

MANAGERIAL MANUAL

This manual is meant for use by routine road maintenance microenterprises in the internal management of the microenterprise. It explains the concept of road maintenance microenterprises, and how these are formed and registered. It pays particular attention to the bidding process for performance-based routine road maintenance contracts and the steps that microenterprises should take to submit their bid. Lastly, it explains how to prepare the Monthly Reports, how to manage the finances of the microenterprise and how to manage conflicts within the microenterprise.

This Managerial Manual forms part of a set of four manuals that describe the system of performance-based routine road maintenance by microenterprises, providing guidance in its application. The set consists of the following manuals:

1. **Procurement Manual** - to assist the Ministry of Public Works and Utilities in the formation and procurement of routine road maintenance microenterprises.
2. **Inspection Manual** - to assist the Ministry of Public Works and Utilities in the supervision and inspection of the routine road maintenance microenterprises.
3. **Technical Manual** - to assist the routine road maintenance microenterprises in the technical implementation and planning of maintenance activities
4. **Managerial Manual** - to assist the routine road maintenance microenterprises in the internal management of the microenterprises.

This manual was written as part of the Kiribati Road Rehabilitation Project (KRRP). The KRRP project involved the rehabilitation of most of the main and secondary road network on South Tarawa Island in Kiribati. As part of the support to the Government of Kiribati to improve maintenance of the rehabilitated road network and improve its sustainability, the KRRP project provided technical assistance for the development of a routine road maintenance system based on microenterprises and the preparation of this set of manuals.



REPUBLIC OF KIRIBATI

Performance-based Routine Road
Maintenance by Microenterprises

Managerial Manual

SECOND DRAFT

JANUARY 2015



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- 4.2 The **Ministry** will obtain accident insurance for all members of the **Microenterprise** and provide the policy to the **Microenterprise**.
- 4.3 The **Ministry** will provide the **Microenterprise** with a transport allowance of A\$ 25 per kilometre of road which will be paid at the start of the contract in the amount stated below:

Transport allowance (A\$)

- 4.4 Any provision of materials and transport of materials from further away to the road will be carried out by the **Ministry**.

Clause 5 Agreement Variation and Termination

- 5.1 Both parties should perform the obligations of the agreement. Neither party can vary the agreement by itself.
- 5.2 The agreement will be terminated when the two parties agree on the termination.
- 5.3 The **Ministry** may terminate the agreement under the following conditions:
- i. The **Microenterprise** repeatedly disobeys the **Ministry’s** regulations and guidance.
 - ii. The quality of the road maintenance is assessed to be below standard in three consecutive monthly inspections.
- 5.4 When the agreement expires, or the promissory termination condition appears, the agreement will terminate.

Clause 6 Other Matters

- 6.1 Other related matters not covered in this agreement will be solved based on negotiations between the two parties.
- 6.2 This agreement will be signed in two copies. The **Ministry** will keep one copy and the **Microenterprise** will keep one copy. The agreement will be effective after the two parties have signed it.

Ministry

Microenterprise

Date: _____
 Name: _____
 Position: _____

Date: _____
 Name: _____
 Position: _____

Performance standard	Deduction	Applied to
Preventing coastal erosion	25%	specific road segment
Cleaning the roadway	25%	specific road segment
Repairing unpaved roads	25%	specific road segment
Repairing the road pavement	50%	specific road segment
Repairing the road shoulder	25%	specific road segment
Controlling vegetation	10%	specific road segment
Removing garbage	10%	specific road segment
Maintaining signage	10%	specific road segment
Maintaining guardrails	10%	specific road segment
Keeping road open	10%	specific road segment
Reporting damage	5%	full monthly payment
Submitting Monthly Report	2%	full monthly payment
Using safety equipment	2%	full monthly payment

- 3.4 Employee contributions to the Kiribati Provident Fund will be withheld from monthly payments and paid directly by the **Ministry** together with the Employer contributions.
- 3.5 The approved monthly payment after deductions and after withholding the Kiribati Provident Fund payment will be made by bank transfer to the following bank account of the **Microenterprise**.

Bank account

Clause 4 Responsibilities of the Ministry

- 4.1 Upon signing the contract, tools and safety equipment will be provided to the **Microenterprise** by the **Ministry**. The types and quantities of tools and equipment are listed below. These should be returned to MPWU at the end of the contract.

Item	Quantity	Item	Quantity
Broom		Watering can	
Shovel		Bucket	
Hoe		Sealant pouring jug	
Pickaxe		Wheelbarrow	
Rake		Safety cones	
Culvert tool		First Aid Kit	
Lifting iron		Safety vest	
Machete		Boots	
Pruning saw		Gloves	
Crack sealing squeegee		Hat / Safety helmet	
Hand tamper			

Acknowledgements

This manual was written by Serge Cartier van Dissel, international road maintenance consultant. The drawings were prepared by Kasthamandap Art Studios. The contributions of Mr. Kireua Kaiea and Mr. Panapa Pita of the Ministry of Public Works and Utilities and Ms. Reina Timau of the Kiribati Fiduciary Services Unit are gratefully acknowledged. Support in the design of the approach and the contents of this manual was provided by Mr. Patrick Mannix, Technical Auditor for the Kiribati Road Rehabilitation Project (KRRP); Mr. Ian Archer, Team Leader for the KRRP Design and Supervision Consultant, Fraser Tomas; and Mr. Mark Liersch, Project Manager for the KRRP international contractor, McConnell Dowell. Initial drafts of this manual were reviewed by Mr. Chris Bennett, Mr. Ollie Whalley and Mr. Asif Faiz of the World Bank; Mr. Jude Kohlhase of the Asian Development Bank and Ms. Erin Magee and Mr. Will Costin of the Australian Aid Programme.

Note

Prices and wage rates in this manual are based on 2014 estimates and may need to be adjusted over time.

Maintenance Microenterprises

Road maintenance microenterprises are teams of local people grouped together to carry out routine road maintenance. This section looks briefly at the initial formation of the microenterprises, and how these may change over time.

Microenterprise size

It is important to realise that the payment to the microenterprise is not affected by the number of microenterprise members. The payment depends only on the length of road to be maintained. Both the amount of work to be done and the payment for that work remain the same irrespective of the microenterprise size. Having more members will mean that each member works less days as the work is spread over more people, but also that each member will receive a smaller payment.

The payment to the microenterprise is not affected by the number of microenterprise members

The required number of microenterprise members should therefore depend on the length of road to be maintained. In general, there should be at least one member for every 3 kilometres of road in order to ensure that the workforce is sufficiently large to complete all the maintenance work required. In this case, the microenterprise members would be working more or less fulltime. In some cases MPWU may allow the number of microenterprise members to be increased, with members working halftime to allow the maintenance work to be combined with other activities. However, in this case there should not be more than one member for every 1.5 kilometres of road, as otherwise the Ministry of Public Works and Utilities will not be able to provide enough tools and safety equipment or accident insurance for all the members. In the case of halftime work, the payments to the microenterprise remain the same, but are distributed among a larger number of microenterprise members (a halftime worker will receive half the amount of a fulltime worker).

