



Procurement Manual

National Cyclone Risk Mitigation Project (NCRMP)

5th March, 2010

Table of Contents

ABBREVIATIONS	4
1. BACKGROUND AND CONTEXT	5
2. PURPOSE OF THE MANUAL	7
3. OVERVIEW OF PROCUREMENT PROCESS	8
4. PROCUREMENT ARRANGEMENTS	9
4.1 Roles and responsibilities for procurement at State level	10
4.2 Roles and responsibilities for procurement at National level	12
5. THRESHOLD MATRIX FOR PROCUREMENT METHODS AND PRIOR REVIEW	13
5.1 Threshold Matrix - Procurement of Goods and Works:	13
5.2 Threshold Matrix - Procurement of Services	14
6. PROCUREMENT PLAN	15
7. PROCUREMENT OF GOODS AND CIVIL WORKS	16
7.1 Procurement Methods for Goods and Civil Works	16
7.1.1 International Competitive Bidding (ICB)	16
7.1.2 Limited International Bidding (LIB)	17
7.1.3 National Competitive Bidding (NCB)	17
7.1.4 Shopping	18
7.1.5 Direct Contracting	19
7.1.6 Force Account	19
7.2 Procedure for Procurement of Goods and Works	21
7.2.1 Procedures for procurement under NCB/ICB (Tender Proceedings)	21
7.2.1.1 Issue of General Procurement Notice (GPN).....	21
7.2.1.2 Preparation of Bidding Documents.....	21
7.2.1.3 Notification/Advertising.....	24
7.2.1.4 Submission of Bids.....	25
7.2.1.5 Pre Bid Conference.....	26
7.2.1.6 Opening of Bids.....	26
7.2.1.7 Bid validity and extension of validity of Bids.....	27
7.2.1.8 Examination of Bids.....	27
7.2.1.9 Evaluation of Bids.....	28
7.2.1.10 Bid Evaluation Report.....	28
7.2.1.11 Negotiations.....	29
7.2.1.12 Award of Contract.....	29
7.2.1.13 Publication of the Award of Contract.....	29
7.2.1.14 Rejection of all bids.....	29
7.2.1.15 Disclosure.....	30
7.2.2. Procurement Procedure for Shopping	31
7.2.2.1 Contents of RFQ.....	31
7.2.2.2 Submission of Quotations.....	31
7.2.2.3 Evaluation of Quotations.....	31
7.2.2.4 Award of Contract.....	31
8. PROCUREMENT OF CONSULTANT SERVICES	33
8.1 PROCUREMENT METHODS FOR CONSULTANTS SERVICES	33
8.1.1 Quality and Cost Based Selections (QCBS)	33

8.1.2 Single Source Selection	33
8.1.3 Selection under Fixed Budget (FBS)	34
8.1.4 Least-Cost Selection (LCS)	34
8.1.5 Selection Based on the Consultants' Qualifications (CQS).....	35
8.1.6 Individual Consultants	35
8.2 Procedures for Procurement under Quality and Cost based selection	36
8.2.1 Preparation of the Terms of Reference (TOR)	36
8.2.2 Preparation of cost estimate and the budget	37
8.2.3 Advertising	37
8.2.4 Short listing of consultants.....	37
8.2.5 Preparation and issue of Request for Proposals (RFPs)	38
8.2.6 Receipt of proposals.....	38
8.2.7 Opening and Evaluation of Proposals.....	39
8.2.8 Negotiations and Signing of Contract	42
8.2.9 Publication of the Award of Contract.....	42
8.2.10 Debriefing	43
8.2.11 Rejection of all proposals and re-invitation	43
8.2.12 Confidentiality.....	43
8.2.13 Conflict of interest	43
9. FRAUD AND CORRUPTION	45
10. BANK REVIEW OF PROCUREMENT ACTION	47
10.1 Review of contracts by the Bank	47
10.2 Prior review by the Bank	47
10.2.1 Goods and Works.....	47
10.2.2 Consultant services	48
10.3 Post Review/ Procurement Audit	49
11. RECORD KEEPING.....	51
12. COMPLAINT REDRESSAL MECHANISM.....	53
13. CONSEQUENCE OF NON-COMPLIANCE WITH THIS MANUAL	54
DEFINITIONS OF TERMS	55
ANNEXURE I- FORMAT FOR BILL CLEARANCE CERTIFICATE	56
ANNEXURE II- FORMAT FOR PROCUREMENT PLAN	57

