

Practical Guide Book
For
Project Directors
Implementing JBIC Funded Projects

Department of External Resources
Government of Sri Lanka

August 2007

(First Printed in 2004)

Practical Guidebook for Project Implementation

JBIC assisted Projects in Sri Lanka

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Glossary of Terms

CAPC	- Cabinet Appointed Procurement Committee
CIF	- Cost Insurance and Freight
CPM	- Critical Path Method
DAC	- Development Assistance Committee of OECD
ERD	- External Resources Department of the Government of Sri Lanka
EIA	- Environmental Impact Assessment
E/N	- Exchange of Notes
F/S	- Feasibility Study
GOJ	- Government of Japan
GOSL	- Government of Sri Lanka
ICB	- International Competitive Bidding
JBIC	- Japan Bank for International Cooperation
JICA	- Japan International Cooperation Agency
LA	- Loan Agreement
LC	- Letter of Credit
L/com	- Letter of Commitment
LCB	- Local Competitive Bidding
LIB	- Limited International Bidding
MOD	- Minutes of Discussion
MOU	- Minutes of Understanding
My. F&P	- Ministry of Finance and Planning of the Government of Sri Lanka
My. PD &I	- Ministry of Policy Development and Implementation
NPA	- National Procurement Agency
ODA	- Official Development Assistance
OECD	- Organisation for Economic Co-operation and Development
OECF	- Overseas Economic Cooperation Fund
PD	- Project Director
PDF	- Project Director Forum
PMU	- Project Management Unit
PCR	- Project Completion Report
PSC	- Project Steering Committee
SAF	- Special Assistance Facility
SAPI	- Special Assistance for Project Implementation
SAPS	- Special Assistance for Project Sustainability
SAPROF	- Special Assistance for Project Formulation
TEC	- Technical Evaluation Committee
TOR	- Terms of Reference

Preface

This practical guide book has been prepared to help Project Directors and the staff of Project Management Units in charge of JBIC assisted projects to manage the project implementation process smoothly.

Implementation of these projects require the application of general project management principles along with the need to adhere to several procedures, conditions, guidelines, and regulations stipulated by the Agencies and Institutions associated with the Project. The above generally relates to such matters as funding, disbursement, procurement, accounting, financial procedures, tender procedures etc. and are contained in several publications made by these organizations. The project management staff is required to acquaint themselves with these guidelines in order to apply them when necessary.

Basic project management principles have not been documented in this book on the understanding that such knowledge is available with the project staff. The book therefore takes up the main project activities in the sequence of their implementation and highlights the specific guideline etc. referred to above that is applicable in each instance. No attempt has been made in the book to reproduce the guideline as it would have made the exercise unwieldy. In order to enhance the book's usefulness as a practical guide, due reference to such publications has been made at the relevant places. In addition a summary of the contents of each such publication is given as an appendix for reference. There are 20 such appendices. This book therefore becomes a single, stand-alone document containing the relevant information for implementing JBIC assisted projects in Sri Lanka.

A Project Director using this book will be able to get a reasonable idea about what has to be done. However he/she is required to access the relevant main publication to get the accurate legal context to the stipulation contained in the relevant guideline. This is published as a guidebook to assist in project implementation. The regulations and instructions in official publications and circulars supercede the contents in this publication.

This guidebook can therefore be used as a quick reference manual for project implementation and should be kept as a handy desk book.

The material contained in the book has been reviewed by several persons who have considerable experience in such project activities. While it is not intended to make reference to each one of them individually in this publication, their valuable suggestions to improve the accuracy, quality and completeness of the contents of the book is however gratefully acknowledged.

It is hoped that with the assistance of this guide book, Project Directors will be able to overcome many of the difficulties they encounter in project implementation. They may also be able to prevent those avoidable delays that sometimes creep into projects due to oversight.

Note to Revised Edition

The First Edition of Practical Guide Book for Project Directors (PD Manual) was published in 2004. Since then, there have been changes in GOSL Guidelines and Regulations, such as Procurement Guidelines and Manuals, and Management Service Circular. There are several additional reference materials of JBIC published and/revised since 2004. Entire collections of reference materials, in the form of full documents, are included in attached CD-ROM. Most of them are in PDF format, but some of them are in Microsoft Word and Excel format, for your use as a template.

Practical Guide for the Implementation of Japan Bank for International Cooperation (JBIC) supported projects in Sri Lanka

1.0 Introduction

1.1 Purpose of the Practical Guide Book

The Government of Sri Lanka enters into bilateral agreements with donor countries to jointly finance development projects. These projects are carefully formulated, appraised and targeted to benefit the country in priority development areas. The Project scope, objectives, outputs and the implementing time frame are agreed upon between the two countries.

These projects have significant impacts on improving the living standards of the people of Sri Lanka. Strengthening support for poverty reduction, infrastructure development for economic growth, support for environmental improvement and anti-pollution measures, improvement of health and sanitation, support for human resource development, support for dissemination of information technology and many other objectives are included in these projects. These projects are therefore very vital in the present context of the Country's development process. The timely implementation of such projects and achievement of project objectives on the anticipated targets are very vital. The Project Directors who are appointed to implement these projects therefore have an unalienable responsibility to fulfill these expectations of the Government on behalf of the people of Sri Lanka. .

The Government of Japan at present is the single largest bilateral partner assisting such projects. The Government of Sri Lanka is therefore taking measures to improve the project implementation process and increase the level of funds disbursement provided in the bilateral agreements that are entered into with Japan Bank for International Cooperation (JBIC) for such projects.

Arguably, planning and setting targets in such projects spanning several years is a difficult task. However generating the outputs and yielding the project benefits at the appointed times is paramount and therefore are without option. The best way to effectively implement projects and to cope with variability and uncertainty is to have a well formulated methodology during project implementation, for directing, monitoring and trouble-shooting.

This guidebook is designed to provide an effective tool to Project Directors and the staff of the Project Management Units to strategically intervene in problem solving to complete projects on the targets specified.

At present between 30 to 40 such projects of different types and magnitudes are simultaneously implemented by several ministries and implementing agencies of the Government. Project performance is monitored on behalf of the Government of Sri Lanka by the monitoring systems set up by the Government along with the Department of External Resources. JBIC Colombo Office, monitors project performance on behalf of the Government of Japan. In view of this large volume of work, it is felt that following a uniform method in project management will greatly assist these organizations to monitor and assist in project implementation.

Individual Projects are monitored and implemented by the Line Ministries, Executing Agencies and the Project Staff. This guidebook will help to establish better coordination among them in the project implementation process.

It is therefore believed that this practical guide will serve all these needs.

It has been found in several instances that Project Directors and project management staff are appointed after project appraisal in the Project Cycle and their contribution is not available at the initial stages of the project. The Executing Agencies must therefore appoint suitable coordinating officers for the project at its inception so that they could follow the procedures set out in this guide book. This will help to implement the project identification, project preparation and project appraisal stages in conformity with these guidelines. The documentation that will be maintained by them in accordance with this guide book will greatly assist the Project Directors and the project management staff when they are appointed subsequently.

1.2 Role of Project Director

You are the Project Director (PD)

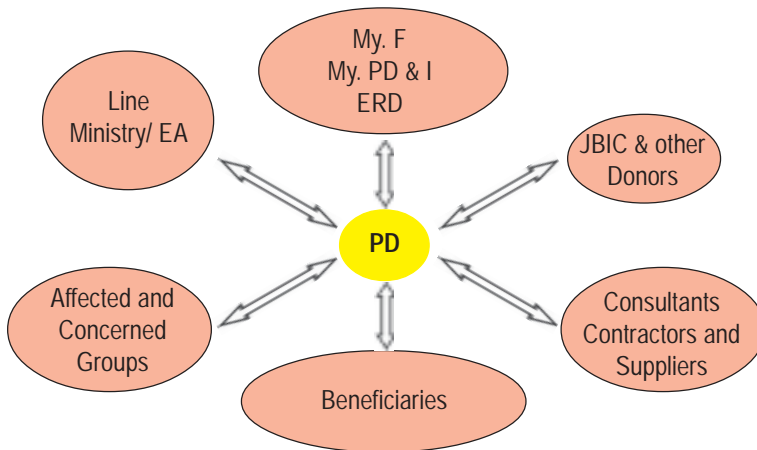
Therefore you are the key person having

full responsibility

and unique opportunity

to complete the project successfully

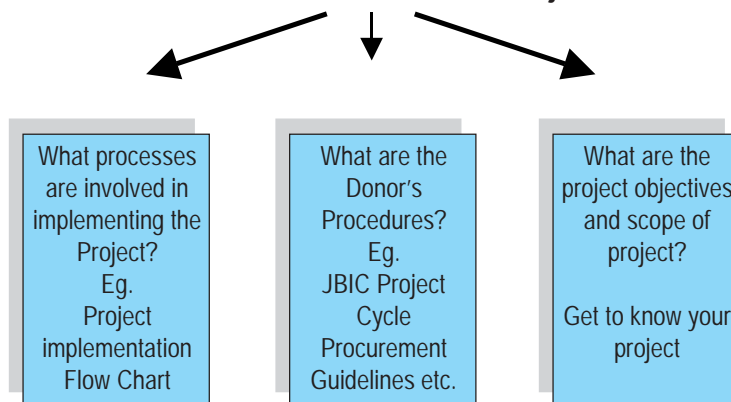
Your pivotal role is shown below!



You should therefore have full commitment and total dedication for the task in hand

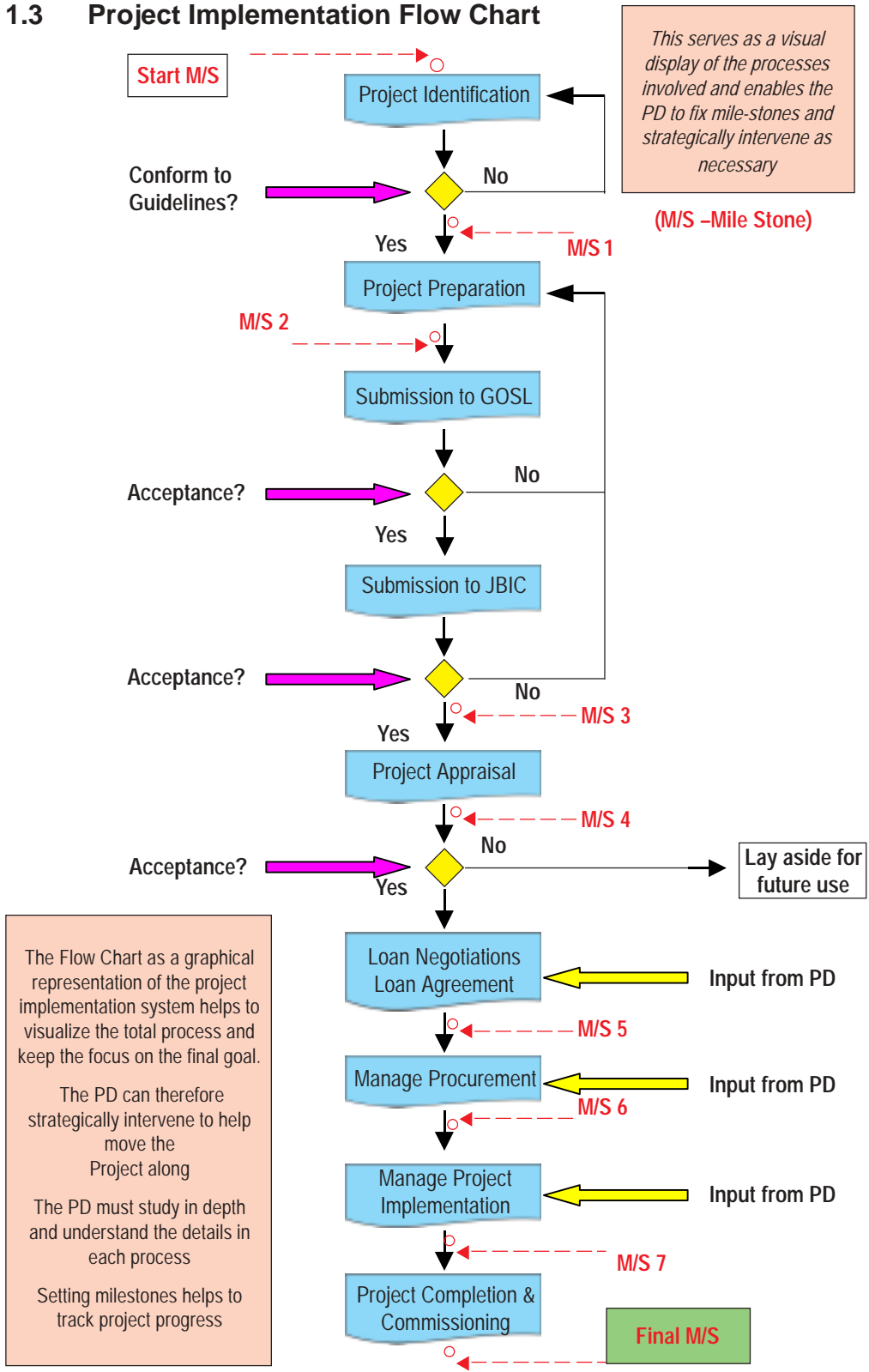
You must also have the necessary authority delegated to you and the resources needed to do the job successfully

You must first understand what the job is



The following pages will give you a quick tour through these three aspect

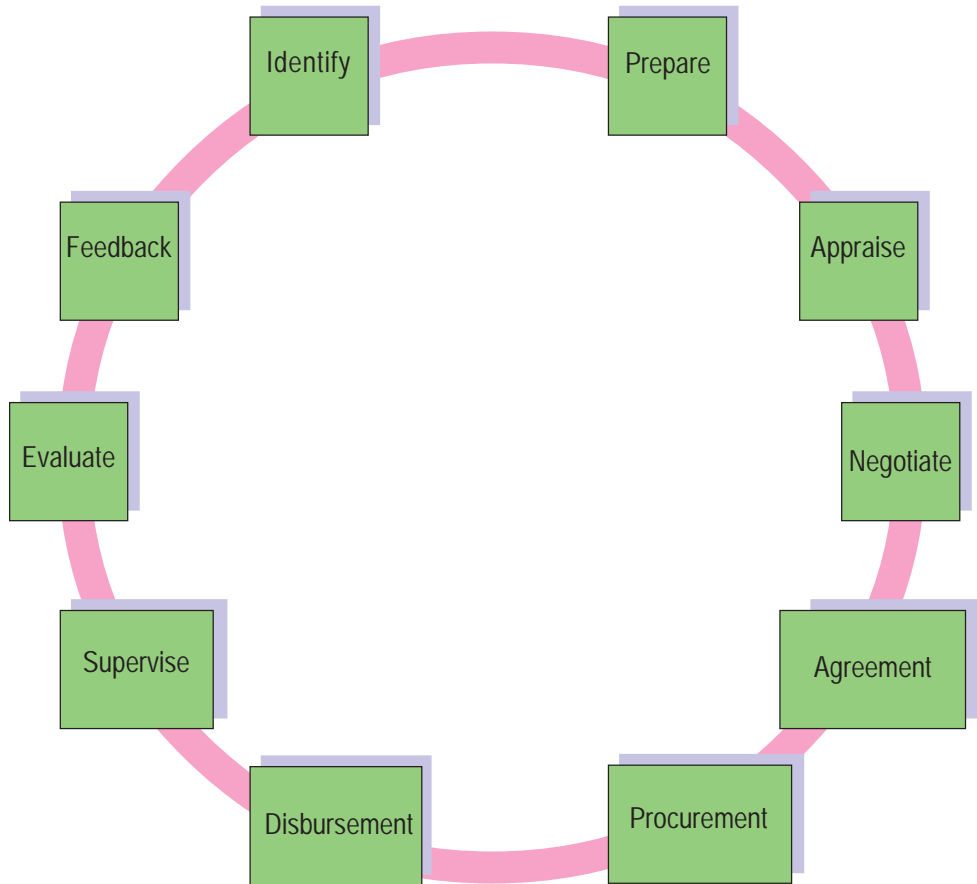
1.3 Project Implementation Flow Chart



1.4 JBIC Project Cycle

When GOSL negotiates a JBIC loan, the standard procedure begins with Project Identification and proceeds through the other stages of development up to Project Completion and Commissioning.

