

## *APPENDIX A*

### CODE OF CONDUCT

## CODE OF CONDUCT

NB. See also Chapter Two, section 5.4xx

### Value for Money

The drive for improved value for money (VFM) must not compromise standards of conduct. Indeed, VFM will be fostered by good practice. For example, if you are known as a strictly ethical purchaser you are likely to deal with ethical suppliers. **It is of the utmost importance that the integrity of the GOI as a whole should not only be maintained but should be seen to be maintained.**

### Disclosure of Interest

The basic rule is that if you have any form of personal interest, it should be disclosed to your line management. For example, in procurement where the bid process involves a relative, friend or private business associate, line managers should be informed immediately. Such disclosure should be recorded and managers must decide if another member of staff should deal with the matter or seek further advice.

### Gifts and Hospitality

The basic rule is that no gift or money should be accepted. It is noted that the offer of small gifts and hospitality is an accepted part of commercial life and thus, care must be taken not to offend or damage relationships when explaining that acceptance is contrary to government rules. Offers of gifts should be recorded and reported to line management. The only exception to the basic rule is gifts of a trivial or seasonal nature. Any attempts to undermine the honesty of staff by the offer of free gifts or any other inducements should be immediately reported to line management.

The provision of hospitality by suppliers may represent an attempt to circumvent the rules on acceptance of gifts. It is accepted however, that informal contacts created by offers of hospitality may sometimes be beneficial to mutual understanding and efficient conduct of business. Offers of hospitality may take many forms. Some of the most common are invitations to:

- working lunches and other meals;
- sporting, cultural or social events;
- the above, coupled with free transport and/or accommodation.

Modest hospitality may be accepted on isolated occasions with the agreement of line management when the usual conventions of returning hospitality in principle apply. Such hospitality should neither be so lavish nor so frequent that it may appear to have influenced a business decision in favor of a particular party or firm. As with all gifts, all hospitality offered/accepted should be recorded and reported to line management.

On the provision of free travel and accommodation, staff should be aware that accepting “free” travel or invitations to conferences or other events, especially in exotic locations, is likely to be regarded as having influenced a particular decision.

Therefore, offers of travel and accommodation should only be accepted in exceptional circumstances and then only with the prior approval of line management.

### **Confidentiality of Information**

The basic rule is that if you have commercially confidential information it must be kept confidential and never utilized for personal gain or to prejudice fair competition in procurement.

Information on individual contracts, contract policy or procedures must not be given to the media or any other enquirer (except the individual contractor concerned), without the authority of line management. Price and other details must not be revealed in a way that enables the information to be seen as applying to the offer from a particular firm (except at public bid openings in accord with the formal arrangements). Remember that suppliers may have many different points of contact with your organization; it is important to safeguard commercially confidential information so that it is not released by others, inadvertently or otherwise.

### **Fair Dealing**

The basic rule is to be honest, fair and even-handed with suppliers. Do not mislead suppliers; do not engage in “auctions” - giving supplier A supplier B’s price to meet or beat; do not unfairly pressurize a supplier in any way. Your aim must be to show suppliers, and others, that you are at all times an impartial manager of the public funds, which are in your charge.

### **Systems and Procedures**

As emphasized above, these basic rules are reflected in the procurement and financial management systems and procedures. Ethical behaviour must be the norm and staff have a responsibility to ensure they understand clearly the systems and procedures and their responsibilities within them.

Managers have responsibility for:

- issuing instructions and guidelines to all relevant staff especially where they may be exposed to risks of fraud, corruption etc., and as regards ethical behavior generally;
- ensuring that all staff are following relevant instructions and guidelines, including the keeping of written records;
- setting appropriate levels of financial delegation, ensuring a proper separation and rotation of duties;
- establishing arrangements for the reporting of suspected unethical behavior and taking appropriate action on receipt of such reports.

Staff have responsibility for:

- following management instructions and procedural guidelines;
- keeping of proper records;
- being alert to any indications that unethical behavior has occurred and reporting to line management;

- consulting line management where specified in the manual or when in doubt.

### **Where to Seek Further Guidance**

The Bank web site gives a wide variety of reports on ethics and anti-corruption measures, addressing opportunity, motivation and incentive. The professional body, the Institute of Purchasing and Supply has a long established ethical code.

Attention is also drawn to government staff handbooks and staff terms and conditions of service.

## *APPENDIX B*

### JOB DESCRIPTIONS

## JOB DESCRIPTION

**Job Title:** Project Accountant

Project Name:

Implementing  
Agency:

Department:

Location/Station:

Date of Job  
Description:

**Context:** Under Iraqi Trust Fund (ITF) rules, the agreement requires the implementing agency to maintain an adequate financial management system, including records and accounts, and prepare financial statements to adequately reflect the operations, resources and expenditures related to the project being financed.

The Project Accountant is responsible for the accounting and financial aspects of the management of this ITF project. The project is managed by the project manager, and the project Accountant will provide all possible support to the Project Management Team (PMT) [*optional* - of which he or she is a member], in order to achieve successful implementation.

**Main Purpose of the Job:** To direct, manage and coordinate the total financial management activities of the project in strict compliance with:

- the requirements of the Loan/Grant Agreement between the Government of Iraq and the World Bank;
- the project implementation manual (PIM) for the named project and the master implementation manual (MIM) for the ITF upon which it is based;
- appropriate financial management best practice and international accounting standards;

**Organisation and Reporting** *either:*  
The project accountant provides service to the project manager and the PMT in accordance with the service level agreement reached.  
*or*  
The project accountant reports to and receives supervision from the project manager as line manager. Supervision will be given to:

Further, the project accountant will liaise with the Chief Accountant, Planning Officer, Inspector General and other officers of the implementing agency and other agencies of the GOI [but is solely responsible to the Project Manager].

**Key Responsibilities:** 1. Review the financial management organization and procedures

- applying to project receipts and payments, and ensure that ITF funds are used for the purposes intended, in an open and transparent manner; ensure the project manager is aware of risks arising from any weaknesses in the internal control system, and take steps to minimize the risks.
2. Ensure the checking on receipt and safe custody of security documents such as checkbooks, bid securities and official receipt books.
  3. Ensure that all financial documents relating to the project (cash books, ledgers, registers, payrolls, bank statements, invoices, counterfoil receipts and other vouchers) are retained by the implementing agency and are available for inspection by external auditors and ITF/Monitoring Agency personnel as they may require.
  4. Maintain a loose-leaf or computerized Asset Register showing the quantity and details of each type of asset held by the project; ensure that appropriate entries are made in the Asset Register whenever assets are acquired, moved or disposed of; ensure that assets (such as vehicles) are insured in accordance with government policy; ensure that all physical assets are independently inspected at least once a year, and that their ownership, existence and condition is checked against the Asset Register; report results of inspection to the Project Manager, ITF Administrator and Inspector General.
  5. Ensure that the project classification system is compatible with the needs of project management, the ITF, the GOI chart of accounts and IMF reporting of Government Finance Statistics, and that it is capable of clear and timely disclosure of project costs by components agreed on by the implementing agency and ITF Administrator, and operating costs analyzed in enough detail to provide control of incremental budget expenditure. It should provide the basis for all claims for withdrawal from the ITF.
  6. Ensure that the annual budget for the project is prepared in accordance with the requirements of the Government of Iraq, including the particular requirements of the Ministry of Finance and Ministry of Planning and Development Cooperation, as well as the Iraqi Strategic Review Board and the ITF Administrator.
  7. Initiate requests and provide justification for variations of the authorized project budget where this appears necessary.
  8. Determine what assistance will be provided to the project in kind (non-cash), and set up procedures to capture data on its cost and include its cost in the accounts.
  9. Ensure that all contracts and other commitments of ITF funds are promptly entered in a running commitment control record so that the uncommitted/ unspent balance on each activity and line item is readily known at any time.
  10. With the approval of the Project Manager and Ministry of

- Finance, open bank accounts as necessary.
11. Jointly with the Project Manager (or as authorized by the head of the implementing agency), sign checks for payment where the payment process has been fully and satisfactorily completed.
  12. Jointly with the Project Manager, authorize payroll changes (additions and subtractions) where these are legitimate.
  13. Independently verify all payroll calculations.
  14. Maintain a Receipts Cash Book and a Payments Cash Book, ensuring that they are written up daily with the details of receipts and payments.
  15. Maintain a General Ledger, and a Subsidiary Ledger for each project component, and ensure subsidiary ledgers remain in agreement in total with the respective accounts in the General Ledger, and that the General Ledger is in overall balance.
  16. At least monthly, for each bank account operated by the project, ensure that a bank reconciliation is made and that differences are followed up and satisfactorily explained; attach copies of the bank reconciliation statement to withdrawal applications and Financial Monitoring Reports.
  17. Investigate any significant variances between the budget allocations and actual expenditures that are due to financial causes such as variation in prices or in the timing of payments; include the results of this analysis in the Financial Monitoring Report each quarter.
  18. Have quarterly Financial Monitoring Reports (all four statements for each FMR) prepared, co-signed by the Project Manager, and sent to the implementing agency Chief Accountant, Monitoring Agent, ITF Administrator, MoPDC and MoF within 45 days of the end of each quarter.
  19. Prepare Withdrawal Applications and submit them as necessary to the Monitoring Agent and ITF Administrator, and follow them up to ensure receipt of funds.
  20. Prepare annual financial statements of the project within six months of the end of the financial year according to accounting standards acceptable to the ITF, and submit them through the Project Manager to the Chief Accountant of the implementing agency, Monitoring Agent, ITF Administrator, MoPDC and MOF.
  21. Assist the ITF Administrator in the selection of external auditors who can apply International Standards of Auditing; cooperate with external auditors in the course of their audit; respond to the Project Manager, ITF Administrator and Inspector General on any queries raised or criticisms made by the external auditors, and ensure that errors and weaknesses rectified.

**Qualifications**

The Project Accountant should have a degree, a professional accounting qualification (such as ACCA, CPA), and at least 5 years of post-qualification experience preferably including responsibility for the financial and accounting operations of a public sector agency. Knowledge of World Bank and Government of Iraq procedures will also be advantageous.

Language: Should be fluent in both Arabic and English.

**Period of Assignment**

The vacancy is immediate, and is for an expected period of xx years, on an annual renewable contract. The post attaches to the project and ceases on project completion.

## JOB DESCRIPTION

**Job Title:** Project Procurement Manager

Project Name:

Implementing  
Agency:

Department:

Location/Station:

Date of Job  
Description:

**Context:** Under Iraqi Trust Fund (ITF) rules, the agreement requires the implementing agency to conduct free, fair and transparent procurement, complying with the basic norms of economy, efficiency and acceptable market and trade practices, providing equal opportunity for all qualified, eligible bidders to compete

The Project Procurement Manager is responsible for the procurement aspects of the management of this ITF project. The project is managed by the project manager, and the Procurement manager will provide all possible support to the Project Management Team (PMT) [*optional* - of which he or she is a member], in order to achieve successful implementation.

**Main Purpose of the Job:** To direct, manage and coordinate the total procurement activities of the project in strict compliance with:

- the requirements of the Loan/Grant Agreement between the Government of Iraq and the World Bank;
- the project implementation manual (PIM) for the named project and the master implementation manual (MIM) for the ITF upon which it is based;
- World Bank procurement guidelines
- appropriate procurement best practice and international standards.

**Organisation and Reporting** *either:*  
The procurement manager will provides service to the project manager and the PMT in accordance with the service level agreement reached.

*or*  
The procurement manager reports to and receives supervision from the project manager as line manager. Supervision will be given to:

Further, the procurement manager will liaise with the project accountant and other officers of the implementing agency and other

agencies of the GOI [but is solely responsible to the Project Manager].

