EU PPF
EU PROJECT PREPARATION FACILITY
Serbia's perspective for sustainable growth

ppf.rs | europa.rs | mei.gov.rs | cfcu.gov.rs

REPUBLIC OF SERBIA
MINISTRY OF EUROPEAN INTEGRATION

MINISTRY OF FINANCE
Department for Contracting and Financing
of EU Funded Programmes

This Project is funded
by the European Union

ENERGY SECTOR – TRAINING #17
MONITORING AND EVALUATION

EU PPF
EU PROJECT PREPARATION FACILITY
Serbia's perspective for sustainable growth

ppf.rs | europa.rs | mei.gov.rs | cfcu.gov.rs

REPUBLIC OF SERBIA
MINISTRY OF EUROPEAN INTEGRATION

MINISTRY OF FINANCE
Department for Contracting and Financing
of EU Funded Programmes

This Project is funded
by the European Union

Monitoring and Evaluation

- Procedures for project monitoring and reporting to international financing institutions
- Monitoring principles
- Risks and risks monitoring
- Examples of the on-the-spot checks

Template Engineer’s Monthly Report

Project Name:

Contract No.:

Contractor:

Construction Time:

Contract Commencement Date:

Contract Completion Date:

Extension of Time granted:

Revised Completion Date:

Performance Guarantee Value:

Advance Payment Guarantee Value:

Retention Money Guarantee Value:

Initial Contract Price:

Estimated Final Price:

Variations approved:

Revised Final Price:

Insurance valid to:

PG valid to:

APG valid to:

RMG valid to:

Template Engineer’s Monthly Report

Report for the month of:

1. Executive Summary
2. Design and Build Contract Particulars

3 Consulting Contract Particulars

4 Critical Issues

5 Contractor’s Activities

5.1 General Progress

5.2 Detail Progress

5.3 Stoppage and Reasons

5.4 Material

5.5 Variation Orders

Template Engineer’s Monthly Report

6 Contractor’s Work Programme

7. Claims

8. Financial Progress

8.1. The Contractor’s Interim Payment Applications and Payments made to the Contractor

8.2. The Consultant’s Interim Payment Applications and Payments made to the Contractor

9. Safety Management

10. Quality Management

11. Environmental Management

Template Engineer’s Monthly Report

Annexes

Annex 1 – Supervisor’s Activities

Annex 2 – Payment Details

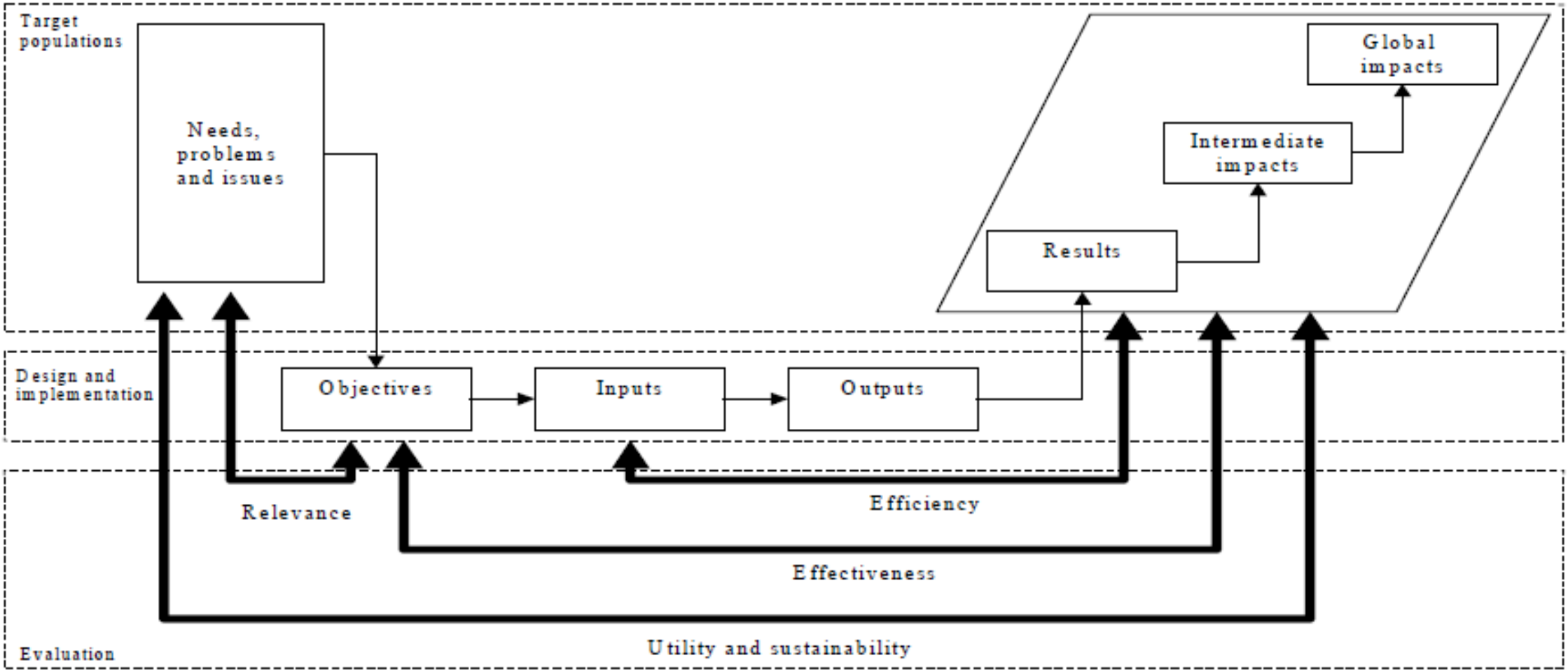
Annex 3 - Contractor’s Monthly Progress Report

