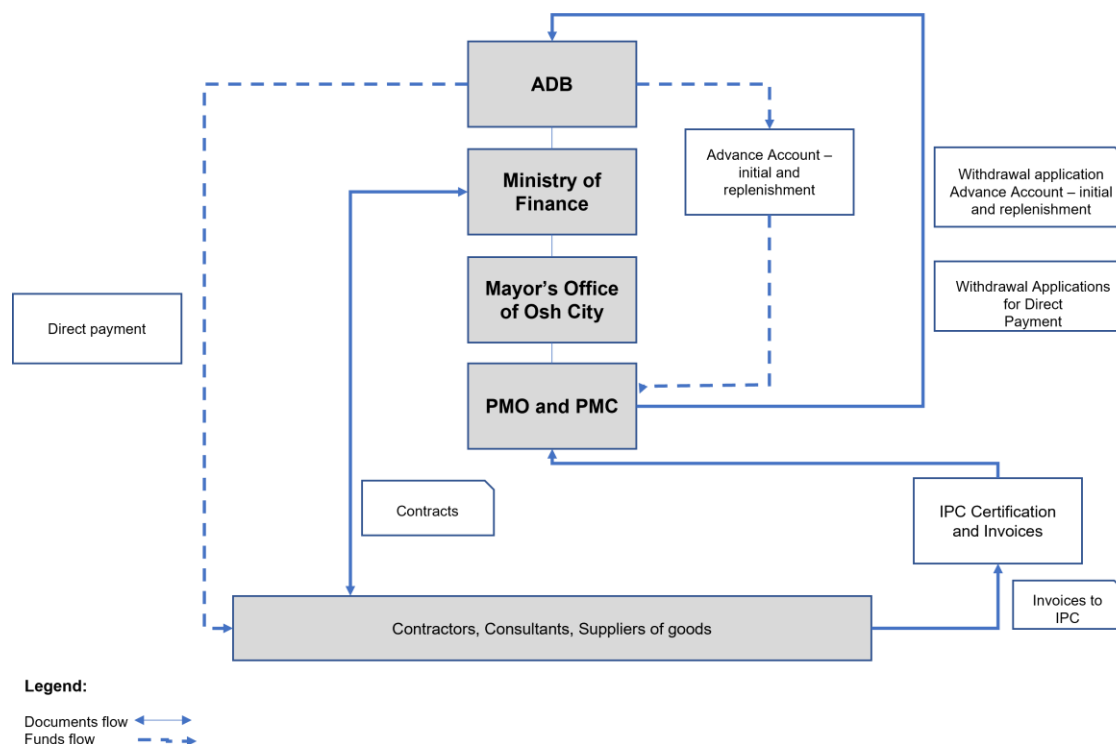
**Figure 1: S-Curve**



**G. Fund Flow Diagram**

6. Fund flow diagram is illustrated in Figure 2

**Figure 2: Funds Flow Arrangement**



ADB = Asian Development Bank; PMO = Project Management Office; IPC = Interim Payment Certificate

#### IV. FINANCIAL MANAGEMENT FOR ACTIVITY

7. A PMO will be established under the IA and will be responsible for the implementation of Activity 5. The PMO will be supported by project implementation consultants. A Financial Management Manual will be developed that will detail GOKR's guidelines on public investment program, ADB processes and procedures in implementing sovereign projects, and the accounting system of the Mayor's Office.

##### A. Financial Management Assessment

7. The FMA for the proposed executing agency, Department of Drinking Water Supply and Sewerage Development under the Cabinet of Ministers of the Kyrgyz Republic (DDWSS) was updated in May 2023 under Activity 2<sup>1</sup> and was used for Activity 5. In accordance with the relevant ADB guidelines, a financial management assessment (FMA) was conducted by ADB staff and consultant in May 2022 for the Mayor's Office of Osh City, proposed implementing agency. The objective of the FMA is to ensure that appropriate financial management systems and procedures are in place for the Mayor's Office of Osh City. The pre-mitigated FM risk of Mayor's Office of Osh City is *substantial*.

<sup>1</sup> ADB. 2019. Kyrgyz Republic - Project Number 52256-003: Small Expenditure Financing Facility Kyrgyz Republic: Multisector Activities Support Facility.

