



*Caribbean Regional Communications Infrastructure
Program (CARCIP)
St. Vincent and the Grenadines Project*

PROJECT IMPLEMENTATION MANUAL

Final

October 17, 2012

Central Planning Division
Ministry of Finance and Economic Planning
1st Floor, Administrative Centre, Bay Street,
Kingstown, St. Vincent
Tel.: (784) 457-1746 • Fax: (784) 456-2430
• E-mail: cenplan@svgcpd.com

Table of Contents

ABBREVIATIONS AND ACRONYMS.....	vi
SECTION 1: INTRODUCTION	1
SECTION 2: THE PROJECT	2
A. Project Objective	2
B. Project Beneficiaries.....	2
C. Project Scope and Components.....	2
D. Project Cost and Financing Plan	4
E. Expected Outcomes	6
F. Project Conditions	7
SECTION 3: INSTITUTIONAL ARRANGEMENTS FOR PROJECT MANAGEMENT	9
A. Regional Level	9
i. Collaboration with CTU	9
ii. Technical Agreement	10
iii. Regional Steering Committee	10
B. National Level	10
i. Administrative Arrangements.....	10
ii. Public Sector Investment Management Unit (PSIPMU)	12
iii. National Project Coordinator.....	15
iv. Business Incubation Grants and Training Grants Manager	15
v. Office of the Prime Minister	15
vi. National Telecommunications Regulatory Commission (NTRC)	16
vii. International Development Association/ World Bank.....	16
viii. National Project Steering Committee.....	16
C. Business Plans and Training Plans.....	17
i. Eligibility Criteria for Business Plans and Training Plans	17
ii. Approval of Business or Training Plans.....	18
SECTION 4: Procurement procedures.....	21
A. Legal Framework.....	21

B.	Institutional Structures for Procurement:	21
C.	Procurement Planning.....	22
D.	General Guidelines.....	23
E.	Methods of Procurement	26
a.	Procurement of Goods, Works and Non- consulting Services:.....	26
b.	Procurement of Consultant services	29
SECTION 5: FINANCIAL PROCEDURES MANUAL		36
A.	Legal Framework.....	36
B.	Institutional Responsibilities.....	36
C.	Financial Management Procedures.....	36
D.	Project Planning and Budgeting.....	37
E.	Accounting Procedures.....	37
I.	Procedures for requesting payments from PSIPMU	37
II.	Internal Control Procedures of the PSIPMU	38
III.	Authorisation of payment from local account.....	38
IV.	Accounting procedures for payments.....	38
V.	Filing and maintenance of financial records.....	38
VI.	Disbursement Arrangements.....	39
VII.	Disbursement Deadline Date.....	40
VIII.	Authorised signatories	40
IX.	Withdrawal of Financing Proceeds	40
X.	Electronic Delivery	40
XI.	Chart of accounts	41
XII.	Basis for accounting and standards	42
XIII.	Procedures for recording funds received from the World Bank	42
XIV.	Forms and other documentation used for financial activities.....	42
XV.	Payment Procedures	42
F.	Eligible Expenditures	43
G.	Journal Entries for Disbursement of Funds	44
H.	Bank Reconciliation Statements	44
SECTION 6: PROJECT MONITORING AND EVALUATION.....		45
A.	Institution for Monitoring.....	45

B. Monitoring System.....	45
C. Monitoring Indicators.....	46
SECTION 7: REPORTING.....	46
A. Summary of Reports.....	46
B. Financial Reports Requirements	47
I. Disbursement Plan	48
II. Interim Financial Report (IFR).....	48
III. Annual Financial Reports.....	49
C. Audited Financial Statements	49
D. Bank Reconciliation Statements	50
E. Recording of Fixed Assets	50
F. World Bank Financial Supervision Arrangements.....	50
G. Project Reports	51
H. Project Completion Report	51
Annexes	52
Annex 1: TOR for Project Coordinator	52
Annex 2: Terms of Reference for Steering Committee	56
Annex 3: Procurement Plan - 18 months	60
Annex 4: Procurement Plan Format for Consultancy Services	62
Annex 5: Procurement Plan Format for Goods	63
Annex 6: Sample Forms for Withdrawal of IDA Funds	64
Annex 7: Sample Format: Designated Account Reconciliation Statement	64
Annex 8: Results Framework and Monitoring	66
Annex 9: Sample IFR.....	69
Annex 10: Sample TOR for Financial Audit.....	69

LIST OF TABLES

Table 1: Estimated Lending Envelope by Country, First Phase -1A (US\$ million).....	4
Table 2: Financing Plan by Project Components	5
Table 3: Expected Outcomes.....	6
Table 4: Procurement Arrangement	25
Table 5 : Sample Action Plan	35
Table 6: Eligible Expenditure by Category.....	44
Table 7: Summary of Reports	46

LIST OF FIGURES

Figure 1: Regional Implementation Structure	9
Figure 2: National Organisational Structure.....	11
Figure 3: PSIPMU Organisational Chart.....	13
Figure 4: Business Incubation and Training Delivery Chart.....	19
Figure 5: Flow of Funds Chart.....	41

CURRENCY EQUIVALENT

(As of February 29, 2012)

Currency Unit = US Dollar

SDR\$1 = USD \$
1.55602

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACROYNOMS

APL	Adaptable Program Loan
AWPB	Annual Work Plan & Budget
BoSVG	Bank of St Vincent and the Grenadines
CARCIP	Caribbean Regional Communications Infrastructure Program
CED	Centre for Enterprise and Development
CKLN	Caribbean Knowledge and Learning Network
CPD	Central Planning Division
CQS	Selection Based on Consultant Qualifications
CTU	Caribbean Telecommunications Union
DA	Designated Account
DTST	Department of Telecommunications, Science and Technology
ECTEL	Eastern Caribbean Telecommunications Authority
Eoi	Expression of Interest

FA	Finance Agreement
FBS	Fixed Budget Selection
FMS	Financial Management System
FS	Financial Specialist
GA	Grant Agreement
GoSVG	Government of St. Vincent and the Grenadines
GPN	General Procurement Notice
IA	Implementation Agreement
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
ICT	Information Communication Technology
IDA	International Development Association
IFR	Interim Financial Reports
INTOSAI	International Organization of Supreme Audit Institutions
ISA	International Standards on Auditing
IT/ITES	Information Technology /Information Technology-Enabled Services
ITSD	Information Technology Services Division
IXP	Internet Exchange Point
LCS	Least-Cost Selection
LIB	Limited International Bidding
MOU	Memorandum of Understanding
NCB	National Competitive Bidding
NCTI	National Center for Technological Innovation
NTRC	National Telecommunications Regulatory Commission
PAD	Project Appraisal Document
PMU	Project Monitoring Unit

PP	Project Plan
PPP	Public Private Partnership Arrangements
PSIPMU	Public Sector Investment Management Unit
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
RFP	Request for Proposals
SBDs	Standard Bidding Documents
SDRs	Special Drawing Rights
SMEs	Small and Medium Enterprises
SSS	Single-Source Selection of Consultants
TA	Technical Agreement
TOR	Terms of Reference

SECTION 1: INTRODUCTION

The Government of St. Vincent and the Grenadines (GoSVG) along with Grenada and St. Lucia have agreed to participate in a first phase regional programme designed to facilitate the connectivity to regional broadband networks through submarine cable and terrestrial infrastructure. This will enable the participating countries to increase access to quality and affordable information and communication technology services. The program will support St. Vincent and the Grenadines' objectives of leveraging the Information Communication Technology (ICT) sector to carry out transformation in the country; and to improve service delivery in both the public and the private sectors; provide citizens with ICT skills and create jobs; which are consistent with the country's development agenda.

The Government has signed a Financing Agreement (credit number 5118-VC) with the International Development Association (IDA)/World Bank on June 26, 2012 to finance the Caribbean Regional Communications Infrastructure Program (CARCIP) – St. Vincent and the Grenadines project. The project is estimated to cost US\$6.0 million or EC\$16.0 million and is 100 percent IDA financing. The project was approved by the Bank's Board on May 22, 2012 and will close on February 1, 2017.

This project implementation manual is intended to facilitate the work of officials involved in the implementation of the project. It provides detailed arrangements and procedures for the following:

1. Institutional coordination and day-to-day execution of the Project.
2. Project budgeting, disbursement and financial management.
3. Procurement.
4. Environmental and social safeguard guidelines.
5. Monitoring, evaluation, and reporting.

It compiles and summarises several key documents that are essential for consultation during project implementation. These are:

- a) The Financing Agreement (FA)
- b) Project Appraisal Document (PAD)
- c) Minutes of Negotiations with the World Bank
- d) Disbursement Guidelines for projects
- e) World Bank Disbursement Letter
- f) General Conditions for Credit and Grants
- g) Guidelines: Procurement of Goods, Works and non-consulting services
- h) Guidelines: Selection of Consultants
- i) Guidelines: Financial Reporting and Auditing of Projects
- j) Financial Accounting and Reporting Manual

- k) Central Supplies Tenders' Board Procurement Regulations
- l) Environmental and Social Management Framework
- m) Technical Agreement with the Caribbean Telecommunications Union (CTU)

SECTION 2: THE PROJECT

A. Project Objective

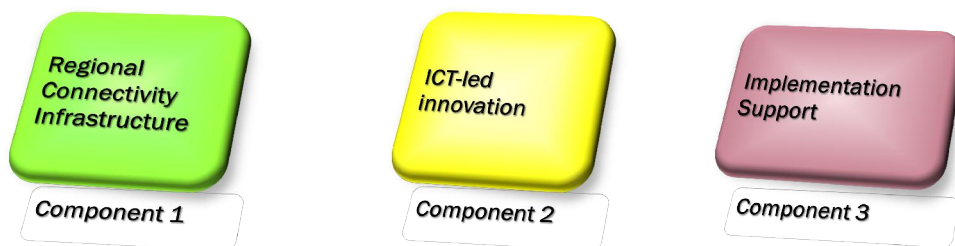
The main objective of the Project is to increase access to regional broadband networks and to advance the development of an Information Technology-Enabled Services (ITES) industry in St. Vincent and the Grenadines and in the Caribbean region. It seeks to bridge the gaps in St. Vincent and the Grenadines' broadband communications infrastructure, including leveraging the government's communication infrastructure to connect and equip government offices in order to improve internal business processes, extend services to underserved communities, as well as increase access of citizens to information. The Project constitutes the first phase of the regional CARCIP programme and will be implemented over a five-year period, commencing in 2012.

B. Project Beneficiaries

The CARCIP project is expected to benefit the populace of St. Vincent and the Grenadines. The primary target groups of the project are the ICT services consumers (business and residential), IT and IT Enabled Services providers and other knowledge-intensive businesses and employees, and e-government and m-government¹ services users. It is expected that: (a) ICT consumers in St. Vincent and the Grenadines will enjoy greater access to improved quality and lower prices of ICT services, including high speed internet access, (b) the number of IT/ITES and other knowledge-intensive businesses and employees will increase, and (c) the number of e- and m-government services will increase, contributing to the improved quality of public services.

C. Project Scope and Components

The project consists of three components:



¹ M-government refers to e-government services provided through mobile devices such as mobile phones.

Component 1: Regional Connectivity Infrastructure

1. This component involves the carrying out of a programme of activities for technical assistance and capacity building of the relevant institutions for: (a) the design and implementation of Public Private Partnership (PPP) arrangements, including transactional advice and validation of design and costs for broadband infrastructure; and (b) strengthening the legal and regulatory environment to harmonize the same at the regional level, and to provide effective regulation for the benefit of end-users, including infrastructure sharing and open and non-discriminatory access to the IXP and network infrastructure.
2. Developing the St. Vincent and the Grenadines' national and cross-border infrastructure, under PPP arrangements, required to roll-out submarine and terrestrial broadband backbone networks to reduce communications infrastructure gaps and cost, including the establishment of a high speed broadband backbone network to connect major populated areas to existing regional broadband networks, and to increase cross-border connectivity.
3. Establishing a government intranet (virtual private network) to facilitate connectivity for the Recipient's public agencies.
4. Facilitating regional and local interconnection of internet traffic, including structuring of ownership and management of Internet Exchange Point (IXP) to reduce the cost of connectivity and increase the quality of service.

Component 2: ICT-led Innovation

1. Developing ICT Centres of excellence to facilitate the growth of ICT-enabled industry in the Caribbean region.
2. Carrying out of a programme of activities: (a) for skills development and certification (Training Plan) for eligible public and private training institutions and private entities (Beneficiaries), through the provision of Training Grants; and (b) for capacity building and business incubation to support development of local ICT small and medium enterprises (SMEs) (Business Plans) to promote the creation of new ICT-enabled industry, through the provision of Business Incubation Grants to eligible local ICT SMEs (Beneficiaries).

Component 3: Implementation Support

This component will strengthen the institutional capacity for the implementation, management, coordination, and monitoring and evaluation of the project. This includes recruiting key PSIPMU staff within the Central Planning Division (CPD), and building the capacity for relevant key policy and regulatory institutions.

D. Project Cost and Financing Plan

The lending instrument for the regional programme is an Adaptable Program Loan (APL), which allows countries to join at different points in time, depending on interest and readiness. Financing for the program is expected to include a combination of several sources of financing: World Bank lending, donor grant funding, government owned resources and substantial amounts of private sector investment. The first phase program is estimated to cost US\$25 million and is a combination of IDA credit - St. Lucia, St. Vincent and the Grenadines and Grenada, and grant-CTU (**Table 1**).

Table 1: Estimated Lending Envelope by Country, First Phase -1A (US\$ million)

Phase 1A	Country	IDA	IDA	Total
		National	Regional	IDA
	St. Vincent and the Grenadines	2.4	3.6	6.0
	Grenada	2.5	7.5	10.0
	St. Lucia	2.9	3.1	6.0
	Regional Grant (CTU)		3.0	3.0
Total Phase 1A		7.8	17.2	25.0

Source: CARCIP PAD

A regional grant of \$3.0 million has been allocated specifically to facilitate the implementation of CARCIP, to increase its coordination, harmonization of policies and strategies and transfer of knowledge between participating countries. This will be executed by the CTU.