Annex 4 - List of Correspondence

Annex 5 - Progress Photographs

Annex 6 – Minutes of Meeting

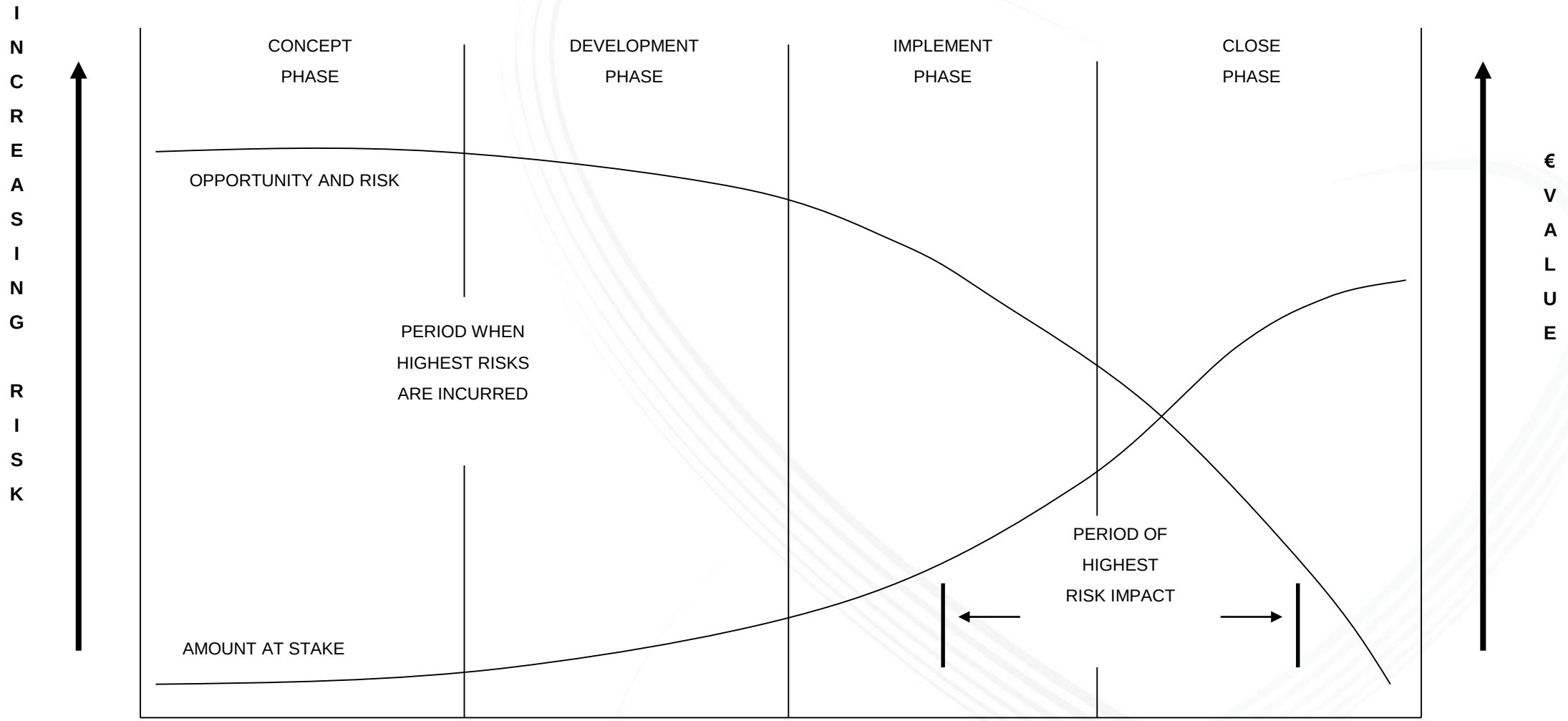
Intervention logics



Evaluation

		Ex ante	Interim	Ex post
Relevance	The extent to which an intervention's objectives are pertinent to needs problems and issues to be addressed	●	●	
Coherence	The extent to which the intervention logic is non-contradictory/the intervention does not contradict other interventions with similar objectives	●		
Economy	The extent to which resources are available in due time, in appropriate quantity and quality at the best price	●	●	●
Effectiveness	The extent to which objectives set are achieved	●	●	●
Efficiency	The extent the desired effects are achieved at a reasonable cost	●	●	●
