

REPUBLIC OF YEMEN  
MINISTRY OF AGRICULTURE AND IRRIGATION

# IRRIGATION IMPROVEMENT PROJECT

(IDA Credit No. 3412 – YEM)

Main Technical Assistance Package for IIP

## WORKING PAPER 21

# Water User Association Contracting Manual of Procedures

October 2003

 **ARCADIS** EUROCONSULT

IN ASSOCIATION WITH





**YEMENI ENGINEERING GROUP**

## Table of Contents

1.	Introduction	
1.1.	Rationale for using community-based procurement (CBP)	1
1.2.	Overall process for WUA contracting in IIP	1
1.3.	Conditions for WUA to act as implementing agent	3
1.4.	Risks involved	3
1.5.	Works and support agreement (WSA)	4
2.	Overall Procurement Process	6
2.1.	Basic considerations	6
2.2.	Preparation and submission of applications	6
2.2.1.	Participatory planning and design	6
2.2.2.	The application	6
2.3.	Review of sub-projects	7
2.3.1.	Eligibility criteria	7
2.4.	Preparation of draft contracts	8
2.5.	Approval of WUA contracting works	8
3.	Implementation of sub-projects	9
3.1.	Provision of and access to information	9
3.2.	Organization structure	9
3.3.	Quality and quantity control	10
3.4.	Reporting obligations	11
4.	Disbursement Mechanism	12
4.1.	Disbursement in tranches	12
4.2.	Simplified special accounts procedure	12
5.	Capacity-building for Community Contracting	14
Annex 1	Model application form	15
Annex 2	Model WUA contract	19
Annex 3	Model progress report for WUA contract	25
Annex 4	Model Completion Certificate	29
Annex 5	Model supervision forms	31
Table 1	Example of eligibility list	8
Figure 1	General process for WUA contracting	2
Figure 2	Organization structure for WUA contracting	9

**List of abbreviations**

CBP	Community-based procurement
CE	Cost estimate
CSG	Construction support group
IDA	International Development Association (World Bank)
IIP	Irrigation Improvement Project
O&M	Operation and maintenance
PCWMP	Primary canal water management plan
PIU	Project implementation unit
PMU	Project management unit
SA	Special account
WSA	Works and support agreement
WUA	Water users' association
WWMP	Wadi water management plan

## INTRODUCTION

### 1.1. Rationale for Using Community-Based Procurement (CBP)

Over the past years, the approach to investments in rural development has fundamentally changed with the promotion of participatory policies. The Irrigation Improvement Project (IIP) calls for participation of beneficiaries in all phases of the project cycle, namely planning, design, implementation and O&M of rehabilitation of irrigation infrastructure. The basic idea behind this approach is to ensure that (i) irrigation rehabilitation and improvement works comply with the needs of the farmer beneficiaries and (ii) farmers are willing and able to take responsibility for the O&M afterwards. For the same reason, farmers are required to contribute towards the construction costs.

By involving farmer WUAs as implementing agents at the field level, the beneficiaries not only take direct responsibility for their own development, but will also learn how to maintain the irrigation works afterwards. The expected benefits of involving WUAs, as implementing agents are the following:

- Enhancing community ownership and sustainability of the project
- Increasing the capacity and skills of the community
- Generating employment and economic opportunities within the community
- Facilitating the achievement of desired project objectives
- Facilitating the collection of beneficiary contributions

### 1.2. Overall Process for WUA Contracting in IIP

The Bank's procurement and disbursement procedures were originally designed for large investment projects and provide little guidance for small community-level projects. Some pioneering work has been done, mainly in Africa, to simplify community-based contracting procedures and to allow effective implementation of these numerous small, localized projects. These efforts are documented in various reports. In designing specific IIP procedures for WUA contracting the following background documents were used:

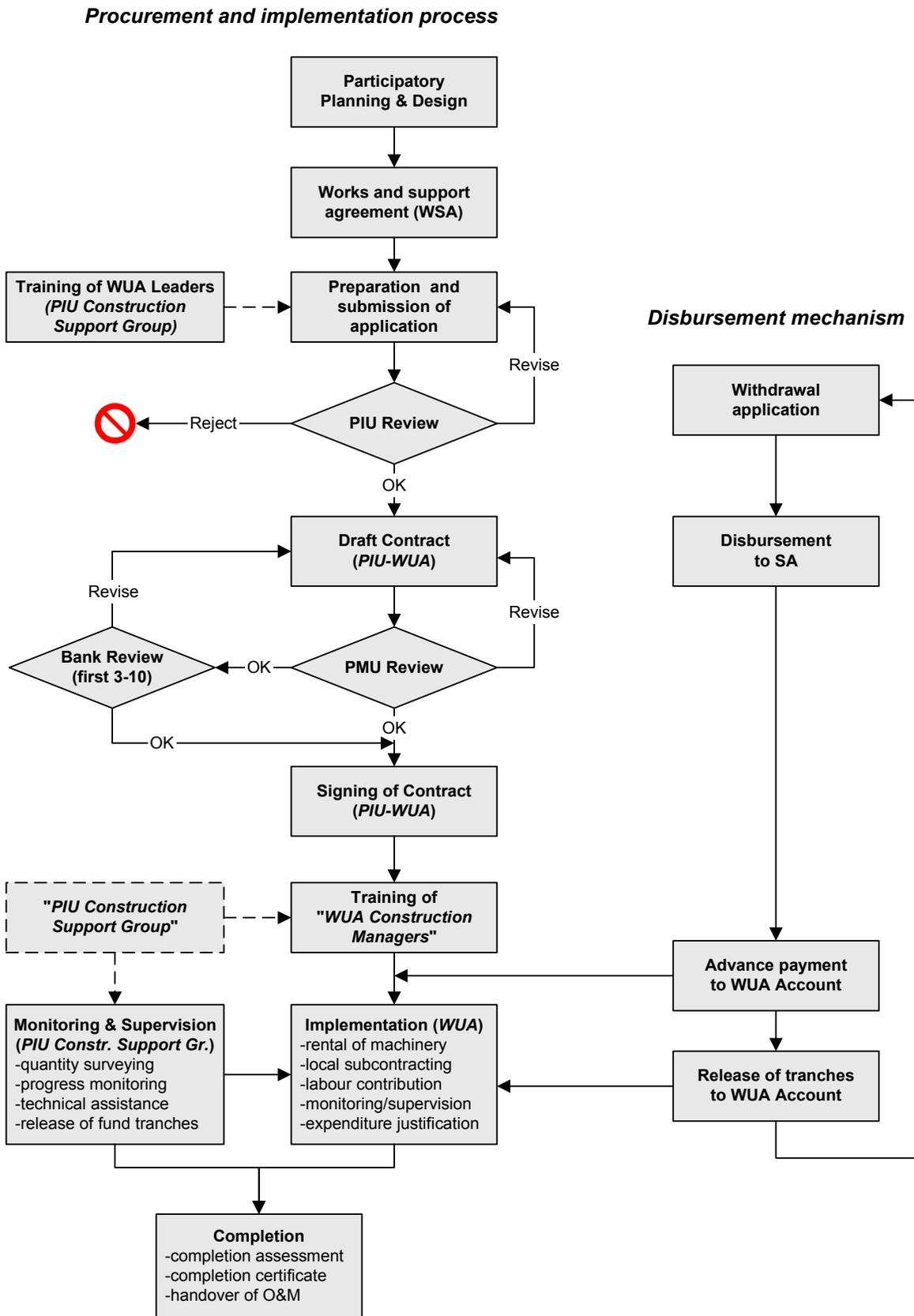
- a) "Guidelines for simplified procurement and disbursement for community-based contracting" (1998).
- b) "Procurement and disbursement manual for projects with community participation", World Bank Discussion Paper No. 312 (1995).
- c) "Community-based contracting: A review of stakeholder experience", IDA (2000)

