CONTRACT MANAGEMENT

GUIDANCE NOTE ON PROCUREMENT

DECEMBER 2021

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Note:

In this publication, “\$” refers to United States dollars.

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ABOUT THIS PUBLICATION

In April 2017, the Asian Development Bank (ADB) approved its new procurement framework, the ADB Procurement Policy: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time); and the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time). These replace the former Guidelines on the Use of Consultants (2013, as amended from time to time) and Procurement Guidelines (2015, as amended from time to time). The procurement policy and the procurement regulations address the procurement activities of project executing agencies and implementing agencies on projects financed in whole or in part by a loan or grant from ADB, or by ADB-administered funds. ADB designed the 2017 procurement policy to deliver significant benefits and flexibility throughout the project procurement cycle, as well as to improve project delivery through a renewed focus on the concepts of quality, value for money (VFM), and fitness for purpose.

This note is part of a series of guidance notes published by ADB in 2018 to accompany the 2017 procurement policy and the procurement regulations. Each note discusses a topical issue for borrowers (including grant recipients), bidders, and civil society under the new framework (see list below). The guidance notes cross reference each other frequently and should be read in conjunction. All references to “guidance notes” pertain to these notes. The notes may be updated, replaced, or withdrawn from time to time.

List of Guidance Notes for the 2017 ADB Procurement Policy and the Procurement Regulations

1. Value for Money	14. High-Level Technology
2. Procurement Risk Framework	15. Quality
3. Strategic Procurement Planning	16. Bidding-Related Complaints
4. Procurement Review	17. Noncompliance in Procurement
5. Alternative Procurement Arrangements	18. Standstill Period
6. Open Competitive Bidding	19. State-Owned Enterprises
7. Price Adjustment	20. E-Procurement
8. Abnormally Low Bids	21. Framework Agreements for Consulting Services
9. Domestic Preference	22. Public-Private Partnerships
10. Prequalification	23. Contract Management
11. Subcontracting	24. Fragile, Conflict-Affected, and Emergency Situations
12. Consulting Services Administered by ADB Borrowers	25. Sustainable Public Procurement
13. Nonconsulting Services Administered by ADB Borrowers	26. Use of Merit Point Criteria for Bid Evaluation
-

ADB procurement reforms intend to ensure VFM by improving flexibility, quality, and efficiency throughout the procurement cycle (see illustration below and the *Guidance Note on Value for Money*). VFM is part of a holistic procurement structure with three support pillars: efficiency, quality, and flexibility. The two key principles of transparency and fairness weave across all elements of the structure.

Time

Time is an important element of VFM. When a project is delivered promptly or when a process is completed rapidly, greater value is created for all stakeholders. For example, a road project completed early provides economic benefit, security, or other value to the community it serves. It increases the return on investment to the executing agency and accelerates the project and payment cycle to the successful bidder. Likewise, a project delivered late loses significant value.

When considering VFM in the context of procurement, pay attention to anything that (i) shortens the procurement cycle timeframe, or (ii) accelerates delivery of the development project.

Objective

This guidance note is intended to assist readers by elaborating on and explaining ADB's 2017 procurement policy and procurement regulations for borrowers (including grant recipients).

This note identifies additional information for the reader to consider when applying ADB's procurement policy and procurement regulations to their circumstances.

Living Document

This guidance note is intended to be a living document and will be revised as required.

Be sure to check the ADB Business Center website for the latest version and updates, <https://www.adb.org/business/main>.

The Reader

In many circumstances, readers are expected to use this guidance note in a manner unique to their needs. For consistency throughout the suite of guidance notes, the following assumption is made about the reader:

The reader is a professional involved in activities financed in whole or in part by an ADB loan or grant, or by ADB-administered funds.

FAQs

Frequently asked questions, clarifications, examples, additional information, links to training, and other useful resources will be made available on the ADB website.

Be sure to check the ADB Business Center website for more information, <https://www.adb.org/business/main>.

Legal and Order of Priority

This guidance note explains and elaborates on the provisions of the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) applicable to executing (and implementing) agencies under sovereign (including subsovereign) projects financed in whole or in part by an investment loan from ADB (i.e., excluding ADB results- or policy-based loans), ADB-financed grant (excluding ADB-administered technical assistance and staff consultancies), or by ADB-administered funds.

In the event of any discrepancy between this guidance note and the procurement regulations, the latter will prevail. The financing agreement governs the legal relationships between the borrower and ADB. The rights and obligations between the borrower and the provider of goods, works, or services are governed by the specific procurement document issued by the borrower and by the contract signed between the borrower and the provider, and not by this guidance note.

ABBREVIATIONS

ADB	—	Asian Development Bank
APG	—	advance payment guarantee
CCP	—	community communication plan
CEMP	—	contractor's environment management plan
CMP	—	contract management plan
CSPRA	—	country sector (agency) procurement risk assessment
DNP	—	defect notification period
EOT	—	extension of time
EMP	—	environment management plan
ENAA	—	Engineering Advancement Association of Japan
FIDIC	—	Fédération Internationale des Ingénieurs-Conseils (International Federation of Consulting Engineers)
GCC	—	General Conditions of Contract
ESHS	—	environment, social, and health and safety
LARP	—	Land Acquisition and Resettlement Plan
LOA	—	Letter of Acceptance
MDB	—	multilateral development bank
PCC	—	Particular Conditions of Contract
PIU	—	project implementation unit
PMC	—	project management consultant
PMU	—	project management unit
PMO	—	project management office
PPFD	—	Procurement, Portfolio and Financial Management Department
PPRA	—	project procurement risk assessment
RMG	—	Retention Money Guarantee
SPP	—	Strategic Procurement Planning
VFM	—	value for money

EXECUTIVE SUMMARY

This *Guidance Note on Contract Management* explains the basic principles of contract management and proposes a structured and step-by-step approach to implement it. Recognizing the need to deliver value for money, the guidance note emphasizes demonstrating the benefits of good contract management and how it may be applied in operations financed by the Asian Development Bank (ADB).

How will this guidance note help the user?

Increase Efficiency and Reduce Procurement Time

- Preparing, from the onset, a contract management strategy and mobilizing the relevant resources for it.
- Supporting ongoing monitoring of the contractor's performance.
- Operating a robust contract administration system, including maintaining a robust record management system.

Reduce Risk

- Anticipating what could go wrong, e.g., payment delays, right of access to site.
- Putting in place mitigation measures to address any identified risks.
- Managing the closure of the project, ensuring that no pending issues or obligations remain unaddressed.

Deliver Value for Money

- Through the contractor meeting requirements of the project.
- Completing the project on time or earlier.
- Complying with applicable legislation.

I. Introduction

1.1 The 2017 ADB procurement regulations recognize that one factor contributing to achieving value for money (VFM) is effective contract management. Contract management ensures that supplier, contractor, and/or consultant deliverables are met as agreed under the contract.

1.2 Contract management is the monitoring and control of contractor performance to ensure optimal outcomes from a contract. It includes preparing fit for purpose tools (mainly the Contract Management Plan), mobilizing relevant human resources, monitoring progress toward delivery of contract deliverables, managing payments, controlling variations, measuring contractor performance, and closing out the contract.

1.3 This guidance note provides operational level guidance for borrowers, through their executing and implementing agencies, on how contract management should be applied in ADB-financed projects involving the procurement of goods, works, and services.¹

1.4 This guidance note assists users with contract management in the procurement cycle as shown in Figure 1. The activities relating to the borrower's contract management are determined by decisions taken at the strategic procurement planning stage and will later be implemented from contract award to contract closure, to ensure that contract obligations are met and deliver VFM.

1.5 Appendix 2, the *Manual on Contract Management*, provides further guidance at the operational level and is meant to be used hand in hand with this guidance note. More particularly, the manual explains how executing and implementing agencies can develop a proper CMP and how it can be used as an operational tool to monitor the contractor or supplier's performance—in other words, to “manage the contract.” The manual is also expected to provide guidance on a set of relevant indicators (contract dashboard) to be maintained at all times throughout the life of each contract. This will allow the executing and implementing agencies to take necessary measures to keep their projects on track.

¹ Borrowers, through their executing agencies, and any other party to a financing agreement shall always act in accordance with the highest standard of ethics during any procurement process (including contract management) subject to the procurement regulations and any use of funds, resources, assets, and authority by such parties shall be in accordance with ADB's Anticorruption Guidelines and Integrity Principles and Guidelines (both as amended from time to time).

Figure 1: Contract Management within the ADB Procurement Cycle

Source: Asian Development Bank.

1.6 Figure 2 illustrates when the various contract management activities take place throughout the project cycle.

1.7 This guidance note applies to contracts financed in whole or in part by ADB loan or grant, or by ADB-administered funds, for the procurement of goods, works, or services, including consulting services, to which the procurement regulations apply.²

² In this guidance note, the term “Contractor” will be used to collectively designate a works contractor, a supplier of goods, a consultant or other service provider. The terms “borrower” and “employer” are used interchangeably.

Figure 2: Summary of Contract Management Activities Throughout the Project Cycle

Source: Asian Development Bank.

II. Objective and Benefits of Contract Management

A. Objective of Contract Management

2.1 The aim of contract management is to ensure that all parties meet their contractual obligations under each awarded contract financed in whole or in part by ADB, or by ADB-administered funds. In order for this to be achieved, borrowers must plan properly and deploy the right resources, tools, and techniques ensure this is achieved.

B. Benefits of Contract Management

2.2 Figure 3 summarizes the benefits of good contract management.

Figure 3: Benefits of Good Contract Management

Source: Asian Development Bank.

2.3 Each of these benefits will impact on VFM, for two reasons:

- (i) Contract management increases the likelihood that the contractor will meet the project requirements, helping to realize the VFM available at the time of contract award.
- (ii) Contract management lowers risk in contract implementation, improving the probability that the expected VFM will be achieved.

2.4 In addition, more efficient and effective contract management promotes increased and more timely loan disbursements. Conversely, poor contract management can compromise portfolio performance and delay intended development results. Appendix 1 gives a list of typical contract management issues.

III. The Contract Management Process

3.1 Figure 4 describes the contract management process from the perspective of the borrower, which comprises three stages: precontract award, contract administration, and contract closure.³ Contract “implementation” describes the contractor’s work within the contract and occurs concurrently with the borrower’s stage of contract administration (i.e., the borrower administers the contract while the contractor implements it).

Figure 4: The Borrower’s Contract Management Process

Source: Asian Development Bank.

³ The terms “contract management” and “contract administration” are sometimes interchangeably used in the literature on management topics. To avoid ambiguity, in this guidance note, contract management is used as encompassing all stages and activities aiming at the overall goal of ensuring optimal contract outcomes. Contract administration designates one stage of those activities focusing on the day-to-day interactions with the contractor as required under the contract.

3.2 These stages for the borrower follow a logical flow: the precontract award stage is the design phase of contract management during which the strategy is defined; the contract administration stage consists mainly in implementing this strategy by performing a number of monitoring and control activities in interaction with the contractor, starting from contract award; and the contract closure phase aims at properly “exiting” the contract and drawing lessons for future projects. Each of these stages is described below.

A. Pre-Contract Award

3.3 Contract management needs to be considered early in the procurement process for it to be effective. Its starting point lies in Strategic Procurement Planning stage which should be formulated early on between the project conceptualization and project preparation stages.

3.4 Pre-contract award activities should include a risk assessment which will translate, at contract level, some of the risks which were primarily identified at the Country Partnership Strategy (CPS) stage through the Country/Sector Procurement Risk Assessment (CSPRA) and later on, at the project conceptualization and preparation phase through the Project Procurement Risk Assessment (PPRA)⁴, which itself feeds into the risk assessment that is part of the strategic procurement planning. Such risk assessment will lay the foundation of a contract strategy.

3.5 The contract strategy will then inform the contract management plan (CMP) which will define activities and responsibilities to monitor the contractor’s performance during contract implementation until contract closure. The CMP shall be developed by the borrower at the time of preparation of the bidding document. It shall subsequently be submitted to ADB for endorsement prior to contract signature. It is a key tool of contract management which, during contract implementation, should be updated on a monthly basis and be used to capture and monitor all necessary information on physical progress, technical issues, financial management, time management and other relevant aspects.

3.6 Many of these activities require the contractor and the borrower to perform certain assigned tasks. Some of these tasks may have a cost implication to the contractor and/or borrower, and many will need to be specified in the contract to ensure that the responsibility is a contractual obligation. Therefore, contract management arrangements need to be considered at the time of development of the proposed contract to inform bidders of contractor’s obligations and costs.

1. Develop Risk Assessment

3.7 To develop the contract and to prepare for its implementation, a risk assessment should be conducted at an early stage of the procurement process

⁴ Further information on the general approach to risk management can be found in the *Guidance Note on Procurement Risk Framework*. <https://www.adb.org/sites/default/files/procurement-risk-framework.pdf>.

in the framework of the strategic procurement planning (SPP) stage, and more particularly as part of the project procurement risk assessment (PPRA).

(i) Contract Risk Allocation

3.8 The first aspect of the risk assessment is to define a contract risk allocation. This involves determining the best risk allocation between the borrower and the contractor.⁵ The principle guiding this analysis should be that the party in the best position to control and to manage the identified risk should bear responsibility for that risk under the contract. A party being allocated a risk should take all necessary preventive, mitigating, or corrective measures as deemed fit to manage that risk, with the understanding that should the risk eventuate, this party shall bear the financial consequences thereof (Box 1).

Box 1

Example of Contract Risk Allocation

The risks associated with the design of a complex water treatment plant, and particularly the risk that the plant, once completed, be unfit for its intended purpose, can be transferred to the contractor through the use of a design and build contract, where the contractor holds ultimate responsibility for the design of the works based on the employer's requirements (preferably expressed in the form of performance specifications). Under such contract, no specific design will be prescribed; instead, the contract will stipulate a set of performance specifications that are to be achieved by the facility (e.g. maximum energy consumption, maximum chemicals consumption, plant production in m³/day, chemical contents, noise and odor levels, etc.). It will be contractor's responsibility to select the design most suited to meet these specifications, to develop it and later to implement the works accordingly so that so that performance of the facility conforms to the prescribed targets. This type of contract usually provides for performance damages to which the contractor will be liable in case the prescribed specifications are not met.

Source: Asian Development Bank.

3.9 This contract risk allocation should be based on a technical analysis and a proper market analysis. Borrowers should, however, resist the temptation to “dump” all (or most) allocated risks to the contractor. An unfair or unbalanced risk allocation is likely to discourage competition, drive prices up, and lay the ground for disputes during contract implementation—all circumstances being prejudicial to obtaining VFM.

3.10 Risk allocation should subsequently be reflected in the draft contract so that bidders are able to reflect the cost of their risk in their quoted price.

(ii) Risk Management Plan

3.11 The second aspect of the risk assessment is intended to address the risks. For the identified employer's risks (e.g., delays in granting the contractor right of

⁵ This analysis may be fed by “high level” risks at country or sector level that are identified during the project preparation phase (see the *Guidance Note on Strategic Procurement Planning*).

access to the site, payment delays, etc.), an action plan needs to be prepared for their mitigation (Box 2). For each risk identified, the action plan should define, for each risk identified, preventive, mitigating, or corrective measures, and the party responsible for implementing these measures along with a time frame. The borrower should be aware of the contractor's risks, even if he bears no responsibility towards such risks, and monitor their potential impact on the project.

Box 2

Example of Employer's Risk Management

In some countries, it is a requirement that a state-specialized body approve detailed designs before any work is carried out. This issue may be of particular importance in a design and build contract, since untimely approval is likely to delay the works and give rise to a claim by the contractor. The borrower will thus have to determine a way to "manage" such risk, which could for instance involve the appointment of an officer dedicated to follow-up the approval process in liaison with the contractor and the state-specialized body.

Source: Asian Development Bank.

3.12 The consolidation of all such identified risks, including the associated action plan, is usually referred to as the risk management plan (or contract risk register). It should be managed throughout the contract implementation period and updated as known risks change and new risks are identified. The risk management plan is one component of the contract management plan.

3.13 An example of a risk management plan is shown in Appendix 2.

2. Develop the Contract Management Strategy

3.14 The contract management strategy is the approach to be adopted to enable the proper management of the contractor performance during contract implementation. This involves:

- (i) Calibrating the relevant resources needed to conduct contract administration activities and to manage the risk management plan
- (ii) Defining how the borrower and the contractor will communicate during contract implementation (electronic communication tools, meetings, performance monitoring and reporting, etc.).