The number of microenterprise members should be equal to one member for every 1.5 - 3 kilometres of road

16. **Maintaining guardrails.** Guardrails are well secured to the posts and properly anchored in the ground. All reflectors are in place and are clean.
17. **Keeping the road open.** The road is passable at all times. In case of significant damage to the road, road shoulder or structures making the road impassable or threatening to make it impassable, this has been reported to the Ministry of Public Works and Utilities. Unless damage is severe, the road is made passable within a maximum of 6 hours after the cause of the damage has ended (e.g. accident or king tide).
18. **Reporting damage.** All damage to road elements beyond the responsibility of the microenterprise (e.g. streetlights, road markings) and any significant damage to the road pavement or structures has been reported to the Ministry of Public Works and Utilities.
19. **Submitting Monthly Report.** A Monthly Report is submitted to the Ministry of Public Works and Utilities indicating the person-days worked by the microenterprise members and the activities carried out, as well as any damage to the road.
20. **Using safety equipment.** Microenterprise members wear their safety vests at all times and safety cones are in place on both sides of all ongoing works.

Clause 3 Remuneration

- 3.1 The **Ministry** will inspect all road sections under this contract each month and assess whether the condition of the road elements complies with the performance standards.
- 3.2 If all road sections listed under this contract comply with the performance standards, the **Microenterprise** will receive the full monthly payment as indicated below.

Monthly payment amount (A\$)

- 3.3 If the work carried out by the **Microenterprise** in certain road segments does not comply with the performance standards, a deduction will be made from the monthly payment in line with the deduction rates listed in the following table. Depending on the performance standard, the deduction will either be applied to the payment for the specific road segment that does not comply, or to the full monthly payment.

Performance standard	Deduction	Applied to
Cleaning side drains (U-drains)	50%	specific road segment
Cleaning culverts	50%	specific road segment
Cleaning kerbs	25%	specific road segment
Cleaning weepholes	50%	specific road segment
Cleaning bridges/box culverts	50%	specific road segment
Preventing seawall erosion	25%	specific road segment
Sealing revetment cracks	50%	specific road segment

Routine road maintenance activities and performance standards

1. **Cleaning side drains (U-drains).** Not more than 10% of the depth of side drains (U-drains) is blocked in any location and water is able to flow freely through the drains. There are no obstacles within 5 metres of the drain outlet.
2. **Cleaning culverts.** Not more than 10% of the height of the culverts is blocked in any part of the culvert and water is able to flow freely through the culvert. There are no obstacles within 5 metres of the inlet or outlet of the culvert.
3. **Cleaning kerbs.** There is no sedimentation or vegetation on the pavement around the kerbs and water is able to flow away from the road.
4. **Cleaning weepholes.** Not more than 10% of the cross section of weepholes is blocked and water is able to flow freely away from the road.
5. **Clearing bridges and box culverts.** There are no obstacles restricting water flow below the bridges and box culverts. Erosion of the structures has been treated with sandbags or sand-cement bags.
6. **Preventing erosion of seawalls and revetments.** Erosion of seawalls and revetments has been treated with sandbags or sand-cement bags.
7. **Sealing cracks in seawalls and revetments.** The length of unsealed cracks is less than 2 metres for every 100 metres of seawall or revetment and in no location are unsealed cracks wider than 1 cm.
8. **Preventing coastal erosion.** Coastal erosion by sea water within 5 metres of the road edge is treated with sandbags or sand-cement bags.
9. **Clearing the roadway.** The road surface and shoulders as well as any footpaths and bus bays are free of obstacles, vegetation and garbage, and the pavement is free of sand and other sediment.
10. **Repairing unpaved roads.** There are no more than 10 potholes per kilometre of road and potholes are not more than 30 cm in diameter or 5 cm in depth. There are no rills deeper than 5 cm.
11. **Repairing the road pavement.** The length of unsealed cracks is less than 2 metres in any 100 metre section of road and there are no unsealed cracks wider than 0.5 cm. There are no more than 5 potholes per kilometre and potholes are not more than 10 cm in diameter or 5 cm in depth.
12. **Repairing the road shoulder.** The shoulder next to the edge of the pavement is not higher than or more than 5 cm lower than the pavement.
13. **Controlling vegetation.** Vegetation within 2 metres of the road edge is not more than 30 cm high (except for trees and hedges). There is no vegetation hanging over the road or shoulders that is lower than 3 metres above the road surface. Landscaped areas at roundabouts and drainage gardens are well maintained.
14. **Removing garbage.** There are no more than 20 items of garbage within 2 metres from the road edge (excluding private property) in any 100 metre section of road.
15. **Maintaining signs and marker posts.** All marker posts and signs up to 3 metres above road level are properly secured and anchored in the ground, are straight, and are clean and legible.

Worker selection

The initial formation of the microenterprises is carried out by the Ministry of Public Works and Utilities or by the international contractor under the Kiribati Road Rehabilitation Project. Microenterprise members are selected from interested candidates living near to the road sections to be maintained. In this selection process, the following selection criteria are used.

- All candidates must express their interest in joining the microenterprise
- All candidates must be between 18 and 55 years of age
- All candidates must live within 1 km of the road sections to be maintained
- Preference is given to female candidates
- Preference is given to candidates with experience in road works
- Preference is given to candidates with leadership skills

After selection of the microenterprise members, they should elect a Leader and Treasurer from amongst themselves. Each member of the microenterprise will have an equal vote. The Leader will be responsible for the management of the microenterprise, including signing the maintenance contract and acting as a representative for the microenterprise. The Treasurer will be responsible for making payments to the microenterprise members and keeping a Cashbook to record the money received and paid by the microenterprise. The Leader and Treasurer will together be the signatories of the bank account of the microenterprise. It is recommended that both the Leader and the Treasurer are able to read and write.

After the microenterprise has been formed, the members may change over time as members leave and are replaced by others. The selection of new members is up to the microenterprise, and the remaining microenterprise members are free to decide who to select as new members. However, once selected it is important that the new members receive training and certification, and that the changes in members are registered with the Ministry of Public Works and Utilities. If this is not done in time, the microenterprise can become ineligible for receiving a maintenance contract.

Microenterprises can select new members, but these must receive training and membership changes must be registered

Training

During the initial formation of the microenterprises, these will receive technical training to build the skills required to carry out the different maintenance activities. They will also receive managerial training to properly carry out the internal management of the microenterprise and comply with the contract requirements. All participants will receive a certification after having satisfactorily completed the training.

Although this training will be received by all new microenterprises, this is not necessarily the case for new members joining existing microenterprises. For such new members, training sessions will be organised once a year. It is important that any new microenterprise members participate in these training sessions in order to obtain the certification. The certification is important, as microenterprises may only receive a routine road maintenance contract if at least half the members have the required technical training certification. Microenterprises with many new members that have not received the technical training may no longer be allowed to carry out the road maintenance contracts.

Microenterprises cannot get a maintenance contract unless at least half the members have a technical training certification

Microenterprise registration

The road maintenance microenterprises are registered with the Ministry of Public Works and Utilities. This registration identifies the different members of the microenterprise and provides the microenterprise with a name and number (a sample registration form can be found in **Annex 1**). The microenterprise is registered as part of the initial formation process. A person may not be a member of more than one microenterprise.

