



*GOVERNMENT OF GUYANA  
MINISTRY OF AGRICULTURE  
&  
THE WORLD BANK*

*Guyana REDD+ Investment Fund [GRIF]*

*FOR THE*

*Cunha Canal Rehabilitation Project*

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**OPERATIONS MANUAL**

**Ministry of Agriculture  
Regent Street and Vlissengen Road  
Georgetown, Guyana**

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## **ABBREVIATIONS AND ACRONYMS**

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ASDU	Agriculture Sector Development Unit
BLC	Barama Company Limited
CAP	Conservancy Adaptation Project
CAS	Country Assistance Strategy
CQS	Selection Based on Consultant Qualifications
EA	Environmental Assessment
EAP	Environmental Protection Act
EBD	East Bank Demerara
ECLAC	Economic Commission for Latin America and the Caribbean
EDWC	East Demerara Water Conservancy
FBS	Fixed Budget Selection
FCPF	Forest Carbon Partnership Facility
FMR	Financial Monitoring Report
GD	Guyana Datum
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GoG	Government of the Republic of Guyana
GRIF	Guyana REDD+ Investment Fund
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IDA	International Development Association
IFR	Interim Financial Report
LCS	Least-Cost Selection
LCDS	Low Carbon Development Strategy
MoA	Guyana Ministry of Agriculture
MoPWC	Guyana Ministry of Public Works and Communications
MoU	Memorandum of Understanding
NCB	National Competitive Bidding
NDC	Neighbourhood Democratic Council
NDIA	National Drainage and Irrigation Authority
NEAP	National Environmental Action Plan
PAD	Project Appraisal Document
PIU	Project Execution Unit
PMO	Project Management Office
QBS	Quality-Based Selection
QCBS	Quality and Cost-Based Selection
REDD	Reducing Emissions from Deforestation and Forest Degradation, and Conservation of Standing Forests
SBD	Standard Bidding Document
SCCF	Special Climate Change Fund
TOR	Terms of Reference
TTL	Task Team Leader

UNFCCC	United Nations Framework Convention on Climate Change
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## **SECTION 1 – INTRODUCTION**

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The Government of Guyana (GOG) has received funding through payments earned for climate services under its agreement with the Government of Norway and intends to use part of the funds to execute the Cunha canal Project.

The project is estimated to cost US\$2,971,898.00 million and is 100% funded by the Guyana REDD+ Investment Fund [GRIF].

The Operation Manual has been prepared as a guide to the Government, including staff of the Ministry of Agriculture (MOA), on the nature and scope of project implementation and the functions and responsibilities of these entities under the Agreements.

The objectives of the manual are to:

- a) enable stakeholders to understand the scope, content, organization, and activities of the Project;
- b) indicate the performance expected of the management, operating, and support staff;
- c) ensure that the requirements for transparency, equity, compliance and accountability are met; and
- d) guide the operations of the functions to be performed under the Project to ensure consistency, timeliness and accuracy.

### **Project Implementation Entity**

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The Agriculture Sector Development Unit (ASDU) within the MOA will be the Project's main coordinating body. The Agreements require that the ASDU with functions, staff and responsibilities satisfactory to the Bank, be maintained throughout the life of the Project for the purposes of: (A) processing documentation required for disbursement of the funds; (B) procuring goods, works and services under the Project; and (C) preparing and maintaining records, accounts and financial statements referred to in the Agreements; (D) coordination and implementation of the Project; and (E) monitoring and evaluation of the Project.

This Operation Manual draws upon several documents:

- a) Mott MacDonald Reports under the Conservancy Adaptation Project
- b) Project Appraisal Document (PAD)
- c) Publications of the Bank on such matters as procurement of goods and services, disbursement and accounting requirements and implementation and completion reports.

## Country Background

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Guyana is a low-lying country, the third smallest country in South America after Suriname and Uruguay. With a GNI per capita of US\$3,270 in 2011, it is one of the poorest countries in Latin America and the Caribbean. Nevertheless, Guyana has achieved significant advances in the reduction of moderate and extreme poverty rates, which fell 14.5 and 17 percent respectively between 1992 and 2006. After years of volatility, the economic performance of the country has improved in recent years with increasing foreign direct investment and GDP growth, estimated at 4.8 percent for 2011. Further growth is expected to be supported by key public infrastructure investment projects, increases in productivity linked to the implementation of the sugar modernization plan, and growth in other commodity export sectors<sup>1</sup>.

Guyana has one of the lowest population densities in the world. Ninety percent of its 760,000 inhabitants live on the narrow coastal plain, which represents 10 percent of the country's area<sup>2</sup>. This is an area of reclaimed lands, much of which lies below sea level, situated between a water storage basin and a protective seawall complex. The coastal zone is transacted by a dense network of drainage and irrigation canals, which links up with several water conservancies, including the East Demerara Water Conservancy (EDWC), a water storage system that provides regional agricultural lands and urban areas with irrigation and drinking water.

Guyana's agrarian economy is highly dependent on this coastal drainage and irrigation system, which allows for bi-annual harvests of rice and sugar that account for approximately 27 percent of the nation's GDP. This system also provides flood control that is crucial for the protection of property, life and economy in the country. Over the past three decades however, the operational capacities of this network of dams, canals and sluices have declined. Intense flooding in 2005 and 2006 demonstrated the increased vulnerabilities of the drainage system and revealed shortcomings in the existing infrastructure. Present rates of sea level rise associated with global climate change exacerbate this threat: estimates from the 2009 National Adaptation Strategy to address Climate Change in the Agriculture Sector of Guyana suggest that the sea level can be expected to reach one meter by the end of the century, which could potentially result in the flooding of about 200,000 hectares, where 70 percent of the population resides, 40 percent of the agricultural land is located and 48 percent of the GDP is produced<sup>3</sup>.

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<sup>1</sup> World Bank Group (2012) "Guyana Country Brief"

<sup>2</sup> World Bank Group (2012) "Guyana at a Glance"

<sup>3</sup> Development Policy and Management Consultants, Guyana (2009), "National Adaptation Strategy to address Climate Change in the Agriculture Sector of Guyana: Synthesis and Assessment Report", Caribbean Community Climate Change Centre

## Project Background

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In June 2009 the GoG set out Guyana's approach for transitioning to a green economy through the launch of its Low Carbon Development Strategy (LCDS). The LCDS' stated aim is to combat climate change while simultaneously promoting economic growth and development. The key focus areas of the LCDS are in investments in low carbon economic infrastructure, high potential low carbon sectors, climate change adaptation, and creating economic opportunities for all Guyanese. In November 2009, Guyana and Norway signed a Memorandum of Understanding (MoU) and a Joint Concept Note in which Norway committed to providing financial support of up to US\$250 million by 2015 for results achieved by Guyana in limiting emissions from deforestation and forest degradation. Under the MoU, contributions from Norway are channelled towards priority projects identified in the LCDS through the Guyana REDD+ Investment Fund (GRIF), which was established in October 2010. The GRIF represents an effort to create an innovative climate finance mechanism which balances national sovereignty over investment priorities, and ensures that REDD+ funds adhere to the Partner Entities' financial, environmental and social safeguards. The objective of the GRIF is to support activities and investments within Guyana's LCDS, and to bolster Guyana's efforts in building capacity to improve overall REDD+ and LCDS efforts. The GRIF receives payments for forest climate services provided by Guyana, and transfers these payments to be invested in projects and activities that support LCDS implementation. Specifically, the GRIF provides grant financing for goods, works or services for investment, technical assistance or capacity building activities identified in the LCDS, such as investment in low carbon economic infrastructure, investment in human capital and institutional strengthening, or investment in high value, low carbon economic sectors. The level of financial support from contributors to the GRIF will depend on Guyana's delivery of results as measured against performance indicators related to forest-based greenhouse gas emissions, and indicators related to compliance with policies and safeguards (including continuous multi-stakeholder consultation, development of a transparent forest governance system, protection of the rights of local forest communities, and use of multiple monitoring and reporting mechanisms). The GRIF is also designed to support global efforts to devise a UNFCCC REDD-plus mechanism. The GRIF is intended to be a model for REDD-plus payments, and to learn lessons about the nature of the REDD-plus climate finance fund that will be needed to support a UNFCCC REDD-plus mechanism and as part of this effort. In the absence of a UNFCCC mechanism for REDD-plus, the Guyanese and Norwegian Governments have invited the IDB, the World Bank and members of the United Nations Development Group to act as GRIF Partner Entities, and the World Bank to act as Trustee.

Guyana's Region 4 is an area of 1,843 square kilometers (711 square miles) with its population living predominantly on coastal lands that are bound to the north by the Atlantic Ocean, to the west by the Demerara River and to the east by the Mahaica River and Region 5. This land is protected from flooding by a seawall along the Atlantic Ocean that prevents the sea from inundating the area, and an inland water reservoir that is dammed on three sides. The reservoir dam parallels the Mahaica River, the Atlantic Ocean and the Demerara River and prevents storm water from the inland area from entering the coastal land. The reservoir - referred to as the East Demerara Water Conservancy (EDWC) - is a large, shallow water storage system with a catchment area of 571 square kilometers (220 square miles). In addition to flood control, the EDWC provides agricultural lands (rice and sugar production especially) and urban areas with irrigation and drinking water.

The National Drainage and Irrigation Authority (NDIA) in the Ministry of Agriculture (MoA) is responsible for drainage and irrigation in Guyana, including management of conservancies such as the EDWC. NDIA's responsibilities cover strategic planning, investment, operation, maintenance and monitoring. In the decades leading up to the 2005 and 2006 floods, the operational capacities of the EDWC and coastal drainage systems declined due to insufficient physical investments and inadequate disaster preparation and management capacity. Following the floods, the Government of Guyana (GoG) reemphasized the importance of flood risk management to Guyana's economic, social and political well-being, increasing budget for NDIA to undertake investments, maintenance and future planning.

During rainfall events, flood protection is dependent upon both the integrity of the EDWC dam and effective drainage in the coastal areas. A series of drainage canals controlled by sluices reduce water levels by draining the EDWC and avoid dam failure caused by water levels exceeding safe operating levels or overtopping. A separate network of drainage and irrigation canals and pumps drains water from this area into the Demerara and Mahaica Rivers and the Atlantic Ocean to prevent and reduce the risk of flooding that would occur due to rainfall and runoff of storm water.

Significant improvements have been made to the EDWC dam since 2005; however, it remains vulnerable and frequently operates above the safe operating water level. The 2005 and 2006 floods left the EDWC dam in a weakened state, in need of maintenance and re-enforcement, and highlighted the fact that the EDWC did not have adequate drainage capacity to protect the dam during storm events. Since that time, GoG has repaired sections of the dam damaged during the flood and some areas are found to have marginal stability. Additionally, significant investments - a combination of GoG, World Bank and Japanese International Cooperation Agency (JICA) funds<sup>4</sup> - were undertaken to improve water flow within the EDWC, rehabilitate several drainage relief canals and sluices, purchase equipment for maintenance and repair and construct the new Northern Relief Channel. These investments have improved the stability of the dam and operation of the EDWC, but the dam remains vulnerable to catastrophic breaching. Currently, water levels in the EDWC are typically above safe operating levels during storm events and the dam is marginally stable due to periodic slips and small breaches.

Similarly, the coastal drainage system has been upgraded since 2005 but is inadequate, resulting in annual flooding in Region 4. The poor performance of the coastal drainage system in 2005 led to catastrophic flooding lasting from 1 to over 3 weeks in some areas, the loss of 34 lives, a disease outbreak, population displacement and infrastructure damage. Since 2005, GoG with assistance from the Inter-American Development Bank (IDB) and JICA has been investing in the drainage systems in Region 4 that includes constructing, maintaining and rehabilitating drains, canals, pump stations and intake and outfall structures<sup>5</sup>. However, the system currently has inadequate drainage, pumping, and channel capacity, and compromised efficiency since it is combined with agricultural drainage. Investments in infrastructure to improve drainage capacity and efficiency are needed to reduce the

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<sup>4</sup> The Project for Rehabilitation of the East Demerara Water Conservancy is a USD7.4 million JICA Grant that includes equipment purchase and rehabilitation of drainage canals and sluices in the East Coast Demerara area. The project is expected to be completed in 2014.

<sup>5</sup> GoG activities in the East Demerara included clearing and desilting of canals and construction and upgrading sluices and kokers. A portion of the JICA Grant contributed to improved coastal drainage. The USD22.5 million IDB funded Agriculture Services Support Project focused on public land management policies and drainage and irrigation and undertook rehabilitation of infrastructure, some of which was linked to the drainage of the East Demerara. The EU is also financing a USD25 million project to upgrade sea defenses including those in the East Coast.

impacts of floods in this area. These will be achieved through a US\$11.89 Million project, the Flood Risk Management Project recently signed and is presently being implemented.

Following the 2005 and 2006 floods, GoG recognized the long-term need for flood prevention by increasing the annual budget allocated to investment and operation and maintenance of the system and investing in tools for medium- and long-term planning. The planning tools were developed under the Conservancy Adaptation Project (CAP) using financing from the Global Environment Facility (GEF) Special Climate Change Fund (SCCF) with the intention of improving the understanding of the behavior of the EDWC and coastal drainage systems for use in planning for investments and operation. In particular, GoG improved the baseline monitoring and information system for the EDWC including installing systems to monitor weather, water levels and water flow and collecting topographic and land use data in the coastal area. These were used to simulate the behavior of the EDWC and the coastal drainage system under different storm events and helped identify priority interventions in the EDWC and dam, and the coastal drainage system. These interventions are included in the GoG short and mid-term development plans, specifically in the Ministry of Agriculture's Master Drainage and Irrigation Plan for the period 2014-2030, now being finalized and its ongoing 2013-2020 Strategic Plan.

A key element of the EDWC system that is currently not functioning is the Cunha Canal which is located on the western side of the EDWC discharging into the Demerara River. Located on the edge of the EDWC, the Cunha Canal is intended to serve two purposes. The first is to drain nearby farming areas (Kuru Kururu; Coverden; Pearl and Sarah Johanna). The drainage would flow from these areas through tributaries to the Badarima Creek, into the EDWC, through the Cunha Canal out to the Demerara River. The second use to manage water levels in the EDWC, which during critical rain periods needs to be drained to keep water levels from exceeding the safe operating level. This reduces the risk of dam breaches caused by the increased stress or overtopping of the dam when water levels are high.

Around 1990, the canal was diverted from its original alignment, taking a turning at, and following, the EBD public road and joining the Sarah Johanna channel that flows to the Demerara River. This diversion created a hydraulic barrier in the discharge of the Cunha canal due to the size of the Sarah Johanna channel and restrictions imposed by bridge and culvert structures constructed to accommodate local access and flow under the Public Road. In addition with this additional flow from the Cunha Canal, the Sarah Johanna channel is now overburdened and does not have the capacity to drain both the areas intended to be served by the original Cunha Canal alignment and the agricultural areas intended to be served by the Sarah Johanna channel. Rehabilitation of the canal would remove hydraulic restrictions, allowing these and other farming areas to be drained, and would allow for additional drainage capacity for the EDWC during storm events.

## **SECTION 2 –PROJECT SUMMARY**

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### **Project Description**

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The Cunha Canal rehabilitation would improve capacity of the EDWC system to drain. Drainage of the EDWC reduces the risk of water levels exceeding safe operating levels, stressing the dam, and potentially leading to a catastrophic breach and flooding. The beneficiaries in this case are principally the citizens of Georgetown (estimated population of 239,600 people), and residents, commercial and industrial establishments and farmers in the Region 4 area.

The Project is a continuation of Government and donor-financed upgrading of these systems that began after the severe flooding in 2005 caused loss of life, relocation, disease and infrastructure damage, significantly affecting the economy of Guyana. It also benefitted from the planning and technical assessments undertaken as part of the Conservancy Adaptation Project (CAP), financed by the Global Environment Facility Special Climate Change Fund (GEF SCCF), which identified priority areas for investment in the Region and established a technical foundation for planning and managing these systems.