3.15 Similarly to the risk assessment referred to above, the assessment of the necessary human resources will be addressed during the strategic procurement planning (SPP) stage, and more particularly as part of the project procurement risk assessment (PPRA).

(i) Calibrating Resources

3.16 The borrower shall put in place a contract management team of the right size and composition. This team may consist of a Project Management Unit (PMU) or Project Implementation Unit (PIU) internal to the Implementation Agency. This aspect is sometimes underestimated, with too much reliance on the works supervision

team on site. The size and composition of the borrower's contract management team should be commensurate to the scale and complexity of the project involved. For example, an ordinary supply contract will not require the same resources as that of a large-scale construction contract. The team should include skills in the relevant technical field, contract management, and document administration (all the above may be limited to one person for a small and/or simple project).

3.17 According to its available resources and competence, the Implementation Agency may wish to recruit an external project management consultant (PMC) to assist and advise its contract management team. For high-value and complex contracts, the Implementation Agency may also need to secure access to specialized external advisory such as local law firms, specialized claim consultants (including in delay analysis experts). Acquisition of other resources such as project management and planning control software (e.g. Primavera) and document management system may also be considered.

3.18 The borrower's contract management team should have access to the appropriate level of decision makers in their organization, so that relevant decisions can be made promptly. Delays in making contract-related decisions have the potential to greatly increase the cost and slow the completion of construction projects (e.g., the approval of a small contract variation, if delayed, can lead to the incurrence of substantial additional costs and time delays, as the contractor is not authorized quickly enough to implement the action required).

(ii) Communication Management

3.19 It is important to define the manner in which the various stakeholders will communicate during the contract implementation period. Several types of meetings should be planned, each with representatives of different levels of seniority, different agendas and frequencies, for instance:

- (a) Weekly meetings between the supervision engineer and the contractor to discuss and resolve day to day technical or administrative issues;
- (b) Monthly meetings between the Implementation Agency, the engineer and the contractor to discuss more strategic issues such as overall work progress, payment issues (payments processed and planned), proposed variations or claims, etc.;
- (c) Monthly or bi-monthly meetings between the engineer and representatives of the employer to discuss any correctives/remedial measures should be envisaged to maintain (or put back) the project on track, as well as any issues regarding the engineer's contract itself;
- (d) Quarterly meetings could also be planned with representatives of the employer, other concerned government stakeholders (line ministries) and representatives of the financiers (ADB and others).

3.20 Prior to the contract commencement, all stakeholders should be informed and agree to participate in such meetings, of which the time, place and format should be clear to all participants.

3. Develop Contract Management Plan

3.21 The contract management plan (CMP) is the primary tool that manages contractor performance. It is an internal document to the borrower and it is not a contractual document. It comprises a set of documents, tables, graphs, or flowcharts providing the relevant template that will be used to generate the monthly project Progress Report with data from the site, designed to provide all meaningful information on how the project is progressing. The CMP thus constitutes the contract dashboard. It should enable the borrower to effectively monitor the project, identify risks and take whatever mitigation or corrective measures as may be required.

3.22 The CMP should be developed during the pre-contract award stage, which will make it a useful tool that will inform the borrower of the characteristics of the contract, the issues to look out for during the contract implementation phase, and the measures against which contractor performance will be gauged.

3.23 The scope and content of a CMP should be commensurate to the complexity, risk, and value of the contract, to ensure that the level of contract performance monitoring and control are adequate.⁶

3.24 For simple and low value contracts, the CMP may be limited to more succinct items, which in accordance with the procurement regulations, may only include the following:

- (i) key roles and responsibilities;
- (ii) key contractual dates and delivery milestones;
- (iii) budget and payment milestones; and
- (iv) record-keeping requirements.

3.25 For projects involving many contracts where it is not practical to have a standalone CMP for each contract, it is suggested that one CMP can cover a group of similar contracts of similar size. Individual CMPs ought to be prepared for large contracts only. Executing agencies should engage with ADB in advance to discuss the packaging of several contracts into a single contract management plan.

3.26 A CMP example is shown in Appendix 4 of this guidance note.

B. Contract Administration

⁶ Appendix 8, para 5, of the procurement regulations sets out the components that should be included in any CMP for simple and lower-value contracts as well as for high-value, high-risk, or complex contracts.

3.27 Contract administration starts at contract award and continues throughout the contract implementation period. It refers to the management of the day-to-day practicalities and administrative requirements under the contract. It also involves taking decisions and actions that may be necessary to maintain or restore the project on track and that will be informed by the monthly progress report (see Box 3 below). Contract administration thus makes up the bulk of contract management activities.

3.28 Contract administration is affected by the decisions that are taken early during the project preparation phase (comprehensiveness of project documents, choice of contract, formulation of project teams, robust short-listing and tender, etc.) The borrower's team must therefore be mindful of contract management requirements from the start of project design and preparation.

3.29 Contract administration is usually the responsibility of an individual designated by the borrower, or may be carried out by expert project management consultants (PMC) engaged by the borrower, especially for large, complex projects.

3.30 Contract administration typically involves:

- (i) records management, including setting up and operating a records management system to record correspondence, claims, meeting minutes, performance reviews and other records as suggested below;
- (ii) managing and tracking of payments to the contractor against invoices and/or claims and the timeliness thereof;
- (iii) managing progress (using scheduling tools) and performance;
- (iv) conducting review meetings;
- (v) managing changes, i.e., variations and projected costs against budget;
- (vi) monitoring health and safety and, where applicable, security arrangements;; and
- (vii) managing claims and disputes

Box 3

Example of Decisions and Actions Guided by Contract Management

- formally put the contractor on notice to increase mobilization and/or issuing instruction to accelerate the rate of progress to preserve the targeted completion date,
- expedite the land acquisition process if still behind schedule,
- mobilize specialized contractors tasked with relocating utilities that may, if not timely removed from the site, cause delays for the main contractor,
- require other contractors employed by the employer to revise their schedule if some unforeseen factors will disrupt the way contractors are supposed to intervene on the site,
- if nothing can be undertaken to eliminate or even to mitigate adverse external factors (e.g. climatic conditions, ground conditions, etc.), simply making sure that necessary funding will be secured in due time to cope with the likely cost consequences thereof (variations to be instructed by the engineer or claims from the contractor)

Source: Asian Development Bank.

1. Records Management

3.31 Records management is an important part of contract administration. Key contract information should always be kept up to date in the records to provide a comprehensive source of information.

3.32 A non-exhaustive list of records that should be maintained and controlled is presented in Box 4. It should be compiled to reflect the specific nature of the contract in question.

Box 4

Common Records to be Maintained through Records Management

- Key stakeholders
- Contract documents
- Insurance policies
- Bank guarantees and indemnities
- Permissions and approvals granted by the relevant authorities
- Plans and schedules
- Safety management plans
- Environmental management plans
- Variation schedules
- Project correspondence (in and out)
- Performance reviews (including contract performance reviews and reports)
- Meeting minutes
- Financial documents (interim payment certificates, invoices, purchase orders)
- Communications and claims and disputes

Source: Asian Development Bank.

3.33 Good records management requires the maintenance of accurate records (be it in digital format and/or paper format) that are accessible at all times. For projects where many documents are generated, it may be necessary that this function be dedicated to a document administrator. For certain projects, it may also be necessary to use an electronic document management system (document control system) that enables storage, reference, exchange, and retrieval of documents through specific software.

2. Performance Management

3.34 The procurement regulations require that the borrower proactively monitor the performance and progress of awarded contracts and to provide timely reports to ADB on performance and progress.

3.35 For works contracts, the monthly progress report will provide the key data to monitor progress. The monthly progress report, based on the template defined in the CMP, will usually be prepared by the supervision engineer or other personnel of the borrower (depending on the contract used), conducting regular site inspections and tests (including tests on completion and, as applicable, tests after completion).

Progress reports will be based on the contractor's own progress reports together with other elements such as safeguard monitoring reports. The monthly progress report will typically include, among other elements:⁷

- (i) charts and detailed descriptions of progress (with relevant photographs);
- (ii) safety statistics, including details of any hazardous incidents and activities relating to environmental aspects and public relations; and
- (iii) comparisons of actual and planned progress, with details of any events or circumstances that may jeopardize the completion under the contract, and the measures being (or to be) adopted to overcome delays.

3.36 Performance management also involves monitoring the contractor's obligation to implement actions agreed in the safeguard management plans (environmental management plan including health and safety management plan). Proper management of the contractor's performance in this field can improve the environmental and social benefits of a project.

3.37 Performance monitoring and management is often performed via scheduled contract review meetings between the borrower and the contractor. The focus of review meetings should be balanced between backward looking (e.g., reviewing past performance) and forward looking (e.g., work planning, continuous improvement initiatives). Best practice is to focus 40% of the review meeting on past performance and 60% on forward looking items. Figure 5 lists typical items covered in review meetings.

Figure 5: Balancing the Focus of Performance Review Meetings

Source: Asian Development Bank.

⁷ If the borrower is using the Multilateral Development Bank Harmonized Edition (2010) of the FIDIC Conditions of Contract for Construction, refer to sub-clause 4.21 (Progress Reports).

3. Managing Payments

3.38 Payments must be carefully managed under the relevant contract provisions. Proper management of payments means not only making (timely) payments as and when required under the contract, but also monitoring actual against forecast payments (retrospective view) and assessing payments that will be due (prospective view). ADB encourages proactive and robust financial management of contracts by its borrowers to improve loan disbursements planning and overall performance of its loan portfolio.

4. Managing Changes

3.39 The borrower manages contract variations during implementation of the contract. Efficient and effective management of the processing of contract variations is one of the most critical parts of contract management.

3.40 The contract should describe the process for initiating and getting approval for variations. Such provisions should specify the scope of the engineer (or contract manager or contract)'s authority to approve changes depending on value and significance (in terms of quality, cost, and timing), and how initiation and implementation of approved changes will take place.

3.41 Contract variations will translate into a change in the quantity, nature or sequence of the works, goods or services to be provided. They can be motivated by the reassessment of the employer's needs or as the response to unforeseen events occurring at the site (e.g. discovery of unforeseeable ground conditions).

3.42 In handling a variation claim, the borrower should

- (i) assess the reasons for the variation, and whether this may show an emerging or actual performance problem;
- (ii) assess the impact of the variation on the contract deliverables;
- (iii) determine the effect the variation will have on the overall contract price and schedule; and
- (iv) follow the terms and conditions stated in the contract for review and approval of variations.

3.43 Any significant variation or contract amendment should duly be reported by the borrower to ADB in the periodic report, or separately if the impact on the deliverables is significant. For contracts subject to prior review, the borrower shall seek ADB's no-objection where any modification would individually or in aggregate increase the original contract price by more than 15% (Appendix 6, para 9, of the procurement regulations).

5. Claim and Dispute Management

3.44 When a matter cannot be resolved amicably and does crystallize into a dispute, the parties should carefully comply with the dispute resolution mechanism set forth in the contract. ADB's preference is that borrowers use commercial

arbitration. For works contracts and supply and installation contracts, prior to referring the dispute to arbitration, the matter should first be referred to a dispute adjudication board or adjudicator designed to permit a speedier time bound and on-site dispute settlement.

3.45 Proper management of disputes is necessary, and the progress and outcome of all significant disputes should be reported to ADB.

C. Contract Closure

1. Contract Close Out

3.46 The last stage of contract management is contract closure. Contract closure is often overlooked or handled poorly, since the main deliverables have been completed and parties to the contract focus on other priorities. However, contract closure is important because it provides a clear end to the contract with the contractor and minimizes the risks to the borrower of:

- (i) potential contractual claims;
- (ii) financial exposure; and
- (iii) operational impact of a poor transition.

3.47 Aside from termination, a contract closes when both parties have discharged all their obligations. Where the contract is completed under its terms and conditions, contract closure begins with:

- (i) (i) the borrower confirming internally that the specified contract deliverables have been completed and that there are no outstanding matters or issues that remain unresolved; and
- (ii) the borrower confirming to the contractor that the contract is completed, apart from any agreed-upon, ongoing warranties (or guarantees if applicable).

3.48 After the parties agree that the contract has been completed, the closure process (particularly for more complex works) typically requires the parties to:

- (i) complete all administrative matters;
- (ii) confirm that all the goods, services, and technical inputs have been received, including as-built drawings for works, operating manuals, user training, and warranties;
- (iii) test / install / inspect / commission and hand over the works, goods, and, where appropriate, services;
- (iv) prepare a final defects list ("snag list");
- (v) determine the extent of any liquidated damages to be deducted from the contract price (delay damages and/or performance damages);
- (vi) prepare the completion certificate;
- (vii) finalize payments;
- (viii) during the liability period, follow-up remedial works on the defects list;

- (ix) record the date and details of the final inspection at the end of the defect notification period and issuance of the performance certificate (in accordance with the specific procedures provided for in the contract);
- (x) record the end of the retention and guarantee periods, and the date of release of retention monies and/or guarantees;
- (xi) handle warranties, indemnities, and insurance;
- (xii) summarize any claims made against or received from the contractor by the executing agency;
- (xiii) record final contract payments, and reconcile all payments; and
- (xiv) record any transfer of assets, asset verification, and disposals.

2. Post-Contract Review

3.49 Best practice contract closure includes a post-closure contract review and reporting of the review findings to ADB, comprising the following items:

- (i) safety and environmental performance, including details of any significant incidents;
- (ii) the financial outcome of the contract, i.e.,
 - (a) the initial accepted contract amount;
 - (b) the impact on the initial contract amount of changes to quantities (for unit price contracts);
 - (c) price adjustments;
 - (d) exchange rate fluctuations (for contracts payable in one or several foreign currencies); and
 - (e) the impact on the contract cost of variations, claims, and disputes;
- (iii) a comparison between the baseline program and actual/final time schedule;
- (iv) an overall performance evaluation based on the key performance indicators; and
- (v) any lessons learned and recommendations for future, similar projects.

3. Filing of Contract Records

3.50 The last task that needs to be carried out is the retention and secure filing and storage of contract documentation and records (in physical and digital form).⁸ Such records as the as-built documents may be necessary to allow future works to be done either on or in interface with the project.

3.51 For projects under post review procedure by ADB, another reason to keep proper filing and securing of records is due to ADB's right to conduct audits up to 2 years after the project closing date.

⁸ Depending on the nature of the document (contract, invoice, minutes, etc.) and the jurisdiction, the minimum retention period for such records may be between 1 and 30 years.

IV. Reporting to and Requesting No-Objection from ADB

4.1 As per the procurement regulations, beyond preparing a CMP acceptable to ADB prior to contract signing, borrowers should monitor the performance and progress of contracts under the CMP and provide timely reports to ADB. Reporting to ADB should be regarded as an ongoing activity throughout contract implementation.

4.2 As noted in paragraph 3.39, for contracts subject to prior review, the borrower shall seek ADB's no-objection for any significant variation.

4.3 Monthly progress reports will be reviewed by ADB as part of the project review missions. The areas of particular attention will be the following:

- (i) risk management;
- (ii) progress monitoring and contractor performance evaluation measurement;
- (iii) financial management data;
- (iv) instructed or agreed-on variations and contract amendments; and
- (v) ongoing and settled claims and disputes.

Box 5

Summary of Borrower's Responsibilities

- Planning contract management during the precontract award stage and incorporating contract management requirements into the draft contract
- Developing a CMP prior to contract award
- Submitting a completed CMP to ADB prior to contract signing
- Implementing the CMP, to ensure that contract performance is satisfactory, appropriate stakeholders are informed, and all contract requirements are met
- Submitting quarterly performance reports to ADB during contract implementation
- Requesting ADB's no-objection where any modification would individually or in aggregate increase the original contract price by over 15% (for contracts subject to post review)
- Preparing and submitting postcontract closure performance report

Source: Asian Development Bank.

V. Resources for Further Review

5.1 The following resources may be consulted for further information related to contract management:

P. Bailly et al. 2015. *Procurement Principles and Management*. 11th ed. UK: Pearson.

Corbett & Co. International Construction Lawyers. 2017. *FIDIC 2017, A Practical Legal Guide*. Edinburg: Corbett & Co

R. D. Elsey. 2007. *Contract Management Guide*. UK: Chartered Institute of Procurement and Supply.

Government of the United Kingdom, Guidance by the National Audit Office. 2016. *Good Practice Contract Management*. London.