The lessons learned from monitoring and evaluation is utilized for planning, appraising and implementing future projects.



Thus the whole procedure is called the Project Cycle

The details to be covered and the work-steps to be followed are given in Appendix 1

JBIC policy and detailed explanations relating to the JBIC Project Cycle are contained in the JBIC publication titled:-
Operational Guidance on the Preparation for Japan's Loan Projects

Project Directors are advised to read this document in detail. See Appendix 2 for details

2.0 Get to know your Project

2.1 Background

The next aspect that has to receive the Project Director's attention as soon as he/she is appointed is to get to know the project in detail. This becomes important because of the time at which the appointment takes place.

The present practice (see Appendix 3) provides for appointing the Project Director at pre-appraisal or Appraisal stage. However this appointment often takes place following project appraisal and announcement by the Government of Japan its decision to extend a loan facility to the Project.

At this stage in the Project Cycle, the following activities have been completed:

- Project Identification
- Project Preparation
- Project Appraisal

The Project Director has to rely on available documentation to get an update on the project details.

The information contained in connected documentation related to above will provide the background details regarding

Justification	
Outputs and benefits	
Target beneficiaries	Economic, social, financial and technical feasibility
	Environmental soundness
	Details relating to implementation and sustainable operations

A full awareness of these project details and commitment to the project benefits will motivate the Project Director to dedicate himself/herself to successfully implement the Project.

Further the in-depth study of the implementation details will enable the Project Director to make effective decisions and direct and guide the activities to a successful completion.

2.2 Work Steps

A Project Director upon appointment may want to follow a logical sequence of steps to get to know his/her Project.

Six specific steps are recommended.

Step 1



From Project Identification Documentation find out:

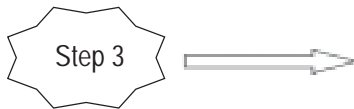
- The key development needs/ major problems being targeted
- The project objectives and beneficiaries
- The project concept and any alternatives
- The priority or urgency of the project within the country's development program/sector development program
- What lessons are there from similar projects
- Whether the project was identified by:
 - Government
 - Local Government Body
- Originated by other organisation

Step 2



From Project Preparation Documentation find out:

- The feasibility and the impact of project outputs
- The estimated project cost
- How the project may be effectively implemented
- The executing agency, its capacity and other project partners
- How the project cost is financed and the cost effectiveness of the outputs
- The environmental impacts
- Its consistency with regional development plans



From the Feasibility Report find out:

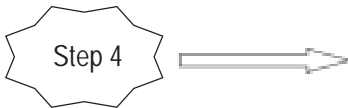
- Background data on the project such as economic situation, targeted sector, project sites, history of project formulation
- Related policies within the government's development policy
- The analysis related to need for the project and the relative priority of the project in the national economic development program
- Comparisons of potentially viable alternatives
- Detailed description of the project
- Engineering, technical and financial feasibility
- Cost estimate, both local and foreign components and the financing plan
- Implementation system and schedule
- Operation and maintenance scheme
- Environmental and social impacts and mitigation measures
- Project risks
- Recommendations, procedures and approvals for project implementation
- Private Sector Participation
- Coordination with other Donors

Co-Financing Arrangements

The aspect of coordination with other donors arises when the Government feels that it should explore possibilities of obtaining part of the funding from additional sources, either to supplement the loan funds or for obtaining grant funds.

Upon a request by the Executing Agency for such assistance, the ERD may check with JICA for preference to participate in the proposed project. In such situations JICA guidelines will apply for that part of the project activities. As an example when JICA agrees to finance the Engineering Design part of a Project from grant funds, JICA selects the Consultants who are answerable to JICA. The Project Directors involvement in the management of the design phase of the project will then be subject to the terms of the agreement reached with JICA.

Project Director should therefore study such agreements carefully to understand the stipulations and their implications during project implementation.



From the Environmental Impact Assessment Report (EIA) find out:

- What significant environmental impacts have been identified and what alternatives have been identified?
- What mitigation measures are there to avoid, minimize, and/or compensate for impacts?
- What measures are there to monitor and manage implementation of mitigation measures?
- Is there consistency with JBIC Environmental Guidelines



From documentation on Project Appraisal find out:

- What justifications have been given to support priority status for the project in the socio-economic development plan of the country?
- How the policy issues relating to the target sector have been fitted into the government's development policies.
- What observations if any have been given regarding the adequacy of project preparation relating to implementation and sustainable operations?
- What observations regarding the adequacy of technical and financial capability of the executing agency?
- What justifications have been provided to make the project eligible for Japan's ODA loan financing?
- What specific problems have been noted and what measures have been suggested to overcome them?
- What special conditions if any have been stipulated to be included in the loan agreement and the reasons therefore?
- Project scope, Cost, Implementation structure and schedule, Procurement methods and procurement packages
- Environmental aspects

Step 6



To understand the Working Environment find out:

- What institutional arrangement is there for Project Implementation?
- The hierarchy and line of authority in the Executing Agency
- Who are the partner organizations and what their roles are?
- Who are the beneficiaries?
- Who are the affected people and what the affects are?
- Who are the pressure groups and what their concerns are?

2.3 Project Log Book

Project Directors may record the findings in Steps 1 to 6 above in a 'Project Log Book'. A Log Book is maintained as a 'ready-reckoner' for reference. It also serves as a historical record of the project implementation process. It may also contain some essential additional information that will be useful during Project Implementation.

A typical record that may be maintained in a project log book is as follows

Activity	Output	Venue	Responsibility	Planned Date	Date Achieved
Submission of Project Proposal	Project Document	Colombo	Executing Agency, Line Ministry		
Assessment and Evaluation of Proposal			Department of National Planning		
Review and clearance of Proposal			Economic Policy Committee		
Submission of request to Donor	Proposal		Department of External Resources		
Dispatch of Fact Finding Mission	Minutes of Discussion		JBIC		
Dispatch of Appraisal Mission and signing of Minutes of Discussion	Minutes of Discussion		JBIC		
Issue of Pledge Note			Government of Japan/ Japanese Embassy		
Cabinet Approval for Implementing Project	Cabinet Decision		Line Ministry		
Submission of draft Loan Agreement			JBIC		
Loan Negotiations	Minutes of Discussion	Tokyo / Colombo	JBIC, ERD, Line Ministry, E A		
Issue of Clearance/ Authority to sign the Exchange of Notes	Full Power		By ERD from Ministry of Foreign Affairs GOSL		
Signing of Exchange of Notes / Publicity	Exchange Note	Colombo	Ministry of Finance Japanese Embassy		
Issue of observations on Monetary Implications			Monetary Board of Central Bank of Sri Lanka		
Obtaining Cabinet Approval to sign Loan Agreement & for on-lending to Executing Agency			By ERD from Cabinet of Ministers		
Issue of Special Authorization to sign Loan Agreement and other documentation			Presidential Secretariat		
Signing of Loan Agreement	Loan Agreement Project Memorandum	Tokyo	JBIC and Ministry of Finance		
Issue of Legal Opinion			By ERD from Attorney General's Department		
Arrangement for Banking process			Central Bank and ERD		
Effectuate Loan Agreement			ERD and JBIC		

Another essential record to be included in the Log Book is a **check list** that may be maintained by the Project Director relating to the work steps he must take in implementing the Project. A suggested format is given below:

Activity	Started (y/n)	Date	Finished (y/n)	Date	Remarks
Complete six steps to Get to know Project					
Review GOSL and JBIC Guidelines					
Review Draft Loan Agreement					
Prepare brief for Loan Negotiations					
Loan Negotiations					
Obtain Cabinet and other Approvals					
Signing Loan Agreement					
Banking Arrangements					
Fulfill Conditions for Loan Effectiveness					
Project Office & Staff					
Preparation of Work Plan					
Budget & Cash Flow Forecast					
Review EIA Report					
Prepare Procurement Plan					
Appoint Consultant *					
Detail Designs					
Set up Steering Committee					
Land Acquisition and Resettlement					
Appoint Contractors *					
Long Lead Procurements (Eg. Special Equipment)					
Commencement of Construction					
Setting up and coordinating Progress Review					
Completion & Commissioning					
Preparation of Completion Report					

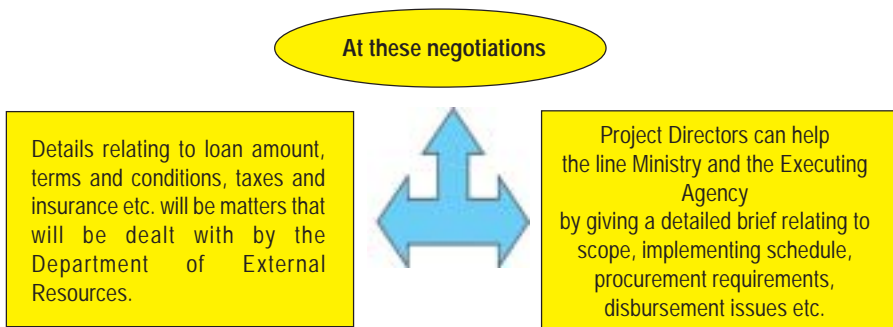
* to be expanded depending on number of contracts

3.0 Strategic interventions by the Project Director

3.1 Preparation of draft Loan Agreement

Once prior notification by the Japanese Government is received regarding the decision to extend loan facility to the project, the two governments enter into negotiations on the formal agreement.

These negotiations are conducted on behalf of the borrower by the Department of External Resources along with the Line Ministry and the Executing Agency.



The details gathered under steps 1 to 6 on “Get to know your Project” will help the Project Director in this work

The Project Director may also ensure the compliance by the government to the following standard procedures:-

(a) The confirmation of the understanding reached at the negotiations as contained in the *Exchange of Notes*

The Loan Agreement is prepared, concluded and implemented in the light of the contents of the Exchange of Notes.

The Loan agreement is prepared taking into account the legal background applicable to the raising of a loan by the borrower from a foreign source given in a Legal Questionnaire filled by the borrower.

It also has to conform to the *Master Agreement* where applicable, signed between OECF* and the Government of Sri Lanka.

Requires full power from the Ministry of Foreign Affairs to sign the Loan Agreement

* *Applicable for Loan Agreements signed before 18th August 1997*

(b) To sign the Loan Agreement there has to be:

Approval by the Cabinet of Ministers and special authorization of the President of Sri Lanka and Monetary Board review

(c) Loan agreement becomes effective upon the Government submitting:

- 1 Legal opinion / answer
- 2 Power of Attorney (Special Authorisation of President)
- 3 Evidence of Authority
- 4 Specimen Signatures
- 5 Fulfilling other loan Covenants

3.2 Participation at Loan Negotiations and Evaluation of Loan Covenants

Project Director would be required to prepare a **Project Brief** for this purpose

The draft Loan Agreement and accompanying documents such as the Project Memorandum are documents that will be used during negotiations. The Terms and Conditions to be agreed upon are generally provided by ERD. Projects Components, Implementing Arrangements and such other details are provided by the Implementation Agency.

Usually a draft obtained from the JBIC based on the findings during appraisal is used as the base document.

The draft provided by JBIC has to be carefully studied by the Project Director to give his comments and suggestions to the Executing Agency. Eg. Contract Packages

The PD after his initial study on "Understanding Your Project" can provide his observations to the Executing Agency and ERD to assist in this work.

Project Director's overall observations can be prepared as a **briefing note** for the negotiating team.

Loan Negotiations

The brief prepared by the Project Director will be helpful here.

If he/ she is in the Negotiation Team his input can be provided directly from this brief

Otherwise the Executing Agency representative can contribute to the negotiations using this brief.

Loan Covenants

These are determined during appraisal.

They usually consist of some conditions as follows:

- Conditions to be met for loan effectiveness
- Conditions to be fulfilled during project implementation

PD can provide his advice on these covenants as to:

- Whether they should be negotiated for change or
- On how to ensure their compliance

3.3 Understanding Procurement

After the conclusion of the Loan Agreement
the Project enters the implementation stage.

Procurement work may now begin

Loan effectiveness is the condition for commencement of the procurement activities.

The agreed procurement procedure given in the Loan Agreement will now be
applicable.

A careful study of the procurement procedure is recommended at this stage.

Procurement includes employment of consultants and procurement of goods and services

The Project Director may note that the specified requirements to be met and the stipulated approval procedures to be followed will necessarily take a considerable time

The applicable requirements are usually contained in the Loan Agreement, Master Agreement, Minutes of Discussion, Guidelines for Procurement under JBIC ODA Loans, Guidelines for the Employment of Consultants and the relevant GOSL Guidelines

**Whenever deviations from these procedures
have occurred
they have led to long delays causing cost and time overruns
loss of project benefits and
an overall slow down in delivery of development programs**

Problems concerning the employment of consultants and procurement of goods and services have been the more common impediment for smooth project implementation.

PD must see to it that each procurement package is monitored closely to avoid delays

**Often these problems have arisen
due to inadequate planning of the procurement process
and a lack of understanding of the
requirements to be met as stipulated by Government and JBIC**

The following regulations and guidelines are applicable regarding procurement in projects funded jointly by Government and JBIC loans

- The public procurement procedure stipulated by government financial regulations to Procure/Purchase /Obtain goods, works and services for Government Agencies
- The general principles and procedures laid down in the Guidelines for the Employment of Consultants under JBIC ODA Loans and the Guidelines for Procurement under JBIC ODA Loans

The details relating to these guidelines are available in:-

The Ministry of Finance and Planning, publication - Guidelines on Government Tender Procedure - August 1997 & Amendment to Chapter 13 dated January 2000-See Appendix 4

Public Finance Circulars FIN 358(4) & FIN 358(5) – See Appendix 11

Procurement Support Bureau Training Modules – See Appendix 5

JBIC Publications - Guidelines for Procurement under JBIC ODA Loans - October 1999 and Handbook for Procurement under JBIC ODA Loans – January 2000. See Appendix 6 & 7

JBIC procurement procedure is guided by the conditions contained in the documentation in the following order of precedence:

- Conditions in the Loan Agreement
- Conditions in the Master Agreement (where applicable)
- Minutes of Discussion prepared at the time of Appraisal and Loan Negotiations.
- Project Memorandum.
- Guidelines for Employment of Consultants under JBIC ODA Loans
- Guidelines for Procurement under JBIC ODA loans

Project Directors are advised to read these documents carefully and prepare their procurement plan to conform to above

This will reduce avoidable delays

All these documents contain information which is similar in content and are consistent with regard to the basic principles of public procurement which require:-

- Achieving economy and obtaining value for money
- Open and fair competition in obtaining offers
- Transparency in the procurement process
- Accountability

The Procurement Support Bureau of the Ministry of Finance is always available to PD for:

- ***Clarifications relating to all matters on procurement***
- ***Opinion and advice on documentation prepared for Procurement***
- ***Training on Procurement Procedure***
- ***Supervision of Procurement Procedure***

Project Directors are advised to send a copy of the Procurement Activity Schedule to the PSB for their assistance in monitoring and guiding the Procurement Process. Please see paragraph 4.6 for the Planning of Procurement Procedure

3.4 Contract Packaging

During the three initial steps in the Project Cycle viz. Project Identification, Project Preparation and Project Appraisal, the scope of the Project and the major Lots for procurement packaging would be finalized. The determination relating to Lots for procurement packaging made during appraisal will be included in the Appraisal Report and Minutes of Discussion. Usually for convenience of project implementation and procurement, the number of lots are kept to a minimum possible. Examples are Civil Works: Construction Equipment: Office Equipment etc.

In the document review at the 'Get to Know Your Project' stage, if it is found by the Project Director that some changes are necessary to the contract packages proposed, these changes could be taken up at Loan Negotiations.

It has sometime been found that when a contract package contains a large number of several different items, the response at tender shows that some bidders have quoted for only part of the procurement lot. This may be because bidders want to participate in only a part of the procurement as their capacity is limited. Therefore a satisfactory competitive bid is not received. Thus a careful examination of procurement lots based on past experience may have to be done by the Project Director in this regard.

In such situations depending on need, the Project Director may make a request as per the specified Form attached to the Loan Agreement, for a Procurement Scope Change or a Procurement Method Change, giving the reasons and justification for such changes for the consideration of JBIC.