**Figure 1** shows the proposed overall process for WUA contracting.

The main characteristics and goals of WUA contracting are:

- WUA members are involved in identifying needs
- Community participation is encouraged throughout subproject identification, preparation, implementation, O&M, and will be done through an elected community project management committee.
- WUA members provide contributions in the form of labour, cash and/or materials. Their contributions promote community ownership and hopefully eventually subproject sustainability.

**Figure 1 General Process for WUA Contracting**



### 1.3. Conditions for WUA to act as Implementing Agent

In order to increase ownership and accountability for rehabilitation and improvement works, the IIP will promote involvement of Water User Associations (WUA) as implementing agent for small works, such as earthworks and simple repair of irrigation structures. This type of works is limited to US\$ 10,000 per contract. As local capacity is critical for the success of community-based contracting, only those WUAs are eligible which: (i) are registered as a legal entity, and (ii) have a managing board that is accountable to the member-farmers as a whole.

Registration of WUAs as a legal entity is important for the following reasons:

- i) The WUA acquires a separate identity at law, permitting the community to enter into contracts;
- ii) It provides an institutional framework for the community to act and to manage finances as a group;
- iii) It permits the Project, through a contract, to hold the group jointly liable for the proper use of funds;

WUAs that are registered under Law No. 39 on Cooperative Unions are usually acceptable as they have shown to be cohesive, they have a management board comprising a Director, Secretary and Treasurer who are elected by the WUA-members and have adopted by-laws that define the following:

- Rules for membership
- Democratic mechanism for decision making
- Mechanism for monitoring and accountability
- Mechanism for dispute resolution

Before a WUA can apply for a contract, the leaders of the WUAs must have received training in financial management, administrative management and technical (O&M) management. If the application is successful, the key actors in the WUA contract (WUA leaders, construction managers, Audit and Inspection Committee) will receive specific training on the (simplified) WUA contracting procedures and administrative aspects of contract management.

### 1.4. Risks Involved

Experience abroad has learned that the following risks may be associated with community contracting:

- Poor technical execution and manipulation by contractors can occur where community organization leadership is not sufficiently accountable to users, and where community leaders lack relevant business and technical skills.  
*Capacity-building and active support to communities is needed to address these risks, especially in cases of weak communities or large and complex transactions.*
- Ignoring the interests of marginalized groups can occur in communities where local leaders do not represent the interests of all the stakeholders.  
*Active user-committee formation screening by the “field extensionists” can be used to help mitigate this risk.*

- Loss of economies of scale. Sometimes contracting at more central levels may provide greater economies of scale than community contracting.  
*For small and simple works this is not a real danger.*
- Difficulty in mobilizing community contributions.  
*Farmer contributions should be limited to labour, food (for machine operators) and locally available materials.*

### **1.5. Works and Support Agreement (WSA)**

Under the Project, it is foreseen that a WSA agreement will be made between the Project and beneficiaries regarding:

- Cost-sharing arrangements for scheme rehabilitation works (except head works and protection works in the wadi)
- Responsibility for O&M after completion of the works
- Technical and institutional strengthening and support for the WUA
- Future water allocation/distribution arrangements

The signing of a WSA by the WUA will be condition for the start of any irrigation rehabilitation works in the working area of the WUA.

#### Cost-sharing arrangements

The cost-sharing arrangements relate to the farmer contributions towards irrigation rehabilitation works. In principal, the beneficiaries would be required to contribute 10% towards those works, which in future will be maintained by the WUA. Thus, the priority works, repair of head works and protection works in the Wadi will not be subject to beneficiary contribution.

The irrigation rehabilitation works will be implemented either by contractor or by the WUA themselves (for works up-to \$10,000/package).

- a) Works carried out by contractors may require financial contributions from the beneficiaries as defined by the Project.
- b) For works carried out by the WUA, members must contribute 30% towards the cost estimate (CE) for the works. The Project will transfer funds in tranches to the WUA account, up-to a maximum of 70% of the cost estimate (CE) of the works. The beneficiary contribution (30%) would generally cover part of the material and labour costs as well as the internal supervision and overhead costs, which are normally incurred by a contractor.

It is recommended that all WUAs benefiting from IIP rehabilitation works should implement of at least one WUA contract in order to gain necessary experience for their future O&M activities.