## Key Responsibilities:

Planning	<ul style="list-style-type: none"><li>▪ Assess and review the overall project procurement plan for the year.</li><li>▪ Forward plan procurement tasks allocating resources as required meeting known requirements of the project.</li><li>▪ Forward plan the acquisition/engagement of procurement resource for the procurement section of the PMT</li></ul>
Financial	Prepare cost budgets and forecasts of the procurement section, report on trends, variances, vulnerabilities and risk areas.
Tasks	<ul style="list-style-type: none"><li>▪ Assess prepared solicitation documents, bid evaluation reports and draft contracts when required;</li><li>▪ Oversee contract administration;</li><li>▪ Direct negotiations with suppliers;</li><li>▪ Monitor supplier performance and record and report poor supplier contract performance;</li><li>▪ Authorize invoices for payment when required in accordance with contract terms, implementing agency finance procedures and government legal requirements.</li><li>▪ Consider and address general procurement issues raised by the implementing agency Approvals Committee, identify solutions to rectify difficulties in the system and procedures used by the project or discuss with the Office of Government Public Contract Policy.</li><li>▪ Provide clear and consistent direction to the procurement section on issues of procurement policy and practices.</li></ul>
Management	<ul style="list-style-type: none"><li>▪ Deploy good interpersonal skills to assist in the achievement of a high level of interdepartmental liaison and co-operation in order to achieve efficient operations of the procurement section;</li><li>▪ Coach and mentor procurement staff;</li><li>▪ Assess and resolve complaints, record and identify any trends;</li><li>▪ Encourage and facilitate training and development of staff in order to enhance the experience and standard of procurement staff.</li><li>▪ Determine the resources necessary to deliver the procurement service effectively</li><li>▪ Manage the Procurement Section assessing the abilities, setting targets and monitoring the performance, identifying and meeting their training needs;</li><li>▪ Ensure that plans of action, targets and reviews for each member of staff are in place to regularly monitor their progression and development;</li><li>▪ Contribute fully to maintaining effective teamwork and discipline in the procurement section to promote sound working relationships and productivity.</li></ul>
Quality	<ul style="list-style-type: none"><li>▪ Ensure the suitability, accuracy and correctness of all documents produced and issued in accordance with legal requirements, the</li></ul>

Loan/Grant Agreement, good procurement practice and current public procurement procedures.

- Set appropriate quality benchmarks.
- Ensure the project approvals procedures are complied with.

**Qualifications:**

The procurement manager should have a degree in a relevant subject area, an appropriate professional qualification and at least 10 years of experience commercial procurement including, preferably:

- Experienced and accomplished procurement practitioner in goods, services and works contracts;
- Familiarity with procurement procedures relating to donor funded procurement;
- Familiarity with procurement related banking mechanisms and international payments;
- Practiced and proficient manager and motivator of staff;
- High proficiency in the use of computer applications in the work place

Language: Should be fluent in both Arabic and English.

**Period of Assignment:** The vacancy is immediate, and is for an expected period of xx years, on an annual renewable contract. The post attaches to the project and ceases on project completion.

## ROLE OF THE PROCUREMENT SECTION

### Purpose

The purpose of the procurement function is to manage, coordinate and process all procurement requirements of the project on behalf of the implementing agency in accordance with the requirements of the ITF using Bank procurement guidelines. The procurement requirements of projects will vary but may include the procurement of goods and works and the selection of consultants.

### Functions

Those involved with procurement will normally perform the following functions:

- receive and critically review procurement requests received ensuring all necessary project approvals have been obtained;
- recommend the appropriate procurement methods for each procurement requirement;
- plan the procurement activity for each individual procurement requirement;
- prepare or check statements of requirements (i.e. terms of reference, specifications etc) and seeking technical advice and guidance from the appropriate qualified personnel;
- advertise bid opportunities and pre-qualification submissions;
- prepare bidding, shopping or request for proposal documents
- issue of bidding, shopping or request for proposal documents once approved;
- prepare and issue pre-qualification and solicitation documents and any amendments ;
- administer the process of bidding document clarification requests received from bidders;
- manage pre-bid meetings;
- record the receipt of bids maintaining security and confidentiality of bids received;
- formally secure bid closing at the exact time;
- manage the bid openings;
- decide and nominate appropriate members to evaluate bids;
- manage the bid evaluation team chosen for the evaluation or manage the process of bid evaluations and administer the process of obtaining bid clarifications from bidders;
- make recommendations for the negotiation of a contract or the award of contract;
- prepare contract documents;
- issue approved contract documentation;
- prepare any contract amendments necessary during contract administration;
- issue approved contract amendments;
- manage contract administration to ensure implementation of each contract by the supplier/contractor/provider is in accordance with the terms and conditions of the awarded contract; and
- prepare any reports required for submissions to the implementing agency, Bank or government.
- General Procurement duties
- support project planning and produce an annual overall project procurement prior to or at the commencement of the financial year reflecting the approved project budget;
- manage all individual procurement activities for the project;
- advise user departments on the status of individual procurement requests;
- act as procurement coordinator for the project;
- ensure that funding to support procurement requests is always available;

- ensure compliance with the Loan/Grant Agreement, the law and regulations (when issued);
- ensure that Standard Bidding Documents are used during each individual procurement process;
- obtain independent advice from qualified persons as may be necessary in the discharge of its functions;
- liaise with the OGPCP in respect of the barred list of suppliers; and
- scrutinise single or sole source procurement requirements;
- provide reports to the implementing agency and government on project procurement activities.
- Obtain the approval from the Approvals Committee of the implementing agency and (where required) forward for prior review to the Bank for its No Objection for the:
  - Bidding, shopping or request for proposal documents,
  - Bid Evaluation Report,
  - Contract documents and any contract amendments

### **Obligations of the Procurement Section**

In performing the above functions, the procurement team is obliged to adhere to the following:

- ensure full compliance with the provisions of the Loan/Grant Agreement, CPA Order 87 and Regulations (when issued) and best procurement practice;
- maintain a written record of all communications with bidders, other implementing agency departments and other stakeholders relating to procurement or contract administration;
- carry out all procedures and methodologies in a transparent, fair and accountable manner ensuring an audit trail to support events and decisions by maintaining comprehensive records in respect of each procurement activity; and
- to produce reports to the implementing agency and government when required on matters and issues relating to procurement or contracts commitments.

## *APPENDIX C*

### LEVELS OF AUTHORITY FRAMEWORK

## PART 1

### 1. INTRODUCTION

1.1 Through the Levels of Authority the executive formally delegates authority to other levels of management, setting out specific levels of authorization that are appropriate to all areas of procurement, financial management and decision making. This appendix sets out authorities specific to the ITF project the PMT and the ITF procurement function.

### 2. PHASES OR CATEGORIES OF FINANCIAL EXPOSURE

2.1 **Annual Budget.** The annual approved budget represents the general authority to incur capital and revenue expenditure. Budgeted approvals are for amounts specific to account expenditure codes within budget centers, which are *not transferable* to other account expenditure codes or budget centers without approval.(see section 20.4 on budget variation).

2.2 **Commitment or Exposure to Risk.** The process of making financial commitments or placing assets at risk commences long before any monetary transaction takes place. Effective control should begin when staff are about to start action or enter negotiations which may result in a contract for expenditure. This is the stage at which authority should be first sought (see section 21.6 on commitment control).

2.3 **Placing of Orders.** The bidding process or preliminary negotiations must always be followed by the placing of an order in writing. This is normally the last point at which control in the sense of avoiding, increasing or reducing a financial commitment can be exercised. All subsequent controls are directed at ensuring that appropriate authorities have already been observed [Note that a verbal communication may be deemed to be a commitment. Therefore, care must be exercised and verbal instructions must be followed up in writing].

2.4 **Authorization of Invoices.** Following delivery of assets, goods or services, an invoice or request for payment is usually received. A check is required at this point to assure that the assets, goods or services invoiced, have been delivered in accordance with the terms of the order - see 21.7 on invoice processing<sup>1</sup>.

2.5 **Effecting Payment.** Assuming that the invoice or other demand for payment has been received and checked, the next step is to arrange payment. Controls are needed to ensure that funds are available and the method of payment is appropriate [see 21.7].

2.6 **Cash Transactions.** The elements of commitment, order, and disbursement are all present in a cash transaction but are telescoped into one event. Acceptable control is exercised in the form of authorization of petty cash claims for small amounts only. GOI rules for petty cash payments, size limit, etc. should apply in ITF projects]

2.7 **Titles.** Individual job titles such as Project Manager or Project Accountant and Procurement Manager are used where appropriate. Generic titles such as head of finance

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<sup>1</sup> Where payments has been made by letter of credit, invoices should still be checked when received for correctness and accuracy to the contract and the delivery receipts from the warehouse/stores.

are used where the role has specific responsibility and/or authority. These may vary from agency to agency and may denote a grade with specific authority.

## PART 2

### 1. BUDGETED CAPITAL EXPENDITURE AND DISPOSAL OF ASSETS

#### 1.1 Budgeted Capital Expenditure

1.1.1 Except as detailed at paragraph 1.2 and 1.3 capital expenditure on behalf of the project or the entering into leases of assets with capital values equivalent to as shown must be authorized as follows:

CAPITAL VALUE	APPROVAL
Up to	
Up to	
Over	

1.1.2 In arriving at the total cost of a capital expenditure proposal, all associated costs e.g., removal of old equipment, installation of the new equipment, renovation of premises, transport, training of staff and start up costs should be taken into account.

#### 1.2 Computer Equipment and Software

1.2.1 The authority to approve capital expenditure on computer equipment and software is not delegated below the level of:

CAPITAL VALUE	AUTHORIZER

1.2.2 Any requirements for information processing equipment (including personal computers and word-processing equipment) and software should be in accord with the agency's IT strategy and be approved at the appropriate level within the IT department.

#### 1.3 Purchase and Sale of Property; Negotiation of Leases

#### 1.4 Disposal of Assets

1.4.1 Authority for disposal of assets (including swaps and part exchanges as well as sale), depends on the higher of the written-down value and the realizable proceeds. It should be authorized that there is no further economic use for the asset elsewhere. All disposals must be notified to the finance directorate.

VALUE	AUTHORIZER

### 2. BUDGETED RECURRENT/NON-CAPITAL EXPENDITURE

#### 2.1 Budgeted Recurrent Expenditure

2.1.1 Levels for the approval of non-capital/recurrent expenditure including the placing of orders; amendment of orders; and certifying invoices are:

VALUE	AUTHORIZER


## 2.2 Non-Capital Purchases of Computer Equipment and Software

2.2.1 The IT department must authorize the placing of orders for information processing equipment and software, ensuring the purchase is in accord with the IT strategy.

## 2.3 Arrangements to Engage Consultants or Other Professional Advisers

2.3.1 Expenditure on consultancy or professional advice (other than routine advice on legal and audit matters from the appointed legal advisers or external auditors), requires approval as set out above.

## 3.4 Attendance at Training Courses

## 3.5 Vacancies in Budgeted Posts

POSITION	AUTHORIZER

## 3.6 Computer Software Support and Development

WHOLE PROJECT COST	BUSINESS AUTHORIZER

## 2.7 Disposal of Non-Capital Items

2.7.1 Authority for disposal of non-capital items depends on the higher of its original cost and the realizable proceeds and the levels set out above apply. Disposals of non-capital computer equipment and software requires additional authority.

## 3. VARIATIONS TO COMMITMENTS, ORDERS AND CONTRACTS

3.1 Where a variation or amendment is required to an authorized commitment, order or contract, the level for authorization of the variation or amendment is the higher of the old and new values.

## 4. CERTIFICATION OF INVOICES

4.1 Invoices, both for capital and non-capital expenditure will be certified for payment using the same levels of authorization as detailed above . The certifier of an invoice must be different from the authorizer of the contract to which it relates.

## 5. PAYMENT TERMS

### 5.1 Standard Payment Terms

### 5.2 Variations to Standard Payment Terms

5.2.1 It is standard practice to set out the payment terms and method of payment in any contract. Where payment is to be made differently from the standard and this is written into the contract, the contract must either be approved by the Approvals Committee and the invoices may be certified at the level appropriate to their value. Where payment is to be non-standard and this has not been written into the contract, further consideration of the terms must be made by the Approvals Committee.

