

PROCEDURES / REQUIREMENTS FOR USE OF MUNICIPAL SERVICES IMPROVEMENT PROJECT (MSIP) FUNDS

Principal Requirements for MSIP Project Participation

In order to be eligible for participation within the MSIP project, the municipalities must meet the following principal requirements:

- the municipality has entered the second phase of fiscal decentralization;
- the municipal-owned water and sanitation CSE has submitted a completed data-sheet for the preceding two fiscal years to the IBNET supported benchmarking program implemented by the Association of Public Service Providers (ADKOM);
- the municipality and CSE have published annual budgets and audit reports on their websites;
- transparent operation of the municipality (an established feedback mechanism with regard to residents and enterprises from the municipality such as complaint boxes, open reception, continuously updated websites etc.);
- the proposed sub-project should generate revenues and/or cost savings in the delivery of essential municipal services.

Procedure for Use of MSIP Funds

- The municipality conducts a public debate regarding the implementation of a specific project;
- The municipality submits the project, i.e. the technical documentation and other related documents to the MSIP PMU for review;
- The municipality prepares a Project Appraisal Document based on the technical documentation providing elaboration on the economic, financial and technical evaluation criteria as well as the criteria for environmental and social assessment and submits it to the MSIP PMU;
- After the conducted public debate, the municipal council reaches a decision on borrowing with regard to the implementation of the proposed project;
- The PMU reviews the submitted sub-project documentation and sends it to the World Bank for further approval;
- **The World Bank reviews the sub-project and approves its funding;**
- The municipality submits a Borrowing request to the Ministry of Finance. The Ministry reviews the documentation and provides a no-objection to the borrowing and sub-loan agreement;
- The loan is awarded when the sub-loan agreement is signed between the Ministry of Finance and the municipality;
- The procurement procedure is carried out by the municipality, with the assistance of the MSIP PMU and in accordance with the World Bank procurement procedures;
- **The municipality prepares the bidding documentation which is approved by the World Bank;**
- The municipality signs an agreement with the contractor;
- The municipality implements the project with MSIP PMU constant monitoring;
- The municipality is responsible for the supervision of construction works;
- The payments are made by the MSIP PMU on the basis on interim payment certificates/ invoices by transfer of funds to the municipality separate designated account and the municipality transfers the funds to the contractor within 5 days;
- The World Bank together with the MSIP PMU monitors project implementation.