In case WUA contracting becomes the sole mechanism for collecting beneficiary contributions, the WSA should include a clause stating that: “successful implementation of a WUA contract shall be condition for the procurement of any other works, including those to be carried out by contractors”.

Operation and maintenance (O&M)

The WUA will be responsible for organizing and financing 100% of the operation and maintenance of the irrigation distribution network after completion of the works.

Technical and institutional support

The WSA will specify the responsibilities and obligations of the Project with regard to the technical and institutional strengthening of the WUA through training and support, so that the WUA will have the necessary technical and organizational skills for the effective implementation of WUA contracts and O&M as well as the (administrative and financial) management of the WUA itself.

Future water allocation/distribution arrangements

One of the goals of the IIP is to ensure sustainable and efficient distribution and use of water in spate irrigation schemes through rehabilitation and improvement of irrigation infrastructure and implementation of participatory irrigation management (PIM).

In principle, available spate water shall not only be distributed efficiently, but also as equitably as possible, so that more farmers will have access to spate water to irrigate their fields. Equitable distribution of spate water can only be achieved if the farmers, through their WUAs, would agree that available spate water is distributed in accordance with (existing, traditional) water distribution rules.

It is envisaged that a Wadi Water Management Plan (WWMP) will be formulated and adopted through the Irrigation Council. In addition, each WUA shall formulate and adopt a Primary Canal Water Management Plan (PCWMP) to ensure the efficient and equitable distribution of spate water along the entire primary and secondary canal system.

The WSA should clearly state that:

- WUA will be involved in the preparation of the WWMP
- WUA will adhere to the water distribution rules laid down in the WWMP
- WUA will prepare a PCWMP
- WUA will implement the water distribution rules laid down in the PCWMP

## **2. OVERALL PROCUREMENT PROCESS**

### **2.1. Basic Considerations**

Under the procurement and disbursement arrangements for the IIP, small works below an estimated value of \$ 10,000 are to be procured in accordance with procedure acceptable to the IDA. *IDA Guidelines* must be followed, though with some simplification of procedures and documents. Bank approval of the “Manual of Procedures” and prior review of the first three to ten contract documents is required.

In order to comply with general IDA policies, community contracting must comply with the following basic considerations:

1. Works must be executed in an economic and efficient manner
2. Procurement and implementation must be fully transparent; Information about the availability of funds and usage of funds must be announced to the public.

### **2.2. Preparation and Submission of Applications**

#### **2.2.1. Participatory Planning and Design**

Applications from WUAs for community contracting works should logically follow from the results of the “participatory planning and design” process, which is undertaken jointly with the PIU staff immediately after the establishment of a WUA. The participatory planning and design process involves farmer hearings, walk-thru surveys, public presentation of the designs, and approval by the leaders of the WUGs as well as the WUA management board. If this process is duly followed, farmer participation is sufficiently ensured and the resulting designs should conform to the needs of the beneficiaries.

#### **2.2.2. The Application**

WUAs, who are interested in implementing simple works by themselves, must submit an application to the PIU. The application shall be in the format provided in **Annex-1**. The application form contains general details, technical and financial plans and a statement about the (mandatory) beneficiary contributions.

The technical plan should indicate:

- What works are proposed
- Sketches/drawings of the proposed works
- Who (how many farmers) will benefit from the proposed works
- How and by who the works would be implemented
- How and by who the works would be managed, measured and monitored

The financial plan should indicate:

- Rough cost estimate
- Proposed type and amount of beneficiary contributions
- Commitment to operate and maintain the works afterwards

The document can be prepared by the WUA itself, or the WUA can ask the PIM staff at the PIU to assist in preparing the application. The application, signed by the management board of the WUA, must be sent or submitted to the Director of the PIU-IIP.

### **2.3. Review of Sub-projects**

The applications are reviewed by the PIU. The PIU should examine and verify that:

- Applications are in line with the results of participatory designs
- Proposed works are on the priority list of the WUA
- Proposed works are within the technical capability of the WUA (not too complicated)
- Proposed works can be done entirely with locally available materials, machinery/equipment and craftsmen/artisans
- Cost estimate of proposed works does not exceed the \$ 10,000 limit
- Cost estimates are not inflated (cross-check against unit cost data)
- The WUA is registered as a legal entity
- The WUA has sufficient institutional capacity to implement the works
- The number of WUA contracts approved for the applying WUA is reasonable

The outcome of the review will be (a) rejection, (b) approval, or (c) advise to revise the application. In the latter case, the PIU will advise and -if required- assist the WUA in improving and finalizing the applications.

The PIU should assess whether the WUA will need any training or technical assistance to implement the works, such as an supervising engineer to ensure the quality of the works, or a quantity surveyor to measure progress of the works.

The PIU checks the quantities of works and separates the proposed works into goods, works and services. PIU also checks that the works proposed by the WUA are of the type commonly provided at the local level.

The PIU then prepares its own cost estimate using a standard list of local prices. If PIU's cost estimate of the proposed works exceeds the \$ 10,000 limit, then the scope of works should be reduced.

The project funds would allow at least 120 WUA contracts (US\$ 1.2 million divided by 10,000). As the total project area covers about 24,160 ha, this would mean on average one WUA contract per 200 ha. WUAs may thus apply for more than one contract, depending on their size. The PIU should make sure that the WUA contracts are divided fairly among the applying WUAs.

#### **2.3.1. Eligibility Criteria**

The criteria for works that would be eligible for WUA contracting are:

- The WUA should be able to implement the works efficiently and cost-effectively. Communities normally have a competitive edge for small, simple works, which rely on local labour, craftsmen, materials and equipment/machinery.

- The works should provide the WUA learning experience for organizing future maintenance of the works. Works that will not be operated and maintained by the WUA afterwards should be procured under NCB or Small Works.

To be clearer on this matter, the PIUs in Wadi Tuban and Wadi Zabid may draw-up a list of works that are (not) eligible for WUA contracting. An example is given in **Table 1** below.