### 5.3 Payments without an Invoice

5.3.1 Course bookings, subscriptions and cash with order arrangements may require payments to be made without a formal invoice. In these instances authority levels one higher than those shown apply. Otherwise, payment without an authorised invoice is regarded as non-standard and must be authorised by the Approvals Committee.

## 6. POWERS OF WRITE-OFF AND WRITE-BACK

### 6.1 Write-off of Amounts

6.1.1 The levels of authority for write-offs are as follows:

WRITE-OFF	AUTHORIZER

### 6.2 Write-off of Capital Asset

6.2.1 The authority to approve the decrease in the value of a capital asset correcting a situation where a capital asset is considered to be overvalued is reserved for the head of finance directorate.

### 6.3 Powers of Write-back

6.3.1 The authority to approve the writing-back of a receipt against an amount already written off or provided for rests with the finance directorate. Similarly the finance directorate's approval is required to increase the value of an asset, correcting a situation where an asset is considered to be undervalued.

## 7. HOSPITALITY AND ENTERTAINMENT

### 7.1 Hospitality Offered at Implementing Agency Expense

7.1.1 When hospitality is to be offered outside the office (including at home), approval in principle, i.e., not necessarily for each occasion, is required from the project manager.

7.1.2 The project manager must submit a monthly return to the project board of all expenses personally claimed from office in respect of hospitality and entertainment. The return should distinguish between entertaining staff and entertaining external contacts.

## 8. Register of Offers of Gifts and Entertainment to PMT Staff

8.2.1 The PMT shall maintain a register of offers of gifts or entertainment made to the staff together with a record of the responses made. Reference should be made to the Purchasing Ethics and Controls, Appendix of the manual and to any rules of conduct set out in the implementing agency staff handbook for guidance on acceptance of gifts and hospitality.

**9. FOREIGN TRAVEL BY STAFF OR CONSULTANTS**

9.1 The authority level for approval is determined by whether the planned trip conforms to the implementing agency guidelines on short visits (foreign travel) the cost of the fare and the grade of traveler:

PLANNED TRIP	AUTHORIZER
Complies with Guidelines:	
Departs from Guidelines:	

**10. CLAIMS FOR REIMBURSEMENT OF EXPENSES**

10.1 No self-authorization of expense claims is permitted nor is authorization permitted by any staff member who traveled with or shared expenses with the claimant. All claims must be properly evidenced, where possible by invoices/receipts or other documentation. In all cases the authorizer must ensure that the correct budget center and account code are quoted on the claim form.

10.2 Expenses claims arising from Short Visits (foreign country) must be made within two weeks of return and supported by a report:

GRAND TOTAL EXPENDITURE	AUTHORIZER

10.3 Expenses claims for travel, mileage and subsistence within Iraq must be authorized as follows:

EXPENDITURE	AUTHORIZER

10.4 Expenses claims for hospitality and entertainment must be authorized as follows:

EXPENDITURE	AUTHORIZER

NB. A senior manager may not approve an expense claim of member of staff relating to hospitality or entertainment at which both were present.

10.5 Expenses claims for expenditure not covered above must be authorized as follows:

EXPENDITURE	AUTHORIZER

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*APPENDIX D*

**PROJECT BUDGET**



Project Costs	Total Project '000 dinars	Budget Year 20XX '000 dinars
<i>Preparation</i>		
Designing and Studies		
Consulting Services		
Investigations		
Property Compensation		
Other Preparation Costs		
<i>Civil Engineering Works</i>		
Housing		
Non-Residential Construction		
Other Utilities		
Goods and Equipment		
Transportation		
Installation		
Other Civil Engineering Costs		
<i>Pre-Commissioning Expenses</i>		
Production Inputs		
Wages and Salaries		
Other Pre-Commissioning Expenses		
TOTAL		

### Project Schedule

	Pre-Budget Year	Budget Year 20xx	Budget Year +1	Budget Year +2	Budget Year +3	Budget Year +4
Work Done (%)						
Expenditure (%)						

#### Memorandum Items:

- Employment (during construction)
- Employment (post completion)

Name and signature of the Director General of the submitting department

Name and signature of the person who filled in the Questionnaire

#### General Instructions

1. The questionnaire is to be filled in by the governorate or the general trust or commission or department, then sent to the ministry headquarters concerned for approval. All questionnaires for all projects with consolidated tables are to be sent by the Ministry, listed in priority order, to the Ministry of Finance as part of their budget submission.
2. Transfer all the foreign currency amounts to thousands of Iraq Dinar using the exchange rate of XXXX IQD = 1 USD. [For 2004 Budget, exchange rate was 1500 IQD = 1 USD].
3. Provide whatever additional information you have to support the project.

#### **Industry Sectors**

1. Agricultural
  - a. Dams and Storage
  - b. Irrigation
  - c. Agricultural Products
  - d. Agricultural Services
2. Industrial
3. Transportation and Communication
  - e. Land Road Net
  - f. Land Transportation
  - g. Railways
  - h. Water Transportation
  - i. Airway Transportation
  - j. Communication
  - k. T.V., Radio Broadcasting
  - l. Grain Storage
4. Construction and Services
5. Education, Higher Education, and Scientific Research
6. Other Investment Expenditure

*APPENDIX E*

**INVESTMENT BUDGET**

Ministry of \_\_\_\_\_, Directorate of \_\_\_\_\_ (Code xxx)  
Investment Budget for the Year 200x  
All amounts in thousands of dinars (IQD 000)

Project/Component Number	Title	Total Project Cost (Est.)	Budget for 200x	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Total</b>							

*APPENDIX F*

**RECURRENT BUDGET**

Ministry of \_\_\_\_\_, Directorate of \_\_\_\_\_ (Code \_\_\_\_\_)

**Recurrent Budget for the Year 200\_**  
**All amounts in thousands of dinars (IQD 000)**

Object/ Item Number	Title	Actual Expenditure last year	Actual Expenditure to date this year	Agency Approved Allocation this year	Agency Estimated Expenditure 200_
100	EMPLOYMENT COSTS				
110	Employee salaries				
111	Civil service pensions				
112	Military pensions				
200	SERVICE COSTS				
201	Travel expenses and allowances				
202	Delegation expenses and allowances				
204	Publication and information (media) expenses				
205	Printing expenses				
206	Postage				
207	Telephone and fax services				
208	Rent of land and buildings				
209	Rent and transport of machinery				
210	Insurance premiums				
212	Legal fees				
213	Delegation accommodation				
214	Conference and symposia expenses				
215	Celebration expenses				
216	Civil defence				
217	Rewards and medals				
219	Training fees				
221	Sports activities				
222	School activities				
223	Land registration expenses				
228	Student allowances				
229	Student leave				
230	Office cleaning				
231	Subscriptions to scientific institutions				
232	Translation				
233	Adviser and expert fees				
248	Wage security charges				
250	Water and sewerage				
251	Electricity				
300	GOODS & SUPPLIES				
301	Stationery and printed materials				
305	Clothing				
306	Food				
307	Medicine				
308	Cleaning materials				
309	Other materials				

313	Forage (feed) for animals				
400	MAINTENANCE OF ASSETS				
401	Maintenance of furniture				
402	Maintenance of buildings				
403	Maintenance of roads and bridges				
404	Maintenance of water and power installations				
405	Maintenance of machinery and equipment				
406	Maintenance of vehicles				
407	Maintenance of books and records				
408	Maintenance of irrigation projects				
409	Maintenance of dams				
410	Maintenance of weapons				
411	Maintenance of parks and gardens				
412	Maintenance of factories				
414	Maintenance of radio and TV stations				
416	Maintenance of slaughterhouses				
500	TRANSFERS				
501	Interest on public debt				
502	Grants				
503	Subsidies				
800	CAPITAL EXPENDITURES				
801	Furniture				
804	Vehicles				
806	Machinery and equipment				
8807	Lands				
808	Buildings				
809	Books and magazines				
810	Films				
811	Weapons				
812	Theatres				
813	Animals				
815	Other equipment				
819	Wells				
900	CAPITAL TRANSFERS				
901	Transfers to other agencies for capital purposes				
902	Capital compensation				
	TOTAL				

## APPENDIX G

### STATEMENT OF RECEIPTS AND PAYMENTS

GOVERNMENT OF IRAQ URBAN TRANSPORT PROJECT WORLD BANK TRUST FUND PROJECT NO. 4321-IRQ STATEMENT OF RECEIPTS AND PAYMENTS FOR THE QUARTER ENDING 30 JUNE, 2005 in thousands of Iraqi Dinars (IQD 000)				
	Quarter		Cumulative	
<b>Receipts</b>				
ITF Funds	264,857		659,268	
Government Funds	72,185		139,894	
Project Revenue	50,329		50,329	
<b>Total Receipts</b>		<b>387,371</b>		<b>849,491</b>
<b>Payments</b>				
Civil works				
Site clearance and preparation	42,175		86,510	
Construction of road works	153,764		315,401	
Construction of railway overpass and underpass	33,765		69,259	
Other	35,352		80,948	
		<b>265,056</b>		<b>552,118</b>
Goods				
Road maintenance equipment	21,857		44,833	
Area traffic control equipment	35,629		73,082	
Environmental monitoring equipment	55,839		114,537	
IT equipment	6,825		13,999	
Other equipment and materials	12,589		17,389	
		<b>132,739</b>		<b>263,841</b>
Consultants and training				
Training and study tours	5,882		12,065	
Consultants	7,893		16,190	
		<b>13,775</b>		<b>28,255</b>
<b>Total Payments</b>		<b>411,570</b>		<b>844,214</b>
Excess of Receipts over Payments		(24,199)		5,277
Opening cash balances				
Project Bank Account	25,879		-	
WBTF Special Account	3,597		-	
		<b>29,476</b>		
<b>Net Available Cash</b>		<b>5,277</b>		<b>5,277</b>
Comprising:				
Project Bank Account	2,698		2,698	
WBTF Special Account	2,579		2,579	
<b>Total</b>		<b>5,277</b>		<b>5,277</b>
Exchange Rate: 1 US dollar = IQD1460				

## *APPENDIX H*

### STATEMENT OF USES OF FUNDS

*The Bank may request that additional information should be added to the format. Examples of such additional information include updated forecasts of expenditure, schedules of assets financed by the Bank, an analysis of Bank financing by credit disbursement category, year-to-date financial results, supporting schedules or notes that provide a more detailed analysis of key activity areas or one or more line items in the expenditure reports, and fuller narrative explanations of performance and actions to be taken to address identified problem areas.*

