OFFICE OF THE INSPECTOR GENERAL

EVALUATION

EVALUATION OF THE CONSTRUCTION COMPONENT IN IOM INTERVENTIONS

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IOM International Organization for Migration

TABLE OF CONTENTS

ANNEXES

EXECUTIVE SUMMARY

IOM's involvement in construction and basic infrastructure activities is not recent as some projects were implemented in the eighties and early nineties. However, in the last five years construction components have been included more frequently in IOM interventions, particularly in emergency and post-conflict situations. From 1996 to 2000 the total budget of projects with a construction component represents approximately USD 145 million, with at least 50% of the project budget being attributed to construction. Twenty seven projects have been considered in the framework of this evaluation, with budgets ranging from USD 30,000 to 30 million, as well as four evaluation reports.

Some of those projects that involved a construction component have been severely criticised due to problems encountered during implementation. The projects of most concern were in Guatemala — in the framework of the FONAPAZ initiative — and in Croatia for the Return Assistance Programme. A third project in Albania is currently being investigated. However, these problems were not necessarily due to the construction component itself, and the projects concerned represent a relatively small percentage of all the interventions with a construction component.

In view of the increasing level of construction activities, and following the different difficulties encountered, it was considered timely to deepen the learning process started with three evaluations — EREG, RAP and the Shelter project in Honduras. This evaluation therefore presents a broader picture of the construction component in IOM interventions and how it is integrated in the overall context of IOM's work and mandate.

Five different categories of projects have been defined in order to facilitate the overall analysis:

1) A community-based approach for the stabilization of populations in conflict and post-conflict situations,
2) Return of displaced populations and reintegration assistance,
3) Construction of shelters in emergency and post-emergency situations,
4) Specific interventions,
5) A special case: FONAPAZ.

A main goal has been identified for each category as well as specific target groups, construction types and context. The analysis of the relevance to IOM's mandate, the effectiveness in contributing to the attainment of project objectives and the impact of the construction component has been based on the five categories identified.

In summary, it has been found that the construction component was not in contradiction with IOM's mandate, and that it has been effective in contributing to the achievement of project objectives. Looking globally at impact, it was found to be positive for the target populations, as well as for the migration problem which the IOM intervention aimed to address. Efficiency and cost-effectiveness have not been looked at in any depth as the analysis of these concepts is more appropriate on a case-by-case basis.

This evaluation also demonstrates that the problems encountered in the different projects mentioned above do not detract from the validity of the approach and the use of construction as a component of IOM interventions. Such problems have occurred because of failings at the management level rather than a lack of IOM experience and expertise in implementing such projects.

In its last section, the evaluation report analyses the management of the construction component inside IOM. It has been recognized that IOM field Missions are mainly responsible for project implementation and monitoring, and should continue to be. However, it has been clearly identified that IOM Headquarters should improve its technical support to facilitate work in the field and to avoid the type of problems encountered in some projects. This would also avoid the field having to 'reinvent the wheel' by producing guidelines or a set of rules and regulations as has been the case up to now.

Finally, it has also been underlined that future prospects exist due to the overall performance and success of most of the interventions examined, and at least in four of the five categories identified. IOM management should therefore promote such initiatives more actively.

1. CONSTRUCTION IN IOM PROGRAMMES. GLOBAL CONTEXT

IOM's involvement in construction and basic infrastructure activities dates back to the eighties and beginning of the nineties, and one project in the sixties. In El Salvador, a project for the construction of temporary shelters was completed in the late 80's; in Botswana, a centre for IOM training projects was built in 1986 in the framework of an United States Refugee Programme; and in Israel, schools were built during 1991/1994 in the framework of a project to integrate migrants.

From 1996, however, an important change started as IOM began to include construction activities as an important component of its programmes and interventions. The increased level of construction activities has been more striking in emergency situations with the construction of temporary or permanent shelters, and in post-conflict situations with important community-based programmes. These programmes have often been implemented in the framework of the international community's peace-building/reconstruction efforts in the areas of intervention. The projects generally aim to reduce tension among communities — as is currently the case in some locations in Kosovo — and/or to stabilize population in post conflict situations (e.g. in East Timor), or natural disasters (e.g. in Honduras).

It must also be noted that some programmes are aimed at providing specific return assistance, as was the case in Bosnia and Herzegovina with the EREG programme. The returning populations may also receive specific support for construction/repair of their homes. An educational project currently being implemented in Costa Rica is another example of IOM's intervention with a construction component. It aims to upgrade the capacity of the Costa Rican educational system, especially to facilitate the integration of communities originating from Nicaragua who were affected by Hurricane Mitch.

In the 1980s and early 1990s, the total budget of programmes with a construction component was a rather small percentage of the total budget for IOM interventions. However, since 1996, the total budget of IOM interventions with a significant construction component increased considerably and represents approximately USD 145 million for the five-year period (1996-2000). Project amounts range from USD 30,000 to USD 30 million. There is no sign that IOM's future involvement in construction activities will diminish.

During the last five years, two projects have been affected by major problems impacting the construction component: in Guatemala, for the construction of a sports park; and in Croatia for the construction component of a community project. Specific evaluations and audits have been conducted to provide a better understanding of the reasons for these difficulties.

In line with the increased level of activities in that field, it has been considered appropriate to take a broader look at the construction component in IOM programmes through an evaluative approach. This evaluation is therefore part of the learning process in the field of construction based on IOM experience. It should facilitate the understanding and managerial requirements of these interventions and how they are integrated into the overall context of IOM work and mandate (see Terms of Reference in **Annex 1**).

2. EVALUATION SCOPE AND METHODOLOGY

As mentioned in the Terms of Reference of the evaluation, and as emphasized in the global context above, increasing involvement in construction work as a component of IOM interventions has been noted in recent years and can be considered as a relatively new field of activity.

IOM involvement in this field raises a number of questions on:

- the range of activities implemented;
- their success or failure;
- the level of IOM's expertise for such technical activities;
- the extent to which construction falls within IOM's mandate.

Up till now, there has been no global analysis that could provide the answers to these questions. This report therefore aims to provide some answers and conclusions, and to present some recommendations. In order to do so, the main objective of the evaluation has been defined as follows: "To analyze the different types of IOM projects in the field of construction and evaluate the pertinence of IOM's intervention in such a field".

In accordance with the Terms of Reference, **Section 3** of the evaluation report provides a general classification of IOM interventions with a construction component and analyzes the role that the construction played in achieving the overall objective of the programmes. In **Section 4**, an analysis of the relevance of such a component according to IOM's overall mandate will be made for each category defined, as well as the effectiveness of the construction component in contributing to the achievement of the overall objective of the programmes. A broad analysis of the impact of the construction component on the migrants and on migration will also be covered in the section. An analysis of the future prospects and on the managerial requirements for implementing such projects is made in **Section 5.** Recommendations proposed will take the technical and financial complexity of this field of intervention into account.

The methodology chosen for the evaluation mainly consists of a documentation review of:

- The available project proposals
- Activity reports
- Existing evaluations of projects with a construction component
- Pertinent information such as the "IOM Programme and Budget" and exchanges of correspondence
- A series of interviews with IOM Senior Staff Members and current or former programme managers/Chief of Missions involved in these projects (**See Annex 2)**.

A total of 27 projects has been taken into consideration for this evaluation and is listed in **Annex 3** and **Annex 4**. As reported in **Annex 4**, all the projects taken into account have a construction component representing at least 50% of the total budget. There are other projects with a smaller percentage attributed to construction that will not be covered here, for instance the repairs/set-up of reception centers for victims of trafficking assisted by IOM.

Four specific evaluations have been conducted on some of these projects; in Haiti (1996), Bosnia and Herzegovina (1999), Honduras (2000) and Croatia (2000), and have been used as case studies for this evaluation.

3. CATEGORIZATION OF IOM PROGRAMMES WITH A CONSTRUCTION COMPONENT

On looking at IOM interventions with a construction component[1], it can be seen that the projects are usually linked with an activity that IOM conducts in the framework of its mandate. The following fields are for instance covered in relation to the main project objectives: construction of a centre to provide training to migrants; construction of educational facilities for the integration of large migrant communities in a given country; construction/repair of buildings/roads for the stabilization of populations, especially in emergency[2] and post-emergency situations.

Each project has specific objectives and project purposes that might differ from other similar initiatives. However, a general classification of the different initiatives can be made by identifying the link between these activities and migration in general, as reported in the project documents, and by taking into account the type of construction proposed and the target groups.

3.1. A community based approach for the stabilization of populations in conflict and post-conflict situations

Since 1996, IOM has been implementing community-based programmes in post-conflict situations, with the objective of stabilizing populations — so as to combat displacements and illegal migration — and of creating a favorable environment for returning populations. This was the case in Haiti, Bosnia and Herzegovina, Guatemala, and in ongoing projects in Kosovo, East Timor, Albania and Colombia.

These projects are usually part of a broader intervention of the international community for peace-building and reconstruction. In most of the cases, committees comprising representatives of the international community and local authorities are established in the framework of IOM initiatives. Budgets for such projects range from USD 1.5 to over USD 10 million, and include the staff and office costs necessary for the implementation

[1] See indicative listing (Annexes 3 and 4), which also includes the objective and project purposes of the different projects.
[2] Emergency includes conflicts and natural disasters. When necessary a distinction will be made in the text.

of such broad interventions[3]. Much of the funds is allocated to community projects (60-75%), bearing in mind that the other components of the programme, such as the reinforcement of the dialogue and of the support to communities, as described below, mainly requires human resources.

Community level interventions can be summarized as follows: as soon as the situation in the country allows project start-up, most of the communal entities, such as villages and small towns all over the country are approached through a network of offices coordinated from the main IOM Office[4]. In many cases, official administrations are not yet in place, or only partially, and a direct approach with representatives of large communities is set up. Once a local administration is functioning again, IOM transfers the dialogue from the community representatives to the elected officials.

Projects consist of two main activities: firstly, a component aimed at renewing dialogue inside and between the different communities, often with a strong emphasis on peace-building and reconciliation, to ascertain their most important social and economic needs; and secondly, the rapid disbursement of funds for the implementation of projects agreed upon by the community representatives. Communities often perceive this as a positive and concrete result of the dialogue process, as emphasized in the external evaluation of the programme in Haiti[5].

The Community project activities cover a wide spectrum of interventions and include: repair or construction of schools, administrative buildings, health centres; small infrastructure work, such as road repairs, water and sanitation; irrigation and environmental work such as tree-planting, agricultural assistance, etc. Technical and financial management is guaranteed by IOM, but with an appropriate financial or in-kind participation on the part of the community. It should be noted, however, that the projects do not propose major infrastructure work, such a construction of main bridges or industrial repairs, but aim to fulfil basic social and economic needs of the communities and are always in the context of migration management. Moreover, other agencies or private entities take care of the major construction work in the damaged areas.

3.2 Return of displaced populations and reintegration assistance

This group of projects is implemented in post-conflict situations with the main objectives being the preparation of appropriate living conditions in the area of return of displaced populations and migrants, and economic and social support to returnees in their country/region of origin. These programmes have been implemented for instance in Bosnia and Herzegovina (EREG), and in Croatia (RAP)[6].

The main objective of EREG was to provide an integrated response to the problems of return and reconstruction. "The project combined disparate elements, including

[3] The budget for Haiti exceeded USD 10 million; in Kosovo the KTI project is on-going and, as of August 2000, close to USD 4.6 million have been spent on 198 community projects.
[4] One of the first experiences using such an approach was the "Communal Governance Programme" in Haiti. It covered 122 of a total of 133 communes, with a concentration of efforts on 24 of the most populous communes of the country (See IOM, "Communal Governance Programme – Final Report", 1997).
[5] MSI, "Evaluation of the USAID Office of Transition Initiatives and International Organization for Migration Haiti Communal Governance Program", 1996, p5, p13.
[6] EREG – Economic Revitalization and Employment Generation; RAP – Return Assistance Programme in Croatia.

reconstruction, return, micro-enterprise development, capacity building and training"[7]. Construction represented more than half the budget, but direct economic support and technical assistance was provided to the returnees through their participation in the execution of the work. Other schemes supported the economic integration of the returnees, for instance through the creation of enterprises. The constructions were also linked specifically with the return process and covered for instance school and health centre rehabilitation, or construction of housing for the returnees. No major infrastructure work was included in this programme.

The structure of RAP is similar to the projects of the first category with emphasis on dialogue, and construction as an outcome of that dialogue. However, it focuses on return and reintegration assistance. Its main objective was stated as follows: "Assist the return process and increase the number of minority returns through fortifying and/or encouraging municipal support for measures that contribute to confidence building and the viability and sustainability of returns". Due to problems not specifically linked to the construction component, the programme was halted having spent only a minimum amount allocated to construction. No construction type can really be defined.

Under this category, it is also possible to include some projects of assistance for the repair/construction of homes for the returnees, as is the case in Kosovo or East Timor, with the donor making the money available directly to the returnees. IOM provides technical assistance to the returnees in Kosovo, but using the structures put in place for the implementation of its community-driven projects.

3.3 Construction of shelters in emergency and post-emergency situations

The construction of shelters, usually temporary, is also an activity where IOM involvement has been noticeable in recent years. Two main programmes are used as a reference:

Guatemala (1997): in the framework of the overall intervention of the international community in the peace-building process, IOM constructed temporary shelters for more than 2,900 demobilized soldiers returning to their places of origin[8]. This intervention was part of a broader IOM demobilization programme and integrated with the components of community support to increase the absorptive capacity of the receiving communities. According to available reports, this process was completed successfully and the ownership of most of the constructions was transferred for the benefit of communities living in the neighborhood.

The temporary constructions were basic but comfortable and comprised housing for ex-combatants and families, schools, health centres, temporary lodging, kindergartens, social centres, football camps. The project also included water and sanitation. The temporary nature of the construction was taken into account in the design of the sites and in the selection of the construction type.

[7] IOM, "Evaluation of the project for Economic Revitalization and Employment Generation in the Una-Sana and Banja Luka regions", 1999.
[8] See UNDP/USAID/IOM, "Programa apoyo a la desmovilizacion e incorporacion y la reconciliation national – construction de campamentos", Final report, 1997.

Honduras (1999): IOM has constructed the same kind of temporary shelter in its emergency intervention in Honduras. It provided assistance to the victims most affected by Hurricane Mitch living in public buildings and camps[9]. The design used in Guatemala — including housing, schools, health centres, food storage and other facilities — was applied in Honduras. Involvement in projects for permanent housing was minimal, except for some basic infrastructure work in the new locations identified by other partners, often close to the temporary camps. The total amount of money administered under this initiative exceeded USD 10 million[10].

In both cases, there was a need to act rapidly and effectively. This was also another important factor for the selection of the construction type, in addition to its temporary nature.

Two other types of intervention that can also be included under this category are marginal in IOM. Firstly, the assistance provided to some victims of the floods in Honduras eight months after Hurricane Mitch. This consisted of temporary shelters made of plastic sheets with some other basic assistance (health, food). Secondly, a recent project proposal for the construction of temporary housing in a refugee transit camp in Iran. This project can be considered as marginal since the constructions linked with refugee camps remain under UNHCR responsibility and will not be considered here.

3.4 Specific interventions

There are projects with a clearly defined construction component that can form another category of intervention. By 'clearly defined construction component' it is meant that a decision on the construction to be done in the framework of the project is mentioned in the project document and the number of constructions is usually very limited (one or two). The following examples illustrate the type of intervention covered in this category:

- In the two projects implemented at the end of the 1980s in Botswana, and early 1990s in Israel, a decision was taken before implementation on the construction to be carried out. This construction consisted of, respectively, an IOM training centre for Migrant Training Services provided by IOM and an educational facility for the integration of 590 migrant children. The budgets of the projects were respectively USD 47,000 and USD 700,000.

- More recently, an important programme has been implemented in Costa-Rica to "upgrade the capacity of the Costa-Rican educational system in selected communities affected by Mitch-related Nicaraguan migration". The programme includes the "rehabilitation/construction of education infrastructure, the development of specialized teaching materials and texts for migrant children and their special educational needs, in-service training for teachers and school administrators […] and strengthening adult literacy programmes that also incorporate health and civic education themes"[11]. The construction component represents USD 2.8 of a total of

[9] See internal evaluation report of IOM intervention in Honduras following Hurricane Mitch.
[10] See also IOM, "Evaluation of IOM projects for Shelter Construction and Emergency Assistance for Victims of Mitch", 2000.
[11] Memorandum of Understanding between the Costa-Rican Government/US Embassy/USAID/IOM on the above mentioned programme.

USD 5 million. This programme is also addressed to communities but, unlike the first category, the community is specific and well-defined.

- Three projects comprising a specific construction/rehabilitation component have been implemented in Albania. The "Rehabilitation of the Haemodialysis Centre at Tirana University Hospital" covered the rehabilitation of the facility, the provision of technical support, material assistance and training. With that expanded capacity, the centre will be able to provide renal dialysis to an increased number of Albanians and Kosovars unable to avail themselves of such services in Kosovo"[12]. The total budget amounted to USD 271,650. One of the main justifications for the project was the cost of 34 medical evacuations that IOM had to organize during the crisis and post-crisis in Albania and Kosovo. The second project is the "Rehabilitation of the national Swim Centre (former Kosovar Refugee camp)" implemented in Tirana for an amount of USD 154,500. "The project was designed to rehabilitate the National Swin Centre in Tirana – a national symbol for the Albanian people that suffered damage while serving as a refugee camp for 2,500 Kosovars during the Kosovo crisis. […] The project demonstrated the international community's appreciation of the Albanian people's goodwill during the Kosovo crisis, as well as its willingness to provide assistance in the post emergency phase"[13]. The third project entitled "Capacity building at the Department of Heart Surgery and Vascular Diseases at Tirana University Hospital" includes a construction component as well as capacity building activities for Albanian specialized doctors. The link with migration was again justified by the need to reduce costly medical evacuations from Albania and Kosovo. This project is ongoing but is facing problems of under-budgeting and cost-overruns which are under investigation. The reasons for the problems are discussed later in this report.

As can be seen from the above project descriptions, the link with migration varies. It can cover: integration assistance for migrant communities, as in Costa-Rica or Israel; medical assistance to reduce medical evacuations in a post-conflict/reconstruction phase; construction of schools in the framework of former IOM Training Services; rehabilitation of buildings damaged by major population displacements, as in Albania.

3.5 A special case: FONAPAZ

A major initiative involving high budgets for construction has been implemented in Guatemala and is known as the FONAPAZ (The National Fund for Peace). This intervention could have been included into the first category above due to its objectives and strategy for the implementation of the various constructions. However, in addition to its high budgets, some characteristics made it worth considering as an exceptional/special case for the following reasons:

- IOM is not directly involved in the decision process or in the technical design of the projects funded. Its role in the construction is more of an administrative and financial nature than technical or operational as is the case in the other categories identified.

[12] IOM, "Rehabilitation of Haemodialysis Centre at Tirana University Hospital – Final project report", 2000
[13] IOM, "Rehabilitation of the National Swim Centre (former Kosovar Refugee Camp) – Final project report, 1999.

- The funds registered under the programme are high compared to other programmes covered by this evaluation, but they remain grouped under a fiduciary fund with financial particularities over which IOM does not have too much control.
- The experience in Guatemala is very unusual and certainly exists due to IOM's high involvement in community support projects with construction components either in the framework of the demobilization programmes or programmes in support to communities.
- No other similar cases have been registered in IOM for the time being. However, in case of a replication of this initiative in other countries, the positive and negative experience gained with the management of FONAPAZ should be used as a reference.

This initiative is in fact also treated separately in the "Programme and Budget for 2001" document (MC/2010). The overall objective of the FONAPAZ Fiduciary Fund is described as follows:

"…IOM is the implementing partner for activities designed to improve the living conditions of the Guatemalan population, particularly in the zones of return, reinsertion and adjoining areas…". Various programmes are covered by the funds: "Productive projects; Integrated Development Programmes for Communities; Teachers for Peace Programme; Border Development Programme; Infrastructure Post-Mitch Programme"[14].

The core of the funding, amounting to USD 24 million, is recorded in the Annexes of the document under "Funds in Special Accounts" as the "Government of Guatemala-FONAPAZ Fiduciary Fund". The Government of Guatemala decides on the use to which the funds are to be put when allocating them to IOM. The amounts reported for the FONAPAZ Programme in the main part of the document MC/2010 "reflect only the support funds, which amount to USD 1,043,000. The support funds are transferred directly to IOM to cover costs relating to project monitoring as well as to finance experts who provide technical and administrative support to FONAPAZ programmes".

This new proposal follows a first FONAPAZ experience that the Government of Guatemala implemented in 1997 in the framework of the overall IOM intervention in the peace-building process, where an amount of USD 28.5 million was allocated to reconstruction projects chosen by the Government.