**Table 1 Example of eligibility list**

<b>Eligible for WUA contracting</b>	<b>NOT eligible for WUA contracting</b>
<ul style="list-style-type: none"> <li>+ Earth works (desilting, repair of embankments)</li> <li>+ Gabion protection works</li> <li>+ Stone masonry and brick works</li> <li>+ Wood works</li> <li>+ Gate welding, painting and lubrication</li> <li>+ Repair and installation of trash racks, gate doors and other simple steel works</li> <li>+ Installation of cable lifting gears</li> </ul>	<ul style="list-style-type: none"> <li>- Land acquisition</li> <li>- Rehabilitation or construction on private land</li> <li>- Works on main weirs and intakes in the wadi</li> <li>- Reinforced concrete works</li> <li>- Installation of new gates and frames</li> <li>- Replacement of gate frames</li> <li>- Installation of spindle lifting gears</li> </ul>

#### **2.4. Preparation of Draft Contracts**

After the application is approved, the PIU and the WUA start preparing the draft contract agreement, specifying:

- What works will be implemented by the WUA (description, sketches/drawings and quantity calculations).
- Work plan and time schedule.
- Responsible persons on behalf of the WUA.
- Financial commitment of the Project (not more than 70% of the CE, with a maximum of \$ 7,000 per contract).
- Type and amount of contributions to be provided by the WUA (equivalent to at least 30% of the costs).
- Specific outputs required for the release of fund tranches.
- What kind of information the WUA must provide to its membership to keep them informed about the procurement and implementation of the works.
- How the works will be monitored and supervised.
- What sanctions will be imposed if the funds are misused.

A simple WUA contract format is given in **Annex-2**.

#### **2.5. Approval of WUA Contracting Works**

Before works can be awarded to a WUA, they go through the following steps of approval:

- a) All WUA applications shall be evaluated by the PIU using the criteria in Section 2.3.
- b) All contracts shall be approved by the PMU based on review of the draft contracts. The PMU shall check whether a contract meets the criteria of the “Credit Agreement” and this “Manual of Procedures”.
- c) IDA will review the first 3-10 contracts to check whether they meet the approved procedures.

### 3. IMPLEMENTATION OF SUB-PROJECTS

#### 3.1. Provision of and Access to Information

Access to relevant information is important for efficient implementation of community contracting works. Lack of information may limit economic opportunities to the more economically or socially powerful groups among the community. Thus, for example, when a WUA needs to rent a bulldozer or buy materials, it is important that all suppliers of such items in the locality be given an opportunity to provide quotations. Otherwise, the WUA leaders may select suppliers using less than transparent methods.

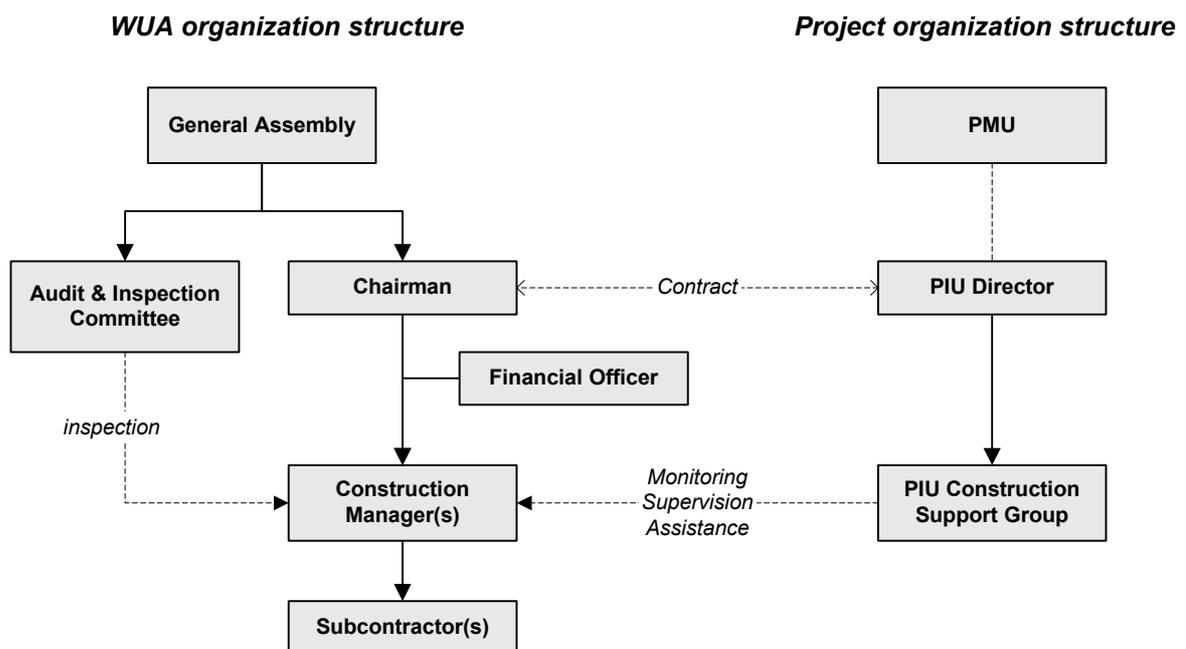
Therefore, WUAs should be required to ensure that relevant and necessary information is provided to all community members with clear guidance as to how they can access further information. Given the local conditions in Tuban and Zabid rural areas, the following mechanisms for disseminating information should be mandatory:

- i) WUA bulletin/notice boards in all involved villages
- ii) Advertisements for hiring skilled labour on notice board or trees
- iii) Discussion at General Assembly meetings

#### 3.2. Organization Structure

The WUA contracts would be signed by the PIU director (on behalf of the Project) and the Chairman of the WUA (on behalf of the WUA). Figure 2 shows the organization structure for implementation of the works.

**Figure 2 Organization Structure for WUA Contracting**



The WUA members should elect/appoint a construction manager for each contract. The construction manager will be responsible for organizing and managing the rehabilitation works. The “WUA Construction Manager” should be appointed directly by the General Assembly, but for his operations he will report to the Chairman of the WUA management board. The Construction Manager may choose to work with assistants, but shall stay solely responsible for the works. It is important that the Construction Managers are representative for the WUA members, are democratically elected and are respected in their community.