J. A. Huse. 2013. *Understanding and Negotiating Turnkey and EPC Contracts*. 3rd ed. UK: Sweet & Maxwell.

A-V Jaeger and G-S Hök. 2010. *FIDIC—A Guide for Practitioners*. Heidelberg: Springer.

R. Knutson et al. 2005. *FIDIC—An Analysis of International Construction Contracts*. The Hague: Kluwer Law International.

P. Loots and D. Charrett. 2009. *Practical Guide to Engineering and Construction Contracts*. Australia: CCH Australia Limited.

K. Lysons and B. Farrington. 2016. *Procurement & Supply Chain Management*. 9th ed. UK: Pearson.

P. Marsh. 1998. *Study Guide: Project and Contract Management*. UK: Chartered Institute of Purchasing and Supply.

P. Marsh. 2000. *Contracting for Engineering and Construction Projects*. 5th ed. UK: Routledge–Gower Publishing.

Appendix 1: Typical Contract Management Issues

A1.1 Those with experience managing contracts will be aware of issues that arise during the contract implementation phase from their own experience. A nonexhaustive list of typical issues is given below as a prompt for consideration by contract managers, and as inputs into the contract risk assessment. Risk mitigation actions resulting from any of the issues identified in the risk assessment should be included in the Risk Management Plan, which is part of the contract management plan (CMP). The *Manual on Contract Management* has substantial information on CMP, including a CMP template describing a contract's contents, and suggests how the collected information may be interpreted. However, this CMP template is not a "one-size-fits-all" template and should be adapted to the needs of each contract considering its size, risks, and complexity and capacity constraints of executing agencies and/or implementing agencies.

A1A. For Works, Plant, and Related Services

- (i) Misuse of mobilization advance by the contractor for purposes not related to contract.
- (ii) Delays in handing over possession of an encumbrance-free site.
- (iii) Resettlement issues or local disturbances at site.
- (iv) Non-submission of work program.
- (v) Delay in submission of insurance documents.
- (vi) Late or non-submission of a quality assurance plan.
- (vii) The whole contract is unofficially sold/sub-let to another unskilled contractor who has no capacity to manage the contract.
- (viii) Use of unauthorized sub-contractors.
- (ix) Delay in procurement of construction materials by the contractor due to non-availability of materials or a sudden increase in price of materials in the market.
- (x) Delay in mobilization of key personnel and equipment.
- (xi) Poor quality or non-conformance of deliverables produced by contractor.
- (xii) Lack of proper pre- or post-delivery inspection of goods.
- (xiii) Non-payment by contractors to subcontractors or material suppliers.
- (xiv) Non-compliance with environmental protection measures and safety rules.
- (xv) Non-submission of technical test reports.

- (xvi) Lack of communication, non-submission of monthly progress reports.
- (xvii) Variations and extension of time are granted without justification.
- (xviii) Disagreement on claims or rates of new items.
- (xix) Incomplete or delayed submission/processing of contract variation requests.
- (xx) Late processing of interim billing and final payments by the borrower.
- (xxi) Delay in defects correction.
- (xxii) Improper application of contractual-based termination provisions.
- (xxiii) Delays in actioning dispute resolution mechanism (e.g., dispute adjudication board).

A1B. For Consulting Services

- (i) Key personnel lack practical experience of the specific field of expertise.
- (ii) Practical knowledge and experience of the consultants in the areas of expertise are found to be not consistent as mentioned in their CVs.
- (iii) The team leader fails to maintain good relations with the borrower contract team, other officials, or with the team members.
- (iv) Delays in mobilization of the consultant team.
- (v) Unjustified claims with time and/or cost impacts.
- (vi) Frequent replacement of personnel.
- (vii) Lack of capacity of the borrower to manage the consultant performance and outputs and consultant's delay in the timely delivery of the agreed deliverables by increasing expert inputs, in case of a time-based contract.
- (viii) Substandard quality of deliverables.
- (ix) Deviations from agreed terms of reference.
- (x) Late processing of interim and final payments by the borrower.
- (xi) Delays in actioning dispute resolution mechanisms.

Appendix 2: Example of A Risk Management Plan

A2.1 The table below gives an example of a risk management plan:

Risk	Probability	Impact	Counter-Measure	Timeline	Responsible
Inexperienced project team	High	High	<ul style="list-style-type: none"> • Training for all team members • Deploying experienced consultant 	First quarter after project implementation unit is established	Borrower's Project manager
Contractor not experienced in ADB projects	Medium	High	<ul style="list-style-type: none"> • Present all details during kick-off meeting(s) • Request training of Contractor's staff • Encourage Contractor to hire experienced project manager 	Contract effectiveness	Borrower's Project manager Contractor's project manager
Natural disaster	Low	High	<ul style="list-style-type: none"> • Ensure that all adequate insurance policies have been contracted, paid, and maintained 	Contract effectiveness, then yearly	Contractor's Project manager
Land acquisition not fully completed in time to handover the construction sites to the Contractor	Medium	High	<ul style="list-style-type: none"> • Ensure advance actions for smooth handing over of sites to Contractors as per schedule • Ensure regular meetings of coordinating / steering committee for inter-departmental clearances 	Prior to contract award and thereafter continuous until site is fully handed over to the Contractor	Borrower's project manager

continued on next page

Appendix 2 Table *continued*

Risk	Probability	Impact	Counter-Measure	Timeline	Responsible
Low awareness about Construction/ Contractor's environmental management plan	Medium	High	<ul style="list-style-type: none"> • Make environmental management plan as part of the contract 	Prior to tendering	Borrower's Procurement team
Contract rates become unrealistic due to high volatility of market prices for certain materials	Medium	High	<ul style="list-style-type: none"> • Carefully consider risk to be borne by employer by introducing price adjustment clause irrespective of the duration of the contract 	Prior to tendering	Borrower's Procurement team
Single foreign Contractor is inexperienced in the country	Low	High	<ul style="list-style-type: none"> • Engineer to closely monitor the material and other sub-contracting arrangements and ensure qualified, approved sub-contractors working on the site 	Kick-off meeting and continuous	Borrower's Project Manager and Contractor's project manager
Major partner of joint venture not participating in contract implementation	Medium	High	<ul style="list-style-type: none"> • Ensure appropriate, stringent clauses in the contract such as "project manager and key personnel must be from major joint venture partner and full time on site" 	Procurement stage and contract signing stage	Borrower's Procurement team and project manager

continued on next page

Appendix 2 Table *continued*

Risk	Probability	Impact	Counter-Measure	Timeline	Responsible
Insufficient cash flow of the Contractor affecting the progress. Works on hand of the Contractor are beyond the capacity of the Contractor to simultaneously perform on commitments.	Medium	High	<ul style="list-style-type: none">• Careful assessment of the capacity of the Contractor to mobilize financial resources at the procurement stage. The current contractual commitments of the Contractor need to be carefully examined before awarding the works.	Procurement stage	Borrower's Procurement team

Appendix 3: Manual on Contract Management

OVERVIEW

A3.2 In 2017, the Asian Development Bank (ADB) adopted the new Procurement Policy and the Procurement Regulations for ADB Borrowers, which are intended to improve business processes and change procurement from a rules-based to a principles-based approach.

A3.3 The Procurement Policy is underpinned by the notion that to achieve better outcomes, a stronger emphasis should be placed both on the upstream and downstream phases and processes of a transaction. The upstream process consists mainly of assessing the operating environment, risks, and market conditions, to develop a procurement plan that will likely deliver the most value for money (a process called strategic procurement planning). The downstream process consists of ensuring that the services, goods, or works are delivered per agreed specifications, schedule, and budget; in other words, ensuring that, once selected, either the consultant, supplier or contractor will duly comply with its contractual obligations so that the planned outcomes of the project will actually be delivered. This process is called contract management and is the purpose of the present manual.

A3.4 This *Manual on Contract Management* supplements the *Guidance Note on Contract Management* and explains the purpose and recommended contents of a CMP. It is meant to provide guidance at the operational level on use of the CMP for monitoring the performance of the contractor⁹ and for reporting to ADB.

A3.5 The manual is intended mainly for ADB borrowers,¹⁰ particularly their executing agencies or implementing agencies acting as “the client” or “the employer” under the contracts with contractors. However, it should be noted that the executing or implementing agency is not required to abolish its own monitoring report or CMP form, if it is already using one, which covers the necessary information described in this document.

⁹ The term “contractors” also includes suppliers of goods or providers of consultancy or nonconsultancy services.

¹⁰ The term “borrowers” also includes the recipient of grants. It applies to sovereign as well as nonsovereign operations.

INTRODUCTION

A3.6 The *Procurement Regulations for ADB Borrowers* (henceforth Procurement Regulations) requires that a CMP acceptable to ADB should be developed during contract creation; thus, it must be prepared at the time of bidding document preparation and must be completed by the time of contract signing. The Procurement Regulations further recommend that the borrower monitor the performance and progress of the contracts in accordance with the CMP, and to provide timely reports to ADB.¹¹

A3.7 These recommendations were further elaborated on in the *Guidance Note on Contract Management* first issued in June 2018¹² and subsequently updated in December 2021. In the Guidance Note, contract management is described as a continuous process that can be described in three main phases: precontract award activities, contract administration, and contract closure. In this context, it characterizes the CMP as a fundamental tool for contract management, which is developed as part of the precontract activities, and which should be used during the entire contract administration phase. The present manual describes and explains in detail the CMP's structure, contents, and purpose.

I. What is A Contract Management Plan and Why Use It?

A3.8 The contract management plan (CMP) is a key tool that captures and monitors all necessary information on a project's physical progress, technical issues, financial management, time management, safeguards, gender, and other relevant aspects. It is to be maintained on a monthly basis.

A3.9 In more concrete terms, the CMP is a set of tables, schedules, graphs, and photographs providing the guidance on content, procedures, and format to be used in generating monthly project progress reports the purpose of which is to provide all relevant information showing how the project is progressing. The CMP thus constitutes the contract dashboard. It enables the employer to effectively monitor the project; identify risks; and take whatever mitigation, preventive, or corrective measures as may be required.

A3.10 This manual provides a template for the CMP, describes its contents, and suggests how the collected information may be interpreted. This template was designed for use in works contracts (including Design and Build contracts or Design–Build–Operate contracts), although it can be adapted as well for consultancy or nonconsultancy services—to a lesser extent for supply contracts due to the lesser interaction between the client and the supplier of goods.

¹¹ See Appendix 8, paragraph 3 of the Procurement Regulations for ADB Borrowers.

¹² The *Guidance Note on Contract Management* was issued as part as a series of guidance notes to elaborate on the Procurement Regulations.

A3.11 The proposed template cannot be considered as one-size-fits-all and should be adapted to the needs of each contract considering its size, complexity, and capacity constraints of executing agencies and/or implementing agencies. When used for a project that includes numerous contracts of similar nature (for instance, the construction of schools grouped in several distinct batches or lots), a CMP may be used at a “macro level.” This will aggregate the data of all contracts into one single CMP, although convenient for reporting purpose, this approach will not allow for the detection of issues affecting one particular contract.

II. Creating the Contract Management Plan

A3.12 The CMP should be generated during the precontract award phase of the contract management process (Figure A3.1) and should be updated thereafter in the form of monthly progress reports throughout the implementation phase and until contract closure.

Figure A3.1: The Contract Management Process

ADB = Asian Development Bank.

Source: Asian Development Bank (Procurement, Portfolio and Financial Management Department).

A3.13 The CMP should be based, among other elements, on the project risk assessment relevant to the contract. Section 3 of the CMP template (risk management plan) includes a risk management matrix that should be monitored throughout contract implementation. The nature and type of risks that should be incorporated in the risk management plan of the CMP should be derived and cascaded from the risk analysis conducted at the time of the project procurement risk analysis and strategic procurement planning analysis.

A3.14 As required by the Procurement Regulations, the CMP should be prepared “during contract creation and completed by the time the contract is signed”, which means, in practice, by the time the bidding document is prepared. The CMP should thus be prepared by the executing agency or implementing agency (whichever entity is responsible for preparing the bidding document), or perhaps by the consultants engaged by them to prepare the bidding document.

A3.15 The Procurement Regulations further require that the CMP be submitted to ADB for clearance “at the time the contract is signed”, which in practice will be after the bid evaluation is completed, and before (or at the same time as) contract award. It shall be reviewed by an ADB project officer from the operations department, with the support of the Procurement, Portfolio and Financial Management Department (PPFD) procurement specialist if needed.

III. Generating the Monthly Progress Report from the Contract Management Plan

3.1 Creation and Update of the Contract Management Plan

A3.16 Once the CMP has been designed and approved and once the contract becomes effective,¹³ all relevant project data should be collected to generate the monthly progress report, thus providing the implementing agency (as “the Employer”) with a tool to monitor the progress of the works or services; in other words, “to manage the contract.”

A3.17 The responsibility for generating the progress report should normally be incumbent upon the supervision consultant designated as the “Project Manager” or “Engineer” (hereinafter referred to as the Engineer). A primary source of information should be the contractor’s progress report, which is usually submitted on a monthly basis (Figure A3.2). Another source of information is the monitoring reports prepared by the safeguard specialists or gender and/or social specialists who are usually part of the supervision consultant’s team. These reports will cover the monitoring of the environment management plan, including the health and safety monitoring reports, and the social safeguards. The supervision consultant may also have to collect information from the executing agency or implementing agency with respect to obligations that are incumbent upon “the Client” or “the Employer,” such as securing certain permits, processing the land acquisition and resettlement plan, moving some utilities, etc.

¹³ Works contracts usually become effective upon the issuance of the letter of acceptance. However, in some jurisdictions, the actual signature of a contract agreement may be required for the contract to become effective.

Figure A3.2: Contract Management—Source of Information

ADB = Asian Development Bank, IA = implementing agency.

Source: Asian Development Bank (Procurement, Portfolio and Financial Management Department).

A3.18 It is therefore important that the terms of reference of the supervision consultant specifically include the responsibility of gathering the relevant information to generate the monthly progress report.

Figure A3.3: Updating the Contract Management Plan

As per Reporting Format (Contract Management Plan)	Frequency

ADB = Asian Development Bank.

Source: Asian Development Bank (Procurement, Portfolio and Financial Management Department).

3.2 Application of the Contract Management Plan

A3.19 The CMP and the monthly progress reports generated therefrom should be a primary tool in the hand of the project management office (PMO) or project implementation unit (PIU), or other entity in charge of the project

within the implementing agency. The progress report, which is usually updated monthly, provides all relevant information on how the project is progressing and where potential risks may be. It thus informs any decision needed to be taken to implement mitigating, preventive, or corrective measures.

A3.20 For instance, the lack of physical progress (lag between planned and actual progress) reported in the monthly progress report may be ascribable to several factors:

- (i) the Contractor, because (for instance) it did not mobilize sufficient resources, or because these resources are not properly used for the contract;
- (ii) the Employer, because (for instance) unencumbered access to site could not be granted to the Contractor or because other contractors employed by the employer hamper progress; and
- (iii) other factors external to the Contractor or the Employer, such as exceptionally adverse climatic conditions or unforeseeable ground conditions delaying the contractor.

A3.21 Irrespective of how the contract allocates risks and which party should eventually be liable for the consequences of such risks (in terms of time and cost), the implementing agency should proactively manage such risks, and where possible and relevant, take preventive or corrective measures. This may for instance consist of

- (i) formally putting the Contractor on notice to increase mobilization and/or issuing instruction to accelerate the rate of progress;
- (ii) expediting the land acquisition process if still behind schedule;
- (iii) reorganizing or rescheduling the way other contractors using the site should intervene; or
- (iv) if nothing can be undertaken to eliminate or even to mitigate adverse external factors (e.g., climatic conditions, ground conditions, etc.), simply making sure that necessary funding will be secured in due time to cope with the likely consequences (variations to be instructed or claims from the Contractor).

A3.22 Moreover, the monthly progress report may be used to complement the progress reports that the executing agency has to provide ADB as part of the loan or grant covenant. This could be useful where specific circumstances relating to a given contract will generate some issues in term of loan implementation (e.g., lack of progress or delay, significant claims or disputes).