During this first experience, IOM was criticized in the Press on one of the projects – El Campo de Marte — and the allegations were investigated by a team at IOM. Lessons learned from the investigation have been taken into account for the design of IOM's support role in the management of the new tranche of funds.

One of the most criticized aspects of the 'El Campo de Marte' construction was the absence of a link with IOM's mandate or migration in general. In addition, the high level of independence of the IOM mission in the overall management of the funds and an unclear definition and/or interpretation of IOM's role and responsibility versus that of the Government of Guatemala, served to fuel the debate around this construction. However it should be noted that 'El Campo de Marte' project represents only 10% of the overall budget of FONAPAZ.

[14] For more details on FONAPAZ I and II see also Annex 4.

3.6 Summary Table and global delimitation of the construction field

The Table below summarizes the main characteristics of each category presented under Section 3. They are grouped according to the:

- main goal of the categories and its link with migration, more specifically with an IOM traditional field of intervention.
- target group(s) covered by the programme.
- nature of the construction component and its planning in the execution of the project.
- global context in the country/region covered by the programme with an indicative level of IOM intervention.
- budget levels and future prospects, even if no general trends can be identified based on the financial level of the intervention. The main donors who contributed to such interventions are also listed briefly.

It should also be noted that the construction component never covers major infrastructure work or complex industrial rehabilitation. As confirmed during the interviews or through available documentation, the distinction is clearly made by both IOM and the donor community. A link to migration would be tenuous for the rehabilitation of main roads or of industrial complex, a major component of economic rehabilitation in war-affected regions. Such rehabilitation is usually managed by other specialized entities. In addition, the bidding process for such costly, technically and administratively complex projects also requires specific skills that are not available or necessary for IOM fields of intervention. There is no indication that IOM will become involved in such interventions in the near future; if it does, this would be on an exceptional basis only.

Table: Categorization of IOM projects with a construction component

Category	Main Goal and Migration link	Target Group	Nature of Construction component	General Context	Budget levels and future prospects
3.1 Community based approach	- Stabilisation of population. - Implemented in regions representing a potential for internal/international movements and displacements or/and illegal migration	-The community in general, either for retention of populations or for absorption of new arrivals. - The community decides on which project to implement.	- Generally small projects but with various fields of intervention: building of schools, public buildings, water & sanitation projects etc. Projects driven towards the immediate benefit (social, medical, economic, environmental) of the community. - Projects are not agreed upon in advance as based on a dialogue process but a limit on the size of disbursement is established in advance.	- Implemented usually in immediate post-conflict situations, but often extended during a "stabilization" phase.	- No pre-defined level. However, due to the size of the intervention usually covering the overall country/region affected, a minimum of USD 1 million is assigned for a start up phase in the immediate post-conflict intervention. Extended in most cases, with levels over USD 10 million. (USG, EC, Japan, UN) - Could have a potential for further extension during the stabilization and development phase in the rehabilitation process of the country affected.
3.2 Assistance for Return	- Close to the notion of stabilization of populations but with a focus on return. - Implemented in countries/ regions where important returns are organized.	Two target groups are covered: - communities where important return are organized. - returnees, through reintegration assistance, repair/construction of housing, on the job training etc. -Unlike the previous category, the communities are fewer, more specific and are less involved in the decision for construction projects.	- Can be various small projects but with a focus on the return process, including a better environment, and absorption of the returnees. - Projects are not necessarily agreed upon in advance, but the above criteria reduce the coverage of the projects with construction components.	- Implemented usually in post-conflict situations with some extension during the "stabilization" phase. - A criteria is also that returns are taking place.	- No defined level. EREG programme budget reached USD 2 million and RAP 10 million. No extension planned for the projects, contrary to the category above. (EC, USG) - Open to wider prospects of intervention but not considered inside IOM as a traditional approach for IOM return projects.
3.3 Shelters in emergency	- Direct housing and social assistance for displaced populations mainly in emergency situations.	Victims of the emergency.	Basic low-cost and technically simple construction. Often of a temporary nature. The necessity for minimum comfort, including social and economic aspects, to be taken into account.	Post-emergency situation, can be due to conflicts or natural disasters.	- No defined level. Depends mainly on the target group size (USG, EC, UN, bilateral sources). - Difficult to foresee prospects as linked to conflicts or natural disasters, but a potential for increase.
3.4 Specific interventions	- No specific migration area but nevertheless a link with IOM mandate.	- No defined target groups other than that they have a link with migration.	- A predetermined construction. - Usually with very limited number of constructions or rehabilitation of buildings.	No specific context. However the most recent initiatives were conducted in post-conflict situations	- No specific budget level - USD 30,000 to 5 million (USG, Japan, EC). - Often limited due to the restriction on the construction component. - No predetermined prospects.
3.5 FONAPAZ fiduciary fund	- improvement of living conditions of the population in general with a focus on zones of return and reinsertion.	- Population in general and returnees in general (less specific than the first or second category).	Low involvement in the decision process. Minimal technical support, focus on administrative and financial management.	Can be considered as an exception due to IOM past involvement in the peace process in Guatemala.	High budget levels (Guatemala). Can also be considered as an exception being a fiduciary fund with technical particularities.

4. RELEVANCE, EFFECTIVENESS AND IMPACT OF CONSTRUCTION

This Section focuses on the definition of "relevance to IOM's mandate" for the construction component of the IOM projects concerned. It includes also an analysis of how effectively the construction component contributes to the attainment of the project objectives. A broad analysis of the impact of the construction component on the target population and on migration in general will be covered. General remarks on efficiency and cost-effectiveness will be made at the end of the section.

4.1 Relevance to IOM's Mandate

Disagreement on the link of construction with IOM's mandate was apparent during some interviews conducted and in the internal evaluation reports, where the link was considered as somewhat indirect. An attempt to clarify this debate and answer some of the questions raised is made below.

Looking at the descriptive table above, under "Main Goal and Migration Link" it can be seen that the different projects, in which the construction component is integrated, have clear links with migration in general and with IOM's 'traditional' fields of intervention in particular. This should already be considered as sufficient to justify their relevance to IOM's mandate. As an instrument used to achieve objectives, there should be no doubt about the construction component's relevance to the mandate. Further study would however be useful on the relevance to IOM's mandate of the different categories as further proof that construction is not in contradiction with interventions pertaining to IOM's mandate.

The notion of stabilization of populations covered under the 'Community-based approach' and 'Assistance for return' categories and its link with the mandate of IOM certainly raises questions due to the broad approach to the migration phenomenon and its potentially negative effects.

The stabilization of population is seen, as reported during the interviews, as an important element in the fight against the root causes of migration and is considered to be within IOM's Mandate for two main reasons:

1) it tends to reduce and even halt the flow of displaced populations, which is often heavy during an emergency phase;
2) it facilitates the return to their place of origin of populations displaced by the conflict or the natural disaster. Stabilization often calls for a better living environment, where construction or building repairs is an important contribution.

The experience gained with the community based approach — described in the activity reports for Haiti, Kosovo, Albania or Guatemala — tends to confirm that stabilization of population reduces the problems linked to migration (for instance illegal migration, social and economic absorption of massive returns, reintegration of

minorities or ex-combatants)[15]. This view is also shared by the programme managers interviewed for this evaluation.

The other categories are associated with the IOM return process and its assistance to displaced populations. The link with IOM's mandate for such interventions has not been questioned. As the RAP programme in Croatia was not completed, it is difficult to draw firm conclusions about the overall approach and the role of the construction component, but it could be considered appropriate for supporting such return schemes.

As already underlined, the 'Specific interventions' category includes specific construction elements but which are always related to a migration phenomenon and problem. The project titles do not always convey the link of these specific construction projects, for instance the 'Rehabilitation of the Haemodialysis Centre at Tirana University Hospital'. However, the serious financial and technical problems currently encountered in the rehabilitation of the Cardiology Centre in Albania tend to indicate that the heavy construction component raises doubts about the project's link with IOM's mandate. Although an investment of USD 270,000 for the Haemodialysis Centre can be justified by the need to reduce costly medical evacuations, this is not the case for an investment of USD 4 million[16] for completing the construction of the Cardiology Centre. The link with IOM's mandate therefore becomes tenuous.

The link between the FONAPAZ assistance and IOM's mandate was also questioned in the first phase, especially following the problems with 'El Campo de Marte' construction, due to the wider approach to the migration phenomenon than is applied for instance with the community-based approach. This has been improved with the second round of negotiations where attention was paid to a more direct link with migration. The description of the relevance to IOM's mandate made in the 'Programme and Budget for 2001' can be considered as sufficient for the general purpose of this evaluation, without going into more detail on the specific case of the FONAPAZ fund.

Concerning the relevance of IOM projects versus the mandate of other international agencies, it has been noted that no international organization has a specific mandate and/or a comparative advantage to cover the constructions handled by IOM in its projects. Therefore, IOM is not in competition with other specialized agencies when proposing such interventions. Some specialized organizations do of course cover major construction work, for instance the World Bank for infrastructure and economic rehabilitation; HABITAT for urbanization; UNIDO for industrial complexes; UNCDF for infrastructure work.

Another aspect linked to the relevance to IOM mandate, which can sometimes lead to misunderstanding on the relevance of the intervention, is the goal of the donor or of the government in funding or approving the IOM project. In Haiti for instance, the donor commissioned an external evaluation of the IOM programme. The evaluation

[15] See also activity reports of the interventions in Guatemala where other partners – UN Agencies, USAID- recognized the benefit of the stabilization of populations through IOM programmes.
[16] USD 4 millions represents the cost for terminating the construction work. It was initially estimated at USD 1.2 millions – see "Programme and Budget for 2001".

did not specifically focus on the problem of migration or the use of construction in the programmes to achieve broader goals linked with migration.

From the donor perspective, emphasis was placed on the democratic process as well as on assistance to the Haitian people to move "from a society of intimidation towards an atmosphere of popular participation". It is not surprising to see a difference in the donor's perception of the overall goal when financing a project and IOM when proposing an intervention. There are many examples of this type which do not interfere in general with the management of the project and the validity of IOM objectives.

Conclusion: The main goals of the different categories of projects with a construction component, and with a potential for future replication, have a clear link with a migration component falling under IOM's mandate. As one of the main elements for achieving the overall objective of the projects, the construction component can be considered as relevant for achieving a goal linked with the mandate of the Organization. This can be however questioned if the construction investment/type goes beyond the overall objective linked to migration, as is the case for instance in the rehabilitation of the Cardiology Centre in Albania.

Recommendation: When assessing IOM involvement in a project with a construction component, the link with IOM's mandate should always be carefully assessed. Construction type can weaken the link between the overall objective of the project and IOM's mandate. This is particularly so for major infrastructure work, for rehabilitation of industrial complexes or for technically complex constructions, as in the case of the rehabilitation of a Cardiology Centre in a hospital in Tirana.

4.2 Effectiveness in contributing to the attainment of project objectives.

As the title of this Section indicates, the construction component should be seen as a contribution to the attainment of an objective, not just the only means to achieve the project objectives. It is part of an integrated approach where other elements, such as community participation, reconciliation, promotion of dialogue, demobilization, return schemes, economic reconstruction, also have an important impact on the overall performance and success of IOM projects. It is therefore difficult to draw conclusions on the effectiveness of one element out of the overall context.

Judging by the reports reviewed, the construction component was welcomed by the target populations in the majority of cases, whether it be the community at large or the migrants/displaced population themselves. This was also confirmed in interviews with programme managers or IOM Chiefs of Mission.

In the case of the stabilization of populations, the construction element was perceived as concretizing issues debated inside the communities in the framework of the process of democracy, peace-building or reconciliation. Dialogue with the communities, together with social and economic rehabilitation, were key elements for achieving the overall objectives of stabilization and better managing the migration phenomenon,

such as illegal migration. In most cases, the dialogue established by IOM was appreciated and the construction projects generated economic activities through direct involvement of the communities.

It is easier to assess the benefits of construction when it is for a specific population. This was for instance the case with the provision of temporary shelters for displaced populations following Hurricane Mitch in Honduras. Another good example is the capacity upgrade of the Costa-Rican educational system in selected communities affected by Mitch, where it is recognized that construction/rehabilitation of schools makes a vital contribution to the success of the project and more particularly to a better integration of the affected communities.

Despite the above, IOM has had some bad experiences which have put in question the effectiveness of the construction component. The RAP project in Croatia had serious failings in that little construction was achieved. However, it can be seen from the evaluation conducted that the problem was linked more to the general management of the programme, both at Headquarters and the field, than to the construction component's effectiveness in contributing to the achievement of the overall objectives. In summary, dialogue and democratic process were given priority to the detriment of the organization of the construction component. The problem in Croatia has not been encountered in the other programmes using the same global approach.

There were a few instances of problems related to the quality of the construction, as was the case with the Caritas Centre in the EREG programme in Bosnia and Herzegovina, or for the Cardiology Centre in Albania. Such problems were the exception compared to the number of well-built constructions. A more detailed discussion is found in **Section 5** on the issue of the minimum technical expertise required to guarantee the quality of the final product, including security measures.

Finally, there was a case in Guatemala — in the framework of the FONAPAZ initiative, 'El campo de Marte' — about which there has been a series of public accusations in the newspapers of corruption associated with the construction of the camp. IOM was linked with these accusations. This legal problem has been solved in the meantime and a new agreement has been reached with the Government of Guatemala for a continuation of the collaboration. However, despite the negative press about this project, it cannot be said that the construction was not up to standard.

It is interesting to note here that the construction component also contributes in these post-emergency situations to the achievement of objectives of other international partners, for instance in the rehabilitation of health centres or schools, for global health programmes or education programmes. Collaboration with WHO, UNICEF, UNESCO, USAID was noted in most of the programmes. Honduras and Guatemala are also good examples in this extended field of collaboration.

<u>Conclusion:</u> The construction component of most of the 27 projects of the five categories defined has been an effective instrument contributing to the achievement of the defined objectives. It also contributed to a larger process, such as reconciliation, building up of educational and health management capacity and return management. Only a few bad experiences have been recorded but these were not specifically linked

with the construction component itself and its role in the overall approaches proposed.

4.3 The impact of the construction component

As mentioned in the previous Section, the construction component was appreciated by the target populations in all projects. One of the conclusions of the external evaluation conducted in Haiti states: "Among its beneficiaries, IOM has earned for itself a well deserved, highly positive and uncontested reputation". It could also be concluded that this concrete level of intervention has a direct positive impact on the life of the community in general, or on specific groups in particular. In increasing the general quality of life and satisfaction from an economic and social point of view, it has been recognized that the constructions stimulate the communities' will to stabilize at political, social and economic levels.

The impact of this construction has not been specifically measured in past or on-going initiatives due to the complexity of the intervention and to the role of other complementary components. However, it has been considered as obvious and satisfactory in most cases, as reported in the documentation of the programmes or during the interviews conducted. For instance, in the case of the projects in Costa-Rica, in Honduras, of one of the specific constructions in Albania, or of the reintegration/reconciliation programmes in Kosovo.

Apart from the impact on targeted populations, the impact of the construction component on the migration problem(s) addressed by the projects could be further elaborated. Here again, a more in-depth assessment on the role of construction as a response to migration problems could be statistically validated. In the absence of available research, a global analysis of the impact is made here.

In looking first at the programmes with a clearly defined target group directly affected by migration problems, the constructions proposed also contributed to the overall impact on the migration problem(s). For instance, in Honduras temporary shelters provided decent housing and improved the quality of life for the severely affected and displaced communities, and had an impact on a migration problem – the displacement of populations. In Costa-Rica, the positive impact on the installation and integration of the communities affected by Mitch, through child and adult education programmes, has been noted. The construction component played a major role in creating a better educational environment and from that perspective can be considered as having a positive impact on a problem of migrant integration.

In the case of Kosovo, and as emphasized during the interviews, the construction component played a major role inside the communities, especially in view of the extensive material damage caused during the war. Both the stabilization and the redistribution of populations, and return assistance, were important migration issues to be addressed and which the construction component went a long way to improving. The same applies for the reconciliation approach used in some areas in Kosovo. According to interviews conducted, similar results were achieved in East Timor.

Finally, in the case of specific constructions, the more direct link between the construction type and programme objectives makes it easier to assess the impact of the construction on the migration problem. For instance, in the case of the Haemodialysis Centre in Tirana, IOM has noted a reduction of medical evacuations from Albania and Kosovo. In the case of the rehabilitation of the Swim Centre in Tirana, the link is 'retroactive' as it concerns damage created by an important flux of migrants and refugees. However, as the impact is specific and easily measurable before implementation, this is not a typical case.

Conclusion: In line with the project objectives, the construction component generally has a positive impact on the targeted population; to a greater or lesser degree depending on the project. The same positive conclusion applies for the impact of the construction component on the migration problems addressed by the project. In some cases the impact is more obvious than in others, but there is sufficient proof to conclude that, if properly implemented, it is having a positive impact on the overall migration objective.

4.4 Efficiency and cost-effectiveness

In looking at the definition of efficiency and cost-effectiveness — respectively how well resources are used to undertake activities and achieve objectives, and whether the objectives could be accomplished at a lower cost — it is clear that an analysis of each project would be worthwhile, but it is not necessarily appropriate for this report. They were therefore not part of the scope of the evaluation (as defined in the TORs). It is only possible to make a broad generalization based on documentation available for each project.

In addition, it should be noted that efficiency and cost-effectiveness not only cover the activities linked with construction, but also all the other activities planned in the projects. In the specific evaluations conducted, both concepts have been analyzed.

Therefore, in looking globally at the 27 projects covered, and based on available reports, it can be concluded that in the majority of cases IOM has been efficient in conducting activities and the choices made regarding the construction component were cost-effective. Again, individual experiences might lead to a different conclusion, for instance the Cardiology center project in Tirana, RAP, or some of the community projects where funds were used inefficiently.

Another question could be raised at this level, i.e. is the construction the most cost-effective tool to reach given objectives? This aspect should be addressed in the preparation phase of the project in which the usefulness of the construction in the overall intervention strategy has to be properly assessed. For instance in the case of the construction of shelters in Honduras, the question raised during preparatory negotiations was: is it possible to assist all the displaced population without building temporary shelters?

5. MANAGEMENT OF THE CONSTRUCTION COMPONENT

Three main aspects are covered in this Section. Firstly, a global delimitation or definition of construction work is made in order to frame the basic technical requirements. Secondly, the evaluation looks at the experience IOM has acquired in construction work and how it has evolved over the years. Lastly, current and future prospects are discussed and IOM's level of expertise to face the challenges is assessed.

5.1 Basic requirements of the construction field covered by IOM

Before presenting some of the specifics of the field of construction, it is important to recall here the 'customary' operational limits that have been applied in each IOM intervention: no involvement in major infrastructure work or rehabilitation of industrial complexes, or in technically very complex buildings.

The nature of the construction work is usually a complex process starting with the design of the construction and other technical details concerning its preparation and execution. It is usually the responsibility of engineers and architects.

In addition, the construction or rehabilitation of buildings/infrastructure, whether private or public, has to follow precise rules. Such rules are often country-specific, even if some general trends can be noted for the bidding process or for quality and security issues. Not only does this have implications for the way in which the construction is built, but it also entails legal requirements that IOM has to fulfil.

Finally, construction is wide open to fraud because systematic control of the different stages of the work is impossible. Fraud in construction field is a worldwide problem involving large sums of money. Professional management is the best way to anticipate problems encountered in construction work and applies equally to technically simple constructions such as the temporary shelters in Honduras.

In most cases, the needs mentioned above have been taken into account through the recruitment of local engineers/architects for technical supervision/support, or by sub-contracting specialized offices. The implementation of precise administrative and financial control systems has also been observed.

In addition to the basic technical and legal requirements of the construction that could be addressed by using locally available expertise, the link of the construction with migration objectives of the projects is taken into account in each type of intervention. This necessitates a careful assessment of the situation by the programme manager/Chief of Mission in relation to the objectives of the programme to ensure that the right type of construction is chosen[17]. Such an assessment has on occasions been weak, for instance in the case of FONAPAZ I, of RAP or the Cardiology Centre in Albania.

[17] Even in the case of community-based approaches where the decision on the construction is left to the community, there are precise regulations on the type of projects accepted for funding.

As construction is not the only component of most interventions, to be successful the project also requires a thorough knowledge of all other aspects covered. It is not enough to have technical expertise in construction to guarantee proper management of these projects or good administrative and financial mechanisms for the construction component. Strategic planning of all activities, together with appropriate types of construction are also important elements.

Finally, it is important to underline that strict managerial control of the construction component certainly constitutes a considerable administrative asset but it should not diminish the flexibility of the field to respond to particular needs in a given region, often in emergency or post-conflict situations. IOM flexibility in all its interventions, including in the implementation of the construction component, partly accounts for IOM's success in these initiatives.