The Financial Officer will make payments from the WUA account for hired labour, subcontractors, or for purchase of materials after prior authorization by the Chairman. The “Audit and Inspection Committee” (3 members) should inspect the works, materials purchased and any subcontract arrangements on behalf of the General Assembly and must report its findings to the Assembly.

The Project should establish a “PIU Construction Support Group” in each of the project areas (Tuban and Zabid), comprising civil engineers and quantity surveyors. These support groups would be responsible for monitoring and supervising the implementation of the WUA contracts, as well as for assisting the WUAs in quality and quantity control (see also Section 3.3).

### 3.3. Quality and Quantity Control

When works are procured through local communities, such as a WUA, quality is usually a significant concern. Careful hands-on guidance and supervision is required. To provide the required close guidance and supervision, the PIU shall set-up a “Construction Support Group (CSG)” (see also Figure 1) in each project area comprising:

- i) Qualified engineers to provide technical guidance to WUAs during the implementation of the works. The amount of required technical guidance depends on the complexity of the works; it may be minimal for simple earth works, and more intensive for rehabilitation works on structures. These engineers should ensure the quality of the works that the WUAs supply by verifying work methods, quality and suitability of equipment and qualification of skilled labour.
- ii) Qualified quantity surveyors to measure progress of the works and to help the WUAs in providing expense justification, which is required for the release of further disbursement tranches.

The CSG may either be part of the PIU (by hiring additional staff), or may be an external unit (local consultant) contracted by the PIU/PMU.

The CSG should provide, where necessary, the WUAs with the following kind of assistance:

- Technical advice on work methods, organization and materials
- Measurement/recording of volumes of work done and materials used
- Supervision of works
- Preparation of physical progress reports for (on behalf of) the WUA

Disbursement of fund tranches shall be done only against specified, measurable outputs<sup>1</sup>. The completion of the works must be confirmed by the WUAs Audit and Inspection Committee, and verified by the CSG, before any further disbursements are made.

This arrangement has a number of advantages. Monitoring tasks are limited to outputs only. There is no need to monitor the actual inputs (bulldozer hours, cement, nails etc.) or manner of purchase/rental and thus no need to guard against faked justifications. Since the WUA gets a fixed price for each item of works, there is always an incentive to cut costs and save money. Supervision can be limited to verifying the completion of works/infrastructure. However, the quality of the works must be monitored closely, particularly because the WUA would be able to divert any saved resources to other areas. Therefore, the disbursement at each tranche shall be conditional upon certification that the infrastructure conforms to required standards, as specified in the contract.

### 3.4. Reporting Obligations

To ensure that the works are implemented as intended, and to ensure the timely release of fund tranches, the WUAs shall submit the following reports to the PIU-CSG:

- 1) Monthly (physical/financial) progress reports (see **Annex 3**)
- 2) Request for disbursement (tranches)
- 3) Completion certificates (see **Annex 4**)

These documents should, in principle, be prepared by the WUA and submitted to the CSG<sup>2</sup>. In case a WUA does not have adequate reporting capacity, the CSG shall assist in preparing the reports.

The CSG adds its own “Supervision Report” and forwards it, together with the documents prepared by the WUA, to the PIU director. A model for the supervision report is given in **Annex 5**.

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<sup>1</sup> “Output” in this context means a completed item of works.

<sup>2</sup> See also page 9, bullet 4.

## **4. DISBURSEMENT MECHANISM**

### **4.1. Disbursement in Tranches**

In order to allow for control and supervision, the flow of funds from the project's Special Account (SA) to the WUA accounts will be done in tranches, based on works completed. The number of tranches should depend on the WUA's expertise in handling large sums of money. Although reducing the number of tranches minimizes administrative burdens, it also limits the supervision and control that the tranches provide.

Therefore, the PIU shall decide for each contract on the number of tranches (minimum 2, maximum 4) and the amounts to be disbursed for each tranche.

### **4.2. Simplified Special Accounts (SA) Procedure**

The Bank strongly discourages advances from the SA to other bank accounts. However, when funds are held in the capital city, disbursement of funds to the grassroots level may become a time consuming process, resulting in halts in WUA contract implementation.

Experience in other countries learns that the reasons why tranches are delayed is either because of poor financial reporting by communities, or delays in processing financial reports at the project management level. To prevent such problems, (i) the WUAs shall receive intensive training on how to complete and substantiate expenses in justification reports, and (ii) a simplified SA procedure should be tried and tested (see box below).

A simplified SA procedure has been piloted in social sector projects in the Africa region. This procedure permits a decentralized approach combined with monitored autonomy in the management and implementation of sub-projects. The Borrower may transfer funds from the SA to other local accounts for a period of ninety days. The Bank will monitor only the centrally located SA, leaving it to the Borrower to ensure that any funds transferred from the SA to other local accounts are used consistently with the terms of the Credit Agreement. The Borrower would continue to justify the use of funds as required in the Credit Agreement. Any unjustified use of funds will be the responsibility of the Borrower who will reimburse the SA promptly upon the Bank's request.

To obtain this autonomous management of the SA, the Borrower would prepare quarterly and annual Work Programs (WP) and Funding Requirements (FR) for the project, which would contain details of the activities planned for the year and the estimated costs of each of the activities to be financed. Such plans would provide detailed estimates of financial requirements of the two project areas (Tuban and Zabid).

The Borrower would open a SA with a commercial bank. For local currency expenditures and operational costs not financed by the Bank, the Government would open a second account in local currency into which the Government counterpart funds would be deposited. Once the credit has been declared effective, the Government would submit a withdrawal application along with a copy of the approved WP and FR to IDA requesting IDA's share of quarterly funding to be deposited in the SA. Further allocation of Bank funds to the SA would be made on evidence of satisfactory utilization of the first payment as reflected in the simplified SOEs, i.e. a summary of expenditures by program activity instead of by disbursement categories, which will be prepared on the basis of the WP and the FR. In order to facilitate accounting for project expenditures, simplified SOE forms should be designed and provided to the PIUs for submission to the center.