Sustainability	The extent to which positive effects are likely to last after an intervention has terminated			●
Utility	The extent to which effects corresponded with the needs problems and issues to be addressed			●
Consistency	The extent to which positive/negative spillovers onto other economic, social or environmental policy areas are being maximised/minimised	●	●	●
Allocative/ distibutional effects	The extent to which disproportionate negative/positive distributional effects of a **policy** are minimised/ maximised	●	●	●
Acceptability	The extent to which stakeholders accept the **policy** in general and the particular instrument proposed or employed	●	●	●

Project Lifecycle Risk vs. Amount at Stake



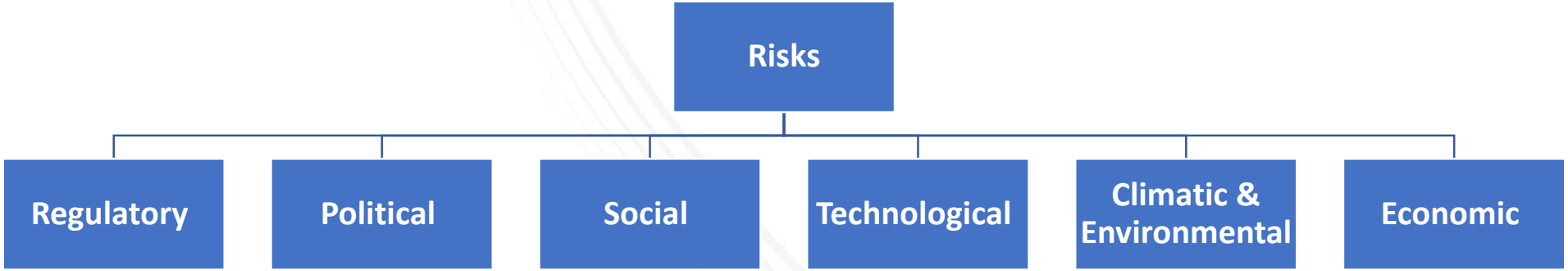
Project Management Maturity by Industry Group and Knowledge Area