Lesson Learned: ***In all activities involving construction it was found that local technical expertise was chosen for the technical support/supervision of construction projects, either through direct recruitment of engineers in construction or architects, or by sub-contracting services. All recorded positive results, apart from some projects where staff were selected without the appropriate technical skills. In addition to the technical skills, all projects required complementary managerial skills, such as the capacity to properly carry out the other activities of these interventions while effectively managing the construction component. The second 'set of skills' was considered necessary at the Programme Manager of Chief of Mission levels***

5.2 IOM experience and level of expertise

Most of the initiatives covered by this report had positive outcomes, as mentioned in the activity reports or in the evaluations. Even if more than 24 of the 27 projects examined had a positive overall outcome, three less positive experiences raised a series of questions on the level of expertise in IOM. These conclusions will be examined below, but in the light of other positive experiences.

In the evaluation of the RAP programme, two types of mismanagement were encountered that resulted in a justifiably negative appraisal of IOM's performance. It should however be underlined that RAP is the only intervention of this type with such a negative record. The project evaluation is an interesting reference on how not to conduct such projects.

Firstly, it has been noted that IOM/USAID/US Embassy local management's attention was focussed on the community dialogue aspects, to the detriment of construction. The decision-making process on the constructions to be undertaken consequently suffered and only a few were completed. The selection of international IOM staff to manage the programme was given in the report as one of the reasons for its failure.

Secondly, there were problems with the way in which the few constructions undertaken were actually executed. The evaluation observed that the technical expert recruited was a mechanical engineer with no experience in construction, and therefore all the technical processes necessary to deliver good quality construction, as discussed

in Section 5.1, lacked proper supervision. Here again was a problem linked with the appropriate selection of staff for project execution.

Concerning the problem encountered during the EREG evaluation, this relates to the follow-up of the construction work where mistakes were made that could have been avoided with proper design and execution. This would also tend to confirm the need for good selection of staff. There was also a reference to the weak technical support provided by IOM Headquarters for programme execution. This point is discussed further in **Section 5.3.2**.

In the case of the Cardiology Centre in Albania, the assessment of the technical requirements was poor and under-budgeted resulting in major cost-overruns during execution.

Lesson learned: ***In order to guarantee an overall positive result for programmes/projects with a construction component, in view of the basic technical and managerial requirements, it is important to select international and/or local staff with appropriate technical and managerial background. It is not just a question of creating a post; the selection process must be carefully handled too. In the case of these specific interventions, before developing the project document it is important to have an exact idea of the technical complexity of the construction and its costs.***

5.3 Future prospects and technical support required

Before drawing conclusions and making recommendations on the technical support required for future initiatives with a construction component, it might be appropriate to recall the future prospects in the different categories already mentioned briefly in the table under **Section 3.6**.

5.3.1 Future prospects

As already mentioned in the report, there are clear indications that IOM plans to continue to propose construction as a component of its interventions, when appropriate.

In the two first categories, such interventions could also be extended in phases beyond the post-emergency intervention, as long as there is still a migration problem, for instance during a more traditional development phase. UNDP recently issued an evaluation on its post-conflict strategy, in which the type of programmes developed by IOM and presented here are proposed for a move from post-conflict intervention to development [18].

In the case of the 'Assistance for return' category, future prospects also call for such interventions due to the situation of displaced populations around the world. In

[18] UNDP "Sharing new ground in post-conflict situations – the role of UNDP in reintegration Programmes", 2000

Africa, there is a potential for such support projects involving construction and IOM Headquarters should further assess future prospects in that field.

In the case of the 'Shelters in emergency' category, IOM could increase its intervention where necessary, with possible focus on specific displaced populations. They can be implemented in immediate post-conflict situations or in case of natural disasters. The evaluation report of the intervention in Honduras underlined the potential for replicating such initiatives. However this would depend on other factors unrelated to projects, for instance the reduced need for IOM services in natural disaster situations.

In the category of the 'Specific cases', each case in itself is worth examining as long as it contains basic migration elements. However, one example with an excellent potential for future replication is the programme implemented in Costa-Rica. Africa could also be a region with identical educational needs.

Conclusion: Future prospects for construction activities appear to be open. There is potential for at least a continuation of our current level of activity in four of the five categories (excluding the FONAPAZ specific category). Some of IOM's activities are worthy of further promotion as efficient initiatives to address specific migration problems.

5.3.2. Level of support required from Headquarters

In **Section 5.1 and 5.2** above, lessons learned and conclusions have been drawn on the minimum level of expertise required in the IOM Missions in the field to ensure proper management of the construction work. However, questions are still raised on IOM Headquarters' weak role in providing technical support for such initiatives. The request for a series of evaluations of programmes with a construction component, including this global analysis, are positive signs of the growing interest in the success and potential of such initiatives, and on the importance of the construction component.

It has been noted in all of the most recent projects covered by the evaluation that IOM Headquarters has provided little support in the way of guidelines or technical directives for these interventions and that any initiatives were local:

Haiti: administrative and technical guidelines were issued locally;

Croatia: a procurement guideline was prepared locally in line with USAID rules and regulations[19];

Costa-Rica and Guatemala: administrative, financial and technical guidelines for construction matters were drawn- up based on the USAID model;

Albania: precise instructions on the bidding process and contractual arrangements have been prepared;

[19] See Annex 6.

Honduras: a reference book has been finalized for the construction of shelters. It covers technical and administrative aspects of the intervention in the field of construction based on IOM experience.

When IOM Headquarters' structure was based on a regional approach, the support of the regional departments did not focus on the technical aspects of IOM interventions in the field; that was left to the management of the IOM missions and in some cases was under the supervision of the Sub-Regional Offices.

With the creation of the Technical Cooperation Service at Headquarters, the technical support was transferred to that service, as there was no other services or units with the expertise and the responsibility to provide such support in the field of construction. Some attention has been paid to the different guidelines prepared in the field and on the technical support to be provided by Headquarters. The Guidelines prepared in Guatemala and Costa-Rica on the construction process have been revisited by the TCS in collaboration with Common Services, but have not been completely finalized due to lack of expertise and resources at Headquarters (see **Annex 5**).

Under the new structure at Headquarters, the Project Development Unit has been assigned responsibility for examining the project development process and authorizing project code allocation. Changes will occur again in the near future and PDU should become a Project Tracking Unit that would no longer provide technical advice. No major technical support has been or will be provided by PDU.

Conclusion: it is clear that the technical support from Headquarters, as could be expected with the creation of the Service, is not performing properly and merits further attention. It has also been noted, in the case of the Cardiology Centre in Albania, that the project approval process had its short-comings when some of the usual players were not involved in the approval process. This also raises the question of the definition of responsibility for implementing projects that are poorly developed, in this case especially at the budget level for completing the construction.

Recommendation: IOM field offices should retain primary responsibility for the effective assessment, implementation and monitoring of the projects and in particular of the construction components, with the assistance of locally contracted expertise when appropriate. However, IOM Headquarters — in particular the Services — should re-examine its responsibility for providing appropriate technical guidance before the implementation of such projects, so as to avoid further occurrence of the difficulties encountered with RAP or Albania.

Such reinforced technical support could diminish the risks of cost overruns due to incorrect assessment of technical requirements for the construction. When necessary, for instance in more complex interventions, further technical advice could be sought before approval of the project. In this connection, a Service should be assigned responsibility for giving technical advice, keeping in mind that construction elements can be found in a variety of projects (return; technical co-operation; medical, etc.) and mainly in post-conflict situations.

It does not however appear necessary for the time being to create a specific Service for construction, as has been done for information campaigns, but rather a set of rules and regulations and technical considerations on what construction is in IOM. As the human resources available at Headquarters no longer include expertise in construction engineering, expertise must be sought in the field, or externally, to prepare such a technically appropriate set of rules and regulations, and to provide basic advice to the Services having to provide technical guidance to the field.

However, due to the complexity of the rules and regulations in the field of construction, as it can be seen from existing documentation mentioned above, such guidelines should first give some basic considerations on construction work, including for instance the minimal local technical expertise required or the way to conduct appropriate assessments of the technical requirements of the construction, as underlined in the evaluation. This should provide the programme manager/Chief of Mission with a decision-making tool regarding the project design or the setting up of the office for the implementation of such project components.

The core of the guidelines should contain all the technical aspects of the construction process, such as procurement, bidding, quality and security control, using technical and administrative references already available. For the time being, this measure should constitute sufficient technical support on the part of Headquarters, taking into account the availability of other relevant documentation on such projects, for instance the evaluation of RAP as an example of 'what not to do'. All other technical aspects to ensure appropriate implementation of the construction component of the overall intervention should be monitored by the field mission as underlined earlier in this report.

One last aspect that it is important to keep in mind when designing these guidelines is the key role that flexibility and rapidity plays in the success of IOM's interventions, as already underlined under section 5.1 above. The guidelines should take into account that it is not always possible to adhere strictly to administrative and financial rules in emergency situations, for instance as it has been shown in the evaluation of the shelter programme in Honduras for the purchase of material. Basic administrative and financial requirements for construction should be established for such specific situations when full application of the administrative and financial procedures, listed for instance in available documentation, is not possible.

<u>Recommendation:</u> IOM Headquarters should consider the recruitment of a consultant for two months to gather all available technical guidelines/manuals/ references on construction, and consolidate this information in a clear and concise set of formal rules and regulations and information to be followed by IOM Offices. The consultant should have the appropriate technical background and experience in various countries to ensure that — given the worldwide coverage of IOM's interventions — these guidelines are valid internationally, especially as far as product quality, security and legal guarantees are concerned.

6. CONCLUSIONS, RECOMMENDATIONS AND LESSONS LEARNED

Conclusions:

1. The main goals of the different categories of projects with a construction component, and with a potential for future replication, have a clear link with a migration component falling under IOM's mandate. As one of the main elements for achieving the overall objective of the projects, the construction component can be considered as relevant for achieving a goal linked with the mandate of the Organization. This can be however questioned if the construction investment/type goes beyond the overall objective linked to migration, as is the case for instance in the rehabilitation of the Cardiology Centre in Albania.

2. The construction component of most of the 27 projects of the five categories defined has been an effective instrument contributing to the achievement of the defined objectives. It also contributed to a larger process, such as reconciliation, building up of educational and health management capacity and return management. Only a few bad experiences have been recorded but these were not specifically linked with the construction component itself and its role in the overall approaches proposed.

3. In line with the project objectives, the construction component generally has a positive impact on the targeted population; to a greater or lesser degree depending on the project. The same positive conclusion applies for the impact of the construction component on the migration problems addressed by the project. In some cases the impact is more obvious than in others, but there is sufficient proof to conclude that, if properly implemented, it is having a positive impact on the overall migration objective.

4. Future prospects for construction activities appear to be open. There is potential for at least a continuation of our current level of activity in four of the five categories (excluding the FONAPAZ specific category). Some of IOM's activities are worthy of further promotion as efficient initiatives to address specific migration problems.

5. It is clear that the technical support from Headquarters, as could be expected with the creation of the Service, is not performing properly and merits further attention. It has also been noted, in the case of the Cardiology Centre in Albania, that the project approval process had its short-comings when some of the usual players were not involved in the approval process. This also raises the question of the definition of responsibility for implementing projects that are poorly developed, in this case especially at the budget level for completing the construction.

Recommendations:

1. When assessing IOM involvement in a project with a construction component, the link with IOM's mandate should always be carefully assessed. Construction type can weaken the link between the overall objective of the project and IOM's mandate. This is particularly so for major infrastructure work, for rehabilitation of industrial complexes or for technically complex constructions, as in the case of the rehabilitation of a Cardiology Centre in a hospital in Tirana.

2. IOM field offices should retain primary responsibility for the effective assessment, implementation and monitoring of the projects and in particular of the construction components, with the assistance of locally contracted expertise when appropriate. However, IOM Headquarters — in particular the Services — should re-examine its responsibility for providing appropriate technical guidance before the implementation of such projects, so as to avoid further occurrence of the difficulties encountered with RAP or Albania.

3. IOM Headquarters should consider the recruitment of a consultant for two months to gather all available technical guidelines/manuals/references on construction, and consolidate this information in a clear and concise set of formal rules and regulations and information to be followed by IOM Offices. The consultant should have the appropriate technical background and experience in various countries to ensure that — given the worldwide coverage of IOM's interventions — these guidelines are valid internationally, especially as far as product quality, security and legal guarantees are concerned.

Lessons Learned:

1. In all activities involving construction it was found that local technical expertise was chosen for the technical support/supervision of construction projects, either through direct recruitment of engineers in construction or architects, or by sub-contracting services. All recorded positive results, apart from some projects where staff were selected without the appropriate technical skills. In addition to the technical skills, all projects required complementary managerial skills, such as the capacity to properly carry out the other activities of these interventions while effectively managing the construction component. The second 'set of skills' was considered necessary at the Programme Manager of Chief of Mission levels.

2. In order to guarantee an overall positive result for programmes/projects with a construction component, in view of the basic technical and managerial requirements, it is important to select international and/or local staff with appropriate technical and managerial background. It is not just a question of creating a post; the selection process must be carefully handled too. In the case of these specific interventions, before developing the project document it is important to have an exact idea of the technical complexity of the construction and its costs.

ANNEX I

TERMS OF REFERENCE

EVALUATION OF THE CONSTRUCTION COMPONENT IN IOM INTERVENTIONS

1. BACKGROUND

Since 1994/1995, IOM has been implementing a series of projects containing heavy construction components, sometimes representing high levels of expenditure. This type of intervention is relatively new in IOM and only a few projects involving construction were conducted in the 80's (in El Salvador for the construction of temporary shelters; in Botswana and Israel for the construction of schools and IOM training centres). As this new trend represented a departure from IOM's more traditional projects, participation in that field raised many questions as to IOM's role and mandate, and its technical capacity to handle such technically specific projects. Moreover, some of the projects implemented were not completely successful. Since no policy has yet been officially established concerning IOM's involvement in this type of activity, it has been decided that an internal evaluation could provide a response to some of the unanswered questions and give an objective analysis of IOM's role in that specific framework.

2. OBJECTIVES OF THE EVALUATION

The main objective of the evaluation is:

- To analyze the different types of IOM projects in the field of construction and evaluate the pertinence of IOM intervention in such a field.

More specifically, the focus of the evaluation will be:

- a brief categorization of the different types of projects/programmes with a construction component and assess what they have in common.

- an assessment the relevance of each category to the mandate of the Organization.

- an assessment of the effectiveness and global performance in implementing projects/programmes dealing with construction.

- a brief analysis of the impact of the construction component of IOM projects on the target population and more broadly on migration.

- a series of recommendations on the management of such initiatives.

In no case will the evaluation make a detailed analysis of the performance and success of each intervention in that field, as the success/failure of the construction component of one project can also depend on factors external to this exercise, for instance the informal involvement of a donor in the management of a project. In addition, specific evaluations have already been conducted for some major programmes (Haiti, Bosnia, Croatia and Honduras).

3. METHODOLOGY

As this evaluation exercise is more of a thematic nature, the methodology to be used will mainly consist of a documentation review and analysis. As mentioned above, evaluations have been conducted on some projects that will be used as "case studies" for practical reference. They include the Communal Governance Programme in Haiti, the EREG programme in Bosnia, the Honduras Shelter projects, and the RAP programme in Croatia. In addition, the project/programme documents and activity reports prepared for the IOM intervention in Guatemala, Albania and in Kosovo will be used.

In particular the documentation review will cover:

- official documentation prepared for the IOM Council, including the IOM Constitution;
- internal documentation containing strategies/guidelines dealing with construction aspects;
- available project documents and activity reports of the projects/programmes with a construction component;
- evaluation reports of the projects/programmes that will be used as case studies as mentioned above;
- and any other documentation relating to IOM projects dealing with construction that the Service in charge of technical support could make available.

In addition to the documentation review, interviews will be conducted with IOM staff who have been involved in such projects or who have been tasked to provide support for them. Interviews of Senior Staff in IOM will also be useful to assess the pertinence of IOM interventions in that field based on their discussions with Donors and IOM Member States.

The Director of the Migration Management Services Department (MMS), being also in charge of Technical Co-operation (TCM), will be the resource person and focal point for assisting the evaluator to prepare and conduct the evaluation. Not being a program/project evaluation, MMS will also have the overall responsibility for follow up on the recommendations, except if the recommendation is specifically addressed to another department/unit. MMS may also involve, as needed, other departments/units/offices in follow up of a given recommendation.

4. RESOURCES AND TIMING

The costs for the evaluation - which should be minimal since no travel is foreseen - will be borne by the Office of the Inspector General. Should the need arise to visit a country in order to have a better understanding of one of the projects examined in the framework of this evaluation, such costs will be discussed accordingly.

A draft report should be made available by the 20th of October 2000.

ANNEX II

Bibliography and Interviews

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Categories of Projects with Construction Components ANNEX III

This list groups the most important projects with a construction component that it has been possible to research using available tools at IOM (Blue Book, PAT, Achives, Institutional Memory, etc.). A few may have been ommited because there was no evidence of the link with construction and/or had very small budgets, for instance in the case of repairs of a reception centre for victims of trafficking.

Project	Category/Service Area	Sub-cat.	Total Budget USD
US-bound refugees from S. Africa - 1986-93)	Refugees	Language Training and Cultural Orientation	71,070
Elementary/secondary school project, Dimona, Israel (1991-94)	National Migrants	Language Training and Cultural Orientation	1,000,000
Haiti - Communal Governance Programme (2,363 Community Improvement Projects) (1995-97)*	Technical Cooperation on Migration	Capacity Building	11,000,000
Guatemala - Temporal Shelter for Uprooted Populations (1997)	Technical Cooperation on Migration	Post-Emergency Migration Management	29,445
Projects to Promote Development and Rehabilitation - Guatemala - National Fund for Peace (FONAPAZ) - 9 construction projects (1998/99)	Technical Cooperation on Migration	Technical Cooperation on Migration Management and Capacity-Building	28,506,494
Projects to Promote Development and Rehabilitation - Guatemala - National Fund for Peace (FONAPAZ) - 5 categories of projects (2000/1)	Technical Cooperation on Migration	Technical Cooperation on Migration Management and Capacity-Building	23,957,000
Economic Revitalization and Employment Generation in the Una Sana and Banja Luka Regions (EREG) (1998-99)**	Technical Cooperation on Migration	Post-Emergency Migration Management	2,500,000
Return Assistance Programme for Croatia (RAP) (1998/99)**	Technical Cooperation on Migration	Post-Emergency Migration Management	13,600,000
Hurricane Mitch Assistance Operations - Construction and Maintenance of Shelters in Honduras - 5 projects (1999)**	Technical Cooperation on Migration	Post-Emergency Migration Management	11,500,000
Temporary Shelters for Flood Victims in N. Honduras (1999)	Technical Cooperation on Migration	Post-Emergency Migration Management	220,141
Resettlement and Rehab. of Victims of Hurrican Mitch (5 Municipalities - Rivas District of Nicaragua) (1999)	Technical Cooperation on Migration	Post-Emergency Migration Management	1,748,000
Albanian Transition Initiative (ATI) (1999)	Technical Cooperation on Migration	Post-Emergency Migration Management	3,000,000
Rehabilitation of Haemodialysis Centre at Tirana University (1999/2000)	Migration Health	Post-Emergency Migration Health Assistance	271,560

Categories of Projects with Construction Components ANNEX III

Project	Category/Service Area	Sub-cat.	Total Budget USD
Rehabilitation of the National Swim Center (Former Kosovo Refugee Camp) (1999)	Technical Cooperation on Migration	Post-Emergency Migration Management	154,552
Municipal Infrastructure Support Project for Albania (MISP) (1999/2000)	Technical Cooperation on Migration	Post-Emergency Migration Management	10,000,000
Capacity Building at the Department of Heart Surgery and Vascular Diseases at Tirana University Hospital (1999/2000)	Migration Health	Post Emergency Migration Health Assistance	1,960,265
Mitrovica Infrastructure Rehabilitation Initiative (MIRI) (2000/2001)	Technical Cooperation on Migration	Post-Emergency Migration Management	3,000,000
Kosovo - Reintegration of Former Combatants through Information Counselling & Referral Service (ICRS) and Reintegration Fund (1999/2000)	Technical Cooperation	Assistance to Demobilized Soldiers	15,025,000
Kosovo Transitional Initiative (KTI) (1999/2000)	Technical Cooperation on Migration	Post-Emergency Migration Management	8,500,000
Capacity Upgrade of the Costa Rican Educational System in Selected Communities affected by Mitch-Related Nicaraguan Migration (2000)	Technical Cooperation on Migration	Post-Emergency Migration Management	4,930,000
Community Assistance for Population Stabilization (CAPS) - East Timor (2000/2001)	Technical Cooperation on Migration	Reintegration Assistance	2,735,100
Quick Impact Projects (QIPs) East Timor (2000/2001)	Community Development	Reintegration Assistance	678,775
Programme for Assistance to IDPs and Receptor Communities - Colombia (2000/2002)	Technical Cooperation on Migration	Humanitarian and National Migration	1,004,301
TOTAL			**145,391,703**

* External Evaluation: 1996
* Evaluation, OIG

ANNEX IV

BUDGETS AND OBJECTIVES OF PROJECTS WITH A CONSTRUCTION COMPONENT

Project/Budget	Overall Project Objective/ Project Description	Purposes/Expected output
US-bound refugees from S. Africa – 1986-93 (completed) **Total Budget: 71,070 USD** **Cost directly related to construction component: 53,360 USD** **Construction as % of Total: 75.0%** **Donor: US Dept. of State**	Provide pre-departure training for US-bound refugees from S. Africa and construct classroom complex and annexes	Construct 2 rondavels, lavatory block and director's house
Elementary/secondary school project in Dimona, Israel 1991-1994 (completed) **Total Budget: 1,000,000 USD** **Cost directly related to construction component: 700,000 USD** **Construction as % of total: 70%** **Donor: US Dept. of State**	Absolve the Hebrew Israelite Community of responsibility for pre-Feb. 1991 debts with respect to water and municipal taxes. Construct an educational facility benefiting the Hebrew Israelite Community.	(a) Construct approx. 20 pre-fabricated classroom units and 5-10 buildings for faculty and admin. staff etc. (b) Provide access roads and basic landscaping
Haiti – Communal Governance Programme 1995-1997 (completed) **Cost related to community projects: 7,000,000 USD** **Of a total of 2,363 Projects:** **New construction: 38%** **Rehabilitation/Repair: 56%** **Other: 6%** **Donor: OTI** **N.B. S&O costs shared between Demobilisation and CG Programmes. Estimate for CG: 4 million USD, including dialogue, capacity building/training components.**	Encourage communities across the nation to engage in the democratic process through participation in community-oriented activities. Promote and develop community initiatives that emphasize the principle of good governance at the local level. Both objectives are likely to prevent future irregular migration flows.	Three main fields of intervention: (a) Dialogue and reconciliation (b) Community projects (c) Training and capacity building Agriculture*: 5% Education: 30% Public Admin. 5% Roads & Bridges: 17% Sanitation: 16% Water: 10% Other 17% *Also includes irrigation work, storage, access roads.