The World Bank financing for St. Vincent and the Grenadines will be on the basis of an IDA credit (40 year loan, with 10 years grace period, zero interest rate, 0.75% service charge). The total amount of IDA resources is estimated at US\$ 6.0 million. The main project components and allocated costs are shown in **Table 2** below.

Table 2: Financing Plan by Project Components

Description	Estimated Cost in US\$
Component 1: Regional Connectivity Infrastructure	
Validation/Design/tendering of Broadband Network	200,000
Broadband Network	2,430,000
Government Network (VPN)	600,000
Support for Internet Exchange Point (IXP)	20,000
TA legal and regulatory safeguards for open access	200,000
Total Component 1	3,450,000
Component 2: ICT-led Innovation	
TA for Skills Assessment and Program development	100,000
TA to Develop Grants Manual for Bus. Incubation	50,000
Business Incubation Grants and Training Grants Manager	100,000
Business Incubation Grants	1,050,000
Implementation and capacity building support for Centre of Excellence	150,000
Equipment for Centre of Excellence	50,000
Skills Development and Certification	500,000
Total Component 2	2,000,000
Component 3: Implementation support - Incremental Operating Cost	
Project Coordinator	250,000
Monitoring and Evaluation (M&E)	50,000
Operating expenses (CPD/DTST)	200,000
Audit	50,000
Total Component 3	550,000
Grand Total	6,000,000

Source: Procurement Plan at Negotiation

E. Expected Outcomes

The result and monitoring framework summarises the key results and expected outcomes from the CARCIP project (**Annex 8**). At the project development objective national level, there are four (4) indicators of measurement while at the intermediate level, there are three (3) indicators at Component 1 and four (4) indicators at Component 2 (see **Table 3** below).

Table 3: Expected Outcomes

Project Development Objective	Outcome Indicators	At closing of Project
To increase access to regional broadband networks and advance the development of an ICT-enabled services industry in St. Vincent and the Grenadines and across the Caribbean Region.	<ul style="list-style-type: none"> • Number of Internet Users per 100 people • IT/ITES employment • Businesses receiving Support through the project • Direct project beneficiaries, (of which are female) 	<ul style="list-style-type: none"> • 48 • 3,000 • 30 • 5,000 (50%)
Intermediate Results		
Retail price of internet services reduced.	<ul style="list-style-type: none"> • Retail price of internet services reduced 	<ul style="list-style-type: none"> • US\$20.0 Mbps
Kilometers of fiber deployed in St.Vincent and the Grenadines.	<ul style="list-style-type: none"> • Fiber deployed under the project 	<ul style="list-style-type: none"> • 70 kilometers
Fixed internet subscribers increased.	<ul style="list-style-type: none"> • Number of internet subscribers increased 	<ul style="list-style-type: none"> • Increased from 10.8 % to 15 %
Number of persons trained in IT/ITES skills	<ul style="list-style-type: none"> • Persons trained in IT/ITES skills 	<ul style="list-style-type: none"> • 7,000
Persons certified after the training.	<ul style="list-style-type: none"> • Persons certified after training. 	<ul style="list-style-type: none"> • 1,100
Persons trained under the project in gainful ICT employment.	<ul style="list-style-type: none"> • Persons trained find gainful employment 	<ul style="list-style-type: none"> • 640
Occupancy rate of business incubation facilities increased.	<ul style="list-style-type: none"> • Occupancy rate of business incubation facilities 	<ul style="list-style-type: none"> • increased from 20 % to 80 %

F. Project Conditions

Effectiveness Conditions

Conditions of Effectiveness consist of the following:

- I. A Legal Opinion of the Financing Agreement from the Attorney General's office
- II. Adoption of a Project Implementation Manual, in form and substance satisfactory to the Association.
- III. Appointment of a Project coordinator in accordance with Section III of Schedule 2 to the Financing Agreement.
- IV. Establishment of the Project Steering Committee, in form and substance satisfactory to the Association.
- V. A signed Technical Agreement between the Government of St.Vincent and the Grenadines and the CTU in form and substance satisfactory to the Association.

Dated Covenants

- I. The Effectiveness deadline is ninety (90) days after the date of the Financing Agreement (June 26, 2012), i.e. September 24, 2012² but in no case later than eighteen (18) months after the Association's approval of the Credit, which shall expire on November 22, 2013.
- II. Appoint an external auditor for the Project, in accordance with the provisions of Section III.C of the Financing Agreement no later than six (6) months after the Effective Date.

Financial Covenants

- I. Prepare and furnish to the Association interim unaudited financial reports for the Project covering the quarter, not later than forty-five (45) days after the end of each calendar quarter in form and substance satisfactory to the Association.
- II. Audited Financial Statements for each fiscal year shall be furnished to the Association not later than four (4) months after the end of such period.

Covenants Applicable to Project Implementation

² Effectiveness deadline was extended until December 24, 2012 on September 18, 2012

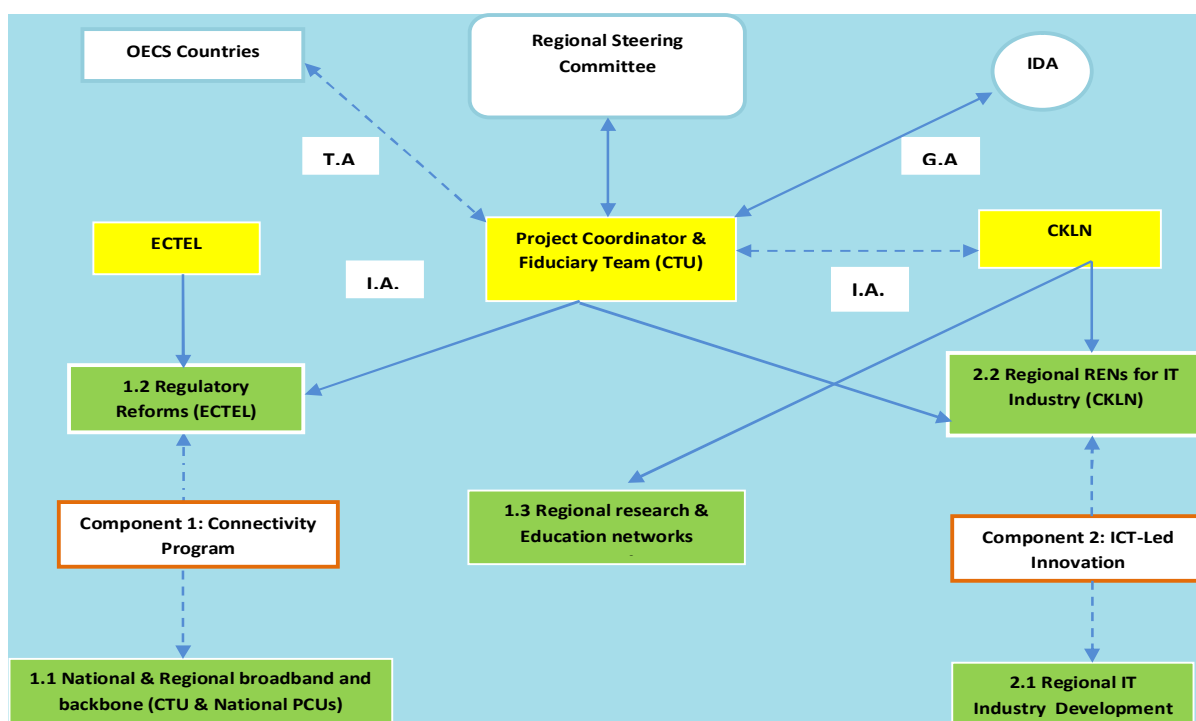
- I. Ensure participation and adequate representation to the Regional Steering Committee.
- II. Appoint and maintain, at all times during the implementation of the Project, a firm or an individual to serve as the Business Incubation Grants and Training Grants Manager, with terms of reference and functions satisfactory to the Association
- III. Adopt a Business Incubation and Training Grants Manual in a manner acceptable to the Association.
- IV. A Business or Training Plan shall be carried out pursuant to a Business Incubation Grant Agreement, or a Training Grant Agreement, to be concluded between the Business Incubation and Training Grants Manager, on behalf of the Recipient, and the respective Beneficiary, prior to commencement of any activity under such Business or Training Plan.
- V. Project Reports of implementation shall cover the period of six (6) calendar months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

SECTION 3: INSTITUTIONAL ARRANGEMENTS FOR PROJECT MANAGEMENT

The implementation of the CARCIP project will be coordinated at the regional and national levels. At the regional level, CTU will be the primary coordinator, while, the PSIPMU in the CPD, will be the main coordinator at the national level with technical support from the Department of Telecommunications, Science and Technology (DTST) and Information Technology Services Division (ITSD) in the Office of the Prime Minister.

A. Regional Level

Figure 1: Regional Implementation Structure



At the regional level, CTU will provide broad oversight over the CARCIP programme. It would be the main focal point for the World Bank to obtain the current status of the implementation of each national program, including the collection of results data. It will facilitate knowledge exchange, monitor program progress, and act as a central resource, in particular for the countries, which may have inadequate implementation capacity. It will also coordinate

implementation of several activities with the Eastern Caribbean Telecommunications Authority (ECTEL)³ and Caribbean Knowledge and Learning Network (CKLN).

ii. Technical Agreement

To facilitate coordination with the Participating countries, CTU will enter into an agreement with each country in the implementation of the regional activities under the project and the programme.

iii. Regional Steering Committee

A regional steering committee will be established and maintained at all times during the implementation of the project. It will be responsible for providing policy guidance to ensure prompt and efficient implementation, including inter alia:

- i. Reviewing progress made towards achieving the project's objective.
- ii. Facilitating the coordination of project activities and making recommendations for removal of any obstacles to the implementation of the project.
- iii. Providing comments on reports and reviews under the project.
- iv. Providing a forum for the respective participating countries to exchange views on the related activities under the respective projects.

B. National Level

i. Administrative Arrangements

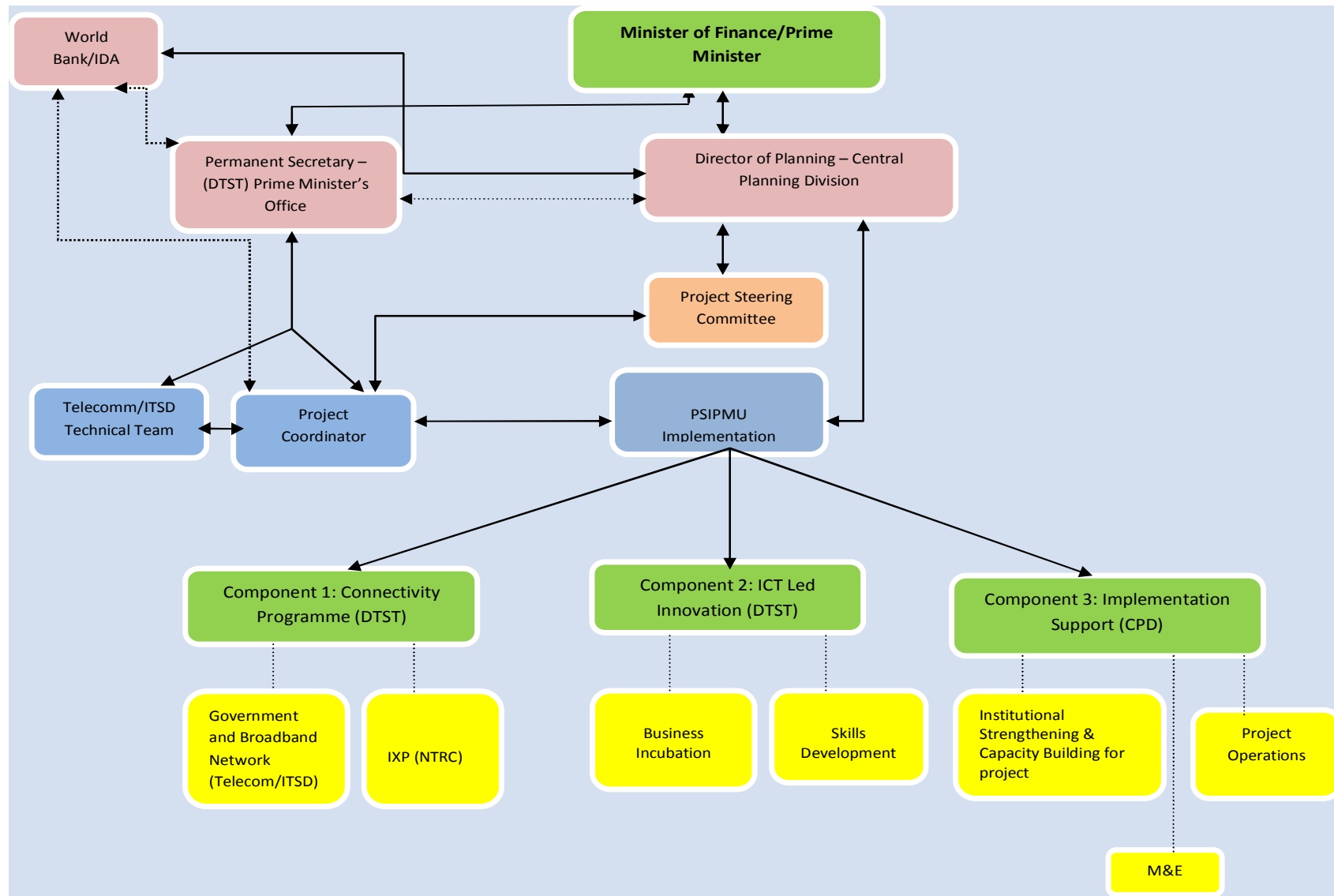
The key institutions responsible for project implementation are:

- a) Central Planning Division (CPD) in the Ministry of Finance and Economic Planning
- b) The Department of Telecommunications, Science and Technology (DTST)
- c) The National Telecommunications Regulatory Commission (NTRC)

See **Figure 2** below.

³ This was established in 2000 to promote market liberalization and competition in telecommunications sectors in five Eastern Caribbean states

Figure 2: National Organisational Structure



The implementation of each project component will be led by the respective Government agency where the greatest impact will be made.

Component 1: Connectivity- DTST/ITSD will provide support on the Government Network and the IXP subcomponent by the NTRC.