Whenever there are changes to the members of the microenterprise, the registration of the microenterprise needs to be updated to identify the new members. The name will also need to be changed, as the name needs to consist of only the surnames of the members to avoid the need to register a business name with the Ministry of Commerce, Industry and Cooperatives. If the registration of the microenterprise does not correspond to the current members, it cannot receive a routine road maintenance contract. Changes to the microenterprise registration are free of charge.

A contract cannot be given to a microenterprise if the registered members are not the same as the actual members



MINISTRY OF PUBLIC WORKS AND UTILITIES

Contract Agreement for routine road maintenance

This is an agreement between the Ministry of Public Works and Utilities, hereinafter referred to as the **Ministry**, and the road maintenance microenterprise, hereinafter referred to as the **Microenterprise**. Under this agreement, the **Microenterprise** is contracted by the **Ministry** to carry out the routine maintenance of the following road sections:

Description of road sections	Length of road sections
Total length (km)	

Clause 1 Term of Agreement

- 1.1 The term of the agreement is for one year with the following start date and end date.

Start date	End date

Clause 2 Scope of Work

- 2.1 The **Microenterprise** is responsible for carrying out the following routine road maintenance activities. The **Microenterprise** will be responsible for deciding which maintenance activities to carry out and where and when to do so.
- 2.2 The **Microenterprise** will ensure that the condition of the different road elements complies with the performance standards as described below for all road sections included under the contract, unless otherwise indicated by the **Ministry**.



MINISTRY OF PUBLIC WORKS AND UTILITIES
Bid Submission Form
for routine road maintenance

Maintenance contract number: _____
[To be entered by Ministry of Public Works and Utilities]

Microenterprise number and name: _____

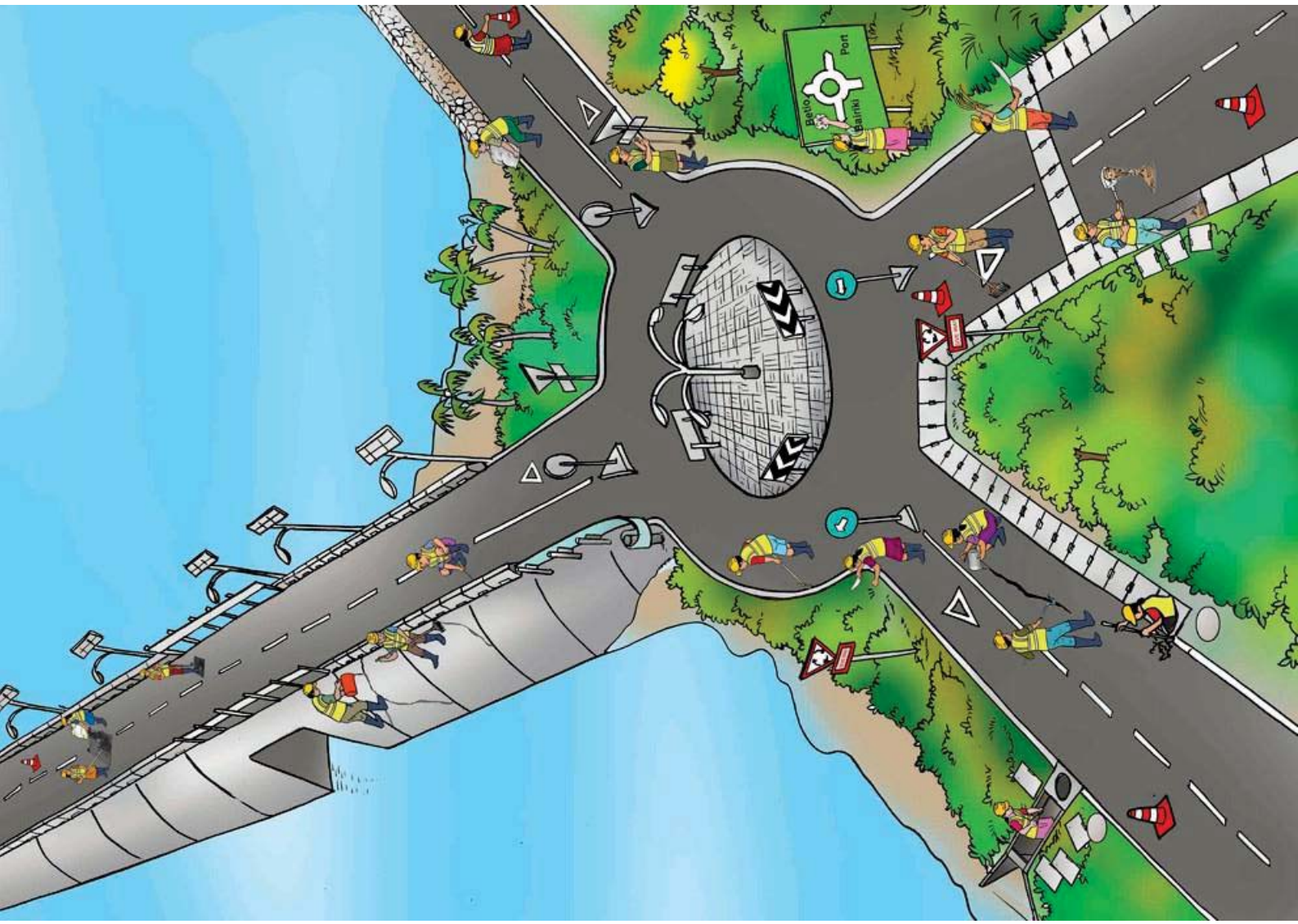
Date of last registration with Ministry of Public Works and Utilities: _____

Microenterprise members (list):	Certified	Not certified
1. (Leader)	<input type="checkbox"/>	<input type="checkbox"/>
2. (Treasurer)	<input type="checkbox"/>	<input type="checkbox"/>
3.	<input type="checkbox"/>	<input type="checkbox"/>
4.	<input type="checkbox"/>	<input type="checkbox"/>
5.	<input type="checkbox"/>	<input type="checkbox"/>
6.	<input type="checkbox"/>	<input type="checkbox"/>
7.	<input type="checkbox"/>	<input type="checkbox"/>
8.	<input type="checkbox"/>	<input type="checkbox"/>
9.	<input type="checkbox"/>	<input type="checkbox"/>
10.	<input type="checkbox"/>	<input type="checkbox"/>
11.	<input type="checkbox"/>	<input type="checkbox"/>
12.	<input type="checkbox"/>	<input type="checkbox"/>
13.	<input type="checkbox"/>	<input type="checkbox"/>
14.	<input type="checkbox"/>	<input type="checkbox"/>
15.	<input type="checkbox"/>	<input type="checkbox"/>

Ongoing road maintenance contract (end date): _____

Bid price (A\$): _____

Signed: _____
Name: _____ Date: _____



Road Maintenance Contract

Upon the initial formation of the microenterprise, it is given a routine road maintenance contract for 1 or 2 years with the international contractor under the Kiribati Road Rehabilitation Project. After this period, the contracts will be with the Ministry of Public Works and Utilities. In line with national procurement legislation for the Republic of Kiribati, the microenterprises will need to submit bids for the contracts that they want to carry out. These will be evaluated by the Ministry of Public Works and Utilities and the contract will be awarded to one of the bidders. Several microenterprises can submit bids for the same contract, although any microenterprise may only be awarded one single contract.