Project/Budget	Overall Project Objective/ Project Description	Purposes/Expected output
Guatemala – Temporal Shelter for Uprooted Populations 1997 (completed) **Total Budget: 29,445 USD** **(Staff & office costs: covered by IOM Guatemala)** **Construction Component: 29,445 USD** **Construction as % of Total: 100%** **Donor: Guatemala**	Provide minimal housing facilities for uprooted populations in El Peten area through construction of shelters in village of 'Las Pozas de Sayaxche Peten'.	--.--
Guatemala – Projects to promote development and rehabilitation – National Fund for Peace (FONAPAZ) 1998/1999 (completed) **Total Budget: 29,617,000 USD** **(Staff & office costs: covered by IOM overhead)** **Construction Component: 29,617,000 USD** **Construction as % of Total: 100%** **Donor: FONAPAZ (National Peace Fiduciary Fund)**	Support and help those areas of development that will help the recovery and rehabilitation of the population that lives in conditions of poverty and extreme poverty.	Expand and rehabilitate the local roads, bridges, schools, potable water, basic community infrastructure, housing and electricity projects for rural areas. • Rehabilitation Popular University (USD 213,000) • Construction Children's Museum (USD 2,225.000) • 2 projects. Construction Basic Housing (USD 7,000,000) • Basic Housing – water/sanitation (USD 1,914,000) • Installation basic housing (USD 1,814,000) • Construction and Maintenance Roosevelt Hospital (USD 10,946,000) • Campo de Marte Sports Park (USD 4,458,338) • Rehab. Sports stadiums (USD 995,000)
Economic Revitalization and Employment Generation (EREG) in the Una Sana and Banja Luka Regions - 1998-1999 (completed) **Total Budget: 2,500,000 USD** **Special Infrastructure Fund** **Construction Component: 1,765,000 USD** **Construction as % of Total: 71%** **Donor: EU**	Assist the European Commission and the Bosnian Government to help stabilise the economic and political systems in Bosnia and Herzegovina through actions aimed at employment generation as part of the overall reconstruction process in Bosnia and Herzegovina. Operational pilot phase: structural assistance to the local infrastructures for employment/job generation and direct assistance to returnees	(a) Promote local employment generation. (b) Provide incentives for the transition to a market economy. (c) Facilitate the re-investment of capital from returning Bosnians into the domestic market. (d) Provide incentives for the return of a national 'stock' of entrepreneurs with market economy experience in the EU Member States. (e) Help prevent a further increase in the 'recipient of assistance' mentality in a post civil war society. (f) Complement micro-credit schemes implemented by financial institutions.

Project/Budget	Overall Project Objective/ Project Description	Purposes/Expected output
Return Assistance Program for Croatia – 1998-1999 (completed) **Total Budget: 13,600,000 USD** **Expected level of Construction Component: 10,000,000 USD** **Construction as % of Total: 73%** **N.B. As mentioned in the Evaluation Report finalised in August 2000, only 2.9 million USD was spent on construction activities. The project was stopped before completion.** **Donor: USAID**	Encourage and realise the sustainable return of at least 30'000 persons displaced from their homes in Croatia. RAP will assist communities to create locally a climate that encourages returns by assisting selected communities in identifying, funding and completing infrastructure and community development projects of benefit to the entire community.	(a) Promote the sustainable return of at least 30'000 persons displaced from their homes in Croatia, thereby restoring the integrity of communities disrupted by the conflict. (b) Assist target communities to identify, fund, and complete priority community development and infrastructure projects in order to reinforce incentives for promoting returns of displaced persons, to sustain those returns by encouraging their reintegration of returnees into their communities and to foster local development.
Rehabilitation of the National Swim Center (Former Kosovar Refugee Camp) – 1999 (completed) **Total Budget: 154,552 USD** **Construction Component: USD 148,949** **Construction as % of Total: 96%** **Donor: US Dept. of State**	Rehabilitate the National Swim Center in Tirana which suffered damage while serving as a refugee camp for 2,500 Kosovars during the Kosovo crisis.	Phase one: Carry out repair work needed to prepare for the National Swimming Championships at end Aug. 1999. Phase two (completed Nov. 1999): Rehabilitate the remainder of the facility to be of lasting benefit to the Albanian people.
Construction and Admin. of Shelters for Mitch Affected Population – Honduras, 1999 (completed) **5 projects are grouped under this heading (see evaluation report):** **Total Budget: 11,500,000 USD** **Construction Component: USD 6,800,000** **Construction as % of Total of the five projects: 60 %** **Donors: UNDP/WHO/UNICEF/USAID/ Canadian Red Cross.**	Provide immediate assistance to victims of Hurricane Mitch by constructing temporary shelters.	(a) Conduct a census of populations displaced by Hurricane Mitch residing in public spaces. (b) Assess needs to establish micro shelters. (c) Select shelter sites and develop plans. (d) Provide transportation and emergency kits. (e) Construct shelters and co-ordinate the different interventions. (f) Administer and supervise shelters once constructed.
Temporary Shelters for Flood Victims in N. Honduras, 1999 (completed) **Total Budget: 220,141 USD** **Construction Component: USD 114,436** **Construction as % of Total: 51%** **Donor: USAID**	Immediate assistance to Honduran families, victims of floods caused by rains which affected several communities in the Northern Zone of the country.	Provide temporary shelters for the affected families, as well as sanitation facilities, water supply and emergency kits. N.B.: the temporary constructions were made of plastic shelters, contrary to the intervention in the framework of Hurricane Mitch disaster.

Project/Budget	Overall Project Objective/ Project Description	Purposes/Expected output
Municipal Infrastructure Support Project for Albania (MISP), 2000. (ongoing) **Total Budget: 10,500,000 USD** **Construction Component: 9,000,000 USD** **Construction as % of Total: 85.7%** **Donor: OTI**	Rapidly address the urgent need to repair the damage to infrastructure, services, and the environment in municipalities that hosted Kosovars during the refugee crisis.	(a) Re-establish the economic and social potential of public infrastructure damaged during the refugee crisis. (b) Establish practical and timely linkages between on-going community participation/ democracy-building activities and the meaningful improvement of living conditions at the local level. (c) Provide economic opportunities for local skilled and unskilled labor, and for local contractors and vendors. (d) Provide visible evidence of positive development changes and government response.
Resettlement and Rehab. of Victims of Hurricane Mitch (5 Municipalities – Rivas District of Nicaragua) 1999, (ongoing) **Total Budget: 1,748,000 USD** **Construction Component: 748,000 USD** **Construction as % of Total: 43%** **Donor: Only Partially funded**	Reinforce local communities of 5 municipalities of the Rivas Department in order to overcome the poverty and living conditions of victims of Hurrican Mitch. Promote a climate of security and community participation by assisting in reinsertion, rehabilitation and other activities to facilitate sustainable development.	(a) Promote the permanent resettlement of the beneficiaries, creating conditions for auto-construction and/or rehabilitation of houses and community infrastructure. (b) Stimulate activities destined at creating access to stable economic opportunities for male and female project beneficiaries. (c) Reinforce the process of decentralisation of local administrations and institutions in the 5 municipalities with a view to creating sustainable mechanisms for these activities. (d) Collaborate in the safe and harmonious return of the affected population by providing psycho-social support.
Albania Transition Initiative (ATI), 1999 (ongoing) **Initial Total Budget: 3,000,000 USD** **Initial Community Projects Component: 2,600,000 USD** **Breakdown of the use of funds for construction not yet available** **Donor: USAID/OTI**	Provide assistance to Albanian local and regional (formal and informal) authorities in an effort to improve community development. The initiative aims to facilitate the implementation of community-identified improvement projects. In addition, ATI will also implement political and media projects in an effort to development and strengthen citizens' awareness throughout the country.	(a) Assess and categorise, in co-ordination with local governments and partner agencies, current Albanian support structures and services in need of improvement. (b) Establish the basis for subsidising improvement in target areas in a rapid and effective manner (primarily through small grants) (c) Make the grant and establish follow-up mechanisms which involve local authorities. (d) Strengthen local governments in responding to crisis situations and in city planning.

Project/Budget	Overall Project Objective/ Project Description	Purposes/Expected output
Rehabilitation of Haemodialysis Centre at Tirana University Hospital, 1999 (completed) **Total Budget: 271,560 USD** **Construction Component: 183,000 USD** **Construction as % of Total: 70.5%** **Donor: DFID/GB**	Contribute to international efforts that will enable Albanians and Kosovars to access needed medical treatment in a more efficient and comprehensive manner, in accordance with international humanitarian norms and best possible practices.	(a) Repair and provide needed equipment at the Haemodialysis Centre in Tirana. (b) Refurbish the physical facilities of the Haemodialysis Centre in order to provide the appropriate physical environment for treatment and maintenance of equipment and medical supplies. (c) Train local medical staff at the Haemodialysis Centre in order to improve quality of service and sustainability of increased treatment capacity. (d) Reduce the need for expensive medical evacuation from Albania for renal dialysis.
Capacity Upgrade of the Costa Rican Educational System in Selected Communities affected by Mitch, 2000 (ongoing) **Total Budget: 4,930,000 USD** **Construction Component: 2,800,000 USD** **Construction as % of Total: 57%** **Donor: USAID**	Upgrade the capacity of the Costa Rican education system in selected communities affected by Mitch-related Nicaraguan Migration.	(a) Build and/or rehab. 257 classrooms and dining rooms and 45 sanitary units providing classroom space for about 15,000 children, (b) Provide a full set of 8 textbooks for use by each of 15,000 children. (c) Upgrade the skills of 1,500 teachers and school administrators to better address the needs of immigrant children. (d) Provide basic literacy and numeracy, health and civics training for about 5,000 illiterate Nicaraguan immigrant parents and adults, which will enable them to better assist their children and should lead to improved economic and social condition for the families.
Mitrovica Infrastructure Rehabilitation Initiative (MIRI), 2000 (ongoing) **Total Budget: 3,000,000 USD** **Construction Component: 2,189,451 USD** **Construction as % of Total: 75.3%** **Donor: USAID**	Facilitate the process of peace and stability in Kosovo through the execution of approximately 50 small to mid-size community-based infrastructure improvement projects in the region.	(a) Develop small to mid-size, labor-intensive, infrastructure rehabilitation projects that create significant short-term employment opportunities for local residents and strengthen local economy while providing a way for residents of the Mitrovica AOR to participate in the revitalization of their community's structure. (b) Foster capacity-building in order to address future infrastructure improvements by relying primarily on local contractors to execute projects, while strengthening local institutions by consulting, as necessary and feasible, relevant, authorities.

Project/Budget	Overall Project Objective/ Project Description	Purposes/Expected output
Capacity Building at the Department of Heart Surgery and Vascular Diseases at Tirana University Hospital, 1999 (ongoing) **Total Budget: 1,960,265 USD. This project is however currently under review as costs for construction are exceeding initial plans. No definitive figures on the total project costs and construction component are available.** **Donor: Italy/Japan/USAID. Funds available for Albania are now being used to complement cost overruns The final distribution of funds will be examined further in the framework of the on-going inspection.**	Strengthen the capacity of the National health Care System of Albania by providing the necessary structural rehabilitation, medical equipment and training to increase the operational capacity of the heart surgery unit at Tirana University Hospital.	(a) Augment and enhance the heart surgery skills of Albanian medical and paramedical personnel. (b) Identify and procure the equipment necessary for comprehensive heart surgery services, and provide local personnel with the training relevant to its use. (c) Facilitate treatment in Italy for heart surgery patients who cannot be accommodated locally during the capacity building process. (d) Establish a working association between major European heart surgery centres and the Department of Heart Surgery and Vascular Diseases at Tirana University Hospital. (e) Establish Tirana University Hospital as the main cardiac referral centre for patients from Albania and Kosovo.
Kosovo – Reintegration of Former Combatants through Information Counselling & Referral Service (ICRS) and Reintegration Fund, 1999 (ongoing) **Total Budget: 15,025,000 USD** **Reintegration Programmes that also include construction components: 10,284,885 USD** **Construction as % of Total: Final breakdown of the use of the Reintegration Fund not yet available.** **Donors: USG/UK/Japan/Germany/Netherlands/ Canada/UN Trust fund**	Contribute to the consolidation of peace and stability in Kosovo and to reconstruction efforts by assisting demilitarised KLA combatants to return to normal civilian life.	(a) Facilitate access to solutions to reintegration obstacles, including information dissemination, referrals and technical assistance that will lead to income generating opportunities. (b) Re-open basic lines of communication and linkages with the objective of stimulating and enhancing the development of economic opportunities. (c) Establish a positive environment for peace by making accurate and unbiased information readily and periodically available to all concerned stakeholders involved in the undertaking. (d) Make available Reintegration Fund to facilitate accelerated creation of *i.a.* income-generating opportunities such as self-employment, on-the-job training and reconstruction.
Kosovo Transitional Initiative (KTI), 1999 (ongoing) **Total Budget: USD 8,500,000** **Community projects as of August 2000: USD 4,600,000** **Construction as % of Total: breakdown not yet available** **Donor: USAID/OTI**	Maximize the number of Kosovars participating in decision-making and the future development of Kosovo.	(a) Assist communities in forming and organising Community Improvement Councils designed to support Kosovars in process of rebuilding their communities while preparing them for the challenges of democratic self-governance. (b) Increase the capacities of local community facilities, services and infrastructure to adequately receive and maintain the host population.

Project/Budget	Overall Project Objective/ Project Description	Purposes/Expected output
Community Assistance for Population Stabilization (CAPS) - East Timor 2000 (ongoing) **Total Budget: 2,735,100 USD** **Community projects Component: 2,100,000 USD** **Construction as % of Total: breakdown not yet available** **Donor: ECHO/OTI**	Contribute to the stablization of East Timorese society, by providing humanitarian support to returning and local populations through priority setting and community improvement initiatives.	(a) Work closely with local populations in a limited number of districts by providing technical assistance, logistical support, procurement of materials and dedicated funding for the rehabilitation and construction of basic infrastructure, in support of a broader approach which will allow to bridge gaps and facilitate community reintegration. (b) Strengthen the social fabric of communities in the process of reintegration and provide link to a more global strategy and closer cooperation with other initiatives being implemented in the field as a means to expand and draw from ongoing programs and complement them with additional outputs ranging from training to financial assistance.
Quick Impact Projects (QIPs) - East Timor 2000 (ongoing) **Total Budget: 678,775 USD** **Construction Component: 500,000 USD** **Construction as % of Total: 73.6%** **Donor: UNTAET/OTI**	Improve conditions and provide some temporary employment for communities in East Timor.	Temporary employment will contribute to boosting local economies. Additionally, the immediate improvement of local infrastructure and living conditions will generate confidence within local populations.

Project/Budget	Overall Project Objective/ Project Description	Purposes/Expected output
Programme for Assistance to IDPs and Receptor Communities – Colombia, 2000 **(ongoing, recently started)** **Total Budget: 11,997,354 USD** **Operational budget: USD 10,993,053** **Construction as % of Total: Breakdown not yet available** **Donor: USAID**	Contribute to the peace process in selected regions through actions which address the threat posed by the increased incidence of internal displacement by providing post-emergency and transitional assistance to internally displaced persons, increasing the absorptive capacity of receptor communities and promoting stability in at-risk populations through community-led development initiatives.	(a) Provide immediate opportunities for employment for target group. (b) Provide training opportunities to enhance skills and capabilities of displaced and vulnerable persons, thereby increasing their opportunities for gainful employment. (c) Increase family incomes among target group by facilitating employment and self-employment opportunities (through appropriate NGOs). (d) Lessen the strain on water and sanitation infrastructure in receptor communities and improve their management at the communities level, which will in turn improve overall health conditions. (e) Facilitate community organization in communities with high incidence of displacement. (f) Promote stability in vulnerable communities which face a high risk of future displacement through community-led development initiatives. (g) Promote creative, grassroots solutions to overcome obstacles to the peace process confronted at the community level.
Guatemala – Projects to promote development and rehabilitation – National Fund for Peace (FONAPAZ) **(ongoing)** **Total Budget: 23,954,000 USD** **(Staff & office costs: covered by IOM overhead)** **Special Infrastructure Fund Construction Component: 23,954,000 USD** **Construction as % of Total: Breakdown not yet available** **Donor: FONAPAZ (National Peace Fiduciary Fund)**	Improve the living conditions of the Guatemalan population, particularly in the zones of return, reinsertion and adjoining areas.	• Productive Projects (FORELAP) 1,869,000 USD • Integrated Development Progs. for Communities (PRODIC) 962,000 USD • Teachers for Peace Programme 935,000 USD • Border Development Programme (PRODESFRO) 17,788,000 USD • Infrastructure Post-Mitch Prog. 2,403,000 USD

ANNEX V

INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM)

PROCUREMENT SYSTEM

CONTRACTING PROCEDURE FOR THE PROCUREMENT OF CONSTRUCTION SERVICES

Table of Contents

1.0 Introduction

1.1 Applicability

This Contracting Procedure contains both rules and guidance for country contracting for construction services as discussed below.

Contracts Competed Locally. When solicitation for contracts for construction services are made solely within the cooperating country, the following clauses apply.

1.4: Guidance

The remainder of this Contracting Procedure contains guidance which may be modified based on the circumstances of the particular contract and financial assistance. This guidance is based on sound contracting practice.

2.1: Use of Country Contracting

It is usually appropriate that IOM contract for construction services required to implement projects financed under own or bilateral agreements. A supervisory architect/engineer from his own staff or a contractor ("Engineer") usually provides the necessary assistance in awarding and administering construction contracts. Such assistance may include final design work, developing specifications, preparing the Invitations for Bids, evaluating bids, overseeing the work under the contract, and the like.

2.3: Contracting Method-Competition

2.3.1 Rule

a. To the maximum extent practicable, all contracts for construction shall be made on a competitive basis.
b. Informal competitive bid procedure may be used for construction services if the estimated value does not exceed $100,000. Informal competitive procedure include requesting quotations from more than one contractors, and thee or mare if possible, to determine the most acceptable proposal in terms of price and other factors (e.g. quality, delivery time, construction methods, etc.). Procedure will be documented in a written memorandum to the files.
c. Contracts for construction services exceeding $100,000 are awarded on the basis of formal competitive bids. Formal competitive bid procedures normally include private advertising for prequalification, issuance of invitations for bids (IFB), private opening of sealed bids, and evaluation of bids. The contract is awarded to the lowest responsive and responsible bidder.