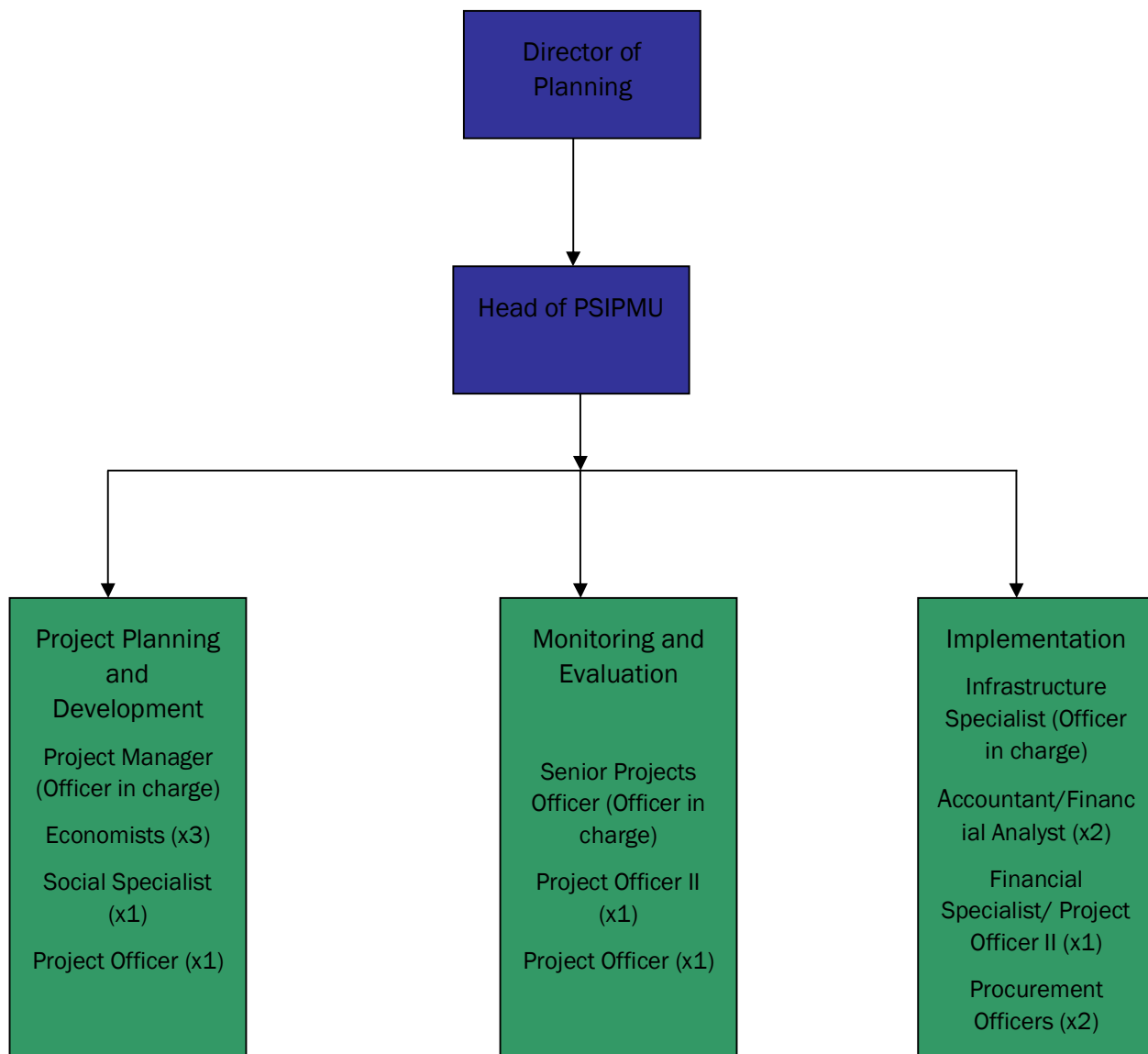
Component 2: ICT-Led Innovation- the Project will coordinate with DTST for the Business Incubation and Skills Development.

Component 3: Project implementation and support by CPD and DTST

ii. Public Sector Investment Management Unit (PSIPMU)

To ensure national oversight of the resources and adequate coordination with the various initiatives at the national level, CPD will have responsibility for the overall coordination, implementation, fiduciary (i.e., procurement and financial management), environmental and social safeguards compliance and supervision of the project. It will leverage the existing Public Sector Investment Management Unit (PSIPMU) for the day-to-day management which has dedicated Units with fiduciary and monitoring and evaluation responsibilities. The PSIPMU Organizational Chart is depicted in **Figure 3** below.

Figure 3: PSIPMU Organisational Chart



Implementation Responsibilities:

Procurement and Contract Management

Procurement activities will be managed through the CPD. All contracting activities including bidding, contractor/consultant selection, and execution supervision, will be managed through the CPD with the technical assistance of the participating agencies. The participating agencies DTST and NTRC will provide technical and administrative support to all of the components of the project. They will also provide support to the procurement activities including development of Terms of References (ToRs) and Technical Specifications.

During the procurement process, the CPD will convene technical committees, led by the relevant line ministry's focal point, as necessary for the design, evaluation and supervision of contracts to ensure the active participation of the beneficiary agency.

Financial Management

All financial management activities will be managed by the CPD. Using a sound financial management system, the CPD will provide accurate and timely reports to the Bank and GoSVG. The Financial Management System (FMS) utilized will include records and accounts for the preparation of the financial statements in a format acceptable to the Bank and reflects the operations, sources of funds and expenditures related to the project.

Monitoring and Evaluation

The CPD will be responsible for monitoring the progress on the project result indicators. Using established institutional systems, coupled with project-specific mechanisms such as the establishment of a project steering committee, the CPD will track the progress of the project and provide reports to the GoSVG, the CTU and the Bank on a regular basis as part of the agreed reporting requirements.

iii. National Project Coordinator

At the working level, CPD and DTST will hire a project coordinator who would be responsible for coordinating among all the national stakeholders; working in tandem with all of the implementing institutions including CTU; and other relevant ministries/departments and the private sector. The Coordinator will be assigned to the DTST and will report directly to the Permanent Secretary of the DTST. The Terms of Reference (ToR) for the Project Coordinator is in **Annex 1**.

iv. Business Incubation Grants and Training Grants Manager

A business incubation grants and training grants manager (firm or individual) will be appointed and maintained during the implementation of the Project. The manager report will report directly to the Project Coordinator and will be located at the DTST. The responsibilities which would be in accordance with the provisions and procedures set forth in a Business Incubation and Training Grants Manual⁴ include:

- (i) Appraising all proposed Business or Training Plans;
- (ii) Approving business incubation grants or training grants, subject to the Project coordinator's 'no-objection', which fall below the threshold for approval by the Project coordinator, or recommending for approval by the Project Coordinator or the Project Steering Committee, as the case may be, which exceed the thresholds for approval by the Project coordinator; and
- (iii) Disbursing, administering, monitoring and reporting to the Project Steering Committee on all approved Business Incubation Grants or Training Grants,

v. Office of the Prime Minister

The Department of Telecommunications, Science and Technology (DTST) and Information Technology Services Division (ITSD) in the Office of the Prime Minister are responsible for facilitating the development of Telecommunications, Science and Technology and to provide leadership for the most cost effective implementation and utilization of ICT best practices throughout the Public Sector of St. Vincent and the Grenadines. They will provide technical support to the CPD and the Project Coordinator in the implementation of the project. This support includes developing TORs, assisting in drafting procurement documents, reviewing consultancy reports and monitoring the progress of project components. The Senior Economist in DTST will work closely with the Project Coordinator to ensure proper coordination and effective support in implementation.

⁴ The Business Incubation and Training Grants Manual will be a separate document developed by the Business Incubation and Training Grants Manager. It will serve as the guide towards the implementation of component 2-ICT-led Innovation of the project.

vi. National Telecommunications Regulatory Commission (NTRC)

The National Regulatory Telecommunications Commission (NTRC) of Saint Vincent and the Grenadines has been established to:

- Coordinate an effective telecommunications regulatory regime;
- Promote open competition in telecommunications;
- Harmonize policies on a regional level for telecommunications; and
- Provide for a universal service, fair pricing and the use of cost-based pricing methods by telecommunications providers.

The NTRC will assist the CPD and the project coordinator in the implementation of the IXP subcomponent under Component 1 of the project and monitor several of the indicators in the result framework and monitoring, and collect the relevant data. The Director of NTRC will be the main focal point to liaise directly with the project Coordinator.

vii. International Development Association/ World Bank

The World Bank's responsibilities include:

- 1) Financing all components of the project
- 2) Monitoring the use of funds and ensure that the project is implemented in accordance with provisions of the FA and the PAD and meet the Project's Development Objective.
- 3) Conducting review missions to the field to examine the physical progress including the quality of delivery and the proper accountability of project resources.
- 4) Ensuring that IDA procurement and selection of consultant guidelines, disbursement procedures and other covenants are complied with.
- 5) Monitoring the progress and performance of the project as a whole.
- 6) Reviewing procurement documents and issuing 'no-objections' as appropriate.

viii. National Project Steering Committee

A Project Steering Committee will be established with the responsibility of providing policy guidance and ensuring prompt and efficient implementation of the Project, including, inter alia:

- Reviewing progress made towards achieving the Project's development objective.
- Facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project.
- Providing comments on reports and reviews prepared by the PSIPMU under the Project.

The Terms of Reference for the Steering Committee are outlined in **Annex 2**. The committee will comprise of the following representatives:

- Director of Planning (Chair)
- Permanent Secretary, Telecommunications, Science and Technology
- CARCIP Project Coordinator
- Director of Information Technology Services Division (ITSD)
- Senior Economist, Department of Telecommunications
- General Manager of National Centre for Technological Innovation (NCTI)
- General Manager, Centre for Enterprise and Development (CED)
- Private sector representatives (2): the Chamber of Industry and Commerce and the other to be named.

C. Business Plans and Training Plans

i. Eligibility Criteria for Business Plans and Training Plans

Business Plan or Training Plan shall be eligible for financing under a Business Incubation grant or a Training Grant once it satisfies the eligibility criteria specified below (more details will be in the Business Incubation and Training Grants Manual to be prepared separately by the Business Incubator and Training Grant Fund Manager):

- a. The proposed Business or Training Plan shall fall within the areas described under Component 2 of the Project, and shall exclude any activities and expenditures specified as ineligible in the Business Incubation and Training Grants Manual;
- b. The proposed Business or Training Plan shall be initiated by a Beneficiary which has the capacity to enter into a binding contract under the laws of the Recipient, and which has met the other eligibility criteria specified or referred to in the Business Incubation and Training Grants Manual, including the Beneficiary's agreement and ability to provide a minimum contribution in cash or in-kind, as specified in the Business Incubation and Training Grants Manual;
- c. The Beneficiary has adequate technical, financial management and procurement capacity to implement the proposed Business or Training Plan in compliance with the guidelines set forth in the Business Incubation and Training Grants Manual; and
- d. The Beneficiary shall be eligible to receive a subsequent Business Incubation Grant or Training Grant if it has completed the preceding Business or Training Plan to the satisfaction of the Project Steering Committee, in accordance with the terms of the Business Incubation Grant Agreement, or Training Grant Agreement.

ii. Approval of Business or Training Plans

A Business Incubation and Training Grants Manager will be appointed who will carry out an appraisal of the compatibility of each proposed Business or Training Plan in accordance with the eligibility criteria and the technical, financial and procurement guidelines and procedures set forth in the Business Incubation and Training Grants Manual and, based on such appraisal will:

- (a) Review and approve the Business or Training Plan whose investment cost falls below the threshold specified in the Business Incubation and Training Grants Manual;
- (b) Recommend for approval by the Project Coordinator and the Project Steering Committee, as the case may be, the Business or Training Plan whose investment cost falls above the threshold specified in the Business Incubation and Training Grants Manual;
- (c) Without limitation to the foregoing, obtain the Association's no-objection through the Project Coordinator prior to approving Business or Training Plans whose investment cost exceeds the threshold specified for that purpose in the Business Incubation and Training Grants Manual.

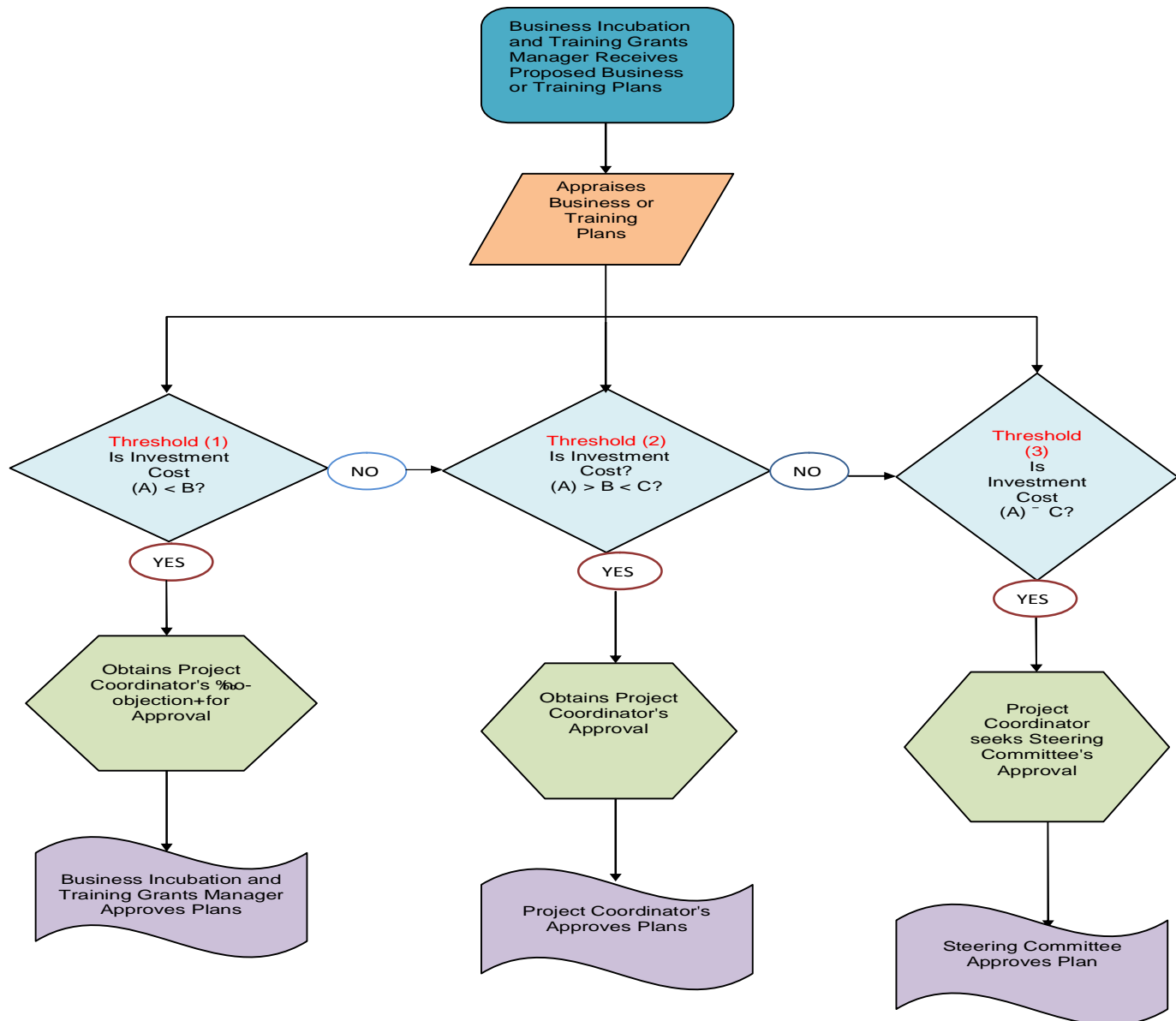
The process of approval is represented in the Business Incubation and Training Delivery Chart (**Figure 4**).