8. Overall pre-mitigated FM risk of Activity 5 is *Substantial*. The IA lacks experience in implementing ADB projects. However, it has previously implemented projects funded by EBRD, and the experience gained will support management of project accounting and financial reporting.

9. A Financial Management Manual will be developed based on the accounting system of the Mayor's Office and will include GOKR's guidelines on public investment program and ADB's procedures and processes.

10. The IA has an existing Internal Audit Department but lacks the capacity to conduct project internal audits. There is a need to build the capacity of the internal audit staff to have a better understanding of project financial management and be able to conduct project internal audits. Mayor's Office of Osh City will recruit an experienced project manager / engineer expert with knowledge of national guidelines, and a financial management specialist familiar with ADB requirements on disbursement and financial reporting, managing financial systems, supporting annual external audits and handling internal audits as part of the PMO. It is expected that ADB will continue to give guidance to the EA and IA on ADB's disbursement and financial management procedures to help the agency and to continue building its capacity in this aspect. ADB project team will guide the PMO in the final liquidation and refund, if any, to ensure financial closure of the sub-grant within 12 to 15 months.

11. The overall pre-mitigated FM risk for the fourth activity is considered *substantial*. The action plan and specific risks are shown in Table 12.

**Table 12: Financial Management Action Plan**

<b>Risk Description</b>	<b>Risk Rating</b>	<b>Mitigation Action</b>	<b>Responsible</b>	<b>Due Date</b>
<p><b><u>Inherent Risk</u></b> Country specific: The Chamber of Accounts (COA), which is responsible for government audit has the right to audit projects of the government investments (the Agreement is signed between Government of the Kyrgyz Republic and ADB). However, projects have not been included in the audit of COA. Audits conducted by COA partially adopt international standards of auditing and do not express an opinion on the financial statements.</p>	Substantial	An independent external auditor will be engaged to conduct the annual external audit of the project financial statements based on a TOR reviewed and approved by ADB.	Mayor's Office of Osh City / PMO	6 months after grant effectiveness date
<p><b><u>Implementing Entity</u></b> IA has no prior experience in implementing ADB projects.</p>	Substantial	A PMO will be established under the IA. New PMO staff and existing accounting staff of the IA	Mayor's Office of Osh City / PMO	3 months before grant effectiveness date

Risk Description	Risk Rating	Mitigation Action	Responsible	Due Date
		will be trained online on ADB's processes and procedures through the self-study modules on project financial management, CPD based on the Loan Disbursement Handbook, and ADB disbursement procedures.		
<p><b><u>Funds Flow</u></b> IA staff lack knowledge and understanding of ADB's procedures on disbursement, which may result to delay in disbursement of the grant proceeds.</p>	Substantial	IA and PMO staff will be trained on ADB's disbursement procedures and processes on the job and through ADB's e-learning/self-study modules on CPD based on the Loan Disbursement Handbook.	Mayor's Office of Osh City / PMO	On-line training: upon grant effectiveness date On-job training: Beginning Q4 2023
<p><b><u>Staffing</u></b> The existing staff of the Mayor's Office lacks knowledge and understanding of ADB's policies and procedures.</p>	Substantial	<p>The Mayor's Office will establish a PMO and recruit dedicated staff to handle project financial management.</p> <p>Existing staff of the Mayor's Office and new PMO staff will be trained online through ADB's e-learning/self-study modules on procurement and disbursement processes, IPSAS cash basis accounting, FM in ADB projects, auditing, and cost estimates, prior to start of project implementation and regularly as part of their on-the-job training with the project consultant.</p>	Mayor's Office of Osh City / PMO / ADB	3 months before grant effectiveness date  Upon grant effectiveness date
<p><b><u>Accounting Policies and Procedures</u></b> No approved accounting policy and existing guidelines on public investment programs do not include accounting processes and financial reporting.</p>	Substantial	Develop project Financial Management Manual based on the accounting system of Mayor's Office, guidelines on public investment programs and will incorporate ADB's procedures on financial management and disbursements.	Mayor's Office of Osh City / PMU / ADB	Upon grant effectiveness date