2.3.2 Competitive Negotiation

After diligent efforts to secure a contract through formal competitive bid procedures, and further use of the formal competitive bid procedures clearly would not be productive, the competitive negotiation procedure may be used in contracting for construction services. Competitive negotiation permits conduct of negotiations with two or more offers to determine the most acceptable proposal in terms of price and other factors (e.g. quality, delivery time, construction methods, etc.). Section 3.8 discusses the considerations in establishing a procedure for competitive negotiation, which must be developed based on the particular circumstances of the procurement.

2.3.3 Waiver -- Negotiation with a Single Source*

a. Circumstances
Competition in the procurement of construction services may be waived and a single source negotiated contract authorized under one of the following criteria. Waivers will be a written record of the reasons for negotiation with only the single source.

1. IOM wishes to utilize the contractor for additional work outside the scope of the original contract and the contractor is still mobilized at the site or for some other reason the contractor is so closely related to the activity that utilization of that contractor would effect a substantial saving of time or money.

2. Only one bid has been received pursuant to an IFB and the bid is not fully responsive, but IOM wishes to negotiate only with that bidder.

3. Approval of an amendment on an existing contract which increases the scope of work (i.e. an "new procurement amendment") is also required.

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*When formal competitive procedures are used and only one responsive bid is received from a responsible bidder and the price is reasonable, award is made in accordance with the Invitation for Bids.
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2.4: Advertising

2.4.1 Rule

A. Solicitation of Potential Contractors.

In furtherance of the rule in Section 2.3 above, solicitation of potential contractors is effected through widely disseminated advertising. This is accomplished by publishing a notice of the availability of prequalification questionnaires or, if prequalification is not used, Invitations for Bids in the local newspaper, and otherwise in accordance with recognized local practice.

2.6: Factors Affecting the Eligibility of Firms to compete for the Contract

2.6.1 Dual Engineering and Supply/Performance Functions

Unless specifically approved (for example, for turnkey jobs or in other exceptional circumstances) no firm, including its affiliates and subsidiaries, may perform both engineering services and provide commodities or perform construction services on the same project.

2.6.2 Unfair Competitive Advantage

A firm, including its affiliates and subsidiaries, should not be employed to perform services when, in the judgment of IOM the firm has been, or might be, placed in a position to achieve an unfair competitive advantage.

2.7: Language and Specifications

2.7.1 Documents shall be in the local spoken/written language.

2.7.2 The local system of measurement shall be used for specifications and design drawings.

2.8 Prohibition Against/Restriction on Certain Types of Contracts

In no event will IOM finance a cost-plus-percentage-of-cost contract; i.e., a contract in which the profit or fee (however described) increases without limitation as the cost of the contract increases. IOM will finance a contract for engineering services adhering to local laws and regulations.

2.8.1 Restriction

Cost-reimbursement contracts for construction services should incorporate the cost principles of Chapter 4 of this handbook and include an agreed budget which the contractor may not exceed without advance approval by IOM. The budget sets forth the limitations on direct costs (e.g., salary, allowances, travel, commodities, etc.), indirect costs (e.g., overhead), and the fixed fee.

2.9: Documentation for Payment

The documentation requirements under the method of payment is discussed in Section 3.5.4.2.

3.0: Guidance

The guidance in this section 3 should be applied based on the circumstances of the procurement. Factors for consideration in country contracting for construction services include:

3.1: Role of the Engineer

3.1.1 Supervisory architect/engineer

a. A locally registered supervisory architect/engineering firm ("Engineer") is usually employed to assist IOM in contracting for and overseeing construction financed by IOM or bilateral agreements. The Engineer is assigned certain responsibilities and authorities by IOM All such responsibilities and authorities are set forth in the Terms of Reference in the Engineer's contract.

b. The responsibilities of I.O.M's. Engineer may include such actions as the following:

(1) Design of the facility to be constructed;

(2) Preparation of cost estimate and proposed construction schedule;

(3) Preparation of the prequalification questionnaire and advertisement, and analysis of prequalification information;

(4) Preparation of the Invitation for Bids, including the Technical Specifications and Drawings;

(5) Assistance to IOM in analyzing and evaluating bids;

(6) Processing local construction permits, as appropriate;

(7) Supervising the work of the construction contractor subject to such approvals by IOM as may be required (see paragraph c. below);

(8) Preparing I.O.M's. progress reports; and

(9) Preparing "as built" drawings.

c. The extent to which the Engineer is delegated authority by IOM to act on its behalf in supervising construction must be clearly stated in the IFB and contract for the construction services. Such authority is usually limited by monetary value (e.g. the Engineer may issue

Change Orders for work involving additional costs or reduced costs up to specified individual and aggregate amounts while Change Orders involving greater costs must be approved by IOM). These authorities and limitations must also be set forth in the Engineer's contract with IOM Both time and cost savings result from having an Engineer on site to detect and correct any deficiencies in the contractor's performance and to deal expeditiously, competently, and impartially with unexpected problems which require changes in the time schedule or variations in the work. The authorities for supervising the construction work may include such actions as the following:

(1) General supervision of the construction work to ensure compliance with the Technical Specifications and drawings;

(2) Assisting in coordination when more than one contractor is on site;

(3) Conducting tests, as permitted or required, of materials and workmanship;

(4) Measurement or verification of work quantities performed;

(5) Issuing change orders or approving subcontracts up to certain value(s);

(6) Approving drawings prepared by the contractor;

(7) Issuing certifications for progress and final payments;

(8) Assistance to IOM in final inspection and acceptance of completed facilities, including the supervision of performance tests, initial operations, etc., and

(9) Issuing the certificate of completion.

3.2: Preparation of Construction Schedule Cost Estimate

3.2.1 In order to evaluate the reasonableness of bids IOM or the Engineer should prepare its own construction schedule and cost estimate in as much detail as possible. The construction schedule should be prepared first because the sequence in which elements of the work are scheduled, and the time needed to perform work elements, will affect the requirements for construction equipment and labor force as well as the overall construction period. A well designed construction schedule, as well as substantial knowledge of the major cost factors (cost of construction equipment, labor and materials at the construction site, contractor’s overhead and profit expectations) are required for the preparation of a realistic cost estimate. If a significant amount of time elapses between preparation of the cost estimate and the bid opening date, or if some or all cost items are know to have changed significantly during that period, the cost estimate should be reviewed and updated as necessary before the bid opening date.

3.2.2 In order to avoid giving any bidder an unfair competitive advantage, the amount of funds available and the amount and composition of the cost estimate should not be disclosed to other than the Engineer and IOM personnel with a need to know.

3.3: Choice of Type of Contract

3.3.1 General

IOM decides which type of contract is most appropriate for specific procurement. A fixed price contract is normally used. There are two types of fixed price contracts -- lump sum and unit price. These are discussed in detail below. Often a combination of the two types is used in a single

contract. In unusual cases, a cost reimbursement plus fixed fee contract may be used, or a portion of a predominantly fixed price contract may be on a cost reimbursement plus fixed fee basis. In accordance with the rule in 2.8, a cost-plus-percentage-of-cost contract shall not be utilized.

3.3.2 Lump Sum (Fixed Price)
A lump sum contract is normally used for buildings, structures, or other facilities when the quantities involved can be accurately determined and variations are expected to be minimal. Payment under lump sum contracts may be in the form of one payment upon completion of the contract or in the form of progress payments based on completion of certain stages or a percentage of the total contract price at fixed times.

3.3.3 Unit Price (Fixed Price)
A unit price contract is normally used when quantities are variable, such as in earth moving. The contractor is paid for the actual quantities of work accomplished at a unit price established in the contract for the specific kind of work (e.g. cubic meters excavated, cubic meters of concrete placed, or meters of electrical cable installed, etc.). The unit prices included all cost elements (direct and indirect costs and profit). This type of contract is usually chosen for projects in which the types of work required can be precisely defined but the quantities are expected to vary from the designer's estimates, or if provisional items (i.e., items such as overhaul which may or may not be used) are included. Under a unit price contract, the contractor is paid for the actual work whether greater of lesser than the amount estimated, within a stated range. By contrast, if a lump-sum contract were used, the contractor might include contingency amounts in its bid prices for higher than estimated quantities which would have to be paid regardless of actual quantities. Lump-sum elements in predominantly unit price contracts may be appropriate when items cannot be measured or when the monetary value of certain items is too small to warrant the cost of measuring the actual quantities.

3.3.4 Cost Reimbursement Plus Fixed Fee (CPFF)
Cost reimbursement contracts may be used in exceptional cases, i.e., when the types of work and quantities cannot be defined with sufficient precision to enable a contractor to estimate with reasonable accuracy its costs of performing the contract. For example, major plant remodeling or equipment installation and plant start-up may be on a CPFF basis while building construction is on a fixed price basis. CPFF contracts are more difficult for owner or Engineer to administer, their actual cost is difficult to estimate with reasonable precision, and the owner bears all risk of overruns, both with regard to unit costs and quantities. They are therefore generally less desirable than fixed price contracts.

3.4 Prequalification

3.4.1 Purpose of Prequalification
After IOM has established what construction services are required and the type of contract (unit price, lump-sum, cost-reimbursement plus fixed-fee, or a combination of these) to be used, it may prequalify interested firms, subject to the complexity and contract amount. The intent of this guidance is to ensure the selection of a responsible bidder, who has the technical expertise, management capability, workload capacity, and financial resources to perform the work. These factors are evaluated during the Prequalification process. Only bidders who prequalify will be permitted to submit bids for the contract. As a minimum responsibility requirement, prequalification should require that the firm or joint venture or team of prime and subcontractors:

(i) has performed services similar in complexity, uniqueness of construction and value to the project services being bid and has achieved total business volume equal to or greater than the value of the project being bid in three of the five years prior to the issuance date of the Invitation for Bids or Request for Proposals, and

(ii) has the technical and financial resources to perform the contract.

3.4.2 Advertising
A notice of the availability of prequalification questionnaires is published and otherwise made known in national newspapers. The notice should contain the following information:

a. A brief description of the project, the services involved and expected construction schedule;

b. The name of IOM;

c. The address(es) at which interested firms may obtain prequalification questionnaires;

d. The deadline for receipt of prequalification information (see Section 3.4.4) and a statement of how late prequalification information will be handled; and

f. Approximate dates of availability of Invitations for Bids and opening of bids;

3.4.3 Distribution of Prequalification Questionnaires
IOM furnishes to all interested firms responding to the prequalification notice, and to all other firms which it wishes to solicit, an outline for presenting their general and specialized qualifications, i.e., applicable experience, reputation, job capacity, etc. Attachment 2C, "Prequalification Questionnaire for Construction Contractors," is a sample form. Similar forms which will elicit comparable information may be used.

3.4.4 Submission of Prequalification Information
Prequalification information should be submitted to IOM by the date specified in the notice. The deadline date should be a reasonable time after publication of the notice, but no less than 15 days after publication. IOM may consider prequalification information received after the due date as long as such consideration does not delay the contracting process. In order to avoid disputes, it is recommended that the notice contain a statement whether or not IOM will, at its option, consider late prequalification information. If a joint venture seeks prequalification, qualification information must be supplied with respect to all firms in the joint venture.

3.4.5 Analysis of Prequalification Information
IOM evaluates the information submitted by interested firms responding to the prequalification questionnaire 2.6. However, the joint venture is treated as a unit in determining technical and other qualifications. If subcontracting is contemplated by any firm or joint venture, qualification information may be requested with respect to major subcontractors.

In order to make an assessment of the experience claimed, IOM will contact a sufficient number of the business references listed by each firm. IOM will prepare a memorandum explaining the basis for the selection of the firms. IOM will notify in writing all firms submitting prequalification information whether or not they are deemed qualified for the project.

3.4.6 Restriction on Disclosure of Information
To assure that the procurement is conducted in a manner that does not give an unfair competitive advantage to any party, information concerning specific procurement requirements should not be released to any potential bidders, directly or indirectly, prior to the issuance of prequalification questionnaires or the Invitation for Bids if prequalification is not used. After issuance of the above, no bidder should be given any substantive information that would constitute a competitive advantage over other bidders that did not possess such information unless that information is promptly furnished to all the potential bidders in time for them to consider in preparing their bids. No information concerning the number, identity or qualifications of the bidders or potential bidders should be released prior to award.

3.5: Preparation of the Invitation for Bids (IFB)

The contents of the Invitation for Bids are discussed in detail in Section 4.0.

3.5.1 Establishing the Closing Date
The closing date established in the IFB must allow bidders sufficient time to receive the IFB, prepare responsive bids (including time to visit the construction site, if appropriate), and submit their bids to the specified place by the specified time. The closing date may be extended by IOM by means of an addendum to the IFB which is sent to all firms who received copies of the IFB.

3.5.2 Late Bids.
A statement similar to the following regarding receipt and consideration of bids for award that are received after the exact time set for opening in the IFB should be placed in the IFB. Bidders will be held responsible for ensuring that their bids are received in accordance with the instructions stated herein. A late bid will not be considered even though it became late as a result of circumstances beyond the bidder's control.

3.5.3 Establishing Requirements for Guaranties

3.5.3.1 Definitions

a. A guaranty is an instrument (generally a letter of credit) issued by a banking institution at the request of a contractor which provides for payment up to a specified amount to a designated party upon presentation of prescribed documents indicating an unfulfilled obligation on the part of the contractor. A guaranty, unlike a bond, normally encumbers the assets of the contractor.

b. Types of Guaranties

(1) A bid guaranty is a third-party commitment that accompanies a bid when invitations for bids so require. It assures that the bidder will not withdraw its bid within the period specified for acceptance and will execute a written contract and furnish such additional guaranties as may be required in the invitation for bid within the periods specified.

(2) A performance guaranty is a commitment by a surety or guarantor ensuring completion of contract requirements.

3.5.3.2 General
Solicitations for contractual requirements to be financed provide for guaranties at the option of the contractor unless surety bonding is not available or local law requires a guaranty. The use of the surety bonds is preferred rather than bank guaranties as they are generally less costly to obtain and they place the responsibility for completion of contractual requirements on the surety. Surety bonds are issued by insurance companies specializing in the business of guarantying the performance of contract obligations. Sureties analyze the contractor's experience, workload and financial standing before issuing written assurances of contract performance; they are equipped to assist contractors having problems in contract performance, and ultimately they may take over the work to ensure completion. On the other hand, bank guaranties are extensions of credit available on demand which ensure that the owner can collect a penal sum in the event of default. Bank guaranties are usually issued as letters of credit based primarily on financial strength. Surety bonds usually are considerably less expensive than bank guaranties and do not tie up a contractor's line of credit, thus allowing more contractors to compete. This results in reduced costs to the owner by reducing the contractor's cost of performance and by increasing competition. The IFB must indicate the required bid, and performance bonds or guaranties. Bonds or guaranties must be issued by acceptable surety companies, insurance companies or banks.

3.5.3.4 Guaranties
In instances where contractors elect to furnish guaranties in lieu of surety bonds or local law requires bank guaranties, the penal amount of the guaranties should be as follows:

a. Bid Guaranty - 5% to 10% of owner's estimated contract price.

b. Performance Guaranty - 8% to 15% of the contract price, depending on the complexity and size of the contract.

3.5.4 Determining the Method of Payment

3.5.4.1 General

a. The method of payment to the contractor is described in the IFB and the contract. Each is especially useful in certain situations explained below. In each method, payments are made on the basis of submission of the appropriate documents discussed in paragraph 3.5.4.2 below.

c. Mobilization Payments

(1) Mobilization payments are payments provided to a construction contractor to assist in meeting extraordinary start-up costs incurred to promptly perform under the contract (e.g., purchase of specialized equipment and shipment to the host country). Mobilization payments are normally included as a line item in the bid schedule. The Instructions to Bidders state the maximum amount to be entered, normally ten to twenty percent of the total bid price. The contractor is permitted to receive these mobilization payments, after expenditures are incurred for purchase of equipment, materials, etc., rather than having to wait for progress payments which are not made until actual work items are completed.

d. Local Currency Payments
The contract includes the procedures for payment of local currency. Local currency payments may be made on the basis of work completed on the items quoted in local currency in the Bill of Quantities in unit price contracts. When local inflation is high, the contract may specify that local currency payments will be indexed by an adjustment factor. For either lump-sum or unit-price contracts, a ratio or dollar and local currency payments may be set forth in the contract. For example, if contract expenditures will be primarily dollars in the early stages and local currency in the latter stages, but the total contract price is 50 percent dollars and 50 percent local currency, the contract may specify that each progress payment will be payable at a ratio of half in dollars and half in local currency. Another case where a ratio might be appropriate is when dollar and local currency expenditures are not readily segregated.

3.5.4.2 Documentation for Payment
Regardless of the method payment used, appropriate documentation, as discussed below, must be submitted in order to receive payment.

a. Contractor's Invoice
For fixed price contracts, the Contractor submits one copy of its invoice describing the services performed and identifying the sections or paragraphs in the covering contract which contain the terms of payment. Any reimbursable costs for which payment is invoiced shall be itemized in detail and the invoice shall indicate that the contractor has already incurred costs for the items being claimed.

b. Progress Payment
At regular intervals mutually agreed upon by the Contractor and IOM, the Contractor shall submit to the Engineer for review an interim statement in a form acceptable to IOM, filled out and signed by the Contractor, covering the cumulative amount and value of work carried out as of the date of the statement.

c. Certification of performance for Payments Other Than Final
Under any of the payment methods, when the request for payment is made by the Contractor, a certificate, signed and dated by the authorized Engineer is required to accompany invoices for payment. The Engineer certifies that (1) the services for which payment is requested have been satisfactory performed and (2) the payment requested is in accordance with the terms of the contract.

d. Certificate of Performance for Final Payment
In addition to the above documentation, the following certificate, signed by the Engineer is required. The Engineer certifies that the services for which final payment is invoiced meet in all respects the specifications prescribed in the covering contract, and the amount invoiced is properly due and payable under the terms of the contract.

3.5.5. Additional Steps if Prequalification Was Not Used

3.5.5.1 Advertising
If prequalification was not used, IOM will advertise the availability of the Invitation for Bids. The Notice should include the following information:

a. A brief description of the project the services involved, and proposed schedule for execution;

b. The name of IOM;

c. The address(es) at which interested firms may obtain Invitations for Bids, including the cost and method of payment for the IFB (if any);

d. The deadline for receipt of bids;

3.5.5.2 Qualification information
In cases where bidders are not prequalified, the bidder's qualifications to perform satisfactorily must be established after bids have been received. To facilitate the evaluation of a bidder's qualifications in these circumstances, it is recommended that an evaluation questionnaire such as the one in Attachment 2C be included with the Invitation for Bids. Part III: Financial Information, may be simplify subject to local procedures, complexity, and estimated construction cost. The IFB must state the factors to be used in evaluating bidders' qualifications. The qualifications information should be enclosed in a separate envelope and opened and reviewed prior to bid opening. The bids of any unqualified bidders should be returned unopened.

3.6: Solicitation of Bids

3.6.1 Distribution of the IFB
IOM will provide the Invitation for Bids to all prequalified firms, or, if prequalification was not used, to firms requesting the IFB and any other firms IOM wishes to solicit. Normally, there is no charge for the IFB, but, if a charge is made, it will not exceed the cost of production and mailing. See Section 4 of this Chapter for a discussion of the contents of the IFB.

3.6.2 Prebid Conference
The location and timing of such conferences should take into account the mutual convenience of IOM and the bidders. The purpose of the prebid conference is to exchange information with

potential bidders concerning local conditions, labor, and job requirements, any questions regarding the bid documents or procedures, and other matters pertinent to the contract. Addenda to the IFB are prepared to communicate to all bidders any changes or clarifications of the IFB which are considered necessary in light of the prebid conference.

3.6.3 Addenda to the Invitation for Bids
If, after issuance of the IFB, it becomes necessary to make any amendments or corrections, a written addendum to the IFB is prepared. The addendum is distributed promptly to all firms which have been sent copies of the IFB. Issuance of an addendum may necessitate an extension of the bid closing date to afford bidders adequate time to prepare or modify their bids in light of the information in the addendum. Information given to any prospective bidder concerning the IFB shall be furnished promptly to all other prospective bidders as an addendum to the IFB if the information is related to the preparation of bids or would be prejudicial to any uninformed bidder. The bidder must acknowledge receipt of the addenda as a part of its bid.

3.7: Contract Award

3.7.1 Receipt of Bids
Bids received prior to the closing time specified in the IFB shall be kept secure and unopened until the bid opening date and time established in the IFB. However, bids may be withdrawn or modified prior to bid opening.

3.7.2 Late Bids
Received after the time specified in the IFB should be returned unopened to the bidder. (See also Section 3.5.2)

3.7.3 Qualification of Bidders (if prequalification was not used) If bidders were not prequalified, the procedure in Section 3.5.5.2 should be used before the priced bids are opened.