### **Project Development Objective**

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The Project Development Objective is to improve drainage in agricultural areas that drain to the Bandarima Creek and Sarah Johanna Canal and increase the capacity of channels draining the EDWC.

### **Project Components**

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The proposed project will finance the following activities under the Cunha Canal Project.

#### **Component 1.0 - Carrying out of civil works to rehabilitate the Cunha Canal (US\$1.978 million from GRIF; GoG parallel co-financing)**

- (a) *Rehabilitation of the drainage channel.* The channel will be re-routed along its original alignment, widened and excavated to remove the earth fill and weeds and allow for a straight flow into the Demerara River that eliminates hydraulic restrictions. This will be undertaken by the GoG through parallel co-financing.
- (b) *Rehabilitation and construction of sluices* - this would cover rehabilitation of: (i) sluice at the outlet of the EDWC to fix the gate and upgrade the sluice; and (ii) the construction of a new sluice at the outlet of the Cunha Canal at the Demerara. The first sluice will serve as a regulator for water releases from the conservancy and the second will control the discharge of water and to prevent river water from entering the canal during high tide.

- (c) *Construction of a bridge on the EBD Public Road.* A new bridge will be constructed at the point where the canal will intercept the EBD Public Road to allow vehicular traffic to traverse the area.
- (d) It will also fund consultancies for supervision of the project works including safeguards related supervision.

**Component 2.0 - Compensation under the Resettlement Plan (US\$0.569,298 million from GRIF).** The proposed civil works require the use of a portion of land currently occupied by the Barama Company Limited (BCL) and the relocation of certain assets. Compensation will be paid to Barama for the fair market value of: (i) *Relocation of assets.* Assets to be relocated include a log bridge, a steel bridge, a lumber shed, a saw dust pen, equipment, a fence, two guard huts, fuel storage, and utilities. To ensure it does not affect construction schedules, BCL will be responsible for resettlement of their displaced assets within an agreed period of three (3) months. (ii) *Provision of other resettlement assistance.* During the relocation period operations will be affected. Compensation for this cost will be provided by the Project under this Component.

**Component 3.0 - Project Management (US\$0. 452,702million from GRIF).** The Project will finance consultancies and operational costs to manage the project including procurement, financial management and technical staff. It will also fund monitoring equipment to better understand the impacts of the works on the water flows in the Badarima Creek, Cunha Canal and Sarah Johanna Canal and drainage of the Conservancy and the nearby agricultural areas. It will also provide funding for the hiring of a private Audit Firm to have yearly audits for the Project conducted. Procurement of motor vehicle, purchase of Computers and Accessories, Vehicle Operation and Maintenance (Supply of Fuel and Lubricants) and Office Maintenance and Overheads (Stationery, Office Supplies & Consumables) will also be financed from this component. Funded by the GRIF.

## **Project Financing**

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The project will be financed by Grant resources from the GRIF as outlined in the table below.

***Table 1: Project Component and Financing***

<b>Project Components</b>	<b>Project Cost (US\$)</b>	<b>GRANT (US\$000)</b>	<b>% Financing</b>
1. Carrying out of civil works to rehabilitate the Cunha Canal	1,978,000	1,978,000	100%
2. Compensation under the Resettlement Plan	569,298	569,298	100%
3. Project Management and Implementation Support	452,702	452,702	100%
<b>Total Financing Required</b>	<b>3,000,000</b>	<b>3,000,000</b>	

## SECTION 3 – IMPLEMENTATION ARRANGEMENTS

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The Ministry of Agriculture (MoA) is the lead implementing agency for the project and will have overall responsibility for reporting on fiduciary matters and overall project progress to the Ministry of Finance (MoF), the Project Management Office (Office of the President) and the World Bank.

*Agriculture Sector Development Unit (ASDU) under the Ministry of Agriculture:* The implementing agency is the Agriculture Sector Development Unit (ASDU) within the Ministry of Agriculture (MoA). The ASDU will also manage the fiduciary, safeguards and administrative aspects of the Project and the procurement process, including issuance of the tenders, undertaking financial reporting for the Project, and making payments to contractors. Construction of the new sluice and rehabilitation will fall under the responsibility of the ASDU and will be financed by the project. They will also manage the supervision contract for the project works. The National Drainage and Irrigation Authority (NDIA), the national authority responsible for management and maintenance of drainage and irrigation canals which is under the MoA will implement the construction of the drainage canal through parallel co-financing provided by GoG. Once works on the Cunha Canal and sluice are complete, the NDIA will take over operations and maintenance in accordance with their mandate. Operation and maintenance costs will be funded through regular government appropriations for these types of activities. Hydromet, the organization in Ministry of Agriculture will take over ownership and will maintain the hydrologic monitoring equipment purchased as part of the project.

*Ministry of Public Works and Communications:* Similarly, the ASDU will manage the construction and related fiduciary, procurement and contract management responsibilities for the bridge, while the Ministry of Public Works and Communications (MoPWC) will assume management and maintenance responsibility of the completed structure. The MoA and the MoPWC have signed a MoU outlining the arrangements for the construction design approval and supervision, maintenance and operation of the proposed works. Responsibilities in terms of design, bid preparation, firm selection, contracting, technical supervision, operation, routine maintenance and repair of the works involved are also outlined in this MoU. The MoPWC will be responsible for providing approvals for the final design of the bridge works to assure it is consistent with national requirements. Upon completion of the works, the ownership of the bridge will be transferred to MoPWC who will maintain the bridge after construction is complete, through funding from regular government appropriations for these types of activities. While performance can be improved, these appropriations are adequate for basic maintenance of the system and with the increased emphasis on flood issues in GoG the capacity and attention to operating the system properly has steadily increased in the past few years.

*GRIF Oversight:* : The Project Management Office, within the Office of the President, is the Government of Guyana body responsible for managing the development and overseeing the implementation of all Guyana REDD+ Investment Fund (GRIF) funded projects. The PMO will have an oversight role in all areas of project implementation, including but not limited to recruitment, budgeting, and procurement and monitoring of deliverables against planned timelines. In addition, the PMO manages the approval process for GRIF projects through coordination with the GRIF Secretariat and the

GRIF Steering Committee. The approval by the GRIF Steering Committee clears the way for project implementation and the release of GRIF funds to the Partner Entity. Project implementation would be led by an implementing agency, which in this case would be the MoA's ASDU with strategic guidance and oversight from the PMO. Under the GRIF arrangement, the World Bank (as a GRIF partner entity) would enter into a grant agreement with the implementing agency (MoA) for the Cunha Canal Rehabilitation Project.

A Project Coordination Committee (PCC) will be convened by the MoA and comprised of relevant departments and agencies including but not limited to NDIA, Civil Defense Commission (CDC), Sea and River Defenses, MoF, Guyana Environmental Protection Agency (EPA), Ministry of Public Works and the Hydromet Department and the Project Management Office (PMO) of the Office of the President. The Committee will have statutory meetings that will be held at a minimum on a quarterly basis and chaired by the Minister of Agriculture with the Permanent Secretary of the Ministry of Agriculture as Deputy Chair. The Chair and/or Deputy Chair will attend the Committee meetings to provide strategic leadership and direction to the Project.

The ASDU and NDIA will also manage the environmental and social safeguard aspects of activities financed by the project. Construction sites revegetation and site waste management are the responsibility of the contractor, compensation events will be handled by the assigned ASDU staff.

## **Implementation Responsibilities**

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### **Procurement and Contract Management**

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The ASDU will be responsible for managing procurement for the Project. A qualified Procurement Associate, hired under the Project Management Component, will be responsible for all procurement activities. Additionally other technical consultants may be hired to provide technical assistance in the process of procurement and contract management, as needed. The main procurement challenges relate to delays in procurement due to processing time and capacity constraints in the ASDU and the limited number of qualified engineering firms and contractors working in Guyana. The Bank Procurement Specialist will provide training on Bank procurement and on-the-job training for the procurement and the other ASDU staff involved in the procurement process.

### **Key PIU Staff and Responsibilities**

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**Team Leader Cunha Canal Project** – will be responsible for the supervision of PIU staff and the review and authorization of all project reports before submission to the PCC for validation. The Team Leader will be responsible for receiving and issuing all correspondence to the PCC and contractors, in additions to the monitoring of the use of fixed assets. Furthermore, the Team Leader Cunha Canal Project will be responsible for maintaining employee records; planning, scheduling and coordinating project activities; preparation of Monitoring & Evaluation (M&E) reports; preparation of annual work plans including provision of guidelines; ensuring that all steps in financial management, procurement and the implementation of the social and environmental safeguards are followed; preparation of project activity report. The Team Leader is also responsible for contract management, procurement of works,

goods and services for the various components of the Project, preparation of procurement management reports, reviewing procurement documents and evaluation reports, (i) ensuring the integrity of the procurement processes of all goods and services required for the project; (ii) assisting intermediaries in preparing advertisements, bidding documents, Request for Proposals (RFPs) and evaluations; (iii) reviewing funding agreements and other contracts with intermediaries, contractors and consultants; (iv) participating in evaluation of all bids etc; and (v) monitoring the performance of contractors and consultants, and the delivery and completion of contracted works, goods and services. The Team Leader will interface directly with the PMO to receive strategic guidance and to facilitate GRIF oversight. The TOR of the Team Leader is outlined in **Annex 1.0**.

**Finance/Administrative Associate** – will manage all the financial transactions involved with the Project through an established QuickBooks accounting system. Additionally, the Finance/Administrative Analyst will coordinate all financial activities related to the various ministries/departments. The Finance/Administrative Associate will be responsible for the preparation of financial reports, updating the ledger, reviewing the relevant payment documents and maintain the accounting records (purchase order, etc.), reimbursement and direct payment requests, and other duties assigned by the Team Leader - Cunha Canal Project. The Finance/Administrative Associate will supervise the maintenance practice of all accounts and records according to Government regulations; revising and authorizing project disbursements to implementing agencies/entities; supervising the maintenance of archives of Program documents collected and produced during all phases of the Project preparation and implementation (see Section 5). The TOR of the Finance/Administrative Associate is outlined in **Annex 2.0**.

**Procurement Associate** - will assist with the coordinating of contract management, procurement of works, goods and services for the various components of the Project. The Procurement Associate will be responsible for the preparation of procurement management reports, reviewing procurement documents and evaluation reports. The Procurement Associate will be responsible for: (i) ensuring the integrity of the procurement processes of all Works, Goods and Services required for the project; (ii) assisting intermediaries in preparing advertisements, bidding documents, Request for Proposals (RFPs) and evaluations; (iii) reviewing funding agreements and other contracts with intermediaries, contractors and consultants; (iv) participating in evaluation of all bids etc; and (v) monitoring the performance of contractors and consultants, and the delivery and completion of contracted works, goods and services. The TOR of the Procurement Associate is outlined in **Annex 3.0**.

## Financial Management

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The Financial management (FM) of the Project will be undertaken by the ASDU which will be staffed by a Finance/Administrative Analyst who will be responsible for the day to day management. The ASDU has considerable experience in implementing the CAP, which had a satisfactory rating for financial management. A financial management capacity assessment of the ASDU was carried out during preparation of the Flood Risk Management Project to ensure that the systems to be used to manage the funds satisfy the Bank's minimum FM requirements under OP/BP10.00, and that they are adequate to provide, with reasonable assurance, accurate and timely information on the progress of implementation

of the Project. The assessment concluded that the ASDU has adequate staff with experience in implementing Bank-financed projects and adequate control of environmental rules, procedures and systems. The ASDU is also maintaining a computerized accounting system, which will be able to generate reliable and timely financial reports. To help manage any residual risks, financial management supervision of the Project activities will be undertaken twice in a year. In addition to annual external audit of Project accounts, the internal auditors of the Government will conduct annual internal audits of Project expenditures and share the report with the Bank and external auditors.

## Monitoring and Evaluation

The ASDU will be responsible for monitoring the progress on the project result indicators. Using established institutional systems, coupled with project-specific mechanisms such as the establishment of a Project Coordination Committee (PCC), (TOR outlined in Annex 4) the ASDU will track the progress of the project and provide reports to the GoG and the Bank on a regular basis as part of the agreed reporting requirements (see Section 8).

## Project Coordination Committee (PCC)

The PCC will be formed in order to coordinate on drainage and flood protection activities among government agencies and provide strategic leadership and direction to the Project. The Committee will be chaired by the Minister of Agriculture and will have as minimum, statutory, quarterly meetings for the purpose of communication and coordination among the relevant agencies (MoA, MoF, Civil Defense Commission (CDC), MoPW, Sea and River Defense Unit in the MoPW, Environmental Protection Agency (EPA), and the Hydromet Office).

Generally, the role of the PCC is to:

- Assess project progress.
- Provide advice and guidance on issues facing the project.
- Assist with resolving strategic level issues and risks.
- Use influence and authority to assist the project in achieving its outcomes.

The responsibilities of the PCC are outlined in Annex 4.0. The PCC will consist of the following representatives:

**Table 2: Members of the PCC**

<b>Institutions</b>	<b>Representatives</b>
<b>Chairman</b>	<b>Minister of Agriculture</b>
Deputy Chairman	Permanent Secretary, MOA
Ministry of Agriculture (ASDU)	Team Leader - Cunha Canal Project
Ministry of Agriculture (ASDU)	Project Coordinator, FRM Project
Ministry of Public Works	Permanent Secretary
Ministry of Local Government and Regional Development	Permanent Secretary
National Drainage and Irrigation Authority	Chief Executive Officer
Neighborhood Democratic Council, Caledonia	Chairman
Regional Democratic Council: Region 4	Regional Chairman
Project Management Office (PMO) - OP	Representative
Ministry of Finance	Representative
Civil Defense Commission	Representative
Environmental Protection Agency	Representative
Hydrometeorological Department	Representative

## **SECTION 4 – PROCUREMENT AND CONTRACT MANAGEMENT**

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Procurement for the Project would be carried out in accordance with the “World Bank’s Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, January 2011;” “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, January 2011;” and the provisions stipulated in the Project’s Legal Agreements.

The various items under different expenditure categories are described in general below. For each contract to be financed by the Project, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan (**Annex 7 - excel worksheet attached**).

The Procurement Plan (**Annex 7 - excel worksheet attached**) would be updated at least annually or as required to reflect the actual Project implementation needs and improvements in institutional capacity. A General Procurement Notice (GPN) in United Nations Development Business (UNDB) and Specific Procurement Notices (SPN) will be published for all international competitive bidding (ICB) procurement and consulting contracts as per Guidelines as the corresponding bidding documents and Requests for Proposal (RFPs) become ready and available.

In case of discrepancy between texts in this Operations Manual and the Financing Agreement and the applicable Procurement/Consultants’ Guidelines, the later will prevail. Whenever the national procurement act and other applicable legislation contradict the Financing Agreement and or the Guidelines, the Financing Agreement and the Guidelines will prevail.

### **Procurement Responsibility**

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The ASDU will be responsible for managing procurement for the Project. A qualified Team Leader, hired under the Project Management Component, will be responsible for all procurement activities. Additionally, a procurement associate will be hired to provide technical assistance in the process of procurement and contract management, as needed. The Project Management Component will finance the hiring of a qualified Team Leader, Finance / Administrative Associate and a Procurement Associate with experience in World Bank or any other donor project and procurement procedures respectively.

The PMO will review the annual procurement plan. In addition, the PMO’s procurement oversight specialist will be copied on all procurement requests to the WB and NPTAB.

During the procurement process, the National Procurement and Tender Administrative Board (NPTAB) within the Ministry of Finance will convene technical committees as necessary for the evaluation and award of contracts. These committees will be selected by the Ministry of Agriculture and forwarded to the National Procurement and Tender Administrative Board (NPTAB) for appointment.

Technical inputs to bidding documents and evaluation of bid proposals will be provided by the National Procurement and Tender Administration Board (NPTAB); will provide technical services through (1) appointment/endorsement of the Evaluation Committee; (2) receipt of bids, (3) recording the receipt of the bids and their storage (especially copies); (4) opening of bids; (5) minutes of opening; (6) approvals of Bid Evaluation Reports (BER's) and (7) facilitate contract award (No-objections by the cabinet; approvals by the Tender Board, etc.), as in accordance with the procurement act. The Bank would provide guidance in keeping with the bank's procurement guidelines and policies.