4.0 Planning for Project Implementation

4.1 Project Concepts, Justification, Impacts

The review made by the Project Director relating to the project concept, justification, impacts and implications during

'Getting to know your Project' will give the Project Director an excellent platform to plan project implementation.

4.2 Sector Related Evaluations

Sector related Evaluations by the National Planning Department and the relevant sectoral studies that have been used during project identification and feasibility studies have to be reviewed by the Project Director at this stage to ensure that there is compatibility with same during project implementation.

4.3 GOSL Guidelines and Regulations

At this stage the Project Director has to come to know the relevant Government Guidelines on project implementation

The relevant guidelines in respect of the specific actions are contained in the following documents:

4.3.1 Appointment of Core Project Staff

Management Services Circular Number 10: This Circular is issued by the Department of Management Services of the Ministry of Finance and Planning. This outlines a procedure for recruitment of staff for Project Management Units (PMU) of Projects assisted by Foreign Financing Agencies and their emoluments. The Circular is effective from 1st. January 2001.

Appendix 3 has the details

4.3.2 Procurement

The guidelines relating to procurement are contained in the Ministry of Finance and Planning publication Titled "Guidelines on Government Tender Procedure – August 1997 and the revision dated December 2000, to Chapter 13 of the above document relating to projects assisted by Foreign Financing Agencies.

Appendix 4 has the details.

Public Finance Circular No Fin 358 (4) dated 29th November 1999 has given some guidelines on setting up a Tender Monitoring System and the Public Finance Circular No FIN 358(5) of 6th September 2002 has brought some amendments to the Guidelines on Government Tender Procedure. This circular titled “ Enhancing The Effectiveness of Procedures to Expedite the Implementation of Development Projects has some rules and regulations relating to, Cabinet Appointed Tender Boards; Cabinet Approval; Procurement Planning Meeting; Authority Limits for Projects Funded by Consolidated Fund; Payment to Members of TECC; Procurement of Vehicles for Foreign Funded Projects; Payments to the Officers Performing Project Works.

Appendix 11 has the details.

4.3.3 Disbursement and Reimbursement Claims

This is contained in the Ministry of Finance and Planning Document titled ‘Financial Management Guidelines’ - Volumes 1 and 111 (See Appendices 9 & 10.)

There are other Circulars issued by Public Finance from time to time which also have some relevant details

4.4 JBIC Guidelines and Authority

4.4.1 JBIC Guidelines

The guidelines for preparation and implementation of Japan’s ODA Loan Projects have been compiled into a booklet titled “Operational Guidance on the Preparation for Japan’s ODA Loan Projects” prepared by JBIC. This gives information on project preparation, loan features, project cycle and JBIC project appraisal. This also gives a comprehensive understanding of the kinds of information and analysis required to be submitted to JBIC.

Project Directors may note that adequate attention to these matters at the relevant stages will ensure that the subsequent processes related to Japan’s ODA Loans could be carried out smoothly. Please see Appendix 2 for details.

4.4.2 Procurement

The guidelines for Procurement under JBIC ODA Loans are contained in the JBIC Publication dated October 1999. These guidelines set forth the general rules to be followed by borrowers of JBIC ODA Loans in carrying out procurement of goods and services for a development project that is financed in whole or in part by JBIC ODA Loans. Please see Appendix 6 for details.

4.4.3 Employment of Consultants

The Guidelines for the Employment of Consultants under JBIC ODA Loans are contained in the JBIC Publication dated October 1999. The purpose of the guidelines is to indicate the JBIC views as to the proper selection and employment of Consultants and the full utilization of their expertise and to ensure their impartiality. In addition it sets forth general rules to be followed by borrowers in the use of Consultants.

Please see Appendix 8 for details.

4.4.4 JBIC Hand book on Procurement and Employment of Consultants

The above procurement guidelines have been compiled into a handbook. This handbook published by JBIC in January 2000, has been prepared to give the borrowers of JBIC ODA Loans a better understanding for application and interpretation of the general principles and procedures stipulated in the above procurement guidelines. The handbook contains every section of the two guidelines and has some notes on explaining application and interpretation of each section.

Project Directors may give adequate attention to these guidelines to reduce delays during procurement. Please see Appendix 7 for details.

4.5 Preparation of Work Plan

Planning usually means forecasting or foreseeing, what must be done, how, when and in what order?

The Project Director therefore has to visualize this process in advance and set this out in a ready-to-use work plan to help in directing the work.

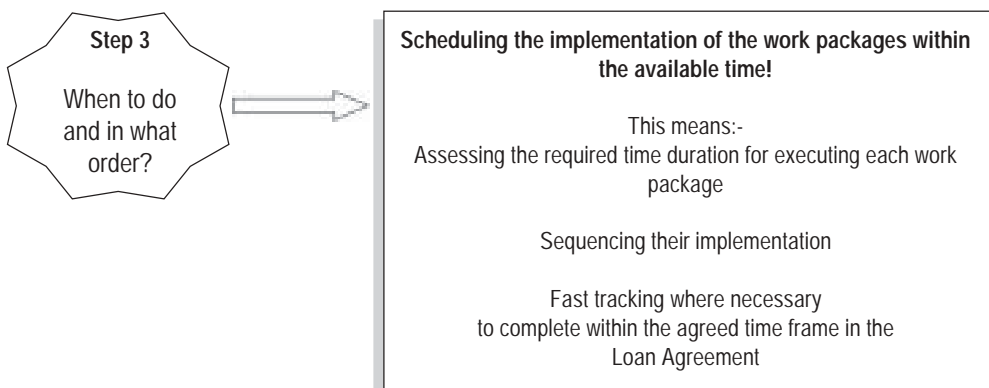
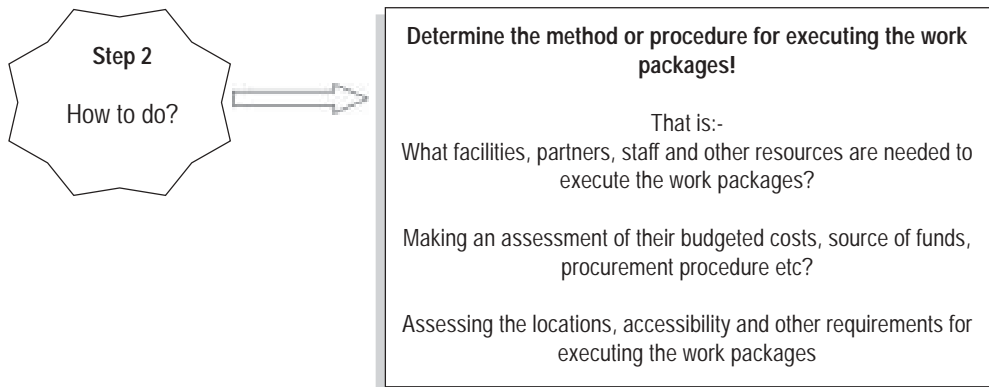
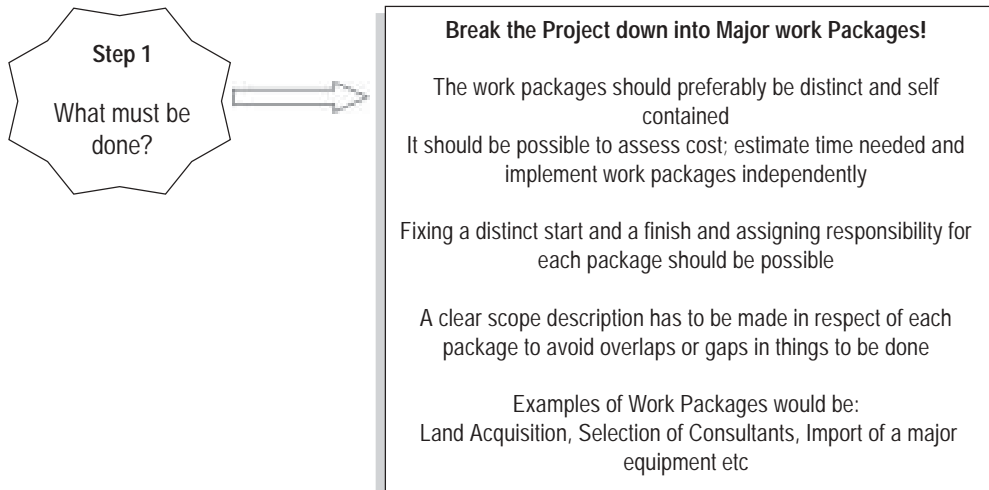
The Work Plan often indicates only the major outputs and activities. They should be based on outputs and activities in the Loan Agreement and Appraisal Reports. These need to be broken down further into sub-outputs and activities as necessary for project implementation

With this information ready at hand the Project Director will be able to strategically intervene **to run the project** the way he/ she planned.

Warning!

Do not let the Project Run You?

The Project Director may therefore adopt a logical sequence as follows to prepare the Work Plan:



This information has to be represented diagrammatically to aid visual comprehension and communication with others. The Project Director will then use this information to direct, track and control project implementation

This will be the Project Director's Master schedule

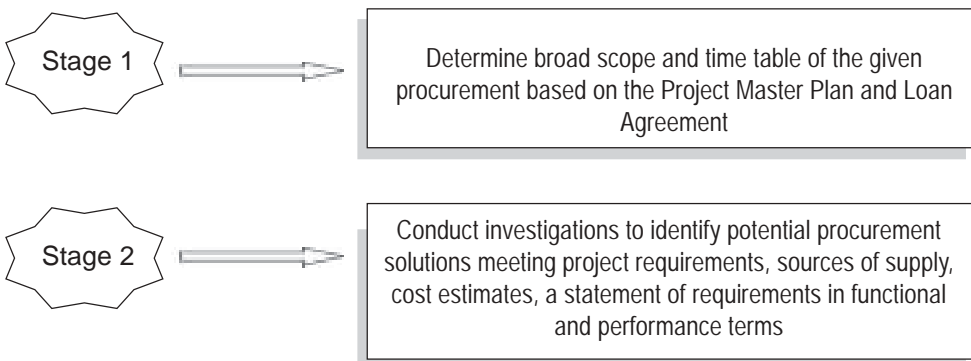
The master schedule would normally be generated as a CPM chart and presented for management information purposes as a Bar Chart. *This master schedule will be used as a monitoring tool by the Project Director to identify variations to schedules and related problems and take remedial actions to complete the project on target*

The Project Director will ensure that the detail activities implemented by the various suppliers, consultants, contractors and partner organizations in respect of each work package will be planned and implemented within this master schedule.

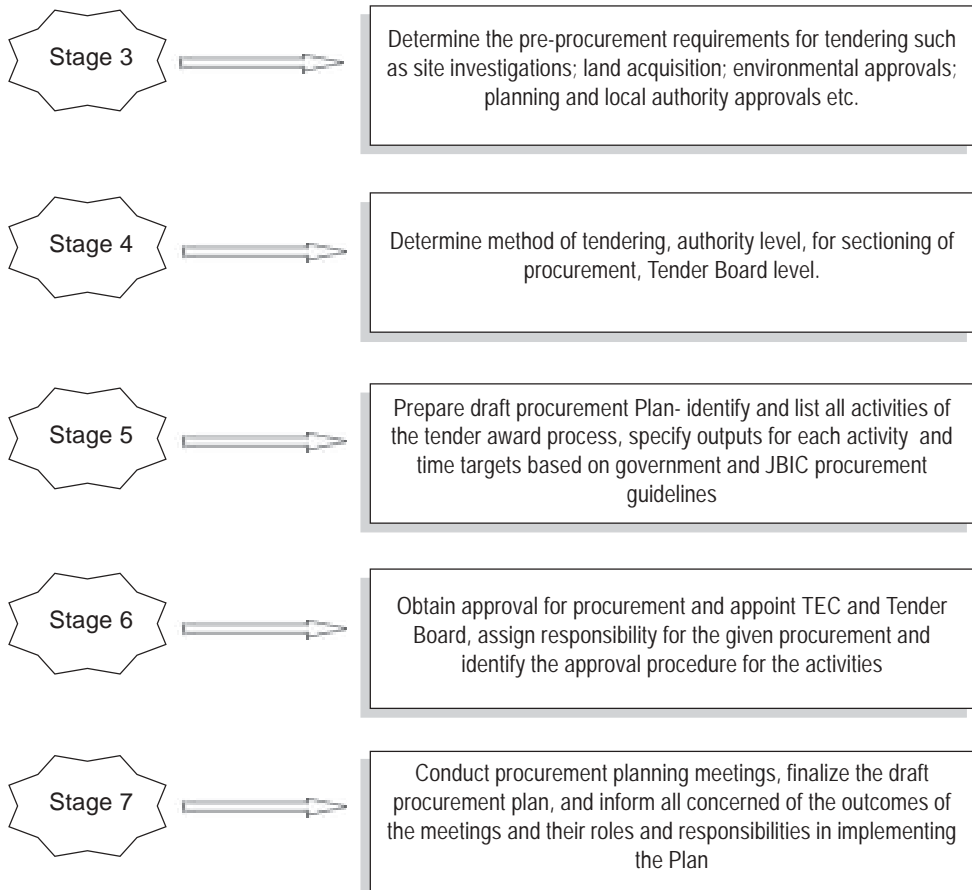
The Project Director should keep the identified outputs of the planning process as clear targets, and the relevant milestone as the monitoring bench marks for trouble shooting.

4.6 Planning of Procurement

Preparation of a Procurement Plan is an integral part of the work plan. The process of preparing the Plan is a seven stage process. This includes, gathering information; determining the scope of procurement, determining the most appropriate means of procurement; and incorporating the information gathered into a coherent sequential process. The Procurement Support Bureau recommends following a seven-stage approach. This is reproduced below:



Some advance procurement activities, such as calling for expressions of interest from consultants, appointment of TEC and Tender Boards, preparation of draft consultant selection documentation TOR etc., can be started at this stage. The relevant information is available in the Appraisal Report and Minutes of discussion.



Maintaining confidentiality is paramount for the effectiveness of the procurement process. It creates credibility in the institutions inviting bids and builds confidence regarding fair play among the bidders. Project Directors who function as the Secretary to Technical Evaluation Committees and who advises the members of the Tender Boards have a particular responsibility in this regard. They have to ensure that all information relating to evaluation details are kept confidential. They should secure the necessary authority from the Secretary of the line Ministry to carry this responsibility.

There are many examples of delayed project due to bad procurement practices. Project Director may check with P.S.B. or other PD for information on such instance

4.7 EIA Process and its Relevance

Environmental Impact Assessment (EIA) report of the Project has to be treated as a very useful tool in project implementation. This will help:

- To evaluate the Project in greater detail
- To learn a lot about the Project
- To avoid harmful effects due to the Project

The purpose of EIA is often misunderstood and the common attitude to avoid meeting its requirements is more harmful.

The PD must study the environmental impacts related to the projects and the mitigatory measures proposed in the EIA report.

He must familiarize with the new jargon such as social environment, bio-diversity etc.

EIA report has to be treated as a recipe to mitigate effects to the social and physical environment as a result of implementing the project.

PD has to realize that EIA is a must and that no development agency will look at a development project without an EIA.

A typical EIA report will contain:

- **An Executive Summary** :- For a quick review of the issues
- **An Introduction** giving :- Purpose of EIA, Extent and Scope of Study, Procedure and Methodology, EIA Team, References Used etc.
- **Brief Description of the Project** :- Giving project components, project justification, construction and financing, Project Implementation
- **Environmental setting**:- Giving Environmental Study Area, Land Uses, Physical Resources, Ecological and Aesthetic Resources, Human Resources
- **Anticipated Environmental Effects** :- Giving Screening to determine SEIs, Physical resources, Ecological and aesthetic resources, Human Resources

- **Environmental Protection or Mitigation Measures giving :-** Physical resources, Ecological and Aesthetic resources, Human resources
- **Other Significant Issues such as :-** Public Participation, Compliance with Environmental Law, Environmental Economics, Utilization of Precious or Irreplaceable Resources, impact on local cultural sensitivities, National Development Criteria, Global Issues
- **Environmental Monitoring consisting of :-** Base line surveys, construction stage monitoring, operation stage monitoring etc.
- **Environmental Management Plan consisting of :-** The Purpose of the EMP, Environmental Management Office, Reporting, Staffing, Work program, Budget
- EIA Summary

The Project Director may study these carefully and prepare his plan of action to implement the mitigatory measures proposed

Past experience has shown that the EIA process has often led to many delays and public protests against projects. Sometimes there have been instances where litigations have been initiated by pressure groups and N.G.O. This has led to avoidable delays and wasteful expenditure.