3.7.4 Bid Opening and Evaluation

a. The sealed bids received prior to the closing time shall be opened and read at the time and place specified in the IFB. At a minimum, the name of the bidder and total bid price are announced. The bids are recorded by IFB number, date, name of bidder, amount(s), whether a bid bond was included and other appropriate identification.

b. IOM or its Engineer will conduct an evaluation of the bids. Bids must be "responsive" and meet the test of reasonableness of price. The updated detailed cost estimate (see Section 3.2.1) is used to judge the reasonableness of the prices bid. In addition, the bidder must be a "responsible" firm.

(1) A "responsive bid" is one that complies with all terms and conditions of the IFB without material modification. A material modification is one which affects in any way the price, quality, scope, or completion date of construction services or which limits in any way responsibilities, duties, or liabilities of the bidder or any rights of IOM or the donor as any of the foregoing have been specified or defined in the IFB. IOM will waive any minor informality in a bid which does not constitute a material modification. IOM will reject any bid which is non-responsive as defined above. Bidders should not be allowed to modify non-responsive bids after bid opening in order to make them responsive. However, IOM may request the bidder to provide clarifications of the bid as long as no material modification is made.

(2) The bid amount could be composed of U.S. dollars plus local currency. The local currency portion of the bid amount is converted to dollars at the predetermined exchange rate specified in the Instructions to Bidders to arrive at the total bid amount. If any factor other than price is to be used in evaluating bids, the monetary value of each such factor will be computed in accordance with the formula included in the Instructions to Bidders. A bid so adjusted is known as the

"evaluated bid." Bids submitted for unit price contracts are examined to ascertain that they are not grossly "unbalanced," i.e., that priced quoted on while unduly low prices are quoted for items to be completed during the latter stages of the project. Such examination is of great importance because a contractor who has been paid an amount far in excess of the real value of the work at an early stage will have rapidly decreasing financial interest in completing the project or, at least, adhering to the construction schedule. While a performance bond or guaranty provides some protection against failure by a Contractor to complete the work, the loss to the Owner caused by the delay in having another contractor complete the work is usually not fully compensated by the guaranty. An important safeguard against a contractor's failure to perform is thus guarding against unbalanced bids. The IFB should state that if a bid is found to be grossly unbalanced it may be rejected.

(3) The "responsibility" of the bidder is usually determined at the time of prequalification. Any prequalified bidder is, by definition, "responsible". If the prequalification was not performed prior to issuance of the IFB, qualification information is requested in the IFB pursuant to Section 3.5.5.2 and the responsibility of bidders is determined on the basis of information submitted with the bids. If there has been a significant time lag between the time of prequalification and issuance of the IFB, bidders may be requested to submit any changes in the prequalification information at the same time as they submit bids. The bid of any bidder found not to be qualified at this time should be rejected.

c. IOM will prepare a detailed written statement explaining the rejection of any low bid(s) that is determined to be nonresponsive or, if there has been no prequalification, the reasons for finding a firm to be not qualified. Rejection of all bids is appropriate if all prices bid are unreasonably high, or if there is no responsive bid.

3.7.5 Protests by Bidders
Protests of the contractor selection and award processes, which are submitted by bidders contending for award, will be directed to IOM. Its final decision is not subject to appeal of any kind.

3.7.8 Notification of Award
IOM informs the successful bidder that it has been awarded the contract. Usually in the same communications, IOM proposes a date and place for signature of the contract.

3.7.12 Notification To Unsuccessful Bidders
Unsuccessful bidders are notified of the award by letter. Attachment 2H contains a sample letter.

3.8: Competitive Negotiation

In accordance with the rule in Section 2.3.2, if IOM has failed, after diligent efforts, to secure a contract through formal competitive bid procedures and further use of formal competitive procedures clearly would not be productive, competitive negotiation may be used. Such a situation might arise if no responsive bids are received, or if all bid prices are so high that they exceed the funds available for the project. Competitive negotiation permits negotiation with two or more offerors to arrive at a satisfactory contract, price and other factors considered. In establishing the procedure, IOM will consider the following:

a. All bids received in response to the IFB are formally rejected.
b. IOM will analyze, to the extent information is available, the reason that the formal competitive bid procedure was unsuccessful. If the scope of work for the contract can be redefined or specifications or the terms and conditions can be modified to eliminate the cause of unacceptable bids, the result may be that IOM will issue a new IFB and use formal competitive procedures again. On the other hand, if modifying the IFB is not likely to result in more responsive bids or if IOM can benefit from considering input from potential contractors as to possible alternatives for

reducing costs or revising specifications or other terms and conditions, then negotiation is appropriate.

c. IOM decides with whom negotiations should be conducted. It may negotiate with all prequalified firms, only those firms which submitted bids, or two or more firms who submitted the lowest bids. The decision with whom to negotiate should take into consideration the benefits of opening competition, the time constraints of getting the project underway, whether prequalification information is still current, and other relevant factors. If the specifications need considerable revision, it is generally most appropriate to invite all prequalified firms to negotiate. The firms invited to negotiate should be requested to submit proposals to use as the basis of negotiations. Negotiations should be conducted fairly and expeditiously. All firms selected for negotiation are informed at the same time and are given the same information about the bases of negotiation, including the factors to be considered in making the award. If a substantial change occurs during negotiations in I.O.M's. requirements or a decision is reached to relax, increase, or otherwise modify the scope of work or contract terms, all offerors are advised of the change in writing. IOM will insure that "technical transfer" is avoided during the negotiations. This occurs when technical aspects of one offeror's proposal are transmitted to other offerors and may be incorporated in their revised proposals. No indication shall be given to any offeror of a competitor's price which must be met to obtain further consideration since such a practice constitutes an auction which must be avoided. Likewise, no offeror shall be advised of its relative standing with other offerors as to price or be furnished information as to the prices offered by other offerors. All offerors are invited to submit their best and final written offers based on negotiations by a specified date and time. IOM evaluates the final offers based on criteria communicated to all offerors and awards the contract to the best offer in the terms of those criteria. Detailed records of all negotiations will be prepared by IOM.

3.11: Contract Closeout

The contract should be closed out in an orderly fashion upon satisfactory completion of the work by the contractor. Final payment to the contractor is withheld until the contractor provides evidence that it has met all of its obligations under the contract and all required certifications have been executed.

4.0: Contents of the Invitation for Bids

The Invitation for Bids is the basic document in construction contracts. It not only requests firms to compete for the contract; it also includes the specifications and considerations governing the performance of the work--that is, the contract itself. It establishes the same criteria against which all bidders are judged. If the IFB is not precise and complete, with all information necessary for firms to prepare bids which can be evaluated on a common basis, the contracting process will be seriously delayed until deficiencies can be corrected. On the other hand, a carefully prepared IFB will expedite contract award within a short time after bid opening. The IFB usually includes the following sections:

a. Cover letter inviting bids;

b. Instructions to Bidders;

c. Form of Tender;

d. Bill of Quantities;

e. Forms of Bid, and Performance guaranties;

f. Form of Agreement;

g. Conditions of Contract; and

h. Technical Specifications and Drawings.
These sections of the IFB are discussed in detail in the following paragraphs.

4.1: Cover Letter Inviting Bids

The Cover Letter is sent to each of the firms invited to bid, identifies the IFB by number and lists the parts of the IFB. (See sample in Attachment 2I.)

4.2: Instructions to Bidders

The Instructions to Bidders include all the information the bidder needs to submit a bid in the required form and at the specified time and place. Any conditions affecting actual performance of the contract are included in the conditions of contract or specifications, not in the Instructions to Bidders. A sample of Instructions to Bidders, which must be adapted to each specific project, is in Attachment 2J. The Instruction to Bidders include the following as appropriate:

a. Invitation number.

b. Name and address of IOM

c. Date of issuance.

d. Date, hour, and place of opening. (Prevailing local time should be used.) A statement regarding late bids should be included (see Section 3.5.2).

e. A brief description of the proposed construction and the project of which it is a part if there are other project elements.

g. Permission, if any, to submit alternative bids, including alternative material or design. In order for an alternative bid to be considered, both the basic bid (responsive to the IFB) and the alternative bid should be the low bid.

h. A requirement that all bids must allow a period for acceptance of not less than the minimum period stipulated in the Invitation for Bids, and that bids offering less than the minimum stipulated acceptance period will be rejected. The minimum period so stipulated should be no more than reasonably required for evaluation of bids and other preaward actions.

i. The name and address of the person to whom questions are to be addressed.

j. The method of issuing addenda to the IFB.

k. Bid guaranty requirements (see Section 3.5.3)

l. Arrangements to be made for inspecting the site and data which may affect performance of the work.

m. A statement of the extent or limitations concerning the work permitted to be done by subcontractors.

n. Information concerning the prebid conference.

o. A statement that the bid price is the sum of all dollar and/or local currency amounts and the exchange rate to be used at arriving at the total bid amount.

q. A statement of how dollar and local currency portions of the contract will be paid (see Section 3.5.4), usually by reference to the contract provisions.

r. A list of the documents to be included in the bid.
s. A statement concerning modifications to bids.

t. If prequalification was not used, the procedure for determining whether bidders are qualified.

u. If factors other than bid prices are to be considered in the evaluation of bids, the formula by which the monetary value of each such factor will be computed.

v. A statement warning against grossly unbalanced bids (see subparagraph 3.7.4.b.2).

w. A statement that the contract will be awarded to the lowest responsive, responsible bidder.

x. A statement that IOM may, at its option, reject all bids.

y. A statement that requests for clarification of the IFB and explanations of the award should be addressed to IOM

4.3: Form of Tender

The Form of Tender included in the IFB is to be completed by the bidders. Providing this form assures that all bidders accept the same obligations in submitting their bid and make their bids on a comparable basis. The Appendix to the Tender is to be completed by the Owner prior to issuance of the IFB. A sample is in Attachment 2K.

4.4: Bill of Quantities

The Bill of Quantities lists the component parts of the contract work and provides for the pricing of each of these elements. The Bill of Quantities is often referenced to the Technical Specifications and includes such components as preparatory work (e.g., drilling bore holes necessary to determine soil characteristics), establishing a camp for the contractor's work force, permanent equipment and materials to be supplied by the contractor, etc. The estimated quantity of each item is shown. The bidder fills in the unit price for the item, and the amount (i.e., quantity times unit price). The Bill of Quantities may include "Provisional Items." Provisional items are items which may or may not be necessary in performing the contract, such as overhaul or day work and which are performed only at the direction of the Engineer. Lump-sum amounts may be included as appropriate. Attachment 2L is a sample Bill of Quantities.

4.5: Forms of Bid, and Performance Guarantees

4.5.1 If bank guaranties are used, the amount of the guaranties must be stated. If the Owner requires specific wording of the guaranty, a sample format should be included in the IFB. (see Section 3.5.3 for guidance).

4.6: Form of Agreement

The Form of Agreement is usually a brief statement, to be signed by the Owner and the successful bidder, listing the documents forming part of the contract. It obligates the Contractor to perform in accordance with the listed documents and the Employer to make payments to the Contractor in accordance with the provisions contained in the Conditions of Contract. A sample of the Form of Agreement is in Attachment 2Q.

4.7: Conditions of the Contract

a. The Conditions of Contract must be carefully adapted to the conditions under which the Contractor will perform the work, set forth precisely the rights and obligations of the parties and

include provisions for payment, inspection, release of bonds or guaranties, and generally contain all provisions to define the relationship of the parties and, where a consulting engineer ("Engineer") is used to assist the Owner, the Engineer's rights and obligations.

4.8: Technical Specifications and Drawings

The Technical Specifications and Drawings should include, as appropriate:

a. Detailed information on the work to be performed, including precise location of work, applicable standards and specifications and any other data required to define each work item with the precision needed for the bidder to estimate cost and the Owner or its Engineer to verify that the work has been done in the manner intended;

b. Specifications for any permanent equipment to be furnished, erected, tested and put into operation, together with test procedures and criteria to be used;

c. The drawings needed by the Contractor and a list of construction activities, covering items such as:

(1) Base lines and grades to use in construction;

(2) Storage areas;

(3) Access to construction site;

(4) Construction of temporary buildings;

(5) Protection of materials and work;

(6) Damage to existing structures, work or utilities;

(7) Preservation of existing vegetation;

(8) Possession of or use by the Owner of any completed or partially completed part of the work;

(9) Cleanup of the site during and after completion of construction;

(11) Safety requirements and special precautions.

*d. Required scheduling of different work items, if work has to be coordinated with work assigned to another contractor, or if weather or other conditions require specific scheduling;

*e. Reporting requirements, if any, and

f. Specifications for civil engineering construction.

These are often separated into Standard Specifications dealing with matters that are common to construction work such as compaction of embankments, mixes for various classes of concrete, procedures for placing and curing concrete, strengths for types of steel, etc. Consulting engineers normally will incorporate these into the IFB. Otherwise, the consulting engineer will utilize a set of known Standard Specifications that are considered appropriate. The Special Provisions modify the Standard Specifications to suit the particular project and must be developed for each IFB.

==========

*May alternatively be included in the conditions of contract.

ANNEX V

Attachment 2C: Prequalification Questionnaire for Construction Contractors

Part I: Authorization and Affidavits

It is understood and agreed that the following information is to be used by the International Organization for Migration (IOM) in determining, according to its sole judgment and discretion, the qualifications of prospective contractors to perform work in connection with the project described in the Notice. In consideration of submitting its qualifications as a prospective contractor for review, the undersigned waives any claim against IOM that might arise with respect to its decision of a prospective contractor's qualifications. The decision of IOM is final and not subject to appeal of any kind.

A prospective contractor will be considered qualified by IOM only if it possesses reputation, ability, experience, qualified personnel, availability of equipment, and net current assets or working capital sufficient, in the judgment of IOM, to complete the work and meet the contractual obligations, should the contract be awarded to it. By signing this questionnaire, the prospective contractor guarantees the truth and accuracy of all statements made by it in this questionnaire.

The undersigned hereby authorizes and requests any engineer, architect, surety company, bank, depository, material or equipment manufacturer or distributor or any other person, firm, or corporation to furnish any pertinent information, requested by IOM, to verify the information on this form or regarding the competence and general reputation of the prospective contractor.

The undersigned agrees to furnish any further qualifying information at the request of IOM. Failure to complete this form adequately may result in disqualification.

Dated at _____, this _____ day of _____, 20 ___.

_____
(Name of Organization)
By _____

_____
(Title)
(if corporation, seal)

_____
(1) AFFIDAVIT FOR INDIVIDUAL

_____ being duly sworn, deposes, and says that:

a) the financial statement, taken from his/her books, is a true and accurate statement of his/her financial condition as of the date thereof; and
b) all the following prequalification information is true, complete, and accurate.

Part II: Experience/Past Performance Record

1. How long have you been in business as a contractor under your present business name?

_____

2. How many years of experience in construction work has you organization had:
(a) As a general contractor _____
(b) As a subcontractor _____

3. What is the construction experience of the principal individuals of your organization?

ANNEX V

Individual's Name	Present Position	Years of Construction Experience	Years With Firm	Magnitude and Type of Work	In What Capacity

4. Have you ever failed to complete any work awarded to you?

_____

If so, where and why?

_____
_____
_____

5. Performance Record for the past 2 years of completed and uncompleted contracts. Where there penalties imposed (Yes or No)?. Were there claims filed against job?. Explain

a. (List all contracts completed by your organization during the past two years).

_____
_____
_____
_____
_____
_____
_____
_____

b. List at least three business references from the above performance record. Include those references where performance most clearly resembles the effort being contracted herein. The listing should include the name, address, and telephone or telex number of the appropriate employer contact person and the period of the services. If three references can not be furnished from the above, list business references from the employers listed in No. 7 or from other sources not otherwise listed. The intent is to verify the references given as part of the prequalification analysis.

_____
_____
_____
_____
_____
_____

6. Explanation of details in connection with noncompletion of contracts, penalties imposed, liens, and claims filed against contracts listed under No. 5:

_____
_____
_____
_____
_____
_____

7. STATUS OF CONTRACTS ON HAND

Give full information about all your uncompleted contracts, whether prime or subcontracts; whether in progress or awarded but not yet begun; or if you have bid but the contract has not yet been awarded. Including, Owner, Location, Description, Date Awarded, Contract $ Amount, Scheduled Date of Completion, Estimated Date of Completion.

_____
_____
_____

Part III: Financial Information

1. Attach a copy of the firm's two most recent annual financial statements.
2. Summary of Quick Assets and Liabilities as of _____20_____

Assets

1. Cash on hand ..... $_____
   Cash on deposit ..... $_____
   Cash elsewhere ..... $_____
   Total cash ..... $_____
2. Deposits with bids ..... $_____
3. Due (from completed contracts)... $_____
4. Earned (uncompleted contracts)... $_____
   Retention (uncompleted contracts). $_____
   Earned but not billed (uncompleted contracts) $_____
5. Ordinary accounts receivable ..... $_____
6. Stocks and bonds at present market value.. $_____
   Building and loan at present withdrawal value $_____
   Life insurance at cash surrender value (for an individual
   or partnership only) ..... $_____
7. Other quick assets (due in 90 days)... $_____
   Total $_____
   _____

Liabilities

1. Notes payable (all kinds) ……$_____
2. Accounts payable .....…….$_____
3. Other current liabilities ……..$_____
   Total current liabilities ..... $_____
   Net quick assets ..... $_____
   Total lines of credit ..... $_____
   TOTAL NET QUICK ASSETS ... $_____

Certified by _____
(Chief Financial Officer or Independent Auditing Firm)
Date _____

3. Itemization of Quick Assets

_____
   Cash (I) On hand ..... $_____
a. Cash (II) Deposited in banks named below .... $_____
   Cash (III) Elsewhere -- (State where) ..... $_____

Name of Bank _____ Location _____ Deposit in Name of _____ $ Amount

_____
_____
_____
_____

Deposits with bids or otherwise as guarantees

b. (due within 90 days) ..... $_____

_____

Deposited with (Name and Address)_____For What _____When Recoverable ____$ Amount

_____

_____

_____

Accounts receivable (i.e., due within 90 days) from completed contracts,

c. exclusive of claims not approved for payment .. $_____

Name and Address of Owner	Nature of Contract	Amount of Contract $	$ Amount Receivable

_____

_____

_____

_____

Have any of the above been assigned, sold, or pledged? _____

If so, state amounts, to whom, and reason _____

_____

_____

Sum earned on uncompleted contracts
as shown by Engineer's estimated.

d. (a) Amount receivable after deducting retention
(due within 90 days) ..... $_____

(b) Retention to date due upon completion of
Contract ..... _____

Have any of the above been sold, assigned, or pledged? _____ If so, state amount, to whom, and reason _____.

e. Accounts receivable not from construction contracts
(due within 90 days) ..... $ _____

_____

Receivable from:

Name and Address	For What	When Due	$ Amount

_____

_____

_____

_____

_____

4. Itemization of Current Liabilities

_____

a. Notes Payable

((a) To banks, regular ... $ _____

((b) To banks, for certified checks ..... _____

((c) To others for equipment obligations .... _____

((d) To others exclusive of equipment obligations ..... _____

_____

To Whom:

Name and Address	What Security	When Due	$ Amount

_____

_____

_____

_____

b. Accounts Payable

((a) Not past due .... $ _____
((b) Past due ..... _____

Date

To Whom:

Name and Address For What Payable $ Amount

_____
_____
_____
_____
_____

c. Other Liabilities ..... $ _____

_____
_____ Description _____ Amount_____
_____
_____

TOTAL CURRENT LIABILITIES $ _____
_____

ANNEX V

Attachment 2I: Sample Cover Letter Inviting Bids

INVITING BIDS_____, 20 __

(Name of Firm)

Re: IFB No. _____

Gentlemen:

The International Organization for Migration (IOM) invites you to bid on its contract for construction of _____.

Invitation for Bids No. _____ consists of the following documents:
1) Instructions to Bidders
2) Form of Tender
3) Bill of Quantities
4) Forms of Bid, and Performance Bonds*
5) Form of Agreement
6) Conditions of Contract, Parts I and II and
7) Technical Specifications and Drawings.

Enclosed are Volumes I and II of the IFB. Volume I of the IFB contains items 1-6 above. Volume II contains the Technical Specifications and Drawings.

We appreciate your interest in this project.

Sincerely yours,

==========
*This should be modified if guaranties are used instead of bonds.
==========

ANNEX V

Attachment 2J: Sample Instructions to Bidders

INVITATION FOR BIDS NO. ____ISSUED _____, 20__

1. Introduction

The International Organization for Migration (IOM), hereafter called the Employer, invites experienced firms of construction contractors to submit bids for the construction of _____ school room as part of the _____ project.

Only prequalified firms of construction contractors invited by the Employer to submit bids for the execution of the Works described in these Documents may do so. Bidders will not be reimbursed for any costs incurred in connection with the preparation and submission of their bids or for any subsequent visits to the Employer's and/or the Engineer's offices prior to award of the Contract.