- (1) Responsibility for the management of change orders and contract modifications rests solely with the ASDU when such amendments do not result in an increase in the overall contract price of a sub-project.
- (2) NPTAB's approval and the Bank's no objection are required when changes result in an increase in the contract price.

Procurement will be managed in accordance with the procurement thresholds identified in the project legal agreements and in accordance with applicable Bank procurement requirements.

Procurement of staff will be publically advertised. In addition the PMO will have a representative on the evaluation committee for all recruitment.

## **Team Leader Responsibilities**

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The Team Leader will supervise the entire cycle of procurement processes conducted within the project, directing and managing the processes including:

- a) Preparation and update of Procurement Plan
- b) Elaboration of the ToRs
- c) Elaboration of technical specifications
- d) Establishment of packages
- e) Preparation of bidding documents and RFPs
- f) Timely publication of General Procurement Notice (GPN), Specific Procurement Notice (SPN) and Expressions of Interest (EOI)
- g) Bid opening and evaluation
- h) Selection and appointment of consultants
- i) Contract award and ratification
- j) Contract management
- k) Mobilization of contractors' and consultants' resources
- l) Distribution of goods
- m) Presentation of reports
- n) Quality control

## **Procurement Activities**

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1. Procurement of Works. Works procured under the Project would consist of civil works contracts for flood protection infrastructure, including, inter alia (i) construction of Bridge along EBD Public Road; (ii) Rehabilitation of Existing Drainage Sluice at Cunha, EBD and (iii) Rehabilitation of Head Regulator at East Demerara Water Conservancy.

2. Procurement of works will be carried out using ICB. Other methods indicated in the financial agreement (FA) (National Competitive Bidding (NCB), Shopping, DC), could be also used if needed. The procurement will be carried out using World Bank's Standard Bidding Documents and other sample documents and templates, all agreed with the Bank. The procurement methods thresholds and prior review thresholds for Works are indicated in the table below. Domestic preferences in accordance with clause 2.55 and Appendix 2 of the guidelines will not apply.

3. Procurement of Goods and non-consulting services (NCS): Procurement of goods and NCS would include: Purchase of heavy machinery for dam works; and computers and office equipment. Procurement of goods will be carried out using National Competitive Bidding (NCB). Other methods indicated in the FA (NCB, Shopping, DC) could be also used, as needed. The procurement will be carried out using World Bank's Standard Bidding Documents and other sample documents and templates, all agreed with the Bank. The procurement methods thresholds and prior review thresholds for Goods are indicated in the table below. Domestic preferences will not apply.

4. Selection of Consultants: Consultants' services contracts procured under this project will include works supervision and the selection of individual consultants. The following selection methods may be used: Quality and Cost Based Selection (QCBS); Least Cost Selection (LCS); Selection Based on Consultants' Qualifications (CQ); Individual Consultants, and other selection methods indicated in the FA. The selections will be done using the Bank's Standard RFP and other sample documents and templates, all agreed with the Bank. Short lists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

#### 5. Procurement Plan

The procurement plan for implementation of the proposed Project for the first 18 months will be agreed between the Borrower and the Bank team before negotiations. Summary of the procurement with larger international contracts to be financed under the project is presented below in Table 1. The plan shall be available at web address <http://worldbank.org/procure> within 30 days of the signature of the Grant. It would be updated annually and the updated procurement plan shall be disclosed on this website after clearance by the Bank (**Annex 7 - excel worksheet attached**).

## **Procurement Methods and Prior Review Thresholds**

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For each contract to be financed by the Grant/Credit/Loan, the different procurement methods or consultant selection methods and prior review requirements are listed below in Table 3.

**Table 3: Standard Thresholds for Procurement Methods and Prior Review**

**Table 2: Thresholds for Procurement Methods and Prior Review**

Expenditure Category	Contract Value (Threshold) US \$ thousands	Procurement Method	Contracts Subject to Prior Review
<b>1. Works</b>	>1,500	ICB	All
	100-1,500	NCB	The first contract and each contract more than US\$750,000
	<100	Shopping	The first contract
	Regardless of value	Direct Contracting	All
<b>2. Goods</b>	>150	ICB	All
	25-150	NCB	The first contract
	≤25	Shopping	The first contract
	Regardless of value	Direct Contracting	All
<b>3. Consulting Services</b>			
<b>-3.A Firms</b>	≥100	QCBS,QBS,FBS, LCS	All
	<100	QCBS,QBS,FBS,LCS, and CQS	The first contract
	Regardless of value	Single Source	All
<b>-3.B Individuals</b>	≥ 50	Comparison of 3 CVs in accordance with Chapter V of the Guidelines	All
	<50		None

Note: ICB = International Competitive Bidding - NCB = National Competitive Bidding  
 QCBS = Quality- and Cost-Based Selection - QBS = Quality-Based Selection  
 FBS = Fixed Budget Selection - LCS = Least-Cost Selection  
 CQS = Selection Based on Consultants' Qualifications

## Goods and Works

### A. International Competitive Bidding (ICB)

#### (a) *Grouping of contracts*

To the extent practicable; contracts for goods shall be grouped in bid packages estimated to cost US\$150,000 equivalent or more for Goods and US\$ 1,500,000 equivalent or more for Works, and will be procured through International Competitive Bidding procedures.

#### (b) *Special Provisions for ICB – Goods and Works*

1. The goods/works to be procured should be included in the procurement plan, if it is not; no-objection should be sought from the World Bank prior to procurement.

2. ICB should be carried out when the estimated price of the goods is US\$150,000 equivalent or more per contract or when the estimated price of works is US\$1,500,000 equivalent or more per contract.
3. The World Bank Standard Bidding Document should be used.
4. All ICB documents including bid evaluation report require prior review (NO OBJECTION) by the World Bank.
5. Bidding documents should clearly state evaluation criteria and technical specifications.
6. At least 45 days should be allowed from the date of advertising (for preparation of bids) to opening of bids.
7. Bids should be presented in one sealed envelope to the National Procurement and Tender Administration Board (NPTAB) or relevant Body set up for the purpose of this Project.
8. Opening of bids should be set at the same time and date as the time and date for receipt of the bids.
9. Opening of bids should be in the presence of bidders or their representatives who choose to attend.

At the opening, a bid opening check list (see WB Standard Bid Evaluation Form) should be properly filled in and minutes shall be prepared. Minutes shall include, as a minimum: the name of the Bidder (full name and country of origin) and whether there is a withdrawal, substitution, or modification; the Bid Price, per contract if applicable, including any discounts and alternative offers; and the presence or absence of a bid security, if one was required. The Bidders' representatives who are present shall be requested to sign the record.

1. Bidders are not allowed to review other bidder's offers.
2. Bids are not evaluated nor rejected at bid opening.
3. Any bid received after the deadline for bids' submission shall be declared late, rejected, and returned unopened to the Bidder.
4. All bids received by the deadline date for bid submission, irrespective of the number of bids received by the deadline date, should be opened and not discussed.
5. At the bid opening there should be no discussion on the merits of any bid for rejection of any bids.
6. Copy of the minutes of the bids opening should be sent promptly to the Bank. A copy of the record shall be distributed to all Bidders.
7. Evaluation of bids for goods/works should be made using the WB Standard Bid Evaluation Form.
8. Contracts for goods and works are not negotiated.
9. Publication of Award, UNDB online within two weeks from Bank's no-objection.

**(c) Procedural Steps for ICB – Goods and Works**

<b>STEP</b>	<b>ACTIVITY</b>	<b>AGENCY RESPONSIBLE</b>
1.	Verify request is in the procurement plan, if it is not; no-objection should be sought from the World Bank prior to procurement	ASDU
2.	Prepare bidding documents in consultation with PMO	ASDU / PMO
3.	Obtain No-objection from the World Bank	ASDU
4.	Inform National Procurement and Tender Administration Board (NPTAB) and arrange for date and time for receipt of bids and time for bid opening	ASDU
5.	Advertise in newspapers of wide coverage, the	ASDU

	Official Gazette/Website and the United Nations Development Business (UNDB) online and WB external website through Client Connection and in at least one newspaper of national circulation in the Borrower's country, or in the official gazette, or on a widely used website or electronic portal with free national and international access.	
6.	Issue bidding documents	ASDU
7.	Bids are submitted to NPTAB	Suppliers/Contractors
8.	Open bids on established date and time in bidding documents, in the presence of all bidders	NPTAB/ASDU
9.	Members of NPTAB and Procurement Specialist from the ASDU witness opening of bids	NPTAB/ASDU
10.	NPTAB hands over bids to Evaluation Committee	NPTAB/ASDU
11.	Organize the evaluation committee and preliminary examination done at PIU	NPTAB/ASDU
12.	Deliver bids to the evaluation committee in total confidence for detailed examination	Evaluation Committee
13.	Prepare evaluation report (see evaluation procedures below) and recommendations of contract award and submit it to the Project Coordination Unit for review	Evaluation Committee
14.	Obtain No-objection from World Bank for award of contract to lowest responsive/evaluated bidder and to draft contract agreement	ASDU
15.	Obtain No-objection from NPTAB for award of contract to lowest responsive/evaluated bidder along with draft contract document, please note that contract that have a value above G\$15 Million will have to receive a Cabinet Decision)	ASDU
16.	Notify bidder of the award and request performance security (if required) by a stipulated date and other guarantees. Notify the other bidders of the results of the bidding process	ASDU
17.	Arrange for signing of Contract Document	ASDU/Contractor/Supplier
18.	Publication of Award, in UNDB online within two weeks from Bank's no-objection	ASDU
19.	Return bid security to unsuccessful bidders	NPTAB/ASDU
20.	Send signed contract documents to the World Bank (including completed Form 384)	ASDU
21.	Ensure timely clearance of goods from airport/seaports	ASDU
22.	Certify receipt of goods/accept works	Authorized Person(s) from ASDU or MOA
23.	Administer and supervise contract	ASDU
24.	Submit certified invoices and Requisition Orders for payment to the PCU	Authorized Person(s) from ASDU
25.	Upon confirmation of funds, prepare Payment Voucher and request approval from authorized person (s)	ASDU
26.	Goods to be recorded in the Fixed Assets Register	ASDU

	(Goods to be labeled before handing over where received at PCU or otherwise make arrangements for labeling. A record of the hand-over should be prepared and signed by IA	
27.	Process payment	ASDU

(d) *Bid Evaluation and Evaluation Report - ICB*

*Bid Evaluation Committee*

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In order to examine and evaluate bids a Bid Evaluation Committee that would be supplemented with the necessary expertise who are qualified and familiar with the technical capacity would be appointed by the National Procurement and Tender Administration Board. This will include the PMO's procurement oversight specialist.

The ASDU will ensure confirmation of nominees and their willingness to participate. The ASDU and Bid Evaluation Committee is responsible for the evaluation and comparison of the bids received and for the preparation of the Bid Evaluation Report, which will be submitted to the Bank by the ASDU after the process is complete. The following sections describe in detail the steps that are followed by the Committee carrying out the evaluation.

***Preliminary Examination (In accordance with the Instructions to Bidders of any specific bidding documents)***

At the Tenders Evaluation Committee meeting the only bids to be rejected and returned unopened are the bids received after the bids submission deadline time and date, which is mandatory for all late bids. Other decisions about whether a bid is compliant with bid document requirements should not be made during the bids opening, which are conducted by the Evaluation Committee. A Bid Opening Checklist and Bid Opening Record should be filled out and submitted to the WB.

After the bid opening has been completed, as its first step in the evaluation, the committee should conduct a Preliminary Examination of the bids by making a thorough examination of all bids received before the deadline for submission in accordance with the Bank's standard evaluation form.

The preliminary examination of bids determines whether the bids meet the general procedural requirements of the bidding documents. In particular, the Committee should examine bids for compliance with the requirements of the Bank's standard evaluation form, using the bidding documents as the reference point. The following factors should also be taken into consideration:

1. The Bid should be signed properly by an authorized party, including the Power of Attorney if stipulated;
2. Bid securities should be in acceptable format, for suitable amount and duration;
3. Bid packages should contain all required documents including supporting evidence of bidder eligibility and qualifications;
4. Changes should be initialed;
5. The mathematical calculations should be properly computed, if not, corrections should be made; and Bids should be complete and quote prices for all items in the lot or package if so stipulated in the bidding document.

The purpose of this examination is to eliminate any bids from further and more complicated consideration if they do not meet the minimum standards of acceptability as set out in the bidding documents and are therefore not substantially responsive. However, the Borrower should exercise reasonable judgment in applying these tests and should avoid rejecting bids on trivial procedural grounds.

***Detailed Evaluation (In accordance with the Instruction to Bidders of any specific bidding documents)***

The preliminary examination stage of bid evaluation described above is aimed at making sure that the bids received are substantially responsive. A substantially responsive bid is one that conforms to all the terms, conditions and specifications in the bidding documents without material deviations, reservation or omission. After the preliminary bid evaluation stage, the bids are taken through a detailed evaluation in order to select the bidder whose bid not only complies with the technical requirements in bidding documents, but also offers the Employer the lowest price for the goods, works and/or services to be procured. During the bid evaluation period Bank policy requires the Employer to strictly adhere to the following principles:

- Ensure that the bid evaluation process is strictly confidential;
- Reject any attempts or pressure to distort the outcome of the evaluation;
- Reject any proposed action likely to lead to fraud and corruption;
- Comply with the Bank's prior review requirements; and
- Strictly apply only the evaluation and qualification criteria specified in the bidding documents.

***Evaluation of Bids for Works Contracts (In accordance with the Instruction to Bidders of the issued bidding documents)***

Evaluation of bids for works contracts is more complex than the evaluation of bids for goods. To make the evaluation process easier and transparent, it is essential for the Borrower to set out in bidding documents, well defined evaluation criteria and carry out the evaluation process in a transparent manner. If the evaluation criteria are not well defined, Bidders may be reluctant to submit bids. The evaluation of works contracts involves price and non-price factors, depending on the form of works contract being procured.

According to the procurement Guidelines, SBD, and SEF all bids are subject to detailed evaluation and only the lowest one is subject to post-qualification.

As in the case of evaluation of bids for procurement of goods, evaluation of works contracts begins with a determination of the following basic issues:

- Was the bid received by the due date required in the bidding documents;
- Is the bid accompanied by the bid security;
- Is it submitted in the required form, amount, etc. where necessary; and
- Does it comply with all the specific mandatory requirements of the bidding documents?

The Tenders/Bids Evaluation Committee proceeds to evaluate the prices offered for the contract. Depending on the kind of works contract being procured, the lowest evaluated and qualified bidder is determined and awarded the contract.

It should be also noted that in the publication of the contract award the evaluated price of each bidder should be indicated.

**(e) *The Standard Bid Evaluation Report***

After the completion of the evaluation process the Evaluation Committee, presents to the ASDU, a bid evaluation report setting out the process by which the Bid Evaluation Committee evaluated the bids received in response to the procurement process. A Standard Bid Evaluation Report format prepared by the Bank is available for use by Borrowers and its use is mandatory for ICB.

This report covers among other things:

- Key dates and steps in the bidding process;
- Bid prices, corrections, discounts and currency conversions;
- Additions, adjustments and price deviations;
- Technical evaluations if any; and statement on technical responsiveness;
- Post qualification results (including what is required in the issued BD, what the bidder's qualifications and experience, key staff and equipment etc. are, and clear statement on if the bidder meets or not the requirements of the BD);
- Names of bidders rejected and reasons for rejection of bids; and
- Proposed contract award.