The EIA process provides for a Project Approving Authority where public concerns are addressed. However they have found to be not effective in conflict resolution. It would therefore be useful to have a separate forum acceptable to all concerned, for mediation and conflict resolution to cope with such issues. Project Directors may therefore examine the possibility of setting up such mechanisms where it is found necessary.

Project Directors must play an active role in the EIA process. Carrying out social marketing and public awareness activities, running an information centre for public relation work, preparing a list of frequently asked questions and briefing the staff on how to respond to public inquiry thereby will help to a great extent

In terms of the new environmental guidelines developed by JBIC, a comprehensive EIA is necessary for every project in the preparation stage to go to the next stage of Project Appraisal.

4.8 Social Marketing and Public Awareness Creation

Implementation of projects designed for the benefit of the public at large at most times have disturbing impacts on certain sections of the society. These sections of the society consist of the affected people, concerned groups and lobby groups. The issues that arise are often due to acquisition of private land for project work, having to relocate homes, loss of livelihood due to dislocation of activities, environmental, social and political opposition etc.

While these are real issues concerning the affected people and have to be adequately addressed, these should not unduly affect projects that are being implemented for the good of the larger community and the nation as a whole. Most of the time the compensation for losses to the community or the mitigatory measures for environmental and other issues are not acceptable to those involved due to a lack of understanding of the total issues involved. Often the compromises that have to be made for the larger good of the project are not fully appreciated leading to dissent and public protest.

The concepts of social marketing are being adopted as a strategy lately to cope with these situations. *Social marketing is a social change management technology that offers a framework with which to change the unhealthy and unsocial behavior of others* (A definition offered by Kotler and Roberto-1989).

Social marketing has a great deal to offer by influencing the behaviour, not just of individual citizens, but also of policy makers and influential interest groups. Social marketing employs psychology, sociology, anthropology and communication theories to understand and influence people. It focuses on voluntary behaviour change by applying the principle of exchange – where there is recognition that there must be clear benefits for all concerned if change is to occur.

Application of social marketing techniques requires understanding the target group, their concerns, needs and aspirations. Some of the criteria for understanding the target group consist of the personal characteristics, behavioural characteristics and benefits sought by the different segments of the target group.

The next important aspect is the promotional and communication strategy. Basic for this aspect is media advocacy. Generating effective publicity voluntarily through the mass media is the best test of the social marketing strategy. In other words media is a target audience in their own right, their own needs and expectations. Winning this segment over, just as much as the other segments shows the success of the social marketing exercise.

Social marketing although complex as it may seem, provides tangible benefits that no other system can offer given the circumstances. Project Directors may therefore appreciate such benefits and employ the appropriate strategy and expertise as the situation demands to tackle social issues in project implementation. Details such as justification, project benefits and anticipated socio-economic impacts from the projects contained in feasibility reports and environmental impact assessment reports will become useful promotional material in social marketing.

In a social marketing exercise it is necessary to identify the pressure groups with opposing ideas and target them for special awareness creation to win them over.

5.0 Managing Project Implementation

5.1 Project Office Establishment and Appointment of Core Staff

One of the earliest tasks of the Project Director upon assuming office is to set up the Project Office.

This is the operational nerve centre of the project

The Project office should have the physical facilities and the support services for the smooth functioning of the project. **The project office also serves as the repository of information and records/files on project details, progress reports, assets, accounts, personnel etc**

Location of the project office shall be such that it is easily accessible, especially to the poor people who may be attached by project activities.

Ideally both national and international project staff should be based in the project office. However this may not always be possible due to circumstances such as contractors wanting to locate themselves closer to project sites etc. Depending on the size and type of project, the office may provide secretarial, documentation, communication, transport, storage and even meeting/training facilities and services.

The Project Director will exercise overall management of the project office. He/she shall be supported by essential project staff to whom can be delegated some of the tasks.

Cost of establishing the Office, procurement of furniture and equipment rentals and payment to staff have to be estimated and provided for in the local component of the Project Budget. Normal government rules shall apply to these procedures

Recruitment of Staff for Project Management Units

The required cadre for the management of the project should be identified at pre-appraisal/appraisal stage of the project depending on the need. Approval for the creation of such posts, where Treasury funds are needed to pay salaries, should be obtained in terms of the provisions under FR 71 of the Financial Regulations. The Management Services Circular 10 (Appendix 3) gives the guidelines.

This core staff consists of

The Project Director and one post each of Finance Manager/Project Accountant, Technical/Procurement Specialist Officer and Project Secretary.

Provision is available for the recruitment of a Deputy Project Director if circumstances warrant.

Special salary scales have been identified for this staff in recognition of the special nature of their contributions to the Project. The other support and minor staff required shall be obtained from the executing agency.

5.2 Budgeting and Cash Flow Planning

The Secretary of the Ministry as the Chief Accounting Officer and The Head of the Executing Agency as the Accounting Officer are accountable for the project finances and are responsible to ensure that these funds are used in a judicious manner for the purposes defined in the Loan Agreement.

The Project Director as the immediate representative of the Chief Accounting Officer will be responsible for ensuring that these requirements are met.

The Project Director under these obligations has to formulate a budget for the Project and set up a cost control and accounting system that will record and monitor the items of project expenditure.

This also involves adoption of measures designed to ensure the timely infusion of funds and their disbursement in accordance with established procedure.

These procedures are given in the Financial Management Guidelines Volume 1 of the Ministry of Finance and Planning. See Appendix 9 for details

5.2.1 Counterpart Funds

It is a common occurrence that Ministries often fail to give accurate forecasts of counterpart fund requirements for the ensuing year at the time of preparation of budget estimates for that year.

The result is that there are delays in release of funds required to meet local cost component of foreign funded projects.

The usual time frame for this activity is as follows. By the month of May of the year, the following year's funds requirement has to be indicated so that they can be included in the budget by the Ministry of Finance.

If the receipt of Donor funds had not been known at the time or the requirement was not given at the time of preparation of draft budget estimates, action can be taken to provide funds by the under mentioned procedures.

- By Virement Procedure
- Supplementary Estimate
- Special Allocation from the Treasury Head Miscellaneous
- An advance from the miscellaneous Advance Account of the Department of State Accounts

5.2.2 Call on Treasury funds

The Treasury experiences liquidity problems from time to time and the release of funds to projects sometimes get delayed

Under the prioritizing for call on Treasury funds requirements of counterpart funds for foreign funded projects get high priority

Therefore Project Director can take advantage of this policy by initiating the requests early for their requirement of funds

The procedure for obtaining funds from the Treasury requires a monthly cash flow forecast to be made with explanatory notes to be sent to the Director General State Accounts. Following this procedure will ensure availability of funds in time.

Chief Accountants of Ministries who request funds for their requirements do not often submit sufficient explanatory details about projects. This is mainly due to their not having sufficient information with them for this purpose. Project Directors may assist by providing the necessary information in time.

The procedure to be followed will be for the Project Directors to give the Head of Executing Agency an accurate cash flow forecast with necessary details relating to their projects, to be forwarded to the Line Ministry. The Chief Accountant of the Ministry will then be required to send the aggregate requirements of the Ministry to Director General State Accounts.

By sending an advance copy of PD's request direct to Director General State Accounts, the Treasury will be able to note the financial commitment in advance until the request comes through the formal

channels. The request has to be made in the standard budget format and the accompanying notes have to indicate details relating to justification, utilization capacity, comparison with previous year's allocation etc.

The details relating to these procedures are contained in the Financial Management Guidelines of the Ministry of Finance. See Appendix 10 for details.

5.3 Foreign Funds Disbursement

5.3.1 Withdrawal of Loan Funds

When the Loan is declared effective by JBIC the Executing Agency can withdraw funds from the proceeds of the Loan.

The procedure for withdrawal of funds are agreed upon during Loan Negotiations and included in the Loan Agreement.

The Executing Agency will be required to make written applications for withdrawal of funds with supporting documentation agreed with JBIC.

Generally disbursement procedure falls into one of the following:

- Commitment Procedure for payment through a Bank – Please Appendix 13 & 13 (A)
- Reimbursement procedure - Please see Appendix 14 & 14 (A)
- Special Account Procedure – Please see Appendix 15 & 15 (A)

The Project Director will be required to prepare a disbursement schedule based on the work plan with the loan expiry date as the final target. The present JBIC procedure does not provide for disbursements after this date. In situations where the Project Director finds that all disbursements cannot be completed within this final target date, a request for the extension of the loan expiry date has to be made to JBIC through the ERD with the necessary justification. It is important to have this procedure completed well in time to avoid delays in payment to contractors and suppliers for work done.

JBIC requires adequate advance notice to process requests for extension of loan expiry date. If the request is made with about three months notice, there will not be reasons for the aforesaid delays.

Disbursements are also used as a means of monitoring project progress. Timely disbursements therefore become an important indicator of project performance.

5.3.2 Fund Utilization

JBIC procedures allow for payments made locally on specified project activities to be reimbursed from the loan. If the reimbursement applications containing the necessary supporting documentation are not submitted regularly as this expenditure is incurred, there will be an accumulation of unutilized loan funds.

It has been observed in the past that there are considerable delays in obtaining reimbursements from the loan proceeds for expenditures incurred locally.

Project Directors are advised to ensure timely application for reimbursements, by building this activity into the master schedule and checklist. The procedures to be followed are given below.

5.3.3 General Terms and Conditions for ODA Loans

The terms and conditions applicable to funds disbursement are contained in the JBIC publication; **'General Terms and Conditions for ODA Loans – October 1999'**. Project Directors are advised to familiarize themselves with the details. Appendix 12 has the details.

However when there are inconsistencies with regard to any provision in this publication with those of the Loan Agreement, such provision in the Loan Agreement will prevail.

5.3.4 Letter of Credit

A letter of credit effectively is an agreement between a purchaser and a supplier, which is guaranteed by a bank, acting as an independent third party. The purchaser is the applicant to the bank for the facility and the supplier is the beneficiary.

There are no ready procedures to permit payment for goods obtained from outside the shores to be made in advance of delivery. The letter of credit facility offered by a bank, guarantees to the supplier the settlement of agreed payments upon the deliveries reaching the port of entry in the country.

The procurement procedure will determine the conditions to be included in the agreement between the purchaser and the supplier with regard to the quality, quantity and the price and other relevant details relating to the supply. These will be included in the conditions and will form the basis for the opening of a letter of credit through a bank for the required supply of the goods.

The documentation that is normally cited in a letter of credit transaction is:

- The Bill of Lading provided by the Master of the Vessel specifying the quantity, quality and nature of goods in the shipment based on certificates from the supplier, manufactures certificates or certificate from an accredited authority as agreed during the procurement procedure

- Invoice indicating the agreed CIF value
- Test certificates (as necessary)
- Certificate of country of origin
- Other relevant details related to the cargo

The purchases bank will check the validity of this documentation against the agreed Letter of Credit conditions and advise the applicant accordingly. The agreed conditions usually include 'at sight' status for the release of the payment by the bank to the supplier upon verification of the above documentation. The bank will also obtain Central Bank clearance on behalf of the applicant for the release of foreign exchange for the procurement.

The Bank will require the necessary collateral to provide this facility. The Project Director will be required to negotiate with the bank for obtaining letter of credit facility by providing the collateral and other necessary documentation. A bank with a proven track record for effective L.C. service has to be selected by the P.D

Under JBIC procedure it is of almost importance to ensure that all conditions stipulated in the L.C. are identical to those contained in the contract. This will avoid the need for time consuming clarifications and correspondence.

5.3.5 Commitment Procedure for JBIC Loans

The commitment procedure applicable to Loans provided by JBIC regarding payment by the Borrower for goods and services is as follows:

- Payments for goods and services arranged under a commercial Letter of Credit, where a commercial bank operating in a supplier's country makes payment to the supplier against documents specified in the Letter of Credit and reimburses itself from funds made available by the purchaser through its bank, and
- When such payment to the supplier is eligible for financing under a JBIC Loan, the purchaser may provide in the Letter of Credit that the supplier's bank will reimburse itself from a designated Japanese foreign exchange bank in Tokyo, and
- The Japanese foreign exchange bank will obtain the funds for reimbursement from JBIC under an assurance in the form of a Letter of Commitment from JBIC to the Japanese foreign exchange bank whereby JBIC undertakes to disburse on certain conditions the amount to be paid by the Japanese foreign exchange bank in accordance with the specified irrevocable Letter of Credit

The details relating to this procedure is given in Appendix 13 and Appendix 13 (A)

5.3.6 Reimbursement Procedure for JBIC Loans

The reimbursement procedure in cases where expenditures eligible for JBIC financing have already been incurred is as follows.

The Borrower shall request JBIC to make reimbursement for a sum not exceeding the amount actually paid out by sending to JBIC the 'Request for Reimbursement' in accordance with Form JBIC-RFR. Such request has to be accompanied by:

- Summary sheet of payments
- Supporting documents evidencing such payments as per Loan Agreement

The relevant details are at Appendix 14 and Appendix 14 (A)

5.3.7 Special Account Procedure for JBIC Loans

This Special Account Procedure provides for an initial disbursement from the JBIC Loan to be deposited in a special account opened by the Borrower and maintained in a bank from which payments for eligible expenditures are made. The Special Account is replenished by sending request for replenishment.

This procedure is detailed out in Appendix 15 and Appendix 15 (A)

5.4 Appointment of Consultants:

The four basic requirements that have to be ascertained in this regard are:-

- Need for the employment of a consultant
- Terms of reference which clearly defines the scope, quality and the nature of the consultant's responsibility
- Selection method
- The invitation documents

Need for consultancy service

Project Directors must satisfy themselves that this has been well established.

A consultant will supplement any identified technology gaps in knowledge and expertise necessary to design and implement the project.

The consultant at the same time will complement with his inputs the efforts of the project team, for the successful implementation of the project. He therefore becomes part of the Project Director's team whose services have to be fully utilized.

*A clear understanding of this situation
the justification for the need for such assistance and
the main areas in which this assistance will be obtained
is essential for Project Directors to gainfully employ a consultant.*

Consultant's Terms of Reference (TOR)

Consultancy services are normally employed for:

- Engineering design
- Assist in selection of contractors
- Supervision and management of projects.

While a consultant will act as an unbiased technical advisor he can also be empowered by the executing agency during supervision stage to take management and supervision decisions as an independent 'Engineer' as defined in FIDIC conditions of contract

The terms of reference have to precisely describe the role, functions and the expertise required of the consultant including his responsibilities and obligations.

The TOR should contain among others:

- Project information and other relevant information
- General terms of reference and specific terms of reference
- Services and facilities to be provided by the Executing Agency.

The Terms of Reference for consultancy services will be drawn up either prior to or in the course of Loan Negotiations.

The TOR should be consistent with the provisions of the Loan Agreement. Approvals and fund allocation will not be possible otherwise.

This tells the Project Director what the Consultant must do and what he cannot and should not do.

Selection Method

Selection of the consultant is generally the responsibility of the Executing Agency.

The following procedure is adopted for this purpose:

- Preparation of Terms of Reference and Cost Estimates for the consultancy service
- Preparation of a short list of relevant consultants - An acceptable method is adopted here.
- Invitation to submit proposals
- Evaluation of proposals - A known method is adopted here.
- Negotiation of a contract

Invitation Documents

The short listed consultants shall be sent the invitation documents.

They consist of a Letter of Invitation and the Terms of Reference.

The letter of invitation shall include the main points in the TOR and shall clearly state the method of selection of the first consultant to be invited for contract negotiations.

As the consultants may need to visit the country for familiarization of site conditions the invitation shall allow at least 45 to 60 days for submission of proposals.

The letter of invitation shall also require the short listed consultant to inform within a specified time whether he intends to submit a proposal.

Details in respect of each of these items are available for study in the:

- Guidelines for Employment of Consultants under JBIC ODA Loans – October 1999. Appendix 8 has the details.
- Handbook for Procurement under JBIC ODA Loans – The Employment of Consultants & Procurement of Goods and Services – January 2000 – Appendix 7 has the details.