KEY: 1 = LOWEST MATURITY RATING, 5 = HIGHEST MATURITY RATING

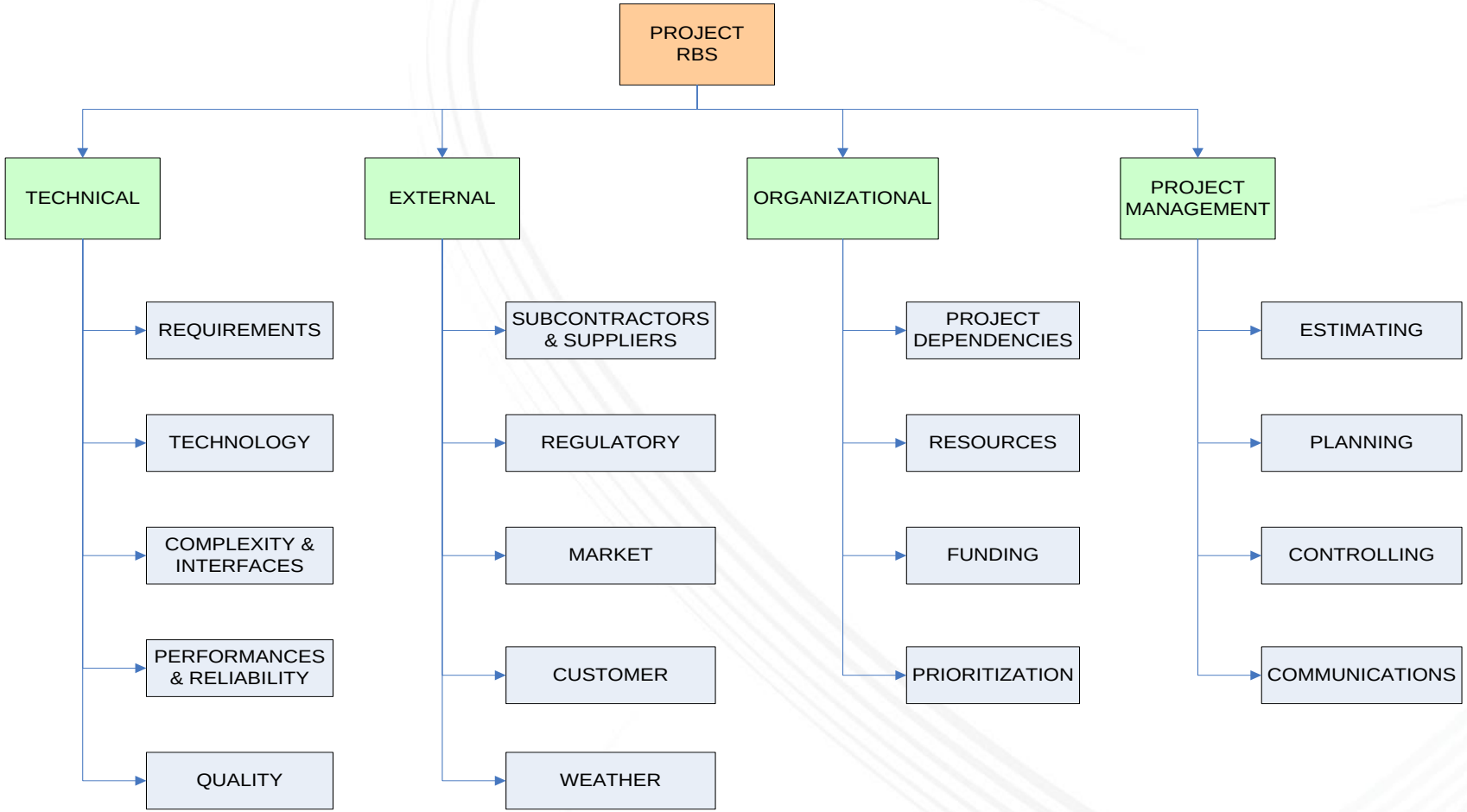
Knowledge Area	Engineering/ Construction	Telecommunications	Information Systems	Hi-tech Manufacturing
Scope	3.52	3.45	3.25	3.37
Time	3.55	3.41	3.03	3.50
Cost	3.74	3.22	3.20	3.97
Quality	2.91	3.22	2.88	3.26
Human Resources	3.18	3.20	2.93	3.18
Communications	3.53	3.53	3.21	3.48
Risk	**2.93**	**2.87**	**2.75**	**2.76**
Procurement	3.33	3.01	2.91	3.33

Ibbs, C. William and Young Hoon Kwak. Assessing Project Management Maturity, *Project Management Journal* (March 2000).