In scenario 1 of the chart, if the investment cost (A) is less than B (a threshold amount to be determined) then the Business Incubation and Training Grants Manager seeks the “no-objection from the Project Coordinator. Once that is received, the Manager then approves the Business or Training Plan.

In Scenario 2: if the investment cost (A) is greater than B (a threshold amount to be determined) but less than C (threshold amount to be determined) then the Business Incubation and Training Grants Manager obtains approval from the Project Coordinator.

In Scenario 3: if the investment cost (A) is greater than or equal to C then the Business Incubation and Training Grants Manager obtains approval from the Project Steering Committee.

Figure 4: Business Incubation and Training Delivery Chart



Terms and Conditions of Business Incubation Grants or Training Grants

A Business or Training Plan shall be carried out pursuant to a Business Incubation Grant Agreement, or a Training Grant Agreement, to be concluded between the Business Incubation and Training Grants Manager, on behalf of the Recipient, and the respective Beneficiary, prior to commencement of any activity under such Business or Training Plan, all under terms and

conditions described or referred to in more detail in the Business Incubation and Training Grants Manual and satisfactory to the Association, which, inter alia, shall include the following:

- (a) The description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring, evaluating and reporting on the implementation of the Business or Training Plan;
- (b) The obligation of the respective Beneficiary to contribute, in cash and/or in-kind, a minimum percentage of the projected Business or Training Plan cost as specified in the Business Incubation and Training Grants Manual;
- (c) The modalities of transfer of funds by the Business Incubation and Training Grants Manager to the respective Beneficiary for the financing of the Business or Training Plan;
- (d) The obligation of the respective Beneficiary to: (i) carry out the Business or Training Plan with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, and managerial practices, and in accordance with the provisions of the Anti-corruption Guidelines and the pertinent provisions of this Agreement; and (ii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Business or Training Plan;
- (e) The requirement that the goods and consultants' services to be financed from the proceeds of the Business Incubation Grant or Training Grant shall be procured in accordance with procedures ensuring efficiency and economy.

SECTION 4: Procurement procedures

A. Legal Framework

Procurement for the CARCIP Project will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits" dated January 2011; and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, and the IDA Anticorruption Guidelines dated July 1, 2005 and as amended through October 15, 2006; and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Loan, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

B. Institutional Structures for Procurement:

The key institutions responsible for procurement are the following:

- CPD/PSIPMU
- Central Supplies Tenders' Board whose approval is required for contracts of EC\$20,000 or more.
- The World Bank will be responsible for the post and prior review of the contract in accordance to thresholds stipulated in the Procurement Plan

The PSIPMU is staffed with two procurement officers who are trained in the procurement of World Bank funded projects and have the responsibility to coordinate all procurement activities of the CARCIP project. All contracting activities including bidding, contractor/consultant selection, and execution supervision, will be managed through the CPD/PSIPMU with the technical assistance from the participating agencies (DTST, ITSD and NTRC).

The staff shall keep records of the procurement process and documentation and maintain a file system for future reference and for auditing purposes. A separate file shall be opened for each approved procurement package and each file shall contain all relevant procurement documents.

C. Procurement Planning

Procurement planning is a crucial tool for guiding and monitoring procurement, and is critical to project implementation. A procurement plan needs to be prepared well ahead of time and to be consistent with the allocated annual budget. The preparation of procurement plan starts from the Annual Work Plan & Budget (AWPB). From this, all goods, works and services in the AWPB are identified, and transferred into the respective procurement plan formats to facilitate the planning for the procurement of goods, works and services.

Detailed procurement plans facilitate the identification and planning of the contracts for goods, works and services activities to be procured; recognizing the following;

- i) The types and the estimated costs of each package, to be carried out for works, goods and services;
- ii) The methods of procurement, e.g. ICB, NCB, shopping, and selection methods to be followed (e.g. QCBS, QBS, FBS, LCS, and selection of individual consultants (IC) and single source etc.);
- iii) The dates for completing key processing steps, taking into account the amount of time required to carry out each and the entire process from preparation of schedule of requirements to final delivery; and
- iv) Other key processing steps.

For each activity defined in a column, the Plan should have both planned and actual rows to enable actual progress to be monitored against planned targets. The preparation of a procurement plan should take into account the budget cycle, ability of the stakeholders involved in the process, the human skills available, administrative procedures and required approvals e.g. clearance with an entity committee or obtaining a World Bank's 'no-objection'.

The CPD has developed a procurement plan for the first eighteen months of project implementation. The procurement plan will be updated in agreement with the Bank, or as required, to reflect actual project implementation needs. The procurement plan is provided in **Annex 3**.

Formats for detailed planning for procurement of goods, and selection of consultants are provided in **Annexes 4 and 5** respectively. The plans are to be prepared on a rolling basis, and updated whenever a specific activity has actually taken place with a known date. Expected dates for future activities will be adjusted following the insertion of actual dates of antecedent

activities. The actual dates are to be compared with the target dates. The plans are to be developed using a suitable spreadsheet programme, e.g. excel to facilitate updating.

Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to post review by the Association. The procurement plan will be subject to updates biannually and if necessary, more frequently, and such updates would be subject to IDA's review and agreement.

World Bank Procurement Supervision

In addition to the prior review supervision to be carried out by the Bank, at least one post-review mission per year will be conducted, when not less than 1 in 10 contracts should be reviewed.

D. General Guidelines

The general objective is to achieve effective and efficient planning and implementation of procurement following the prescribed Procurement Guidelines by the World Bank and the Government, taking the following into consideration:

- Economy
- Efficiency
- Fairness
- Reliability
- Transparency, and
- Timeliness

Procurement of Goods: Goods procured under the project would include: (i) ICT hardware and software; (ii) office equipment; and (iii) office furniture through shopping. For goods or supply and Installation contracts to be procured using International Competitive Bidding (ICB) procedures, the relevant Standard Bidding Documents (SBDs) shall be used. While, national bidding documents agreed and approved by the Bank may be utilized for National Competitive Bidding (NCB) procedures. Shopping for goods under the specific threshold (**Table 3**) will be carried out by comparing price quotations obtained from at least three suppliers.

Procurement of Works: - Minor works, including refurbishing of the existing offices /building to accommodate ICT equipment and any small ancillary mechanical, electrical or air

conditioning installation. The procurement will be carried out through minor civil works (Shopping) by comparing at least three quotations.

Non-consulting Services- Training will be conducted in accordance with a training programme that will be submitted to the Bank for its agreement before implementation

Consultants' Services- All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines.

Thresholds: Thresholds for the use of the procurement methods specified in the project procurement plan are identified in the **table 3** below, which also establishes the thresholds for prior review. The agreed procurement plan will determine which contracts will be subject to prior review by the Bank.

Table 3: Standard Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value (Threshold) US \$ thousands	Procurement Method	Contracts Subject to Prior Review / Estimated Total Value Subject to Prior Review
1. Works	>3.0	ICB	All
	250-3.0	NCB	First contract of each year
	<250	Shopping	First contract
2. Goods			
	>250 50-250	ICB NCB	All First contract of each year
	<50	Shopping	None
	Pursuant to 3.6 of the Consultant Guidelines	DC	All
3. Services			
-3.A Firms	>200	QCBS	All
	<200	QCBS, QBS, FBS, LCS, CQ, SSS	First contract of each year and later TOR only
-3.D Individuals	>50 <50	Comparison of 3 CV	All TOR only as specified in the PP.

Source: FA

Note: QCBS = Quality and Cost Based Selection; QBS = Quality Based Selection; FBS = Fixed Budget Selection; LCS = Least-Cost Selection; CQS = Selection Based on Consultant Qualifications.

Details of the Procurement Arrangements Involving International Competition: Goods, Works, and Non Consulting Services. Table 4 contains the list of contract packages to be procured following ICB and direct contracting and the list of consulting assignments with short-list of international firms:

Table 4: Procurement Arrangement

Contract (Description)	Estimated Cost (USD)	Procurement Method	Review by Bank (prior/post)	Expected Bid Opening Date
Goods, Works, and Non Consulting Services:				
Broadband Network	2,430,000	ICB	Prior	03/30/2014
Consulting Services:				
Design of broadband infrastructure	200,000	QCBS	Prior	06/25/2012
TA legal and regulatory safeguards for open access	200,000	QCBS	Prior	10/30/2012

Source: FA

General Procurement Notice

A General Procurement Notice (GPN) will be published in the United Nations Development Business (UNDB) and a national newspaper of broad circulation. The GPN gives a description of the goods, works and consulting services contracts to be procured under the project and invites all potential suppliers, contractors and consultants to express interest and request additional information from the implementing agency. The following will be published in UNDB

(online), and a national newspaper of broad circulation as the corresponding bid documents become available: (i) Specific Procurement Notices (SPNs) for International Competitive Bidding (ICB) procurement packages; and (ii) Expression of Interest (Eoi) for consulting assignments estimated to cost more than US\$ 200,000 equivalent per contract. In addition, the Procurement Plan (including all formal updates), SPNs and Eois for all contracts as well as the results of contract awards will be published on the external website of UNDB online and in dgMarket.

E. Methods of Procurement

a. Procurement of Goods, Works and Non- consulting Services:

International Competitive Bidding- except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

Other Methods of Procurement of Goods, Works and Non-Consulting Services-the following methods, other than International Competitive Bidding may be used for procurement:

- (a) National Competitive Bidding;
- (b) Shopping;
- (c) Direct Contracting;
- (d) Public Private Partnership Arrangements

I. International Competitive Bidding (ICB)

The objective of the International Competitive Bidding (ICB) procedure is to provide all eligible prospective bidders with timely and adequate notification of the requirements and an equal opportunity to bid for the required goods, works and non-consulting services. Under the project, the ICB method is applicable for goods contracts estimated to cost more than \$250,000 and works contracts estimated at US\$3.0 million or more. These contracts shall be subject to prior review. National firms are also encouraged to bid for ICB contracts. Bids shall be invited on the basis of adequately prepared bidding documents based on the Bank's Standard Bidding Documents. The bidding period for ICBs shall not be less than six weeks from the date of advertisement. The advertisement shall also be placed in a national newspaper of wide circulation. Bidders are allowed to quote and sign contracts in national as well as foreign currencies. Full details of the ICB procedures are described in the Guidelines. Through the Bank's procedures will be used, internal clearance will be sought as stipulated by the PPA, including the Central Supplies Tender Board for, before seeking the Bank's "no-objection."

II. National Competitive Bidding (NCB)

The National Competitive Bidding procedure shall be used where the contract is estimated to cost \$50,000 up to \$250,000 for goods. All contracts over \$150,000 shall be subject to prior review. The steps for conducting NCB are as follows:

- Advertisements are published locally using local procedures that must be acceptable to the Bank;
- Procedures must be reasonable, provide adequate competition, assure contract award to the lowest evaluated bidder, and not exclude foreign bidders;
- Advertising is limited to national newspapers with wide circulation;
- Currency of bid and payment is normally in local currency;
- The bidding documents and bids may also be submitted in local language, if appropriate arrangements have been put in place;
- This method is appropriate when
 - Foreign bidders are not likely to be interested; however, if foreign firms wish to participate in the bidding process, they should be allowed to do so.
 - Contracts are small as identified above;
 - Goods and works are dispersed physically or over time; and when
 - ICB is too expensive

The bidding period shall not be less than four weeks from the date of advertisement. Domestic preference shall not be used in the evaluation of NCB bids.

III. National and International Shopping

Shopping shall be used for procuring goods of standard specifications that are small in value where the contract is estimated to cost less than \$50,000 for goods. It is based on comparing price quotations obtained from several suppliers (in the case of goods), from several contractors (in the case of civil works), or service providers in the case of non-consulting services) with a minimum of three quotations to assure competitive prices. Bidders must be given adequate time to respond. Invitation for quotations shall be in writing and will have the description and quantity of the goods as well as the required delivery time and place of delivery, and must include the date, time and place of submission of quotations. Quotations

shall be in writing and shall be opened at the time indicated in the letter of invitation. Quotations may be submitted by fax or email if so specified. Shopping is subject to the Public Procurement Act and the Bank's subsequent post review.

IV. Direct Contracting (Sole Sourcing)

This is procurement effected by placing direct orders (single sourcing) and is not encouraged; for this reason, it is subject to the Bank's prior review and "no-objection". However, where it becomes necessary to use the method, it shall be restricted to and reserved for:

- (i) Procurement of items, which are proprietary in nature;
- (ii) Urgently required items;
- (iii) Repeat orders to meet additional requirements of the same product or for essential spares from the supplier of an earlier procured equipment, provided there is no upward revision in the price of the item or a change in specification;
- (iv) Extension of works contracts where this is deemed the most economic procedure;
- (v) Exceptional cases, such as in response to natural disasters, and where; and
- (vi) Competitive bidding procedures failed to produce a satisfactory contract.