5.5 Procurement of Goods and Services

The next stage of the implementation process is the procurement of goods and services required by the project. The consultants appointed with guidance from the Project Director would detail out the nature and type of works that have to be constructed and the other goods and equipment needed for commissioning the project.

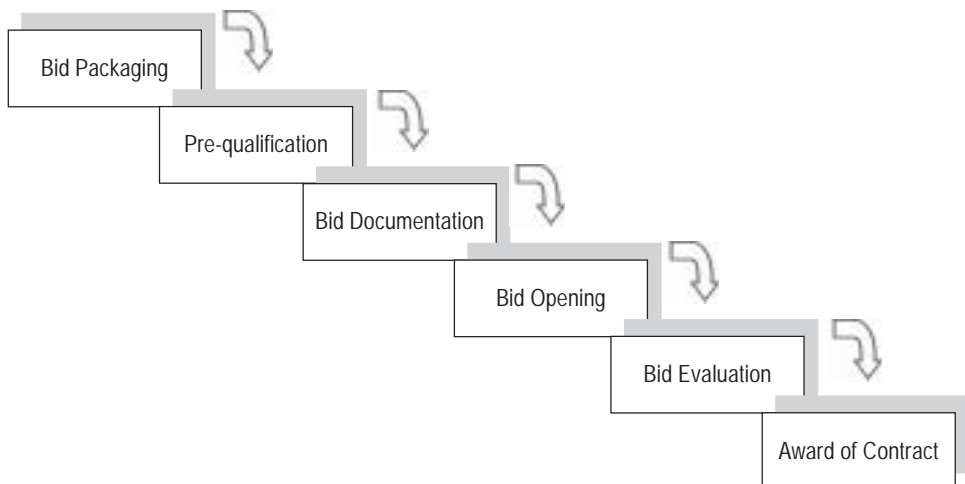
In principle JBIC requires international competitive bidding (ICB) for selection of contractors and suppliers for this part. This procedure is considered the most efficient, transparent and non-discriminating method of procurement. In larger complex projects requiring specialization and experience this also proves to be the most economical method

These procurement procedures should follow the Guidelines on Government Tender Procedure (Appendix 4) and the Guidelines for Procurement under JBIC ODA Loans (Appendix 6)

There may be special circumstances in which ICB may not be appropriate and other procedures are to be adopted, such as Limited International Bidding or bidding among Local Contractors or such other. The reason for such requirement has to be established and the procedure still has to conform to the provisions of the above guidelines.

The applicable procedure to be adopted and any procurement packaging are normally agreed at Loan Negotiations and included in the Loan Agreement.

The general procurement Flow Diagram for ICB is as follows



5.5.1 Appointment of Contractors:

It is an internationally accepted practice that for most civil works contracts, prequalification of bidders is required. Contracts should be awarded only to bidders that are qualified by virtue of having appropriate capabilities and financial resources for the work.

The procedure to be followed is given the Guidelines at Appendices 4 & 6

The other procedures relating to appointment of Tender Boards, Technical Evaluation Committees, bid opening, bid evaluation, preparation of evaluation reports and award of contracts are also included in the above guidelines and the details can be found in the relevant publications given in the Appendices.

It would be necessary to have an agreed Construction Plan to be followed in these cases. The Construction Plan would normally include

- **The Construction Method :**

This will be examined for its appropriateness for aspects such as safety, reliability, technical viability and environmental effects.

- **Supervision**

This has to specify which entity will be responsible for the supervision of construction such as the Executing Agency, Consultant etc. An appropriate system for supervising construction, monitoring and inspection is to be adopted in order to ensure smooth completion

- **Construction Schedule**

This has to be provided at least in the form of a bar chart showing the schedule for the various construction activities. The assumptions in a construction schedule could affect the project cost, annual financing plan, and disbursement period of the JBIC Loan. These details will therefore be closely examined for their implications.

- **Land**

Land acquisition, payment of compensation and resettlement of families living in such lands also affect the construction schedule. The plan for executing these will be carefully examined at this stage.

5.6 Procurement of Supplies and Equipment

Here again the general flow diagram for procurement is applicable

In this activity writing specifications for goods and equipment will require special attention. Specifications have to respond to two objectives viz.

- To define the function of the equipment or works
- To maximize competition

Specifications are divided into three types. They are:

- Functional** -
Which defines the function to be performed by the equipment?
- Performance** -
Which defines the performance required of the equipment?
- Technical** -
Which defines the indicative technical and physical characteristics of a piece of equipment in terms of such things as physical dimensions, power input and output, capacity, materials used in the manufacture and similar?

Bidders may be qualified as per the procurement guidelines for their financial, technical, and production or supply capability to undertake the work.

5.7 Land Acquisition and Resettlement of Affected Families

5.7.1 Land Acquisition

This is provided in a law titled Land Acquisition Act.

This is a piece of legislation enacted to support development projects. It gives power to the State to acquire private land for public purposes. Therefore it should be used with due care and discretion.

The Authority under the Law for this purpose is
The Minister in charge of the subject of Land in the Government

Acquisition procedure is implemented by an Acquiring Officer
designated by the Act

Presently the Divisional Secretary of the area is the designated officer

The disposition procedure is specified in the Act

The relevant steps are as follows:

- Step 1 -** *The process begins with the publication of a Notice under Section 2 of the Act. This gives the need for a public purpose, investigate its suitability for the purpose, authority for a surveyor to enter the land and prepare an advance tracing*
- Step 2 -** *Publication of Notice under Section 4- This is to call for objections against the proposed acquisition*
- Step 3 -** *Conducting an inquiry provided under Sections 4(a) and 4(b) as to the validity of any objections*
- Step 4 -** *Order published by the Minister under Section 5, following the Section 4 inquiry stating that the Land in question is required for a public purpose*
- Step 5 -** *Demarcation of boundaries as specified under Section 6, with the Survey Department preparing the plan*
- Step 6 -** *If possession is required urgently, a special Proviso under Section 38(A) is activated to vest the land in the State and take possession. There is an administration requirement at this stage for the Executing Agency to deposit 25% of the land value as assessed by the Divisional Secretary. There is also a liability to pay due interest to the owner on the land value for the period until compensation is paid to the owner.*
- Step 7 -** *Publication of Notice under Section 7 calling on claimants of the land to declare their ownership rights and claims of compensation.*
- Step 8 -** *An inquiry under Section 9 into these claims and deciding on the quantum of compensation. Proceedings of inquiry is sent to Chief Valuer and his advice is obtained on Valuation*
- Step 9 -** *Publication of the decision by the Acquiring Officer under Section 10, as to the owners and the compensation payable. Appeals can be made to the Board of Review under Land Acquisition regarding compensation and to the District Court against ownership.*
- Step 10 -** *Making the award under Section 17 by the Acquiring Officer*
- Step 11 -** *Publication of notice for taking possession under Section 38(A) after payment of compensation to owners*
- Step 12 -** *Publishing the vesting order under Section 44 to the recipient organization specifying the purpose for which the land is acquired.*

This procedure is followed to ensure equity and fair play in taking over private lands for public purposes.

- ◆ This necessarily takes a considerable time.
- ◆ By understanding this procedure the Project Director will be able to prepare his plan of action by taking note of the time needed to take over the land.
- ◆ This time needed has to be taken into account when planning development projects.
- ◆ Project Directors can fast track the process by initiating land acquisition activities as soon as the consultant completes site investigations and initial designs.

5.7.2 Resettlement

With a view to reducing public concerns and protests and to reduce the time taken for taking over of lands, a new procedure based on a voluntary process is being advocated. The guideline are available in the National Involuntary Resettlement Policy of the Government.

The section on Social Marketing at paragraph 4.8 is also relevant in this regard.

5.8 Addendum and Amendments to Contracts

An important activity during project implementation for the Project Director is contract administration. The scope of work, the respective responsibilities, payment terms etc of the Consultants and Contractors and Suppliers selected to undertake certain project activities are all decided upon at the completion of the procurement process. See sections on Procurement at paragraphs 3.4, 4.6, 5.4 and 5.5

These details are included in the respective contracts signed between the parties. These contracts are copied to JBIC for their concurrence. Funds disbursement by JBIC is based on the stipulations in these contracts.

There are instances however where certain scope changes or quantum changes to the agreed work in the above contracts become necessary due to site conditions or other circumstances.

When such changes are found necessary for the successful completion of the project the Project Director is required to obtain from the Consultant a report on the proposed changes with the reasons and justification. He/she should then prepare suitable addenda to these contracts to include such changes. The estimated financial commitment and the proposed source of funds also have to be indicated.

The Project Director should then apply to JBIC through the ERD for concurrence for these addenda and approval for the allocation of required Loan Funds.

Based on the particular circumstances and justification, JBIC will give its concurrence for the proposed changes to the contracts and for the utilization of Loan Funds provided that:

- The request is made in time, preferably before any commitment is made
- The funds required can be allocated within the Loan Amount
- The reallocation can be done from unutilized funds in an appropriate expenditure category
- The foreign component of cost conforms to the eligibility criteria and the local component falls within the reimbursable category.

Where the proposed changes cannot be financed as above, JBIC expects such funds to be made available by the Government.

Project Directors should therefore note that they should not make firm commitments on such scope changes until JBIC approval or government approval is received.

5.9 Initiating TEC and TB Meetings

Technical Evaluation Committee

Project Director as a member of the Technical Evaluation Committee can play an important role in achieving a quality and expeditious TEC report by guiding the other members of the committee. PD has a distinct advantage here that he is fully aware of the project objectives, procurement conditions, relevant guidelines and the time schedules as compared to the other members and therefore can give leadership to the committee. The information contained in the standard documentation and guidelines published for this purpose can greatly assist in this process. Appendix 4&5 contain some useful information.

It is advisable for the PD to prepare a time schedule in consultation with the other members of the committee to complete the work and use it to manage the activity. PD could also prepare the evaluation steps and relevant draft documents for discussion at the meetings. There should also be an agreed procedure with the Tender Board to seek clarifications and supplementary details necessary for the evaluation from the bidders. The report prepared by the consultant on the bids received can be used for guidance in the preparation of the TEC Report.

Tender Board Meetings

The constitution of the Tender Board and the procedure to be followed in each case is given in the Guidelines on Government Tender Procedure. Appendix 4 contains the details. Here again the Project

Director could prepare a time schedule in consultation with the Tender Board members to finalize the Report of the Tender Board, the Cabinet Memorandum and other connected documentation.

PD has to prepare a procedure with the TEC members for providing clarifications and obtaining supplementary details as required by the Tender Board.

Tender Boards are often constituted from Secretaries of Ministries. It is important to verify their availability or the availability of their nominated representatives who act for them, to take part in Tender Board meetings. The availability of members to convene Tender Boards have been a constraint in the past in finalize the recommendations in time

6.0 Project Monitoring and Review

6.1 Monitoring Process

Project monitoring is the continuous oversight of the implementation of the Project. It seeks to ensure that input deliveries, work schedules, product of targeted outputs, and other required actions are proceeding according to a plan.

The purpose of monitoring is to identify and promote actions necessary to improve the implementation of a project. This implies reviewing, inspecting and controlling of what has been accomplished during project implementation and future plans. This activity should ensure that the project is completed on time, within budget and its objectives are met.

Monitoring and reviewing of projects are done continuously and regularly at different levels as follows:

1. Project Level
2. Executing Agency level
3. Ministry level
4. National level
5. Donor level

The responsibility for arranging the project monitoring activity in 1, 2 and 3 lies with the Project Director and therefore he/she should have a system to facilitate this process. Project Director should also facilitate the monitoring at 4 and 5.

While the overall responsibility for project monitoring lies with the Government JBIC also has its own project supervision procedure.

This consists primarily of a study of progress reports provided by the Project Director

This supervision procedure is meant to keep track of progress in project implementation and to make appropriate recommendations where necessary, for attaining smooth implementation of the Project.

JBIC monitors the overall implementation schedule of the project including procedures required by the Loan Agreement and disbursement and all matters closely affecting the project.

JBIC examines the following points at the time of appraisal in the interest of effective and efficient project monitoring:

- Matters such as environmental impacts and establishment of an adequate operation and maintenance system
- Establishment of a monitoring system for overall project implementation, budgeting, operation, and effect indicators, and environmental impacts
- Establishment of a system and criteria for post evaluation

6.2 Review Areas

Usually the following main activities are reviewed among others:

- Whether the project is implemented according to the agreed work plan
- Whether the required project staff and facilities are provided
- Supervision to ensure technical specifications and performance standards are met
- Supervision of consultants and contractors to ensure their obligations and responsibilities are been maintained
- Review of procurement to ensure that they conform to agreed guidelines
- Review of disbursements to ensure they conform to agreed guidelines
- Review of civil works and installation of equipment is according to specifications and performance standards
- Review of procedures to ensure compliance with agreed conditions and loan covenants
- Review of procedures to ensure Government's assurances and obligations are fulfilled
- Review of scope changes, extension of project period and ensure they conform to agreed guidelines
- Review of commissioning of completed work and procedures for operation and maintenance are adequate and sustainable

6.3 Project Steering Committee

Need for coordination

Project implementation requires the active participation of several partner organizations, stakeholders and individuals.

Their inputs at the appropriate times are vital for the uninterrupted implementation of project activities.

Their roles and responsibilities are usually specified and embodied in the various agreements or given under their statutory obligations. However there are often situations where such obligations are not fulfilled in time. This is mainly due to the shortcomings in the coordination process.

The Project Steering Committee is the mechanism established to facilitate monitoring and coordination among the different project partners.

The Project Steering Committee providing for participation and dialogue among the project partners is usually chaired by the Secretary of the line Ministry and convened at regular intervals depending on the project requirements.

Participating at committee meetings are the representatives of the line Ministry, Executing Agency, ERD, Donor Agency and other relevant government institutions. Provision is available for inviting representatives of other stakeholders and relevant parties when matters relating to their concerns are discussed.

This is therefore a very effective mechanism to achieve smooth project implementation. It is vital that this forum is properly managed and its potential fully exploited.

It is also important that its mandate is clearly spelled out to the committee members and that the committee shall be constituted of representatives of the partner organizations who have sufficient understanding and authority to function in this role.

Effective use of the Project Steering Committee

The Project Director can gainfully employ this forum to meet some of the needs relating to project coordination.

The PD has to ensure that the members of the Committee know the agreed mandate and the terms of reference of the committee when they are nominated by the organization. A meaningful agenda and the matters for review at each meeting has to be prepared in advance by the PD

A briefing note in respect of each item has to be prepared by the PD so that the Chairman of the Committee can use it to get the optimum response from the members at the meeting.

Decisions taken, required follow up of actions, and the responsibility for such actions has to be clearly documented at the end of each meeting as a record note by the Project Director and circulated to members immediately thereafter.

Sometimes PSC meetings are convened as a progress review meeting for the whole sector. Project Director in charge of Projects within the sector attend these meetings. Here again the PD will be required prepare a similar meaningful agenda in respect of his/ her project and submit to the chairman with a suitable briefing note.

The PSC is an effective management tool for the PD to achieve coordination of project inputs from the other partners.

PD should therefore make full use of this forum

7.0 Project Completion and Commissioning

7.1 Ensuring substantial completion

At this stage the project facilities will be put to its ultimate use. The beginning of project operations will demonstrate how successfully the project has been implemented and whether the project objectives have been fully achieved.

This activity will indicate:

- Whether the project has been completed on time, within budget and its objectives have been met or otherwise the reasons for any variation from above
- Whether the project has been implemented according to the agreed work plan and if not what the variations are and the reasons for such variations
- Whether civil works and installation of equipment are according to specifications and performance standards
- Whether consultants and contractors have fulfilled all their obligations and responsibilities under the contract and if not what commitments remain to be fulfilled
- Whether Executing Agency obligations have been fulfilled and if not what remains to be fulfilled
- Whether compliance with agreed loan conditions and loan covenants have been achieved
- Whether Government's assurances and obligations are fulfilled
- Whether any scope changes, extension of project period are in conformity with agreed guidelines
- Whether commissioning of completed work has been satisfactory and procedures for operation and maintenance are adequate and sustainable

7.2 Obligations and Responsibilities

While the overall responsibility for the successful project completion lies with the Executing Agency and in turn with the Project Director, the responsibilities and obligations of the others partners in the process such as the consultants, contractors and suppliers are still applicable in terms of the respective contract agreements.