The bidding process consists of three stages. The first stage is the bid announcement, when an Invitation to Tender is sent to all routine road maintenance microenterprises. The second stage is the collection of the solicitation documents by the microenterprises and the filling in of the Bid Submission Form, whereby the microenterprise needs to ensure that it complies with the qualification requirements and has to calculate a bid price. The third phase is the bid evaluation leading to the contract award.

Invitation to Tender

The first stage of the bidding process is the bid announcement. During this phase an Invitation to Tender is sent to all routine road maintenance microenterprises registered with the Ministry of Public Works and Utilities. It is therefore important that the contact details of the microenterprise are up to date to ensure the microenterprise receives this Invitation to Tender. The Invitation to Tender describes the type of work to be carried out, the roads to be maintained and the start and end date for the contract. It also lists the qualification criteria that all bidders have to comply with and stipulates the date by which the bid must be submitted. An example of an Invitation to Tender is provided in **Annex 2**.

Microenterprises should keep their contact details up to date to ensure they receive the Invitation to Tender

Documentary evidence will only be required in as far as qualification cannot be verified on the basis of records regarding microenterprise registration and technical training certification at the Ministry of Public Works and Utilities, and then only upon contract award. Failure to present documentary evidence when requested at the time of contract award will lead to the award being cancelled.

Bid price

The bidder is required to submit a bid price for carrying out the required services. This bid price should cover all wage costs for carrying out the required maintenance activities in all the road sections to be maintained for the duration of the contract, including the Employee contribution to the Kiribati Provident Fund (7.5% of wage payments - this will be withheld from the payments to the microenterprise and paid directly to the Kiribati Provident Fund).

The Ministry of Public Works and Utilities will provide tools and safety equipment, accident insurance for microenterprise members, a transport allowance, and any materials required to carry out the maintenance activities (where a suitable source is not available near the road).

Bid submission

The bidder is required to fill in the Bid Submission Form that is attached to this Instruction to Bidders. All fields must be filled in and the form must be signed by the Microenterprise Leader. Where some fields are not filled in or the form is not signed and dated, the bid will be rejected.

The filled in Bid Submission Form must be submitted to the Ministry of Public Works and Utilities before **[Enter deadline date for submission]**.

Bid evaluation

Bid evaluation and selection will be carried out in such a manner so as to ensure the following:

- Bidders who do not comply with the qualification criteria will be rejected
- Bid prices exceeding the cost estimate by more than 25% will be rejected
- A road maintenance microenterprise is awarded a maximum of one routine road maintenance contract
- The number of routine road maintenance contracts that are successfully awarded is maximized
- The total contract price for the different routine road maintenance contracts to be awarded is minimized

Contract agreement

Upon successful selection, the Contract Agreement attached to this Instruction to Bidders will be signed between the Ministry of Public Works and Utilities and the selected microenterprise.

Annex 3 Solicitation documents



MINISTRY OF PUBLIC WORKS AND UTILITIES

Instruction to Bidders for routine road maintenance

This is an Instruction to Bidders for a one-year routine road maintenance contract.

Procuring entity

The procuring entity is the Ministry of Public Works and Utilities located in Betio, Tarawa. Further information about this contract may be obtained from:

[Enter name of person]

Director Engineering Services

Ministry of Public Works and Utilities, Betio, Tarawa

Phone 26143 / 26192

Services required

The services required under this contract are described below. Further details are provided in the Contract Agreement that is attached to this Instruction to Bidders.

- **Contract number:** [Enter contract number in format RRM/year/number]
- **Type of services:** Routine road maintenance (cleaning, vegetation control and minor repairs to the drainage system, road pavement, shoulders, seawalls, causeways, signage, guardrails and right of way)
- **Roads to be maintained:** [Enter names, description and lengths of roads to be maintained]
- **Contract start and end date:** [Enter expected start date and end date]

Qualification criteria

All bidders must comply with the following qualification criteria.

- The bidder is registered as a routine road maintenance microenterprise with the Ministry of Public Works and Utilities and this registration is up to date
- The microenterprise has at least one member for every 3 kilometres of road to be maintained
- At least half the microenterprise members are certified as having successfully completed the technical training in routine road maintenance
- The microenterprise does not have another road maintenance contract

Solicitation documents

If the microenterprise is interested in carrying out the contract, the second stage is to go to the Ministry of Public Works and Utilities to collect the solicitation documents. These are free of charge and consist of the following documents.

- **Instruction to Tenderers** - This explains the whole tendering process. It explains the work to be carried out, the qualification criteria that bidders have to comply with, the bid price that has to be submitted, how and by when the bid needs to be submitted, and the bid evaluation process. An example of an Instruction to Bidders is provided in **Annex 3**.
- **Bid Submission Form** - This needs to be filled in by the microenterprise and submitted to the Ministry of Public Works and Utilities before the deadline for bid submissions. It includes information about the microenterprise registration, the number of microenterprise members and the technical training certification of its members. This information is used to determine if the microenterprise is qualified to bid. A bid price also needs to be entered in the Bid Submission Form. This is the payment that the microenterprise is requesting in order to carry out the maintenance activities for a full year (if accepted, it will be divided into 12 equal payments). An example of a Bid Submission Form is provided in **Annex 3**.
- **Contract Agreement** - This provides more information regarding the routine road maintenance contract and will be signed between the Ministry of Public Works and Utilities and the selected microenterprise that is awarded the contract. It describes the roads to be maintained and the duration of the contract, the types of maintenance activities to be carried out and the performance standards to be complied with, the monthly payment amount and the system of payment deductions in case of poor performance, the responsibilities of the Ministry of Public Works and Utilities, and the procedures for making changes to the contract or terminating the contract. An example of a Contract Agreement is provided in **Annex 3**.

Microenterprises interested in the contract being tendered should collect the solicitation documents

Bid qualification

In order for their bid to be evaluated, microenterprises need to ensure that they comply with the following qualification criteria listed in the Invitation to Tenderers and in the Instruction to Bidders.

- The bidder is registered as a routine road maintenance microenterprise with the Ministry of Public Works and Utilities and this registration is up to date
- The microenterprise has at least one member for every 3 kilometres of road to be maintained
- At least half the microenterprise members are certified as having successfully completed the technical training in routine road maintenance
- The microenterprise does not have another road maintenance contract

Microenterprises must comply with the qualification criteria in order for their bid to be evaluated

The bidding process for the routine road maintenance contracts requires that microenterprises submit a filled-in Bid Submission Form that includes several details about the microenterprise (microenterprise name, microenterprise registration date, microenterprise members, and certification of microenterprise members having successfully completed the technical training). These details are used to check that the microenterprise complies with the qualification criteria and is qualified to bid.

Microenterprises do not need to submit their registration form or technical training certificates at the time of bid submission, but may be requested to show these if the microenterprise is awarded the contract. It is therefore important that the microenterprise registration is up to date and that the registration certificate can be provided if necessary. Similarly, it is important to ensure sufficient microenterprise members have successfully completed the technical training, are certified and can show their certificates if necessary.

Microenterprises may need to show their registration form and technical training certificates before being given a contract

Annex 2 Invitation to Tender



MINISTRY OF PUBLIC WORKS AND UTILITIES

Invitation to Tender for routine road maintenance

This is an invitation to tender for a one-year routine road maintenance contract. Participation in these procurement proceedings is permitted without regard to nationality.