A3.23 The use of the CMP and the monthly progress reports generated therefrom should not however be seen as creating new and additional reporting requirements for the executing agency. From the executing agency's perspective, the CMP and monthly progress report are tools for managing Contractors' performance. Regardless of the scope and extent of reporting requirements to ADB, to meet the loan or grant covenant, their use should thus be considered as best practice for contract management.

IV. Description of the Contract Management Plan

A3.24 While there could be many other formats and layouts, the proposed CMP template in this manual reflects the most common type of data usually collected to ensure a robust “management of the contract”, thus can be considered to reflect best practice.

A3.25 The CMP template is mostly appropriate for infrastructure works contracts. It can be adapted or simplified for monitoring contracts for consultancy or nonconsultancy services, and to some extent the supply of goods. For goods supply contracts, since the performance of the supplier will be measured largely on the achievement of one sole milestone, which is the actual delivery of goods, the key aspect of “program monitoring” (described section 4 of the CMP) can be significantly simplified.

A3.26 As mentioned in chapter 3, it should also be noted that the proposed template should not be considered as one-size-fits-all but tailored to the actual needs and characteristics of the actual contract to be monitored. The scope and content of a CMP should be commensurate to the complexity, risk, and value of the contract.

A3.27 For simple and low-value contracts, the CMP may be limited to more succinct items, which in accordance with the procurement regulations, may only include the following:

- (i) key roles and responsibilities,
- (ii) key contractual dates and delivery milestones,
- (iii) budget and payment milestones (including bank guarantees), and
- (iv) record-keeping requirements.

A3.28 For simple and low-value contracts, the CMP may cover only five sections, as shown in Box A3.1. The five sections listed below are extracted from the sections recommended for a full-fledged CMP, which is described in detail in subchapter 4.2.

Box A3.1**Elements of a Contract Management Plan for Simple and Low-Value Contracts****Part A: Monthly Progress Report**

Project Background

Executive Summary

Monthly Progress Update

- Section 4: Program Monitoring
- Section 6: Financial Management
- Section 8: Environment, Social, Health and Safety, Security-Related Obligations
- Section 9: Completion of Work and Contract Closure Activities
- Section 10: Recent Photographs of Site Activities

Part B: Contract Key Data and Information

Contract Details

Communication and Report

Bank Securities and Insurances

Source: Asian Development Bank.

4.1 Contract Management Plan Structure

A3.29 The proposed CMP template contains two main parts:

- Part A: Monthly Progress Report
- Part B: Contract Key Data and Information

Part A: Monthly Progress Report***Project Background***

A3.30 The project background is meant to provide key factual and descriptive (and thus nonvariable) elements of the contract. It is usually laid on a one-page schedule so as to give a “project at a glance” view of the contract. This description will usually contain the following elements:

- (i) Project rationale, project funding, including loan or grant number, title and closing date of the loan or grant
- (ii) Contract scope (only a brief description, maximum of 1 paragraph)
- (iii) Contract type
- (iv) Key procurement milestones (bid submission date, date of contract award)
- (v) Parties to the contract (Employer and Contractor’s name)
- (vi) Contract amount, amounts to be paid in various currencies
- (vii) Key contract milestones (contract signature date, commencement date, and expected completion date)
- (viii) Time for completion
- (ix) Consultant’s name and project management consultant’s name (if applicable)

Executive Summary

A3.31 The executive summary provides the key conclusions tailored for decision makers. Typically, the executive summary is a few paragraphs that briefly set out the key issues together with recommendations for actions to be taken relating to the reporting period. The following topics may be covered:

- (i) cash flow utilization: actual versus planned;
- (ii) physical progress: main progress activities during the month vs planned milestones;
- (iii) main risks, challenges, and issues encountered during the month; and
- (iv) main mitigation, preventive, or corrective measures envisaged and person(s) responsible to carry out such measures.

A3.32 For a project comprising multiple contracts managed by one or several implementing agencies, themselves reporting to the same executing agency, a collation of the executive summaries of each progress report, can serve as the high-level portfolio reporting for submission to the executing agency.

Monthly Progress Update

A3.33 This is the core and dynamic part of the progress report. A large part of the information needed should be present in the Contractor's monthly report from which the Engineer can extract information to generate the progress report. The update is divided into 10 sections, which are described in detail in subchapter 4.2.

Part B: Contract Key Data and Information

A3.34 This descriptive part of the CMP contains all reference data and information that are in principle invariant over the contract life, such as relevant contract details, key points of contract, description of bank guarantees, and insurances submitted by the Contractor. part B is divided into three sections, which are described in subchapter 4.3.

4.2 Description of the Monthly Progress Update

A3.35 The project monthly update can be divided into the following 10 sections:

- (i) Section 1: Permits, Licenses, and Approvals
- (ii) Section 2: Contract Start-Up Activities and Submittals
- (iii) Section 3: Risk Management
- (iv) Section 4: Program Monitoring
- (v) Section 5: Change Management
- (vi) Section 6: Financial Management
- (vii) Section 7: Disputes
- (viii) Section 8: Environment, Social, Health and Safety, Security-Related Obligations
- (ix) Section 9: Completion of Work and Contract Closure Activities
- (x) Section 10: Recent Photographs of Site Activities

4.2.1 Section 1: Permits, Licenses and Approvals

A3.36 This section lists all permits, licenses, and approvals that should be obtained, either by the Employer or the Contractor before all or part of the works can start (or shortly after). This may include (i) planning; (ii) zoning or building permits; (iii) registration with the local engineering or contractor council; (iv) utilities removal or relocation; (v) tax registration, for the purpose of setting up the Contractor’s in-country subsidiary or branch office; and (vi) customs or tax exemptions. The final list should be determined at the strategic procurement planning (SPP) stage.

Table A3.1: List of Permits, Licences, and Approvals

Application Type	Relevant Law or Regulation	Responsible Party	Approving Authority	Due/Planned Date	Actual Date	Validity Period	Current Status Comment
		[Employer]					
		[Contractor]					

A3.37 Some of these permits, licenses, and approvals should be obtained by the Employer, others by the Contractor. It is therefore important to keep track of these permits to make sure that they are secured in due time.

A3.38 Typically, when they are the responsibility of the Employer (e.g., customs duties exemptions), failure to timely obtain such permits, licenses, or approvals will entitle the Contractor to claim compensation for cost and/or time extension. Besides, implementing agencies should be aware that even when the Contractor is responsible for obtaining such permits, licenses, or approvals, the contract may stipulate that the Employer should be responsible for providing assistance to the Contractor in obtaining them, and failure to provide such assistance may thus also be grounds for a Contractor’s claim.

A3.39 Therefore, keeping track of the process for securing all such permits, licenses, or approvals, and the recording of any variance between due dates, and actual dates and their reasons, will be key to avoiding or at least limiting administrative impediments to the proper progress of the works. If needed, additional resources within the implementing agency, or possibly assistance from another government entity or department, should be considered for troubleshooting.

4.2.2 Section 2: Contract Start-Up Activities and Submittals

A3.40 This section contains three tables listing all activities that should take place from the issuance of the letter of acceptance by the Employer to the selected bidder until 28 days after the commencement date (or such other period that

the contract may specify). The contract typically sets out a number of critical obligations for the parties during this period:

- Land Acquisition and Resettlement Plan (LARP) activities (in case of sectional approach),
- contract start-up activities, and
- mobilization activities.

A3.41 Each of these activities is critical for the proper start of the project and corresponds to specific obligations of either party (as well as the Engineer) under the contract.

A3.42 As per ADB guidelines and procedures, the LARP should be implemented before the commencement of the works. However, for “linear” projects, such as road construction and/or rehabilitation, installation of power transmission lines, or water distribution networks, it may be difficult to have the LARP fully implemented before the commencement of works. The LARP may thus be processed in sections¹⁴ and the corresponding site areas may be handed over to the Contractor section by section.

A3.43 Under such scenario, if the works start on some sections while others are still not yet under the full control of the Employer, it is crucial that the remaining LARP processing activities be monitored very carefully. The “sectional” handover of the site to the Contractor would also need to be carefully described in the contract, with the understanding that noncompliance with the agreed milestones for site access would likely result in claims for extension of time and additional payment.

A3.44 It is therefore advisable for the implementing agency to have dedicated staff responsible for monitoring the due process of the LARP activities.

Table A3.2: Land Acquisition and Resettlement Plan Processing
(for sectional approach)

Section Definition	Implementation Status / Payment of Compensation to Affected Persons	Clearance of LARP Compliance Report		
		Due Date	Actual Date	Comments

LARP = land acquisition and resettlement plan.

¹⁴ The word “section” is used in this context to describe the various parts in which the LARP may be processed. It is not to be confused with the concept of “Section” used in the FIDIC contract to describe “a part of Works specified in the Contract Data as a Section (if any).”

Table A3.3: Contract Start-Up Activities

Clause	Action	Responsible	Due Date	Actual Date	Comment
Residual Tender Stage Actions					
ITB 42.1	Issuance of letter of acceptance	Employer			
ITB 19.6	Return bid security to Contractor	Employer			
ITB 43.2	Contract agreement signature	Employer and Contractor			
Contract Requirements					
GCC 4.2	Provision of performance security	Contractor			Include expiry date of the performance security
GCC 2.4	Evidence of the employer's financial arrangements	Employer			
GCC 4.13	Effective access to and possession of the site	Employer			
GCC 14.2	Provision of APG	Contractor			Include expiry date of the APG
GCC 14.2 and 14.6	Submission and certification of application for advance payment	Contractor			
GCC 14.7	Payment of advance payment	Employer			
PCC 4.18	Preparation and submission of the construction and/or Contractor's environmental management plan, including the health and safety management plan	Contractor			
GCC 8.1	Notice of commencement date	Engineer			
Contract Activities Required Within 28 Days of Commencement Date					
GCC 8.3	Submission of detailed program	Contractor			

continued on next page

Table A3.3 *continued*

Clause	Action	Responsible	Due Date	Actual Date	Comment
GCC 18.1	Provision of insurances (See Section 6)	Contractor			
GCC 20.2	Appointment of dispute board and signing of the Dispute Agreement(s) by the parties	Employer and Contractor			
	<i>[Insert any other start-up related obligations added for the particular contract]</i>				

ADB = Asian Development Bank, APG = advance payment guarantee, FIDIC = Fédération Internationale des Ingénieurs-Conseils (International Federation of Consulting Engineers), GCC = General Conditions of Contract, ITB = Instructions to Bidders, PCC = Particular Conditions of Contract.

Note: All ITB clause numbers refer to Section 1 of the ADB Standard Bidding Document in the *User's Guide to Procurement of Works* (June 2018). GCC or PCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition* (June 2010).

Sources: ADB. *User's Guide to Procurement of Works* (June 2018). Manila; International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition* (June 2010). Geneva.

A3.45 All the activities above are usually embedded in various instructions to bidders (for the first three items) or contract provisions (for all the others), which provide the specific timeframe for the responsible party (e.g., submission of the performance security). Noncompliance with any of these obligations in the prescribed timeframe will usually give entitlement to the other party for some remedies: extension of time; additional cost (e.g., in case of failure to grant full access and unobstructed possession of the site); or financial charges (e.g., in case of delayed payment of the advance payment) for the Contractor. In certain (extreme) situations, it can lead to contract termination for cause, triggered either by the Contractor (e.g., in case of nonsubmission by the Employer of its financial arrangements) or by the Employer (e.g., in case of nonsubmission of the performance security).

A3.46 It is therefore self-evident that these activities require the closest monitoring by the implementing agency. It also follows that careful record keeping should be observed at all times to maintain access to all the corresponding documentation (letter of acceptance, performance security, advance payment bank guarantee, notice of commencement of works, etc.).

Table A3.4: Mobilization Activities

Clause	Action	Reference	Scheduled Date	Actual Date	Variance
4.22/6.6	Establishment of site boundaries, compound, offices etc.	Program			
1.1.5.1/4.17	Mobilization of Contractor's equipment	Program			
1.1.2.7/6.9	Mobilization of Contractor's personnel	Program			

ADB = Asian Development Bank, FIDIC = Fédération Internationale des Ingénieurs-Conseils (International Federation of Consulting Engineers), GCC = General Conditions of Contract, ITB = Instructions to Bidders, PCC = Particular Conditions of Contract.

Note: All ITB references correspond to Section 1 of ADB Standard Bidding Document for Works (June 2018) and GCC/PCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*.

Source: International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

A3.47 The above activities are incumbent upon the Contractor and should be carefully monitored by the Engineer. Although the mobilization of the Contractor is expected to commence as soon as practicable after the issuance of the letter acceptance, the Contractor will usually wait to receive the advance payment in order to limit its financial exposure.¹⁵

A3.48 The Contractor's timely mobilization is entirely the Contractor's responsibilities as part of the site organization, and more generally, its methods statement. Moreover, the Contractor will have to reflect its mobilization (particular in terms of personnel and equipment) in its baseline program.

4.2.3 Section 3: Risk Management

4.2.3.1 Identifying Risks

A3.49 The identification and management of risks should be a continuous process throughout the procurement process, starting from the country or sector procurement risk assessment (CSPRA) at the country partnership strategy (CPS) stage; to the project procurement risk assessment (PPRA) at the project conceptualization and planning stages; and finally, to the project implementation phase.¹⁶

¹⁵ Under certain forms of contract such as the *FIDIC MDB Harmonized Edition (June 2010)*, the payment of the advance payment is a condition precedent to the notification of the commencement date, which means that the Contractor is likely to delay its mobilization until that time.

¹⁶ Further reference on the general approach to risk management can be found in ADB. *Guidance Note on Procurement Risk Framework*. Manila. <https://www.adb.org/sites/default/files/procurement-risk-framework.pdf>.

A3.50 The risk management approach contained in the CMP (and if needed, reflected and commented later in each progress report) is thus the outcome of this global process. The risks identified at this stage are primarily those derived from the PPRA as cascaded into the strategic procurement planning process. Additional risks may nonetheless be identified at this stage depending on the project detailed engineering design or on the particular circumstances arising at the time of contract preparation or negotiation.

A3.51 A typology of all such risks sorted by the various stages of the project implementation is presented in Box A3.2.

Box A3.2

Categories of Risks in Project Implementation

Cross-cutting risks throughout the whole contract life

- Insolvency risk of the Contractor
- Legal risk (contract interpretation difficulties and/or contract provisions inconsistent with applicable national laws)
- Dispute risks between the parties
- Risk of personal injury to people and/or physical damage or loss to the works or to third party property
- Insurable risks
- Risk of contract administration
- Changes in law and regulations
- Permits and authorizations
- Contractor's nonexcusable delay

Risks pertaining to the contract procurement period

- Rushed procurement process
- Capacity of the bid evaluation team

Risks pertaining to the design period

- Input data and site condition risks

Risks pertaining to the construction period

- Input data and site conditions risks
- Weather risks
- Land clearance for access to the site

Risks pertaining to the operation period (if applicable)

- Nonperforming facility and/or failure to reach production output
- Availability and suitability of inputs from the Employer (e.g., water, power, personnel, etc.)
- Early failure of main equipment

Source: Asian Development Bank (Procurement, Portfolio and Financial Management Department).

4.2.3.2 **Contract Risk Management Plan**

A3.52 Risk analysis has three steps: risk identification, risk assessment, and risk mitigation. These are consolidated in a contract risk management plan, also called contract risk register.

Risk Identification

A3.53 Following the typology as suggested in Box A3.2, the identified risks can be monitored through the contract risk register or risk matrix, which is used as a live project management and decision-making support tool. The register should be updated every time risk mitigation measures are implemented, until such time that the level of residual risk is considered as acceptable by the implementing agency. This matrix should be used during contract implementation to make sure that risks remain monitored and controlled. Box A3.3 shows the different fields recommended in a contract risk matrix.

Box A3.3
Contract Risk Register

Risk reference

- Risk category (cross-cutting risk, Procurement risk, Design risk, etc.)
- Risk name
- Date identified
- Risk owner, i.e., the person or entity in charge of managing that risk

Risk details

- Risk description
- Risk potential cause
- Risk impact if it occurs

Risk assessment

- Risk probability of occurrence score, split into five levels, from Very Low (VL) to Very High (VH), or 1 to 5
- Risk impact score split into five levels, from VL to VH, or 1 to 5
- Risk score, being the multiplication of probability score by impact score, i.e., ranging from 1 to 25; the higher the score, the higher the need to mitigate the risk

Source: Asian Development Bank (Procurement, Portfolio and Financial Management Department).