**(f) *Awarding and Signing of the Contract***

Once the bids have been evaluated and a determination made on the lowest evaluated responsive and qualified bidder, and a decision has been made about the award, the next steps are to:

1. Request and obtain the World Bank's "no objection" prior to awarding the contract;
2. Request and obtain the NPTAB "no objection" prior to awarding the contract;
3. Publish contract award in UNDB online , within two weeks from Bank's no-objection;
4. Send notification of the award, a contract form, and a performance security form (indicating the amount of security) to the successful Bidder in a manner and within the time specified in the bidding documents;
5. Request the successful Bidder in a manner and within the time specified in the bidding documents; to return the signed contract together with the required performance security within the time specified in the bidding documents;
6. If the successful Bidder fails to return the signed contract or provide the required performance security, the Employer after Bank's no-objection should:
7. require forfeiture of the Bidder's Bid Security; proceed with awarding the contract to the next in the ranking lowest evaluated Bidder, provided that he is capable of performing satisfactorily;
8. Notify the awarded bidder of the award of contract (prior to expiration of bid validity period) and issue letter of acceptance with attached a contract form / Agreement, Form for submission of the performance Security and request the bidder to return the signed contract together with the performance security; and
9. Notify unsuccessful Bidders and return their bids securities as soon as possible after receiving the signed contract and the performance security.

**B. National Competitive Bidding for Goods and Works**

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**(a) *Special Provisions***

1. The goods/works to be procured should have been included in the procurement plan if it is not, a no-objection should be sought from the World Bank prior to the procurement.
2. NCB may be carried out when the estimated price of goods is <US\$150,000 equivalent per contract and when the estimated price of works is < US\$1,500,000 equivalent per contract.
3. The standard bidding documents of the World Bank may be used or a national document acceptable to the Bank
4. The first two NCB (see the prior review thresholds) and all at the amount of US\$ 750,000 require prior review (No objection) by the WB - bidding documents, advertising, bid evaluation.
5. Bidding documents should clearly state evaluation criteria and technical specifications.
6. At least 30 days should be allowed from the date of advertising (for preparation of bids) to opening of bids.
7. Bids should be presented in one envelope.
8. Opening of bids should be set at the same time and date as the bid submission deadline unless a prior no-objection is sought from the World Bank, in that case all bidders should be informed of the date and time of the bid opening.
9. Opening of bids should be in the presence of bidders or their representatives.

**(b) Procedural Steps for NCB - Goods and Works**

<b>STEPS</b>	<b>ACTIVITY</b>	<b>AGENCY RESPONSIBLE</b>
1-4	Same as ICB	
5	Advertise in local newspapers	ASDU
6-13	Same as ICB	
14	Obtain Bank's no-objection to award of contract to lowest responsive bidder and to draft contract agreement (the first two contracts for goods and the first two contract for works	ASDU
15-27	Same as ICB	

**(c) Bid Evaluation and Bid Evaluation Report** - Same as International Competitive Bidding.

**(d) Award and Signing of the contract** - Same as International Competitive Bidding.

**C. Shopping**

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**(a) Special Provisions**

1. The goods/works to be procured should have been included in the procurement plan if it is not a no objection should be sought from the WB prior to procurement.
2. Shopping should be carried out when the:
  - Goods are estimated to cost less than US\$50,000 equivalent or less per contract.
  - Works are estimated to cost less than US\$150,000 equivalent per contract.
3. Goods may be procured by receiving written quotations from a minimum of three local and or foreign, eligible, qualified and not in a position of conflict of interest suppliers or contractors. Telephone or verbal quotations are not acceptable.
4. Small works may be procured under lump sum/unit price based, fixed price contracts awarded on the basis of quotations obtained from at least three (3) qualified domestic contractors in response to a written invitation. The invitation shall include detailed description of the works (schedule of activity/bill of quantity), including basic specifications

and the required completion date, a basic form of agreement acceptable to the Bank and relevant drawings where applicable.

**(b) Procedures for Shopping – Goods and Works**

<b>STEP</b>	<b>ACTIVITY</b>	<b>AGENCY RESPONSIBLE</b>
1.	Verify request is in the procurement plan, if it is not no-objection should be sought from the World Bank prior to procurement	ASDU
2.	Prepare Request for Quotations (including Technical Specifications) <sup>6</sup> and list of eligible suppliers <sup>7</sup> . The ITQ templates are attached in Annex 9.	ASDU
3.	Request written quotations from local and foreign suppliers or contractors (ITQ)	ASDU
4.	Receive quotations by a deadline, open and evaluate. Prepare an evaluation report using the format provided in Annex 10. (Make sure that the requirement of obtaining a minimum of three quotations has been fulfilled).	ASDU
5.	Approve an evaluation report and recommendation for contract award by the procurement decision committee. Clear it with the Bank if the contract is subject to prior review	ASDU
6.	Prepare letter of award and contract agreement incorporating the terms of the accepted offer. Sign Contract <sup>8</sup>	ASDU
7.	Certify receipt of goods/works	ASDU
8.	Submit payment request (certified invoice) and requisition order to the PCU	ASDU
9.	Upon confirmation of funds, prepare Payment Voucher and request approval from authorized person (s)	ASDU
10.	Process payment	ASDU
11.	Keep all documents on file	ASDU

***Bid Evaluation Committee***

The quotations will be evaluated by a procurement committee comprising:

- Project Coordinator- or a staff acting on the PC’s behalf - ASDU
- Procurement Specialist - ASDU
- A representative of the MOA
- A representative of the PMO

***Evaluation of Quotations***

<sup>6</sup> TS should be broad enough to allow competition and not tailored to some particular suppliers, manufactures; do not use brand names and specify the parameters in the following manner: from.....-to.....; or min.....; max..... etc.; allow for equivalent standards

<sup>7</sup> list of eligible and qualified suppliers should be broad enough to generate good competition but to yield at least three quotations, as required. Such a list may be prepared based on the past experience, consultation with chambers of commerce, Internet, or direct market research, etc

<sup>8</sup> Keep the process confidential until the contract has been awarded

The evaluation will be based on the criteria set out in the request for quotations including price, ability to meet the required delivery requirements, availability, cost of maintenance services and spare parts over a reasonable period of use (same as ICB)

**(d) Award and Signing of the Contract**

Same as ICB procedures except that the evaluation report is sent to the Permanent Secretary or the related Tender’s Committee, if applicable.

**D. Direct Contracting (DC)**

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This method does not provide the benefits of competition and the transparency, so it is used in exceptional cases properly justified and approved.

<b>Steps in DC (goods)</b>		<b>Responsibility</b>
1.	Prepare specification (TS) estimated cost of the goods to be procured directly from a single source;	ASDU
2.	Prepare justification for direct contracting including the TS and cost estimates of the required goods and information about the supplier [full name, country, address, eligibility, potential conflict of interest (if any)] and why this is the only supplier who could supply the required goods) , etc.;;	ASDU
3.	Submit the estimated cost and the justification for direct contracting in the spirit of the Procurement Guidelines to the WB for “No Objection”;	ASDU
4.	If WB accepts justification and issues its “No Objection”, proceed with the purchase by preparing draft contract (taking into account the format agreed with the Bank) including terms and conditions of supply and technical specifications;	ASDU
5.	Obtain No-objection from NPTAB for single source;	ASDU
6.	Send contract conditions to the supplier; supplier and negotiate it. Make sure that the prices being charged are at least the same as the supplier charges to its other customers;	ASDU
7.	Send draft Contract to the WB for “No Objection”;	ASDU
8.	Obtain No-objection from NPTAB for single source;	ASDU
9.	After “No Objection” received, sign the contract;	ASDU
10.	Publish award of contract	ASDU
11.	Submit copy of the final Contract to the WB; and	ASDU
12.	Receive and inspect goods and make payments as per the purchase order.	MOA/ASDU

**Selection of Consultants**

The methods for selection of consultants are shown below.

## E. Quality and Cost Based Selection (QCBS)

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### *(a) Special Provisions*

- The consulting services to be procured should be included in the procurement plan before starting the selection, if it is not a no-objection should be sought from the World Bank, prior to procurement.
- QCBS may be carried out for all contracts for firms, except for small and simple contracts, estimated to cost less than US \$100,000 equivalent per contract.

The ASDU prepares the advertising notice to obtain expressions of interest. The advertising notice is placed in UNDB online and WB external website and in the national gazette, provided that it is of wide circulation or in at least one newspaper, or technical or financial magazine, of national circulation in the Borrower's country, or in a widely used electronic portal with free national and international access

- The RFP including short list and the terms of reference require the prior review (NO OBJECTION) of the Bank.
- Request for Proposals (RFP) must include: a) letter of invitation, b) information to consultants, c) TOR, and d) proposed contract.
- The RFP should state clearly the evaluating criteria and factors and their respective weights as well as the minimum quality passing score.
- The WB Standard Request for Proposals (SRFP) should be used; The RFP requires a (NO OBJECTION) from the WB.
- A detailed list of the information that should be included in the "information to consultants" is given in Appendix II to the Consultant Guidelines.
- Technical and Financial proposals are submitted simultaneously in separate sealed envelopes.
- Opening of technical proposals should be set at the same time and date as the deadline for receipt of proposals.

When submission of both technical and financial proposals is required, officials appointed by the Borrower open the technical proposals immediately after the deadline. They verify that the financial envelopes are sealed and deposit them in a safe place under the custody of a designated officer (auditor, legal counsel). The Borrower should record the date and time that each technical proposal was received and the date on which the technical proposals were made available to the Evaluation Committee. Minutes of the technical-proposal-opening event are kept, including lists of the firms that submitted proposals. Copy of the minutes should be sent to the WB promptly after the opening. The technical proposals are handed over to the Evaluation Committee for evaluation. Late proposals should be returned unopened opening them.

Financial proposals remain sealed and are deposited with the independent authority, i.e., the auditing firm for the project until the technical evaluation report is completed and NO OBJECTION from WB is granted.

Based on the Bank's no objection, the ASDU informs those consultants who have met the minimum qualifying score of the date and time set for opening of the financial envelope and of the firms' score. Simultaneously, unsuccessful firms are also notified and informed that their financial envelopes will be returned unopened after the selection process has been completed. The financial envelopes of those consultants who submitted responsive technical proposals and met the minimum qualifying score are opened in the presence of the consultants or their representative who choose to attend. The minutes of opening of the financial proposals are signed by all firms attending the meeting, and a copy of the minutes is submitted to the Bank for its records.

The members of the NPTAB sign the financial proposals as witnesses to the event. The Chairman of the NPTAB hands the financial proposals to the ASDU so that the Financial Evaluation can be carried out and the combined Technical and Financial evaluation report can be prepared.

The Financial Evaluation is carried out, followed by the combined evaluation of the technical and financial proposals by weighing and adding the quality and cost scores. The combined Technical and Financial Evaluation report are sent to the NPTAB for approval of award of contract.

The combined Technical and Financial Evaluation Report along with the proposed contract award should be sent to the Bank for information.

Consultant is invited to negotiate the contract. Negotiations shall include discussions of Terms of Reference, the methodology, staffing, borrower's inputs and special conditions of contract. The proposed remuneration rates for staff months and for reimbursable expenses are NOT permitted to be negotiated.

The draft negotiated initialed contract is sent to the WB for NO OBJECTION.

Copy of the signed contract and the completed Form 384 should be sent to the WB.

**(b) Procedures for QCBS**

<b>Step</b>	<b>Activity</b>	<b>Responsible Agency</b>
1.	Prepare Terms of Reference (TOR) in consultation with the PMO	ASDU / PMO
2.	Obtain Bank's no-objection to TOR and REI	ASDU
3.	Advertise in local newspapers (Gazette) and other newspapers of wide coverage and regional newspapers UN Development Business online (UNDB online) and in the WB external web site (use Client Connection - Create Bid) Advertise in the national gazette, provided that it is of wide circulation, or in at least one newspaper, or technical or financial magazine, of national circulation in the Borrower's country, or in a widely used electronic portal with free national and international access	ASDU
4.	Obtain expressions of interest.	ASDU
5.	Prepare shortlist	ASDU
6.	Prepare Request for Proposal (RFP), including draft contract	ASDU
7.	Obtain Bank's NO OBJECTION to RFP including short-list	ASDU
8.	Obtain NPTAB's NO OBJECTION to RFP including short-list	ASDU

9.	Issue RFP to all shortlisted firms	ASDU
10.	Opening of technical proposals	NPTAB
11.	Appoint the evaluation committee and obtain TB approval	NPTAB
12.	Evaluate technical proposals and prepare technical evaluation report (TER).	Evaluation Committee
13.	Obtain Bank's NO OBJECTION to technical evaluation report.	ASDU
14.	Obtain NPTAB's NO OBJECTION to technical evaluation report.	ASDU
15.	Notify the Consultants regarding their overall technical scores as well as scores obtained for each criterion and sub-criterion. Consultants whose proposals did not meet the minimum qualifying technical score or were considered nonresponsive to the RFP and TOR should be informed that their financial proposals will be returned unopened after the signature of the contract. The successful consultants should be notified about the place, date and time for opening of financial proposals.	ASDU
16.	Notify NPTAB of date for opening of financial proposals (in the case of QCBS)	ASDU
17.	Open financial envelopes of qualified firms (QCBS) Submit Minutes of FP Opening to WB and to Consultants	NPTAB
18.	Evaluate financial proposal and combine scores of technical and financial proposals (QCBS)	Evaluation Committee
19.	Submit combined evaluation report and Request of WB No –Objection to Negotiate with recommended consultant/Firm	ASDU
20.	Submit combined evaluation report and Request of NPATB No – Objection to Negotiate with recommended consultant/Firm	ASDU
21.	Negotiate with consultant recommended for contract award	ASDU
22.	Obtain Bank's No – Objection to the draft initialed negotiated contract	ASDU
23.	Obtain NPTAB's No – Objection to the draft initialed negotiated contract	ASDU
24.	Publish the award of contracting UNDB online and promptly notify all consultants who have submitted proposals.	ASDU
25.	Arrange for signing of contract agreement	MOA/ASDU
26.	Notify NPTAB to send the unopened Financial Proposals to the unqualified firms who have not passed the minimum technical score)	ASDU
27.	Send copy of signed contract to the Bank	PCC/ASDU
28.	Monitor/evaluate progress	ASDU
29.	Report on performance	ASDU
30.	Submit certified invoices and Requisition Order for payment to the PCU	ASDU
31.	Upon confirmation of funds, prepare Payment Voucher and request approval from authorized person(s)	ASDU
32.	Process payment	ASDU

F. Selection Based on Consulting Qualification (CQS)

(a) *Special Provisions*

1. The consulting services to be procured should have been included in the procurement plan, if it is not; a no objection should be sought from the Bank prior to procurement.
2. CQS may be used for small and simple contracts estimated to cost less than US\$100,000 equivalent per contract.
3. Consultants can submit Expressions of Interest and qualification information on their experience and competence relevant to the assignment in response to REI published in local newspapers (depending on the assignment the REI may also be published in the UNDB online and dgMarket).
4. The selected firm will be requested to submit a combined technical and financial proposal.
5. Negotiations will be carried out if the combined technical and financial proposal proves acceptable.