Risks on the level of project cycle



Risks (PMI example)



Risk assessment example

Score	Risk Impact Assessment	Agreed interpretation
1	Low	In case the risk appears, works in process and planned activities are not disturbed or minimally disturbed with no need for additional resources.
2	Medium	In case the risk appears, the activities are significantly disturbed with possible need for additional resources in order not to disturb achievements of the objectives.
3	High	In case the risk appears, the activities are significantly disturbed and considerable additional resources are needed for achieving objectives. Alternatively, this category should be used for describing situation where it is not possible to achieve determined objectives.

Risk assessment example

Score	Risk likelihood Assessment	Agreed interpretation
1	Low	The occurrence of risk is practically impossible or there exist some practical cases of such occurrence or knowledge of the occurred situation
2	Medium	The likelihood of risk occurrence is supported by previous evidence or knowledge of the occurred situation
3	High	The likelihood of risk occurrence is supported by clear and frequent evidence or knowledge of the occurred situation

Risk assessment example

LIKELIHOOD OF OCCURRENCE			
HIGH (3)	3	6	9
MEDIUM (2)	2	4	6
LOW (1)	1	2	3
	LOW (I)	MEDIUM (II)	HIGH (III)

IMPACT

Risk assessment example

Risk description	Variable	Effect	Probability	Severity	Risk level	Mitigating measures
Design related risks (for D&B projects)						
Procedural and Building permits delays	Construction period delay	Cost increase	2	II	**Moderate**	CA to assure close monitoring of the procedure and quick reaction.
Utility approvals delay	Construction period delay	Cost increase	2	II	**Moderate**	CA in cooperation with Beneficiaries to assure close monitoring of the procedure and quick reaction.
Procedural delays for land acquisition	Construction period delay	Cost increase	2	III	**High**	Preparation works must include requirements for Land acquisition as per Feasibility Study conclusions.
Land costs higher than predicted	Construction period delay	Cost increase	2	III	**High**	Provide support to the Beneficiaries in solution of the problem.
Designs of high complexity	Investment costs	Cost increase	3	III	**High**	Review of the preliminary designs; decrease of the technical solutions complexity; this is prerequisite for drop of the construction costs.
Inadequate design cost estimates	Investment costs	Cost increase	2	II	**Moderate**	Definition of standard costs, Audit of Cost Estimates and price
Inadequate site surveys and investigation	Delay in staring activities	Cost and time increase	2	II	**Moderate**	Poor quality of FS and/or survey is to be controlled by CA for Compliance assessment

Risk assessment example

Implementation Risks						
Longer construction period	Deadline	Delay	2	III	**High**	Establishment of optimum conditions guaranteeing the planned deadlines: qualitative documentation of public procurements for contractor and supervisor selection; timely access to the project site (acquisitions, construction permissions, etc. during procurement phase); strong control during the construction works implementation.
Higher investment costs	Investment costs	Cost increase	3	3	**High**	For restriction of the probability for investment costs overrun, all accounts shall be preliminary checked and compared for their correctness and liability in the procurement phase. Later on, strong control during the construction works implementation by the Consultants is required to clearly define the cases causing contingency costs and thus to avoid these amounts to be used by the Contractor at the very project beginning.
Archaeological findings	Construction period delay	Time increase for construction	1	II	**Low**	In the Feasibility Study topic should be already addressed. During construction, CA is to monitor and provide assistance with relevant authorities.
Flooding, landslides, etc.	Construction period delay	Cost and time increase for construction	1	I	**Low**	Surveys and specific design to reduce the likelihood of nature disasters.
Public opposition	Construction period delay	Time and cost increase for construction	1	II	**Low**	Meetings with the public.
Delay in Processing Payments	Construction period delay, Investment costs	Time for construction increase, Cost increase	2	III	**High**	Employer must assure that all payment are processed in contractually envisaged period.