V. Public Private Partnership Arrangements (PPP)

Where the procurement method under Public Private Partnership Arrangements (PPP) arrangements such as a BOO/BOT/BOOT⁵ concessions or similar type of private sector arrangement, either of the following procurement procedures shall be used, and further elaborated in the Procurement Plan approved by the Bank:

(a) The concessionaire or entrepreneur under a BOO/BOT/BOOT or similar type of contract shall be selected by the Borrower under open competitive bidding procedures determined acceptable by the Bank, which may include several stages in order to arrive at the optimal combination of evaluation criteria, such as the cost and magnitude of the financing offered, the performance specifications of the facility offered, the cost charged to the end user, other

⁵ BOO: Build, Own, Operate; BOT: Build, Operate, Transfer; BOOT: Build, Own, Operate, Transfer.

income generated for the concessionaire or entrepreneur by the facility, and the period of the facility's depreciation. The said concessionaire or entrepreneur selected in this manner shall then be free to procure the goods, works, and consulting and non-consulting services required for the facility from eligible sources, using its own procedures. In this case, the Project Appraisal Document (PAD) and the Loan Agreement shall specify the types of expenditures to be incurred by the said concessionaire or entrepreneur towards which Bank financing will apply.

(b) If the said concessionaire or entrepreneur has not been selected in the manner set forth in (a) above, the goods, works, or non-consulting services required for the facility and to be financed by the Bank shall be procured in accordance with ICB or Limited International Bidding (LIB) procedures for large value procurement.

b. Procurement of Consultant services

Consultant services required under this project would support:

- (i) Bridging the remaining gap in the regional broadband communication infrastructure
- (ii) Creating an enabling environment that will leverage the regional broadband infrastructure to foster employment;
- (iii) Improvement of government and private sector efficiency and leveraging the regional broadband infrastructure; and
- (iv) Implementation support, development and associated training.

The first step in the selection of consultants is the preparation of TOR. This should be prepared for each assignment regardless of size and selection method, and the scope of the services described shall be compatible with the available budget. The TOR should be structured into the following sections:

- a. Background
- b. Objective
- c. Scope of the Services
- d. Training (if an important part of the services to be provided)
- e. Duration
- f. Deliverables
- g. Qualifications and Experience of key Staff
- h. Facilities, Data, Information to be provided by the Client

Particular Methods of Procurement of consulting Services

Quality and Cost-based Selection (QCBS)- Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

Other procurement methods that can be applied include:

- I. Quality - Based Selection (QBS);
- II. Selection based on Consultants' Qualifications (CQS);
- III. Fixed Budget Selection (FBS);
- IV. Least- Cost Selection (LCS)
- V. Single-source selection of consultants (SSS)
- VI. Selection of Individual Consultants (IC).

Contracts estimated to cost US\$ 200,000 or more should be advertised in: (i) Development Business (online version); (ii) in local media (one newspaper of national circulation or the official gazette); and (iii) an electronic portal of free access (CARICOM and/or OECS website) for expressions of interest. A short list of six firms would be drawn from among the qualified interested parties. Individual Consultants would be selected in accordance with Part V of the Consultant Guidelines.

I. Quality and Cost- Based Selection (QCBS)

QCBS uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. The selection process includes the following steps:

- a. Preparation of Terms of Reference (TOR);
- b. Preparation of cost estimate and the budget and short-listing criteria;
- c. Advertising for Expression of Interest (EOI);
- d. Preparation of the short list of consultants;
- e. Preparation an issuance of Request for Proposals (RFP)
- f. Receipt of proposals;
- g. Evaluation of technical proposals: consideration of quality;
- h. Public opening of the financial proposals;
- i. Evaluation of financial proposal;
- j. Final evaluation of quality and cost;
- k. Negotiations and submission of the combined technical and financial evaluation report, negotiation minutes and draft contract for No-Objection;
- l. Award of the contract to the selected firm.

II. Quality Based Selection (QBS)

QBS is appropriate when the assignments are complex for which it is difficult to define precise TOR and may require the best experts. The assignments can be carried out in substantially different ways. Under QBS, the PSIPMU may request either the submission of the technical proposals only or request the submission of both technical and financial proposals, as in the two-envelope system. If technical proposals alone were invited, the proposals will be evaluated using the same methodology as applied under QCBS. After receiving IDA no-objection to the technical evaluation report, from the relevant PPA structure, i.e. Entity Committee or the appropriate Review Board and/or the Bank as applicable, the consultant with the highest-ranked technical proposal will be invited to submit its detailed financial proposal. Where the implementing agency requested the submission of both technical and financial proposals, the financial proposals would be kept safely until IDA's no-objection to the technical evaluation is received. Only the financial proposal of the successful consultant is opened; the others being returned unopened after negotiations with the successful firm are concluded. The RFP generally provides the staff-months only as an estimate. The staff effort indicated by the consultants may differ considerably from such estimate, depending on the particular methodology adopted by the consultant.

Since the TOR of assignments under QBS is generally less well-defined because of the complexity of the assignment, and the fact that some assignments can be executed in several ways, contract negotiations with the successful firm on both the technical and financial proposals can be lengthy and complicated, and would require the use of specialists.

III. Fixed Budget Selection (FBS)

Under the project the FBS selection method is used for assignments costing \$100,000 and above and is subject to prior review. The steps of the selection process are the same as steps (i) to (viii) for the QCBS, and flows as follows:

- a. Preparation of TOR;
- b. Preparation of cost estimate and the budget;
- c. Advertising for EOI;
- d. Preparation of the short list of consultants;
- e. Preparation of the Request for Proposals (RFP) indicating available budget;

- f. Issue and Receipt of proposals;
- g. Evaluation of technical proposals, and identification of firms obtaining the set minimum qualifying mark and above for quality, i.e. in the technical evaluation
- h. Clearance of the technical evaluation report with the Bank, if required.
- i. Public opening of the financial proposals, during which the technical evaluation scores of the qualified firms are announced, followed by the reading-out of the financial proposals of the qualified firms,
- j. Rejection of proposals that exceed indicated budget
- k. Identification and selection of the firm that gained highest mark for quality, from among those who quoted within the indicated budget,
- l. Negotiations and submission of the combined technical and financial evaluation report, negotiation minutes and draft contract for "no-objection", from the relevant PPA structure, i.e. Entity Tender Committee, Tender Review Board, and/or the Bank, depending on cost thresholds, and
- m. Award of the contract to the selected firm.

IV. Selection Based on Least Cost (LCS)

The steps for selection of consultants using the LCS method are as follows;

- a. Preparation of TOR;
- b. Preparation of cost estimate and the budget;
- c. Advertising for EOI;
- d. Preparation of the short list of consultants;
- e. Preparation of the Request for Proposals (RFP) indicating the use of the LCS method;
- f. Issue and Receipt of proposals;
- g. Evaluation of technical proposals, and identification of firms obtaining the set minimum qualifying mark and above for quality, i.e. in the technical evaluation (This implies the rejection of firms that could not achieve the set minimum points)
- h. Clearance of the technical evaluation report with the Bank, if required.

- i. Public opening of the financial proposals, during which the technical evaluation scores of the qualified firms are announced, followed by the reading-out of the financial proposals of the qualified firms,
- j. Identification and selection of the firm that quoted the lowest price, from among those who achieved the minimum points and above.
- k. Negotiations and submission of the combined technical and financial evaluation report, negotiation minutes and draft contract for "no-objection", from the relevant PPA structure, i.e. Entity Tender Committee, Tender Review Board, and/or the Bank, depending on cost thresholds, and
- l. Award of the contract to the selected firm.

Under this method, a “minimum” qualifying mark for the “quality” is established, keeping in view that all proposals above the minimum compete only on “cost”. The minimum qualifying mark, not less than 70%, shall be stated in the Bid Data Sheet of the Request for proposals (RFP).

V. Consultants Qualifications Selection (CQS)

Under the project the CQS selection method is used for assignments costing less than \$200,000 and is not subject to prior review.

The steps are as follows:

- a. Prepare TOR;
- b. Prepare cost estimate and the budget;
- c. Advertise for EOI;
- d. Prepare the short list of firms;
- e. Select the firm with the most appropriate qualifications and references
- f. Request the selected firm to submit a combined technical and financial proposals;
- g. Negotiate the contract with the selected firm
- h. Clear with the Entity Tender Committee / Tender Review Board as required under the PPA and also with the Bank depending on cost thresholds.
- i. Award contract to the selected firm.

The CQS method aims at reducing the cost and time needed to hire a consultant. This approach does not, however, disregard quality, since some very small assignments are very important and require consultants with the best possible qualifications.

VI. Single Source Selection Of Consulting Firms (SSS)

Single-source selection of consultants/firms does not provide the benefits of competition in regard to quality and cost; it lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases. The method may be appropriate only if it presents a clear advantage over competition: (a) for tasks that represent a natural continuation of previous work carried out by the firm, (b) in emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency, (c) for very small assignments, or (d) when only one firm is qualified or has experience of exceptional worth for the assignment. For these reasons, all Single-Source Selection services are subject to "no-objection" by the Public Procurement Board (PPB) and a concurrent one from the Bank

VII. Selection of Individual Consultants

Individual consultants are selected on the basis of their qualifications for the assignment. The steps are as follows;

- a. Prepare TOR;
- b. Prepare cost estimate and the budget;
- c. Advertising for EOI *is not* required; Client may, however, consider the advantage of advertising as an option.
- d. Identify at least 3 (three) individual consultants who have expressed interest in the assignment or have been approached directly by the Client;
- e. The individual consultants do not need to submit proposals
- f. Compare the qualifications (CVs) of the identified individual consultants
- g. Select the best qualified individual consultant meeting the minimum relevant qualifications, and fully capable to carry out the assignment (i.e. academic background, experience, knowledge of local conditions, etc.)

- h. Negotiate the financial proposals and the contract.
- i. Clear with the Entity Tender Committee / Tender Review Board as required under the PPA, and also with the Bank, depending on the cost threshold.
- j. Award contract to the selected individual.

In addition to the procurement plan, an action plan for each package is a useful tool for monitoring implementation. The action plan should be structured as showed in **Table 5**:

Table 5 : Sample Action Plan

ACTION	RESPONSIBILITY	TARGET DATE
1. Prepare TORs For Consultancy Services		
2. World Bank Review		
3. Advertise for expression of interest		
4. Prepare shortlist		
5. Prepare RFP, including TORs and Shortlist		
6. World Bank Review		
7. Invite proposals		
8. Receive proposals		
9. Evaluate Technical proposals		
10. World Bank Review of Technical proposal evaluation		
11. Open Financial proposals		
12 WB review of final evaluation report		
13. Negotiate contract		
14. WB review of negotiated contract		
15. Sign contract		
16. Commence assignment		
17 Complete assignment		

SECTION 5: FINANCIAL PROCEDURES MANUAL

A. Legal Framework

A financial management system will be maintained in accordance with the provisions of section 4.09 of the IDA's General Conditions for credits and grants.⁶ It will be guided by the following:

- The World Bank Financial Management Procedures
- World Bank Disbursement Guidelines for projects
- St. Vincent and the Grenadines Financial Regulations

B. Institutional Responsibilities

The Central Planning Division (CPD) through the PSIPMU will be responsible for the financial management of the project. The World Bank requires the establishment of a sound financial management system that will facilitate the production of accurate and timely reports to the Bank and GoSVG. The Financial Management System (FMS) must include records and accounts for the preparation of the financial statements in a format acceptable to the Bank and reflects the operations, sources of funds and expenditures related to the project. The PSIPMU is staffed with three project accountants/ financial specialists, who are experienced in working on other World Bank funded projects and conversant with the World Bank's project financial management requirements.

C. Financial Management Procedures

The Project financial management procedures are intended to merge elements of planning, budgeting, accounting, financial reporting, internal control, auditing, procurement, disbursement and the physical performance of the project with the aim of managing project resources properly and achieving the project's development and ultimately the St. Vincent and the Grenadines developmental objectives.

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

⁶ The General Conditions can be obtained at www.worldbank.org

Objectives of Project Financial Management Systems

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

- (i) Outline and specify the accounting procedures to be used for the project, reflecting accountability and transparency;
- (ii) Ensure that the established procedures are adhered to in the disbursement of project funds;
- (iii) Ensure that all transactions are properly classified and accounted for;
- (iv) Ensure that reports required by the Bank and the GoSVG are prepared on a timely basis, in an efficient and effective manner;
- (v) Define the procedures for creating, maintaining and safeguarding records and ensure that records are preserved and classified for easy access;
- (vi) Allow for the efficient audit of the project financial statements;
- (vii) Ensure that all assets and liabilities are properly accounted for, with a detailed inventory of goods/equipment; and,
- (viii) Ensure that there are internal controls in place to foster the safeguarding of all assets.

D. Project Planning and Budgeting

The overall objective of project planning is to complete the project on time and within budget and serves as a guide for the project's management to set realistic goals for each year or each quarter of the project's life cycle.

E. Accounting Procedures

The project will utilise the double entry system of accounting on a cash basis in order to generate the necessary outputs from the system. The Project would be utilising Peachtree Complete for all accounting transactions where possible and in addition would liaise with Government to ensure adequate recording of all transactions using existing government accounting procedures.

I. Procedures for requesting payments from PSIPMU

Suppliers who provide goods, works and services to the project must submit invoices to the Project Coordinator. The Project Coordinator will ensure that the invoices are certified before forwarding to the Accountant/Financial Management Specialist for the processing of payment.