(b) *Procedures for CQS*

Step	Activity	Responsible Agency
1.	Prepare Terms of Reference (TOR) in consultation with the PMO	ASDU / PMO
2.	Obtain Bank's no-objection to TOR and REI	ASDU
3.	Advertise in local newspapers and other newspapers of wide coverage (if necessary)	ASDU
4.	Obtain Expressions of Interest and information on the consultants experience and competence relevant to the assignment.	ASDU
5.	Appoint evaluation committee	ASDU
6.	Evaluate the EOI's and prepare a list of all eligible, fully qualified and not in a position of conflict of interest who have expressed interest and assess and compare the , qualifications and experience and select the best qualified consulting firm. Prepare evaluation report and send it for WB clearance if the contract is subject to prior review	ASDU
7.	Obtain NPTAB's NO OBJECTION to recommendation of the EOI	ASDU
8.	After WB and NPTAB clearance, prepare the Letter of Invitation including the TOR and ask the selected consultant to submit a combined technical-financial proposal. The invitation should be prepared taking into account Appendix 1 of the SRF and the consultant should be requested to present a detailed breakdown of cost per activity/ deliverable and present a statement that the rate used are compatible with the latest firm's payroll statements.	ASDU
9.	Request firm to submit combined technical and financial proposal to the NPTAB	ASDU
10.	Evaluate combined technical and financial proposal and the	Evaluatio

	statements	n Committee
11.	Negotiate the contract with selected consultant	ASDU
12.	Obtain Bank's N.O. to draft, negotiated initialed contract	ASDU
13.	Obtain Bank's N.O. to draft, negotiated initialed contract	ASDU
14.	Arrange for signing of contract agreement	ASDU
15.	Publish award on UNDB Online or in the same national newspaper of wide circulation and/or in the official gazette, provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access where the REI was published and dg market (can be done quarterly and in the form of a summarized table)	ASDU
16.	Monitor/evaluate progress	PCC/ASDU
17.	Report on performance	ASDU
18.	Submit certified invoices and Requisition Order for payment to the PCU	ASDU
19.	Upon confirmation of funds, prepare Payment Voucher and request approval from authorized person(s)	ASDU
20.	Process payment	ASDU

#### G. Least Cost Selection (LCS)

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##### *(a) Special Provisions*

This method is only appropriate when hiring consultants for a standard or routine nature assignment such as audits, engineering designs of non-complex works. For such assignments there should be well established practices and standards. The process that is submission of proposals and evaluation is similar to QCBS **EXCEPT** a minimum qualifying mark for quality (Technical Evaluation) is established. The contract is awarded to the firm with the **LOWEST** price that secured the minimum qualifying score.

#### H. Individual Consultants

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##### *a) Special provisions*

The selection of IC should have been included in the annual procurement plan, if it is not; no objection should be sought from the Bank prior to procurement.

##### *b) Procedures for Selection of Individual Consultants (steps)*

1. Prepare terms of reference and agree on evaluation criteria;

*Main sections of the TORs:*

- i. Background information on the project
- ii. Objective(s) of the assignment
- iii. Scope of Work

- iv. Expected Outcomes
  - v. Duration and Estimated Time Input
  - vi. Qualification requirements and evaluation criteria
  - vii. Reporting Requirements
2. If subject to Bank's prior review, submit draft TOR and REI (if needed) for Bank's clearance
  3. Seek expression of interest from individual consultants preferably through advertisement in UNDB (for international consultants) and local newspapers, or through direct approach of fully qualified (who meet all required qualifications and experience needed for completion of the assignment), eligible and not in a position of COI consultants (in case of direct approach, the selection should be based on comparison of not less than 3 CV's and the candidates should have expressed their written interests in the selection);
  4. Based on the expression of interests received, prepare a list of a minimum of three candidates, based on their relevant experience in the field of assignment (i.e. the list should not include candidates who don't have experience/qualifications in the relevant field of assignment, or who may not fulfill any minimum experience/qualifications, etc, if so required in the request for expression of interests) The candidates should be eligible and there should not be any conflict of interest (Consultants Guidelines Para 1.9 and 1.11-1.13);
  5. Establish a small evaluation committee comprising at least three members but not more than five members;
  6. Evaluate the received CV's based on criteria set up beforehand;
  7. Prepare evaluation report using the form:
    - i. The evaluation report should include the following information:
    - ii. Advertising (When? Where? How long time has been given for expression of interest).
    - iii. How many candidates have submitted CV's by the deadline date?;
    - iv. What are the minimum required qualifications and experience (as indicated in the TOR's) and what are the criteria used in the evaluation;
    - v. It should be clearly indicated if the candidates meet all minimum required qualifications and experience and clarify if there are any deviations;
    - vi. It should be clearly indicated if there is any conflict of interest (COI) and if the candidates are eligible (see the Consultants' Guidelines Para 1.9. and Para 1.11-1.13);
    - vii. Brief justification on the scores given by the evaluation committee for each of the candidates indicating their strengths/advantages and weaknesses/disadvantages. Copy of the minutes of the evaluation with the respective scores, signed by the evaluation committee, should be attached;
    - viii. It should be noticed that only the top-ranked candidate could be invited for interview, in order to validate his/her qualifications as described in the CV and against the requirements of the TOR.
    - ix. Brief justification/reasons for selection of the proposed candidate (Why s/he is the best qualified?);
    - x. It is most unlikely two and more consultants to be with one and the same qualification and respectively score. The scores should correctly reflect the qualification of the candidates and the better candidates should be given higher scores;
    - xi. TOR's; advertisement; and, CV's, should be attached to the evaluation report;

8. If subject to Bank’s prior review, submit the evaluation report to the Bank; If needed, interview only the selected candidate (not all candidates) or the first two candidates before hiring
9. After Bank’s approval, negotiate contract (See the attachments Forms of Contract: with the selected consultant via email, fax or on the phone. To facilitate the negotiations you may ask the selected consultant to submit combined technical-financial proposal.
10. If subject to Bank’s prior review, submit the draft negotiated contract for Bank's clearance;
11. Sign the contract;
12. Keep the process confidential until contract is awarded;
13. Supervise Consultant’s performance;
14. Ensure that payments are made against agreed deliverables/outputs.

#### I. Single / Sole Source Selection

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##### (a) *Special Provisions*

The single / sole source selection for an assignment should have been included in the procurement plan; if it is not, a no objection from the Bank is required.

This method does not provide the benefits of competition and transparency, so it is used in exceptional cases properly justified and approved. The following table delineates steps necessary for completion of SSS and responsibility for their completion:

<b>Steps in SSS</b>		<b>Responsibility</b>
1.	Prepare with the PMO, the TOR and cost estimate (compatible with the market prices and available budget) and a justification for the single source selection of the particular consultant indicating its full name, country of origin, if it meets the eligibility and conflict of interest requirements and why this is the only consultant who could implement the assignment	ASDU / PMO
2.	Send the TOR’s cost estimate and justification on the SSS and obtain the WB “No Objection” on the SSS.	ASDU
3.	Send the TOR’s cost estimate and justification on the SSS and obtain the NPTAB “No Objection” on the SSS.	ASDU
4.	Prepare the Letter of Invitation including the TOR and ask the selected consultant to submit a combined technical-financial proposal. The invitation should be prepared taking into account Appendix 1 of the SRF and the consultant should be requested to present a detailed breakdown of cost per activity/ deliverable and present a statement that the rates used are compatible with the latest firm’s payroll statements.	ASDU

<b>Steps in SSS</b>		<b>Responsibility</b>
5.	Appoint committee for evaluation of the received combined proposals and statements	ASDU
6.	Review the combined technical-financial proposal.	Evaluation Committee
7.	Invite the selected consultant to negotiations.	ASDU
8.	Appoint the Negotiation Committee and negotiate the contract	ASDU
9.	Incorporate results of the negotiations in a draft Contract.	ASDU
10.	Obtain the WB “No Objection” on Contract to be signed.	ASDU
11.	Obtain the NPTAB “No Objection” on Contract to be signed.	ASDU
12.	Sign the Contract with the consultant.	Borrower’s Authorized Representative/ ASDU
13.	Publish award on UNDB Online or in the same national newspaper of wide circulation and/or in the official gazette, provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access where the REI was published and dg market (can be done quarterly and in the form of a summarized table)	ASDU
14.	Send copy of signed contract to the Bank (including completed Form 384	ASDU
15.	Receive the invoice for advance payment (if so specified in the Contract) and the bank guarantee by the contracted consultant, and pay the amount promptly to enable the work to begin.	ASDU
16.	Monitor/evaluate progress and report on performance	PCC/ASDU

### **Standard World Bank Bidding Documents**

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World Bank standard bidding documents and SRFP and other agreed template documents will be used.

Standard World Bank documents for ICB procedures can be retrieved from the World Banks web page: [www.worldbank.org](http://www.worldbank.org).

### **Procurement Reports**

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The Procurement Specialist will be responsible for the control and maintenance of all procurement files and preparation of the following procurement reports.

1. Monthly update of procurement actions;
2. Completion reports on individuals bid packages;
3. Quarterly Procurement Monitoring Report for inclusion in FMR prepared by the Financial Management Specialist.

### **Procurement Filing**

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Procurement files will be maintained by the Procurement Specialist, and contain complete copies of all correspondence and documentation related to procurement of goods, works and consultant services. The files shall provide separate information and documentation on the basis of bid packages, and each procurement activity shall be filed separately, in individual folders. The following documents, as may be applicable, shall be maintained in the Procurement Files:

1. Procurement notices (including General Procurement Notice)
2. Notice and Requests for Expressions of Interest
3. Request for Proposals (in case of consultant services), or bidding document (in the case of goods and works), or Invitations to Quote.
4. Letters requesting and responding to clarifications, between bidders and PCU, amendments.
5. Evaluation reports, including technical evaluations.
6. CVs (in case of individual consultants).
7. Copies of bids (including bid securities) proposals/quotations received.
8. Correspondence to and from the World Bank.
9. Contract documents and related amendments including copies of the performance securities.
10. Correspondence between PCU and contractors, suppliers or consultants, generated during contract execution, acceptance protocols, etc.

Records are stored in fire-proof cabinets, access to which is limited to the PIU Coordinator, Procurement Officer, and the Finance Manager, Accountants, the external auditors and the World Bank.

### **Procurement Audit**

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Independent Procurement Reviews (IPR) could also be conducted upon request from the World Bank. World Bank staff will conduct ex-post reviews of Procurement activities once a year.

## **SECTION 5 - ACCOUNTING PROCEDURES AND FINANCIAL MANAGEMENT**

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This section details the accounting and financial management policies and procedures to be used in the implementation of the Project. It incorporates all the covenants of the Agreements as well as those of the Government of Guyana as specified in the Financial Regulations.

### **Financial Management Responsibility**

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The ASDU will be responsible for coordinating the implementation and financial management of the project. The Bank requires the establishment of a sound financial management system that will facilitate the production of accurate and timely reports to the Bank and GoG. The financial management System (FMS) must include records and accounts for the preparation of the financial statements in a format acceptable to the Bank and reflects the operations, sources of funds and expenditures related to the project.

### **Financial Management Staff**

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The ASDU will employ a Finance/Administrative Analyst who is conversant with the World Bank's project financial management requirements. The specific skill sets/capacity required for using the World Bank's procedures will be upgraded /strengthened through additional training provided by the World Bank, as required. The following are the details of the financial management arrangements:

### **Design of the Financial Management System (FMS)**

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The financial management system is designed to accomplish the following objectives:

- outline and specify the accounting procedures to be used for the project, reflecting accountability and transparency;
- ensure that the established procedures are adhered to in the disbursement of project funds;
- ensure that all transactions are properly classified and accounted for;
- ensure that reports required by the Bank and the GoG are prepared on a timely basis, in an efficient and effective manner;
- define the procedures for creating, maintaining and safeguarding records and ensure that records are preserved and classified for easy access;

- allow for the efficient audit of the project financial statements;
- ensure that all assets and liabilities are properly accounted for, with a detailed inventory of goods/equipment; and,
- ensure that there are internal controls in place to foster the safeguarding of all assets.

## Accounting System

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ASDU uses a cash basis of accounting and its financial statements are prepared in accordance with International Financial Reporting Standards. ASDU uses Quick Books accounting software for recording transactions, maintaining the books of accounts and producing financial statements. The system allows for the tracking of inflows by sources of funding, and outflows by project component, sources of funding and disbursement category. The same software is being successfully used to support other World Bank finance projects.

## Internal Control

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All transactions are recorded in the Quick Books accounting system; the internal controls associated with that software package are also applied. These are as follows<sup>9</sup>:

- i. Donor Annual Operations Plan report
- ii. Monthly financial reports - actual against budgeted
- iii. Semiannual reports, percentage of actual to budgeted
- iv. Bank reconciliation report – both summary and details
- v. Expense to date sorted by class, sorted by category or sorted by component

## Flow of Funds

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The following disbursement methods will be available under the Loan: (a) Direct payment for eligible expenditures for contracts for works, goods and consultant services and (b) Reimbursements for Operating Expenses will be provided upon request by ASDU to the Bank. The following supporting documentation should be provided with each withdrawal application:

- (a) For requests for reimbursement: Statements of Expenditure for all operating expenses; and
- (b) For requests for direct payment: Records of eligible expenditures (e.g., copies of receipts, suppliers/contractors' invoices).

As all direct payments will be for contracts subject to prior review by the Bank, it is expected that, at the time of payment request, the contracts would have been reviewed by the Bank and the No Objection issued. A segregated designated account (DA) denominated in United States Dollars and managed by the

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<sup>9</sup> This breakdown is given in QuickBooks Training, Final Report, FINTECH, Section 4.3 Reporting

ASDU will be opened at the Central Bank. The ceiling of the DA will be US\$500,000. The Minimum Application Size for Direct Payments and Reimbursements will be US\$100,000 equivalent.

Withdrawals from the World Bank of amounts to be deposited into the segregated designated account (DA) shall be made by Application for Withdrawal supported by an Interim Financial Report (IFR). Payments to be processed by Direct Payment by the Bank must be done in accordance with the World Bank's *Disbursement Handbook*<sup>10</sup>.

Upon approval of each application, the amount requested will be deposited into the segregated designated account (DA) in order to finance eligible expenditures (representing approximately six months of expenditures) following the date of the report provided. The ASDU will control the segregated designated account (DA) and will be responsible for the requests for replenishment.

The Withdrawal Application Form must indicate the amount of funds required and the currency, usually US dollars, in which the funds are required. The use of the IFR simplifies and accelerates the replenishment process since the review of documents for small payments would be eliminated.

## **Disbursement Arrangements**

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Disbursements for the project will be made based on "Report-Based Disbursement" procedures - using Interim Financial Reports (IFR) - submitted to the Bank on a quarterly basis, within 45 days after the end of reporting period.

All letters of authorisation, cheques and payment vouchers should only be signed with appropriate supporting documentation (certified supplier invoices, purchase orders and requisition orders). Payment Vouchers should be stamped, indicating the date paid and cheque number, then attached to the relevant supporting documentation. In addition, after payment, all invoices must be stamped to ensure that payments are not duplicated.

All original records of receipts and payments, including; invoices, cheques, debit advices, credit advices, and bank reconciliation statements are maintained and filed by the Accounts section. Authorization letters and purchase orders must be properly filed.

### **Disbursement Deadline Date**

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The Disbursement Deadline Date is four months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the World Bank.

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<sup>10</sup> The Disbursement Handbook is accessible at [www.worldbank.org](http://www.worldbank.org).

## Authorized signatories

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Persons authorized to sign the Application for Withdrawal to obtain replenishment from the World Bank are:

### **TITLE**

- (1) Finance Secretary - Ministry of Finance.
- (2) Deputy Finance Secretary - Ministry of Finance
- (3) Permanent Secretary - Ministry of Agriculture
- (4) Team Leader– Cunha Canal Project - Agriculture Sector Development Unit

Two signatories are required for each application, one from the Ministry of Agriculture and the other from the Ministry of Finance.

## Journal Entries for Disbursement of funds

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The proceeds from the World Bank expenditures as per the Legal Agreements must be journalized at the end of each month. The Project's Finance / Administrative Associate should ensure that all expenditures recorded in the Disbursement Journal are captured in the Government's system.

***Table 4 – Expenditures by Component***

<b>Project Components</b>	<b>Grant (US\$000)</b>
1. Carrying out of civil works and supervision to rehabilitate the Cunha Canal	1,978,000
2. Compensation under the Resettlement Plan	569,298
3. Project Management and Implementation Support	452,702
<b>Total Financing Required</b>	<b>3,000,000</b>

## Bank Reconciliation Statements

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Monthly bank reconciliations must be prepared on all bank accounts and signed by the Permanent Secretary, Ministry of Agriculture. For the DA, the Finance / Administrative Associate will reconcile disbursements received with the Disbursement Section of the World Bank on a monthly basis. A Bank reconciliation for the DA must also be submitted to the World Bank, together with a copy of the bank statement, when submitting a withdrawal application for replenishment of the DA.