<b>GOVERNMENT OF IRAQ</b>									
<b>URBAN TRANSPORT PROJECT II</b>									
<b>CREDIT NO. 4321-APP</b>									
<b>Uses of Funds by Project Activity for the Quarter ending 30 June, 2005</b>									
<i>in Appletonian Rupees (ARs)</i>									
Project Components and Activities	Note	ACTUAL		PLANNED		VARIANCE		PAD	Revised Life of Project*
		Current Quarter	Cumulative To Date	Current Quarter	Cumulative To-Date	Current Quarter	Cumulative To-Date	Life of Project	
1. Road Infrastructure		<u>256,636</u>	<u>434,136</u>	<u>315,000</u>	<u>517,500</u>	<u>58,364</u>	<u>83,364</u>	<u>1,080,000</u>	<u>1,192,500</u>
a. Road works		219,996	362,879	275,000	450,000	55,004	87,121	950,000	1,050,000
b. Railway overpass and		34,218	57,831	30,000	50,000	(4,218)	(7,831)	100,000	110,000
c. <u>Interchanges</u>		2,422	13,426	10,000	<u>17,500</u>	7,578	4,074	30,000	<u>32,500</u>
2. <u>Traffic Management</u>		41,097	<u>70,423</u>	45,000	90,000	3,903	<u>19,577</u>	<u>201,500</u>	<u>209,000</u>
a. Bicycle system		9,524	17,814	12,500	25,000	2,976	7,186	50,000	52,500
b. Pedestrian system		1,194	3,571	2,500	5,000	1,306	1,429	17,500	20,000
c. Traffic facilities on		13,911	20,845	10,000	20,000	(3,911)	(845)	37,500	35,000
d. Traffic signal system		10,022	15,298	7,500	17,500	(2,522)	2,202	27,500	40,000
e. Parking management		6,446	12,895	5,000	15,000	(1,446)	2,105	32,500	25,000
f. Railway station forecourt		-	-	-	-	-	-	18,500	18,500
g. Institutional		-	-	7,500	7,500	7,500	7,500	18,000	18,000
3. <u>Public Transport</u>			<u>91,607</u>		<u>98,500</u>		<u>6,893</u>	183,000	<u>183,000</u>
a. Bus terminal		-	65,817	-	70,000	-	4,183	125,000	125,000
b. Bus stop reconstruction		-	20,364	-	22,500	-	2,136	48,000	48,000
c. <u>Computer management</u>			<u>5,426</u>		<u>6,000</u>		574	<u>10,000</u>	<u>10,000</u>
4. Road Maintenance		34,120	<u>118,153</u>	39,000	157,500	4,880	39,347	<u>255,000</u>	<u>255,000</u>
a. Maintenance of existing		25,618	69,312	30,000	100,000	4,382	30,688	175,000	175,000

b. Road maintenance improvement		5,487	23,478	6,000	30,000	513	6,522	50,000	50,000
c.		3,015	25,363	3,000	27,500	(15)	2,137	30,000	30,000
5. Environment Protection		70,588	114,202	75,000	<u>120,000</u>	4,412	5,798	157,500	<u>157,500</u>
a. Environment monitoring provision		23,818	57,619	25,000	60,000	1,182	2,381	75,000	80,000
b. Noise mitigation		17,856	23,019	20,000	25,000	2,144	1,981	35,000	32,500
c. Pollution control facilities		28,914	<u>33,564</u>	<u>30,000</u>	<u>35,000</u>	<u>1,086</u>	<u>1,436</u>	47,500	<u>45,000</u>
6. Technical Assistance		9,129	21,119	7,500	19,250	(1,629)	(1,869)	26,000	26,000
a. Overseas training		5,126	12,875	4,000	12,000	(1,126)	(875)	16,000	16,000
b. Local training		756	1,347	500	1,250	(256)	(97)	2,500	2,500
c. Research and studies		3,247	6,897	3,000	6,000	(247)	(897)	7,500	7,500
TOTAL PROJECT		<u>411,570</u>	<u>849,640</u>	<u>481,500</u>	<u>1,002,750</u>	69,930	<u>153,110</u>	1,903,000	<u>2,023,000</u>
Exchange Rate: 1 AR = 10 US dollars									

\* This column reflects re-costing of the project done in January 2005.

*APPENDIX I*

RECEIPTS CASH BOOK

RECEIPTS CASH BOOK

Date (1)	Receipt Number (2)	Payer (3)	Amount IQD (4)	Bank Deposit No (5)	Posted to Ledger Folio (6)

*APPENDIX J*

**PAYMENTS CASH BOOK**

**PAYMENTS CASH BOOK**

Date (1)	Payment Voucher No. (2)	Check No (3)	Payee (4)	Amount IQD (5)	ITF Project Components						Non- project payments (12)	Posted to Subsidiary Ledger Folio (13)
					Comp 1 (6)	Comp 2 (7)	Comp 3 (8)	Comp 4 (9)	Comp 5 (10)	Comp 6 (11)		

*APPENDIX K*

**BANK RECONCILIATION STATEMENT**

BANK RECONCILIATION STATEMENT  
Commercial bank account \_\_\_\_\_ balance as  
at \_\_\_\_\_

Balance as per bank statement	IQD _____
Deduct: checks issued and transfers requested, not yet presented/charged by the bank (list attached)	IQD _____
Add: deposits, not yet credited by the bank (detail individually)	IQD _____
Add/deduct: errors or omissions by the bank, not yet adjusted (detail individually)	IQD _____
Total receipts to date, per Receipts Cash Book	
Less: total payments to date per Payments Cash Book	
Balance as per Cash Book	IQD _____

NB. Proper charges by the bank, such as authorized commission, standing orders, etc should be entered in the Cash Book, and any errors/omissions in the Cash Book should be corrected, before reconciliation.

*APPENDIX L*

OUTPUT MONITORING REPORT

GOVERNMENT OF THE COMMONWEALTH OF APPLETONIA  
URBAN TRANSPORT PROJECT II  
CREDIT NO. 4321 - APP  
OUTPUT MONITORING REPORT as at 30June, 2005

In Appletonian rupees

Project Activity		Physical Progress to Date		Cost to Date*			Plan to Completion			
No	Description	Actual	Planned	Actual	Planned	Actual as % of Plan	Total Cost	Completion Date	Total Cost	Completion Date
1	<b>Road Infrastructure</b>									
a.	<b>Road works</b>									
	Design	90%	90%	35,819	36,000	99%	40,000	Sep-05	40,000	Mar-04
	Civil Works - site clearance	75%	85%	256,817	275,000	93%	325,000	Sep-06	300,000	Jan-05
	Civil Works - construction	15%	25%	70,243	126,000	56%	555,000	Aug-06	505,000	Dec-04
	Civil Works - finishing	0%	10%	0	13000	0%	130000	Apr-06	105000	Oct-04
b.	<b>Railway overpass and underpass</b>									
	Design	90%	90%	15,629	16,000	98%	17,000	Oct-05	17,000	Feb-04
	Civil Works	40%	35%	42,202	38,500	110%	93,000	May-06	83,000	Aug-04
c.	<b>Interchanges</b>									
	Design	100%	100%	4,219	4,250	99%	4,250	Dec-04	4,250	Feb-04
	Civil Works	30%	50%	9207	13250	69%	28,250	Feb-06	25750	Sep-04
2	<b>Traffic Management</b>									
a	Bicycle system improvement	35%	50%	17,814	25,000	71%	52,500	Mar-06	50,000	Dec-03
b	Pedestrian system improvement	25%	12.50%	3,571	5,000	71%	20,000	Mar-06	17,500	Dec-03
c	Traffic facilities on primary roads	60%	55%	20,845	20,000	104%	35,000	Aug-05	37,500	Mar-04
d	Traffic signal system	55%	60%	15,298	17,500	87%	40,000	Dec-05	27,500	Mar-04
e	Parking management	40%	45%	12,895	15,000	86%	25,000	Mar-06	32,500	Mar-04
f	Railway forecourt	-	-	-	-		18,500	Mar-06	18,500	Apr-04
g	Institutional strengthening	-	40%	-	7500	0%	18000	Mar-06	18000	Jul-04
3	<b>Public Transport</b>									
a	Bus terminal reconstruction	50%	55%	65,817	70,000	94%	125,000	Mar-06	125,000	Jan-04
b	Bus stop reconstruction	40%	40%	20,364	22,500	91%	48,000	Mar-06	48,000	Jan-04
c	Computer management system	50%	60%	5,426	6,000	90%	10,000	Mar-06	10,000	Jan-04
4	<b>Road Maintenance</b>									
a	Maintenance of existing roads	40%	60%	69,312	100,000	69%	175,000	Mar-06	175,000	Jun-04
b	Management system improvement	50%	60%	23,478	30,000	78%	50,000	Mar-06	50,000	Jun-04
c	Design/supervision/management	75%	80%	25,363	27,500	92%	30,000	Mar-06	30,000	Jun-04
5	<b>Environment Protection</b>									
a	Equipment provision	68%	72%	57,619	60,000	96%	80,000	Sep-06	75,000	Sep-06
b	Noise mitigation	65%	65%	23,019	25,000	92%	32,500	Sep-06	35,000	Sep-06
c	Pollution control	67%	67%	33,564	35,000	96%	45,000	Sep-06	47,500	Sep-06
6	<b>Technical Assistance</b>									
a	Overseas training	6 tours	5 tours	12,875	12,000	107%	16,000	Sep-06	16,000	Jul-05
b	Local training	350 hours	300 hours	1,347	1,250	108%	2,500	Sep-06	2,500	Jul-05
c	Research and studies	100%	80%	6,897	6,000	115%	7,500	May-05	7,500	Jul-05

- Costs as shown in the Uses of Funds statement.

*APPENDIX M*

**PROCUREMENT STATUS REPORT**

APPLETONIA: URBAN TRANSPORT PROJECT II - PROCUREMENT STATUS REPORT AT JUNE 30, 2005

Ref #	Description	Estimate (US\$)	Proc-urement method	Subject to prior review?	TIME SCHEDULE										Contract Amount AR	Supplier Name
						Start Doc Prep'n	Advertise	Bid Invitation	Bid Opening		Eval'n Complete	Contract Signed	Final Del'y			
	<b>A. GOODS</b>															
	Computers, printers	50,000	NS	No	Plan			7/5/04	9/10/04		10/5/04	10/30/04	11/30/04			
					Actual			7/20/04	9/20/04		10/15/04	11/5/04	12/10/04	6,000	AB Co.	
	Software & hardware	75,000	NS	No	Plan			9/10/05	10/15/05		11/5/05	11/30/05	1/10/06			
					Actual											
	Database system	100,000	NCB	Yes	Plan	8/5/05	9/10/05	10/15/05	11/30/05		12/25/05	1/20/06	3/5/06			
					Actual											
	<b>B. WORKS</b>															
	Site clearance-Road	75,000	NCB	No	Plan	7/5/04	8/10/04	9/20/04	11/30/04		1/25/05	3/28/05	4/20/05			
					Actual	8/15/04	9/30/04	10/15/04	12/30/04		2/15/05	3/28/05		75,000	CCC Const'n	
	Land finishing Road	100,000	NCB	No	Plan	6/10/06	7/25/06	8/15/06	9/25/06		10/20/06	11/5/06	11/30/06			
					Actual											
	Site clearance - Rail	120,000	NCB	No	Plan	7/5/04	8/10/04	9/20/04	11/30/04		1/25/05	3/28/05	4/20/05			
					Actual	8/15/04	9/30/04	10/15/04	12/30/04		2/15/05	3/28/05	4/15/05	125,000	FF Const'n	
	Land finishing - Rail	175,000	NCB	Yes	Plan	6/10/06	7/25/06	8/15/06	9/25/06		10/20/06	11/5/06	11/30/06			
					Actual											
	<b>C. Consul-tancies</b>					Advertis e	Start RFP Prep'n	Send out RFP	Tech Proposal Opening	Tech Eval'n Complet e	Final Eval'n Complete	Contract Signed	Assign-ment Complet e	Contract Amount	Cons/ Firm Name	

	Traffic Advisor	150,000	QBS	Yes	Plan	8/5/04	7/30/04	9/5/04	10/15/04	11/20/04	12/15/04	1/15/05	6/30/05		
					Actual	8/5/04	7/30/04	9/15/04	10/30/04	11/30/04	12/30/04	1/25/05		150,000	ABC Advisors
	Overseas Training	50,000	Indiv	Yes	Plan		8/15/05	10/15/05			1/18/06	2/5/06	7/30/06		
					Actual										
	Environ. Advisor	180,000	QBS	Yes	Plan	9/10/04	9/20/04	10/25/04	11/25/04	12/15/04	12/25/04	12/30/04	12/30/05		
					Actual										
	Researcher	25,000	Indiv	No	Plan		9/25/04	11/25/04			2/20/05	2/28/05	4/30/05		
					Actual		9/30/04	11/30/04			2/28/05	3/5/05	5/15/05	25,000	Abu Haifa

Prior review required for contracts over:

Goods \$100,000  
Works \$150,000  
Consultancy – firm \$100,000  
Consultancy – indiv'l \$ 40,000

Exchange rate: US\$1 = AR 1.