II. Internal Control Procedures of the PSIPMU

The internal accounting controls are designed to prevent or detect errors or irregularities, which would have an impact on the financial statements. The Peachtree Complete Accounting system that will be used is complemented by various excel spreadsheets for cash books and various ledgers. In order to effect separation of duties at the PSIPMU it is recommended that there must always be two signatories to every transaction that takes place after having first been duly authorised by the Project Coordinator and could be any two (2) of the following authorised signatories:

- I. Decima Corea, Deputy Director of Planning
- II. Ingrid Fitzpatrick, Accountant General
- III. Lanceford Weekes, Permanent Secretary
- IV. Marcelle Edwards-John, Senior Projects Officer

III. Authorisation of payment from local account

A local project account has been set up at the Bank of St Vincent and the Grenadines (BoSVG) by the Accountant General in respect of the CARCIP-SVG Project and payments would only be effected from this account by the authorised signatories listed above.

IV. Accounting procedures for payments

Approval for all payments must be obtained from the relevant authority at the PSIPMU or Central Planning Division. The expenditure must be checked against approved budgets to determine if sufficient funds are available to make the payment.

V. Filing and maintenance of financial records

The following files should be maintained in order to provide easy access to supporting documentation by Project Officers, Auditors, World Bank personnel, Government Officials and other authorised persons.

- (a) Project files for each line item of expenditure;
- (b) World Bank correspondence;
- (c) Government correspondence;
- (d) Financial reports and analyses such as transactions listings, general ledger listing, journal listings, trial balance and financial statements;
- (e) Invoices and other related documentation for the purchase of office furniture, computer and other equipment;

- (f) Bank statements and monthly reconciliation for Special Account and Project Account. All Debit and Credit Advices should be attached;
- (g) Audit reports;
- (h) Fixed Assets Register;
- (i) Payment files for contractors/suppliers/consultants;
- (j) Withdrawal applications and PMR Reports; and
- (k) Any other documentation as necessary.

All records would be stored in appropriate cabinets with access restricted to authorised personnel only.

VI. Disbursement Arrangements

Detailed description of the project's disbursement arrangements is provided in the Disbursement Letter (the Letter) prepared in conjunction with the Financing Agreement. This Letter should be used as a principal reference point in case of questions/clarifications. Information provided in this section is based on this Letter.

The following Disbursement Methods may be used under the Financing:

- Reimbursement
- Direct Payment
- Special Commitment
- Advance

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

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

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

VII. Disbursement Deadline Date

The Disbursement Deadline Date is four months after the Closing Date specified in the Financing Agreement (February 1, 2017). Any changes to this date will be notified by the Association.

VIII. Authorised signatories

An authorised signatory letter⁷ should be furnished to IDA providing the names(s) and specimen of the official(s) authorised to sign applications. The authorised officials are:

- i. Decima Corea, Deputy Director of Planning
- ii. Lanceford Weekes, Permanent Secretary
- iii. Marcelle Edwards-John, Senior projects Officer

Only one signatory is required for each application and the minimum value of applications is US\$240,000 equivalent.

IX. Withdrawal of Financing Proceeds

Withdrawals from the World Bank of amounts to be deposited into the Special Account shall be made by Application for Withdrawal supported by the Statement of Expenditures, whenever applicable. Payments to be processed by Direct Payment by the Bank must be done in accordance with the World Bank's *Disbursement Handbook*⁸.

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

The Withdrawal Application Forms (**sample forms in Annex 6**) must indicate the amount of funds required and the currency, usually US dollars, in which the funds are required **Figure 4** below illustrates the flow of funds within the Project.

X. Electronic Delivery

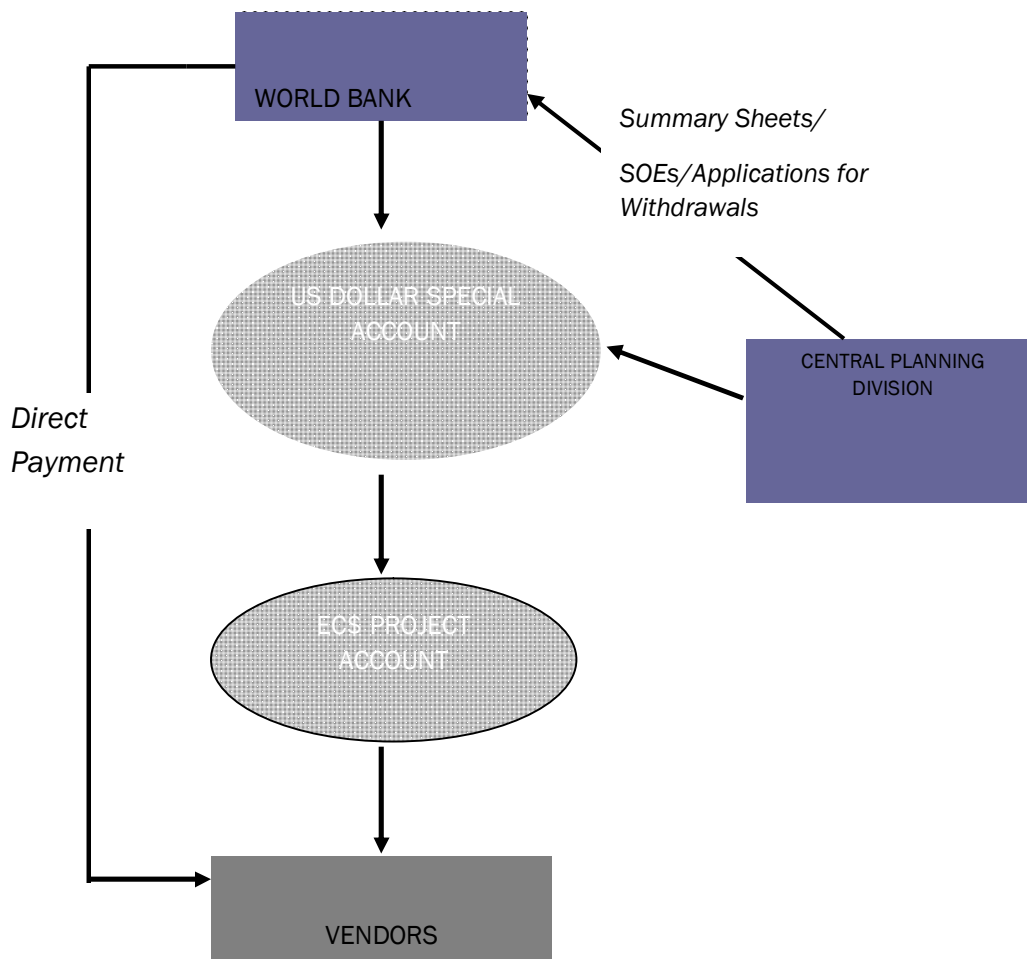
The Bank has authorised St. Vincent and the Grenadines to use electronic means to deliver Applications (with supporting documentation) to the Association thorough Client Connection, web-based portal and to receive secure identification devices ("Tokens") from the Association, in a manner and on terms and conditions specified by the Bank. All authorised officials are

⁷ Application forms are available online from the Client Connection Web site at <http://clientconnection.worldbank.org>

⁸ The Disbursement Handbook is accessible at www.worldbank.org.

required to register as users of Client Connection and the applications will be done by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). However, the option of preparing and delivering Applications in paper form can be exercised.

Figure 5: Flow of Funds Chart



XI. Chart of accounts

A chart of accounts will be designed in accordance with the requirements of the project and would enable the following activities to be reported on:

- Receipts of cash by source of funding
- Cash disbursements by category, project component, sub-component and activity, type of expenditure.
- Payments from Special Account and subsequent replenishment
- Analysis of Variances

XII. Basis for accounting and standards

There are two (2) generally recognized accounting bases used by governments: cash and accrual. These accounting bases determine whether, how, and when to record or recognize transactions/events. The cash basis of accounting is normally acceptable for projects implemented by non-revenue earning entities. The accrual basis is necessary where management of liabilities requires specific attention, and where full-cost information (as opposed to cash payments) is needed. The project would use the cash basis of accounting, as it is non-revenue earning in nature.

XIII. Procedures for recording funds received from the World Bank

On receipt of funds from the World Bank into the Special Account, the commercial bank sends a credit advice to the CPD and also to the Accountant General's Department. The Financial Specialist will record the amount received in the project's accounting system.

Cash receipts from the World Bank would be received in the US\$ Designated Account (DA) **number 9027** at the BoSVG and when the credit advice is received from BoSVG the funds received would be input on Peachtree.

Cash receipts from the US\$ DA would be placed to project **account number 135715** at BoSVG and when notified that funds have been lodged would be entered on Peachtree.

The US\$ DA is a pooled US Dollar denominated bank account used to channel funds from the Bank to the Project. This account will be operated in accordance with the procedures and guidelines set forth in the Bank's *Disbursement Handbook*. The initial deposit into the US Dollar DA will be US\$200,000. Funds from the US Dollar DA will be periodically transferred to a project account from which payments in local currency can be made.

XIV. Forms and other documentation used for financial activities

In the course of operations a number of forms would be designed where necessary to facilitate the smooth running of the project, among these would be payment vouchers, disbursement letters or vouchers, purchase order forms, payroll sheets, inventory sheets etc.

XV. Payment Procedures

The Bank requires proceeds of the credit to be used economically, efficiently and only for the purposes for which the financing is provided as described in the Financing Agreements. The Procurement Officers are responsible for vetting the Purchase Order and sends this on to the Financial Specialist who commits the funds.

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

1. Once the bill is received, it is date stamped.
2. The Financial Specialist ascertains that the expenditure was properly verified by the Deputy Director of Planning or Procurement Officers. The Financial Specialist then processes the payment.
3. The Financial Specialist prepares the letter of payment, attaches supporting documents, including purchase order, copy of contract, vendor invoice and goods received note.
4. The letter of payment will be signed by any two of the following signatories:
 - i. Decima Corea, Deputy Director of Planning
 - ii. Ingrid Fitzpatrick, Accountant General
 - iii. Lanceford Weekes, Permanent Secretary
 - iv. Marcelle Edwards-John, Senior Projects Officer

The letter should give clear instructions to the Bank as to payee's name, the account/s to be debited and the amount to be debited. Bank payments can be made by way of⁹ telegraphic transfers, bank draft or direct transfer. When a payment is made by way of telegraphic transfer, details such as the ones below should be clearly stated:-

- Payee's name
- Payee's address
- Payee's bank name
- Payee's bank account number
- ABA/Routing Number

The letter to be sent to the Bank, together with the attached invoice, should be sent for the first signature. The letter is then sent for the second signature.

F. Eligible Expenditures

The following **Table 6** specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

-
- ⁹ Telegraphic transfer can be used for making overseas payments;
 - Bank draft is used for both local and overseas payments;
 - Direct transfer is used when making local payments.

Table 6: Eligible Expenditure by Category

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of taxes)
(1) Goods, works, non-consulting services, and consultants' services for the Project (except Part B.2¹⁰ of the Project)	3,369,231	100%
(2) Business Incubation Grants or Training Grants for goods and services for Business or Training Plans under Part B.2 of the Project	1,553,846	100% of the amount disbursed
(3) Refund of Preparation Advance	1,076,923	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	6,000,000	

Source: World Bank Disbursement Letter

G. Journal Entries for Disbursement of Funds

Project expenditures will be recorded at the time of their payment. The project accountant will journalize project transactions on a daily basis. The Project's Financial Management Specialist¹¹ should also ensure that all project expenditures are summarised and transferred to the Government's system on a monthly basis.

H. Bank Reconciliation Statements

Monthly bank reconciliations must be prepared on all bank accounts and signed by the Director of Planning or Deputy Director of Planning. For the Designated Account, the Financial Management Specialist will reconcile disbursements received with the Disbursement Section of the World Bank on a monthly basis. Bank reconciliation for the Designated Account must

¹⁰ Carrying out of a program of activities: (a) for skills development and certification (Training Plan) for eligible public and private training institutions and private entities (Beneficiaries), through the provision of Training Grants; and (b) for capacity building and business incubation to support development of local ICT small and medium enterprises (SMEs) (Business Plans) to promote the creation of new ICT-enabled industry, through the provision of Business Incubation Grants to eligible local ICT SMEs (Beneficiaries).

¹¹ The Financial Specialist for this project is the Project Officer II in the implementation Unit of PSIPMU.

also be submitted to the World Bank, together with a copy of the bank statement, when submitting a withdrawal application for replenishment of the Special Account, (see sample format of Bank Reconciliation Statement in **Annex 7**).

SECTION 6: PROJECT MONITORING AND EVALUATION

A. Institution for Monitoring

The CPD is responsible to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Association, the progress of the Project and the achievement of its objectives. The PSIPMU has a Monitoring Unit that is staffed with four (4) persons who are all trained in monitoring GoSVG's implementation of the Public Sector Investment programme (PSIP) that includes World Bank- funded projects. The Unit is required to prepare periodic reports, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project to achieve the Project's objectives.

B. Monitoring System

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

The CPD will rely on information from DTST, ITSD and NTRC focal points to inform sectoral results from project activities. Information provided will include; physical quantities, expenditure and pertinent issues in the monthly report and meetings as arranged with the CPD. Periodic site visits will be performed by the CPD or any official authorized by the GoSVG or the World Bank.

The project monitoring and evaluation system will have three levels: (1) at the CPD level, (2) at the line ministries level and (3) at the field level. This monitoring and evaluation will be supplemented with consultant's inputs and World Bank missions. The regular reporting of these agencies and updating of implementation progress data drawn from the updates by the stakeholders in the project at difference levels/activities will assist the CPD in providing timely

interventions. It will also help remove impediments in project implementation and build the capacity of stakeholders involved and benefiting from the project.

C. Monitoring Indicators

Baseline data will be updated at the beginning of the project to facilitate the evaluation of the effectiveness of the project during implementation according to the established qualitative and quantitative result level indicators of the project. A mapping exercise will also be prepared to track the impact of the specific interventions on respective indicators. The results framework and monitoring is provided in **Annex 8**.