Risk Description	Risk Rating	Mitigation Action	Responsible	Due Date
		Existing staff of the Mayor's Office and new PMO staff will be trained online through ADB's e-learning/self-study modules on procurement and disbursement processes, IPSAS cash basis accounting, FM in ADB projects, auditing, and cost estimates, prior to start of project implementation and regularly as part of their on-the-job training with the project consultant.		Upon grant effectiveness date
<p><b>External audit</b> The Chamber of Accounts (COA) has limited capacity to conduct the external audit of the project and does not express opinion on the financial statements.</p>	Substantial	Arrangements will be made by the Mayor's Office for the annual external audit of the project financial statements during the implementation period. An independent external auditor will be engaged to conduct the annual external audit based on a TOR that has been reviewed and approved by ADB.	MoF / Mayor's Office of Osh City / PMO	6 months after grant effectiveness date
<p><b>Internal audit</b> The Internal Audit Department lacks the capacity to conduct the project internal audit.</p>	Substantial	Internal Audit Specialist will be trained on ADB's processes and procedures on financial management during project implementation and ADB's disbursement based on the Loan Disbursement Handbook through ADB's e-learning / self-study modules.	Mayor's Office of Osh City	Upon grant effectiveness date
<p><b>Information systems</b> Project accounting and financial reporting are not integrated in the existing 1C accounting software.</p>	Substantial	New 1C accounting software will be purchased for the activity to record the transactions and to generate financial reports required by ADB.	Mayor's Office of Osh City / PMO	Upon grant effectiveness date

Risk Description	Risk Rating	Mitigation Action	Responsible	Due Date
<p><b><u>Financial reporting and monitoring</u></b></p> <p>Financial reports are prepared manually using spreadsheets, which may cause delays in the submission of required financial reports and audited financial statements.</p>	Substantial	New 1C accounting software will be purchased for the activity to record the transactions and to generate financial reports.	Mayor's Office of Osh City / PMO	Upon grant effectiveness date
<b>Overall pre-mitigated FM risk rating</b>	<b>Substantial</b>			

## B. Disbursement

### 1. Disbursement Arrangements for ADB Funds

12. The activity subgrant proceeds will be disbursed following ADB's *Loan Disbursement Handbook* (2022, as amended from time to time)<sup>2</sup>, and detailed arrangements agreed between the government and ADB. The project finance manager will be responsible for (i) collecting and retaining supporting documents, and (ii) preparing and sending withdrawal applications to ADB.

13. **Advance account.** Advance account procedure will be used to pay eligible project expenditure. The total outstanding advance should not exceed ADB's estimated share of expenditure to be paid through the advance account for the next 6 months. ADB will review the reasonableness of the implementing agency's estimate. The currency of the advance account is US dollars. The account is to be used exclusively for ADB's share of eligible expenditures.

14. The IA will establish an advance account in a bank without restriction on withdrawing funds at any time and is opened in the name of the borrower, implementing agency or the project, as appropriate. The IA through the PMO will be accountable and responsible for the proper use of advances to the advance account.

15. The total outstanding advance to the advance account should not exceed ADB's estimated share of expenditure to be paid through the advance account for the next 6 months. The IA may request initial and additional advances to the advance account based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the next 6 months.<sup>3</sup> Supporting documents should be submitted to ADB or retained by the implementing agency following ADB's *Loan Disbursement Handbook* when liquidating or replenishing the advance account.

**Statement of expenditure procedure for the activity.** The statement of expenditure (SOE) procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the advance account. Supporting documents and records for the expenditure claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and

<sup>2</sup> [Loan Disbursement Handbook 2022](#). Manila

<sup>3</sup> The estimate of expenditure sheet is available in Appendix 8A of ADB's [Loan Disbursement Handbook](#).



review missions, upon ADB's request for submission of supporting documents on a sampling basis and for independent audit.

16. Before the submission of the first withdrawal application for an activity, the recipient should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is stipulated in ADB's Loan Disbursement Handbook. Individual payments below such amount should be paid by the PMO through the advance account, unless otherwise accepted by ADB. The recipient should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements system is advised for submission of withdrawal applications to ADB.<sup>4</sup>

## **2. Disbursement Arrangements for Counterpart Fund**

17. OCMO will be responsible for (i) preparing disbursement projections, and (ii) requesting budgetary allocations for counterpart funds. The government will finance local taxes and duties under the activity subgrant by providing funds to pay local taxes and duties.