Procuring entity

Ministry of Public Works and Utilities located in Betio, Tarawa (phone: 26143).

Services required

- **Contract number:** [Enter contract number in format RRM/year/number]
- **Type of services:** Routine road maintenance (cleaning, vegetation control and minor repairs to the drainage system, road pavement, shoulders, seawalls, causeways, signage, guardrails and right of way)
- **Roads to be maintained:** [Enter names, description and lengths of roads to be maintained]
- **Contract start and end date:** [Enter expected start date and end date]

Qualification criteria

- The bidder is registered as a routine road maintenance microenterprise with the Ministry of Public Works and Utilities and this registration is up to date
- The microenterprise has at least one member for every 3 kilometres of road to be maintained
- At least half the microenterprise members are certified as having successfully completed the technical training in routine road maintenance
- The microenterprise does not have another road maintenance contract

Solicitation documents

Solicitation documents can be obtained free of charge from the Civil Engineering Division at the Ministry of Public Works and Utilities in Betio.

Bid submission date

The filled in Bid Submission Form must be submitted to the Ministry of Public Works and Utilities before [Enter deadline date for submission].

Annex 1 Registration Form



MINISTRY OF PUBLIC WORKS AND UTILITIES

Registration Form

for a road maintenance microenterprise

This form serves to register a road maintenance microenterprise. It must be signed by all microenterprise members. The name of the road maintenance microenterprises should consist only of the surnames of the different members. A person may not be a member of more than one microenterprise.

Microenterprise number: (to be filled in by MPWU)
 Name of microenterprise:

Contact address:

Contact telephone number:

	Name	Signature
1. (Leader)
2. (Treasurer)
3.
4.
5.
6.
7.
8.
9.
10.
11.
12.
13.
14.

Road Maintenance Microenterprise Ministry of Public Works and Utilities

Microenterprise Leader Director Engineering Services
 Date: Date:

Bid price

Apart from providing the information regarding the qualification of the microenterprise, the Bid Submission Form also requires that a bid price is provided by the microenterprise. This bid price should be sufficient to cover all wage costs of the microenterprise members for the full duration of the contract and for all road sections covered by the contract. It should also cover the Employee contribution to the Kiribati Provident Fund (7.5% of the bid price).

The bid price should not include the costs of tools, safety equipment, materials and accident insurance, as these will be provided separately by the Ministry of Public Works and Utilities to the microenterprise that is awarded the contract. A transport allowance will also be paid to the contracted microenterprise.

The bid price should include the costs of wages, but should not include the costs of tools, safety equipment, materials or transport

An initial estimate of the bid price should be based on one microenterprise member working fulltime being able to maintain 3 kilometres of road. If a person working fulltime works 22 days per month for 12 months a year, this means that 3 kilometres of road will require approximately $22 \times 12 = 264$ person-days per year. For one kilometre of road the requirement would therefore be $264 / 3 = 88$ person-days per year. The cost in terms of wages may be based on the minimum wage rate of A\$ 1.70 per hour. For an 8-hour day this implies a daily wage of $8 \times \text{A\$ } 1.70 = \text{A\$ } 13.60$. For the 88 person-days required per kilometre of road, the cost would amount to $\text{A\$ } 13.60 \times 88 = \text{A\$ } 1,196.80$. To determine the bid price, this then needs to be multiplied by the length of the road sections included in the contract. For instance, for a road length of 15.3 kilometres, the bid price would then be equal to $15.3 \times \text{A\$ } 1,196.80 = \text{A\$ } 18,311.04$.

Example bid price calculation for road length of 15.3 km

- 3 kilometres = 1 person working fulltime
- 1 person working fulltime = 22 person-days per month x 12 months per year = 264 person-days per year
- 1 kilometre = $264 / 3 = 88$ person-days per year
- 1 hour = A\$ 1.70 (minimum wage)
- 1 day = 8 hours = $8 \times \text{A\$ } 1.70 = \text{A\$ } 13.70$
- 1 kilometre = $88 \text{ person-days} = 88 \times \text{A\$ } 13.70 = \text{A\$ } 1,196.80$
- Road length is 15.3 kilometres (example)
- Bid price = $15.3 \times \text{A\$ } 1,196.80 = \text{A\$ } 18,311.04$

The calculation may be adjusted if the microenterprise has learnt from experience that it needs less person-days per kilometre, or if there are certain difficult sections of road in the contract that need more person-days. However, the wage rate applied in the bid must be at least equal to the prevailing minimum wage rate, otherwise the bid may be disqualified. Microenterprises should be careful when increasing the bid price, as any bid prices that are more than 25% higher than the estimate prepared by the Ministry of Public Works and Utilities will be rejected. Entering a high bid price may therefore disqualify the microenterprise from winning the contract.

Entering a high bid price may lead to rejection of the bid

Bid evaluation

The final phase of the bidding process is the evaluation of the received bids and the award of the contract by the Ministry of Public Works and Utilities to the selected microenterprise. After the deadline for submission of bids, the bids that have been received by the Ministry of Public Works and Utilities will be evaluated. This evaluation first looks at whether the Bid Submission Forms are filled in properly (whether all information is provided) and are signed and dated. Any incomplete forms may be rejected.

Bid Submission Forms may be rejected if they are not filled in properly or are not signed

The bid evaluation then goes on to check whether the microenterprises that submitted bids, comply with the qualification criteria. The information in the Bid Submission Form is checked against the qualification criteria and verified in the records of the Ministry of Public Works and Utilities regarding the registration of microenterprises and the technical training certification of microenterprise members. The bids of any microenterprises found to be unqualified may be rejected. The bid price is also checked against the cost estimated by the Ministry of Public Works and Utilities, and bids where the price is more than 25% higher than the estimated cost are rejected.

Bids of microenterprises that do not fully comply with the qualification criteria may be rejected

Several routine road maintenance contracts will generally be contracted out at the same time, and for the final selection from the remaining qualified bids, the Ministry of Public Works and Utilities will aim to minimise the total costs of the

Annexes

different contracts, while at the same time ensuring that as many contracts as possible are awarded. In doing so, a microenterprise may not be awarded more than one contract. This means that in principle the contracts will be awarded to the qualified bidders with the lowest bid price, but that in some cases the bid may be awarded to the second lowest bidder because the lowest bidder was already awarded a different contract.