*APPENDIX N*

**ASSET REGISTER**

## ASSET REGISTER

Type of asset	ID no. (if applicable)	No. of similar asset	Dept/location	Officer in charge
Cost (IQD)	Date of purchase	PV no.	Supplier (name/contact details)	
Insurance details		Maintenance contract		
History of asset (purchase, maintenance, verification, disposal)				
Date	Event			Signature

*APPENDIX O*

CHART OF ACCOUNTS

## CHART OF ACCOUNTS

### RECEIPTS

Each receipt will have a 5-digit code (XXX-X-X) as follows:

- XXX Implementing agency receiving the sum (this should correspond with the GOI coding for ministries, directorates, and other departments and agencies)(For a project with a single implementing agency this is the same for every receipt)
- X Component of the project (if cash receiving facilities are decentralized to components, otherwise default to 0)
- X Type of receipt (see table below)

TYPE OF RECEIPT CODES
1 ITF withdrawals – reimbursement of project expenditures
2 ITF withdrawals – direct payments to suppliers, contractors, consultants
3 Funds from other donors (classify if more than one co-donor)
4 Resources provided in kind (labour, accommodation, etc)
6 GOI counterpart funds
7 Project revenue (enter further codes for different kinds of project revenue)
8 Interest receivable

### PAYMENTS

Each payment will have a 14-digit code (XXX-X-XX-X-XX-XXX-XX) as follows:

- XXX Implementing agency responsible for the payment (this should correspond with the GOI coding for ministries, directorates, and other departments and agencies)
- X Component of the project (it is assumed that no ITF or IDA project will have more than 10 components)
- XX Sub-component/activity, e.g. prepare annual work plan, run in-country workshop. Activities in civil works projects have a standard activity code (see below). Other activities need to be coded specifically from the Project Appraisal Document
- X Source of funds for expenditure (where particular sources are earmarked for particular expenditures, otherwise default to 0)
- XX Benefiting governorate, district, city, etc (for payments that are allocable entirely to individual governorates, etc, such as transfers to a governorate sub-project, otherwise default to 00)
- XXX Object (cost category) - see standard classification below. This may be further refined according to the management needs of each project
- XX Asset/liability code – see standard classification below. These are used for capital expenditures (object codes in the 800s), for accrual of revenue and expenditure, and for contra entries to the bank account. Where no asset or liability is affected, this defaults to 00. Example:  

On approval of consultant’s invoice, debit expenditure:	XXX-1-01-1-00-233-00
credit payables:	XXX-1-01-1-00-233-42
On payment of invoice, debit payables:	XXX-1-01-1-00-233-42
credit bank:	XXX-1-01-1-00-233-32

### JOURNAL ENTRIES

Journal entries are needed for the following transactions, which are neither receipts nor payments:

- (i) corrections of errors;
- (ii) resources provided in kind, such as labour, or accommodation;

(iii) depreciation or other revaluation of an asset or liability. These should be entered in date order in a Journal and carefully checked and approved by the Project Accountant before posting. The same coding will be used for each side of the entry, debit and credit. For instance, the correction of a misclassified expenditure payment will require a credit to the 'wrong' account and a debit to the 'right' account, using the full 14-digit classification for both debit and credit.

<b>ASSET AND LIABILITY CODES</b>
<i>Physical assets</i>
01 Furniture
04 Vehicles
06 Machinery and equipment
07 Lands
08 Buildings
09 Books and magazines (where capitalized)
10 Films
13 Animals
15 Other equipment
19 Wells
51 Accumulated depreciation on furniture
54 Accumulated depreciation on vehicles
56 Accumulated depreciation on machinery and equipment
58 Accumulated depreciation on buildings
59 Accumulated depreciation on books and magazines
60 Accumulated depreciation on films
65 Accumulated depreciation on other equipment
69 Accumulated depreciation on wells
<i>Financial assets</i>
31 Cash balance
32 Bank balance (add codes for multiple bank accounts)
35 Imprest outstanding
36 Accounts receivable - revenue
37 Accounts receivable - staff
37 Provision for doubtful accounts
<i>Financial Liabilities</i>
41 Deposits
42 Accounts payable- suppliers, etc
43 Accounts payable - staff (uncollected pay, etc)

<b>ACTIVITY CODES (CIVIL WORKS)</b>
<b><i>10 Preparation</i></b>
11 Designing and Studies
12 Consulting Services
13 Investigations
14 Property Compensation
15 Other Preparation Costs
<b><i>20 Civil Engineering Works</i></b>
21 Housing
22 Non-Residential Construction
23 Other Utilities
24 Goods and Equipment
25 Transportation
26 Installation
27 Other Civil Engineering Costs
<b><i>30 Pre-Commissioning Expenses</i></b>
31 Production Inputs
32 Wages and Salaries
33 Other Pre-Commissioning Expenses

<b>OBJECT CODES</b>
<b>100 EMPLOYMENT COSTS</b>
110 Employee salaries
111 Civil service pensions
112 Military pensions
<b>200 SERVICE COSTS</b>
201 Travel expenses and allowances
202 Delegation expenses and allowances
204 Publication and information (media) expenses
205 Printing expenses
206 Postage
207 Telephone and fax services
208 Rent of land and buildings
209 Rent and transport of machinery
210 Insurance premiums
212 Legal fees
213 Delegation accommodation
214 Conference and symposia expenses
215 Celebration expenses
216 Civil defence
217 Rewards and medals
219 Training fees
221 Sports activities
222 School activities
223 Land registration expenses
228 Student allowances
229 Student leave
230 Office cleaning
231 Subscriptions to scientific institutions
232 Translation
233 Adviser and expert fees
248 Wage security charges
250 Water and sewerage
251 Electricity
<b>300 GOODS &amp; SUPPLIES</b>
301 Stationery and printed materials
305 Clothing
306 Food
307 Medicine
308 Cleaning materials
309 Other materials
313 Forage (feed) for animals

400 MAINTENANCE OF ASSETS
401 Maintenance of furniture
402 Maintenance of buildings
403 Maintenance of roads and bridges
404 Maintenance of water and power installations
405 Maintenance of machinery and equipment
406 Maintenance of vehicles
407 Maintenance of books and records
408 Maintenance of irrigation projects
409 Maintenance of dams
410 Maintenance of weapons
411 Maintenance of parks and gardens
412 Maintenance of factories
414 Maintenance of radio and TV stations
416 Maintenance of slaughterhouses

500 TRANSFERS
501 Interest on public debt
502 Grants
503 Subsidies

800 CAPITAL EXPENDITURES
801 Furniture
804 Vehicles
806 Machinery and equipment
807 Lands
808 Buildings
809 Books and magazines
810 Films
811 Weapons
812 Theatres
813 Animals
815 Other equipment
819 Wells
900 CAPITAL TRANSFERS
901 Transfers to other agencies for capital purposes
902 Capital compensation

*APPENDIX P*

**WITHDRAWAL APPLICATION  
FOR EXPENDITURES ALREADY MADE  
BANK FORM 1903**

THE WORLD BANK  
1818 H Street, N.W. Washington DC 20433  
**APPLICATION FOR WITHDRAWAL**  
*Read reverse for instructions*

- |                          |                          |
|--------------------------|--------------------------|
| 1. IBRD Loan No.:        | _____                    |
| Or IDA Credit No.:       | _____                    |
| 2. Cofinanciers Ref No.: | _____                    |
| IBRD/IDA Ref No.:        | 05 - _____ or 14 - _____ |
| 3. Application No.:      | _____                    |

Attention: Disbursement Division

4. Please Pay \_\_\_\_\_ (Currency name) \_\_\_\_\_ (Amount to be paid in figures)

We apply for the withdrawal from the account opened under the Loan or Development Credit Agreement and hereby certify and agree as follows:

- A. The undersigned has not previously withdrawn from the Account to meet these expenditures. The undersigned has not and does not intend to obtain funds for this purpose out of the proceeds of any other loan, credit, or grant.
- B. The goods and services covered by this application have been or are being purchased in accordance with the terms of the Agreement.
- C. The expenditures have been made or are being made only for goods or services from eligible sources.
- D. For those items where reimbursement is being claimed on the basis of a Statement of Expenditure (SOE), all documentation authorising these expenditures will be made available for review by auditors and World Bank missions upon request. These documents have been returned to the location shown on the individual SOE sheet.
- E. In the event that all or part of the funds withdrawn from the Account pursuant to this application are returned to the World Bank, the undersigned hereby authorise the World Bank to apply the current value of such funds as a credit to the Account, or, if the amount is small, apply such funds to the borrower's next payment due for interest, commitment charges, service charges or principal.

DETAILS OF EXPENDITURE	PAYMENT INSTRUCTIONS
(Use summary sheets if additional space is required or if expenditures relate to more than one supplier, category, or sub-project)	
5. NAME AND ADDRESS OF CONTRACTOR OR SUPPLIER (If different from payee)	8. NAME AND ADDRESS OF PAYEE'S BANK AND ACCOUNT NO.
	SWIFT CODE
6. PROCUREMENT DETAILS	9. PAYEE NAME AND ADDRESS
a) CONTRACT OR PURCHASE ORDER NUMBER AND DATE (or other reference to contract document)	
b) DATE OF PROCUREMENT NO-OBJECTION NOTICE (complete for contracts above prior review limit)	
c) BRIEF DESCRIPTION OF GOODS, WORKS OR SERVICES	10. If Payee's Bank is not located in the Country whose currency is claimed enter the name and address of their bank's correspondent in the country who currency is to be paid.
d) CURRENCY AND TOTAL AMOUNT OF CONTRACT	
e) TOTAL AMOUNT OF INVOICES COVERED BY THIS APPLICATION (net of retention and other deductions)	SWIFT CODE
7. WITHDRAWAL DETAILS	11. SPECIAL PAYMENT INSTRUCTIONS AND INVOICE REFERENCES
a) CATEGORY OR SUB-PROJECT NO.	
b) PERCENTAGE OF EXPENDITURES TO BE FINANCED BY THE WORLD BANK BY COFINANCIER (if any)	

12. By \_\_\_\_\_  
Name of Borrower

14. \_\_\_\_\_  
Signature of Authorised Representative(s)

13. \_\_\_\_\_  
Date

15. \_\_\_\_\_  
Print Name(s) and Title(s) of Authorized Representative(s)

SUBMIT APPLICATION IN DUPLICATE TO ADDRESS SHOWN ABOVE

For World Bank Use Only

Form 1903 1E (1-92)

Approved \_\_\_\_\_ W/A No. \_\_\_\_\_

## Application for Withdrawal (Form 1903)

### Instructions for Completing Application for Withdrawal (Form 1903)

- Notes:**
- Submit applications to the Bank in duplicate.
  - Prepare appropriate applications for each currency of payment and for each payee.
  - Complete all the numbered lines of paras. 1 through 15.
  - When completed, check to ensure that the references, amounts, and other details are correct before passing to the Authorized Representative(s) for signature. Mistakes and omissions led to delays in payment
  - If a Summary Sheet is used, leave items 5 through 7 blank. Submit documents in the same order they appear on summary sheets.

#### Instructions: Numbers correspond to numbers on Applications for Withdrawal

1. **IBRD Loan/IDA Credit Numbers:** Insert full reference (number and letters) as it appears on the Loan/Credit Agreement.
2. **Cofinancier's Ref. No.:** Insert cofinancier's name and reference number (if any) on the first line. In the second line, show the associated World Bank reference number (05 followed by 5 digits for Trust Funds, and 14 followed by 5 digits for other cofinancing operations).
3. **Application No.:** Number applications consecutively, beginning with number one (irrespective of application type). Where there is more than one implementing agency, use a prefix to identify applications from each agency (for example, MF 1 – Ministry of Finance No. 1).