### **C. Accounting**

18. The implementing agency will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred under the activity subgrant following the International Public Sector Accounting Standard for cash-based accounting. The PMO will prepare financial statements for the activity subgrant following the government's accounting laws and regulations, which are consistent with international accounting principles and practices.

### **D. Auditing and Public Disclosure**

19. The implementing agency will cause the detailed activity financial statements to be audited following the International Standards on Auditing by an independent auditor acceptable to ADB. The audited activity financial statements and the auditor's opinion, together with the management letter will be presented to ADB in the English language within 6 months from the end of the fiscal year by the implementing agency.

20. The audit report for the activity financial statements will include a management letter and auditor's opinion, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, following the applicable financial reporting standards; and (ii) whether the proceeds of the subgrant were used only for the purpose(s) of the activity; The standard TOR for the audit of project financial statements is given in Attachment 1.

21. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

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<sup>4</sup> The Client Portal for Disbursements facilitates online submission of withdrawal application to ADB, resulting in faster disbursement. The forms to be completed by the Recipient are available at <https://www.adb.org/documents/client-portal-disbursements-guide>.

22. The government, DDWSSD and Mayor's Office of Osh have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited activity financial statements.<sup>5</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the Recipient) or additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB or if the audits are substantially delayed. ADB reserves the right to verify the activity financial accounts to confirm that the share of ADB's financing is used following ADB's policies and procedures.
23. Public disclosure of the audited activity financial statements, including the auditor's opinion on the financial statements, will be guided by ADB's Access to Information Policy.<sup>6</sup> After the review, ADB will disclose the audited activity financial statements and the opinion of the auditors on the financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and additional auditor's opinions will not be disclosed.<sup>7</sup>

## **V. PROCUREMENT AND CONSULTING SERVICES**

### **A. Advance Contracting**

24. All advance contracting will follow the ADB Procurement Policy (2017, as amended from time to time), and Procurement Regulations for ADB Recipients (2017, as amended from time to time). The issuance of invitations to bid under advance contracting will be subject to ADB approval. The Recipient, DDWSSD and Mayor's Office of Osh PMO have been advised that approval of advance contracting does not commit ADB to finance the project.

### **B. Procurement of Goods, Works, and Consulting Services**

25. All procurement of goods and works will follow the ADB Procurement Policy and Procurement Regulations for ADB Recipients.
26. Open competitive bidding with national advertising procedures will be used for civil works contracts estimated to cost \$3.0 million or more and for supply contracts valued at \$100,000 or higher. Shopping will be used for contracts for procurement of works and equipment worth less than \$100,000.

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<sup>5</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement, such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters, will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement, such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

<sup>6</sup> ADB. [Access to Information Policy](#).

<sup>7</sup> Footnote 6. This type of information would generally fall under the exceptions to disclosure.

27. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in section C below.
28. Recruitment of all consultants and nongovernment organizations will follow the ADB Procurement Regulations.<sup>8</sup>
29. Summarize key consulting services features. e.g., An estimated 102 person-months (national) of consulting services are required to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the implementing agency.

### C. Procurement Plan

30. The procurement plan is prepared following the generic or country-specific templates prepared by the Procurement, Portfolio, and Financial Management Department.<sup>9</sup>

Basic Data		
Project Name: Small Expenditure Financing Facility - Activity 5		
Project Number: 52256-010	Approval Number: G0924-KGZ	
Country: Kyrgyz Republic	Executing Agency: DDWSSD	
Project Procurement Classification: Category A	Implementing Agency: Osh city municipality	
Project Procurement Risk: High		
Project Financing Amount: \$4,715,000 ADB Financing: \$3,000,000 Co-financing (ADB Administered): \$,000,000 Non-ADB Financing: \$1,715,000	Project Closing Date: January 2025	
Date of First Procurement Plan: June 2023	Date of this Procurement Plan: June 2023	
Procurement Plan Duration (in months): 18	Advance Contracting: No	e-Procurement: No

#### a. Methods, Review, and Procurement Plan

31. Except as the ADB may otherwise agree, the following methods shall apply to procurement of goods, works, non-consulting services, and consulting services.