## Funds Receipts

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On receipt of funds from the World Bank into the DA, the commercial bank sends a credit advice to the ASDU and also to the Accountant General's Department. The Finance/Administrative Associate will record the amount received in the project's accounting system.

## Procedures for Payment to Vendors

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The Bank requires proceeds of the credit to be used economically, efficiently and only for the purposes for which the financing is provided as described in the credit agreements. The Team Leader is responsible for vetting the Purchase Order and sends this on to the Finance/Administrative Associate who commits the funds.

For the payment of eligible expenditures the following steps will be performed:

1. Once the bill is received, it is date stamped.
2. The Finance/Administrative Associate ascertains that the expenditure was properly verified by the Procurement Officer and approved by the Team Leader - Cunha Canal Project. The Finance/Administrative Analyst then processes the payment.
3. The Finance/Administrative Associate prepares the letter of payment, attaches supporting documents, including purchase order, copy of contract, vendor invoice and goods received note.
4. The letter of payment is passed to two of the following signatories for signature:
  - (1) Finance Secretary - Ministry of Finance
  - (2) Deputy Finance Secretary - Ministry of Finance
  - (3) Permanent Secretary - Ministry of Agriculture
  - (4) Deputy Permanent Secretary – Ministry of Agriculture
  - (5) Team Leader – Cunha Canal Project - ASDU, MoA

The letter should give clear instructions to the Bank as to payee's name, the account/s to be debited and the amount to be debited. Bank payments can be made by way of telegraphic transfers, bank draft or direct transfer.<sup>11</sup>

- 1 When a payment is made by way of telegraphic transfer, details such as the ones below should be clearly stated:
  - Payee's name
  - Payee's address
  - Payee's bank name
  - Address of Payee's bank
  - Payee's bank account number
  - SWIFT code/Sort code
  - ABA/Routing Number.
  - Intermediary banking details
  
- 2 The letter to be sent to the Bank, together with the attached invoice, should be sent for the first signature. The letter is then sent for the second signature.

### World Bank Replenishment, Reimbursement and Direct Payments

Replenishment, Reimbursement and Direct Payments are methods that would be used to request funds from the World Bank. The withdrawal applications supported by the Statements of Expenditure (SOEs) or summary sheets where applicable will be used to replenish the Special Account.

Before withdrawals from the World Bank can begin, the following must occur:

1. The credit must be declared effective by the World Bank, following compliance with all conditions specified in the credit agreement and the General Conditions.
  
2. The World Bank must receive evidence of authority to sign withdrawal applications (the GoG designates which officials may sign withdrawal applications and provides copies of their authenticated specimen signatures). This letter is signed by the Minister of Finance on his letterhead.

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▪ <sup>11</sup> Telegraphic transfer can be used for making overseas payments;  
▪ Bank draft is used for both local and overseas payments; and  
▪ Direct transfer is used when making local payments.

## Replenishment

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Application for Withdrawal for replenishment of the DA should be done on a timely basis to ensure the availability of funds to meet expenses. The first application is to request the initial advance (US\$ 1,000, 000) representing the authorized allocation or a part thereof as specified in the credit agreement. It must include a completed application for withdrawal, but requires no supporting documentation. However, prior to requesting the initial advance, the ASDU must have done the following: (1) opened the Special Account in USD in the Central bank acceptable to the World Bank, and (2) obtained a comfort letter from the depository bank and submitted the letter to the World Bank.

All subsequent withdrawal applications (replenishment requests) are made to request replenishments into the Special Account for payments already made (all replenishment applications to the USD Special Account must be in USD). The application, together with SOE's and/or Summary Sheets and Summary of Categories, must be prepared and signed by at least one authorized signatory and sent to the World Bank, together with a bank reconciliation statement. The disbursement letter will indicate the types of expenditure for which no supporting documentation other than the SOE is required and the contract value below, which SOEs are to be used (expenditures not subject to prior review). For other expenditures (above the prior review threshold), the Summary Sheets must be accompanied by full supporting documentation. SOE forms and summary sheets must set out the appropriate details for each expenditure. The application package should also include the bank statement for the Special Account and Reconciliation Statement. The borrower keeps the supporting documentation in a central location for examination by independent auditors and Bank staff during supervision missions.

If the Bank requires supporting documentation (as in the case of payments against contracts above the SOE limit, generally the same as contracts requiring prior review), copies of procurement documentation should have been forwarded to the Task Manager at the Bank for approval prior to contract award and payment. For expenses above the SOE limit, after the "no-objection" has been obtained from the Task Manager at the Bank, the relevant procurement documentation should be forwarded to the Disbursement Department of the Bank prior to requesting reimbursement on the SOE. One copy of each of the following supporting documents is normally given to the Bank:

1. Supplier's or consultant's invoice or a summary statement of work performed signed by the supervising engineer and passed on to the Team Leader or the Permanent Secretary or other authorized official.
2. Evidence of shipment (for equipment and materials purchased); this can be one of the following: copy of the bill of lading or forwarder's certificate.
3. Evidence of payment; this can be one of the following: receipted invoice, formal receipt or commercial bank's report of payment.

## Direct Payment

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Payment can be made directly by the World Bank to a third party for goods, works and services. An Application for Withdrawal is prepared. The borrower must provide supporting documentation and give clear instructions to the Bank as to:

1. Payee's name and address
2. Payee's bank name and address
3. Payee's bank account number and Swift Code
4. Sort Code
5. Country where payee is located

## Audit Arrangements

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The Project's financial statements shall be audited in accordance with provisions of Section 4.09 (b) of the General Conditions by independent auditors and following a TOR (see Annex 6) that is acceptable to the Bank.

The audit report will include supporting schedules providing sufficient information on the project (i.e. Sources and Uses of Funds, Statement of Expenditures (SOE), and the Special Account). The amounts in these financial statements would be required to be reconciled with the amounts in IDA's disbursement records. The audit report shall cover the period of one fiscal year and shall be transmitted to the World Bank no later than six months after the end of the fiscal year.

Detailed supporting documentation, including certification for expenditures, will be kept by the ASDU for at least one fiscal year after the Bank has received the audit report for the year in which the last withdrawal from the Credit account was made and submitted to the Bank. For all contracts requiring the Bank's prior review, full documentation will accompany "no-objection" requests. Detailed documentation will be retained by the ASDU for inspection during supervision missions and for audit by external auditors acceptable to the Bank.

## Financial Reporting Requirements

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The ASDU is currently using a computerized accounting system, which would be adequate for preparing timely financial reports for the project. The system is designed in such a way to ensure that the procedures conform to the following official Bank documents:

1. The Disbursement Handbook
2. The Financing Agreement
3. The Procurement Guidelines and Handbooks for Consultants Services Goods (prepared by

the World Bank)

4. Audit Agreement Standards (manual listing the requirements of the auditors)

The ASDU will ensure that information is timely and reliable. Annual financial statements detailing the projects' performance for each financial year will be prepared. To monitor project implementation, interim statements and management reports will be prepared quarterly and yearly.

Financial Reports are to be provided to the following organisations:

- World Bank (quarterly basis and annual) – 2 copies
- Ministry of Finance (quarterly) – 1 copy
- Project Management Office – 1 Copy

### Required Reports

ASDU will be responsible for producing the Interim Financial Reports (IFRs) on a quarterly basis and submitting them to the Bank. The IFRs will provide required monitoring information and include a narrative outlining the major achievements of the project for the three-month period, the sources and uses of funds, and necessary procurement tables. IFRs will be submitted to the Bank no later than 45 days after the end of each reporting period. The annual financial statements will include the project's sources and uses of funds; a detailed analysis of expenditures; a schedule of withdrawal applications presented during the year, a reconciliation of the Designated Account; the notes to the financial information; and a management representation letter. These reports will be prepared by ASDU and made available to the auditors after the end of each fiscal year.

#### *(i) Interim Financial Report (IFR)*

The IFR covers a three-month period and is submitted no later than 45 days after the end of the quarter. The cash accounting model is being used for this project. The Finance Manager is responsible for compiling the financial section of the report, while the procurement specialist is responsible for the procurement plan.

The IFR will form the basis for the bank's disbursement of project financing provided it is: i) prepared within the framework of an acceptable financial management system; ii) submitted in the standard format; and, iii) fulfils all other requirements. The standard reporting format is provided in Annex 6. The IFR will be submitted in two parts, viz:

#### **Part 1 – The Financial Report**

- 1-A Project Sources and Uses of Funds
- 1-B Uses of Funds by Project Activity

- 1-C Project Cash Withdrawals (Disbursements)
- 1-D Special Account Statement
- 1-E Project Forecast

## **Part 2 – Procurement Plan**

- 2-A List of contracts requiring prior approval
- 2-B Contracts subject to post review

Copies of the IFR must be submitted to the following persons/organisations:

1. The World Bank (2 copies) - supported with a signed withdrawal Application Form
2. Finance Secretary, Ministry of Finance and Permanent Secretary, Ministry of Agriculture
3. File copy within the ASDU

### *(ii) Audit Reports*

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The Bank requires the GOG to submit annual audited financial statements, no later than four (4) months after the end of the fiscal year ending on December 31.

The Audit Report includes:

- a) Certified copies of the Financial Statements
- b) An opinion on the Financial Statements, Special Accounts and internal controls as outlined in the Terms of Reference issued to the Auditors.

The project financial statements for the audit covers all project funds, and should include summary statements of Special Account transactions as well as IFRs submitted during the year.

### *(iii) Bank Reconciliation Statements*

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Monthly bank reconciliation statements of the two bank accounts must be prepared; one for the US Dollar Account to maintain the disbursement of funds by the World Bank Special Account, and one for the GY Dollar Project Account.

Reconciliation Statements must be maintained for both bank accounts that serve to assist in monitoring disbursements against amounts allocated/budgeted. The Cash book, along with payment vouchers, credit advances and receipts will serve as control and will be able to identify cash movements. Based on the level of activity, reconciliation statements must be printed monthly and filed.

Three copies of the Bank Reconciliation Statements are required:

- Ministry of Finance
- one copy for file for ASDU
- Permanent Secretary, Ministry of Agriculture

*(iv) Recording of Fixed Assets*

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A fixed asset register will be maintained by the Finance Manager to record details of items procured, and the locations of these assets, when goods are received. Yearly inventory lists will be prepared by the receivers of fixed assets in accordance with GOG requirements.

A copy of the Monthly Reconciliation report, the QuickBooks report, and the Monthly Expenditures Report shall be submitted by the Finance Manager to the Permanent Secretary, Ministry of Agriculture for his records.

## SECTION 6 – SAFEGUARDS AND SUSTAINABILITY

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### Sustainability

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The GOG recognizes that the sustainability of infrastructure investments, and of its physical development planning in general, is conditioned on improving the understanding of adaptation options to strengthen their resiliency to disaster and climate risks. The disaster vulnerability reduction works and capacity-building initiatives at technical and policy levels implemented under the project will require the ownership of the participating national authorities and the participation and support of local communities as well as the continued support of regional technical agencies.

### Safeguards

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Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[X]	[ ]
Natural Habitats (OP/BP 4.04)	[X]	[ ]
Pest Management (OP 4.09)	[ ]	[X]
Indigenous Peoples (OP/BP 4.10)	[X ]	[ ]
Physical Cultural Resources (OP/BP 4.11)	[X]	[ ]
Involuntary Resettlement (OP/BP 4.12)	[X]	[ ]
Forests (OP/BP 4.36)	[ ]	[X]
Safety of Dams (OP/BP 4.37)	[X]	[ ]
Projects on International Waterways (OP/BP 7.50)	[ ]	[X]
Projects in Disputed Areas (OP/BP 7.60)	[ ]	[X]

### Environmental and Social (including safeguards)

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Overall safeguards responsibilities: The agency responsible for the overall implementation of the Project is the ASDU within the MoA; consequently, management and/or mitigation of the potential environmental and social impacts will be implemented by the MoA by the contractors and monitored by the MoA.

Abbreviated Resettlement Plan: During Project implementation, staff of the ASDU will prepare quarterly progress reports on all aspects of land acquisition, consultation, compensation and resettlement activities and operations.

Technical staff from the NDIA and ASDU will be assigned to the Project to oversee the implementation of the resettlement plan and to supervise activities carried out during preparation and implementation of the civil works. Monthly and quarterly reports will be prepared, circulated and later discussed with all stakeholders during routinely scheduled conferences. Grievances will be addressed first through discussions between the affected persons and the implementing agency, if consensus is not agreed a mediator will be appointed from an agreed list of suitable persons, and finally if parties fail to concur through the courts. These measures are detailed in the Environmental and Social Assessment Report and Abbreviated Resettlement Plan (ARP). The World Bank team will supervise implementation of the agreed plans during regular missions to Guyana twice a year.

## **Impacts specific to potential works and proposed mitigation measures are outlined below.**

1. Construction of Access Bridge at Cunha, East Bank Demerara: In addition to the management of construction impacts such as noise, management of construction waste and debris, and worker safety, some low to moderate impacts of the bridge construction are related to the management and rehabilitation of the traversing of vehicular traffic during construction and maintenance so as to maintain its role to prevent congestion. The bridge construction may also involve very minor impacts on grazing lands and irrigation activities that can be prevented or mitigated.
2. Rehabilitation of Head Regulator at East Demerara Water Conservancy: In addition to the management of construction impacts such as noise, waste and debris management and worker safety these works are anticipated to have low to moderate impacts related traffic disturbance in some areas and noise and air pollution during operation.
3. Rehabilitation of Existing Sluice at Cunha, East Bank Demerara: In addition to the management of construction impacts such as noise, waste and debris management and worker safety the works are expected to have low to moderate impacts related to traffic disturbance in some areas and related to the management and rehabilitation of the clearing of vegetation during construction and maintenance so as to maintain its role to prevent erosion and as a natural habitat. A small amount of temporary or permanent land acquisition may also be necessary for the East Bank Demerara drainage area for which land acquisition plans will be developed prior to sub-project financing in accordance with the RPF.

## **Borrower's Capacity to Implement Safeguards:**

Technical staff from the NDIA and ASDU will be assigned to the Project to oversee the preparation and implementation of the Environmental and Social Assessment Report and ARP. Capacity for safeguards implementation is acknowledged to be limited however a review of practices for ongoing works (Northern Drainage Relief Channel) and the management of the EDWC indicated some basic capacity exists. In particular appropriate environmental mitigation measures are practiced in the construction of the Northern Drainage Relief Channel and the Guyana Amazon Tropical Birds Society and the Guyana Environmental Protection Agency also confirmed that, in their opinion, the EDWC has been sustainably managed. Training has been (St. Lucia in May, 2014) and will be provided to the ASDU through the project and through regional World Bank training to develop their capacity further for implementation of the Environmental and Social Assessment Report and the Abbreviated Resettlement Plan.

## **Consultations and Disclosure of Safeguards Documents:**

Consultations on the ARP were held with concerned stakeholders between November 23, 2009 and January 29, 2014. Minutes of these consultations have been incorporated into the ARP, along with any suggested revisions, as appropriate. Consultations on the Environmental and Social Assessment Report were held between November 23, 2009 and January 21, 2014. Records of the consultations are listed in Appendix B of the Revised Environmental Report.

## **Monitoring and Evaluation of Environmental and Social Safeguards**

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Thematic areas that would be supervised, monitored and evaluated include the following: (i) Social and Environmental safeguards monitoring and evaluation; (ii) monitoring and quality assurance of construction contracts; and (iii) physical and financial progress monitoring.

Social and Environmental Safeguard Monitoring and Evaluation: This would comprise monitoring compliance with environmental and social safeguards including the Environmental and Social Assessment report, and Abbreviated Resettlement Plan. This will be undertaken by the ASDU based on their internal processes and inputs from construction supervision.

## **SECTION 7 – PROJECT MONITORING AND EVALUATION**

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### **Monitoring**

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Monitoring of project progress will be managed by the ASDU. The ASDU will utilize already existing mechanisms to perform the monitoring functions. The World Bank team will assist the ASDU in tracking performance indicators during missions.