SECTION 7: REPORTING

A. Summary of Reports

The summary of the reporting requirements under the CARCIP project is showed in **Table 7** below:

Table 7: Summary of Reports

ITEM	REPORT	DUE DATE	REPOSIBLE AGENCY	REMARKS
1	Disbursement Plan	Initial Plan prior to project disbursement	Financial Specialist (FS)	Cover life of project and updated periodically
2	Interim unaudited financial reports	Not later than 45 days after the end of each calendar quarter	Financial Specialist (FS)/ Procurement Officer	Cover per Quarter
3	Annual financial statements	End of each fiscal year	FS/Auditor	Annual report

4	Audited Financial Statements	Not later than four months after the end of period	FS/Auditor	cover one fiscal year
5	Project Progress Report	End of period	Project Coordinator	Cover per Quarter
6	Project Report	Not later than 45 days after the end of period covered	Project Coordinator/CPD	cover six calendar months
7	Project Completion Report	Not later than six months after the closing Date	Project Coordinator/CPD	Cover the entire life of project

B. Financial Reports Requirements

The computerised accounting system that is currently used would be adequate for preparing timely financial reports for the project. The system is designed in such a way to ensure that the procedures confirm to the following official Bank documents:

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

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

Financial Reports are to be provided to the following organisations:

- World Bank (quarterly basis and annual) – 2 copies
- Ministry of Finance and Economic Planning (quarterly) – 1 copy

Several financial reports are required by the Bank at various time intervals. These reports include the IFR, the audit report and bank reconciliation statements.

I. Disbursement Plan

A disbursement Plan for the life of the project would be developed in accordance with the procurement plan refers to in Section 4C above. This Plan will be updated from time to time during the implementation period of the project.

II. Interim Financial Report (IFR)

The interim unaudited financial reports cover a three-month period and are submitted no later than 45 days after the end of each calendar quarter. The cash accounting model is being used for this project. The financial management specialist is responsible for compiling the financial section of the report, while the procurement specialist is responsible for the procurement plan.

The IFRs will include a narrative outlining the major project achievements for the quarter, the project's sources and uses of funds, and necessary procurement tables. The standard reporting format is provided in **Annex 9**. The IFR will be submitted in two parts, viz:

Part 1 – The Financial Report which shall include the following sections:

- a. Project Sources and Uses of Funds
- b. Uses of Funds by Project Activity
- c. Project Cash Withdrawals (Disbursements)
- d. Special Account Statement
- e. Project Forecast

Part 2 – Procurement Plan

- a. List of contracts requiring prior approval
- b. Contracts subject to post review.

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

- 1. The World Bank (2 copies) - supported with a signed withdrawal application form.
- 2. CTU, which will be responsible for monitoring the overall project implementation progress
- 3. Director General, Ministry of Finance and Economic Planning
- 4. File copy within the CPD

III. Annual Financial Reports

The PSIPMU will prepare annual financial reports and made available to the auditors after the end of each fiscal year. The financial statements will include the following:

- Project's sources and uses of funds
- A detailed analysis of expenditures
- A schedule of withdrawal applications presented during the year
- A reconciliation of the Designated Account
- The notes to the financial information
- Management representation letter.

C. Audited Financial Statements

Project financial statements will be audited annually in accordance with International Standards on Auditing issued by the International Organization of Supreme Audit Institutions (INTOSAI) and the World Bank's guidelines on auditing. Qualified independent audit firm acceptable to the World Bank will be hired to conduct project audits. The auditors' TOR will be prepared by the project and cleared by the World Bank before the engagement of the auditor (see sample of the Auditor's TOR in **Annex 10**).

The Bank requires the GoSVG to submit annual audited financial statements, no later than four (4) months after the end of the fiscal year ending on December 31. The audit will commence with the fiscal year in which the first withdrawal was made under the Preparation Advance for the project. The Audit Reports will be prepared in a format in accordance with International Standards on Auditing (ISA) and World Bank guidelines, and they will include:

- a) An opinion on the project financial statements, including Designated Account Reconciliation;
- b) Review of the internal control;
- c) Review of the project's compliance with the terms of the financing agreement(s);
- d) A management letter.

D. Bank Reconciliation Statements

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

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

Two copies of the Bank Reconciliation Statements are required:

- Ministry of Finance and Economic Planning
- one copy for CPD file

E. Recording of Fixed Assets

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

At least one annual physical inspection will be undertaken by the CPD and DTST, preferably with the participation of the Auditing Department.

A copy of the Monthly Reconciliation report, the Peachtree report, and the Monthly Expenditures Report shall be submitted by the financial management specialist to the Ministry of Finance and Economic Planning for their records.

F. World Bank Financial Supervision Arrangements

As part of its project supervision missions, the World Bank will conduct risk-based financial management supervisions, at appropriate intervals. The supervision missions will pay particular attention to the following:

- (i) Project accounting and internal control systems;
- (ii) Budgeting and financial planning arrangements;

- (iii) Review of the Interim Financial Reports;
- (iv) Review of audit reports, including financial statements and remedial actions recommended in the auditor's Management Letters;
- (v) Disbursement management and financial flows, including counterpart funds, as applicable; and
- (vi) Any incidences of corrupt practices involving project resources

G. Project Reports

The Project Coordinator shall prepare and submit on a timely basis all relevant reports for the effective implementation of the project. The Coordinator shall submit quarterly project progress reports report and reports covering the period of six (6) calendar months to the Association and to the CTU. In addition, the Project Monitoring Unit (PMU) under the PSIPMU will monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall form part of the Project Coordinator's report for the period of six (6) calendar months, and shall be furnished to the Association not later than forty-five (45) days after the end of the reporting period.

Project Report to the Association promptly upon its preparation, afford the Association a reasonable opportunity to exchange views with the Recipient and the Project Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Association's views on the matter.

H. Project Completion Report

The following is expected to be submitted not later than six months after the Closing Date, or such earlier date as may be specified for that purpose in the Financing Agreement:

- (i) A report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Project, the performance by the Government, the Project Implementing Entity and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing; and
- (ii) A plan designed to ensure the sustainability of the Project's achievements.

Annexes

Annex 1: TOR for Project Coordinator

Terms of Reference For

St. Vincent and the Grenadines Caribbean Regional Communications Infrastructure Program

Project Coordinator

SVG CARCIP – C – IC - 5

Background

St. Vincent and the Grenadines (SVG) is part of a Caribbean Regional Communications Infrastructure Project (CARCIP) which seeks to increase access and reduce the cost of Information Communication Technology (ICT) services in the region. The project would also facilitate the development of a wide range of ICT applications that will allow for social and economic development within SVG and the region as a whole. St. Vincent and the Grenadines' main objective for CARCIP is to increase access to broadband networks and advance the development of an ICT – enabled services industry.

The Office of the Prime Minister/Telecommunications, Science and Technology is responsible for facilitating the development of Telecommunications, Science and Technology within St. Vincent and the Grenadines. The Government has made great strides in developing the telecommunication infrastructure and making ICT more accessible in the public service. There is an established communications backbone that is owned and controlled by the Government, which over time will significantly reduce Government's financial outlay for communication and provide a more efficient and effective service to the various agencies of government and to the general public. This is expected to be leveraged under CARCIP to provide a national broadband backbone for SVG.

CARCIP will be implemented under the aegis of the Public Sector Investment Program Management Unit (PSIPMU) in the Central Planning Division (CPD) of the Ministry of Finance and Economic Planning which will have responsibility for the overall coordination, implementation, and supervision of the project. Technical and administrative support will be provided by the Department of Telecommunications, Science and Technology (DTST).

The PSIPMU and DTST seek to hire a Project Coordinator to oversee the implementation of SVG CARCIP and to coordinate among all the national stakeholders, working in tandem with the technical implementation team, the National Telecom Regulatory Commission (NTRC), National Centre of Technology Innovation Inc (NCTI), relevant Ministries and the Private sector. The Project Coordinator will be assigned to the DTST and will be responsible for the management and implementation of the project and will report directly to the Permanent Secretary of the DTST. The position is a contracted full-time staff position. Work will be performed on site at the office of the DTST located in Kingstown St. Vincent. The Project Coordinator will be accountable for ensuring that all project activities are conducted in accordance with the World Bank project guidelines and procedures agreed to between the World Bank and the Government of SVG in an efficient and accountable manner. The Project Coordinator will work along with the PSIPMU implementation unit during the procurement and execution phases of the project.

Detailed scope of work

In general, the Project Coordinator shall:

- Ensure the effective and flexible coordination, management, and implementation of the project;
- Liaise effectively with selected SVG CARCIP focal points, including: CPD, National Centre for Technological Innovation (NCTI), National Telecommunications Regulatory Commission (NTRC), and the Centre for Enterprise Development and with all other public and private sector stakeholders involved in the implementation of the project
- Report to the CARCIP Project Steering Committee;
- Ensure that project beneficiaries are well informed;
- In collaboration with relevant Ministries and departments (Telecommunications, Ministry of Finance and Economic Planning) ensure effective administration and financing of the project;
- Ensure timely disbursements and efficient use of project funds;
- Monitor and evaluate the project's performance;
- Supervise in collaboration with core Technical and Fiduciary Team, the preparation of the Project Implementation Manual;
- Prepare and submit on a timely basis all relevant reports and other documentation for the effective implementation of the project.

More specifically, the Project Coordinator shall:

- Ensure optimal cooperation of beneficiaries with regard to implementation of all components of the project.
- Ensure efficient, economic, and effective management of all aspects of the project including:
 - **effective integration of project processes** (plan, development and integration of various components of the project,)
 - **scope definition** (planning, definition and verification of various services under project)
 - **planning** (activity sequencing, duration estimation, and schedule development and management)
 - **cost and quality control** (resource planning, cost estimating, budgeting and quality assurance and control)
 - **communications** (ensure efficient communications planning, information distribution and administrative closure)

- **risk management** (risk identification, analysis, response planning, and risk monitoring and control)
- **procurement** (with support of the Procurement and Financial Management Team implement procurement planning, solicitation, source selection, contract administration, and contract closeout)
- With support from the Monitoring and Evaluation (M & E) personnel, ensure the efficient **monitoring and evaluation** (M & E) of the project in accordance with the pre-defined M & E indicators; and,
- Prepare **quarterly project progress reports** for submission to the World Bank.

Qualification Requirements

Prospective candidates should have a minimum of the following qualifications:

- A Post Graduate degree in Project Management and/or Information Technology or any related discipline and a minimum of 10 years overall professional experience including at least 5 years experience in managing programs with Multilateral Development Banks (MDB's) and international donors such as e.g. The World Bank, Inter-American Development Bank, European Union etc. Demonstrated experience with management of multidisciplinary programs particularly with a strong engineering component.
- Strong leadership capabilities and a demonstrated record of successful leadership of multi-disciplinary teams;
- Appropriate involvement and/or experience in similar projects in developing countries including least developed countries is essential;
- Good knowledge of business operations in SVG or similar environment.

To ensure impartiality, the project coordinator (including her or his home office, if any) must not in any way be affiliated with business entities that are currently providing or are seeking to provide goods or services to the project.

Time Schedule

This contract will be for two years, renewable for another 2 years, subject to satisfactory performance reviews.

Remuneration

Remuneration will be commensurate with qualifications and experience.

Applications and curriculum vitae should be addressed and submitted to the Permanent Secretary at the address below no later than August 10th 2012:

SVG CARSIP – C – IC - 5 The Permanent Secretary
Department of Telecommunications, Science and Technology
3rd Floor, Clico Building
Bay Street, Kingstown, St. Vincent Tel: 784-456-1223
office.telecom@mail.gov.vc

Annex 2: Terms of Reference for Steering Committee

St.Vincent and the Grenadines Caribbean Regional Communication Infrastructure Project (CARCIP)

Steering Committee - Terms of Reference

1.0 Background

The World Bank in support of the implementation of the CARIFORUM Regional ICT Strategy is working with the region to design a Caribbean Communications Infrastructure Program (CARCIP). The lending instrument will be a Regional Horizontal Adaptable Program Loan (APL) which would allow countries the flexibility to join the program on a needs and readiness basis. The first phase of the program includes Dominican Republic, St. Lucia, Grenada and St.Vincent and the Grenadines.

The main objective of the program is to increase access to broadband networks and advance the development of an ICT-enabled services industry in St. Vincent and the Grenadines and the Caribbean. It includes three main components: Regional Connectivity Infrastructure includes Broad band backbone network; ICT-led innovation; and project implementation support. The proposed St.Vincent and the Grenadines CARCIP project is estimated to cost US\$6 million and implemented over a five year period

2.0 Steering Committee Responsibilities

2.1 Responsibilities of Steering Committee Membership

- Provide policy guidance to ensure prompt and efficient implementation of the project.
- Understand the goals, objectives, and desired outcomes of the CARCIP project.
- Understand and represent the interests of project stakeholders.
- Take a genuine interest in the project's outcomes and overall success.
- Ensure that the project is making prudent decisions especially in procurement and in responding to issues, risks and proposed project changes.
- Check that the project is aligned with the policies and strategy of the country.
- Facilitate the prompt and efficient coordination of Project activities among the MDAs and other beneficiaries involved in the implementation of the Project;
- Provide strategic advice, reviewing progress made towards achieving the Project's objectives, and make recommendations for removal of any obstacles to the implementation of the Project;
- Receive and review status reports on implementation of project components;
- Review, recommend and approve applications for training and business incubator grants that are above the threshold.

3.0 Committee Membership

The Steering Committee shall comprise of the following members:

- a. Director of Planning (Chair)
- b. Permanent Secretary with responsibility for Telecommunications, Science and Technology
- c. Director of Information Technology Services Division (ITSD)
- d. Senior Economist, Department of Telecommunications
- e. Director of National Centre for Technological Innovation (NCTI);
- f. Centre for Enterprise Development (CED);
- g. One representative from the private sector.

The Chair may invite other technical personnel to advise the Committee from time to time.

4.0 Convenor/Chairperson

Director of Planning shall convene the Steering Committee meetings.

In the event of absence from a meeting, the Director may assign the role of chairperson to another member of the Committee. The Acting Chair is responsible for informing the Chair as to the salient points/decisions raised or agreed to at the meeting.

5.0 Frequency

The Steering Committee shall meet every month or as determined by the Committee or Chairperson.

6.0 Venue

Venue will be determined as per agenda

7.0 Quorum

A minimum of four (4) members must be present.

8.0 Decision Making

The Steering Committee will make decisions on the basis of (non-voting) consensus. The Chair may request an individual vote on a specific matter.

9.0 Secretariat Function

The project coordinator will work closely with the DTST in the Office of the Prime Minister to provide secretariat services for the Steering Committee by coordinating meetings, producing documentation and meeting Minutes, managing correspondence, information management/ dissemination and related tasks.