These Instructions to Bidders are intended to aid bidders in the preparation of their bids. The periods named in these Instructions to Bidders shall be consecutive calendar days, except that, if a due date falls on a local holiday, the due date will be the next workday.

2. Bid Opening

The original and four completed copies of Volume I must be delivered in person or sent by registered mail to the following address:

Ofiplaza del Este - Edificio B - Segundo Piso
San José, Costa Rica

All documents must be enclosed in sealed packages endorsed on the outside with the works "Bid for the _____ Project" and must be delivered not later than _____ (time) on _____ , 20__. The bids will be opened at that time at the address shown above in the presence of the participating bidders. Only the Bidder's name and the total Bid Prices will be announced.

3. Late Bids

Bidders will be held responsible for ensuring that their bids are received in accordance with the instructions stated herein and a late bid will not be considered even though it became late as a result of circumstances beyond the bidder's control.

4. Modification of Bids

Any bidder has the right to withdraw, modify, or correct its bid after it has been delivered to the Employer, provided the request for such withdrawal, modification, or correction together with full details of such modification or correction is received by the Employer at the address given above by letter, telefax before the time set for opening bids. The original bid as amended by such communication will be considered as the bidder's offer. The Employer may ask any bidder for a clarification of its bid. Clarifications which are not material modifications (as defined in Section 12) and do not change the bid price may be accepted. However, no bidder will be permitted to alter its bid price after bids have been opened. Bids must remain valid for ___ days and may not be withdrawn except with the written permission of the Employer.

5. Contents of Bids

Bidders must submit bids for the whole of the works. Bids submitted for separate sections only or bids which are incomplete will not be considered.

Bidders are required to complete the following in an original and ____ copies:

(a) Form of Tender and Appendix;

(b) The Bill of Quantities.

Bidders shall fill in the rate for each item of work in the Bill of Quantities in the "Rate" column in figures. For each item, the quantity given in the "Quantity" column shall be multiplied by the rate, and the result entered in the "Amount" column. In any case of discrepancy between a rate and an amount, the rate will be taken as correct and the amount adjusted accordingly. Where in the "unit" column the word "Sum" is stated, the sum shall be entered in the "Amount" column by the bidder. Any item against which no rate or sum is quoted will not be paid for by the Employer when the work described therein is executed and it shall be deemed to be covered by other rates and sums in the Bill of Quantities.

No alterations shall be made to the forms provided which shall be completed in indelible ink or typed print. The completed forms shall have no interlineations or erasures except those necessary to correct errors made by the bidder, in which case such corrections shall be initialed by the person or persons signing the bid.

One original copy of the completed bid is to be clearly marked "ORIGINAL BID" and the other completed copies of Volume I are to be marked "COPY OF BID." In case of any discrepancy, the copy marked "ORIGINAL BID" shall govern.

(c) Bid Bond

Bids must be accompanied by a bid bond in the amount of _____ percent of the bid price. No bid will be considered unless it is so secured.

The bid bond provided by unsuccessful bidders will not be repaid or discharged until the expiration of __ days from the day of bid opening or until such earlier time as a bid shall have been accepted by the Employer and a Performance Bond shall have been duly provided by the bidder whose bid is accepted.

The bond provided by the bidder whose bid is accepted shall be discharged when the Performance Bond has been duly entered into and executed.

All correspondence in connection with the bid and the Contract is to be in the Spanish language.

6. Signature of Bid

The Bid must be signed by one duly authorized to do so. A bid submitted by a corporation must bear the seal of the corporation and be attested by its Secretary. Associated companies or joint ventures shall jointly designate in one power-of-attorney persons authorized to obligate all the companies of the association or joint venture. A bid submitted by a joint venture must be accompanied by the document of formation of the joint venture, duly registered and authenticated by a Notary Public, in which is defined precisely the conditions under which it will function, its period of duration, the persons authorized to represent and obligate it, the participation of the several firms forming the joint venture, the principal member of the joint venture and address for correspondence for the joint venture. Bidders are advised that the joint venture agreement must include a clause stating that the members of the joint venture are severally and jointly bound.

7. Prebid Conference

A prebid conference will be held on _____, 20__, at (time) in the following location:

Bidders are not required to attend but are encouraged to do so. Modifications to the Invitation for Bids resulting from the conference will be provided to all bidders by means of an addendum to the Invitation for Bids.

8. Addenda to the Invitation for Bids

If for any reason prior to bid opening it becomes necessary to modify the Bid Documents, an Addendum will be issued to and be binding on all bidders. Receipt of all Addenda shall be acknowledged by bidders but non-acknowledgement of receipt shall not relieve the bidders of being bound by such Addenda provided the Addenda were communicated to bidders by telefax or registered mail. Addenda will be numbered consecutively commencing with No. 1 and bidders are required to insert the appropriate numbers in the space provided on the Form of Tender.

Should any bidder have questions to ask or should it have any doubt about the meaning of the Bid Documents, it should refer them in writing to the Engineer (name and address) not later than ____ days before the date set for opening of bids.

9. Currency and Payment

Bidders may quote prices in the Bill of Quantities either in U.S. dollars or in (local currency). The total bid price will be calculated by converting local currency to U.S. dollars at the rate quoted by the Central Bank, or corresponding entity of the host government on the date of bid opening.

10. Acceptance of Bids

The contract will be awarded to the lowest responsive, responsible bidder. A "responsive" bid is one that complies with all the terms and conditions in the IFB without material modification. A material modification is one which affects in any way the price, quality, scope, or completion date of construction services or which limits in any way any responsibilities, duties, or liabilities of the bidder or any rights of the Employer as any of the foregoing have been specified or defined in the IFB. Bidders may not modify nonresponsive bids after bid opening in order to make them responsive. However, the Employer may request a bidder to clarify its bid as long as no material modification is made.

The Employer reserves the right to reject any or all bids and to waive minor informalities in the bids received if it appears in the Employer's best interests to do so.

Failure on the part of the successful bidder to provide a Performance Bond in accordance with the Conditions of Contract shall be sufficient grounds for the annulment of the award. The award may then be made to another bidder or the Employer may call for new bids.

All recipients of the Bid Documents (whether they submit a bid or not) shall treat the details of the Bid Documents as private and confidential.

The Bid of any bidder which does not conform to the foregoing instructions may be rejected.

11. Anti-Corruption Provisions

No offer, payment, consideration, or benefit of any kind which constitutes an illegal or corrupt practice shall be made, either directly or indirectly, as an inducement or reward for the award of this contract. Any such practice will be grounds for canceling the procurement, terminating an offeror's consideration for award or terminating the award of the contract and for such other additional actions, civil and/or criminal, as may be applicable.

Attachment 2K: Sample Form of Tender

(Note: The Appendix forms part of the bid.)

To:

Gentlemen,

* 1. Having examined the Drawings, Conditions of Contract, Specifications, and Bill of Quantities for the execution of the Works, we, the undersigned, offer to execute, complete, and maintain the whole of the said Works in conformity with the Drawings, Conditions of Contract, Specifications, and Bill of Quantities for the sum of _____ ($).

2. We undertake, if our Bid is accepted, to commence work under the contract within _____ *days of receipt of the Notice to Proceed from the Engineer, and to complete and deliver the whole of the Works comprised in the Contract within _____ *days calculated from the last day of the aforesaid period in which the work is to commence.

3. If our bid is accepted we will, if required, obtain the guaranty of an Insurance Company or Bank or other sureties (to be approved by you) to be jointly and severally bound with us in a sum not exceeding _____* per cent of the above-named sum for the due performance of the Contract under the terms of a Bond to be approved by you.

4. We agree to abide by this Bid for the period of _____* days from the date fixed for receiving the same and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

5. Unless and until a formal Agreement is prepared and executed, this Bid, together with you written acceptance thereof, shall constitute a binding Contract between us.

6. We understand that you are not bound to accept the lowest or any bid you may receive.

7. We acknowledge receipt of Addenda 1 through __ to the Invitation for Bids as originally issued.
Appendix *Amount of Bond or Guarantee (if any) 10 ** _____%
Minimum Amount of Third Party Insurance 23 (2) _____
Period for commencement of work on site from Engineer's order to commence 41 _____ days
Time of Completion 43 _____ days
Amount of Liquidated Damages 47 (1) _____
Limit of Liquidated Damages 47 (3) _____
Amount of Bonus (if any) 47 (3) _____
Period of Maintenance 49 _____days
Percentage for Adjustment of
Provisional Sums 59 (4)(c) ___ per cent
Percentage of Retention 60 (8) ___ per cent
Limit of Retention Money 60 (8) _____
Minimum Amount of Interim Certificates 60 (6) _____

Time within which payment to be made after Certificate 60 (6) _____days
Dated this _____ day of _____ 19__.
Signature _____ in the capacity of _____
duly authorized to sign bids for and on behalf of _____
(IN BLOCK CAPITALS)
Witness _____ Address _____
Address _____ _____
_____
Occupation _____

==========
*To be completed by the Employer prior to distribution of the IFB.
**Reference to Provision number in Conditions of Contract.
==========

Attachment 2L: Bill of Quantities

Sample Preamble

1. The quantities set forth in the Bill of Quantities are believed to represent the character of the work to be carried out and are given for the purpose of enabling the Employer to compare Tenders on an equal basis. There is no guarantee to the Contractor that it will be required to carry out the quantities of work indicated under any one particular Item or group of Items in the Bill of Quantities, although in the Contract as a whole the quantities are believed to represent the overall value of the work to be carried out.

2. The prices and rates inserted in the Bill of Quantities will be used for valuing the work executed and the Engineer will measure the whole of the works executed in accordance with this Contract.

3. The prices and rates inserted in the Bill of Quantities are to be the full inclusive costs of the Works described under the Items, complete in place and in accordance with the Specifications, including all costs and expenses which may be required in and for the construction of the words described, together with any temporary works and installations which may be necessary and all general risks, liabilities and obligations set forth or implied in the documents on which the tender is based.

4. The brief description of the Items given in the Bill of Quantities are purely for the purpose of identification and in no way modify or supersede the detailed descriptions given in the Conditions of Contract or Specifications. When pricing Items, reference is to be made to the Conditions of Contract and Specifications for the full directions and descriptions of work and materials.

SAMPLE
SCHEDULE OF MAJOR PLANT AND EQUIPMENT

The bidder shall list the items of plant it proposes to have on the Site, together with the hourly rate applicable to each item listed. The rate stated shall include all operating and maintenance costs, including all fuels and lubricants, spare parts, repairs, insurance, overhead and profit. Plant rates shall not be paid for periods of breakdown of plant.

ITEM	MAKE	MODEL AND YEAR	HOURLY RATE

ANNEX V

Attachment 2Q: Sample Form of Agreement

SAMPLE FORM OF AGREEMENT

THIS AGREEMENT is made the day __ of _____, 20___ between the International Organization for Migration (hereinafter called "the Employer") and _____ (hereinafter called "the Contractor"). The Employer has accepted a Bid by the Contractor for the execution, completion, and maintenance of Works as follows:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereinafter referred to.

2. The following documents shall be deemed to form and be read and constructed as part of this Agreement, viz.:

(a) The Form of Tender (including the Appendix).
(b) The Drawings.
(c) The Conditions of Contract (Parts I and II).
(d) The Specifications.
(e) The Bill of Quantities.

3. In consideration of the payments to be made by the Employer to the Contractor as hereinafter mentioned, the Contractor hereby covenants with the Employer to execute, complete, and maintain the Works in conformity in all respects with the provisions of the Contract.

4. The Employer hereby covenants to pay the Contractor in consideration of the execution, completion, and maintenance of the Works the Contract Price at the times and in the manner prescribed by the Contract.

IN WITNESS whereof the parties hereto have caused their respective Seals to be affixed the day and year first above written.

CONTRACTOR	EMPLOYER
_____	_____
(Signature)	(Signature)
_____	_____
(Typed Name)	(Typed Name)
_____	_____
(Title)	(Title)
_____	_____
(Date)	(Date)

ANNEX VI

Program Pomoći Pri Povratku
Return Assistance Programme

Međunarodna organizacija za migracije
International Organization for Migration

P R O C U R E M E N T

R U L E S

A N D

R E G U L A T I O N S

PART I

GENERAL PROVISIONS

Article 1.

This regulation determines basic rules and conditions, and enacts methods and procedures for completion of procurement of goods, services and remising of works.

Definition of Expressions

Article 2.

Within this regulation the respective expressions have the following meanings:

1. *'Procurement'* means acquisition of goods, services and remising of works, including buying, renting, leasing (with or without liability of purchase), and any other method of acquisition, which enables the ordering party to utilize goods, services and works economically.

2. *'Ordering party'* is IOM, Return Assistance Program (hereinafter referred to as RAP)

3. *'Donor'* is the United States Agency for International Development (hereinafter referred to as USAID)

4. *'Goods'* means all items and things of any kind and description, including raw, semi-products and products, machinery, equipment, spare parts and other physical parts and items; solid, liquid or/and gaseous fuels; entire buildings, industrial and other installations, including affiliated services provided their cost does not exceed the cost of the goods such as transport, insurance, assembling, probation work, instructions, initial maintenance and other low-cost services which are offered and agreed upon in connection to the main assignment; patents, licenses, transfer of technology and knowledge (know-how), computer software, system and user programs, research works, map designing and similar assignments if they are not stated in Sections 4 or 5 of this Article.

5. *'Works'* means jobs connected with construction (preparation of construction site, excavation, drilling, construction work, embedment and assembling of equipment or supplies, ready made construction elements and structures), reconstruction of buildings and structures (refurbishing, annexing, adding, renewal, reconstruction, equipment replacement, replacement of technological procedures, reformation and so on), demolition, removal, repair, building and structure maintenance, and any assignment of the same nature which accompanies or is connected to appearance of the building or structure, or the construction site (decoration or finishing, diversified screening, seismic and similar research),

6. *'Services'* means expert knowledge or other technical-technological support, provided by either an individual or a group of experts who are needed by the ordering party in respect of technical-technological, legal and economic affairs which include, but are not restricted to research papers, drafts and detail plans, projects, tests, monitoring, book-keeping, finance, electronic data processing and electronic information exchange service, organization of work, management, quality inspection, and obtaining expert advice in any field or activity, and services related to general needs, which are connected with providing energy, water, food, transportation, environment protection, etc.,

7. *'Tenderer'* means local or foreign person that takes part in tendering or consignment of goods, provision of service or performance of work. 'A local person' is a physical person, who is the resident of the Republic of Croatia, or a legal person with residence in the Republic of Croatia. 'A foreign person' is a physical person with residence abroad or a legal person with residence abroad.

8. *'The most favorable tender'* means the tender that was estimated to be the most favorable in terms of price and other standards and requirements that appear in the tendering documents, containing goods, services and works of exactly the same type, characteristics and features as required in the tendering documents.

9. *'Selection committee'* means the body that includes representatives of the ordering party and representatives of the donor.

10. *'Procurement contract'* means a written contract between the ordering party and the tenderer concluded in accordance with the conditions of the procurement procedure conducted.

11. *'Tender guarantee'* means securities given to the ordering party by the tenderer, which guarantee fulfillment of obligations from the Article 29, Paragraph (1), Section 5 and include documents such as bank letters of guarantee and cash deposits.

12. *'Currency'* means clearing currency unit in which the cost of procurement and documentation is declared.

13. *'Cost of procurement'* means the amount of funds stated in kunas without value-added tax.

Application

Article 3.

According to this document the subject obliged to do the procurement is IOM – Return Assistance Program,

Article 4.

(1) The provisions of this Regulation are applied to all procurement made by the subject from Article 3 of this Regulation, where the cost of goods, services and works exceeds 1,000.00 US$ in a fiscal year.

(2) The ordering party must not divide the cost of procurement during a fiscal year into amounts, which are bellow the sum prescribed in Paragraph 1 of this Article with the intention to avoid the application of the procurement procedure stipulated by this Regulation.

Implementation of Procurement

Article 5.

(1) The ordering party must appoint a person responsible for procurement.

(2) The person responsible for procurement prepares and implements the tendering procedure according to this Regulation.

(3) The person in charge of procurement is responsible for his/her work to the ordering party.

(4) The donor may appoint its representative or representatives to the Selection committee.

(5) If the representative of the body from Paragraph (4) of this Article observes that the documents or the procedure are not in concordance with the provisions of this Regulation, he/she is obliged to warn about it the ordering party in writing within 7 days and suggest measures to eliminate the observed defects.

Establishment of Tenderers' Competence

Article 6.

(1) At the expressed request on the part of the ordering party, the tenderers must prove the following:

1. That they possess the necessary expert and technical capability and knowledge, financial means, equipment and other devices, capability to conduct business and deliveries, reliability, experience and business reputation, and corresponding personnel, in order to fulfil the procurement contract;
2. That they have legal and business capability to conclude and fulfil the procurement contract;
3. That they are solvent and not over-indebted, bankrupted or under liquidation;
4. That they have, as local person, fulfilled all their obligatory payments, such as taxes and contributions to the Pension Fund and Medical Insurance in the Republic of Croatia;
5. That their managers and other responsible personnel have not been validly convicted for economic crime in the last five years.

(2) All the requests and conditions from this Article related to all the methods of tendering determined in the Article 16 of this Regulation will equally apply to all tenderers taking into consideration the tenderer’s right to protect intellectual ownership and business secret.

(3) The ordering party will evaluate the competence of tenderers in accordance with the requirements regarding proofs of establishment of competence and will conduct the procurement procedure specified in the tendering documents in a way, which is in accordance with the Article 16 of this Regulation.

(4) The ordering party must not apply the requirements of proofs or conduct the procurement procedures, which would place tenderers in an unequal position.

(5) The ordering party must annul the selection at any time, if it is established that the proofs or documents submitted, concerning the tenderer’s competence, contain incorrect information.

(6) The ordering party must not exclude any tenderer on the grounds of insignificant deficiency of the proofs or documents submitted with regard to the tenderer’s competence. Nevertheless, any local or international tender may be rejected, if the tenderers fail to correct such deficiencies at the request of the ordering party.

Tenderers' Participation

Article 7.

(1) The tenderers may participate in the procurement procedure regardless of their residence and headquarters, except in cases when the ordering party decides, in accordance with this Regulation, to restrict participation in the procedure only to acceptable local tenderers.

(2) The ordering party must in advance coordinate with the donor in order to restrict participation of the tenderers according to Paragraph 1 of this Article.

Means of Communication

Article 8.

(1) According to this Regulation all announcements, calls for tender, documentation, information and decisions that are passed from the ordering party or his plenipotentiary to the tenderer, or from the tenderer to the ordering party must be in written form.

(2) The ordering party will respect the announced means of communication and will not base their opinion of tenderer on technical appearance or the form in which they transfer or receive written documents, information, decisions or other announcements.

Rules on Proofs Given by the Tenderer

Article 9.

The ordering party that demands notarization of documents submitted by the tenderer as proofs of their competence in the procurement procedure, must not impose any conditions other than those prescribed by the laws of the Republic of Croatia in connection to notarization of documents.

Protocol of Procurement Procedure

Article 10.

(1) The ordering party must keep the procurement procedure records that have to include:

1. Short description of goods, services or works being procured or description of the requirements on the part of the ordering party for announcement of a call for submission of proposals and tenders,
2. Names and addresses of headquarters of the tenderers that submitted their proposals as well as the name and address of the selected tenderer;
3. Information concerning the tenderer's competence;
4. Price or standards for formation of price and short description of other major conditions of each proposal, tender or tender with price, as well as the procurement contract, if those are established;
5. Summarized account of evaluation and comparison of proposals, tenders and tenders with price including the indication of giving a certain preference;
6. Announcement containing statements that served as a basis for the decision to reject all tenders based on the Article 11 of this Regulation;
7. Statements of reasons in the event that the procurement procedure did not result in conclusion of the contract;
8. Information foreseen in the Article 13 of this Regulation, if the proposal, tender or tender with price is rejected in accordance with that provision.

(2) The ordering party is forbidden to disclose the following to the tenderers:

1. Information, which disclosure would be opposed to law, or would obstruct enforcement of law, or would not be in public interest, or would damage business interests of the ordering party or tenderers, or would obstruct fair competition;
2. Information concerning the review, evaluation and comparison of proposals, tenders or tenders with price, and their cost with the exception of the summarized account mentioned in Paragraph 1 Section 5 of this Article.

Rejection of all Proposals, Tenders or Tenders with Price

Article 11.

If the ordering party wants to retain the right to reject all proposals, tenders or tenders with price before they are accepted, they must state so in the documentation for preparation of tenders. Information of rejection of all proposals, tenders or tenders with price will be sent to all tenderers together with basic reasons of their rejection, only if the ordering party decides to do so.

Conclusion of the Procurement Contract

Article 12.

Acceptance of the most favorable tender and conclusion of the procurement contract are performed in accordance with the Article 33 of this Regulation.