Risk Assessment

The risk scoring system and associated color code can be based on the following matrix (Table A3.5):

Table A3.5: Risk Rating Matrix

			Risk Consequence				
			Insignificant	Minor	Moderate	Major	Severe
			1	2	3	4	5
Risk Likelihood	Almost Certain	1	Medium	Medium	High	Extreme	Extreme
	Likely	2	Medium	Medium	High	High	Extreme
	Possible	3	Low	Medium	Medium	High	High
	Unlikely	4	Low	Low	Medium	Medium	High
	Rare	5	Low	Low	Low	Medium	Medium

Source: Asian Development Bank (Procurement, Portfolio and Financial Management Department).

A3.54 Alternatively, a more elementary approach could be to describe risk level simply color codes: green for low risk, orange for medium risk, and red for high or extreme risk (Table A3.6).

Table A3.6: Risk Rating Key

Extreme	
High	
Medium	
Low	

Source: Asian Development Bank (Procurement, Portfolio and Financial Management Department).

Risk Mitigation

A3.55 Risk mitigation encompasses the following:

- (i) Mitigation measure
- (ii) Mitigation owner, i.e., the one in charge of implementing the risk mitigation measure
- (iii) Due date for implementation of the risk mitigation measure
- (iv) Residual risk score, upon risk mitigation measure implementation

A3.56 Upon implementation of the risk mitigation measure, the risk owner shall decide whether to declare the status of the residual risk as either of the following:

- (i) **Live.** Residual risk level is not acceptable; further mitigation measures are required and/or mitigation measures are in progress.
- (ii) **Closed.** Residual risk is marginal; risk is no longer an issue, and no further action is required.

- (iii) **Accepted.** Residual risk cannot be further reduced under reasonable terms; residual risks are accepted as such, and no further risk mitigation but only risk is monitoring required.

A3.57 It should be noted that the above addresses risks that have direct cost and time implications. There might be other characteristics of risk that do not necessarily translate into direct cost and time impact, such as reputational risks. The implementing agency shall assess such kind of risks by using the same risk matrix but defining risk impact score using terms other than direct time and monetary costs.

A3.58 The above risk analysis is illustrated through an example of a risk management plan in Appendix 2 of this guidance note.

4.2.4 Section 4: Program Monitoring

A3.59 This section is a key part of the progress report, which should provide a reliable picture of the progress achieved at a given month versus the planned progress. The source of information is the time schedule, as updated monthly, which the Contractor will submit to the supervision engineer as part of its own monthly progress report. The contents, format, and sometimes the software will typically be described in the contract specifications.

A3.60 It is suggested that a “Level 2” schedule be laid out in this section, i.e., a high and/or medium level integrated project schedule for the entire project timeframe that is used for high-level internal and external management. This schedule shows the project milestones of engineering, procurement, construction, and start-up activities by network logic; and identifies critical paths, key deliverables divided by units, and system facilities including key critical activities, units, or systems.

A3.61 This schedule may be illustrated by the following items:

- (i) Tabular form of progress – planned dates, actual dates, variances
- (ii) Graphical form – line graph illustrating actual verses planned progress
- (iii) Pie chart – overall progress (%), time elapsed, time remaining
- (iv) One month look ahead table with target dates
- (v) A short paragraph commenting on the critical path and the progress recorded to date.

A3.62 A sample of level 1 and level 2 program and illustrative charts and commentary is shown in Box A3.4.

Box A3.4

Sample Level 1 and Level 2 Programs

Sample level 1 program

Sample level 2 program

Source: Tensix Consulting. Reporting Schedule Progress in Primavera P6. <https://tensix.com/2020/03/reporting-schedule-progress-in-primavera-p6/>.

It will be up to the Engineer to extract the relevant information from the Contractor's monthly time schedule to provide a meaningful picture of the situation.

4.2.5 Section 5: Change Management

A3.63 Considering that contracts, especially in the construction industry, are implemented in an environment of risks of various nature (see section 3 above), it is almost inevitable that changes will have to be accommodated so that the contract can reach successful completion. It could even be said that without changes, no contract will survive. It is thus essential that procedures be in place to manage such changes. A change may be initiated by the Employer, which is a "variation"; or by the Contractor, which is a "claim".¹⁷

¹⁷ Claims may, however, also be initiated by the Employer, usually in response to noncompliance by the Contractor of some of its obligations (e.g., failure to complete the works or services as per the agreed time for completion, giving entitlement for delay damages for the employer subject to making a claim).

4.2.5.1 Variations

A3.64 A variation is usually a change to works or services that is instructed to the Contractor. The scope of a variation is described in the FIDIC MDB Harmonised Edition (June 2010) form of contract, as follows:¹⁸

- (i) changes to the quantities of any item of work included in the Contract (however, such changes do not necessarily constitute a Variation);
- (ii) changes to the quality and other characteristics of any item of work;
- (iii) changes to the levels, positions, and/or dimensions of any part of the Works;
- (iv) omission of any work unless it is to be carried out by others;
- (v) any additional work, Plant, Materials, or services necessary for the Permanent Works, including any associated Tests on Completion, boreholes, and other testing and exploratory work; or
- (vi) changes to the sequence or timing of the execution of the Works.

A3.65 Implementing agencies should however be aware that notwithstanding the requirement to obtain a no objection from ADB—either on a prior review or postreview (sampling) basis—there are limits as to the scope of a variation, although it is usually accepted that a variation should generally not “stray” outside the contract original scope.

4.2.5.1.1 Process for Approval of Variation

A3.66 Under construction contracts, variations are instructed by the Engineer to the Contractor. Variation procedures vary wildly from one form of contract to another. FIDIC forms of contract provide for a very prescriptive approach where no prior agreement of the Contractor is required (although the Engineer may also request a proposal to the Contractor prior to issuing the instruction to vary) and where, subject to limited ground for objecting, *“the Contractor shall execute and be bound by each Variation”* (footnote 14). The Engineering Advancement Association of Japan (ENAA) form of contract provides for a more “amicable” approach where a proposal for variation must first be requested from the Contractor, with an agreement to be reached on the price of making such proposal, and where *“Upon receipt of the Change Proposal, the Employer and the Contractor shall mutually agree upon all matters therein contained”*.¹⁹

A3.67 It would therefore be useful that the CMP include, as reference information, a diagram that illustrates in a graphic way all steps that are necessary for issuing a variation under the contract, including securing a no-objection from ADB, either on a prior review or postreview (sampling) basis.

¹⁸ Per FIDIC Contract MDB Harmonized Edition (June 2010), sub-clause 13.1 [Right to Vary].

¹⁹ Per ENAA form of International Contract for Process Plant Construction, sub-clause 39.2 [Changes Originating from Employer].

A3.68 Finally, executing and implementing agencies should bear in mind that for ADB-funded projects, for contracts subject to prior review, variations should be submitted to ADB for no-objection. No-objection shall be issued by a different level of authority within ADB whether the variation represents more than 15% of the accepted contract amount but less than \$50 million (in the aggregate with all previous variations), or above \$50 million. A memo shall be submitted to ADB setting out the rationale for the variation, the basis of its valuation, and the possible impact on the time for completion. The executing and/or implementing agency will have to agree with ADB on the funding of the variation, which may involve reallocation of provision of price and/or quantity contingency under the loan agreement, as well an extension of the loan closing date if required.

4.2.5.1.2 Variation Register

A3.69 Sound contract management practice dictates that variations are kept track of and monitored on a monthly basis. Since variations will usually impact the final contract price, the cost consequences of variations, and the funding thereof, should be monitored closely.

A3.70 It is recommended that the responsibility for monitoring variations should be clearly established within the organization of the implementing agency (or the PMU). Table A3.7 shows what information the Variation Register should include.

Table A3.7: Variation Register

Variation Ref	Variation Description	Date Instruction Issued	Estimated Variation Cost	Prior Contract Price	Estimated Contract Price	Current Status
[insert]	[insert text]	[dd/mm/yy]				

4.2.5.2 Claims

A3.71 Although claims may be initiated by either party, contrary to variations that are usually the prerogative of the Employer, Contractors' claims may be considered as an equivalent recourse provided to the Contractor to initiate changes that it considers necessary due to changed circumstances and risks.

A3.72 Unless they are misused by a Contractor, claims should not necessarily be considered as an act of hostility toward the Employer.

4.2.5.2.1 Process for Claim Submission and Claim Determination

A3.73 The claim process relies on strict processes. For the Contractor, the claim process is usually a multitier process including, depending on the form of contract, early warning notice and/or notice of claim, and submission of detailed and substantiated claim. Each of these steps are usually framed within strict time limits, noncompliance with which will elicit claim rejection. Under the FIDIC and ENAA forms of contract, the notice of claim should be served “*as soon as practicable, and not later than 28 days after the Contractor became aware, or should have become aware, of the event or circumstance.*”²⁰

A3.74 For his or her part, the Engineer is also bound to a strict timeframe for conducting analysis and determination of the claim. It is worth underlining that under most common forms of construction contracts such as FIDIC and ENAA, the Engineer is empowered to perform certain determination and/or certifier functions under the contract which requires a certain degree of impartiality and fairness.

A3.75 As for variations, it would be useful if the CMP includes a diagram of all steps needed for claim submission and claim determination under the contract.

²⁰ Under *FIDIC First Edition (1999)*, sub-clause 20.1 [Contractor’s Claims]; *FIDIC Second Edition (2017)*, sub-clause 20.2.1 [Notice of Claim]; and ENAA form of International Contract for Process Plant Construction, sub-clause 44.1 [Contractor’s Claims.]

Sample of a Claim Process under FIDIC MDB Harmonized Edition

FIDIC = Fédération Internationale des Ingénieurs-Conseils (International Federation of Consulting Engineers), IPC = interim payment certificate.

A3.76 Unlike variations, claims – or more exactly the determination thereof by the Engineer – do not require ADB's no-objection since ADB, not being a party to the contract, has no role in the claim process. Executing/implementing agencies are nonetheless encouraged to engage with ADB to assess the potential impacts of claim on the contract funding. In that respect, as for variations, claims may involve reallocation of provision of price/quantity contingency under the loan agreement, as well an extension of the loan closing date if required.

4.2.5.2.2 **Claim Register**

A3.77 Since claims, as for variations, are likely to have an impact the final contract price, the cost consequences of claims and the funding thereof should be monitored closely.

A3.78 It is recommended that the responsibility for monitoring variations should be clearly established within the organization of the implementing agency (or the PMU).

A3.79 The table below shows what information the Claim Register show include:

Table A3.8: Claim Register

Claim Ref	Description	Claimed Amount	Submission of Notice of Claim	Submission of fully detailed claim	Status to Date	Amount Certified
[insert]	Causal event, EOT claimed, Cost/Profit claimed	[Amount]	[dd/mm/yy]	[dd/mm/yy]	[e.g. in progress / agreed / rejected]	[Amount]

EOT = extension of time.

4.2.6 Section 6: Financial Management

4.2.6.1 Payment approval; process flow

A3.80 Financial management is perhaps the most fundamental contract management process since it covers the main obligation of the Employer towards its Contractor: paying the amount due under the contract—and more particular, paying in due time. Usually, payment applications will have to be checked and certified for payment by the Engineer. Besides, for contracts financed by ADB and, as the case maybe, other co-financiers, this process will imply timely submission to ADB of payments certificates or approved invoices. Due time allowance must be made to enable payments to be made as per stipulated timeframe for payment.

A3.81 It is thus recommended that the CMP include, as reference information, the payment approval flowchart, showing all participants to the process (the Contractor, the Engineer, PMU, implementing agency contract and/or finance department, ADB).

4.2.6.2 Payment Schedule

A3.82 Sound contract management practice dictates to keep track and to monitor on a monthly basis the payment made to the Contractor. Monitoring payments can be recorded and monitored in a simple table as shown here below:

Table A3.9: Payment Schedule

Payment Type	Application [currency]	Application Date	Certification Date (as per Contract)	Certification Date (Actual)	Amount Paid [currency]	Payment Date
[e.g. Advance Payment]	[Amount]	dd/mm/yyyy	dd/mm/yyyy	dd/mm/yyyy	[Amount]	dd/mm/yyyy
[e.g. Interim Payment No.1]						
[e.g. Interim Payment No.X]						
Total payment to date	XXXX				XXXX	

4.2.6.3 Evolution of the estimated contract price

A3.83 Most contracts, especially construction contracts, provide for various mechanisms to adjust the final contract price in response to changing circumstances. The most common mechanisms are:

- Remeasurement of actual quantities under unit-price contracts;
- Price adjustment formulae for account for inflation;²¹
- Variations (instructed by the Engineer);
- Claims (by either parties); and
- Disputes settlement.

²¹ ADB recommends that for contracts the duration of which is expected over 18 months contain a price adjustment clause to address the risk inflation.

A3.84 The contract final price will therefore be usually different from the accepted contract amount that the parties have agreed on the date of signing, as illustrated below:

A3.85 It is therefore of the utmost importance to keep track and make assessment of the final contract price, at all times, in order to ensure that the financial resources will be sufficient. This implies monitoring contingency provisions that may have been budgeted (provision for change in quantities and change in prices) for the project funding. This is one of the key elements that should be reported to ADB in order, as may be required, to adjust the funding arrangement (e.g. reallocating funds from one category to another). Monitoring the evolution of the estimated contract final price can be monitored in a simple table as shown here below:

Table A3.10: Evolution of Estimated Contract Price

Date (month)	Accepted Contract Amount	Impact of Remeasurement	Impact of Variation and Claims	Impact of other adjustment [e.g. change in legislation]	Impact of Disputes	Estimated contract price to date
Month 1	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]
Month 2						
.....						
Month n						

4.2.4.4 Comparison of progress versus payments

A3.86 Monitoring payments must also be made against time so as to get a notion of whether the contract is on-track. A basic approach “percentage of total payment made vs percentage of total time elapsed” may give a first approximation of what is the contract progress. This may be reflected graphically with two curves: the planned disbursement curve (“S” shape curve) together with the curve of actual payments (cumulated), as shown below:

Payment versus Time

A3.87 This simple approach may however be misleading if the actual (physical) progress does not reflect the actual payments made to date: this may be the case for instance because the remeasured quantities have been significantly in excess of the estimated quantities as per the bills of quantities or because of unexpected conditions (e.g. underground soil condition) which led to claims and, consequently, to an increase in cost.

A3.88 A more sophisticated approach called Earned Value analysis is therefore recommended to obtain a more realistic picture of the actual progress. Under this approach, a third curve is added in the above graph representing the budgeted cost of works performed (also called the “earned value”). This can be calculated based on the assessment of the physical progress achieved at a given point in time such as the length of a road section completed, or the completion of a special milestone (e.g., installation of generator in a power generation project), and by assessing the “budgeted cost” of such milestone using the baseline payment curve.

A3.89 As shown in the graph below, three parameters will then be assessed:

- BCWS: Budgeted cost of work scheduled (Planned Value or Planned Payments)
- BCWP: Budgeted cost of work performed (Earned Value)
- ACWP: Actual cost of work performed (Actual Cost or Actual Payments)

4.2.7 Section 7: Disputes

A3.90 Good contract management may prevent, or at least limit, the occurrence of disputes. Some disputes may however be inevitable and therefore require a careful management considering the cost and time impact they will have on the project.

A3.91 Depending on the form of contract used, several dispute settlement mechanisms are possible:

- dispute adjudication board (or dispute review board),
- judiciary court system versus arbitration procedure,
- alternative dispute resolution procedures such as mediation or expert determination.

A3.92 ADB funded works contracts provide for three-tier dispute resolution system such as illustrated below:

The Dispute Resettlement Process

A3.93 Obviously, disputes management requires close involvement of the implementation agency at all stages considering the cost and potential financial outcome. Simple tables such as shown below can be used to monitor the process.

4.2.7.1 Disputes referred to the Dispute Board

Table A3.11: Matters referred to the Dispute Board

Referral Ref	Referral Date	Description of the Dispute	Current Status of DB Procedure	Decision Date	Dissatisfaction Notice (if any)
[insert ref]	[dd/mm/yy]	Causal event, EOT claimed, Cost/Profit claimed		[dd/mm/yy]	[dd/mm/yy]

EOT = extension of time.