#### Details of Expenditure

4. **Please Pay:** Give the currency name and amount to be paid (in figures) (for example, USD 50,000.00).
5. **Name and Address of Contractor or Supplier:** To ensure proper identification, give the full name and address. This can be omitted if it is the same as for Item 9 (Payee Name and Address).
6. **Procurement Details:**
  - (a) **Contract or Purchase Order No. and Date:** Give full reference to ensure that the contract or purchase order can be readily identified.
  - (b) **Date of Procurement No-Objection Notice:** Give date of the Bank's no-objection notice if award of the contract against which payment is being made was subject to the Bank's prior review.
  - (c) **Brief Description of Goods, Works, or Services:** Give a brief description, for example, pumps, electrical equipment, construction of school etc.
  - (d) **Currency and Total Amount of Contract:** Give currency name and value of contract (including any price escalations).
  - (e) **Total Amount of Invoices Covered by this Application:** The value of invoices documenting the application should total 100% after deducting retention monies not yet paid and other ineligible amounts.
7. **Withdrawal Details:**
  - (a) **Category or Subproject Number:** Obtain category reference from Schedule 1 of the Loan/Credit Agreement. The subproject number for financial intermediary loans is the number advised by the Bank when it approved the subproject.
  - (b) **Percentage of Expenditure to be Financed:**
    - (i) **By the Bank:** Obtain from the appropriate category of Schedule 1 or Article II of the Loan/Credit Agreement.
    - (ii) **By Cofinancier (if any):** When there is joint financing, give the Bank/Cofinancier disbursement ratio (for example, WB 60%, CF 40%); otherwise insert "NIL".

#### Payment Instructions

8. **Name and Address of Payee's Bank and Account Number:** Give full name and address of the payee's bank, which may include a Banker/Branch designation. Account number is essential. Give the SWIFT code if the bank is a member of SWIFT.
9. **Payee Name and Address:** Give full name and address to ensure proper identification.
10. **Correspondent Bank Address:** Give full name and address, where payment is to be made to a bank not located in the country of the currency to be paid. For example payment to a Canadian Bank in US\$ would be directed to a correspondent bank in the United States for account of the bank in Canada. Give the SWIFT code if the bank is a member of SWIFT.
11. **Special Payment Instructions and Invoice References:** Give any special instructions, invoice numbers or other reference that would expedite payment.
12. **Name of Borrower:** Fill in name as it appears on the Loan/Credit Agreement.
13. **Date:** Give the date on which the Authorized Representative(s) signs the application.
14. **Authorization:** Obtain the signature(s) of the Authorized Representative(s).
15. **Name and Title of Representative(s):** Provide both the name and title of the signatory(ies).

**SWIFT:** A financial managing system used by the Society for Worldwide Interbank Financial Telecommunications. The Bank is a member of SWIFT, as are many major commercial banks and financial institutions.

### Supporting Documents

Except in cases where the World Bank has agreed to disburse against Statements of Expenditure, two copies of final contracts or purchase orders should be sent to the Bank before submitting the first related applications.

One copy of the supporting documents is normally given to the Bank with the withdrawal application. These documents include one or more of the following:

- Supplier's or consultant's invoice, or a summary statement of works performed signed by the supervising engineer or other authorized official
- Evidence of shipment made (for equipment and materials purchased). This can be one of the following:
  - copy of the bill of lading
  - forwarder's certificate
- Evidence of payment made (for reimbursement). This can be one of the following:
  - receipted invoice or formal receipt
  - commercial bank's report of payment
- Performance security such as a bank guarantee in the case of advance payments where required under the contract, or where the amount represents an unusually high percentage of the total cost of goods.
- Bank statement and reconciliation statement if this is a request for replenishment of a Special Account.

THE WORLD BANK

**APPLICATION FOR WITHDRAWAL  
SUMMARY SHEET**

*Read reverse for instructions*

Date \_\_\_\_\_ Application No. \_\_\_\_\_ Summary Sheet No. \_\_\_\_\_

Category or Sub-Project No. \_\_\_\_\_ IBRD Loan, IDA Credit or Cofinancier Ref. No. \_\_\_\_\_

Item No.	Name and Address of Contractors/Suppliers	Contract or Purchase Order No. & Date (or Other Ref)	Brief Description of Goods, Works, or Services	Currency and Total Amount of Contract	Total Amount of Invoices Covered by Application (net of retention)	Elig. %	Invoice Amount Eligible for Financing	Amount Paid from Special Account (if any)	Reports (including no-objection telex dated)	Date of Payment
<b>TOTALS</b>										

Form 1903

## Application for Withdrawal – Summary Sheet

### Instructions for Completing Application for Withdrawal – Summary Sheet

<b>Notes</b>	<ul style="list-style-type: none"><li>▪ Use Summary Sheets when additional space is required, that is, for more than one contractor/supplier, for more than one contract, or for expenditure against more than one category.</li><li>▪ Submit Summary Sheets in duplicate.</li><li>▪ Prepare separate Summary Sheets for each category.</li><li>▪ When Summary Sheets are used, leave items 5 through 7 blank on the Application for Withdrawal (Form 1903).</li><li>▪ Check information on the Summary Sheet to ensure that the references, amounts, and other details are correct and that they agree with the data on the accompanying Application for Withdrawal.</li></ul>
--------------	---

#### Instructions: Follow Sequence of Items on Summary Sheet

1. **Application No.:** Same as on the accompanying Application for Withdrawal.
2. **Summary Sheet No.:** Number the references beginning with number one.
3. **IBRD Loan/IDA Credit or Cofinancier Reference Number:** Insert full reference (number and letters) as it appears on the accompanying Application for Withdrawal.
4. **Category or Subproject No.:** Obtain category reference from Schedule 1 of the Loan/Credit Agreement. The subproject number for financial intermediary loans is the number advised by the Bank when it approved the subproject.
5. **Item No.:** Identifies item sequentially within each summary sheet, and facilitates identification of the relevant item in any related correspondence.
6. **Name and Address of Contractor or Supplier:** Give the name, city, state (for suppliers in the U.S.A), and country.
7. **Contract or Purchase Order No. and Date:** Give full reference to ensure that the contract or purchase order can be readily identified.
8. **Brief Descriptions of Goods, Works, or Services:** Give brief description, for example, pumps, electrical equipment, construction of school etc.
9. **Currency and Total Amount of Contract:** Give currency name and value (including any price escalations).
10. **Total Amount of Invoices Covered by Application:** Give currency and total value of invoices, net of retention and other deductions for ineligible items.
11. **Eligible Percentage:** Eligible percentage taken from the appropriate category of Schedule 1 of the Loan Agreement.
12. **Invoice Amount Eligible for Financing:** Total amount of invoices covered by the application, multiplied by the eligible percentage. Amounts are net of retention or other deductions.
13. **Amount Paid from Special Account (if any):** Total amount charged to the Special Account in order to pay the amount shown in the preceding column. Use this column only when claiming replenishment of a Special Account.
14. **Remarks (including no-objection telex date):** Include invoice references. If applicable, also indicate the date of the Bank's "no objection" telex related to contracts above the procurement prior review limit.
15. **Date of Payment:** Date of payment to the supplier.
16. **Totals:** Give totals for columns if all amounts listed are in the same currency.

#### Supporting Documents

Except in cases where the World Bank has agreed to disburse against Statements of Expenditure, two copies of final contracts or purchase orders should be sent to the Bank before submitting the first related applications.

One copy of the supporting documents is normally given to the Bank with the withdrawal application. These documents include one or more of the following:

- Supplier's or consultant's invoice, or a summary statement of works performed signed by the supervising engineer or other authorized official
- Evidence of shipment made (for equipment and materials purchased). This can be one of the following:
  - copy of the bill of lading
  - forwarder's certificate
- Evidence of payment made (for reimbursement). This can be one of the following:
  - receipted invoice or formal receipt
  - commercial bank's report of payment
- Performance security such as a bank guarantee in the case of advance payments where required under the contract, or where the amount represents an unusually high percentage of the total cost of goods.
- Bank statement and reconciliation statement if this is a request for replenishment of a Special Account.

**Attach supporting documents in the same order in which they appear on the summary sheet**

**BORROWERS ARE ENCOURAGED TO SUBMIT COMPUTERIZED SUMMARY SHEETS WHICH  
INCLUDE THIS MINIMUM LEVEL OF DETAIL**

**Disbursement Letters may specify additional details required for specific projects**

*APPENDIX Q*

**APPLICATION FOR A  
SPECIAL COMMITMENT  
BANK FORM 1931**

THE WORLD BANK  
1818 H Street, N.W. Washington DC 20433  
**APPLICATION FOR A SPECIAL COMMITMENT**  
*Read reverse for instructions*

- |                          |                          |
|--------------------------|--------------------------|
| 1. IBRD Loan No.:        | _____                    |
| Or IDA Credit No.:       | _____                    |
| 2. Cofinanciers Ref No.: | _____                    |
| IBRD/IDA Ref No.:        | 05 - _____ or 14 - _____ |
| 3. Application No.:      | _____                    |

Attention: Disbursement Division

We apply for a Special Commitment and subsequent withdrawal from the Account(s) opened under the Loan, Development Credit or Cofinancing Agreement, and certify and agree as follows:

- A. The undersigned requests that a Special Commitment be issued to the negotiating bank in accordance with the terms of the Agreement in order to make payment to the negotiating bank from the Account(s). The undersigned irrevocably authorizes such withdrawal on the basis of any written statement by the negotiating bank that payment has been made or is due, and will be promptly made under and in accordance with the terms of the letter of credit as such may be amended.
- B. Amendments involving an extension of the letter of credit expiry date beyond the closing date of the Agreement(s) or more than six months beyond the original expiry date of the letter of credit (whichever is earlier), a change in the value of the letter of credit, the description or quantity of goods, or the beneficiary, or advance payment of more than 25% of the value of the letter of credit prior to shipment of goods, are subject to your prior approval. The undersigned will only agree to amendments to the letter of credit that are in accordance with the terms of the Agreement(s), and further agrees that all proposed amendments will be copied to you by the negotiating bank for your information or approval as appropriate.
- C. You may limit your total obligation to make payments under the Special Commitment by inserting a limitation clause denominated in the currency of the Account sufficient to cover exchange rate fluctuations. The undersigned agrees that if, because of the limitation clause, you cannot disburse the full amount needed to pay the negotiating bank, any uncommitted portion of the Account may be disbursed to cover the deficiency. In the event the uncommitted portion of the Account is insufficient to cover the deficiency, you will notify the undersigned who will arrange to make such payment promptly to the negotiating bank.
- D. Your obligation under the Special Commitment shall terminate
  - a. Except if the World Bank shall otherwise agree, 30 days after the expiry date of the letter of credit or at the closing date of the Loan r Development Credit Agreement (whichever is earlier).
  - b. Upon payment by the World Bank to the negotiating bank of the full value of the letter of credit, in accordance with the terms and conditions of the Special Commitment.
  - c. Upon receipt by the World Bank of written notice from the negotiating bank specifying the Special Commitment may be cancelled.
- E. The undersigned has not previously withdrawn from the Account to meet these expenditures. The undersigned has not and does not intend to obtain funds for this purpose out of the proceeds of any other loan, credit or grant.
- F. The goods or services covered by this application are being purchased in accordance with the terms of the Agreement(s).
- G. The expenditures are being made only for goods or services from eligible sources.
- H. In the event that all or part of the funds withdrawn from the Account pursuant to this application are returned to the World Bank, the undersigned hereby authorises the World Bank to apply the current value of such funds as a credit to the Account, or, if the amount is small, apply such funds to the borrower's next payment due for interest, commitment charges, service charges or principal.