There is a distinct point at which these obligations of the outside partners cease as specified in the contract agreements.

Project Directors have to be mindful of this aspect and ensure that all obligations by them are fulfilled before this time.

The Project Director has to make arrangements to physically inspect the completed work, test their operations, commission and take over the completed works and assets from the contractors and consultants.

The completed works, assets and inventories thereafter have to be handed over to the end user in a satisfactory condition.

Generally there is a warranty period for maintaining the contractors and suppliers obligations

When a ceremony is organised for project commissioning and handing over, the PD shall organise the event well in advance and ensure that the Ministry, ERD, Embassy of Japan and JBIC are informed with sufficient advance notice.

Although at the time of handing over most of the responsibilities of the project management unit ceases there will be some continuing commitment on the part of the Executing Agency to assist the end user in trouble shooting as necessary

8.0 Preparation of Completion Report and External Evaluation

8.1 Project completion report by PD

Within a given period of time the Project Director on behalf of the Executing Agency is required to prepare a Project Completion Report. This should contain a concise project history from identification to physical completion.

This will be used for the purpose of:

- Evaluating the effectiveness, completeness and adequacy of the project preparation and appraisal process
- Reviewing the experiences in the implementation of the project
- Evaluating the lessons learned for application in future projects
- Ascertaining whether objectives have been achieved
- Ascertaining whether all activities have been completed
- Ascertaining whether there were any lapses or shortcomings in achieving the project objectives
- Identifying what follow up action and supplementary projects or project components are necessary

The Project Director could use the information compiled by him in the Project Log Book for the preparation of this report

The Project Completion Report prepared by the Project Director will be kept on record for future reference at the Procurement Support Bureau and the External Resources Department libraries.

8.2 Project Benefit Evaluation

An evaluation is normally carried out to assess project impacts and their overall benefits. The affects and impacts of project outputs to beneficiaries are studied at these evaluations. JBIC uses these post evaluations to draw lessons from completed projects for the purpose of better planning and more effective implementation of future projects. **The project completion report prepared by the Project Director is used for this purpose**

JBIC obtains detail knowledge of the operational aspects after project completion, from these reports. JBIC carries out monitoring of operational and maintenance performance of projects for a certain period in order to ensure effective sustainability of project benefits

Usually the selected consultant prepares the final Project Completion Report for the JBIC as part of his functions. The consultant will decide on the format and the contents of this report with advice from JBIC

However there is an opinion that JBIC may want to review the Project Completion Report prepared by the PD for the Executing Agency, also as a supplementary source of information.

8.3 Evaluation and Ranking by ERD

ERD evaluates project performance based on a format containing some selected assessment criteria. The following **Project Score Card** is used for the purpose

Donor	Sector	Name of the Project	Overall Score	Project Management	Ownership	Political Interference	Remarks
Govt. of Japan							

The scores are based on whether the performance is assessed as Strong/Moderate/Weak. The criteria are as follows:

Project Management

- Ability to plan and implement the project according to the schedule:
- Active involvement in resolving problems:
- Timely completion of procurement activities:

Ownership

- Resolve policy issues:
- Coordinate & resolve issues such as land acquisition & resettlement etc:
- Delegate authority to the Project Directors:

- Hold procurement meetings, progress review and steering committee meetings etc. on schedule:
- Initiate advance procurement activities.

Political Interference – whether regular/intermittent / none

- Operations
- Procurement

9.0 Assessment of PMU Performance

9.1 Performance Assessment

The Appointing Authority will be conducting an assessment of performance of the Project Director and the staff of the Project Monitoring Unit annually.

This external assessment process can be greatly facilitated if a system of self assessment of performance by all such staff is implemented at the PMU.

Each staff member could be called upon to prepare a periodical performance report as a routine activity in the Project Management Unit based on an agreed format for this purpose.

9.2 Self Assessment Format

The self assessment report may include some essential details that may be filled in by each staff member for the given reporting period. The reporting period can be agreed upon to be quarterly or half yearly depending on the circumstances.

The Staff Member may file the following details for the reporting period:

Part 1 – to be filled by the reporting officer

- The job description assigned to the staff member
- The main tasks/activities that were planned to be done
- The intended outputs/impacts from the above tasks/activities
- The actual achievements/performance in respect of the planned tasks/activities
- The perceived impacts/outputs from the above performance
- The shortfalls (if any) in performance against the planned targets
- Reporting officers assessment of the reasons for such shortfalls
- The tasks/activities planned for the next reporting period
- The intended outputs/impacts from the above tasks/activities
- The facilities/procedural changes proposed by the staff member to achieve above

Part 2 – to be filled by the supervising officer. The observations of the supervising officer in respect of each item filled in by the reporting officer is to be given

Part 3 – Observations of the Project Director on parts 1 & 2, (if different from the supervising officer) may be given. Project Director's report shall be submitted to the Head of the Executing Agency for observations relating to details in Part 1.

These self assessment reports by the staff can be an input to the annual performance appraisal by the appointing authority.

10.0 Appendices

Appendix 1

JBIC Project Cycle

JBIC policy relating to the different work steps in the Project Cycle and detail explanations thereon are contained in the JBIC publication titled:- Operational Guidance on the Preparation for Japan's Loan Projects

Given below are summarized extracts from the above publication for the information of Project Directors.

Project Identification

Identification is the first stage of the Project Cycle.

The Project must meet the key development objectives, strategies and needs of the Government

An initial project screening will determine whether the identified project is worth proceeding to the Project Preparation stage

Project Preparation

Preparation means a pre-investment study of the identified Project

This involves more detailed examination of the Project's economic, social, financial and technical feasibility including its environmental soundness through an EIA where necessary (F/S)

Preparation brings the identified Project to a point where it is ready to be appraised by JBIC as the next step in the Project Cycle

Technical assistance for project feasibility studies is available to the Government through JICA grants or JBIC facility under Special Assistance for Project Formulation (SAPROF)

Past experience has shown that



Project preparation must:

- Consider lessons from other Projects
- Include stakeholder meetings to obtain opinion of:-
Political leaders; Administrators; Affected People; NGO; Academics etc.
- Include project propaganda, social marketing and
- awareness creation campaigns

Project Request

Once the Government approves the feasibility study (F/S) and its findings, it is in a position to request the Government of Japan for an ODA Loan

This request has to be made through the Japanese Embassy with the feasibility report and the project implementation program

Appraisal

JBIC reviews the F/S and other related information obtained through sector surveys and Fact-finding missions.

After screening the project request JBIC recommends the Project to the relevant Ministries of the Government of Japan.

Government of Japan informs of acceptance through the Diplomatic channels and sends a mission for general consultation on macro-economic aspects within the broad perspectives of national development, policy and programs

A JBIC appraisal mission thereafter examines the viability of the Project from economic, social, financial, technical, environmental, organizational and managerial aspects

Prior Notification and Negotiations for Exchange of Notes and Loan Agreement

The 'Prior Notification' by the Government of Japan is announced at a donor meeting or through the Embassy.

This is followed by 'Negotiations' by the two governments on a formal Agreement.

This is followed by an 'Exchange of Notes' on matters agreed upon.

JBIC and the Government then engage in loan agreement negotiations on the bilateral contract.

The financing commitment includes loan amount, terms and conditions, purpose, scope and content of Project, executing agency, procurement and disbursement procedure and General Terms and Conditions.

Procurement of Consultancy Services

Procuring consultancy services for preparation and implementation of the Project is generally the first activity under procurement.

Consultants provide services relating to engineering design, supervision, management and capacity building in the implementing agencies.

Consultant selection has to conform to 'Guidelines for Employment of Consultants under JBIC ODA Loans', using an internationally recognized procedure

Procurement of Goods and Construction Services

Selection of suppliers of goods and equipment and contractors is normally done through international competitive bidding (ICB).

Policies and procedures to be followed with regard to pre-qualification (P/Q), tender documents, evaluation of tenders, contract administration have to conform to 'Guidelines for procurement under JBIC ODA Loans'.

Principles of economy, efficiency, transparency and non-discrimination have to be followed.

PD may note that:

The two sets of guidelines referred to above have been revised in October 1999 to ensure higher level of transparency and fairness in procurement activities.

JBIC will reject a proposal for award if the bidder is found to have engaged in corrupt or fraudulent practices in competing for the contract

Recognize a contractor as ineligible to be awarded contracts funded with ODA loans, for engaging in such practices

Borrower has to ensure that bidding documents contain a provision to this effect.

Disbursements

It is recommended that for smooth implementation of procurement and disbursement of loan funds JBIC Sample Bidding Documents, Evaluation Guide for Prequalification and Bidding are used.

Disbursement of Loan Funds is made in respect of services procured as above based on application by borrower on agreed formats.

Supervision

JBIC supervision covers both monitoring and review with borrower project implementation as well as monitoring of loan procedure

These include monitoring construction, engineering, institutional development as well as loan agreement, procurement, disbursement, payment of interest and repayment of principle.

JBIC Colombo Office normally carries out the Project supervision. In some instances JBIC supervision missions review project implementation details with the executing agency.

The periodic progress reports prepared by the executing agency will also be used.

JBIC has a grant facility called Special Assistance for Project Implementation (SAPI) to assist Borrowers to implement and supervise Projects

This facility can be used when found necessary by mutual agreement

Post-Evaluation

JBIC undertakes post-evaluation of projects after completion, analyzing the performance of the project in comparison with the project plan agreed during appraisal.

The evaluation covers scope, design, benefits etc. based on a project completion report (PCR) submitted by the Borrower as required in terms of the loan agreement.

Post-evaluation is carried out in order to learn lessons from completed projects for better planning and implementation of future projects.

Monitoring after completion

The post-evaluation gives a detailed analysis of operational aspects after project completion. JBIC carries out monitoring of operational and maintenance performance for a certain period of time. This is to ensure effective medium and long term operations, maintenance, and sustainability of project benefits.

If post evaluation or follow-up monitoring reveals that operations and maintenance need to be improved, JBIC is in a position to give guidance and advice. JBIC may request JICA for use of their experts or use consultants employed under the Special Assistance for Project sustainability (SAPS) facility. Government of Japan may provide loan funds or grant funds for this purpose depending on the circumstances.

Feedback to Project Preparation and Appraisal

Project supervision, post-evaluation and monitoring after project completion give lessons to be applied to similar projects in future the initial stages of project development in the JBIC Project Cycle. These lessons are useful indicators to include appropriate remedies during project preparation.

Operational Guidance on the Preparation for Japan's ODA Loan Projects

This booklet has been prepared by JBIC to give information on project preparation and to make loan requests to the Japanese Government regarding projects for which a borrower desires a Japan's ODA Loan. This operational guidance has been prepared in the light of the "DAC Principles for Project Appraisal" of December 1988.

Its contents are grouped into the following chapters and titles:

Japan's ODA Loan.

This serves as an introduction to Japan's ODA Loan Operational Guidance and gives an overview of the character of Japan's ODA Loans, their types, terms and conditions and financing criteria.

Project Cycle.

This explains the Japan's Loan project cycle followed by JBIC financed Projects. This describes the standard procedure which begins with Project identification, proceeding to preparation, appraisal, prior notification, exchanges of notes, loan negotiation, loan agreement, project implementation and supervision and ending with post-evaluation and monitoring after project completion.

Identification and Preparation of Project

This explains project identification and preparation, preparation of request for Japan's ODA Loan to lay the foundation to make project appraisal possible.

Appraisal

This has explanations on purpose; principles; and steps followed in project appraisal by JBIC

Areas Covered in JBIC Appraisal

This covers the areas covered by JBIC Appraisals. The borrower is recommended to ensure that project preparation has been satisfactorily completed in terms of these appraisal areas before requesting a Japan's ODA Loan.

Management Services Circular No.10

This circular is issued by the Department of Management Services: Ministry of Finance and Planning, The Secretariat Building, Colombo 01; dated 26th. December 2000.

It is addressed to all Secretaries of Ministries, Chief Secretaries of Provincial Councils, Heads of Departments and Chairpersons of Public Corporations /Statutory Bodies

It is titled – **Recruitment of Staff for Project Management Units (PMU) of Projects Assisted by Foreign Financing Agencies and Their Emoluments.**

It is effective from 1st. January 2001.

It contains guidelines on recruitment of staff for PMU under:

- Identification of required cadre
- Creation of posts for the core project staff
- Appointment of staff
- Selection of Project Director (PD)
- Interview Board for selection of PD, selection of other senior staff, selection of project secretary and other support staff
- The appointing authority for the PD and senior staff of PMU
- Terms of appointment and scheme of recruitment
- Salaries and benefits of staff recruited from Public Service and outside Public Service
- Performance appraisal of PMU staff

Guidelines on Government Tender Procedure

This document has been published by the Department of Public Finance in August 1997. Thereafter a Revised Guideline on Government Tender Procedure for Projects assisted by Foreign Funding Agencies was prepared in December 2000. Some amendments to these guidelines have been brought about by means of subsequent Public Finance Circulars.

The main objective of the Guideline is to expedite procurement, reducing delays especially in foreign funded projects while obtaining the maximum economic advantages to the nation, keeping in line with the Government's policy of transparency. For the fulfillment of this objective the guideline has collated all the instructions, strengthening procedures and assisting uses by introducing features like checklist, specimen forms and standard forms and standard documents etc. In addition to that the Part 11 of the guidelines provides a comprehensive procedure to be followed in dealing with BOO/BOT projects.

This document contains information on the following:

Chapter I	- General
Chapter II	- Commencement of Tender Process and Appointment of TB and TEC
Chapter III	- Procedure Applicable to appointment of TB and TEC
Chapter IV	- Tender Documents
Chapter V	- Other Methods for Selection of Tenderers
Chapter VI	- Use of Consultants
Chapter VII	- Tender Notification and Issue of Tender Documents
Chapter VIII	- Receipt of Tenders & Opening of Tenders
Chapter IX	- Evaluation of Tenders
Chapter X	- Responsibilities of Tender Boards in Relation to Final Determination
Chapter XI	- Implementation of Tender Award
Chapter XII	- Exceptions & Deviations
Chapter XII	- Procedures for Donor Funded Projects

Appendices

Appendix I	- Specimen form of Tender Notice
Appendix II	- Specimen Instructions to Bidders
Appendix III (A)	- Specimen Form of Tender (Works)
Appendix III (B)	- Specimen Form of Tender (Goods)
Appendix IV (A)	- Specimen Form of Tender Security
Appendix IV (B)	- Specimen Form of Performance Bank Guarantee (Unconditional)
Appendix IV (C)	- Specimen Form of Bank Guarantee for Mobilization Advance Payment
Appendix V	- Specimen of Check List
Appendix VI	- Possible Evaluation Criteria
Appendix VII	- Flow Chart of Procurement Process
Appendix VIII	- Flow Chart – Use of Consultants

Training Modules Published by the Procurement Support Bureau

The Procurement Support Bureau of the Ministry of Finance and Planning has published a series of Training Modules incorporating the essentials of Tender Procedure and Public Procurement. They are as follows:

- PSB 001 – Fundamentals of Procurement** containing:
Introduction to Public Procurement
Current Procurement Environment in Sri Lanka
Nature of Public Procurement
Key Principles of Public Procurement
The Procurement Process and Participants
Relevant Extracts from Government Tender Procedure
- PSB 002 - Methods of Procurement** containing:
Introduction
Methods of Procurement
Methods for Selection of Tenderers
Summary
Appendices
Relevant Extracts from Government Guidelines on Tender Procedure
Problems Associated with Selection Methods of Procurement
World Bank Operational Directives on Methods of Tendering
- PSB 003 - Procurement Planning** containing:
Introduction to Procurement Planning
Procurement Planning and the Procurement Process
Procurement Planning in Government Agencies
Some Guidelines for Preparing the Procurement Plan
Appendices- Procurement Master Plan, Public Finance Circular FIN 358(4), Tender Monitoring System
- PSB 004- Preparing the Bidding document**
Introduction – The Rationale for Public Procurement
Purpose of Public Tendering
Purpose of the Bidding Document
Essential Features of Bidding Documents
Elements of Bidding Documents
Invitation to Bid/Tender Notice & Bid Data Sheet
Instructions to Bidders
Bid/Tender Form
Bid Bond & Performance Bond
Conditions of Contract
Terms of Payment