### ***Advance payment***

The weak economic condition of the communities will make it difficult for a WUA to come up with sufficient cash money to start the rehabilitation works. Therefore, to ensure the timely start and implementation of the works, the Project should provide an advance payment.

Normally, the Bank requires bank guarantees for advance of any funds to commercial contractors. However, it is difficult to obtain such guarantees from poor communities. Hence, reasonable advance payments should be permitted in WUA contracting on condition that:

- Advance payments are justified
- The purpose of the advance payments is specified in the contract
- The WUA uses the funds for the purpose for which the advance is intended

The PIU should decide on the size of an advance payment based on the above considerations. However, advance payments should never exceed 30% of the contract sum.

### ***Payments of tranches***

Upon submission of a “Completion Certificate” for a particular work item, as specified in the contract, the WUA may apply to the PIU for disbursement of the next tranche.

The amount of each disbursement tranche shall be 70% of the value of the works completed minus previous disbursements and minus a deduction for the repayment of the advance sum.

## 5. CAPACITY-BUILDING FOR WUA CONTRACTING

The following capacities need to be developed for all stakeholders in order to successfully implement WUA contracts.

### *WUAs*

- Accountability of WUA leadership
- Planning, accounting, administration, monitoring and control
- Familiarity with the WUA contracting procedures
- Familiarity with the administrative and reporting requirements
- Technical skills required to supervise subcontractors

### *Project Management (PIU)*

- Appraising, funding and monitoring WUA contracts
- Setting-up/maintaining a supplier database
- Setting-up/maintaining standard costs, model contracts, simple designs
- Awareness of benefits and principles of community contracting model

In order to develop these capacities, the following kinds of training will be required:

1. Initial capacity building  
The PIM program will provide general administrative, financial and management training for the WUA management boards. The TA Consultant will train the CSG/PIU in these WUA contracting procedures.
2. Procurement training  
WUA leaders (management board) should be trained in the specific WUA contracting procedures as soon as it becomes clear that the WUA intends to apply for a WUA contract. The PIU Construction Support Groups should provide this training, using this procedure manual as a basis for the training.
3. Construction management training  
Immediately after signing of a WUA contract, the “PIU Construction Support Group” should train the “WUA Construction Manager”, the Chairman, Secretary and Financial Officer of the Management Board, and the members of WUA’s “Audit and Inspection Committee” in the relevant technical and administrative aspects of contract administration and implementation.
4. Knowledge sharing  
After completion of the first WUA contract, community-based knowledge sharing should be encouraged. For example, successful WUA leaders and construction managers can help train other WUA leaders and construction managers.

## **Annex 1**

### ***Model Application Form***

Yemen – Irrigation Improvement Project

### **Model Application Form<sup>3</sup>**

***For internal use***

- Project area : \_\_\_\_\_  
- Scheme : \_\_\_\_\_  
- Date received : \_\_\_/\_\_\_/200\_\_  
- Project code : \_\_\_\_\_

Date of application: \_\_\_\_\_

**Please note: Filling this form does not guarantee that your project will be funded.**

#### **GENERAL DETAILS**

1. Name of WUA :
2. Location of WUA
  - a. Scheme :
  - b. Village(s) :
3. Management Board (names)
  - a. Chairman :
  - b. Secretary :
  - c. Treasurer :

#### **TECHNICAL PLAN**

1. Describe exactly for what works the WUA is applying for:  
*(provide maps, sketches/drawings if possible)*
2. In case this application concerns the completion, rehabilitation or improvement of an existing infrastructure, indicate the existing condition of it:
3. Describe the problems faced by the farmers, and how the outputs of these works will assist them in solving them:

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<sup>3</sup> The final documents shall be translated into Arabic language.

4. Describe WHO will benefit from the proposed works:
  
5. Estimate how many people will benefit from the proposed works
  - a. Directly (users)
  - b. Indirectly (community)
  
6. Describe **HOW** and **BY WHO** the works would be implemented:
  - a. How?
  
  - b. By who?
  
7. Who would manage the works on behalf of the WUA?
  
8. What special skills, knowledge or equipment are needed to implement the works?
 

Skills	: _____	locally available?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Knowledge	: _____	locally available?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Equipment	: _____	locally available?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Other	: _____	locally available?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

**FINANCIAL PLAN**

1. Estimated total costs of the proposed WUA works: YR \_\_\_\_\_
  
2. The WUA agrees to:
  - a) Contribute 30% to the total costs of the works Yes  No   
 Project applications are not considered unless there is full commitment for farmer contribution
  
  - b) Finance 100% of the O&M after completion of the works Yes  No
  
3. Has the farmer contribution been discussed with those who will be expected contribute? Yes  No
  
4. Describe the WUA contribution in case of receiving project financing:
  - a. Cash : \_\_\_\_\_
  - b. Material : \_\_\_\_\_
  - c. Labour : \_\_\_\_\_
  - d. Equipment: \_\_\_\_\_
  - e. Other : \_\_\_\_\_

5. Has the WUA applied for funds concerning the same works to any other legal entity?  
Yes  No 
  - a. If so, when and where?
  - b. What is the current situation
  
6. Are there any other possible financing lines for these works? Yes  No   
If so, mention them here:
  
7. Who will maintain the works if they are completed?
  
  
  
  
  
  
  
  
  
  
8. List the maintenance activities and/or contributions made by the community over the last few years:

This application is signed by:

	<u>Name:</u>	<u>Signature:</u>
WUA Chairman:	_____	_____
WUA Secretary:	_____	_____
WUA Treasurer:	_____	_____
Other	_____	_____

## **Annex 2**

### ***Model WUA Contract***

Yemen Irrigation Improvement Project

**Model WUA Contract<sup>4</sup>**

This Agreement is made on the [day] of [month], 2003 between:

- The Project Implementation Unit (PIU) [Tuban or Zabid] – [name of Governorate], of the Irrigation Improvement Project, of [address], acting by its Director, Mr. [name], hereinafter called PROJECT on the one hand, and
- The Water Users’ Association [name] in the [name of scheme] irrigation scheme, acting by its Chairperson, Mr. [name], hereinafter called WUA.