Procurement of Goods, Works, and Non-consulting Services	
Method	Comments

<sup>8</sup> Checklists for actions required to contract consultants by method are in the *Handbook on Project Implementation* (ADB. [Handbook on Project Implementation](#)).

<sup>9</sup> MyADB. Procurement, Portfolio, and Financial Management Department. [Procurement Plan Template](#).

Open competitive bidding with national advertising for works	Construction materials and equipment are available locally and the local market is competitive
Shopping of non-consulting services	Audit services
Consulting Services	
Method	Comments
Open competitive bidding with national advertising, using individual consultant selection procedures	Project Management Unit staff (Including Supervision consultants)

**b. List of Active Procurement Packages (Contracts)**

32. The following table lists goods, works, non-consulting, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan’s duration.

Goods, Works, and Non-consulting Services							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (Quarter, year)	Comments
CW1	Water intake and water main 2.4km in Osh city	4,113,000	OCB	Prior	1S2E	Q2, 2023	Advertising: National Number of contracts: 1 Prequalification of bidders: No Domestic preference applicable: No Advance contracting: Yes Bidding document: Small Works E-procurement: No
Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter, year)	Comments

CS1	Project implementation staff for PMO	135,000	ICS	Prior	ICS	Q3, 2023	Type: Individual consultants Assignment: National Prequalification: No Domestic preference applicable: No Advance contracting: Yes E-procurement: No
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**c. List of Indicative Packages (Contracts) Required Under the Project**

33. The following table lists goods, works, non-consulting, and consulting services contracts for which procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e., those expected beyond the current procurement plan's duration).

Goods, Works, and Non-consulting Services							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter, year)	Comments
NCS1	Audit of project financial statements	28,000	Shopping for non-consulting services	Prior	RFQ	Q4 2023	

Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter, year)	Comments

[None]							Type: Assignment: Quality-Cost Ratio (if applicable): Prequalification of bidders: Domestic preference applicable: Advance contracting: E-procurement:
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#### d. List of Awarded and Completed Contracts

34. The following table lists the awarded and completed contracts for goods, works, non-consulting, and consulting services.

Goods, Works, and Non-consulting Services					
Package Number	General Description	Contract Value	Date of ADB Approval of Contract Award	Date of Completion	Comments
[None]					

Consulting Services					
Package Number	General Description	Contract Value	Date of ADB Approval of Contract Award	Date of Completion	Comments
[None]					

#### e. Non-ADB Financing

35. The following table lists goods, works, non-consulting, and consulting services contracts over the life of the project, financed by non-ADB sources.

Goods, Works, and Non-consulting Services				
General Description	Estimated Value (cumulative, \$)	Estimated Number of Contracts	Procurement Method	Comments
[None]				

**D. Consultant's Terms of Reference**

36. The outline terms of reference for all consultant services is provided in Appendix 1.

**VI. SAFEGUARDS**

37. **Environment (category B).** An environmental assessment and review framework (EARF) have been prepared for the facility in accordance with ADB's Safeguards Policy Statement 2009 (ADB SPS 2009) to guide the preparation of environmental assessment reports (i.e., initial environmental examination (IEE). Activity 5 subgrant of the project covering the New Water Intake and water mains to the City of Osh is category B for environment, this categorization is based mainly on the fact that the project will likely have localized and site-specific impacts to physical and biological characteristics of the environment and that most of the impacts to the human environment can be adequately managed or mitigated by the management plans provided by this report. Public consultations are planned to be conducted in Q1 2023, and the findings added to the IEE. Project impacts during construction are expected to be site-specific and temporary and related to the construction activities. Expected impacts include, among others, noise, dust, and exhaust emissions from equipment and construction vehicles, impacts on the river and surface water, waste management, occupational health and safety, community health and safety, construction traffic. During operation phase, potential impacts are related to limited local capacity to maintain functionality of the components, with expected positive impacts due to the rehabilitation works. Adequate mitigation measures are included as part of the assessment, and will be implemented through, the environmental management plan (EMP) and site-specific environmental management plans (SEMP).
38. **Involuntary resettlement (category B).** A land acquisition and resettlement framework has been prepared for the facility subsequent activities in accordance with the SPS. The SEFF will include consulting services, implementation and upgrading or rehabilitation works within existing facilities. They are expected to involve physical and economic displacement. For the activity, no land acquisition and involuntary resettlement is envisaged, and no household will experience severe impact on their livelihood and no household was found to belong to vulnerable groups.
39. **Indigenous peoples (category C).** There are no indigenous peoples in the project areas, as defined in the ADB SPS 2009 for operational purposes. Accordingly, no indigenous peoples planning documents will be required.
40. Stakeholder consultations were conducted on 22-23 August and 9 November 2022. A fully functional grievance redress mechanism is already in place at the PMO. It has an understandable and transparent process, gender responsive, culturally appropriate, and readily accessible to all affected persons.
41. EA, IA, PMO are responsible, and the resources required to implement the actions identified in the EMP. See Section VII for safeguards monitoring.
42. **Prohibited investment activities.** ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth in Appendix 5 of the Safeguard Policy Statement (2009).