References on Preparation of Bidding Documents
Extracts From Guidelines on Gov. Tender Procedures
Problems associated with Bidding Documents

PSB 005 - Prequalification of Bidders containing:
Introduction to Prequalification
Prequalification Documents
Assessment of Prequalification Applications
Illustrative Scoring System
Sample P/Q invitation Documents, Forms to Accompany Application
General Information Provided by Employer
Problems in P/Q of Bidders
Problems in Post Qualification of Bidders
Specimen P/Q Questionnaire
Relevant Extracts from Guidelines on Government Tender Procedure

PSB 006 - Bid Opening containing:
Introduction
Receiving Bids
Extension of Bid Validity
Clarification or Alteration of Bids
Confidentiality of Procedures
Appendices – Example Bid Opening (Works), (Equipment), Relevant
Extracts from Guidelines on Government Tender Procedure, Problems in
Bid opening, Records of Bid Opening

PSB 007 - Bid Evaluation containing:
Introduction
Tools for Tender Evaluation
Collection of Tender Information
Determination of Substantial Responsiveness of Tenders
Detailed Evaluation of Tenders
Determination of the Lowest Evaluated Substantially Responsive Tender
Preparation of Tender Evaluation Report
Appendices

PSB 008 – Writing Evaluation Reports containing:
Introduction
Review of Tender Evaluation Procedure
Review of Domestic Preference in Tender Comparison
Preparation of Tender Evaluation Report
Example Table of Contents; Supply; Civil Works; Technical Proposal;
Financial Proposal
Summary and Conclusions
References

Appendices; Basic Data Sheet; Record of Tender opening; table of Tenderers & Tender Prices- Civil Works Contract, Supply Contract; Tables of Substantive Responsiveness of Tenders; Table of Salient Features of Tenders- Commercial, Technical; Table of Tender Prices Comparison- Supply Contract, Civil Contract

PSB 009 – Award of Contracts containing:
Introduction
Preparation of the Contract Document
Implementation of the Contract
Securing Contract Performance
Settlement of Disputes
Contracts for Works
Appendices- UNCITRAL Arbitration Rules; Articles Relevant to FIDIC

PSB 010-Yet to be Published

PSB 011 – Goods Procurement containing:
Introduction
Planning the Procurement
Writing Equipment Specifications
The Bidding Documents
Bid Opening
Instruments for Tender Evaluation
Bid evaluation
Pre-qualification and Post-qualification
Award of Contract
Writing the Evaluation Report
Appendices- Basic Data Sheet; Record of Bid Opening; Table of Bidders and Bid Prices(Supply Contract); Tables of Substantive Responsiveness of Bids; Table of salient Features of Bids- Technical; Table of Bid Price Comparison (Supply Contract)
Example- Micro Computer Tender

PSB 012 - Works Procurement containing:
Introduction
Planning the Procurement
Pre-qualification of Bidders
The Bidding Document
Bid Opening
Instruments for Tender Evaluation
Bid Evaluation
Award of Contract
Writing the Evaluation Report
Appendices- Sample Forms for Writing Evaluation Report; Sample P/Q Invitation Documents(ADB); General Information Provided by Employer

Guidelines on Procurement under JBIC ODA Loans

This Publication by Japan Bank for International Cooperation dated October 1999 sets forth the general rules to be followed by Borrowers of JBIC in carrying out the procurement of goods and services for a development project which is financed in whole or in part by ODA JBIC loans.

It contains:

In Part I General:

- Introduction
- International Competitive Bidding
- Procedures other than International Competitive Bidding
- Eligibility
- Mis-Procurement

In Part II Under International Competitive Bidding

- Type and Size of Contract
- Advertising and Pre-qualification
- Bidding Documents
- Opening of Bids, Evaluation and Award of Contract

Annex I Factors to be Evaluated in Pre-qualification (Sample)

Handbook for Procurement under JBIC ODA Loans Employment of Consultants and Procurement of Goods and Services

This publication by the Procurement Policy and Supervision Division of the Project Development Department of Japan Bank for International Cooperation dated January 2000, has been prepared to give the Borrower of JBIC ODA Loans a better understanding for Application and Interpretation of the General Principles and Procedures stipulated in Consultant Guidelines and Procurement Guidelines. The Handbook contains every section of the two guidelines, which is supplemented by notes explaining application and interpretation of each section.

The handbook contains:

In Chapter 1- Employment of Consultants:

- Part 1 – General
- Part II – Consulting Services
- Part III- Selection Procedures
- Part IV – Contract
- Annex 1- Terms of Reference
- Annex II – Short List of Consultants
- Annex III- Letter of Invitation (Sample)
- Annex IV – Summary Evaluation Sheet (Sample)

In Chapter 2 – Procurement of Goods and Services

- Part I – General
- Part II – International Competitive Bidding (ICB)
- Annex I – Factors to be Evaluated in Pre- qualification (Sample)

Guidelines for Employment of Consultants under JBIC ODA Loans

This publication by the Japan Bank for International Cooperation dated October 1999 has recognized that most Borrowers require assistance of Consultants for the efficient and proper preparation and implementation of projects financed in whole or in part by JBIC ODA loans.

This has been therefore prepared as guidelines for the purpose to indicate JBIC views as to the proper selection and employment of Consultants and the full utilization of Consultants' expertise, and to ensure their impartiality, and in addition to set forth general rules to be followed by Borrowers in their use of Consultants.

How these guidelines will apply to a particular project financed by JBIC ODA Loans will be stipulated in the Loan Agreement between JBIC and the Borrower.

It contains in Part I: General Section on Introduction

- Need for Employment of a Consultant
- Responsibilities of Borrower in Selection of a Consultant
- JBIC 's Files on Consultants

In Part II on Consulting Services it has Sections on:

- Types of Assignment
- Responsibilities of Consultants
- Competence of Consultants; Impartiality of Consultants
- Types of Consultants; Eligibility
- Monitoring by JBIC

In Part III on Selection Procedure it has Sections on:

- General
- Mis-procurement
- Preparation of Terms of Reference
- Preparation of Shortlist of Consultants
- Preparation of Letter of Invitation
- Sending of the Letter of Invitation to Consultants
- Evaluation of Proposals; Contract Negotiations
- Informing Unsuccessful Consultants

In Part IV on Contract it contains Sections on:

- General
- Scope of the Project and of the Consulting Service
- Duration of Contract; Conditions Relating to Validity of Contract
- Responsibilities of the Parties
- Contract Amount; Description of Consultants Costs and Fees
- Currency in which the Costs and Fees are to be expressed
- Conditions and Method of Payment
- Ownership and Disposal of Equipment
- Services to be provided by the Borrower
- Privileges and immunities of the Consultant
- Serious Hindrances
- Reports; Copyrights; Modifications
- Force Majeure; Termination; Settlements of Disputes
- Applicable Laws; Language

Annex 1 - Description on framing Terms of Reference

Annex II - Table for Short Listing Consultants

Annex III- Sample Letter of Invitation

Annex IV- Sample Summary Evaluation Sheet

Financial Management Guidelines
Volume 1
Part C: Foreign Aid Guidelines

This publication by the Department of External Resources of the Ministry of Finance and Planning, was brought out in 1999 as a part of the Government's actions regarding the need to revise the Government Financial Regulations in the light of current developments. The main objective of preparing these guidelines is to make the regulations user-friendly and to facilitate easy reference and compliance.

It has been stated that these guidelines are laid down by Government to carry out financial transactions in an orderly manner and are not intended to be an obstruction to the Government's development programs. When followed properly they should help reduce delays.

The Volume 1, Part C: Foreign Aid Guidelines contains the following chapters:

Chapter 1- General Aspects of Foreign Aid

Chapter 2 – Procedure for Obtaining Foreign Aid for Projects

Chapter 3 – Project Implementation Management

Chapter 4 – Foreign Aid Accounting

Chapter 5 – Overseas Training & Ancillary functions

Financial Management Guidelines Volume III

The Volume III Government Accounting Guidelines, Part A contains the Regulatory and Institutional Framework.

It has Chapters on the Following:

Chapter 1 – Constitutional Provision and Parliamentary Control

Chapter 2 – Objectives and Functions of the Ministry of Finance and the Treasury

Chapter 3 – Preparation of Revenue and Expenditure Estimates

Chapter 4 – Appropriation Act and Issue of Warrants

Chapter 5 – Responsibilities of Chief Accounting Officers and Accounting Officers

Chapter 6 – Delegation of Authority for Revenue and Expenditure

Public Finance Circular No Fin 358(4)

This circular is titled - '**Enhancing the Effectiveness of Procurement Procedures and Strengthening Procurement Capacity – Introduction of a Tender Monitoring System**

It has been issued by the Department of Public Finance, General Treasury, Colombo 01, under number Fin.1076-260-164, dated 1999.11.29.

It has been addressed to: All Secretaries of Ministries, Chief Secretaries of Provincial Councils, Heads of Departments, Chairman of Corporations, Boards, Statutory Bodies, Chairman and Members of Permanent Cabinet Appointed Tender Boards.

This circular introduces a systematic Tender Monitoring System (TMS) to be adopted by all line Ministries, Executing Agencies and Project Officers in order to improve Procurement System and Procedure.

The TMS is designed to ensure the completion of the Tendering Process and the award of Contracts for the procurement of Consultancy Services, Civil Works, Machinery and Equipment, Goods and Services in a timely manner while monitoring the progress of the individual tenders and the performance of Technical Evaluation Committees (TEC), Tender Boards and Implementing Agencies.

It has details on:

- Procurement Planning Meeting Reporting

A suite of documents has been developed in this regard, which are attached to the circular as annexures. These annexures are respectively:

- Tender Monitoring System
- The Procurement Planning Meeting
- Procurement Activity Schedule
- The Contract Award Process
- Timeframe Guide 1
- Pre-procurement Activities

Public Finance Circular No FIN 358(5)

This circular is titled: - **'Enhancing the Effectiveness of Procedures to Expedite the Implementation of Development Projects'**

It has been issued by the Department of Public Finance, General Treasury, Colombo 1, under number FIN 1076-260-164, dated 06. 09. 2002.

It has been addressed to all Secretaries of Ministries, Chief Secretaries of Provincial Councils, Heads of Departments, Chairman of State Corporations, Statutory Boards, Government Owned Companies, Heads of local Authorities.

By this circular the identified rules, regulations, processes, and procedures that inhibit expeditious implementation of projects that were contained in the Guidelines on Government Tender procedure, have been suitably amended to obtain better results.

It contains new guidelines on:

- Cabinet Appointed Tender Boards
- Cabinet Approval
- Procurement Planning Meeting
- Authority Limits for Projects Funded by Consolidated Fund
- Payment to Members of TECC
- Procurement of Vehicles for Foreign Funded Projects
- Payment to Officers Performing Project Works

In addition it has the following annexes:

- Annex I - Standard form to 'Request for Appointment of CATB and TEC
- Annex II - Summary of Responsibilities that should be Delegated to the Project Directors by the Secretary
- Annex III - Recruitment and Performance Monitoring of Project Directors
- Annex IV - Authority Limits for Projects Funded by Consolidated Fund
- Annex V - Payments for Evaluation of Tenders (Consolidated Fund)

**Japan Bank for International Corporation
General Terms and Conditions for ODA Loans
Publication dated October 1999**

The purpose of this publication is to set forth the Terms and Conditions generally applicable to ODA Loans provided by JBIC.

If any provision of the General Terms and Conditions is inconsistent with any provision of the Loan Agreement, of which the General Terms and Conditions constitute an integral part, or with any provision of the Guarantee, if any, such provision of the Loan Agreement or the Guarantee shall govern.

This publication contains the following Articles:

- Article I - Introduction: Inconsistency
- Article II - Definitions: Reference to Articles and Sections: Headings
- Article III - Loan: Repayment: Interest: Overdue Charge: Method of Payment: Currency
- Article IV - Bank Review and Mis-procurement
- Article V - Disbursements
- Article VI - Remedies: Failure to Exercise Rights: Non-Exemption: Non-Discrimination: Negative Pledge: Administration
- Article VII - Guarantee for Loan
- Article VIII - Arbitration
- Article IX - Applicable Laws: Taxes and Expenses: Notices and Requests: Execution
- Article X - Effectiveness and Termination of Loan Agreement

Japan Bank for International Cooperation Commitment Procedure for ODA Loans – October 1999

This publication by JBIC dated October 1999 sets out the commitment procedure applicable to ODA Loans provided by JBIC regarding payment for goods and services by the Borrower as follows:

Payments for goods and services arranged under a commercial Letter of Credit, where a commercial bank operating in a supplier's country makes payment to the supplier against documents specified in the Letter of Credit and reimburses itself from funds made available by the purchaser through its bank

When such payment to the supplier is eligible for financing under a JBIC Loan, the purchaser may provide in the Letter of Credit issued by a designated foreign exchange bank that the supplier's bank will reimburse itself from a designated Japanese foreign exchange bank in Tokyo

The Japanese foreign exchange bank will obtain the funds for reimbursement from JBIC under an assurance in the form of a Letter of Commitment from JBIC to the Japanese foreign exchange bank whereby JBIC undertakes to disburse on certain conditions the amount to be paid by the Japanese foreign exchange bank under and in accordance with the specified irrevocable Letter of Credit

This document has the following information:

Section 1 - Introduction

Section 2 - Issuance of the Letter of Credit and the Letter of Commitment

Section 3 - Disbursement

Section 4 - Contract in a currency other than Japanese Yen

Section 5 - Other details

Form JBIC-LC1 - Irrevocable Letter of Credit

Form JBIC-LC2 - Irrevocable Letter of Credit

Form JBIC-LOC - Letter of Commitment

Form JBIC-RFD(1) - Request for Disbursement (1)

Form JBIC-RFD(2) - Request for Disbursement (2) – US \$

Commitment Procedure LC Issue & Disbursements

1) Application for LC Opening

- sent by the I A to a Designated Local Bank
- *The Conditions in LC should Strictly Conform to the Contract*

2) Instruction of LC Opening

- Designated Bank issues LC subject to BOTM receiving L/Com from JBIC

3) Request for L/Com

- A request for issuance of L/Com is sent to JBIC by the BOTM

4) Issuance of L/Com

- Letter of Commitment issued by JBIC after scrutiny of Conditions in Contract.
- Clarifications on discrepancies sought via BOTM and Designated Bank*

5) LC and L/Com is issued

- Letter of Credit and Letter of Commitment is sent to Negotiating Bank

6) LC and L/com is issued

- The LC documents are issued to the Supplier

7) Payment Request Documents

- Documents sent to Bank must conform to contract payment terms

- *Documents to be in conformity to Contract Payment Terms*

8) Payment Request Documents

- The Payment Request Documents are sent to the BOTM

9) A request for Disbursement is Made

- on Securitization of Payment Request documents

10) Disbursement is Made

- Disbursement is made from JBIC to BOTM based on LC, L/Com

11) Notice of Disbursement is Issued

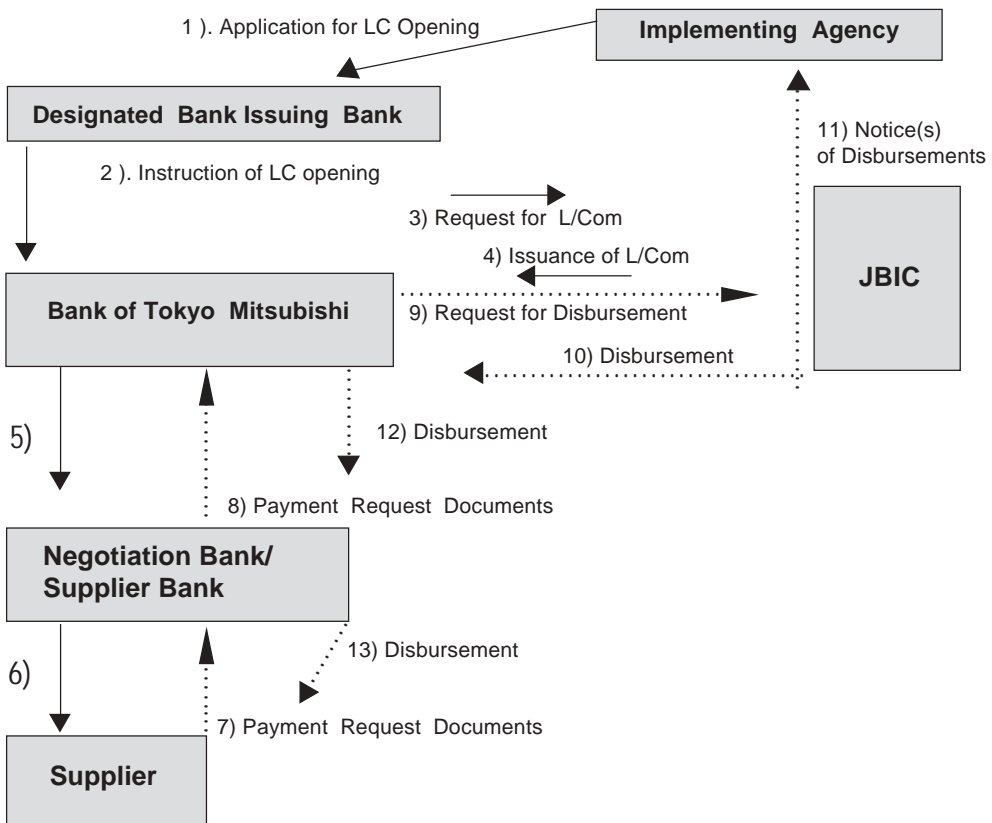
- and sent to Executing Agency, Central Bank and ERD

12) Payment is made from BOTM to Negotiation Bank

- BOTM releases payment to the Negotiation Bank

13) Payment is made to the Supplier

- Payment are made to the Supplier by the Negotiating Bank



Japan Bank for International Cooperation Reimbursement Procedure for ODA Loans – October 1999

This publication by JBIC sets out the reimbursement procedure for ODA Loans provided by JBIC. The procedure is to be followed in cases where expenditures eligible for JBIC financing have already been incurred.