WHEREAS,

The WUA intends to undertake the implementation of [name of works], hereinafter called the WORKS, and the PIU has approved a request from the WUA to partly finance these WORKS.

THE FOLLOWING HAS BEEN AGREED BETWEEN BOTH PARTIES:

**Article 1 Definitions**

The following terms have the following meanings:

- a) “Applicable Law” means the laws of the Republic of Yemen
- b) “IIP” means the Irrigation Improvement Project
- c) “PIU” means the Project Implementation Unit for the IIP
- d) “Party” means the WUA or PIU, as the case may be
- e) “CSG” means the Construction Support Group employed by the PIU to provide the WUA with technical guidance, supervision and assistance in the management and administration of the works.
- f) “IDA” means the International Development Association located in Washington, D.C., U.S.A.
- g) “Works” means the investment and related activities initiated and to be undertaken by the WUA and described in an attachment to this Agreement.
- h) “Amount” is the funds made available by the IIP to the WUA.
- i) “Project” is the IIP investment program and the respective administrative unit for which there is an agreement between the Government and the World Bank Group.

**Article 2 Notices**

Any notice, request or consent under this agreement shall be in writing at the following addresses:

For the WUA .....  
 For the PIU .....

**Article 3 Object of the Agreement**

The PROJECT agrees to provide the Amount of ..... [currency units] to the WUA to enable them to finance part of the works under the terms and conditions explained below. Payments shall be made in installments in accordance with the conditions specified

<sup>4</sup> After approval, the final version of this model contract shall be translated into Arabic language.

in this Agreement for expenditures made in respect of reasonable costs of works, goods and services required for carrying out the WUA works specified in this Agreement.

#### **Article 4      Obligations of the WUA**

a) Implementation of the works

The WUA will:

- i) Undertake and implement the WORKS in accordance with the work plan (as attached) and with due diligence and efficiency and in accordance with sound technical, financial, managerial and environmental standards, policies and procedures acceptable to the PIU.
- ii) Appoint qualified construction managers to implement the works.
- iii) Keep a logbook at the construction site(s) and record in this book the detail of all activities and expenditures.
- iv) Use the goods and services to be financed out of the proceeds of the IIP exclusively for the carrying out of their works.
- v) Provide the PIU and IDA all information they may reasonably request.

b) WUA Contribution

The WUA will contribute the equivalent of 30% of the costs of the works in kind and material, manual labour, etc. as specified in the detailed cost table given in the **attachment**.

c) Bank Account

The WUA will open a bank account at the [name of the Bank] in the ..... Governorate. The Chairman and Treasurer will be joint signatories to the account.

d) Accounting Records

The WUA will keep records of all expenditures involved in the implementation of their works. They will keep all invoices and other evidence of expenditures in a file for a period of three years after completion of the works, and write the expenditures down in a record book provided by the PIU in a chronological order.

e) Information to the public

The WUA will publicize through General Assembly meetings, bulletin/notice boards updated at least once per month with accurate and detailed information about (i) the costs of the works, (ii) anticipated hiring of skilled labour/machinery, purchase of materials, and (iii) expected implementation period.

f) Audit

The WUA will allow the above accounting records, works and supplies to be verified by representatives or auditors appointed by the bodies making decisions on the use of IIP funds, and answer all questions asked by these representatives, auditors, and World Bank/IDA representatives.

g) Progress Reports

The WUA will submit to the PIU monthly progress reports, which includes:

- (i) The quantity and description of the works accomplished
- (ii) The financial incomes and expenditures
- (iii) A description of constraints encountered in implementation of the works

## **Article 5 Obligations of the PIU**

### a) Payments

PIU will transfer the Amount mentioned in Article 3 to the bank account of the WUA in installments as agreed upon with the WUA and as follows:

- Advance payment of YR..... (..) within 10 work days of signing the Agreement
- Installment of YR..... (..) within 10 work days upon issuance of a Completion Certificate for the items [*name of work items*]
- Installment of YR..... (..) within 10 work days upon issuance of a Completion Certificate for the items [*name of work items*]
- Installment of YR..... (..) within 10 work days upon issuance of a Completion Certificate for all works.

The PIU will not make payments directly to contractors, suppliers, or third party for works carried out, except upon a request by the WUA and provided that the funds have not been transferred to the WUA bank account.

### b) Technical Assistance

The PIU will employ a CSG to provide the WUA -free of charge- with technical guidance, quantity survey and measurement of the works, and assistance in the preparation of progress reports and other documentation required under this Agreement.

### c) Inspection

The PIU will inspect all goods and sites, works, plants and construction included in the WUAs' works.

### d) Monitoring of progress and quality

The WUA and CSG will monitor progress and evaluate this in relation to the planned schedule.

The CSG will assist the WUA to ensure full compliance with contract quality specifications.

## **Article 6 Completion Time and Acceptance of Work**

### a) Completion time

The Works are expected to be completed within ..... [*months/weeks/days*] from the date of this Agreement. Consequently, the Agreement is expected to expire by [*date*], unless the Agreement is extended by written mutual consent.

### b) Acceptance of the Works

Acceptance of the Works will be effected in the presence of the two parties and others concerned. The work will be reviewed and if found satisfactory by the PIU or its representative, a final Completion Certificate will be given.

## **Article 7 Termination/Modification of Contract**

### c) Modification of the Agreement

This Agreement may be amended or cancelled by the mutual consent of the two parties in writing.

d) Termination by the WUA

The WUA may terminate this Agreement at any time during the execution of their works. In such case, the WUA will reimburse all funds advanced from IIP funds and which have not yet been spent.

The WUA shall not be liable to reimburse advanced funds if WUA is forced to terminate this Agreement due to breach of Article 5(a) by the Project.

e) Termination by the PIU

PIU may terminate this Agreement for the following reasons:

- When WUA does not fulfill its obligations under this Agreement.
- When the funds of the Agreement are misused or used for other purposes than the objectives agreed for the Works and described in the attachment to this Agreement. The WUA will be responsible for refinancing of the misused funds as per the applicable law.
- When the Works or part of it is delayed in such a way that the Amount becomes insufficient to fully realize the Works and/or that the WUA is considered unable to implement it.
- When WUA ceases operations, or undergoes a change in management that causes considerable reduction in farmers' implementation capacity.
- After negotiations between the Parties, for other reasons, which severely undermine the projected benefits of this Agreement.

f) Termination Procedures

The Party terminating the Agreement has to notify in writing the other Party the reasons for termination, which is effective immediately upon receipt of the notification by the other Party. Termination proceedings may be cancelled by mutual consent, and may include a modification in the obligations of both parties. Upon termination, the WUA must immediately reimburse all unspent advances received from the IIP.