## VII. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Monitoring and Reporting

43. **Activity performance monitoring.** OCMO will monitor the activity's performance and provide quarterly reports to ADB. These reports will include (i) activity's progress measured against the implementation schedule, (ii) key implementation issues and solutions, (iii) updated procurement plan, and (iv) an updated implementation plan for the activity for the next 12 months. In the event that (i) an ensuing grant is not approved, OCMO will submit an SEFF activity completion report to ADB within 6 months of physical completion of the SEFF activity.<sup>10</sup> To ensure that activities will continue to be both viable and sustainable, activity accounts and the together with the associated auditor's report should be adequately reviewed.
44. **Compliance monitoring.** The IA, on behalf of the Recipient for the fourth activity, will monitor compliance of the subgrant covenants, including those that relate to policy, legal, financial, economic, environmental, and others and ensure compliance with subgrant covenants and assurances. All non-compliance issues, if any, will be updated in semiannual progress reports together with remedial actions taken and/or planned. The ADB review missions will monitor the status of compliance with subgrant covenants and raise non-compliance issues with the MoF and OCMO and agree on remedial actions.
45. **Safeguards monitoring.** OCMO will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual report including (a) progress achieved by output as measured through the activity design and monitoring framework and indicator performance targets, and updated implementation plan for the next quarter; (iii) semiannual monitoring reports submitted to ADB in line with the LARP/Loan agreement; and (iv) if required, a SEFF activity completion report within 6 months of completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts together with the associated auditor's report, should be adequately reviewed.

## VIII. ANTICORRUPTION POLICY

46. ADB reserves the right to investigate, directly or through its agents, any violations of ADB's Anticorruption Policy (1998, as amended to date) relating to the activity. All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the implementing agency and all activity contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activities and may not be awarded any contracts under the activity.<sup>11</sup>
47. To support these efforts, relevant provisions are included in the facility framework agreement, and subgrant agreement. ADB will disseminate ADB's anticorruption policy to EA and IA.

<sup>10</sup> ADB. 2018. [Project Completion Report for Sovereign Operations](#). *Project Administration Instructions*. PAI 6.07A. Manila.

<sup>11</sup> ADB. [Anticorruption and Integrity](#).



## **IX. ACCOUNTABILITY MECHANISM**

48. People who are, or may in future be, adversely affected by the activity subgrant may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>12</sup>

## **X. RECORD OF CHANGES TO THE ACTIVITY ADMINISTRATION MANUAL**

49. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the AAM, including revision to contract awards and disbursement s-curves.

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<sup>12</sup> ADB. [Accountability Mechanism](#).

## **PROPOSED JOB DESCRIPTIONS**

### **Proposed Job Description of the Financial Manager/Disbursement Specialist**

#### **Scope of the job:**

1. The Financial Manager/Disbursement Specialist shall be responsible for the financial management of the Project Management Office (PMO) of the SEFF Activity 5. The Financial Manager/Disbursement Specialist shall ensure that policies and procedures are in place and strictly followed, specifically related to budgeting, disbursement arrangements and funds flow, accounting, internal control, internal and external audit, financial reporting and monitoring, and information systems. The Financial Manager/Disbursement Specialist shall serve as the liaison between the finance team of the PMO and the design and supervision consultants, the Osh City Mayor's Office (OCMO), the Ministry of Finance, and the Asian Development Bank (ADB), and develops and maintains direct relationships with the government authorities. The Financial Manager/Disbursement Specialist shall work under the supervision of the PMO Director (immediate supervisor) and Mayor of Osh City (second-level supervisor).