#### **Monitoring system**

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The ASDU is responsible for monitoring of and reporting on performance indicators. Progress on the indicators will be reported to the Bank semi-annually in the context of Bank supervision missions. Monitoring of the project will be carried out on a continuous basis, from the commencement to the completion of the implementation. This is essential in communicating the progress of the implementation and the adherence to the contract and requirements of the GOG and the Bank.

Information provided will include; physical quantities, expenditure and pertinent issues in the monthly report and meetings as arranged with the ASDU. Periodic site visits will be performed by the ASDU or any official authorized by the GOG or the World Bank.

The project monitoring and evaluation system will have three levels: (1) at the ASDU level, (2) at the ministries level and (3) at the field level. This monitoring and evaluation will be supplemented with consultant's inputs and World Bank missions. The regular reporting of these agencies and updating of implementation progress data drawn from the updates by the stakeholders in the project at different levels/activities will assist the ASDU in providing timely interventions. It will also help remove impediments in project implementation and build the capacity of stakeholders involved and benefiting from the project. The results and monitoring framework is provided in Annex 5.0.

#### **Project Reports**

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The GOG, as part of its monitoring and evaluation function is required to produce and furnish to the Bank a number of reports on the implementation of the project and the progress achieved at various intervals in the life of the project. These include:

- 1 Project Progress Report
- 2 Mid-Term Review

### 3 Project Completion Report

See Section 8 for further details on these reports.

#### **Staff Evaluation**

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The Head of the PIU will oversee the day to day operations of the project and will be responsible for all aspects of project implementation, including managing the work of all staff. The Head of the PIU will report to the Permanent Secretary, Ministry of Agriculture.

## **SECTION 8 – REPORTING**

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This section provides a summary of the reports and reporting mechanisms discussed throughout the manual. Descriptions of the reports are provided below:

### **Project Progress Reports**

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These reports are to be completed in accordance with the provision of Section 4.08 of the General Conditions and on the basis the indicators agreed to with the Bank. Each report will cover a period of six calendar months and shall be submitted to the Bank not later than forty five (45) days after the end of the reporting period.

### **Mid-Term Report**

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On or about twenty four (24) months after project effective date, the GOG is required to submit to the Bank, a mid-term report documenting the progress achieved in the project during the period preceding this report. The report should take account the monitoring and evaluation activities performed during project implementation and should also recommend measures to ensure the efficient implementation of the project and the achievement of the project objectives for the remaining project implementation period.

Once submitted, and pursuant to the legal agreement, the GOG is required to review the mid-term report with the Bank, one month after its submission.

### **Project Completion Report**

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The final report on the execution of the project is to be submitted to the Bank not later than six months after the closing date of the project.

### **Interim Financial Report**

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The Interim Financial Report summarizes the sources of project financing, with uses of funds summarized under the disbursement categories in the Grant/Credit/Loan Agreements, project expenditure by components and sub-components consistent with those in the Project Appraisal Document (PAD), project cash withdrawals, special account statement and project cash forecast. A detailed explanation of the IFR can be found in Section 5 of this Manual.

The financial reports are to be provided to the following organizations:

- 1 World Bank
- 2 The Government of Guyana

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## **Financial Audit Report**

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Financial Audits will be carried out by a qualified independent firm, and a report furnished to the Bank no later than four months after the end of each financial year. The audit will verify the financial statements and reports for the period.

## **ANNEX 1**

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**TOR for Team Leader (Draft)**

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### **CUNHA CANAL PROJECT**

#### **Terms of Reference Team Leader**

##### **I. Background**

The Cooperative Republic of Guyana has received a grant through a Memorandum of Understanding from the Norwegian Government of US\$250 Million and intends to apply part for the Cunha Canal Rehabilitation Project. The Government of Guyana now intends to apply part of the received funding to hire a team leader to direct and oversee the implementation of the Cunha Canal Project.

##### **II. Objective(s) of the assignment**

The Team Leader shall lead all works and contracts executed under the Cunha Canal Project in accordance with the project goals and objectives.

##### **III. Scope of Work**

The Team Leader will be responsible for:

- i. collaborating with the Director and other ASDU staff;
- ii. ensuring that all provisions of the Cunha Canal Project are satisfied;
- iii. receiving and issuing all correspondence to all project stakeholders;
- iv. ensuring that all GRIF requirements are met by interfacing directly with the Project Management Office, Office of the President
- v. monitoring the use of fixed assets;
- vi. planning, scheduling and coordinating of project activities;
- vii. preparation and submission of Monitoring & Evaluation (M&E) reports and annual work plans;
- viii. providing guidance to ensure that all steps in financial management, procurement and social and environmental safeguards are followed;
- ix. review and authorization of all project reports before submission to the PCC for validation

- x. developing and implementing procedures for collecting and analyzing information from the various agencies involved in the Projects on a periodic basis to allow monitoring Project benchmarks and overall evaluation of results and report on execution progress;
- xi. preparing Terms of Reference for consultancies and supervision
- xii. Coordinating the preparation of bidding documents, and the evaluation of proposals and bids.
- xiii. promoting coordination, communication and integration among various agencies and beneficiaries;
- xiv. liaison with the World Bank and other Government agencies;
- xv. Coordinate with the ASDU Director/Permanent Secretary on all administrative matters for the use of common resources between the projects under the ASDU;
- xvi. Collaborate with the relevant agencies [NDIA, CDC, Sea and River Defense Division, EPA, Hydromet Office and MoPW] to ensure all component activities are effectively coordinated.
- xvii. planning, supervising and coordinating all procurement activities of the Cunha Canal Project for works, goods and services;
- xviii. developing and implementing effective contract administrative and monitoring procedures;
- xix. preparing and submission of in a timely manner, the annual procurement plans of the CCP;
- xx. preparation of project financial plans and budgets;
- xxi. preparation and negotiation of all project contracts;
- xxii. generate reports on the project procurement status;
- xxiii. advising with regard to matters of contract as they extend to project procurement;
- xxiv. ensuring that the preparation and evaluation of bidding documents and contracts is conducted in full accordance with the WB's and GOG's established procurement procedures, laws and regulations;
- xxv. working closely with and coordinating with other line ministries and agencies involved as may be required;
- xxvi. Facilitating the Selection/Evaluation Committee in the review of tenders and the preparation of supporting documentation.
- xxvii. Follow-up as required with respect to delivery of goods and services.
- xxviii. maintaining accurate and up to date records and support documents that are necessary to account for all project purchases of goods and services;
- xxix. Undertake any other duties and responsibilities that may, from time to time, be reasonably requested by the Permanent Secretary/Director, ASDU.

#### **IV. Expected Outcomes**

The Team Leader is expected to guide and lead the project implementing team in achieving the objectives of the Cunha Canal Project.

#### **V. Duration and Estimated Time Input**

<b>Type of Appointment:</b>	Individual
<b>Duration:</b>	1 year; renewable on basis of performance
<b>Place of work:</b>	Agriculture Sector Development Unit [ASDU], Ministry of Agriculture, Georgetown, Guyana

#### **VI. Qualification Requirements and evaluation criteria (Minimum)**

- a) A Bachelor's Degree from a recognized university in the field of engineering or other relevant related field. A master's degree in any of the social science field would be a distinct advantage
- b) Formal training in Project Management or Procurement would be an asset.
- c) At least 5 years' experience in project implementation.
- d) At least 5 years of project management experience
- e) Experience in Projects funded by multilateral agencies.
- f) Excellent written, oral and interpersonal skills.
- g) Computer competence in Microsoft Word, Excel and Projects.

#### **VII. Reporting Requirements**

The Team Leader will report to the Director, ASDU and work along with the Project Coordinator - Flood Risk management Project. If there is no Director in place, the Team Leader shall report to the Permanent Secretary and to the PMO Office of the President to ensure compliance with GRIF requirements.

### TOR for FINANCE/ADMINISTRATIVE ASSOCIATE (Draft)

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## CUNHA CANAL PROJECT

### Terms of Reference

#### Finance/Administrative Associate

##### I. Background

The Cooperative Republic of Guyana has received a grant through a Memorandum of Understanding from the Norwegian Government of US\$250 Million and intends to apply part for the Cunha Canal Rehabilitation Project. The Government of Guyana now intends to apply part of the received funding to hire a Finance/Administrative Associate towards the implementation of the Cunha Canal Project.

The Finance/Administrative Associate will report to the Team Leader and will be responsible for the financial management aspects of the Project, as well as with the general implementation aspects as needed. This will require the preparation of financial plans and budgets for the implementation of the components.

##### II. Objectives of the assignment

The Finance/Administrative Associate will guide the CCP Team in all financial management, disbursement, accounting and audit related matters, and provide financial supervisory services for the various project components of the CCP. He/she will assist with the preparation for every quarter of the Project's Financial Monitoring Report, taking into consideration the FMR procedures of the World Bank, which is expected to include: (i) Financial Statements; (ii) Programme Progress in coordination with the Procurement Associate.

##### III. Scope of work

The Finance/Administrative Associate will be responsible for:

- Building sustainable financial management capacity in the Agriculture Sector Development Unit (ASDU) and the Ministry of Agriculture;
- Maintain the accounting system for the Project, utilizing standard accounting procedures, which will ensure full documentation and recording of sources and uses of funds;
- Preparation of quarterly financial reports (expenditure and revenue) for the GoG and quarterly Financial Management Report for the World Bank (Project budgetary control and input into Project progress reports);

- Review and certify receipts and cash transfer sheets regarding Sale of Tender Documents;
- Preparation of quarterly status reports for Ministry of Finance and World Bank;
- Review and check withdrawal applications prepared for draw down of the World Bank funds for all activities;
- Review and verify accuracy of information on payment vouchers for signing of cheques;
- Verify and ensure the availability of funds before checks are written;
- Prepare payment vouchers before checks are written for all sub-Projects;
- Manage Project expenditures, ensuring full compliance with project rules and procedures (as per the Project Operational Manual, WB Project Guidelines) agreed between the Bank and GoG for the Project;
- Assist in the Preparation of Budget estimates/allocation for Project activities;
- Prepare monthly/quarterly reports for donor Agencies;
- Review accuracy of payment vouchers and cheques;
- Review, verify and certify monthly and special financial statements and reports; including expenditure reports and bank reconciliation statements;
- Assist in the preparation and updating of the Project Operational Manual; (as required);
- Review receivables and payables and ensure prompt settlement of payables to the Project's suppliers and contractors;
- Attend Project review meetings with donor agencies and Implementing Agencies;
- Work along with the auditor in providing information requested for the completion of the yearly audit reports;
- Review and certify Bank Reconciliation Statements for the Project;
- Report and liaise with the accountants and financial officers of the concerned ministries;
- Liaise with Implementing Agencies;
- Monitor closely the work of the team involved in the maintenance of the Cashbook;
- Build financial management capacities in ASDU, MoA and in the Project implementing entities;
- Any other duties assigned by the Team Leader;
- Assist with all administrative matters of the Cunha Canal Project; and
- Participate with the CCR Project team in working with and supporting World Bank missions.

#### **IV. Expected Outcomes**

- Building financial management capacity in the Agriculture Sector Development Unit and in the Ministry of Agriculture;
- The management of Project Financial matters as part of the Project implementation arrangements, in accordance with the relevant laws, rules, guidelines and practices of the Government of Guyana [GoG] and the World Bank; financial management

- requirements. Responsibilities include: (i) maintaining an integral accounting system for all approved Project activities, utilizing standard accounting procedures, which will ensure full documentation and recording of sources and uses of funds; (ii) preparing the Financial Management Reports and Financial Statements for all the Project activities; and (iii) ensuring that Project expenditures are incurred for the intended purpose; and
- Together with the Ministry of Finance or in the Project Management Unit (PMU) building the financial management capacities of MoA and of the Project implementing entities.

## **V. Duration and Estimated Time Input**

<b>Type of Appointment:</b>	Individual
<b>Duration:</b>	1 year; renewable on basis of performance
<b>Place of work:</b>	Agriculture Sector Development Unit [ASDU], Ministry of Agriculture, Georgetown, Guyana

## **VI. Qualifications Requirements and Evaluation criteria (Minimum)**

1. A Bachelor's Degree in Accounting; Finance, Business Administration
2. At least 5 years' experience in a Project environment.
3. Internationally recognized accounting qualification (e.g. CA, ACCA, CPA, etc.) would be a distinct advantage.
4. Computer literacy, with specific emphasis on spreadsheet applications and the use of accounting packages.
5. Fluency in English language with strong written, oral communication and listening skills
6. Direct experience of working with the donor-financed (preferably World Bank financed) projects.
7. Knowledge of the government accounting procedures for Guyana or any Caribbean countries. Preferably, direct working experience with the government or international organizations.

### **a. Specific knowledge**

- Government of Guyana - Fiscal Management and Accountability Act
- Financial Management and Accounting;
- Financial Reporting for major donors;
- International Accounting and Auditing Standards;
- Planning and Forecasting.

### **b. Required Skills and Specialized Techniques**

- Analytical skills, ability to develop and implement accounting systems
- Supervisory Skills
- Conflict Management skills
- Knowledge of public sector accounting procedures and exposure to lender / donor agency procedures
- Report writing skills
- Integrity and Confidentiality
- Communication, interpersonal skills and time management
- Use of computerized accounting system such as, Quickbooks and the development of accounting reporting tools
- Ability to train and capacity building of the staff of the ASDU, Accounts Section

## **VII. Reporting requirements**

The Finance/Administrative Associate will report directly to the Director, ASDU or Team Leader, CCP.

## **ANNEX 3.0 - TOR for Procurement Associate**

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### **CUNHA CANAL REHABILITATION PROJECT**

#### **Terms of Reference Procurement Associate**

#### **VIII. Background**

The Cooperative Republic of Guyana has received a grant through a Memorandum of Understanding from the Norwegian Government of US\$250 Million and intends to apply part for the Cunha Canal Rehabilitation Project. The Government of Guyana now intends to apply part of the received funding to hire a Procurement Associate towards the implementation of the Cunha Canal Project.

The Procurement Associate will report to the Team Leader and will be responsible for the Procurement aspects of the Project, as well as with the general implementation aspects as needed. This will require the preparation of Procurement plans and schedule for the implementation of the components.

#### **IX. Objective(s) of the assignment**

The Procurement Associate will be responsible for the execution of all procurement activities in order to achieve project goals and objectives under the Cunha Canal Project.

#### **X. Scope of Work**

The Procurement Associate will be responsible for:

- i. planning, supervising and coordinating all procurement activities of the Cunha Canal Project for works, goods and services;
- ii. developing and implementing effective contract administrative and monitoring procedures;
- iii. preparing and submission of in a timely manner, the annual procurement plans of the Cunha Canal Project ;
- iv. assisting the Team Leader in the preparation of project financial plans and budgets;
- v. assisting the Team Leader with the preparation and negotiation of all project contracts;
- vi. generate reports on the project procurement status;
- vii. advising the Team Leader with regard to matters of contract as they extend to project procurement;
- viii. ensuring that the preparation and evaluation of bidding documents and contracts is conducted in full accordance with the WB's and GOG's established procurement procedures, laws and regulations;

- ix. working closely with and coordinating with other line ministries and agencies involved as may be required;
- x. Facilitating the Selection/Evaluation Committee in the review of tenders and the preparation of supporting documentation.
- xi. Follow-up as required with respect to delivery of goods and services.
- xii. maintaining accurate and up to date records and support documents that are necessary to account for all project purchases of goods and services;
- xiii. Undertake any other duties and responsibilities that may, from time to time, be reasonably requested by the Permanent Secretary/Director, ASDU.
- xiv. Participate with the ASDU team in working with and supporting World Bank missions.