4.2.7.2 Disputes Referred to Arbitration

Table A3.12: Disputes Referred to Arbitration

Referral Ref	Referral Date	Description of the Dispute	Current Status	Decision Date	Decision Date
[insert ref]	[dd/mm/yy]	Causal event, EOT Cost/Profit in dispute			[dd/mm/yy]

EOT = extension of time.

A3.94 Among the cases usually referred to arbitration are disputes concerning contract termination. The cases are particularly prone to costly and protracted arbitration procedures. Executing/implementing agencies considering terminating a contract should bear in mind that for ADB-financed projects, ADB no-objection should be granted before triggering termination. A memo should be submitted to ADB explaining the facts and contractual grounds for termination; Executing/implementing agencies should also comment on the way for completing the works covering mainly the issues of valuation of remaining works, procurement arrangements for selecting a new contractor, impact on funding arrangement and loan closing date.

4.2.8 **Section 8: Environment, Social, Health and Safety, and Security-Related Obligations**

A3.95 Environment, social, and health and safety (ESHS) safeguards, as well as security management (if applicable in the country) are important contractor obligations that need to be carefully monitored. Although, they may not necessarily impact on the cost, time and quality of the works, proper compliance with these obligations lies at the heart of ADB’s mandate. In addition to the obvious potential damage or harm to the environment, the local population and to workers on site, it must be stressed that compliance is required in line with legal covenants and ADB Safeguards Policy Statement (2009). Noncompliance with any of these obligations carry considerable reputational risks to the implementing and executing agencies as well as to ADB.

A3.96 There are two primary sources of information for such data: (i) the Contractor’s monthly progress report; it is therefore important to make sure that, at bidding document preparation stage, the corresponding reporting obligations are duly stipulated in the works contract,²² (ii) the reports that should be prepared by the Engineer’s safeguards team and other experts (social and/or gender specialists).

²² Under FIDIC Contract MDB Harmonized Edition (June 2010), sub-clause 4.21; FIDIC Second Edition (2017), sub-clause 4.20; and ENAA form of International Contract for Process Plant Construction, sub-clause 18.3.

Both sources of information such be reconciled and synthesized by the Engineer in the progress report.

A3.97 The tables below show the suggested format to be used in the CMP as a template (to be updated in each progress report):

Table A3.13: CEMP Activity Monitoring

Description of CEMP Activities	Corresponding Submittal	Due / Planned Date	Actual Date Received
<p>COVID 19 Management Plan (re PCC 6.7) The Contractor shall take adequate safety and precautionary measures to keep workers and their families, visitors and people in contact, safe from the possible infection; provide adequate and appropriate PPE including facial covers to the workers, hand sanitizers, washing facilities in the office and residences; strictly follow the Government imposed temporary or permanent rules. It is recommended to follow the Guidance Memorandum FIDIC COVID -19: On-site working and project team organization</p>			
<p>HIV/AIDS prevention activities (re PCC 6.7) The Contractor shall conduct health and safety programs for workers employed under the project and shall include information on the trafficking of women and the risk of sexually transmitted diseases, including HIV/AIDs in such programs</p>			
<p>Respectful Work Environment (re PCC 6.25) The Contractor shall conduct training programs for its employees and Subcontractors to raise awareness on and prevent any form of bullying, discrimination, misconduct, and harassment including sexual harassment, and to promote a respectful work environment. The Contractor shall keep an up-to-date record of its employees and Subcontractors who have attended and completed such training programs and provide such records to the Employer or the Engineer at their first written request</p>			

CEMP = contractor's environmental management plan, PCC = Particular Conditions of Contract, PPE = personal protective equipment, FIDIC = Fédération Internationale des Ingénieurs-Conseils (International Federation of Consulting Engineers).

Note: PCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*.

Sources: ADB. *User's Guide to Procurement of Works (June 2018)*. Manila; International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

Table A3.14: Social Safeguard Monitoring

Description of Social Safeguard Activities	Corresponding Submittal	Due/Planned Date	Actual Date Received
Compensation of temporary impacts (structures, trees, income) during construction.			
Unanticipated impacts during construction (i.e., additional land requirements, unidentified land/assets owners, land borrowing, etc.)			

Table A3.15: Health and Safety Monitoring

Health and Safety Activities (including mobilization of resources) described in the H&S Plan	Corresponding Submittal	Due/Planned Date	Actual Date Received
Approval of Site-Specific Health and Safety Plan			
Activities described in the H&S Plan			
[e.g., toolbox briefing/training/audit of PPEs/audits of worker's permits validity for specialized or high risk work activities]			
H&S = health and safety, PPE = personal protective equipment.			

A3.98 It is expected that the submittals on Health and Safety include, as a minimum, tabular reports such as shown in the table below listing all significant incidents or accidents which occurred on site including any corrective measures decided.

On-Site Health and Safety Statistics			
Current period			
Average daily manpower (including Subs)	[Number- Reporting Period]	[Number – Total in Contract to date]	[Comments]
Lost Time Injury (LTIn)			
Lost Time Injury Frequency Rate (LTIFRn)			
First Aid Injury (FAI n)			
Medical Treatment Injury (MTIn)			
Significant Near Misses (SNMn)			
Total Recordable Injury Frequency Rate (TRIFRn)			

On-Site Health and Safety Statistics

Current period

	<i>[Number- Reporting Period]</i>	<i>[Number – Total in Contract to date]</i>	<i>[Comments]</i>
Average daily manpower (including Subs)			
Contract period to date			
Average daily manpower (including Subs)			
Lost Time Injury (LTI)			
Lost Time Injury Frequency Rate (LTIFR)			
First Aid Injury (FAI)			
Medical Treatment Injury (MTI)			
Significant Near Misses (SNM)			
Total recordable Injury Frequency Rate (TRIFR)			

LTI = number of work-related injuries or disease that result in a fatality, permanent disability or time lost from work. It could be as little as one day or shift (excluding the day of the incident).

LTIFR = number of lost-time injuries (LTIs) within a given accounting period, relative to the total number of hours worked in that period. The formula measures the number of LTIs per million hours worked during an accounting period and is as follows:

FAI = number of injuries that requires a single first aid treatment and a follow up visit for subsequent observation involving only minor injuries, and for which the person would typically return immediately to their normal activities.

MTI = number of injuries or disease that resulted in a certain level of treatment given by a physician or other medical personnel under standing orders of a physician other than on-site first aid treatment.

SNM = number of unplanned events that did not result in injury, illness, or damage – but had the potential to do so (i.e. 'Close-Call', 'Nearly a Collision', 'Near Hit').

TRIFR = number of injuries (excluding fatalities) requiring medical treatment per million hours worked within an organization. The formula is as follows:

$$(\text{Number of recordable injuries in accounting period}) / (\text{Number of hours worked by all staff in the same accounting period}) \times 1,000,000.$$

A3.99 Although most forms of contract provide for security measures to be taken by the Contractor for the site operation ²³ (fencing, lighting, signage), in some specific countries the prevailing political situation and/or social instability mandates that specific (and additional) security measures to be taken by the Contractor on site. This may include designing specific operational procedures related to crisis management, mobilizing dedicated personnel, and hiring specialized experts.

A3.100 Best practice suggests that the ability of consultants, suppliers, or contractors to deal with such specific security issues be evaluated as part of the qualification process and that the cost of the security arrangements be part of the bills of quantities (under the general items bill) or schedule of prices so that their reasonableness be ascertained.

A3.101 During contract implementation, all agreed security arrangements should be carefully monitored to make sure that no human lives or property be put at uncontrolled risks.

A3.102 The tables below show the suggested format to be used in the CMP as a template (to be updated in each progress report):

Table A3.16: Security Monitoring

Evolution of the security situation in the project area	Security resources		Incidents reported during previous month	Comments
	As planned in Security Plan	Actual on Site		

LARP = land acquisition and resettlement plan

²³ Under *FIDIC Contract MDB Harmonized Edition (June 2010)*, sub-clause 4.22; *FIDIC Second Edition (2017)*, sub-clause 4.21; and ENAA form of International Contract for Process Plant Construction, sub-clause 22.4.

4.2.9 Section 9: Completion of work and contract closure activities

A3.103 Good contract management mandates that not only the implementation phase of the contract be monitored, but also that the “clean” and proper closure contract be managed. This is important for both parties

- The Contractor will seek to receive from the Employer a statement that, apart ongoing warranties (if applicable), all of its obligations have been completed in accordance with the contract (the performance certificate). The Contractor will also have to report to its bank(s) that outstanding guarantees (performance guarantee, retention guarantee or others) were returned so that they can be written off the books. The Contractor will have to report to its insurers that the periods of coverage for the various policies issued have lapsed (contractor’s all risks, workmen’s compensation and employer’s liability, third party liability, professional indemnity, etc.).
- The Employer (implementing agency) will must ensure that all defects notified at the taking over (snag list) and during the defect notification period were duly remedied, all operation and maintenance manuals (if applicable) and as-built drawings and documents were submitted in full and proper order, all due payments were effected in line with the Contractor’s final statement and that proper discharge therefor was given by the Contractor.

A3.104 It must be ensured that no outstanding claims or disputes remain unattended and that all such matters be closed.

A3.105 Contracts usually provide for detailed procedures to be complied with at taking over and at the contract closure, i.e., at the end of the defect notification period. The following is a non-exhaustive list of activities, stated in the contract, that are required to be undertaken precedent to contract closure.

Table A3.17: Contract Closure Activities

Clause	Action	Responsible	Due Date	Actual Date
GCC 9	Test on Completion	Contractor		
GCC 10.1	Application for a taking over certificate	Contractor		
GCC 10.1	Issuance of the Taking Over Certificate	Engineer		
GCC 14.9	Certification of payment/return of 50% of the retention Money	Engineer		
GCC 14.9	(If used) issuance of a Retention Money Guarantee (RMG) for the release of the second half of the retention.	Contractor		
GCC 14.10	Statement at Completion	Contractor		

continued on next page

Table A3.17 *continued*

Clause	Action	Responsible	Due Date	Actual Date
GCC 11.1	Notification of Defects	Employer		
GCC 11.1	Remedying of Defects	Contractor		
GCC 11.3	End of Defects Notification Period (DNP) and extension thereof (if applicable)	Employer		
GCC 11.9	Issuance of Performance Certificate	Employer		
GCC 11.11	Clearance of Site	Contractor		
GCC 4.2	Return of Performance Security	Employer		
GCC 14.9	Payment of outstanding balance of Retention Money	Engineer		
GCC 14.9	(if an RMG is used): Return of the RMG	Employer		
GCC 14.11	Application for Final Payment Certificate	Contractor		
GCC14.12	Issuance of Final Payment Certificate	Engineer		

GCC = General Conditions of Contract, RMG = retention money guarantee, DNP = defect notification period.

Note: GCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*

Source: International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

A3.106 Finally, contract closure activities will rely on a robust document management system allowing to retrieve any contract documents (notably as-built drawings and/or asset condition survey report after construction) for future use such as preparation of other projects.

4.2.10 Section 10: Recent Photographs of Site Activities and Quality Observations

A3.107 This section is self-explanatory. A number of photographs or video footage (if available) should be selected to illustrate the progress of the works and any technical problem that may need graphically described.

A3.108 Depending on the size and complexity of the works, up to 24 photographs should suffice for this purpose.

A3.109 It would be advisable to record all nonconformities, corrective, and/or preventive measures during construction. This would allow identification of systemic errors and gaps in the execution of certain tasks, design flaws, etc.

4.3 Description of Part B (Contract Key Data) of the Contract Management Plan

A3.110 This is the descriptive (or static) part of the CMP. It contains all descriptive elements of the contract which will normally not vary over the duration of the contract, or perhaps only in limited circumstances (e.g. replacement of one key stakeholder such as the Engineer or the Contractor's representative). These elements will nonetheless provide a useful source of reference information.

A3.111 It is suggested that this part be structured in three sections:

- Section 1: Contracts details,
- Section 2: Communications and Reporting
- Section 3: Securities and Insurances

A3.112 Each of these sections is generally self-explanatory as is shown here-below. Securities and Insurance may be monitored as part of the Contract Start-up Activities (Part 2 of the Monthly progress report) since these must be submitted at the early stage of the contract (before or shortly after the commencement date). However, once duly submitted and verified, these items will remain under the custody of the employer (implementing agency) and, except for renewal and extension, will remain unchanged until the end of the defect notification period and the release of the performance certificate²⁴

A3.113 The tables hereinafter show the format that may be used for these elements:

4.3.1 Section 1: Contract Details

Table A3.18: Contract Details and Key Dates

Employer name
Contractor name
Contract title
Contract Number
Accepted Contract Amount (Currency/ies)
Date of Issuance of Letter of Acceptance
Commencement Date

continued on next page

²⁴ Under the FIDIC contract MDB Harmonized Edition (June 2010), changes may however occur to the performance security during the contract implementation period since the contract conditions (sub-clause 4.2) provide that its amount should be increased or decreased whenever the contract price increase or decrease by more than 25% due to a change in cost (price adjustment), change in legislation or a variation.

Table A3.18 *continued*

Sections (Yes/No). If yes provide details.	
Time for Completion (days)	
Defects Notification Period (days)	
Location of the Site	
ADB loan number and title	
ADB Loan Effectiveness Date	<i>[insert effectiveness date of ADB loan/grant]</i>
ADB Loan Closing Date	<i>[insert closing date of ADB loan/grant]</i>
ADB = Asian Development Bank	

4.3.2 Section 2: Communications and Reporting

4.3.2.1 Key Points of Contact

A3.114 The following table lists the main points of contact under the Contract

Table A3.19: Contact Details

Ref	Name	Title	Position	Phone	Email
Executing Agency: <i>[INSERT NAME]</i>					
1.			Employer		
2.					
Implementing Agency <i>[INSERT NAME]</i> and PMU					
3.					
4.					
Contractor: <i>[INSERT NAME]</i>					
5.			Contractor's Representative		
6.			H&S Officer		
Engineer <i>[inset relevant position depending on contract terms]: [INSERT NAME]</i>					
7.			Engineer's Representative		
8.			Other personnel (specify delegated authority)		

continued on next page

Table A3.19 *continued*

Ref	Name	Title	Position	Phone	Email
ADB: [INSERT ADB HQ or other ADB office overseeing project]					
9.			Project Team Lead		
10.			Other officers (specify their role)		
Dispute Board Members					
11.					
12.					
13.					
Other [e.g. Co-financing Partners etc]					
14.					
15.					

H&S = health and safety, ADB = Asian Development Bank, HQ = headquarters.

4.3.2.2 Meeting Schedule

Table A3.20: Meeting Schedule

Meeting	Chair ^a	Attendees ²⁵	Frequency	Last meeting	Next meeting
Executive meeting	[e.g. 3]	[e.g. 4, 5, 8, 11, etc.]	[e.g. every six months or as required]	[insert date]	[insert date]
Management meeting			[e.g. every quarter or as required]	[insert date]	[insert date]
Operations meeting			[e.g. every month]	[insert date]	[insert date]
Site Meetings				[insert date]	[insert date]
Community / stakeholder meeting		[e.g. as per project's CCP]	[e.g. as per project's CCP]	[insert date]	[insert date]
ADB Oversight meeting			[e.g. every Quarter]	[insert date]	[insert date]

ADB = Asian Development Bank, CCP = community communication plan

²⁵ Numbers inserted refer to individuals started in Table 2.1 above.

A3.115 A summary list of items that may be discussed at the meetings stated above is contained in **Appendix B**. All meetings to be documented with minutes shared to all attendees.