Risk assessment example

Risks related to Contractor and Engineer						
Problems with contractors (example bankruptcies)	Construction period delay	Time for construction increase	2	II	**Moderate**	Requirements regarding the financial stability of the contractor shall be closely monitored by the Consultants and CA.
Problems with contractors (Inadequate Organization & Management)	Construction period delay	Time for construction increase	2	II	**Moderate**	The Contractor must be directed to secure staff as proposed during tender stage and close cooperation with Engineer is required.
Problems with contractors (Inability to Manage Resources)	Construction period delay	Time for construction increase	2	II	**Moderate**	Most common from this group are issues with inexperienced or financially weak subcontractors. Close monitoring and replacement of inadequate subcontractors are required from Engineer.
Problems with contractors (Inability to adhere to Approved Method Statements)	Construction period delay	Time for construction increase	2	II	**Moderate**	Similarly as previous risk. Inexperienced subcontractors must be closely followed and swift reaction must be requested from Contractor.
Problems with Engineer (Inability to Assess Time Programme of Contractor)	Construction period delay	Time for construction increase	2	II	**Moderate**	Employer should closely follow Engineer's performance and request replacement of staff which are underperforming.
Problems with Engineer (Inadequate Assessment of Contractor's Variation Proposals)	Construction period delay, Investment costs	Time for construction increase, Cost increase	2	III	**High**	Employer should closely follow Engineer's performance and request replacement of staff which are underperforming.
Problems with Engineer (Inadequate rebuttals of Claims)	Construction period delay, Investment costs	Time for construction increase, Cost increase	2	III	**High**	Employer should closely follow Engineer's performance and request replacement of staff which are underperforming.

On-the-spot check

- ✓ Copy of the contract available in the Project Manager's file and reviewed?
- ✓ Copy of addenda (if applicable) available in the Project Manager's file and reviewed?
- ✓ Is timetable for monitoring visit confirmed with all concerned parties before the check?
- ✓ Are the relevant Contractor's personnel present on the site?
- ✓ Are the relevant Engineer's personnel present on the site?
- ✓ Are all protective health, safety, accidents and Security measures performed on site?
- ✓ Is control of access to site adequate?
- ✓ Are the accommodation facilities for the Engineer ensured?
- ✓ Are the works progressing in accordance with the approved work plan?
- ✓ Are all the trainings and Operation and Maintenance manuals provided by the Contractor in accordance with the Contract dossier (if applicable)?

On-the-spot check

- ✓ Is workmanship in general in acceptable quality?
- ✓ Is equipment and machinery assembling in general in acceptable quality?
- ✓ Does each part of the works correspond to the technical and legal part of the Contract dossier?
- ✓ Is it likely that all construction will be completed by the deadline for implementation?
- ✓ No disposals of debris or pollution problems are identified?
- ✓ Are the visibility requirements respected according to the contract and Communication & Visibility Manual for EC external actions?
- ✓ No other risks are identified which might affect project progress?
- ✓ Does the Contractor use the electronic filing system?
- ✓ Is the filing of project documentation logical, systematic and complete?
- ✓ Are the activities being implemented in line with the Contract dossier?

On-the-spot check

- ✓ Is the approved work plan present in the Contractor's office?
- ✓ Are the site diary and measurement book correctly filled in and endorsed by Engineer?
- ✓ Are the testing proofs, certificates and other related technical documentation, present in the Contractor's office?
- ✓ Are the Contractor's requests, claims and other correspondence present in the office?
- ✓ Are the Engineer's approvals, notices, orders to the Contractor present in the office?
- ✓ Are the Contractor's reports (weekly, monthly – as appropriate) present in the office and submitted to the Engineer in due time?
- ✓ The Contractor does not identify any problem in the communication with the Engineer?
- ✓ The Contractor does not identify any problem in the communication with the main Designer on project?
- ✓ The Contractor does not identify any problem in the communication with the beneficiary?
- ✓ The Contractor does not identify any other risk, which might affect project progress?

On-the-spot check

- ✓ Inspection in the Engineer’s Premises (checking of documentation and interview).
- ✓ Does the Engineer use the electronic filing system?
- ✓ Is the filing of project documentation logical, systematic and complete?
- ✓ Are the activities being implemented in line with the Contract dossier?
- ✓ Is the approved work plan present in the Engineer’s office?
- ✓ Are the Engineer’s reports (weekly, monthly – as appropriate) being submitted in due time?
- ✓ Is the site diary, measurement book correctly filled in and endorsed by Engineer?
- ✓ Are the testing proofs, certificates and other related technical documentation, present in the Engineer’s office?
- ✓ Are the Contractor’s claims and requests and Engineer’s approvals, notices, orders to the Contractor present in the office?
- ✓ Do the Engineer’s reports reflect accurately the findings of the monitoring check?