**Article 8 Dispute Settlement**

If, over the course of the works, problems arise between the PIU and WUA, the problem shall be resolved by mutual dialogue. If no consensus can be reached to settle the dispute in this manner, each of the parties agrees to proceed for arbitration in accordance with current custom in Yemen.

**Article 9 Effectiveness**

This Agreement shall take effect when signed by both Parties.

**IN WITNESS whereof the said parties hereto have executed this deed the day and year first above written.**

For and on behalf of  
WUA [*name*]

For and on behalf of  
PIU [*Tuban or Zabid*]

Signature/Thumbprint: \_\_\_\_\_

Signature/Thumbprint: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_/\_\_\_\_\_/2003

Date: \_\_\_/\_\_\_\_\_/2003

## Attachment

### Detailed Costs for Works

Work item		Quantity	Unit cost	Total costs	WUA Share	Project share
1.	[description]					
2.						
3.						
4.						
5.						
Net costs of works						
Overhead costs <sup>5</sup> (10%)						
Gross costs of works						
				100%	%	%

### Description of the Works

See map and sketches/drawings attached

### Indicative time schedule (bar chart)

Work item		[month or week]							
		1	2	3	4	5	6	7	8
1.	[description]								
2.									
3.									
4.									
5.									

<sup>5</sup> Costs of works management/supervision, administration and reporting,

## **Annex 3**

### ***Model Progress Report***

## Yemen Irrigation Improvement Project

**Model progress report for WUA contract****Contract data**

Contract code	
WUA name	
Location of works	
Contract period	
Contract amount	

**WUA Leaders**

Position	Name	Address (village)
WUA Chairman		
WUA Secretary		
WUA Treasurer		
WUA Construction Manager		

**PIU Construction Support Group**

Position	Name	Phone #
Engineer		
Engineer		
Surveyor		
Surveyor		

**Physical progress**

Work item	Activities	Unit	Quantity	Planned duration	% Complete
1.					
2.					
3.					
4.					
5.					
<b>Overall</b>					<b>%</b>

Work item	Comment

Date: \_\_\_/\_\_\_/200\_

Audit & Inspection Committee:

WUA Chairman:

Construction Manager:

[name, signature]

[name, signature]

[name, signature]

**Financial progress**

Work item	Activities	Planned costs	Actual expenditure	
			YR	%
1.		YR	YR	
2.		YR	YR	
3.		YR	YR	
4.		YR	YR	
5.		YR	YR	
	Advance payment repaid		YR	
<b>Total</b>		<b>YR</b>	<b>YR</b>	<b>%</b>

**Disbursements**

Disbursement	%	Date	Amount (YR)
1 <sup>st</sup> disbursement (advance payment)			
2 <sup>nd</sup> disbursement			
3 <sup>rd</sup> disbursement (if any)			
4 <sup>th</sup> disbursement (if any)			
<b>Total</b>			

Date: \_\_\_/\_\_\_/200\_

Audit &amp; Inspection Committee:

WUA Chairman:

Construction Manager:

[name, signature]

[name, signature]

[name, signature]

## **Annex 4**

### ***Model Completion Certificate***

Yemen Irrigation Improvement Project

**Model Completion Certificate**

Contract No. : \_\_\_\_\_  
 WUA name : \_\_\_\_\_  
 Irrigation scheme : \_\_\_\_\_

**List of completed works**

Work item	Completion date	Comment (quality, problems encountered, etc.)

**Farmer contributions**

Work item	Labour	Materials	Other

Date: \_\_\_/\_\_\_/200\_\_

Audit & Inspection Committee:

WUA Chairman:

Construction Manager:

[name, signature]

[name, signature]

[name, signature]

Checked/verified by: <u>PIU – CSG Engineer/Supervisor:</u>  [name, signature]	Comment:
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## **Annex 5**

### ***Model Supervision Forms***

## Yemen Irrigation Improvement Project

**Model Supervision Forms****Contract data**

Contract code	
WUA name	
Location of works	
Contract period	
Contract amount	

**PIU Construction Support Group**

Position	Name	Phone #
Engineer		
Engineer		
Surveyor		
Surveyor		

**Physical progress**

Work item	Progress	% Complete
<b>Overall % physically complete</b>		

**Financial progress**

Disbursement	Date	Amount (YR)	% Complete
1 <sup>st</sup>			
2 <sup>nd</sup>			
3 <sup>rd</sup>			
4 <sup>th</sup>			
<b>Total</b>			

**Financial management**

1. Has the WUA kept accurate financial records? Yes , No
2. Is the cashbook up to date? Yes , No
3. Is the cashbook well kept? Yes , No
4. Are justifications (invoices, accounts) complete? Yes , No
5. Are justifications (invoices, accounts) up to date? Yes , No

6. Are there any problems with expenditures on unbudgeted items? Yes , No
7. Check financial reports. Are these correct? Yes , No
8. Comments:

**Construction management/supervision**

1. Has the WUA a construction manager/supervisor on site? Yes , No   
How often is he/she on site? \_\_\_\_\_  
Is his/her performance OK? Yes , No
2. General comment on the quality of work?
3. Is the implementation of the works on schedule? Yes , No
4. Are the labourers paid timely? Yes , No
5. Is the site logbook available for checking? Yes , No
6. Are farmer contributions provided according to agreed targets and schedule?  
Yes , No
7. Are farmers involved in the works? Yes , No
8. Comments:

**Individual activity findings and recommendations**

Activity	Comments	Recommendation

**General comments:**

Date: \_\_\_/\_\_\_/200\_\_  
Supervisor