Minutes

- a. The secretary to the Committee is responsible for maintaining a record of all proceedings.
- b. Minutes taken of all meetings shall be distributed electronically to all Steering Committee members at least seven working days following each meeting.
- c. By agreement of the Committee, out-of-session decisions will be deemed acceptable. Where agreed, all out-of-session decisions shall be put before the next scheduled meeting and recorded in the minutes of that meeting.
- d. The secretary of the Committee will submit to the Minister of Finance regular status report at the end of each steering committee meeting.

10.0 Agenda

The Agendas for all meetings will be determined by the Chair and will generally be structured as follows: -

1. Call to Order
2. Opening Prayer
3. Attendance (Members present and apologies);
4. Confirmation of minutes;
5. Matters arising out of Minutes
6. Report from the Project Coordinator
7. Decision/Discussion items
8. *Other business; and
9. Adjournment

The Steering Committee agenda, with attached meeting papers shall be distributed prior to the next scheduled meeting.

*Members may raise an item under “Other Business” if necessary and as time permit

Annex 3: Procurement Plan - 18 months

Description	Estimated Cost	Packages /Lots	Type	Selection Method	Prior/ Post review	Document Submitted to the Bank	EOI/SPN
Component 1: Regional Connectivity Infrastructure							
Validation/Design/Tendering of Broadband Network	200,000	1	CS	QCBS	Prior	04-1-12	04-15-12
Broadband Network	2,430,000	1	G	ICB (PPP)	Prior Review	12-1-13	01-15-13
Government Network (VPN)	600,000	1	G	ICB	Prior Review	5-1-12	05-15-12
Support for IXP	20,000	1	G	SHOPPING	Post Review		01-15-13
TA Legal and Regulatory Safeguards for Open Access	200,000	1	CS	QCBS	Prior Review	8-10-12	08-15-12
Total Component 1	3,450,000						
Component 2: ICT-Led Innovation							
TA for Skills Assessment and Program development	100,000	1	CS	IC	Prior Review	26-12-12	07-01-13
TA to Develop Grants Manual for Bus. Incubation and Training	50,000	1	CS	IC	Prior Review	10-10-13	10-15-13
Business Incubation Grants	1,050,000						05-30-14
Business Incubation Grants and Training Grants Manager	100,000	1	CS	IC	Prior Review	04-1-12	04-10-12

Description	Estimated Cost	Packages /Lots	Type	selection Method	Prior/ Post review	Document submitted to the Bank	EOI/SPN
Equipment for Centre of Excellence	50,000	1	G	S	Post Review	15-10-12	31-10-12
Implementation and Capacity Building Support for the Centre of Excellence	150,000	1	CS	QCBS	Prior Review	15-10-12	
Skills Development and Certification	500,000	1	CS	CS	Prior Review	12-1-12	01-15-13
Total Component 2	2,000,000						
Component 3: Implementation Support - Incremental Operating Cost							
Project Coordinator	250,000	1	CS	IC	Prior Review		04-04-2012
M & E	50,000	1	CS	IC	Prior Review		06-15-12
Operating Expenses (PSIPMU/DTST)	200,000	2	CS/G	IC/S	Post Review		03-15-12
Audit	50,000	1	CS	LCS	Post Review		09-01-12
Total Component 3	550,000						
Grand Total	6,000,000						

Source: CPD/Procurement Officer

Annex 4: Procurement Plan Format for Consultancy Services

CARCIP Project

IDA CREDIT NO. 5118-VC

PROCUREMENT PLANNING FORMAT (Consultancy Services)

				Proposal Process Dates																			
Disbursement		Selection	Proposal	Expression of		Sent		Request for Proposals (RFP)				Proposal		Technical Proposal		Final Proposal		Contract					
Category		Method*	No.	Interest				No Objection		Issued		Receipt		No. Objection		Evaluation						Consultants	Contract
																No. Objection		No Objection	Signature	End	Name	No.	
No.	Description			Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual		
	Consultants																						
3	Services	QCBS																					
		QBS																					

Annex 5: Procurement Plan Format for Goods

CARCIP Project

IDA CREDIT NO: 5118-VC

FORMAT FOR PROCUREMENT PLAN (Goods)

No.	Description	Procurement Method	Tender No.	Bidding Process Plan																		
				Pre-qualification Documents				Bid Documents				Bid Package		Bid Open		Contract		Signature		Contract	Contract	Supplier /
				Sent		No Objection		Sent		No Objection		Available				No Objection				Bid	Bid	Contractor
				Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Name

Annex 6: Sample Forms for Withdrawal of IDA Funds

SAMPLE
APPLCIATION FOR W

Annex 7: Sample Format: Designated Account Reconciliation Statement

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

TRUST FUND NUMBER _____

ACCOUNT NUMBER _____ WITH (BANK) _____

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) \$ _____

2 LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - \$ _____

3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO
THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2) = \$ _____

=====

4. BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK
STATEMENT AS OF DATE _____ \$ _____

5. PLUS: TOTAL AMOUNT CLAIMED IN THIS
APPLICATION NO. _____ + \$ _____ *

6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED

REASON: _____ + \$ _____ *

7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS

NOT YET CREDITED AT DATE OF BANK STATEMENTS

APPLICATION NO.

AMOUNT *

SUBTOTAL OF PREVIOUS

APPLICATIONS NOT YET CREDITED

+ \$ _____

8. MINUS: INTEREST EARNED

- \$ _____ *

9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)

= \$ _____

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:

11. DATE: _____

SIGNATURE: _____

TITLE: _____

* ALL ITEMS SHOULD BE INDICATED ON THE BANK STATEMENT

Annex 8: Results Framework and Monitoring

Project Development Objective (PDO): To increase access to regional broadband networks and advance the development of an ICT-enabled services industry in the Caribbean Region.											
PDO Level Results Indicators*	Unit of Measurement	Baseline	Cumulative Target Values**					Frequency	Data Source/Metho dology	Responsibili ty for Data Collection	Description (indicator definition etc.)
			YR 1	YR 2	YR3	YR 4	YR5				
Regional Grant Results Indicators											
Indicator one: Policies for PPP and Open Access	Units (cumulative)	0	0	0	1	2	2	Annual	CTU	CTU	Number of policies developed for PPP and Open Access
Indicator two: Regional Regulations for Open Access	Units (cumulative)	0	0	0	1	2	2	Annual	CTU	CTU	Number of regional regulations developed
Indicator three: Coordinated activities in network and ICT-led innovation	Units (cumulative)	0	1	2	3	4	5	Annual	CTU	CTU	Number of coordinated activities in network and ICT-led innovation
St. Vincent and the Grenadines PDO Level Results Indicators											
Indicator One: Number of Internet Users per 100 people	percentage	34.6	37	40	42	45	48	Semi-annual	Operators/Regu lators reports	NTRC	Internet users is divided by the total population and multiplied by 100. Countries that do not carry out surveys generally base their estimates on

											de63.rivations from reported Internet Service Provider subscriber counts.
Indicator Two: IT/ITES employment	Number of people	0	500	1,000	1,500	2,000	3,000	Annual	Survey	ICT	This indicator measures the total number of people employed in the IT/ITES under the project
Indicator Three: Businesses receiving support through the project	Number	0	10	15	20	25	30	Semi-annual	PCU Reports	ICT	This indicator measures the total number of businesses receiving incubation support under the project
Indicator Four: Direct project beneficiaries, (of which are female)	Number	0	1,000	2,000	3,000	4,000	5,000	Annual	Survey	ICT	Calculated as % of number of employees in supported firms plus number of people trained.
	percentage	0	40	40	45	50	50				
INTERMEDIATE RESULTS											
Intermediate Result (Component One): To decrease retail price of internet											
Intermediate Result indicator one: retail price of internet services	US\$/Mbps	33.6	29	27	25	23	20	Semi-Annual	Operators/Regulators Reports	NTRC	This indicator measures the price of access to the internet at an equivalent of 1Mbit/s per month
Intermediate Result indicator two: Kilometres of fibre under the project	Kilometres	0	20	30	40	50	70	Annual	Operators/Regulators Reports	NTRC	This indicator measures the kilometers of fiber deployed in the country

Intermediate Result indicator three: Fixed Internet Subscribers	percentage	10.8	11.4	12	13	14	15	Semi-Annual	Operators/Regulators Reports	NTRC	This indicator measures the total number of people with an internet subscription.
Intermediate Result (Component Two): To increase capacity in the ICT sectors											
Intermediate Result indicator one: people trained under the project	Number (cumulative)	0	500	1,500	2,800	4,500	7,000	Semi-annual	Training Providers' reports/certification bodies' attestation	ICT	This indicator measures the number of people trained in IT/ITES skills under the project.
Intermediate Result indicator two: people certified after training under the project	percentage	0	100	250	600	850	1,100	Semi-annual	Training Providers' reports/certification bodies' attestation	ICT	This indicator measures the number of people certified after training under the project.
Intermediate Result indicator three: People trained under the project in gainful ICT employment	Number	0	40	150	300	450	640	Annual	Training Providers' reports/certification bodies' attestation	ICT	Estimating about 80% of people trained will find gainful employment in ICT sector
Intermediate Result indicator four: Occupancy rate of business incubation Facilities supported under Project	percentage	0	20	40	55	65	80	Annual	Incubation Facilities	ICT	This indicator measures the occupancy rate of business incubation facilities under the project

Annex 9: Sample IFR

CARCIP DL
Attachment - IFR For

Annex 10: Sample TOR for Financial Audit

Introduction

The project has been prepared using standard World Bank Project preparation criteria in the selection and detailed costing of the components. It is estimated to cost US\$....:

I. Audit Objectives

The overall objective of this engagement is to allow the auditor to express a professional opinion on the financial position of the project at the end of the period audited, to report on the adequacy of the internal controls, and to express an opinion on the compliance with the covenants of the grant agreement and applicable laws and regulations.

Audit of the Project: This audit must be performed in accordance with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), and therefore must include the tests of the accounting records that the auditors consider necessary under the circumstances. The specific objectives of the audit are to:

- Issue an opinion as to whether the Project financial statements present fairly, in all material respects, the financial position of the project, the funds received and the disbursements made during the period audited, as well as the cumulative investments at the end of the period, in accordance with international accounting standards and the requirements of the respective agreements with the Bank and other co financing organizations”.
- Issue a report with respect to the adequacy of the internal control structure of the implementing institution in regard to the project.
- Issue an opinion with respect to the implementing entity's compliance with the terms of the grant agreement and applicable laws and regulations (with regard to the financial aspects).

II. Scope of the Audit

The audit must include adequate planning, the evaluation and testing of the internal control structure and systems, and obtaining sufficient objective evidence to allow the auditors to reach reasonable conclusions on which to base their opinions. In conducting their work, the auditors should pay special attention to the following requirements:

- All project funds --external or counterpart funds-- should be used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- Goods and services financed should be procured in accordance with the relevant financing agreement.

- Implementing entities should keep all necessary supporting documents, records, and accounts in respect of all project ventures. Clear linkages should exist between the books of account and reports presented to the Bank.
- Where Designated Accounts have been used, they should be maintained in accordance with the provisions of the relevant financing agreement.
- The project accounts should be prepared in accordance with International Accounting Standards consistently applied, and give a true and fair view of the financial situation of the project at the end of the period and of the resources and expenditures for the year ended on that date.

The audit should be performed in accordance with acceptable auditing standards, and therefore should include the tests of the accounting records that the auditors consider necessary under the circumstances. The auditors should be alert for situations or transactions that may indicate fraudulent, wasteful or illegal acts and expenditures. If such evidence exists, the auditors must communicate the situation simultaneously to a duly authorized representative of the Bank and to the Project management, and exercise caution and due professional care in expanding their audit steps and procedures related to illegal acts. Section 240 of the International Standards on Auditing provides guidance on this respect.

III. Other Responsibilities of the Auditor

The auditor should comply with the following requirements:

- A. Conduct entrance and exit conferences with the Implementing Agency
- B. Plan the audit work so that preliminary reviews can be conducted during the period under review (including the first few months), with the purpose of evaluating the systems of internal control and communicating to the implementing unit in a timely manner, any situations that merit the attention of management before the issuance of the final audit report.
- C. Independently reference the audit report before issuing it.
- D. Obtain a Management Representation Letter in accordance with section 580 of the International Standards on Auditing, signed by the management.

IV. Audit reports

The auditors shall issue their report containing the specific opinions and conclusions required. All the reports resulting from the audit of the project should be incorporated into one document. This report should be addressed and delivered to the CPD before May 15 each year. The report[s] shall be issued in English, duly signed and bound, in original and 2 copies. The report for the Project should contain at least:

- A. A title page, table of contents, a transmittal letter to the CPD.
- B. The audit report and opinion for the Project financial statements, their corresponding notes and supplementary information. Any costs that are not supported by adequate records or that are not eligible under the terms of the grant agreement (questioned costs) should be identified.
- C. The audit report on the internal control structure for the Project. The report should disclose, among other, the reportable conditions (those that have an impact on the financial statements), including the identification of material weaknesses in the internal control structure of the implementing unit, as well as the CPD's comments.

This report should include a section on the follow-up of recommendations made in prior audits, indicating the current status of the recommendations as corrected, partially corrected, or not corrected. The deficiencies that still have not been corrected should be reported again in the current audit report, along with the corresponding management's comments.

- D. The audit report and opinion on the CPD's compliance with the terms of the financing agreement and applicable laws and regulations related to the Project's financial activities. This opinion should also be consistent with section 800 of IFAC's International Standards on Auditing.

V. Inspection and Acceptance of the Audit Work and the Reports

The Bank is responsible for inspecting and accepting the audit reports, and may appoint individuals or firms to carry out these activities, including the review of the working papers and of the auditor's quality control procedures. If the report is not acceptable or not fully satisfactory due to deficiencies in the audit work or because the report does not comply with the requirements stated in these TORs or the Guidelines, the auditor shall perform the necessary additional work at no additional cost to the IE, the Project or the Bank.

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

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

VI. Terms of Performance

The auditor will perform interim work during the years XXX-XXX. The auditor will issue the draft report on or before XXX, and the final report on or before XXX each year. These dates are important to allow the CPD to send to the Bank the final audit report for the Project before XXX.