On-the-spot check

- ✓ The Engineer does not identify any problem in the communication with the Contractor?
- ✓ The Engineer does not identify any problem in the communication with the main Designer on project?
- ✓ The Engineer does not identify any problem in the communication with the beneficiary?
- ✓ The Engineer does not identify any other risk, which might affect project progress?

EBRD procurement

Eligibility

The Bank permits firms and individuals from all countries to offer goods, works and services, including consultancy services, for Bank financed projects regardless of whether the country is a member of the Bank. Firms and individuals from developing countries as well as from the Bank's countries of operations are encouraged to participate on equal terms and thereby assist their own country's development process.

Exclusion

(a) has been declared, and remains, as at the relevant date, ineligible pursuant to the Enforcement Policy and Procedures;

(b) has a conflict of interest or an unfair competitive advantage;

EBRD procurement

c) has been convicted of an intentional crime, or an affiliate of the firm has been convicted of an intentional crime, and any such criminal conviction is final in the relevant national jurisdiction, with no more than ten years having lapsed between the date on which the criminal conviction became final and the date of eligible assessment, and the Bank concludes that the judicial proceedings provided for adequate due process acceptable to the Bank

d) is prohibited under relevant national law from entering into commercial relations with the client, provided the prohibition relates to a Prohibited Practice, which had been determined through judicial or administrative proceedings with adequate due process acceptable to the Bank

EBRD procurement

Procurement Process

The normal process for public sector procurement involves the following steps:

a) procurement planning including a market analysis and a project delivery strategy;

b) notification of opportunities for tendering;

c) prequalification where appropriate;

d) invitation to tender and issuance of tender documents;

e) submission of tenders, evaluation of tenders and contract award; and

f) contract implementation and administration.

EBRD procurement

Procurement Procedure

Open Tendering and Simplified Open Tendering procedures are those procedures under which all interested suppliers or contractors are given adequate notification of contract requirements and all such tenderers are given an equal opportunity to submit a tender.

Thresholds

All contracts shall be procured following Open Tendering, if their value is estimated to equal, or exceed €250,000 for goods and services and €7.5 million for works and supply and installation contracts.

EBRD procurement

Exceptions

a) Direct contracting (extension, unsatisfactory response, single supplier, standardization with existing equipment, extreme urgency)

b) Alternative procurement procedures (small value, works spread geographically or over time, locally available with smaller prices, nature or scope unattractive internationally)

c) Own procedures for utilities, agencies and enterprises defined as public sector or which have a significant degree of private ownership and control.

EBRD procurement

Evaluation criteria

The tender which is the most economically advantageous tender, but not necessarily with the lowest submitted tender price, submitted by a qualified tenderer, shall be selected for award.

Factors which may be taken into consideration include, inter alia, the payment schedule, the time of completion of construction or delivery, the operating and maintenance costs, the efficiency and compatibility of the equipment, performance and quality, environmental considerations and requirements, the availability of service and spare parts.

Factors, related to the subject matter, other than price to be used for determining the most economically advantageous tender shall be expressed in monetary terms or, where that is not possible for demonstrable reasons, given a relative weight in the evaluation provisions of the tender documents.

EBRD procurement

Conditions of Contract

The form of contract to be used must be appropriate to the objectives and circumstances of the project. Contract conditions shall be drafted so as to allocate the risks associated with the contract fairly, with the primary aim of achieving the most economic price and efficient performance of the contract.

The contract shall clearly define the scope of goods, works or services to be supplied or performed, the rights and obligations of the client and of suppliers and contractors and should include, inter alia, appropriate provisions for guarantees of performance and warranties, time limits, liability and insurance, acceptance, payment terms and procedures, price adjustment (where appropriate), liquidated damages and bonuses, handling of changes and claims, force majeure, termination, settlement of disputes and governing law. Wherever required by the Bank, standard forms of contract incorporating internationally accepted conditions shall be used.

EU PROJECT PREPARATION FACILITY PROJECT

All documents, information, materials and pictures from this
EU PPF training are available for download in the download section of our site
www.ppf.rs

Questions and assistance

Srđan Topalović

Senior Procurement Expert and Trainer EU PPF6/EuropeAid/135637/IH/SER/RS

+381 62 22 37 36

stopalovic@ppf.rs

www.ppf.rs

Thank you for your attention!