## **XI. Expected Outcomes**

The Procurement Associate is expected to execute all the procurement activities inclusive of all works, goods and services for the Cunha Canal Project

## **XII. Duration and Estimated Time Input**

<b>Type of Appointment:</b>	Individual
<b>Duration:</b>	1 year; renewable on basis of performance
<b>Place of work:</b>	Agriculture Sector Development Unit [ASDU], Ministry of Agriculture, Georgetown, Guyana

## **XIII. Qualification Requirements and evaluation criteria**

1. A Bachelor's Degree from a recognized university in the field of Public Management, Business Management or other relevant related field.
2. Certification in Procurement or Logistics Management would be an advantage
3. At least 5 (five) years of overall professional experience including not less than 3 (three) years in project procurement and contract management.
4. Computer competence in Microsoft Word, Excel and Projects.
5. Experience in Projects funded by multilateral agencies.
6. Excellent written, oral and interpersonal skills.

## **XIV. Reporting Requirements**

The Procurement Associate will report to the Team Leader and will work in close coordination with the Team Leader – Cunha Canal Project .

## **ANNEX 4.0**

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### **TOR FOR PROJECT COORDINATION COMMITTEE**

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#### **Role of the Project Coordination Committee (PCC)**

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A key element of the CCR Project implementation strategy is the National Focal Point who is a high level public officer appointed by the Government of Guyana. This officer operating singly can be made more effective if supported with an institutional mechanism of senior officials and key stakeholders focused primarily on the issues of disadvantage and the programmatic solutions being developed to attenuate them. This is the rationale for the PCC. The reports of the PCC through the National Focal Point will advise the WB/GOG of the efficacy of its interventions as well as provide a useful source of information on nationally tailored interventions.

#### **Responsibilities of the PCC Chair**

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The PCC shall be chaired by the Minister of Agriculture of the MOA and consist initially of a Representatives of the Executing Agencies and subject Ministries involved in national economic development as well relevant private sector representatives. Representatives must be of a senior enough level in the respective organizations to induce changes determined necessary for the effective implementation of Programme activities as well as have access to the highest levels of Government, the political directorate and governance in the private sector.

The responsibilities of the PCC Chair are as follows:

- i. Co-coordinating and monitor project implementation
- ii. removing internal bottlenecks to project implementation
- iii. identifying programming risks, implementing mitigation and contingency strategies
- iv. Identifying Projects/activities for WB support.
- v. Advising on the state of national disadvantaged circumstances
- vi. Advising on complementary initiatives being undertaken with the assistance of other development partners which impact on the state of national disadvantaged circumstances
- vii. Supporting the development of national statistical indicators of disadvantage
- viii. Evaluating the impact of the project .
- ix. As the Project evolves the National Focal Point may consider inviting additional Representatives to facilitate the development and co-ordination of interventions.
- x. The PCC shall meet at least once quarterly to execute its responsibilities
- xi. A Quorum shall consist of the Chairman, the representative of the Ministry of Agriculture or the Ministry of Public Works and two other members of the committee.

## ANNEX 5.0

### RESULTS AND MONITORING FRAMEWORK

#### THE REPUBLIC OF GUYANA: Cunha Canal Rehabilitation Project

<b>Project Development Objective (PDO):</b> The Project Development Objective is to improve local drainage in agricultural areas and increase the capacity of the Cunha Canal channel draining the EDWC.										
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**			Frequency	Data Source/ Methodology	Responsible for Data Collection	Description (indicator definition, etc.)
				YR 1	YR 2	YR3				
<b>Indicator One:</b> Increase in discharge capacity in the conservancy measured as the maximum discharge capacity increase of the Cunha Canal.		m <sup>3</sup> /s	0	0	0	29.8	once	Based on designed maximum discharge capacity of the Cunha Canal.	ASDU	The design-flow of the completed Cunha Canal is 39.8 m <sup>3</sup> /s. Under current conditions (with diverted channel and broken inlet sluice) flow has been measured at 10 m <sup>3</sup> /s. Total increase in discharge capacity will therefore be 29.8 m <sup>3</sup> /s
<b>Indicator Two:</b> Area provided with improved irrigation and drainage services		ha	0	0	0	810	Bi-annually	Agricultural area with improved drainage based on observed areas having improved agricultural production	ASDU	The current waterlogged agricultural areas are approximately 433 ha (1070 acres) but once rehabilitated, drainage will improve a total of 810 ha (2000 acres) including surrounding land and areas next to Sarah Johanna

									after canal is operational.		canal.
<b>Indicator Three:</b> Direct project beneficiaries		number	0	0	0	0	12,000	once	Census (to be updated 2012)	ASDU	Total population of approx. 12500 in Land of Canaan Community <sup>12</sup>
<b>Indicator Four:</b> Female project beneficiaries		%	0	0	0	51		once	Preliminary 2012 census data	ASDU	
<b>INTERMEDIATE RESULTS</b>											
<b>Intermediate Result (Component 1): Carrying out of civil works to rehabilitate the Cunha Canal</b>											
<i>1.1:</i> Completion of rehabilitated drainage channel.		Action completed	Not completed	Not completed	completed	completed		Month	Based on construction progress reports.	ASDU	
<i>1.2:</i> Rehabilitation and reinforcement of sluices.		Action completed	Not completed	Not completed	completed	completed		Month	Based on construction progress reports	ASDU	
<i>1.3:</i> Construction of bridge over EBD road.		Action completed	Not completed	Not completed	completed	completed		Month	Based on construction progress reports.	ASDU	
<b>Intermediate Result (Component 2): Implementation of Abbreviated Resettlement Plan</b>											
<i>2.1:</i> Payment of compensation		Action completed	Not completed	completed	completed	completed		Month	Based on project progress	ASDU	

<sup>12</sup> based on approx. 2500 houses with approx. 5 people per household - sourced from Caledonia-Good Success Neighborhood Democratic Council (Environmental and Social Assessment Report Revised – Rehabilitation of Cunha Relief Channel and Structures, Nov 2014)

under the resettlement plan.								reports.		
<b>Intermediate Result (Component 3): Project Management and Monitoring</b>										
3.1: Installation of hydrologic monitoring equipment.		Action completed	Not completed	Not completed	Not completed	completed	Month	Based on project progress reports.	ASDU	

\*Please indicate whether the indicator is a Core Sector Indicator (see further <http://coreindicators>)

\*\*Target values should be entered for the years data will be available, not necessarily annually

## **ANNEX 6.0**

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### **TOR FOR AUDIT**

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## **AUDIT TERMS OF REFERENCE FOR THE CUNHA CANAL PROJECT**

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### **a) Audit Background**

Under the Loan Agreement the Bank and the Borrower agreed that there would be annual independent audits of the Project's accounting, the statements of expenditures, the Special Account and the financial statements. The annual audit reports are to be delivered to the Bank as soon as available, but not later than 4 months following the end of the fiscal year. The first audit of the Project is scheduled for to take place immediately at the end of the 2015 fiscal year. If the required/acceptable audited financial statements are not received within one month after the due date, the Bank normally discontinues the use of the SOE procedure and will withhold replenishment of the Special Account. After three months following the due date the Bank may suspend all disbursement on the loan.

For the purpose of complying with such obligation, and so that the audit reports might be timely and of benefit for both the Project and Bank management, it is necessary that the audit be contracted with sufficient lead time so the auditors may perform interim work, which might be helpful in identifying weaknesses in the internal control structure, and other aspects that may require timely corrective action. This audit approach will contribute to the Project's success.

### **b) Title of the Audit**

Audit of the Resources Managed during (*state dates, for example*: the period from January 1 to December 31, 2015 or the year ended on December 31, 2015) by the Project Execution Unit under the "Cunha Canal Project".

### **c) Audit Objectives**

The overall objective of this engagement is to allow the auditor to express a professional opinion on the financial position and performance of the Project at the end of the period audited, as well as the adequacy of the internal controls and the compliance with the covenants of the grant agreement and applicable laws and regulations. The engagement will include a special purpose audit of the Project, including the resources provided by the Bank.

The financial and internal control audit must be performed in accordance with the International Auditing Standards issued by IFAC, and therefore must include the test of the

accounting records that the auditors consider necessary under the circumstances. The specific objectives of the audit are:

- Issue an opinion as to whether the Project financial statements present fairly, in all material aspects, the financial position of the Project, the funds received and the disbursements made during the period audited, as well as the accumulated investments as at the end of the period, in accordance with international accounting standards issued by IFAC and in accordance with the requirements of the respective agreements with the Bank and other co-financing organizations.
- Issue an opinion on whether the supplementary financial information for the Project is fairly presented, in all material respects.
- Issue an opinion with respect to the adequacy of the internal control structure of the implementing institution in regards to the Project. This evaluation should also include the internal controls related to the contribution of counterpart funds for the Project.
- Issue an opinion as to: (a) whether the expenditures included in the requests for reimbursement (SOE) are eligible, and if the information presented in the SOEs is reasonably dependable; (b) whether the accounting and the internal control procedures used for the preparation of the SOEs are adequate; and (c) whether loan funds have been used only for Project purposes, in accordance with the requirements established in the corresponding agreements with the internal organizations.
- Issue an opinion with respect to the implementing entity's compliance with the terms of the Grant Agreement and applicable laws and regulations (in regard to the financial aspects).
- Issue an opinion as to whether the statement of the Special Account used for managing the funds provided by the Bank presents fairly the availability of funds at the end of the period audited, as well as the transactions made during the same period, in accordance with the provisions for the use of the funds estimated in the corresponding agreements with the Bank.

#### **d) Procedures and Scope of the Audit**

The audit should be performed in accordance with generally accepted auditing standards, which must be compatible with the Auditing Standards issued by the International Federation of Accountants (IFAC), and with the guidelines contained in the Bank publications mentioned above. Therefore the audit must include adequate planning, the evaluation and testing of the internal control structure and systems, and obtaining sufficient objective evidence to allow the auditors to reach reasonable conclusions on which to base their opinions. In conducting their work, the auditors should pay special attention to the following requirements:

- All external funds should be used in accordance with the conditions of the relevant financial agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- Counterpart funds should be provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- Works, goods and services financed should be procured in accordance with the relevant financing agreement.
- Implementing entities should keep all-necessary supporting documents, records, and accounts in respect of all Project ventures including expenditures reported via SOEs or Special Accounts. Clear linkages should exist between the books of account and reports presented to the Bank.
- Where Special Accounts have been used, they should be maintained in accordance with the provisions of the relevant financing agreement.
- The Project accounts should be prepared in accordance with the International Accounting Standards consistently applied, and give a true and fair view of the financial situation of the Project at the end of the period and of the resources and expenditures for the year ended on that date.

The auditors must be alert for situations or transactions that may indicate fraudulent, wasteful or illegal acts and expenditures. If such evidence exists, the auditors must contact a duly authorized representative of the Bank and to the Project management, and exercise caution and due professional care in expanding their audit steps and procedures related to illegal acts. International Standards on Auditing 240 provides guidance in this respect.

**e) Other Responsibilities of the Auditor**

The auditor should comply with the following requirements:

- Conduct entrance and exit conferences with the IS/PEU. All request for documentations must be in writing and addressed to the Project Coordinator or Director, ASDU.
- Plan the audit work so that preliminary reviews can be conducted during the period under review (including the first few months), with the purpose of evaluating the systems of internal control and communicating to the implementing unit in a timely manner any situations that merit the attention of management before the issuance of the final audit report.
- Independently reference the audit report before issuing it.

- Obtain a Management Representation Letter in accordance with section 580 of the International Auditing Standard, signed by the management of the Project PEU.

#### **f) Audit Reports**

Once the audit has been completed, the auditors shall issue their report containing the specific opinions and conclusions required. All of the reports resulting from the Project audit should be incorporated into one document. This report should contain the detail of the funds provided by the Bank and should be addressed and delivered to the IS/PEU. However, if the Bank representative requests it so, the auditor should send a copy of the Project audit report directly to such representative.

The auditor should deliver the Final Audit Report to the PEU three months after the close of the relevant fiscal year. The reports are to be issued in English, duly signed and bound, in original and three copies. The report for the Project should contain at least: -

- A title page, table of contents, a transmittal letter to the PEU, and a summary containing the information required in the Guidelines.
- The audit report and opinion for the Project financial statements, their corresponding notes and supplementary information. If applicable, any cost that are not supported by adequate records or that are not eligible under the terms of the Grant Agreement (questioned costs) should be identified. This section should include the financial statements along with their corresponding notes and attachments.
- The audit reports on the internal control structure for the Project. Among other information discussed in the Guidelines the report should disclose the reportable conditions (those that have an impact on the financial statements), including the identification of material weaknesses, the internal control structure of the implementing unit, as well as the PEU commitments.
  - This report should include a section on the follow-up of recommendations made in prior audits, indicating the current status of the recommendations as corrected, partially corrected, or not corrected. The deficiencies that still have not been corrected should be reported again in the current audit report, along with the corresponding management's comments.
- The audit report and opinion on the PEU compliance with the terms of the Grant Agreement and applicable laws and regulations related to the Project's financial activities. This report must be consistent with section 800 of IFAC's International Auditing Standards.
- An audit report and opinion on the Special Account for the period audited. The auditor must issue an opinion as to whether the Special Account Statement adequately reflects

the flow of funds for the SA during the period audited, and if this activity has been only for purposes of the Project.

- An audit report and opinion on the Statement of Request for Reimbursement (SOE Statement) for the period audited. The auditor must issue an opinion explicitly covering: (i) the eligibility of the expenditures submitted for reimbursement, (ii) the adequacy of the control procedures for preparing the SOEs, and (iii) the correct use of the Credit funds.
- A summary of the main audit procedures performed for planning the audit, evaluating the internal control structure, checking the figures included in the financial statements and other areas subject to audit, and for evaluating compliance with terms of the applicable agreements, laws and regulations.

#### **g) Inspection and Acceptance of the Audit Work and the Reports**

The Bank is responsible for inspecting and accepting the audit report of the Project, and may appoint an individual or company to carry out these activities, including the reviews of the working papers and the corresponding quality controls. If the Bank does not accept one or more reports due to deficiencies in the audit work, the auditor will carry out the necessary additional work at no additional cost to the PEU, the Project or the Bank.

Also, the representative of the Bank may contact the auditors directly to request any additional information related to the audit or the Project financial statement. The auditors must satisfy such requests promptly.

If the Bank determines the audit report is not fully satisfactory, it will send a letter to the PEU indicating the actions suggested to correct the deficiencies identified, and asking that the Bank be informed of any corrective actions taken. The PEU will also be informed of any aspects of the audit report that are not in compliance with the Terms of Reference, so that the auditor will correct the deficiency within a specific timeframe or in the subsequent audit.

#### **h) Relationships and Responsibilities**

The Client for this audit is the PEU and the Bank is an interested party. A Bank representative may participate in the entrance and exit conference and may supervise the work performed by the auditors to ensure that it complies with the terms of reference and the applicable auditing standards. Also, prior to the signing of the audit contract, the Bank will approve the terms of reference to be used and the selection of the public accounting firm selected to perform the audit.

It is the responsibility of the PEU to prepare all the financial statements and reports required, and to ensure that all the necessary records are available for the audit, that all the accounting entries and adjustments have been made, and that all the necessary actions have

been taken to allow auditors to issue the final report before an applicable date. It is recommended, and the Bank considers it necessary, that the auditors perform interim work throughout the year in order to timely identify areas that require the attention of the Project's management.

The PEU is responsible for sending to the Bank's representative a copy of the draft reports immediately after they have been received from the auditor, if said representative requests so.

The auditors should adequately maintain and file the working papers for a period of three years after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Grant Account was made, evidencing such audits. During this period, the auditors should promptly provide the working papers that are requested by the PEU or the Bank. If the auditors do not comply with such requests (or do not respond to them in a timely manner), they will not be considered eligible to perform future audits of Projects financed by the World Bank.

#### **i) Terms of Performance**

The auditor will carry out interim work during the year of 2015. The auditor will issue the draft report 120 calendar days after 31 December 2014 and the final report before April, 2019. The PEU will send the final report for the Project to the Bank before three months.

Payment for the auditing services will be as follows: *(State the terms of payment. For example: 20 percent on the beginning date of the audit, 50 percent on the date of the draft report, and 30 percent upon the acceptance of the final report by the borrower and the Bank.)*

**ANNEX 7.0 - Procurement Plan (attached separately)**

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