DETAILS OF LETTER OF CREDIT		DETAILS OF EXPENDITURE	
4.	NAME AND ADDRESS OF NEGOTIATING BANK	8.	NAME AND ADDRESS OF CONTRACTOR OR SUPPLIER (letter of credit beneficiary)
5.	SWIFT CODE: NAME AND ADDRESS OF OPENING (BORROWER'S) BANK	9.	PROCUREMENT DETAILS a) CONTRACT OR PURCHASE ORDER NUMBER AND DATE (or other reference to contract document) b) DATE OF PROCUREMENT NO-OBJECTION NOTICE (complete for contracts above prior review limit) c) BRIEF DESCRIPTION OF GOODS, WORKS OR SERVICES
6.	NAME OF L/C OPENER (BORROWING OR EXECUTING AGENCY)	10.	WITHDRAWAL DETAILS a) CATEGORY OR SUB-PROJECT NO. b) PERCENTAGE OF EXPENDITURE TO BE FINANCED
7.	LETTER OF CREDIT DETAILS a) OPENING BANK'S L/C NO.		

- b) CURRENCY NAME
- c) CURRENCY AMOUNT
- d) L/C EXPIRY DATE

BY THE WORLD BANK

BY JOINT FINANCIER (if any)

11. SPECIAL INSTRUCTIONS AND REMARKS

12. \_\_\_\_\_  
Name of Borrower

14. By \_\_\_\_\_  
Signature of Authorised Representative(s)

13. \_\_\_\_\_  
Date

15. \_\_\_\_\_  
Name(s) and Title(s) of Authorized Representative(s)

SUBMIT APPLICATION IN DUPLICATE TO ADDRESS SHOWN ABOVE

For World Bank Use Only

SC No. \_\_\_\_\_ Approved \_\_\_\_\_ W/A No. \_\_\_\_\_

Form 1931

## Instructions for Completing Application for a Special Commitment (Form 1931)

- Notes:**
- Submit applications to the Bank in duplicate.
  - Complete all the numbered lines of paras, 1 through 15.
  - When completed, check the application to ensure that the references, amounts, and other details are correct before passing to the Authorized Representative(s) for signature  
Mistakes and omissions lead to delays in payment

### Instructions: Numbers correspond to numbers on Application for Special Commitment

1. **IBRD Loan/IDA Credit Number:** Insert the full reference (number and letters) as it appears on the Loan/Credit Agreement.
2. **Cofinancier's Ref. No.:** Insert Cofinancier's name and loan/credit/grant reference (if any) on the first line. In the second line, show the associated World Bank reference number (05 followed by 5 digits for Trust Funds, and 14 followed by 5 digits for other cofinancing operations).
3. **Application No.:** Number applications consecutively, beginning with number one (irrespective of application type). Where there is more than one implementing agency, use a prefix to identify applications from each agency (for example, MF 1 – Ministry of Finance No. 1).

### Details of Letter of Credit

1. **Name and Address of Negotiating Bank:** To be obtained for L/C. Give full mailing address. Indicate SWIFT code if the Bank is a member of SWIFT.
2. **Name and Address of Opening Bank:** Usually the borrower's bank in the borrowing country.
3. **Name of L/C Opener:** Name of borrower or executing agency.
4. **L/C Details:** To be obtained from L/C.

### Details of Expenditure

1. **Name and Address of Contractor or Supplier:** The beneficiary of the L/C. Give name, city, state (for U.S. suppliers) and country.
2. **Procurement Details:**
3. **Contract or Purchase Order Number and Date:** To be obtained from relevant document.
4. **Date of Procurement No-Objection Notice:** Give date of the Bank's no-objection notice if award of the contract against which payment is being made was subject to the Bank's prior review.
5. **Brief Description of Goods, Works, or Services:** For example: agricultural machinery or fertilizer.
6. **Withdrawal Details:**
7. **Category or Subproject Number:** Obtain category reference taken from Schedule 1 of the Loan/Credit Agreement. The subproject number for financial intermediary loans is the number advised by the Bank when it approved the subproject.
8. **Percentage of Expenditures to be Financed:**
9. By the Bank: Obtain from the appropriate category of Schedule 1 or Article II of the Loan/Credit Agreement.
10. By Cofinancier (if any): When there is cofinancing, give the Bank/Cofinancier disbursement ratio (for example, WB 60%, CF 40%); otherwise insert "NIL".

### Special Instructions

1. **Special Instructions and Remarks:** Provide any special instructions, invoice numbers, or other references that would facilitate issuance of the Special Commitment.
2. **Name of Borrower:** Fill in name as it appears on the Loan/Credit Agreement.
3. **Date:** Give the date on which the Authorized Representative(s) signs the application.
4. **Authorization:** Obtain the signature(s) of the Authorized Representative(s).
5. **Name and Title of Representative(s):** Provide both the name and title of the signatory(ies).

### Supporting Documents

The following documents should accompany the application:

- One copy of the contract or purchase order (unless this document has already been submitted to the Bank)
- Two copies of the letter of credit (with valid expiry date) that the commercial bank proposes to issue.

**Note:** If the letter of credit refers to other documents such as proforma invoices, two copies of these documents should also accompany the application.

*APPENDIX R*

**PROCUREMENT AND FINANCIAL MANAGEMENT ARRANGEMENTS  
FOR  
COMMUNITY DRIVEN DEVELOPMENT (CDD) PROJECTS**

## PROCUREMENT AND FINANCIAL MANAGEMENT ARRANGEMENTS FOR COMMUNITY DRIVEN DEVELOPMENT (CDD) PROJECTS<sup>2</sup>

### 1 INTRODUCTION

#### 1.1 Context

1.1.1 Community-driven development (CDD) gives control of decisions and resources to community groups. These groups often work in partnership with demand-responsive support organizations and service providers including elected local governments, the private sector, nongovernmental organizations (NGOs), and central government agencies. CDD is a way to provide social and infrastructure services, to organize economic activity and resource management, to empower poor people, improve governance, and enhance security of the poorest. CDD is relevant across many sectors.

1.1.2 The potential for CDD is greatest for goods and services that are small in scale and not complex and that require local cooperation, such as common pool goods (e.g., management of common pasture and surface water irrigation systems), public goods (e.g., local road maintenance), and civil goods (e.g., public advocacy and social monitoring). But not all goods and services are best managed through collective action at the community level. Public goods that span many communities or that require large and complex systems are better provided by local or central government. Similarly, private goods or toll goods are often better provided using a market-based approach, relying more on individual enterprises than on collective action. CDD can, however, fill gaps where markets are missing or imperfect, or where public institutions or local governments fail to fulfil their mandates.

1.1.3 This document outlines the principles governing the successful implementation of CDD projects; provides guidelines for the implementation of CDD projects (specifically in relation to procurement); discusses the risks associated with the delivery of CDD projects and outlines mechanisms for mitigating these risks. Further information along with examples of the implementation of CDD projects can be found on the World Bank's website<sup>3</sup>.

#### 1.2 Management - Principles and Aims

1.2.1 The management of CDD projects should be guided by the principles of simplicity, efficiency, accountability, transparency, sustainability, and cost effectiveness. Similarly, procurement procedures in CDD projects should be free, fair and transparent and should allow all capable suppliers interested in providing goods and services for such projects to participate.

1.2.2 The management of a CDD project should aim to ensure that:

- funds flow adequately, regularly, and predictably from the central implementing agency to meet the needs of the community;
- funds are managed properly and efficiently by the bodies receiving funds, and applied only to their intended purposes;

<sup>2</sup> This document is based largely on "Fiduciary Management for Community Development Projects – A Reference Guide", 05/07/02.

<sup>3</sup> <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/09ParentDoc/CommunityDrivenDevelopment?Opendocumentapplication>

- sufficient and accurate information on project activities including usage of funds, is exchanged regularly between communities, local governments, and other stakeholders, including project beneficiaries, without placing too large a burden on any layer;
- accountability is stimulated through a strong flow of information among all levels of government concerned and on the performance of relevant local governments, NGOs, and communities; and
- the capacity of the community and local institutions to own and manage their activities is strengthened.

## **2 FRAMEWORK FOR DELIVERY**

### **2.1 CDD Accountability**

2.1.1 Accountability requires a management system that provides accurate and timely information. Depending on the project design, a CDD project will need to address accountability at the following levels:

- within the community's development committee and from the community's development committee to non-committee members of the community (i.e., beneficiaries);
- from intermediary groups (e.g., sub-national PMT, NGO) to the community and to the national implementing agency;
- from local interested groups or civil servants to their constituents;
- from project staff to interested groups or civil servants;
- from the local government to the central government, and vice versa; and
- from the national level implementing agency to the Bank.

### **2.2 CDD Models**

2.2.1 CDD project arrangements depend on the specific activities and implementation needs of each project and on the local context and culture. Although projects vary greatly, three basic CDD models can be distinguished according to the locus of primary responsibility for project implementation:

- i) Central or local government – including the national level PMT or sub-national PMT. In general, fiduciary control by government bodies is suitable for strategic infrastructure development, through:
  - funding mechanisms that give local authorities access to resources for infrastructure investments benefiting several communities (for example, roads between villages and primary irrigation schemes); and
  - methods to build the capacity of local governments to better plan and maintain this infrastructure.
- ii) Communities – often it is more appropriate for communities themselves to take responsibility for goods and services within the reach of the communities and for support to economic activities, through:
  - funding mechanisms that encourage local private investment (improving the private sector environment, providing funding for income-generating activities, and so forth); and
  - capacity-building assistance to local common-interest groups to promote local economic development. Examples include community roads and

water supply schemes, and secondary or tertiary irrigation systems. Some CDD projects allow schools and health clinics to be built and/or maintained by communities. In these cases, a range of small activities may be involved, and these may be widely scattered geographically. In such circumstances it would be difficult for more centralized approaches to succeed.

- iii) An intermediary entity that fulfils a fiduciary role, such as an NGO or a private company - the use of NGOs or other intermediaries may be appropriate where there is limited capacity at the local level and it might take time to build these capacities, and for emergency projects. There may also be specific CDD-type projects whose aim is to strengthen local NGO capacity or enable them to operate as contracting agents on behalf of local government.

2.2.2 A hybrid model can also be used. For instance, communities or local governments might be responsible for technical implementation but procurement and financial management might be entrusted to an NGO.

2.2.3 The model chosen for any project depends on a range of factors, including the purpose of the project; the perceived and potential capacity of the local community; the capacity of the implementing agency[ies] and the level of decentralization; logistics and established procedures dealing with procurement and financial management; and other factors defined in the project logframe.

### **3 FINANCING AGREEMENTS**

3.1.1 The approval process for community projects includes the need for the community to plan, program, and budget its sub-projects. The forms of the plan and budget for sub-projects should be documented in the financing agreement between the beneficiary community and the implementing agency. The plan should be simple, giving:

- a comprehensive list of activities, approximate timing, estimated costs and sources of financing (including any community contributions), and expected benefits; and
- a listing of responsibilities for each aspect of the sub-project before, during, and after implementation.

3.1.2 The financing agreement should make clear any funds to be disbursed in tranches, depending on the size of the funding, the length of the implementation period and the capacity of the community.

#### **3.2 Sub-project Appraisal**

3.2.1 Sub-project plans, complete with basic specifications and budget estimates, should be appraised before they are approved for funding approval. These plans should identify the actions needed to complete the sub-project, their approximate cost and timing, as well as potential sources of finance and how this will be obtained or provided. This simple procurement planning can help identify which goods, works, and services the community can procure for itself, and which will require additional assistance.

#### **3.3 Budget Savings**

3.3.1 In most cases, project funding is set, so shortfalls in budget can be met only by increasing community contributions or reducing sub-project scope. Where there are budget savings, it is usually good practice to allow the community to use

these to finance eligible expenditures under the project without having to undergo a process of formal approvals.

## 4 PROCUREMENT ARRANGEMENTS

### 4.1 Community Participation in Procurement

4.1.1 Provision 3.15 (Community Participation in Procurement) of the Bank's Procurement Guidelines has been specifically designed to address procurement in CDD projects<sup>4</sup>. It stipulates that procedures shall be "suitably adapted" to reflect the conditions and capacity of the community, provided they are "efficient." This provision allows flexibility in defining acceptable procedures at the community level. As a general rule, procurement should be designed to:

- Be simple enough as to be understood and implemented by local staff and the community;
- Be sufficiently transparent to permit real competition among suppliers and to facilitate control in the selection of contractors and use of funds;
- Use simple, standardized documentation; and
- Balance risk versus control/management with efficiency considerations.