The contract will be awarded to the bidder who complies with the qualification criteria, who has the lowest bid price and who has not been awarded another maintenance contract

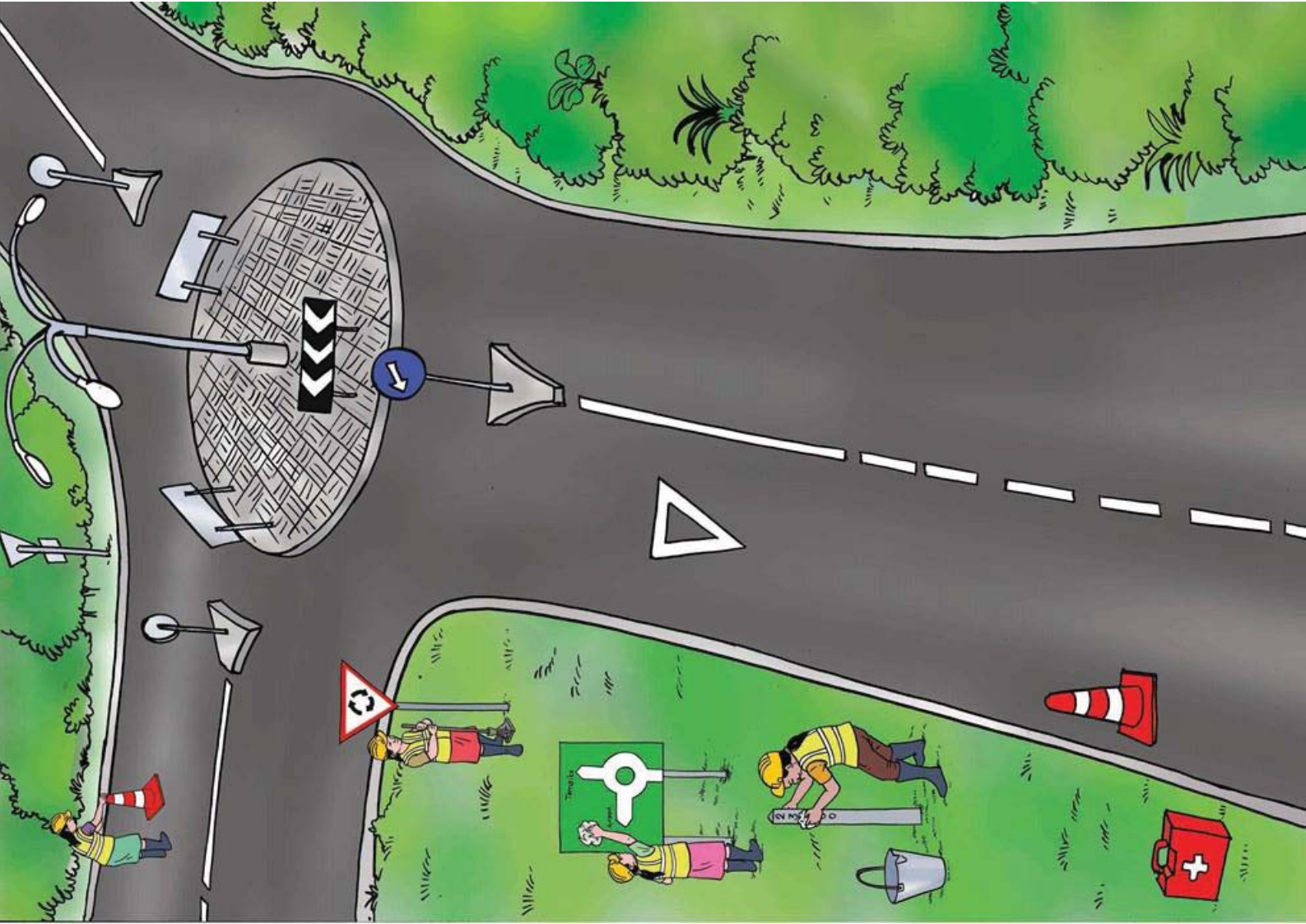
Where it is not possible to award a contract to a qualified bidder because none of the bidders is qualified, or because the qualified bidders are already awarded other contracts, the bidding process will be repeated with those microenterprises that have not yet been awarded a contract.

If a microenterprise is awarded a contract, it is required to carry out that contract. Failure to do so may result in it being blacklisted from participation in future bidding processes for a period of 2 years. A microenterprise should therefore not bid for a contract if it does not intend to carry it out.

Failure to carry out an awarded contract may lead to the microenterprise being blacklisted for two years

Upon successful selection, the contract will be awarded to the microenterprise and the Contract Agreement will be signed between the microenterprise and the Ministry of Public Works and Utilities. The Contract Agreement will stipulate the accepted bid price as being the contract price, to be paid in 12 equal payments each month.

A contract will be signed with the selected microenterprise for the price submitted as bid price



Monthly Report

As part of its contractual obligations, a microenterprise has to submit a Monthly Report. This is a double-sided form in which the microenterprise indicates the number of days worked by each of the microenterprise members, as well as any significant damage encountered (this should also be reported to the Ministry of Public Works and Utilities by phone as soon as it is encountered). An example of the Monthly Report is provided on the following two pages.

Every day after finishing work, the amount of time worked by each microenterprise member should be entered on the first page of the Monthly Report. On the second page of the Monthly Report the total number of person-days should be entered that were spent on each maintenance activity.

The amount of time worked by each member and the total time spent on each activity should be recorded every day

For instance, in the example on the following pages, on the third day of the month, four microenterprise members worked a full day, while two members worked only half a day (see the first page of the Monthly Report). This is equal to a total of 5 person-days, all of which were spent on cleaning culverts (see the second page of the Monthly Report).

At the end of the month, the days worked by each microenterprise member are added up **1**, and the total number of person-days spent by the microenterprise is calculated **3**. The same is done for the days spent on each maintenance activity **5** and the total number of person-days spent on maintenance activities **6**. The number of person-days under **3** and under **6** should be the same. Any significant damage encountered during the month is also recorded in the Monthly Report.

After the monthly inspection has been completed, the final monthly payment amount is copied from the Monthly Inspection Form into the Monthly Report **4**. The monthly payment to each microenterprise member **2** is then calculated by dividing the final monthly payment **4** by the number of person-days spent by the microenterprise as a whole **3**, and multiplying this by the number of person-days spent by each member **1**. Once this has been entered, the Monthly Report is signed by the microenterprise leader and the MPWU Inspector. One copy is left with the microenterprise and one is taken by the MPWU Inspector.

much less hard than others but receive the same payment, this is not fair. This is an issue that microenterprise members will need to address themselves. It is important to mention such issues to the other microenterprise members early on, before they become a source of conflict.

It is important to discuss issues early on, before they become a source of conflict

Whenever there is a conflict, this can be reported to the Inspector of the Ministry of Public Works and Utilities. He will discuss the issue with the different microenterprise members and try to find a solution. However, where it is not possible to find a solution, it may be necessary to change certain members of the microenterprise. In extreme cases of misuse of funds, it may even be necessary to involve the police.

Where conflicts cannot be resolved, changes may need to be made to certain members of the microenterprise

Conflict Management

In any group of people working together, conflicts can arise and the road maintenance microenterprises are no different. To avoid conflicts affecting the maintenance work and the survival of the microenterprise, they need to be managed. Conflict management refers to preventing conflicts from forming, but also includes trying to resolve existing conflicts.

The most common source of conflicts in routine road maintenance microenterprises is related to the use and distribution of the funds of the microenterprise. Conflicts may simply be due to the fact that different microenterprise members are not aware how funds are used and distributed. However, there are also cases where funds are misused by one of the microenterprise members. This may include deception about the final monthly payment in order to reduce the payment to other members, or the withdrawal of funds from the bank account without informing other members.