4.3.2.3 Reporting

Table A3.21: Reporting Schedule

Report Type	Circulation¹	Responsible	Frequency	Last Report (due date)	Last Report (date issued)	Next Report (due date)
[Construction progress report]	[e.g. 4, 5, 8, 11, etc.]	[Contractor]	[e.g. monthly]	[insert date]	[insert date]	[insert date]
[progress report]		[IA/PMU]		[insert date]	[insert date]	[insert date]
[Semi-annual Safeguards Monitoring Report]		[IA/PMU]		[insert date]	[insert date]	[insert date]

4.3.3 Section 3: Securities and Insurances

4.3.3.1 Bank Guarantees / Securities

Table A3.22: Guarantees and Security – Main Details

Security type	Advance Payment Guarantee	Performance Security	Retention Guarantee (if applicable)
Contract Clause, if relevant	14.2	4.2	–
Name of Bank			
Correspondent Bank, if applicable			
Amount of security [currency]			
Date to be received	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]
Date actually received	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]
Expiry date	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]
Date 28 days prior to expiry	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]

4.3.3.2 Insurances

Table A3.23: Insurance details

Insurance type	Works and Contractor's Equipment	Third Party Insurance	Contractors Personnel
Contract Clause	18.2	18.3	18.4
Insurer			
Policy no.			
Amount of Insurance			
Date to be received	[dd/mm/yy]	[dd/mm/yy]	[dd/mm/yy]
Date actually received	[dd/mm/yy]	[dd/mm/yy]	[dd/mm/yy]
Expiry date	[dd/mm/yy]	[dd/mm/yy]	[dd/mm/yy]

V. **CMP IMPLEMENTATION NOTES**

A3.116 This section provides guidance for setting out the actual contract management plan (CMP) and maintaining it throughout the life of a specific project. It provides information on where to collect the relevant information and how to use it.

A3.117 It is the Engineer and/or Project Manager’s responsibility to obtain the necessary data (each month) from the Contractor, Consultants, and Employer and to submit the report to the Employer. The instructions below explain what is expected in each section, followed by an illustrative case of a monthly contract management plan.

PART A

5.1 Project Background and Key Data

[Most of this information will not change throughout the project’s life cycle. Insert once and do not change unless necessary. Add further items if you think it is required.]

PROJECT NUMBER AND TITLE
CONTRACT SCOPE
CONTRACT TYPE
EMPLOYER
MAIN CONTRACTOR
ENGINEER / PROJECT MANAGER
CONTRACT AMOUNT
COMPLETION DATE
CONTRACT SIGNING DATE
COMMENCEMENT DATE

5.2 Executive Summary

[This part should be updated monthly and only contain major items. Examples follow:]

- Cash-Flow: actual versus planned
- Physical progress: describe main progress activities during the month
- Describe main risks/challenges/issues encountered during the month. Especially those connected to the critical path.

5.3 Monthly Project Update

5.3.1 Permits, Licenses and Approvals

[List all Permits, Licenses, and Approvals and update each month if required. These should be country-specific requirements such as development consent/environmental license, certificate for imported materials and equipment, materials permit, quarry permit, water discharge permit etc].

5.3.2 Contract Start-up Activities and Submittals

a. LARP Processing

A3.118 This table only needs to be completed if a sectional approach is being utilized.

Section Definition	Implementation status	Clearance of LARP Compliance report		Comments
		Due Date	Actual Date	

LARP = land acquisition and resettlement plan.

b. General start up activities

A3.119 The items below are only examples and additional items may be needed to be added and/or deleted depending on the particular project.

Clause	Action	Responsible	Due Date	Actual Date	Comments
Residual Tender Stage Actions					
ITB 42.1	Issuance of Letter of Acceptance (LoA)	Employer			
ITB 19.6	Return Bid Security to Contractor	Employer			
ITB 43.2	Contract Agreement Signature	Employer and Contractor			
Contract Requirements					
GCC 4.2	Provision of Performance Security	Contractor			
GCC 2.4	Evidence of the Employer's Financial Arrangements	Employer			
GCC 4.13	Effective Access to and Possession of the Site	Employer			
GCC 14.2	Provision of Advance Payment Guarantee	Contractor			

Clause	Action	Responsible	Due Date	Actual Date	Comments
GCC 14.2 and 14.6	Submission and certification of application for Advance Payment	Contractor			
GCC 14.7	Payment of Advance Payment	Employer			
PCC 4.18	Preparation and submission of the Contractor's Environmental Management Plan	Contractor			
GCC 8.1	Commencement Date	Engineer			
Contract Activities required within 28 days of Commencement Date					
GCC 8.3	Submission of Detailed Program	Contractor			
GCC 18.1	Provision of Insurances (See Section 6)	Contractor			
GCC 20.2	Appointment of Dispute Board and signature of the Dispute Agreement(s) by the parties	Employer and Contractor			

ITB = instructions to bidders, GCC = General Conditions of Contract, PCC = Particular Conditions of Contract.

Note: GCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*.

Sources: ADB. *User's Guide to Procurement of Works (June 2018)*. Manila; International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

c. Mobilization Activities

The items below are only examples and additional items may need to be added or deleted depending on the particular project.

Clause	Action	Reference	Scheduled Date	Actual Date	Variance
GCC 4.22/6.6	Establishment of Site boundaries, compound, offices etc.	Program			
GCC 1.1.5.1/4.17	Mobilization of Contractor's Equipment	Program			
GCC 1.1.2.7/6.9	Mobilization of Contractors Personnel	Program			

GCC = General Conditions of Contract.

Note: GCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*.

Source: International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

5.3.3 Risk Management

A3.120 This table is updated monthly and should only contain risks that are considered high and would have a serious impact on the project. This is a very important part of the report and all major risks should be stated and have proposed mitigation measures. A description of how to categorize risk has been included in Appendix A. Please note that a full project risk register should be attached to the CMP as an appendix.

5.3.4 Program Monitoring

A3.121 This Sub-Chapter is updated monthly and should contain the items below. If the program is experiencing delays, then this needs to be highlighted and mitigation measures stated.

- Level 2* program
- Tabular form of progress – planned dates, actual dates, variances
- Graphical form – line graph illustrating actual verses planned progress
- Pie chart – overall progress (%), time elapsed, time remaining
- One month look ahead table with target dates
- Short paragraph on critical path

* A Level 2 Schedule is a high-level integrated project schedule for the entire project time frame that is used for high level internal and external management. This schedule shows the project milestones of engineering, procurement, construction, and start-up activities.

5.3.5 Variations and Claims

A3.122 These tables are to be updated monthly and contain all claims and variations submitted.

5.3.6 Financial Management

a. Payment Schedule

A3.123 This table records all payments related to the contract – including contractor, PMC, consultants, etc.

Evolution of the Estimated Contract Price

A3.124 This table records the impacts of variations, claims, disputes, etc. It shows why the contract cost has increased or decreased.

Comparison of Progress versus Planned Payments

[Insert a graph illustrating the difference between planned payments (cashflow) and actual payments. If there is a significant difference, then a comment should be made explaining why.]

b. Earned Value

[Insert a graph that illustrates the Earned Value. If there is a significant difference, then a comment should be made explaining why.]

5.3.7 Disputes

[Insert any information relating to disputes in these two tables.]

5.3.8 Environment, Social, Health and Safety, and Security-Related Obligations

a. CEMP activity Monitoring

Record all CEMP activities in this table.

Description of CEMP Activities	Corresponding Submittal	Due / Planned Date	Actual Date Received

CEMP = contractor’s environmental management plan.

b. Social Safeguards monitoring

[Record all Social Safeguards monitoring activities in this table.]

Description of Social Safeguard Activities	Corresponding Submittal	Due / Planned Date	Actual Date Received
COVID 19 Management Plan (re PCC 6.7)			
HIV/AIDS prevention activities (re PCC 6.7)			
Respectful Work Environment (re PCC 6.25)			

PCC = particular conditions of contract.
Note: PCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*.
Source: International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

c. Health and Safety Monitoring

[Record all Health and Safety monitoring activities in this table.]

A3.125 The information is to be added exactly as per the table. No deviation is permitted.

Health and Safety Accidents Reports on Site

Current period

Average daily manpower (including Subs)

Lost Time Injury (LTIn)

Lost Time Injury Frequency Rate (LTIFRn)

First Aid Injury (FAI n)

Medical Treatment Injury (MTIn)

Significant Near Misses (SNMn)

Total Recordable Injury Frequency Rate (TRIFRn)

Contract period to date

Average daily manpower (including Subs)

Lost Time Injury (LTI)

Lost Time Injury Frequency Rate (LTIFR)

First Aid Injury (FAI)

Medical Treatment Injury (MTI)

Significant Near Misses (SNM)

Total recordable Injury Frequency Rate (TRIFR)

LTI = number of work-related injuries or disease that result in a fatality, permanent disability or time lost from work. It could be as little as one day or shift (excluding the day of the incident).

LTIFR = number of lost-time injuries (LTIs) within a given accounting period, relative to the total number of hours worked in that period. The formula measures the number of LTIs per million hours worked during an accounting period and is as follows:

$$(\text{Number of LTIs in accounting period}) / (\text{Total hours worked in accounting period}) \times 1,000,000$$

FAI = number of injury that requires a single first aid treatment and a follow up visit for subsequent observation involving only minor injuries, and for which the person would typically return immediately to their normal activities.

MTI = number of injuries or disease that resulted in a certain level of treatment given by a physician or other medical personnel under standing orders of a physician other than on-site first aid treatment.

SNM = number of unplanned events that did not result in injury, illness, or damage – but had the potential to do so (i.e. ‘Close-Call’, ‘Nearly a Collision’, ‘Near Hit’).

TRIFR = number of injuries (excluding fatalities) requiring medical treatment per million hours worked within an organization. The formula is as follows:

$$(\text{Number of recordable injuries in accounting period}) / (\text{Number of hours worked by all staff in the same accounting period}) \times 1,000,000.$$

d. Security Monitoring

[Record all Security monitoring activities in this table]

5.3.9 Completion of Work and Contract Closure Activities

A3.126 The following is a non-exhaustive list of activities, stated in the Contract, that are required to be undertaken precedent to Contract Closure. Additional items may need to be added / deleted depending on the particular project.

Clause	Action	Responsible	Due Date	Actual Date
GCC 9	Test on Completion	Contractor		
GCC 10.1	Application for a taking over certificate	Contractor		
GCC 10.1	Issuance of the Taking Over Certificate	Engineer		
GCC 14.9	Certification of payment/return of 50% of the retention Money	Engineer		
GCC 14.9	(If used) issuance of a Retention Money Guarantee (RMG) for the release of the second half of the retention.	Contractor		
GCC 14.10	Statement at Completion	Contractor		
GCC 11.1	Notification of Defects	Employer		
GCC 11.1	Remedying of Defects	Contractor		
GCC 11.3	End of Defects Notification Period (DNP) and extension thereof (if applicable)	Employer		
GCC 11.9	Issuance of Performance Certificate	Employer		
GCC 11.11	Clearance of Site	Contractor		
GCC 4.2	Return of Performance Security	Employer		
GCC 14.9	Payment of outstanding balance of Retention Money	Engineer		
GCC 14.9	(if an RMG is used): Return of the RMG	Employer		
GCC 14.11	Application for Final Payment Certificate	Contractor		
GCC14.12	Issuance of Final Payment Certificate	Engineer		

GCC = General Conditions of Contract, DNP = defect notification period, RMG = retention money guarantee.
Note: GCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*.
Source: International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

5.3.10 Site Photographs

A3.127 Only add photos taken in period that the report covers.

PART B

A3.128 A majority (but not all) of part B can be completed once and would not need updating.

1. CONTRACT DETAILS

Only update when required.

2. COMMUNICATIONS AND REPORTING

a. Key Points of Contact

(i) Only update when required.

b. Meeting Schedule

(ii) Once agreed, only update when required.

c. Reporting

(iii) Once agreed, only update when required.

3. SECURITIES AND INSURANCES

a. Bank Guarantees / Securities

Record all guarantees and security information in this table.

b. Insurances

Record all insurances in this table.

Appendix 4: Example of Application of the Contract Management Plan

A4.1 This is a fictional report based on a fictional project in a fictional location. It is intended as an illustration of the format and presentation of contents in a contract management plan.

SCHOOL PROJECT MONTHLY PROGRESS REPORT Reporting Period: 1–31 MAY 2021

- Located inside the Tarouk neighborhood
- The school will open in September 2021 and offer an American curriculum from grade 1 to 12 to 1,600 students
- The facilities will include separate campuses for foundation, primary, and secondary students, as well as swimming pools, an auditorium, and sophisticated laboratories

(photo by Glen Harris/Turnkey Project Management).

PART A

4.1 Project Key Data

FORMAL PROJECT NAME	ADB School
PROJECT SUMMARY	The project aims to provide education to the children of Tarouk and involves construction of a school complex. The school complex is located inside the Tarouk development at the East end of Messa Street. The school will typically be built as a G + 2 structure, with the building system consisting of
CONTRACT SCOPE	Design and build for 1,600 students
CONTRACT TYPE	Design and Build
EMPLOYER	Department of Education, Hopeland
MAIN CONTRACTOR	Perry Mason, Contractor LTD
DESIGN CONSULTANT	XYZ Architects
PROJECT MANAGEMENT COMPANY	Turner & Turner
CONTRACT AMOUNT	\$75 Million
PLANNED COMPLETION DATE	17 September 2021
CONTRACT SIGNING DATE	1 June 2020
COMMENCEMENT DATE	1 August 2020

4.2 Executive Summary

A4.2 The project is currently 32 days in delay and 61% complete

- (i) The Contractor forecasts that the construction completion will be in early November 2021 and will submit a recovery program at the end of June 2021, which will entail options on how to complete the project as per the original competition date. The project made good progress in May 2021, with all the key items listed in the April 1-month look ahead being completed.
- (ii) The major challenges encountered centered on obtaining necessary permits from the municipality that were required to complete pours in Blocks B and C. A meeting between the Contractor, project management consultant (PMC), municipality resolved this issue and no delay was encountered.
- (iii) The project is currently forecast as being overbudget by \$1 million. A value engineering workshop is planned for 15 June 2021 where all parties can propose cost-cutting measures. All permits have now been obtained.

4.3 Monthly Project Update

A4.3.1 Permits, Licenses, and Approvals

Application Type	Relevant Law or Regulation	Responsible Party	Approving Authority	Due / Planned Date	Actual Date	Current Status / Comment
Environmental Consent	Resource Management Act 1991	Employer	Environment Hopeland	17/6/2020	16/6/2020	Obtained
Temporary Traffic Management Plan Approval	Local Transport Regulation 103A	Contractor	Hopeland Transport	1/08/2020	1/8/2020	Obtained
Hoarding Permit	Hopeland Municipality 11.7	Contractor	Hopeland Municipality	17/6/2020	21/6/2020	Obtained
Soil Removal Permit	Hopeland Municipality 11.8 B	Contractor	Hopeland Municipality	17/8/2020	21/8/2020	Obtained
Building Permit Block B	Hopeland Municipality 11.8 B	Contractor	Hopeland Municipality	17/1/2021		Documents resubmitted to municipality: 18/1/16 Expected approval 21/6/2021

4.3.2 Contract Start-Up Activities and Submittals

Table A4.1: Land Acquisition and Resettlement Plan Processing

Section Definition	Implementation Status	Clearance of LARP Compliance Report		Comments
		Due Date	Actual Date	

LARP = Land Acquisition and Resettlement Plan.
Note: To be prepared in case of sectional approach. Not Applicable for this project

Table A4.2: General Start-Up Activities

Clause	Action	Responsible	Due Date	Actual Date	Comments
Residual Tender Stage Actions					
ITB 42.1	Issuance of letter of acceptance	Employer	1/5/2020	1/5/2020	
ITB 19.6	Return bid security to Contractor	Employer	1/5/2020	1/5/2020	
ITB 43.2	Contract agreement signature	Employer and Contractor	1/6/2020	1/6/2020	
Contract requirements					
GCC 4.2	Provision of performance security	Contractor	1/7/2020	30/6/2020	
GCC 2.4	Evidence of the employer's financial arrangements	Employer	1/7/2020	30/6/2020	
GCC 4.13	Effective access to and possession of the site	Employer	1/8/2020	1/8/2020	
GCC 14.2	Provision of advance payment guarantee	Contractor	1/7/2020	1/7/2020	
GCC 14.2 and 14.6	Submission and certification of application for advance payment	Contractor	8/7/2020	8/7/2020	
GCC 14.7	Payment of advance payment	Employer	1/8/2020	1/8/2020	
PCC 4.18	Preparation and submission of the Contractor's environmental management plan, including health and safety management plan	Contractor	1/8/2020	1/8/2020	
GCC 8.1	Commencement date	Engineer	1/8/2020	1/8/2020	
Contract Activities Required Within 28 Days of Commencement Date					
GCC 8.3	Submission of detailed program	Contractor	1/9/2020	1/9/2020	

continued on next page

Table A4.2 *continued*

Clause	Action	Responsible	Due Date	Actual Date	Comments
GCC 18.1	Provision of insurances (see section 6)	Contractor	1/9/2020	1/9/2020	
GCC 20.2	Appointment of dispute board and signature of the dispute agreement(s) by the parties	Employer and Contractor	1/9/2020	1/8/2020	

ITB = Instructions to Bidders, GCC = General Conditions of Contract, PCC = Particular Conditions of Contract.