Giving Benefits by the Tenderer

Article 13.

The ordering party must reject the tender, if it is confirmed that the tenderer, who had submitted the tender, has given or has consented to give, directly or indirectly, any reward or favour of any kind, a job offer or any other kind of benefit to any present or former staff member or employee of the ordering party or other officials of the subject mentioned in the Article 3 of this Regulation, in exchange to favours in relation to the procedure, decision or implementation of the procurement procedure.

Rules in Respect of Description of Goods, Works or Services

Article 14.

(1) All particularities of description, plans, drafts and designs, which state the technical characteristics or quality of goods, services or works that are being procured and the conditions related to inspection and inspection methods, packing, labeling, adhesive labels or issuing of certificate of conformity, and symbols and expressions or descriptions of services, which represent obstacles to the tenderers for participation in the procurement procedure, including obstacles based on the origin or residence/headquarters of the tenderers, will not be included or used in the tendering documents or other documents of the call for submission of tenders.

(2) All the particularities, plans, drafts designs and conditions included in the call for submission of tenders will be based to the maximum extent on corresponding objective technical qualities and characteristics of goods, services or works procured. No specific trademark, name, patent, shape and appearance, type, explicit origin or manufacturer will be asked for nor stated, except where there are no other precise or understandable ways to describe goods, services or works procured, under condition that the terms like ‘or equivalent’ are included.

(3) National and international classification will be applied wherever possible, taking into account that the usual characteristics, conditions, signs and expressions connected to the technical characteristics and characteristics of quality of goods, works and services procured on the occasion of stating specific descriptions, plans, drafts and designs must be included and correspond to those required in the tendering documents or other documents of the call for submission of tenders.

(4) The usual commercial expressions will be used wherever possible on the occasion of elaborating description of the conditions of the procurement contract, which should be concluded as a result of

the procurement procedure, as well as on the occasion of elaborating description of other important tendering documents or other documents of the call for submission of tenders.

Language

Article 15.

The tendering documents and other documents relevant to tendering will be written in the Croatian language and will be translated into the English language, if necessary.

PART II.

PROCUREMENT METHODS AND CONDITIONS OF IMPLEMENTATION OF TENDERING

Procurement Methods

Article 16.

(1) Basic procurement methods are:
1. Public tender and
2. Call for tender,
3. Collection of tenders with price,
4. Direct agreement.

Selection of Procurement Methods

Article 17.

(1) As a rule, the ordering party uses methods of public tender and call for tender as basic methods of procurement of goods, services and works.

(2) The ordering party, which intends to use the procurement methods in accordance with the Article 16 Paragraphs 2, 3 and 4, must ask for the donor's consent before the initiation of the procedure. The donor has to be informed in advance in writing, with detailed description of the reasons and advantages of procurement procedure from a single supplier, and with designation of the tenderer, with whom the procurement contract is to be concluded. The donor must reply to the ordering party within 5 days upon receipt of the written request. If the donor does not reply within that deadline, it will be considered as concordant with it, and if it refuses to give its consent, the ordering party is obliged to execute the procurement through public tender.

Conditions for Application of Call for Tender

Article 18.

(1) The ordering party may execute the procurement through call for tender for goods and works, if the following conditions are met:

1. When the cost of goods, services or works does not exceed the amount of 25,000 US$,
2. When the goods, services or works can be procured only from a limited number of tenderers due to their extremely complicated or specific attributes, or

3. When the time and money necessary to examine and evaluate a great number of tenders are disproportionate to the cost of goods, services or works that are being procured,
4. In emergency and exceptional situations.

(2) The ordering party will choose at least three tenderers that are to be called in order to ensure an efficient tendering.

Conditions for Collection of Tenders with Price

Article 19.

(1) According to this article, the ordering party executes the procurement in a way that it collects at least three tenders with price in case where such procurement relates to widely available consumer goods and simple works, which do not require detailed technical documentation, nor acquisition of special permit.

(2) Each tenderer that is solicited for tenders with price should be informed about other elements, which must be included in the price, like transportation and insurance expenses, taxes and tariffs, besides the cost of goods and works themselves.

(3) Each tenderer is allowed to submit only one tender with price and is not allowed to change its tender. There will be no negotiation about the final tender between the ordering party and the tenderer.

Conditions for Direct Agreement

Article 20.

(1) The ordering party may decide to make procurement from a single tenderer in case when:

1. Goods, services or works may be procured only from a certain tenderer, or if a certain tenderer has exclusive right to those goods, services or works, and there are indeed no other that are acceptable or similar, nor any substitute,
2. There is an urgent need for goods, services or works, and it would not be suitable to initiate the tendering procedure, under condition that the ordering party could not have anticipated the circumstances that have caused such an urgency, and neither are they the consequence of its idle behavior,
3. The ordering party, after having procured goods, equipment, technology or services from a tenderer, decides to procure additional consignment from the same tenderer in order to match with or because it is suitable to the existing goods, equipment, technology or services, taking into consideration the extent to which the previous procurement has satisfied the ordering party’s needs, as well as the limited amount of the proposed procurement in reference to the previous procurement, acceptability of price and unsuitability of the substitute for those goods or services,

PART III.

TENDERING PROCEDURE

Article 21.

(1) The tendering procedure is being initiated and conducted in a way specified by this Regulation, and the tenders are submitted in the Croatian language and Latin script by local tenderers, and in the English language and Latin script by foreign tenderers, and the cost is stated in kunas, or in foreign currency, if considered necessary by the tenderer.

(2) The ordering party initiates the tendering procedure by publication of the tender to the local tenderers:

1. When the participation is exclusively limited to local tenderers in accordance with the Article 7, Paragraph 1, or
2. When the ordering party estimates that, due to low price of the goods or works being procured, only local tenderers will be interested in submitting tenders.

Publication of the Tender

Article 22.

(1) The ordering party will publish a call for public tender in the local daily newspapers when the procurement cost exceeds the amount of 25,000 US$, unless decided otherwise by an agreement between the ordering party and the donor. The publication is made once, as a rule, but may be made several times in the above mentioned media.

Contents of call for tendering

Article 23.

(1) The call for tendering and pre-tendering must include the following information:

1. Ordering party's name and address,
2. Type and quantity, as well as location of delivery of goods that are to be procured, or type of service and location where it will be provided, or type of works and location where they are to be performed,
3. Period of time needed to deliver goods or plan of provision of service, and conclusion of works,
4. Standards and procedures, which will be applied in the evaluation of the tenderer's competence in accordance with the Article 6 of this Regulation,
5. Method of obtaining the documentation and place where it can be acquired,
6. Cost, if anticipated, that should be paid to the ordering party for the tendering documentation,
7. Currency and method of payment for the documentation,
8. Language or languages in which the documentation is available,
9. Place and deadline for submission of tenders,
10. Place, date and time of the opening of tenders.

Tendering Documentation

Article 24.

(1) The ordering party should enable all the tenderers to obtain the necessary documentation in accordance with procedures and requests that are stated in the call for tendering. The ordering party should prepare documentation for each tenderer that pays the indemnity, if one is determined, for those documents. The price that the tenderer might pay is based solely on printing and delivery expenses.

(2) The procedure of public tender for remising of works usually cannot be initiated until the necessary building permit is obtained. The ordering party, upon agreement with the donor, may decide to initiate the public tender procedure before the building permit has been issued only for emergency projects where such a procedure is considered as time-saving.

Contents of Tendering Documentation

Article 25.

The tendering documentation must include the following:

1. Type, technical characteristics and quality attributes of goods, services or works that are being procured in accordance to the Article 14 of this Regulation, which includes, but is not strictly limited to corresponding technical labels, plans, drafts and designs, amount of goods, all accompanying services that will be provided, location where the works will be preformed or the services provided, the deadline requested and the one necessary, if there is one, by which the goods should be delivered, the works completed and the services provided, information and conditions from previously obtained building permit from the Article 24 of this Regulation;
2. Standards that will be applied by the ordering party for evaluation of acceptable tenders;
3. If necessary, statements on approved alterations with regard to characteristics of goods, works, services, condition of contracts or other conditions stated in the regulatory documentation, as well as description of methods in which the alternative tenders will be evaluated and compared;
4. Description of a part or parts for which the tenders may be submitted, if the tenderers are allowed to submit tenders only for a part of goods, services or works which are being procured;
5. Methods of forming and expressing the price of tender, including a statement on whether the price should cover expenses other than the cost of goods, services and works, such as transportation and insurance expenses, bank charges, custom duties and taxes;
6. Currency or currencies in which the price of tender should be stated;
7. All requirements by the ordering party concerning guarantor, form, amount and other main conditions of the guarantee for tender that must be given by the tenderers, as well as all such requirements concerning guarantees for the completion of procurement contract that should be given by the tenderer, who is contracted to do the procurement, including guarantee for manpower and materials;
8. Respective statement in case if the tenderer cannot change or withdraw its tender before the deadline for submission of tenders without losing the tender guarantee;
9. Methods, location and deadline for submitting tenders according to the Article 27 of this Regulation;
10. Ways in which, based on the Article 26 of this Regulation, the tenderers may demand explanations in relation to the documentation and a statement on whether the ordering party intends to call a meeting of the tenderers;
11. The period of time in which the tender is valid in accordance with the Article 28 of this Regulation;
12. Place, date and time of opening of the tenders, according to the Article 30 of this Regulation;
13. Procedure that will be utilized when opening and examining the tenders;
14. Currency which will be utilized to evaluate and compare tenders based on the Article 31 Paragraph 5 of this Regulation and a financial institution whose rate will be applied for exchange of the tender currency into the above mentioned currency on a stated date;
15. Name, profession and address of one or more of managers or personnel of the ordering party, who are authorized to maintain direct contact with the tenderer, in respect of the procurement procedure, without participation of a mediator;
16. If the ordering party reserves the right to reject all tenders according to the Article 11 of this Regulation, it is obliged to issue a respective statement in order to timely inform the tenderer.

Explanation and Amendments in Tendering Documentation

Article 26.

(1) The tenderer may request the explanation of documentation from the ordering party. The ordering party must reply to any requests for such an explanation on the part of tenderers, if the request is received within the deadline for submission of questions. The answers must be communicated to all tenderers.

(2) At any time, before the deadline for submission of the tender, the ordering party may, for any reason, according to their evaluation or as a result of the tenderers request for explanation, change the

tendering documentation by issuing an annex. The annex will be communicated to all the tenderers, who have been given the documentation by the ordering party and it will be obliging for all the tenderers.

(3) If the ordering party calls a meeting of tenderers, minutes of the meeting will be kept and will contain requests for explanation of documentation asked at the meeting, as well as the answers to those requests, not stating the origin of those requests. The minutes will immediately be delivered to all the tenderers that were given the documentation, so that they could be taken into consideration when preparing their tenders.

PART IV.

SUBMISSION OF TENDERS

Article 27.

(1) The ordering party will take into account the complexity of purchase and the usual time necessary for submission of tenders of all tenderers by mail with regard to the determination of time, date and deadline for submission of tenders.

(2) Concerning public tender and call for tender, the deadline for submission of tenders cannot be shorter than 7 day as from the day of publication of a public tender, or as from the day of delivery of a call for submission of tender.

(3) If, based on the Article 26 of this Regulation, the ordering party gives additional explanation or makes amendments to the documentation, or if additional explanations are requested at the meeting of tenderers, the deadline for submission of tenders will be extended prior to its expiration, if necessary, in order to enable the tenderers to have enough time to take into account the explanations and amendments.

(4) The ordering party may, by its own free will, extend the deadline for submission of tenders before its expiration, if one or several tenderers are unable to submit their tenders until the determined deadline due to force majeure.

(5) All tenderers, who have received the documentation from the ordering party, will immediately be informed of any extension of the deadline.

(6) A tender is submitted in writing only and it must contain a signature.

(7) Tenderer's rights will not be jeopardized, if it submits the tender with the equal level of credibility, reliability and confidentiality in any form that is in accordance with the tendering documentation.

(8) The ordering party will issue a certificate containing the date and time of receipt of the tender, if requested by the tenderer.

(9) The tender that has been received by the ordering party after the deadline for submission of tenders will not be opened and will be returned to the tenderer, who submitted it.

Validity Term of Tenders, Amendments and Withdrawal of Tenders

Article 28.

(1) Validity term of tender is the term stated in the tendering documentation.

(2) Before expiration of the validity term the ordering party may request the tenderer to extend the validity term for a certain period of time. The tenderer may refuse the request without losing his/her right to a

guarantee for tender. The tender will stop being valid by the expiration date of the non-extended validity term.

(3) Tenderers, who agree upon the extension of validity term of their tenders, will extend, or ensure the extension of validity of guarantees for their tenders, or will procure new guarantees that will cover the extended validity term of their tenders. Tenderer, who does not provide the extended guarantee for its tender, or does not ensure the new guarantee, will be regarded as if it refused to extend the validity term of its tender.

(4) The tenderer may amend or withdraw its tender before expiration of the deadline for submission (opening) of tenders without losing the guarantee for tender, if not foreseen otherwise in the documentation.

Guarantee for Tender

Article 29.

(1) In the event that the ordering party requests a guarantee for tender from the tenderer:

1. This request refers to all the tenderers;
2. It may be requested in the tendering documentation that the guarantor and the attesting party, if one is foreseen, as well as form and conditions of the guarantee, must be acceptable to the ordering party;
3. Before submission of tender the tenderer may request the ordering party to confirm the acceptability of the proposed guarantor for tender or the proposed attesting party, if one is foreseen, and the ordering party will immediately respond to this request;
4. If the ordering party confirms acceptability of the guarantor, or of any of the proposed attesting parties, it does not prevent it from refusing the tender, if the guarantor or the attesting party has become insolvent, or in any other way unable to perform credit transactions;
5. The ordering party will mention in the tendering documentation all requirements related to guarantor as well as to type, form, amount and other main conditions for the requested guarantee for tender.

(2) The ordering party will not claim any rights to the amount of the guarantee for tender and will immediately return or ensure the return of the guarantee for tender upon occurrence of any of the following cases:

1. Expiration of validity term of the tender;
2. Conclusion or taking effect of the purchase contract or taking effect of the provision on guarantee for execution of contract, if such guarantee is foreseen by the documentation;
3. Completion of tendering without conclusion or taking effect of the procurement contract;
4. Withdrawal of tender before the expiry term for submission of final tenders, unless such withdrawal is allowed in accordance with the documentation.

PART V.

EVALUATION AND COMPARISON OF TENDERS

Opening of Tenders

Article 30.

(1) Tenders are opened at the time declared in the tendering documentation as final deadline for submission of tenders, or at the time determined as final deadline in the event of extension of the deadline, and at the place, and in accordance with the procedure stated in the documentation.

(2) The ordering party will allow to all tenderers, or their authorized representatives, to be present during the opening of tenders. The tenderer's representative must have his/her authorization approved in writing.

(3) Name and address of each tenderer, whose tender is being opened, as well as the price of the tender, will be communicated during the opening of tenders and will immediately be noted in the protocol on tendering procedure as per Article 10 of this Regulation.

(4) Tenderers, who are not present or represented at the opening of tenders, may request to be provided with that information.

Examination, Evaluation and Comparison of Tenders

Article 31.

(1) The ordering party may ask the tenderers to provide explanations of their tenders to help the ordering party in the examination, evaluation and comparison of tenders. Any major changes of the tender, including the alteration of price and changes that may allow an unacceptable tender to turn into an acceptable one, must not be requested, offered or allowed, neither by the ordering party, nor by the tenderer.

(2) The ordering party will correct only calculation mistakes discovered during the examination of the tender and will immediately inform the tenderer, whose tender has been rectified, of any such correction.

(3) Depending on Paragraph 1 of this Article the ordering party will regard an offer as favorable, if it fulfils completely all the requirements mentioned in the documentation.

(4) The ordering party will regard the tender as acceptable, only if it contains some smaller divergences that do no alter or deviate from characteristics, conditions and other requirements declared in the documentation, or only if it contains mistakes or omissions that can be amended without major alteration of the tender. Every such deviation will be determined to the maximum extent possible and will be taken into account in the process of evaluation and comparison of tenders.

(5) The ordering party will not accept the tender in the following cases:

1. If the tenderer is not accepted as capable of doing the job by the selection committee according to Article 6;
2. If the tenderer does not accept correction of the calculation mistake according to Paragraph 1 of this Article;
3. If the tender does not correspond to the tendering conditions;
4. Due to circumstances mentioned in the Article 13 of this Regulation.

(6) The ordering party will perform the evaluation and comparison of tenders in accordance with criteria stated in publication of the tendering procedure and those stated in the documentation in order to select the most favorable tenders. No other criteria, except those mentioned in the tendering documentation, will be used.

1. The most favorable tender is the one offering the lowest price, with the identical type, characteristics and features of goods, services or works requested in the tendering documentation.
2. As an exception, if the ordering party intends to accept the tender that is evaluated as the most favorable not only by the price, but as well by some other standards and requirements, it must coordinate it in advance with the donor and must announce it in the tendering documents. When the ordering party takes the decision to accept the tender selected in such a way as the most favorable one, and when another tenderer objects to that decision, the ordering party is obliged to inform the donor within three days, and if it does not comply with it, the decisions on the selection of tender is not valid.
3. The ordering party takes into account the following elements in the procedure of establishment of the most favorable tender according to this Paragraph Section 2 of this Article:

- Price of the tender;
- Period of delivery of goods, completion of works or performance of services, functional characteristics of goods or works, conditions of payment and guarantees related to quality, durability and reliability of goods, works and services;
- Any other criteria that the ordering party and the donor agree to.

(7) When the offered prices are expressed in two or more currencies, prices of all tenders are converted into the same currency for the purpose of comparison and evaluation according to the provision of the Article 25 Section 14 of this Regulation.

(8) The ordering party may request the tenderer, whose tender has been evaluated as the most favorable as per Paragraph 6 of this Article, to re-prove his/her ability in accordance with conditions and procedures of the Article 6 of this Regulation. Conditions and procedures that are used in such repeated demonstration of evidence must be declared in the tendering documentation.

(9) If the tenderer, whose tender has been estimated as the most favorable, cannot re-prove its ability, the ordering party will refuse its tender and choose the next most favorable tender among the remaining tenders, or will reject all tenders according to the Article 11 of this Regulation.

(10) If the selection committee establishes that the tender, evaluated as the most favorable, is based on the price that is substantially lower than the average price offered, or usual price of the same or similar goods, services or works on local and/or international markets, and if it has a justified suspicion that such offer is based on a dumping price, or that the offered price was intentionally low, it will include it in the protocol of tendering procedure, inform the donor and reject such tender. It, will then choose the next most favorable tender among the remaining tenders or will reject all tenders according to the Article 11 of this Regulation.

(11) Facts related to examination, explanation, evaluation and comparison of tenders will not be disclosed to the tenderers or any other person, with the exception of the cases foreseen in the Article 10 Paragraph 2 of this Regulation.

Interdiction of Negotiation with Tenderers

Article 32.

Any kind of negotiation between the ordering party and a tenderer with regard to suitable and final tender prior to selection of the most favorable tender by the Selection Committee is forbidden.
Negotiations between the ordering party and the tenderer whose tender had been evaluated as the most favorable one by the Selection Committee should be conducted in such fashion that the result of any such negotiations is reduction of offered price without changing the original offer.

Acceptance of Tender and Conclusion of Procurement Contract

Article 33.

(1) The ordering party will accept the most favorable tender on the basis of provisions from the Article 31 Paragraph 6 of this Regulation. All tenderers will be notified of non-acceptance of their tender in writing.

(2) The ordering party and the tenderer, whose tender has been accepted, sign a procurement contract within 8 days, and at the latest 30 days upon the day when the procurement procedure had been completed. The purchase contract must be in compliance with the tender.

(3) As from the moment of sending of the notification from Paragraph 1 of this Article until the signature of procurement contract the ordering party and the tenderer must not undertake any actions that may disturb conclusion of procurement contract or its execution.

(4) If the tenderer, whose tender has been accepted, is asked to sign the procurement contract, and if it does not comply with it, or if it does not procure the necessary guarantee for execution of the contract, the ordering party will choose the most favorable tender among the remaining tenders or will reject all tenders. The tenderer, whose tender has been accepted at a later stage, as well as other tenderers, will be notified as provided in Paragraph 1 of this Article.

Impartiality and Confidentiality

Article 34.

(1) Despite the chosen method of procurement in accordance with this Regulation, the ordering party will do everything possible to ensure impartiality and confidentiality in the tendering procedure. The ordering party will treat all proposals in such a way that their content is not disclosed to other tenderers. Any data in relation to the course of the procurement procedure will not be available to non-participants in tendering, and participants themselves will not disclose any information on the course of the procurement procedure to each other.

(2) The ordering party must keep the tenders up to 24 months, and contracts up to 60 months as of the date mentioned therein, and is responsible for their safe-keeping.