The most common source of conflicts in road maintenance microenterprises is related to the (mis)use of funds

To avoid such financial conflicts, the final monthly payment is noted down in the Monthly Inspection Form and in the Monthly Report, and copies of both are left with the microenterprise. In addition, all financial transactions have to be recorded in the Cashbook, and payments to the microenterprise members have to be signed upon receipt. The Cashbook is checked once a month by the MPWU Inspector to ensure that all is in order. The correspondence between the Cashbook and the bank account transactions will also be checked every few months. However, despite these checks, it is important that different microenterprise members regularly check the Monthly Inspection Reports, the Monthly Reports and the Cashbook. This will also help them become familiar with these documents, improving their skills.

Regular checking of the Cashbook, Monthly Report and Monthly Inspection Form will reduce the risk of conflicts

A second common source of conflicts is regarding the amount of work carried out by different members. This does not necessarily concern the number of days worked each month, as this is reflected in the monthly payment made to each microenterprise member. Instead it refers to how hard different microenterprise members work during the workday. If some members work

Monthly Report (page 1: person-days)

Reporting period (month):		January 2015	
Road name and length:		Main road Betio (6.60 km), FR01-FR11 (total 3.66 km)	
Microenterprise name:		Betio road maintenance microenterprise	
Name of member		Date	
	1	2	3
Urthna Roneti	1	1	1
Troa Koreaua	1	1	1
Nanotake Ueara	1	1	1
Rine Robuti	1	1	1
Runia Timeon	1	1	1
hookin Taotoo	1	1	1
Urthna Roneti	1	1	1
Troa Koreaua	1	1	1
Nanotake Ueara	1	1	1
Rine Robuti	1	1	1
Runia Timeon	1	1	1
hookin Taotoo	1	1	1
Urthna Roneti	1	1	1
Troa Koreaua	1	1	1
Nanotake Ueara	1	1	1
Rine Robuti	1	1	1
Runia Timeon	1	1	1
hookin Taotoo	1	1	1
Urthna Roneti	1	1	1
Troa Koreaua	1	1	1
Nanotake Ueara	1	1	1
Rine Robuti	1	1	1
Runia Timeon	1	1	1
hookin Taotoo	1	1	1
Urthna Roneti	1	1	1
Troa Koreaua	1	1	1
Nanotake Ueara	1	1	1
Rine Robuti	1	1	1
Runia Timeon	1	1	1
hookin Taotoo	1	1	1
Total	31	30	31
Payment	130.0	122.73	142.73
	①	② = ④ / ③ × ①	
Total person-days by group members		③ = sum ①	
Final monthly payment (\$) (copy from Monthly Inspection Form)		④	

Name of inspector: Urthna Roneti
 Name of microenterprise leader: Urthna Roneti
 Date: 31-01-15

Name of inspector: Batatake Tororo
 Name of microenterprise leader: Batatake Tororo
 Date: 31-01-15

Urthna Roneti / Batatake Tororo

Reporting period (month):		January 2015	
Road name and length:		Main road Betio (6.60 km), FR01-FR11 (total 3.66 km)	
Microenterprise name:		Betio road maintenance microenterprise	
Date		Receipt number	
01-01-15	Transport allowance	\$ 256.50	Amount ①
30-01-15	Monthly payment January	\$ 812.45	Inspection Form Jan
05-01-15	Transport allowance Urtina Roneti	\$ 25.00	Urtina Roneti
05-01-15	Transport allowance Tiroa Koroua	\$ 25.00	Tiroa Koroua
05-01-15	Transport allowance Nantoake Ueara	\$ 25.00	Nantoake Ueara
05-01-15	Transport allowance Rine Robuti	\$ 25.00	Rine Robuti
05-01-15	Transport allowance Runia Timeon	\$ 25.00	Runia Timeon
05-01-15	Transport allowance Iookin Taotao	\$ 25.00	Iookin Taotao
31-01-15	Wage payment Urtina Roneti	\$ 142.73	Urtina Roneti
31-01-15	Wage payment Tiroa Koroua	\$ 126.26	Tiroa Koroua
31-01-15	Wage payment Nantoake Ueara	\$ 137.24	Nantoake Ueara
31-01-15	Wage payment Rine Robuti	\$ 131.75	Rine Robuti
31-01-15	Wage payment Runia Timeon	\$ 131.75	Runia Timeon
31-01-15	Wage payment Iookin Taotao	\$ 142.73	Iookin Taotao
Total income ③=sum ①		\$ 1,068.95	
Total expenditure ④=sum ②		\$ 962.45	
Balance from previous month ⑤		\$	
Balance at end of month ⑥=⑤+③-④		\$	106.50

Cashbook

Reporting period (month):		January 2015	
Road name and length:		Main road Betio (6.60 km), FR01-FR11 (total 3.66 km)	
Microenterprise name:		Betio road maintenance microenterprise	
Date		Days ⑤	
1	Cleaning side drains	6	17.0
2			
3			
4			
5	Cleaning culverts	5	5.0
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
Total days		31	
Remarks		Remarks	
Maintenance activity		Total person-days by group members ⑥=sum ⑤	
	Cleaning side drains	6	17.0
	Cleaning culverts	5	5.0
	Cleaning kerbs		
	Cleaning weepholes		
	Clearing bridges		
	Seawall erosion	6	15.0
	Revetment cracks		
	Coastal erosion		
	Cleaning the roadway	6	15.0
	Unpaved roads		
	Road pavement		
	Road shoulder		
	Controlling vegetation	5	11.0
	Removing garbage	5	5.0
	Maintaining signages		
	Maintaining guardrails		
	Keeping road open		
	Total person-days by group members ⑥=sum ⑤	74.0	
Damage report (mention location and type of damage)		The seawall at marker post 1+300 of the main road is partly damaged and needs to be repaired.	

Monthly Report (page 2: activities and damage)

the number of the receipt. Any payments made to the microenterprise members should be recorded together with their signature proving that payment was made. A separate sheet is used for each month. An example of a Cashbook is provided on the opposite page.

All payments made and received should be recorded in the Cashbook, including payments to microenterprise members