Note: All ITB clause numbers refer to Section 1 of the ADB Standard Bidding Document in the User's Guide to Procurement of Works (June 2018). GCC/PCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*.

Sources: ADB. *User's Guide to Procurement of Works (June 2018)*. Manila; International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

Table A4.3: Mobilization Activities

Clause	Action	Reference	Scheduled Date	Actual Date	Variance
GCC 4.22/6.6	Establishment of site boundaries, compound, offices etc.	Program	1/8/2020	1/8/2020	
GCC 1.1.5.1/4.17	Mobilization of Contractor's equipment	Program	8/8/2020	10/8/2020	
GCC 1.1.2.7/6.9	Mobilization of Contractor's personnel	Program	3/8/2020	5/8/2020	

GCC = General Conditions of Contract.

Note: All GCC clause numbers refer to *FIDIC Contract MDB Harmonized Edition (June 2010)*.

Source: International Federation of Consulting Engineers. 2010. *FIDIC Contract MDB Harmonized Edition (June 2010)*. Geneva.

4.4. Risk Management

A4.3 The following section highlights the main risks related to this reporting period. Two risks were identified in the project risk register and one risk is new.

Reference	Risk Description	Risk Level	Mitigation Measure	Risk Owner (person responsible)
12	Building Permit Block B: The Contractor has not yet been able to obtain the permit to pour the last slab. It is now 2 weeks overdue.	High	Meeting has been arranged (June 23) with the municipality to discuss what was required to obtain approval. Once permit is obtained, the Contractor will work night shifts to make up the lost time	Contractor
New	Façade Specifications: Due to a change in fire regulations, the façade specification will need to be changed. This could have cost and time implications.	High	Design consultant will propose an updated specification to the Contractor. PMC will request Employer sign-off with respect to aesthetics.	Design Consultant
14	Level difference between site and existing road. The actual road height is different from what is stated on the municipal records. This is delaying approval on the final site access points.	High	The Contractor will request municipal surveyor to check height and update municipal records.	Contractor

PMC = project management consultant.

4.5. Program Monitoring

Commencement Date : 1 August 2020

Initial Contractual Completion Date: 17 September 2021

Time Elapsed: 80.9%

Planned Early: 70.2%

Planned Late: 55.0%

Actual Progress: 60.9%

Expected Completion Date: 1 November 2021

Variance to Completion: -32 days

Table A4.5: Current Program vs Baseline Program Milestones

#	Description	Recovery Program – Milestone Completion (a)	Updated Program – Rev o. Forecast April 16 (b)	Updated Program – Rev o. Forecast May 16 (c)	Variance Total (a-c)	Variance Period (b-c)
1	Issuance of Building Permit	27 Feb 2021	27 Feb 2021	27 Feb 2021	0 Days	0 Days
2	Completion of concrete for superstructure	16 April 2021	23 April 2021	23 April 2021	-7 Days	0 Days
3	Completion of structural steel for superstructure	30 April 2021	19 May 2021	29 May 2021	-29 Days	-10 Days
4	Connection availability for main services (water, power, drainage)	1 June 2021	1 June 2021	1 June 2021	0 Days	0 Days
5	Wild air availability	15 June 2021	9 July 2021	12 July 2021	-27 Days	-3 Days
6	Completion of lift works	27 June 2021	19 July 2021	29 May 2021	29 Days	51 Days
7	Completion of facade works	28 June 2021	24 July 2021	2 Aug 2021	-35 Days	-9 Days
8	Temporary permanent power	4 July 2021	26 July 2021	4 Aug 2021	-31 Days	-9 Days
9	Completion of fine finishes (after wild air)	27 July 2021	9 Aug 2021	23 Aug 2021	-27 Days	-14 Days
10	Completion of external works	18 July 2021	7 Aug 2021	22 Aug 2021	-35 Days	-15 Days
11	Issuance of building completion certificate (BCC)	23 Aug 2021	14 Sept 2021	25 Sept 2021	-33 Days	-11 Days
12	Completion of works and handover to client	24 Aug 2021	15 Sept 2021	25 Sept 2021	-32 Days	-10 Days
13	School opens	28 Aug 2021	19 Sept 2021	29 Sept 2021	-32 Days	-10 Days

BCC = building completion certificate.

Figure A4.1: Earned Value Analysis for the Reporting Period

Figure A4.2: Time Analysis Chart

4.6. Program Overview

A4.4 The recovery program approved on 16 May 2021 continues to reduce delays (previously 45 days in April). Given the current progress, the school will open on time. As can be seen from the “One Month Look Ahead” chart, the delay is targeted to decrease to 15 days by the end of next month.

4.7 Critical Path

A4.5 The critical path is moving through the “wet” trades (plastering); mechanical, electrical, and plumbing (MEP) trades; and finishes for the second-floor block D. The local electricity authority inspection, power on, and testing and/or commissioning are also on the critical path.

Table A4.6: One Month Look Ahead

Month	May 2021
Contract Completion Date	24 August 2021
Days to Completion	84
Variance Last Month	32
Target Variance	15

Targets	Target Date
Commencement of Landscaping Works	1 June, 2021
Auditorium Scaffolding Removal	2 June, 2021
Transformer Delivery	11 June, 2021
Pump Room Works s Completion for Civil Defense	11 June, 2021
LV Cable Pulling – Site Wide	12 June, 2021
Completion of Infrastructure Works	12 June, 2021
EIFS Completion – All buildings	15 June, 2021
Block A, B, C & D Roof Civil & MEP Works Completion	18 June, 2021
Wild Air On	20 June, 2021
LV Works Inspection – local utility	20 June, 2021
Sports Block Façade Completion	25 June, 2021
Sports Block Scaffolding Removal after MEP Works in Ceiling	25 June, 2021

4.8. Variations and Claims

Table A4.7: Variation Register

Variation Ref	Variation Description	Date instruction Issued	Estimated Variation Cost	Prior Contract Price	Estimated Revised Contract Price	Current Status

Table A4.8: Claim Register

Claim Ref	Description	Claimed Amount	Submission of Notice of Claim	Submission of Fully Detailed Claim	Status to Date	Amount Certified
1	The Contractor claims that the site was disrupted between 9 and 12 May because the Ministry of Education wanted to organize a site visit for the UNESCO envoy	EOT and prolongation cost: not yet quantified at the present juncture	Notice of claim was submitted on 30 May 2021	Not yet received	Notice of claim was received timely, the Engineer is monitoring the Contractor's records	Not yet applicable

EOT = extension of time, UNESCO = united nations educational, scientific and cultural organization.

4.9. Financial Management

A4.6 The project was budgeted to have incurred costs of \$50 million up until the end of May 2021. It has currently incurred costs of \$47 million. The payments to date are outlined below.

Table A4.9: Schedule of Payments

Item	Date	Cost (\$)
Advance Payment to Contractor	January 2021	10,000,000
PMC monthly payment	January 2021	30,000
Design supervision monthly payment	January 2021	12,000
Geotechnical and Topography Survey	January 2021	15,000
PMC monthly payment	February 2021	30,000
Design supervision monthly payment	February 2021	12,000
Contractor payment	February 2021	5,300,000
PMC monthly payment	March 2021	30,000
Design supervision monthly payment	March 2021	50,000
Contractor payment	March 2021	7,250,000
PMC monthly payment	April 2021	30,000
Design supervision monthly payment	April 2021	75,000
Contractor payment	April 2021	8,811,000
PMC monthly payment	May 2021	30,000
Design supervision monthly payment	May 2021	75,000
Contractor payment	May 2021	15,250,000
Total		47,000,000

PMC = Project Management Consultant.

Figure A4.3: Comparison of Actual and Planned Payments

4.10. Disputes

A4.7 There are no disputes to date.

4.11. Environment, Social Health and Safety, and Security-Related Obligations

A4.8 No particular noncompliance event has occurred on site in relation to environment, social, health and safety, and security-related obligations.

A4.9 There has been a local government environmental consent compliance audit on site carried out with inspector Dr. Swampfield on 10 May 2021, wherein a rating of 1.5 (very good) was received. The audit record is attached as Appendix 3.

A4.10 There was one workplace incident involving concrete burn injury on 26 May 2021. The concerned worker was given medical treatment at a nearby clinic and was off-work for 5 days before allowed to resume light activities on site. Incident report with details on the event cause, actions, and lesson learned was circulated to the site team on 27 May 2021, and a specific toolbox briefing on concrete work safety was held on 28 May 2021.

A4.11 In the upcoming month, the focus will be on the following:

- (i) setting up the site to be ready for carrying out work in the monsoon season, and
- (ii) community liaison group meeting June 2021.

Table A4.9: Contractor's Environmental Management Plan Activity Monitoring

Description of Activities	Corresponding Submittal	Due or Planned Date	Actual Date Received
Approval of the CEMP	CEMP v1.0	1/8/2020	1/8/2020
General site kick start briefing and training	Briefing record	10/8/2020	11/8/2020
HSE committee set up	Site memo	12/8/2020	12/8/2020
HSE audit by project steering committee (Month 1)	Audit record	1/9/2020	2/9/2020
HSE audit by project steering committee (Month 2)	Audit record	1/10/2020	1/10/2020
Site shut down by Engineer due to utilities work incident	Site memo	–	26/10/2020
HSE audit by project steering committee (Month 3)	Audit record	1/11/2020	1/11/2020
Site waste recycling and/or reuse training	Training record	6/11/2020	6/11/2020
Safe utilities work training	Training record	7-8/11/2020	7-8/11/2020

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Table A4.9 *continued*

Description of Activities	Corresponding Submittal	Due or Planned Date	Actual Date Received
HSE audit by project steering committee (Month 4)	Audit record	1/12/2020	2/9/2020
HSE audit by project steering committee (Month 5)	Audit record	4/1/2021	4/1/2021
HSE audit by project steering committee (Month 6)	Audit record	1/2/2021	1/2/2021
Worksite HSE audit by Hopeland Worksafe	Audit record	-/2/2021	20/2/2021
ADB safeguard site audit on HSE	Audit record	–	20/2/2021
HSE audit by project steering committee (Month 7)	Audit record	1/3/2021	1/3/2021
Working at Height training	Training record	4-5/3/2021	
Environmental audit by Hopeland Environment	Audit record	-/2/2021	10/3/2021
HSE audit by project steering committee (Month 8)	Audit record	1/4/2021	1/4/2021
HSE audit by project steering committee (Month 9)	Audit record	1/5/2021	1/5/2021
Environmental audit by Hopeland Environment	Audit record	-/5/2021	10/5/2021

ADB = Asian Development Bank, CEMP = contractor's environmental, management plan, HSE = health, safety, and environment.

Table A4.10: Social Safeguard Monitoring

Description of Social Safeguard Activities	Corresponding Submittal	Due / Planned Date	Actual Date Received
Community liaison group set up	Letter drop record	1/7/2020	1/7/2020
Community liaison group meeting	Meeting record	15/9/2020	15/9/2020
Community liaison group meeting	Meeting record	15/12/2020	15/12/2020
Community liaison group meeting	Meeting record	15/3/2020	15/3/2020

Table A4.11: Health and Safety Monitoring

	Reporting Period	Cumulative/ Project Average
Average daily manpower (including Subs)	160	85
Lost Time Injury (LTIn)	1	5
Lost Time Injury Frequency Rate (LTIFRn)	23.15	24.2
First Aid Injury (FAI n)	0	16
Medical Treatment Injury (MTIn)	1	8 (5 were LTI)
Significant Near Misses (SNMn)	0	4
Total Recordable Injury Frequency Rate (TRIFRn)	23.15	116.2

LTI = number of work-related injuries or disease that result in a fatality, permanent disability or time lost from work. It could be as little as one day or shift (excluding the day of the incident).

LTIFR = number of lost-time injuries (LTIs) within a given accounting period, relative to the total number of hours worked in that period. The formula measures the number of LTIs per million hours worked during an accounting period and is as follows:
(Number of LTIs in accounting period) / (Total hours worked in accounting period) x 1,000,000

FAI = number of injury that requires a single first aid treatment and a follow up visit for subsequent observation involving only minor injuries, and for which the person would typically return immediately to their normal activities.

MTI = number of injuries or disease that resulted in a certain level of treatment given by a physician or other medical personnel under standing orders of a physician other than on-site first aid treatment.

SNM = number of unplanned events that did not result in injury, illness, or damage – but had the potential to do so (i.e., ‘Close-Call’, ‘Nearly a Collision’, ‘Near Hit’).

TRIFR = number of injuries (excluding fatalities) requiring medical treatment per million hours worked within an organization. The formula is as follows:
(Number of recordable injuries in accounting period) / (Number of hours worked by all staff in the same accounting period) x 1,000,000

Table A4.12: Security Monitoring (if applicable)

Evolution of the security situation in the project area	Security resources		Incidents reported during previous month	Comments
	As planned in Security Plan	Actual on Site		
N/A				

A4.12 Site Photographs and Quality Observations

Sports Field Levelling

(photo by Glen Harris/Turnkey Project Management).

Block D –Ground Floor False Ceiling Works in Progress

(photo by Glen Harris/Turnkey Project Management).

Block C –Auditorium Ceiling Works in Progress

(photo by Glen Harris/Turnkey Project Management).

Block C –Ground Floor Curtain Walls Completed

(photo by Glen Harris/Turnkey Project Management).

Block B –Roof Ballast in Progress

(photo by Glen Harris/Turnkey Project Management).

Block A –Ground Floor Self Levelling Completed

(photo by Glen Harris/Turnkey Project Management).

No nonconformance and/or corrective action instruction issued by supervision engineer to date.

4.13 Completion of Work and Contract Closure Activities

A4.12 Not yet commenced.

PART B

4.14 Contract Details

Table A4.13: Contract Details and Key Dates

Employer name	Department of Education, Hopeland
Contractor name	Perry Mason Contractor LTD
Contract title	ADB School
Contract Number	136CFR
Accepted Contract Amount (Currency)	USD \$200,000,000
Date of Issuance of Letter of Acceptance	1 June 2020
Commencement Date	1 August 2020
Sections (Yes/No). If yes provide details.	
Time for Completion (days)	400 Days
Defects Notification Period (days)	365 Days
Location of the Site	Tourak, Hopeland
ADB Loan Effectiveness Date	<i>[insert effectiveness date of ADB loan/grant]</i>
ADB Loan Closing Date	<i>[insert closing date of ADB loan/grant]</i>

ADB = Asian Development Bank.

4.15. Communications and Reporting

Table A4.14: Contact Details

Ref	Name	Title	Position	Phone	Email
Executing Agency: <i>[INSERT NAME]</i>					
1			Employer		
2					
Implementing Agency <i>[INSERT NAME]</i> and PMU					
3					
4					
Contractor: <i>[INSERT NAME]</i>					
5			Contractor's Representative		
6			H&S Officer		
Engineer [inset relevant position depending on contract terms]: <i>[INSERT NAME]</i>					
7			Engineer's Representative		
8			Other personnel (specify delegated authority)		
ADB: <i>[INSERT ADB HQ or other ADB office overseeing project]</i>					
9			Project Team Lead		
10			Other officers (specify their role)		
Dispute Board Members					
11					
12					
13					
Other <i>[e.g., Co-financing Partners etc]</i>					
14					
15					

PMU = project management unit, H&S = health and safety, ADB = Asian Development Bank, HQ = headquarters.

Contract Management

Guidance Note on Procurement

This guidance note provides operational-level guidance for borrowers, through their executing agencies, on how contract management should be applied in projects during the procurement cycle for a contract financed in whole or in part by an ADB loan or grant, or by ADB-administered funds, for the procurement of goods, works, and services. Contract management encompasses three stages: preparation and planning activities prior to contract award, contract administration during contract implementation, and contract closure. Effective contract management ensures that supplier, contractor, and/or consultant deliverables and obligations are met as agreed under the contract. In addition, more efficient and effective contract management promotes increased and more timely loan disbursements.

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