4.1.2 The thrust of a CDD project is the involvement of communities in the formulation, design, and implementation of their sub-projects. Typically, a CDD project includes many small, simple sub-projects that are geographically dispersed and that are implemented by communities that have various degrees of procurement expertise. At the project preparation stage of a CDD project, a procurement capacity assessment should be undertaken focusing on the following:

- Community procurement experience (especially if the project involves the same or a similar group of communities and implementing agency);
- The proposed project implementation roles and institutional arrangements of the implementing agency and the community given the nature and complexities of likely sub-projects.

### 4.2 Payments for Community Sub-projects

4.2.1 Sub-project beneficiary communities should be empowered to carry out their procurement according to project-specific procedures contained in the financing agreement between the implementing agency and the community that must be consistent with those described in the project implementation manual. There are essentially two methods of payment used for community sub-projects. The financing agreement should identify the method to be used and once agreed, this method should not be changed for that sub-project during implementation.

- i) **Payments for Actual Costs Incurred by the Community:** This method should only be applied when the:
  - sub-projects are few and of large value (e.g., water supply in cities), and are identified during project preparation; or,

<sup>4</sup> Provision 3.15 reads: "Where, in the interest of project sustainability, or to achieve certain specific social objectives of the project, it is desirable in selected project components to (i) call for the participation of local communities and/or nongovernmental organizations, or (ii) increase the utilization of local know-how and materials, or (iii) employ labor intensive and other appropriate technologies, the procurement procedures, specifications, and contract packaging shall be suitably adapted to reflect these considerations, provided these are efficient. The procedures proposed shall be outlined in the staff appraisal report, and the Loan Agreement."

- cost cannot be satisfactorily estimated, but it has been determined that the community has the requisite capacity to implement the appropriate procurement procedures.

The formal procurement procedures associated with this method require a high level of technical knowledge; if the community does not have sufficient capacity, technical assistance from the implementing agency, a local government agency, an NGO, or a consultant would be a prerequisite. In either case, the community acts like an arm of the implementing agency when this method is used to finance sub-projects. The procurement procedures to be applied should be reviewed to determine their consistency with the grant/credit agreement and the project implementation manual. Disbursements to the community are made on the basis of eligible expenditures incurred or to be incurred by the community; hence the implementation of such sub-projects involves a significant amount of paperwork, expenditure reporting, and fiduciary controls by the implementing agency.

- ii) **Payments on a Lump-Sum Basis:** This is the preferred method for sub-projects that are large in number, small in scope, and technically simple. Most of the sub-projects are not identified during project preparation. The implementing agency agrees on this method of payment on the basis of the following criteria:
  - sub-project eligibility;
  - method of implementation;
  - cost estimates, along with a defined outcome or delivery of an end-product.

The financing agreement is a contract between the implementing agency and the community, against which disbursements will be made, usually in one or several tranches, and on the basis of physical progress. The review of the sub-project will focus on the delivery of the end product described in the financing agreement.

This financing method involves direct community participation, and often will include in-kind labor or materials contributed by the community, or subcontracting or procurement of goods and skilled labor. Such subcontracting must comply with the financing agreement, and thus with the procurement procedures and financial management requirements set forth in the project implementation manual. Such sub-projects are relatively simple to administer, as documentation and reporting is kept to a minimum, and the implementing agency receives progress and completion reports as well as technical inspection certificates from its staff and from consultants that the implementing agency hired. Another advantage is that the community has a built-in incentive for economy and efficiency, which allows for fewer and less onerous process controls by the implementing agency.

### 4.3 Publicity

- 4.3.1 Publicity is an important feature in CDD projects, to inform community members and potential providers of goods, works and services about project development and activities, and to enhance transparency and competition in procurement processes. Publicity may take the form of information campaigns, notices or

billboards placed in appropriate locations (e.g., local newspapers, village councils), and community meetings.

#### 4.4 Procurement Challenges

4.4.1 Many community-level expenditures will be payments of local wages or for the purchase of materials. Under the lump-sum payment procedure, the valuation of these goods, labor, or services should reflect local market prices, with funds included in the fixed-amount provided for the sub-project. This enables a community representative (for instance, the implementation team treasurer) to make payments to individuals in the same community for goods or services. The actual amount paid becomes the decision of the community and can produce efficiencies and savings for the community, allowing the saved funds to be applied against expenditures eligible under the project.

#### 4.5 Procurement Methods

4.5.1 Communities typically use the following four methods of procurement that are derived from the procurement guidelines and are consistent with the provisions of this manual. For the sake of consistency, CDD projects should make use of the appropriate procurement forms provided in volume 3 of MIM.

- i) **Local shopping** – a simple version of national shopping – is the most commonly used procurement method. In this process, communities should solicit at least three price quotations for the purchase of goods, materials or services (other than consulting services), in order to make a cost comparison. It is important that factors such as quality, availability, and transportation costs are taken into account when comparing the potential suppliers. Sometimes, in relation to works, contractors can be hired to carry out a particular part of an activity that is technically or physically beyond the community's capacity; again, at least three quotations are required.
- ii) **Local bidding** – a simplified version of national competitive bidding (with local or regional competition, and simplified contracts and bidding documents)—is used for larger contracts. This process requires a level of procurement expertise on the part of the community.
- iii) **Direct contracting** or sole sourcing may be used when the cost to the community of another procedure would be disproportionately high relative to the value of the procurement itself, and where only one supplier/contractor is available locally. The supplier can thus be chosen without going through either the bidding or shopping procedures outlined above, provided the costs are in line with local market rates. Controls for the use of the method should apply as described in the stage procedure (volume 2).
- iv) Under a **community force account**, the community implements the sub-project using its own resources (skilled and unskilled labor, materials, equipment), and may subcontract part of the sub-project. This approach offers several advantages. It is community driven and cost effective (inputs can be provided by the community at below-market costs), and it injects funds into the community (e.g., through the payment of wages and materials). Its major drawbacks are the potential for abuse (misallocation of funds) and the difficulty of estimating and controlling costs.

#### 4.6 Consultant Guidelines

4.6.1 Communities may need assistance in preparing and implementing their sub-projects. Such assistance is usually provided by consultants (individuals or

firms) or NGOs. The three pillars of the selection process are competence of the incumbent, transparency of the process, and simplicity. Suitable and efficient selection processes should be designed on an ad-hoc basis keeping these principles in mind. It may be useful for the implementing agency to identify qualified consultants and NGOs, and possibly to enter into framework or call-off agreements with them. Communities can then contact the consultant or NGO of their choice from such lists.

#### 4.7 **Prior Review Thresholds**

4.7.1 Prior-review thresholds should be set at levels commensurate with the expected contract amounts or lump-sum financing agreement, and should aim at reviewing only the larger contracts (e.g., those in the upper decile). Post review is made on a sample basis.

#### 4.8 **Peer Control**

4.8.1 In CDD projects, the beneficiaries' representatives (and the beneficiaries themselves) participate directly and closely in the management of the funds allocated to the community subproject. This provides assurance that the funds will serve useful purposes, i.e. the beneficiaries will exercise peer control over the use of funds. Such control is important, and should be facilitated by making the internal control system procedures as transparent as possible.

### 5 **RISKS AND INTERNAL CONTROLS**

5.1.1 As in every project, a good system of internal controls is indispensable for the proper management of CDD projects. The internal controls and audits at the implementing agency and sub-implementing agency level follow normal procedures. It is at the community level that special measures are necessary, as outlined in the following paragraphs.

#### 5.2 **Risk Factors**

5.2.1 Risk factors that need to be addressed include:

- The large number of parties and transactions involved, the small value and multiplicity of contracts, and the scattered locations of the sub-projects that render problematical ex-ante controls across all individual sub-projects;
- Disbursement to the beneficiaries' bank accounts or to regional/sub-regional accounts is based on progress reports while the supporting documents are best kept at the level where the expenses are incurred;
- Community groups may lack the necessary capacity;
- Community representatives may not be truly representative of the community (i.e., elite capture of institutions and political interference).

#### 5.3 **Mitigating Risks – Internal Controls**

5.3.1 Implementing agencies should ensure that the risks associated with CDD projects are mitigated by clear transparency rules and other methods for empowering and training communities to exercise fiduciary control over their leaders, as well as by suitable internal control procedures. The mitigation system should be simple but effective. Key controls points to consider include:

- no individual should be able to initiate, authorize, execute, or record a transaction without the active involvement of someone else (for example, all withdrawals and transactions should be witnessed and countersigned);

- risks of loss, leakage, fraud, inaccuracy, or mistake should be identified at all levels, carefully assessed, and measures put in place to eliminate or minimize them;
- measures should normally not cost more than the possible loss that could result from their absence;
- the measures should not unduly slow the flow of funds or project implementation;
- procurement and financial management supervision at the community level should be integrated with monitoring and evaluation to ensure a close link between technical/progress reporting and financial reporting, as a way to support the validity of the expenditures;
- accountability should be built into the local governance system and at the community level using the many accountability mechanisms already being piloted in a large number of projects (participation, public announcement of community activities and funds received and spent, election of sub-project management committees, putting all information into the public domain in open meetings and posting salient information in public places - even in communities where illiteracy levels are high). See the Bank's website for examples of on-going projects<sup>3</sup>.
- internal audits/ex-post audits (see paragraphs 5.5 and 5.6) of community organizations should be encouraged.

#### **5.4 Community Involvement**

5.4.1 Successful internal control and financial management of a CDD project require that beneficiaries and other stakeholders be kept well informed at all times and at all levels about their entitlements, rights, obligations, and the project's costs and benefits. This information should be provided in a manner understandable to all interested parties. Where any of the beneficiaries are illiterate, it may even have to be presented in pictures or other appropriate media. It is also good practice that summaries of local project expenditures and procurement information be posted in a public place (for example, outside a village hall or meeting place), since this literally places the information in the public domain.

#### **5.5 Internal Audits**

5.5.1 Internal audit by central government, local government, or simply by trained members of the community should also be encouraged as an integral part of the internal control system.

#### **5.6 Ex-Post Audit**

5.6.1 A simple, inexpensive internal ex-post audit of community sub-projects designed to confirm that funds have been spent on the intended purpose and that the community has received value-for-money can be a valuable addition to the quality and internal control framework. This ex-post audit is often linked to the overall monitoring and evaluation of the community subproject.

### **6 REPORTING, RECORD-KEEPING AND ACCOUNTING**

#### **6.1 Simplifying Reporting**

6.1.1 In most projects, physical progress reports and financial reports from the subproject level are combined to enable the PMT to compare expenditures against targets. This process can be simplified by linking the reporting with

project tranches rather than requiring periodic (e.g., quarterly) reports, such that unless an agreed level of progress has been achieved then the subsequent tranche cannot be approved. Funds for small subprojects with a short duration may be disbursed to the community group in one payment, with only a final report required. In such cases, additional funding to the same group would depend on its having adequately reported on the previous funding.

## 6.2 Sub-project Reporting Format

6.2.1 Simple reporting formats should be created, as follows:

- Financial - the format of the financial reports may be either summary sources and uses of funds, or cash and bank balances;
- Physical - the physical progress reports may be equally simple in format and content, and should be received together with the financial reports;
- Linked with the financing agreement - report formats should be clearly specified in the financing agreement, preferably by attaching a copy of the agreed format. The timing for submission of the reports should also be specified.

## 6.3 Community Record-Keeping and Accounting

6.3.1 Successful record-keeping and accounting systems can range from a very simple hand-written record of receipts and payments up to a full accrual basis accounting system. At the community level, it is important to keep simplicity as a primary objective. Key principles to apply to the community accounting system include:

- use of local language;
- all transactions (cash and bank) should be recorded in simple formats;
- supporting documents should be retained; and,
- as few forms as possible should be used, focusing on the needs of the community (including tracking use of funds and stores and community contributions when required).