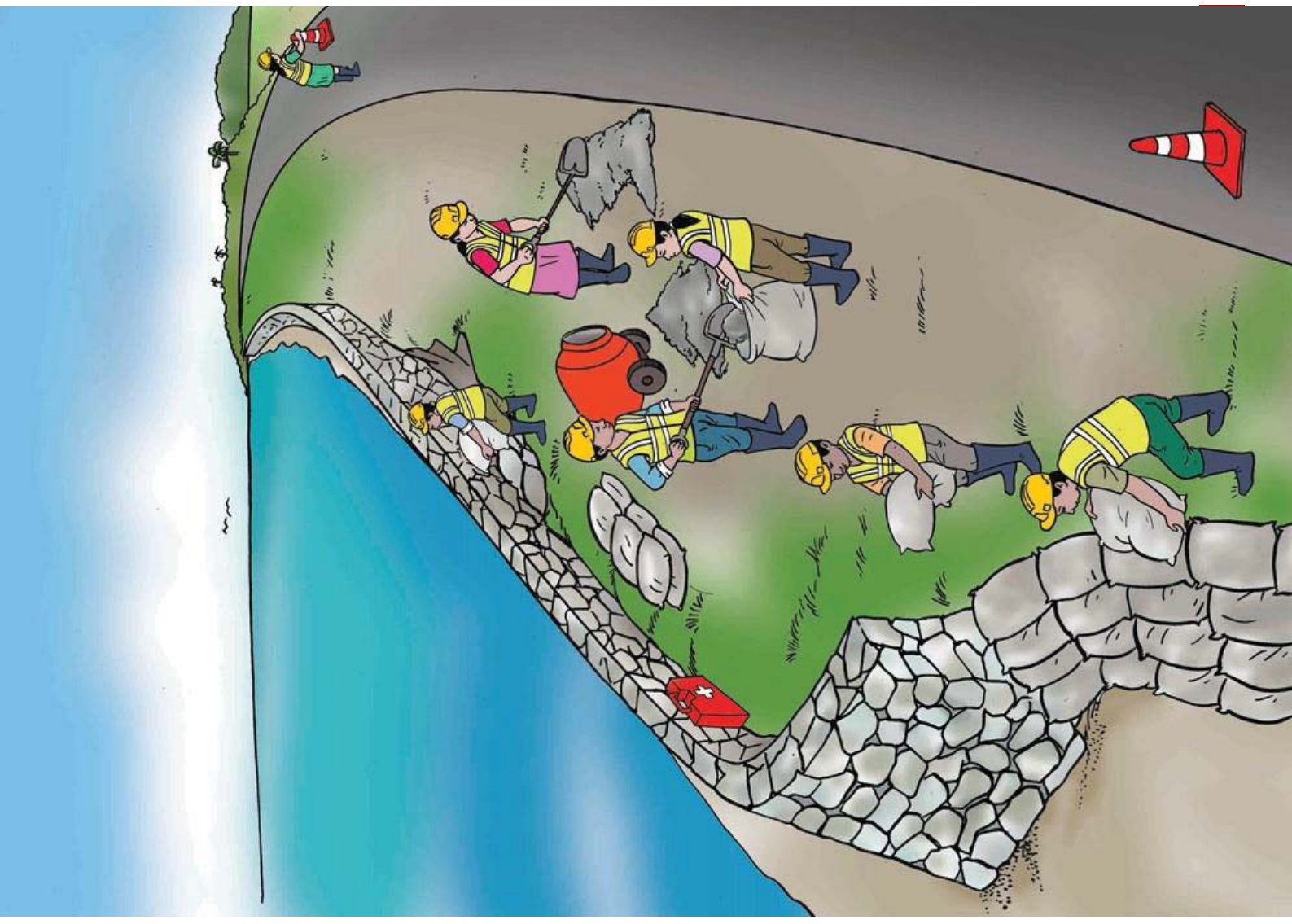
At the start of the month, the general information at the top of the sheet is entered (month, road name, microenterprise name) and the balance from the previous month **5** is copied from the previous month's Cashbook sheet (for the first month this balance is equal to zero). This balance should be equal to the balance in the bank account at the start of the month plus any money that has been withdrawn but has not yet been paid out.

For the duration of the month, any payments received by the microenterprise are entered on the income side **1**, including the transport allowance, the monthly payments for routine road maintenance, and any other payments the microenterprise may receive. On the expenditure side, all payments made by the microenterprise during the month are recorded **2**, including the monthly payments to the microenterprise members, but also the distribution of the transport allowance to each member (the transport allowance may be paid out over several months, remaining in the bank account until it is used).

At the end of the month, the different incomes are added up to calculate the total monthly income **3**. The different expenditures are also added up to calculate the total expenditure **4**. The final balance at the end of the month **6** is calculated by taking the balance from the previous month **5**, adding the total income during the month **3**, and subtracting the total expenditure during the month **4**. The balance at the end of the month should correspond to the balance in the bank account at the end of the month plus any money that was withdrawn but not yet paid out.

The Cashbook should be entered by the microenterprise Treasurer. However, other microenterprise members should be allowed to see the Cashbook and check the balance of the microenterprise. At the end of the month the completed Cashbook sheet is signed by the microenterprise Treasurer and by the microenterprise Leader. Once a month, the Cashbook will be checked by the Inspector of the Ministry of Public Works and Utilities. This is done to avoid any misuse of microenterprise funds by the Leader, Treasurer or any other member. In case of any irregularities, this will be discussed with the microenterprise members.

The Cashbook will be checked monthly by the MPWU Inspector



Payments

The road maintenance microenterprise will receive fixed monthly payments for the work carried out. However, deductions will be made to the monthly payment in case of poor performance of the microenterprise. Employee contributions to the Kiribati Provident Fund will also be withheld from the monthly payments. The resulting payment to the microenterprise will need to be divided between the different microenterprise members. The microenterprise will also receive a transport allowance that will need to be divided between its members. All these financial transactions where payments are received or payments are made, will need to be recorded in a Cashbook.

Inspections and deductions

The Contract Agreement stipulates the monthly payment amount that will be made to the microenterprise. This monthly payment is equal to the accepted bid price divided into 12 equal monthly payments. Where the maintenance activities are performed properly and the road is in good condition, the full monthly payment is made. However, where performance is poor and the road elements do not fully comply with the performance standards, deductions will be made to the monthly payment. The performance is inspected every month, and any deductions are recorded in the Monthly Inspection Report. The Monthly Inspection Report also stipulates the approved monthly payment, which is equal to the full monthly payment minus any deductions. More information on the inspections and deductions can be found in the [Technical Manual](#).

During the monthly inspection deductions may be applied to the monthly payment if performance standards are not complied with

Kiribati Provident Fund

According to national legislation in the Republic of Kiribati, Employers and Employees are both required to pay contributions to the Kiribati Provident Fund. Each contribution is equal to 7.5% of the gross wage payment, which in this case is the approved monthly payment stipulated in the Monthly Inspection Form. The Employee contribution is withheld by the Ministry of Public Works and Utilities from the wage payment to the microenterprise, and is paid directly to the Kiribati Provident Fund together with the Employer contribution. This is also indicated in the Monthly Inspection Form. The final monthly payment

indicated in this form is the approved monthly payment that is made to the microenterprise after any deductions due to poor performance, and after withholding the Employee contribution to the Kiribati Provident Fund.

The Employee contribution to the Kiribati Provident Fund is withheld from the monthly payment to the microenterprise

Payments to members

The final monthly payments are made to the microenterprise through a bank transfer to the bank account opened in name of the microenterprise. These monthly payments need to be distributed amongst the microenterprise members. The amounts to be paid to each microenterprise member have already been determined in the Monthly Report.

The microenterprise Treasurer is responsible for collecting the monthly payment and making the payment to each microenterprise member. The monthly payment received by the maintenance microenterprise and the payments to the microenterprise members need to be recorded in the Cashbook, and signed by each microenterprise member.

The monthly payments to the microenterprise members are indicated in the Monthly Report

Transport allowance

At the start of the routine maintenance contract the microenterprise receives a shared transport allowance of A\$ 25 per kilometre of road covered by the contract (not for each member). This transport allowance can be used by the microenterprise as the members see fit. It can be divided equally, or some members may receive a slightly larger portion as compensation for travel to Betio and Bairiki in relation to the monthly payments. The received transport allowance and its distribution to the microenterprise members need to be recorded in the Cashbook.

Cashbook

The Cashbook serves to record all financial transactions of the microenterprise. All payments received (income) and all payments made (expenditure) are written down in the Cashbook, indicating the date of the transaction, a description of the payment, the amount paid or received, and where applicable