#### **Responsibilities:**

2. The Financial Manager/Disbursement Specialist shall be obliged, but not limited to:
- (i) Carry out the financial management and administration of the project funds.
  - (ii) Maintain the project's advance account.
  - (iii) Ensure compliance with ADB's Loan Disbursement Handbook (2022, amended from time to time) and other policies and procedures and establish controls in accordance with international standards requirements.
  - (iv) Prepare the budget estimate, monitor the expenses according to budget categories, ensure appropriate budget reallocations if necessary.
  - (v) Supervise and review all supporting documentation for reimbursable expenses and timesheets submitted by the consultants, including the status of work in progress, cash flows, and variance reports.
  - (vi) Ensure accounts receivable and payables are processed accurately, efficiently, and timely, and report any concerns or discrepancies to the PMO Director.
  - (vii) Ensure the project and administrative expenditures meet budget objectives and comply with the approval processes.
  - (viii) Ensure funds are received when due and allocated accurately by monitoring and analyzing bank/cash flows monthly, including revenues, expenditures, receivables, and payables.
  - (ix) Review the project consultants' and contractors' invoices, claims, and requests for contract variations from a financial management perspective.
  - (x) Prepare and review disbursement projections for the grant amount.
  - (xi) Prepare withdrawal applications based on consultants' and contractors' invoices for PMO Director approval.
  - (xii) Ensure account keeping and timely preparation and submission of reports to relevant bodies.
  - (xiii) Ensure calculation of salaries, payments equal to salaries, and other payments to employees of the PMO.
  - (xiv) Ensure preparation and submission of individual statements about employees.
  - (xv) Ensure verification and registration of received payment documents on works implemented, services provided, and products delivered under concluded contracts.

- (xvi) Ensure accepting of statements on the expenditure of advance amounts for business trips.
- (xvii) Ensure registration of main facilities, high wearing objects, carry out monitoring of assets and due inventory.
- (xviii) Carry out other related tasks and responsibilities as requested by the PMO Director and prescribed in the Sub-grant Agreements and other project documents.

**Knowledge and qualifications:**

3. The Financial Manager/Disbursement Specialist must have the following:
- (i) Degree (at least MBA) in accounting, finance, or business;
  - (ii) At least five years' experience in financial management, accounting, budgeting, report writing, and cash management;
  - (iii) ACCA accounting qualification or equivalent is preferable;
  - (iv) Knowledge of accounting and financial reporting applications (e.g., MS Project, 1C Accounting software) and financial data analysis;
  - (v) Work experience in projects or programs implemented by international donor organizations;
  - (vi) Familiarity with the procedures of international donor organizations, such as ADB, World Bank, European Bank for Reconstruction and Development, International Finance Corporation, KfW Development Bank, Millennium Development Corporation, or other donors;
  - (vii) Excellent Russian and English written and oral communication skills; and
  - (viii) Computer literacy (at least Word, Excel, PowerPoint).

**Professional competencies:**

4. The Financial Manager/Disbursement Specialist must be/have the following:
- (i) Results-oriented
  - (ii) Excellent analytical skills
  - (iii) Excellent presentation and facilitation skills
  - (iv) Strongly developed problem-solving and decision-making skills
  - (v) Managerial skills
  - (vi) Planning and organization skills
  - (vii) Cooperation/teamwork
  - (viii) Report writing skills

**Terms and Conditions of Service:**

5. The Financial Manager/Disbursement Specialist, in his/her activity, shall be guided by the terms and conditions of the Sub-grant Agreement concluded between the GKOR and ADB, ADB's Technical Guidance Note: Project Financial Reporting and Auditing, Tax, Customs, and Budget Codes of the RA, legal and regulatory acts of the RA, Yerevan Municipality regulations and procedures, and the employment contract signed with the employee. The job description is an integral part of the employment contract.