The publication contains:

- The details relating to eligibility, procedure for the request for reimbursement
- The service charge, timing and method of transfer of funds
- The procedure relating to the currency for transfer

Form JBIC – RFR - Request for Reimbursement

Form JBIC – SSP - Summary Sheet of Payments

Reimbursement Procedure- Disbursements

1) Request for Budget Allocation

- I A via respective Ministry requests for Consolidated Fund Allocation
- Adequate attention not paid at times to meet this requirement

2) Budget makes provisions and allocations are made

- The Treasury makes the allocations
- Under Emergency Situations other provisions may be made available

3) Payment Request is Made

- An invoice is submitted or other request made as per contract conditions

4) Payment is Made

- to the supplier by the I A with Consolidated Fund Allocations

5) A Request for re-impbursement is made

- as per Loan Agreement is sent by the Implementing Agency (IA) for official authorization by the Borrower (ERD)

6) Request for re-impbursement is made

- with due authorization by ERD to JBIC

7) Disbursement

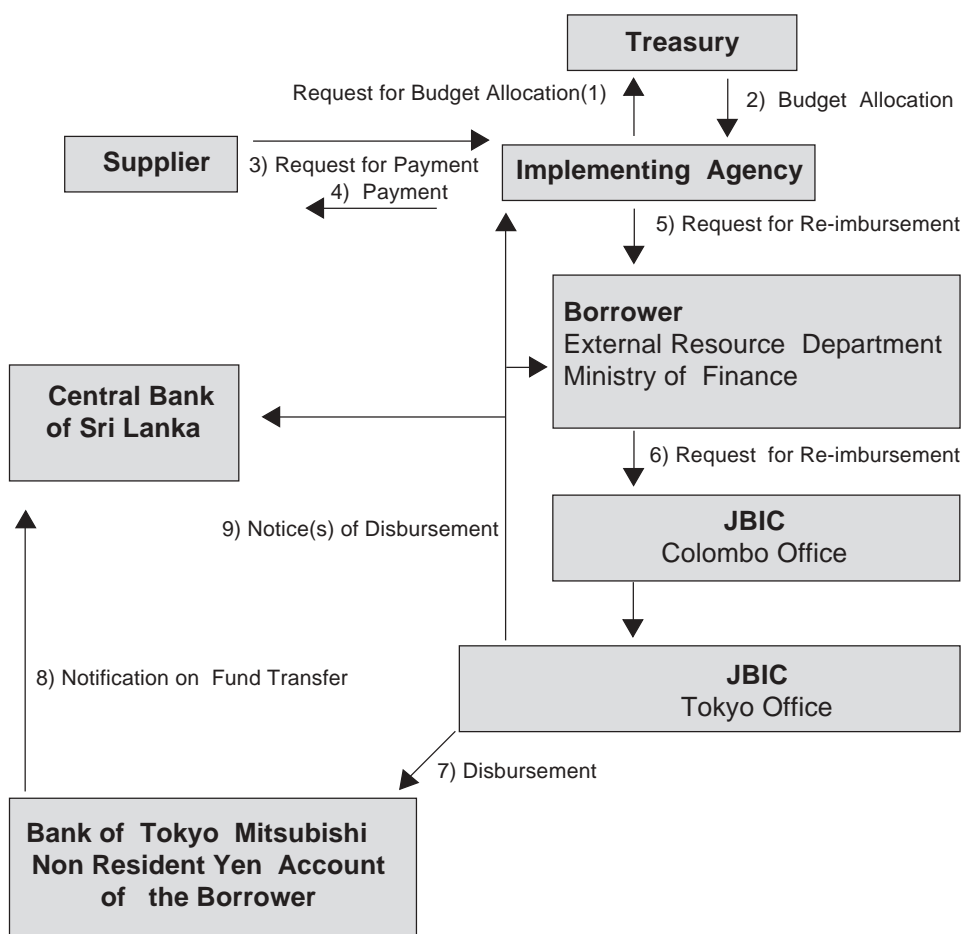
- Disbursement is made by JBIC and credited to BOTM
- Documents sent by courier to JBIC Tokyo

8) Notification of Fund Transfer

- is made for transfer of funds to the non resident Yen Account

9) Notice of Disbursement is forwarded

- via Colombo Office to Central Bank, ERD and I A



Japan Bank for International Cooperation Special Account Procedure for ODA Loans – October 1999

This publication by JBIC dated October 1999 contains details relating to operating a Special Account Procedure for ODA Loans provided by JBIC.

This Special Account Procedure provides for an initial disbursement from the JBIC Loan to be deposited in a special account opened by the Borrower and maintained in a bank from which payments for eligible expenditures are made. The Special Account is replenished by sending request for replenishment.

This document sets out the details relating to:

Opening the Account

Currency related matters and provisions in Loan Agreement

Service Charge

Procedure for funds transfer

Requests for replenishment

Currency for replenishment

Procedure for replenishment

Documentation to be maintained

Form JBIC-RID - Request form for initial disbursement

Form JBIC-RMP - Request form for replenishment

Form JBIC-SSP - Summary Sheet of Payments

Special Account Procedure

1&2) Request for Initial Deposit is made

- in conformity to loan conditions

3) Initial Deposit is Made Via BOTM to the Central Bank

- as per loan agreement, and correspondingly charged to the loan

4) Initial Deposit is Transferred

- Borrower from the Central Bank to the Agency Bank (NDB)

5) Request for Payment is Made

- by the suppliers to the Agency Bank

6) Payment is Made

- Payment is made to the suppliers

7) Request for Replenishment is Made

- along with summary sheet of payment

8) Request for Replenishment is Made

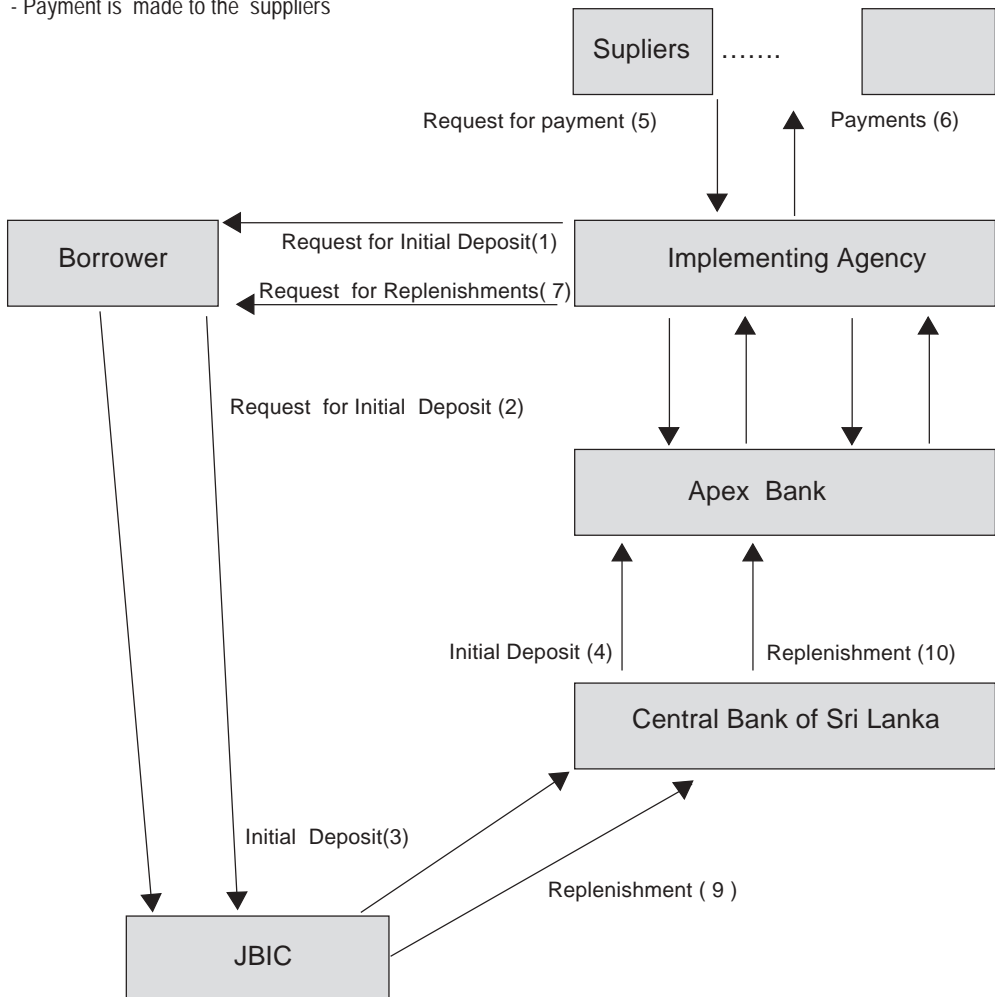
- along with summary sheet of payment

9) Replenishment is made

- after with proportionate recovery of the initial deposit

10) Replenishment is made

- Replenished amounts are transferred to the Apex Bank.



Sample Documents for Selection of Consultants under JBIC ODA Loans

This document published by Japan Bank for International Cooperation dated March 2000, has been prepared for Executing Agencies to use in the employment of Consultants through short-list method. The use of these documents are encouraged by JBIC as the procedures and practices they incorporate have been developed through broad international practice and experience, and they comply with Guidelines for selection of consultants under JBIC ODA Loans.

In this document there is information on:

Section 1 - Sample Letter of Invitation

Section 2 - Information to Consultants

Section 3 - Sample Form of Contract

- i. Form of Contract
- ii. General Conditions of Contract
- iii. Special Conditions of Contract
- iv. Appendices

Section 4 - Terms of Reference

Section 5 - Technical Proposal – Sample Forms

Section 6 - Financial Proposal – Sample Forms

Section 7 - List of Eligible Source Countries of JBIC ODA Loans

Sample Bidding Document under JBIC ODA Loans Procurement of Civil Works – Smaller Contracts

This Publication by the Japan Bank for International Cooperation published in March 2000 has been prepared for Executing Agencies to use in the procurement of civil works for ‘smaller’ contracts – valued at generally less than US \$ 10 million – by international competitive bidding (ICB). These documents may also be adapted to local competitive bidding (LCB). However, substantive changes to adapt to LCB are generally necessary in the Instruction to Bidders and the Conditions of Contract. Their use is encouraged as the procedures and practices they incorporate have been developed through broad international experience and practice and they comply with the Procurement Guidelines of JBIC ODA Loans.

In this document there is information on:

Section 1 -	Notes on Instruction to Bidders Table of Clauses
Section 2 -	Notes on Conditions of Contract Table of Clauses
Section 3 -	Contract Data
Section 4 -	Technical Specifications Notes for Preparing Specifications
Section 5 -	Forms of Bid Qualification Information Letter of Acceptance
Section 6 -	Bill of Quantities Notes on Bill of Quantities
Section 7 -	Form of Agreement Notes on Sample Form of Agreement
Section 8 -	Security Forms Notes on Forms of Security Annex A Form: Bid Security (Bank Guarantee) Annex B Form: Performance Security (Bank Guarantee) Annex C Form: Bank Guarantee for Advance Payment
Section 9 -	Drawings Notes on Drawings
Section 10 -	List of Eligible Source Countries of JBIC ODA Loans

Sample Bidding Documents under JBIC ODA Loans Procurement of Civil Works

This document published by the Japan Bank for International Cooperation in November 1999 has been prepared for Executing Agencies to use in the procurement for Civil Works for large or complex projects through international competitive bidding (ICB). Their use is encouraged as the procedures and practices they convey have been developed through broad international experience and they comply with Procurement Guidelines of JBIC ODA Loans.

In this document there is information on:

- Section 1 - Instruction to Bidders
- Section 2 - Part 1 : General Conditions
- Section 3 - Part11: Conditions of Particular Application
- Section 4 - Technical Specifications
- Section 5 - Forms of Bid, Appendix, Bid Security and List of Eligible Countries of JBIC ODA Loans
- Section 6 - Bill of Quantities
- Section 7 - Sample Form of Agreement
- Section 8 - Sample Form of Securities
- Section 9 - Schedules of Supplementary Information
- Section 10 - Drawings
- Section 11 - Dispute Adjudication Procedure

Notes and Additional Clauses to Section 3

**Evaluation Guide for Pre-Qualification and Bidding under JBIC
ODA Loans
Procurement of Goods and Services
(except Consulting Services)**

This document published by the Japan Bank for International Cooperation in June 2000 is intended to assist the Borrower in the evaluation of pre-qualifications and bids procured through International Competitive Bidding (ICB) as well as bids through Limited International Bidding (LIB). It should also prove useful with appropriate modifications, to the Borrower for bid evaluation under Local Competitive Bidding (LCB) procedures. Its use is encouraged as the procedures it incorporates have been developed through broad international experience and practice and it complies with *Procurement Guidelines*. In case of ambiguities or discrepancies between this Evaluation Guide and the provisions of the Loan Agreement or the Bidding Documents the latter prevail over the Evaluation Guide.

In this document there is information on:

- | | |
|-------------|--------------------------------------|
| Section I | - Evaluation Principles |
| Section II | - Pre-qualification Evaluation |
| Section III | - Bid Evaluation Guide |
| | General: Bid Evaluation Procedure |
| Annex I | - Bid Evaluation Report Sample Forms |
| Annex II | - Bid Opening Check List |
| Annex III | - Preliminary Examination |
| Annex IV | - Bid Evaluation Summary Check List |

Sample Pre-qualification Documents under JBIC ODA Loans Procurement of Works, Major Equipment, Industrial Installations and Turnkey Contracts – November 1999

This Document published by JBIC in November 1999 has been prepared for Executing Agencies to use in the Procurement of large or complex works, custom designed or heavy equipment, industrial plant, design-build and turnkey contracts through International Competitive Bidding (ICB). Their use is encouraged as the procedures and practices they incorporate have been developed through broad international experience and practice and they comply with the Procurement Guidelines of JBIC ODA Loans.

This Document Contains sections on:

- Instructions
- Invitation for Pre-qualification
- Instruction to Applicants
- Letter of Application
- General Information (Form 1)
- General Experience Record (Form 2)
- Joint Venture Summary (Form 2a)
- Joint Venture Agreement (Form 2b)
- Particular Experience Record (Form 3)
- Details of Contracts of Similar Nature and Complexity (Form 3a)
- Summary Sheet: Current Contract Commitments/Works in Progress (Form 4)
- Personnel Capabilities (Form 5)
- Candidate Summary (Form 5a)
- Equipment Capabilities (Form 6)
- Financial Capability (Form 7)
- Litigation History (Form 8)
- List of Eligible Countries of JBIC ODA Loans