Abbreviations

CQS	Selection based on Consultants' Qualification
DGS&D	Directorate General of Supplies & Disposals
DPR	Detailed Project Report
FBS	Fixed Budget System
GOI	Government of India
IBRD	International Bank for Reconstruction & Development (World Bank)
ICB	International Competitive Bidding
IDA	International Development Association
IFB	Invitation for Bids
IP	Investment Proposal
LCS	Least Cost Selection
LIB	Limited International Bidding
MHA	Ministry of Home Affairs
MoU	Memorandum of Understanding
NCB	National Competitive Bidding
NCRMP	National Cyclone Risk Mitigation Project
NDMA	National Disaster Management Authority
NIDM	National Institute of Disaster Management
PIU	Project Implementation Unit
PMU	Project Management Unit
QCBS	Quality & Cost Based Selection
RFP	Request for Proposal
RFQ	Request for Quotation
SSC	State Steering Committee
SSS	Single Source Selection
UNDB	United Nations' Development Business
UT's	Union Territories
WB	World Bank

1. Background and Context

The Government of India has initiated National Cyclone Risk Mitigation Project ('NCRMP'), herein after referred to as the 'Project' or 'NCRMP', with a view to address cyclone risks in the country. National Disaster Management Authority ('NDMA') under the aegis of Ministry of Home Affairs (MHA) shall implement the Project in coordination with participating States/UTs in the coastal areas.

The Project has four components:

- **Component A** – Last Mile Connectivity for the dissemination of cyclone warnings and advisories from district/sub-district level to communities. This activity will be implemented by NDMA in consultation with participating States/UTs.
- **Component B** - Construction/repair of physical infrastructure for cyclone risk mitigation. This Component will be implemented by the States/UTs.
- **Component C** - Technical assistance for capacity building on hazard risk management. NDMA and NIDM are the implementing agencies for this Component.
- **Component D**- Project Management and Monitoring applicable to all implementing agencies.

To begin with, NCRMP is proposed to be implemented in the States of Andhra Pradesh and Orissa. Other coastal states/UT's would be considered in further phases of the Project.

The NCRMP shall be coordinated by a central Project Management Unit (PMU) set up at NDMA. The participating States/UTs and agencies (such as NIDM) shall set up their respective Project Implementation Units ('PIUs').

The PMU shall coordinate with NDMA, MHA, World Bank, CAAA and other external agencies involved. The PIUs shall coordinate with the various line departments of the State Government/UT which will be finally responsible for execution of Project work.

For executing the Project, a Project Management Unit (PMU) has been set up at NDMA. The participating States/UT's shall set-up Project Implementing Units (PIU's) which will coordinate with the line departments of the respective State Governments. To accomplish successful completion of various components of the Project, the PMU, PIUs and the line departments would invariably require the procurement of goods, works, services and the employment of consultants. This procurement shall follow the set of standard rules & procedures specified for this Project under this manual.

Table 1: Units responsible for undertaking procurement activities component-wise

Project Component	Nature of procurement activity to be undertaken	Procurement Agency
Component A	<ul style="list-style-type: none"> • Purchase of equipments for enabling the early warning system • Training for local communities on the technical and operational issues 	Project Management Unit ('PMU') at National Disaster Management Authority ('NDMA') through a designated agency
Component B	<ul style="list-style-type: none"> • Consultancy works for preparation of DPR's for mitigation activities • Works • Goods and equipments 	Project Implementation Unit ('PIU') or Line department
Component C	Consultancy services for all the activities envisaged under Component C	NIDM PMU
Component D	Project Management Services	PMU, NIDM, PIU and the line departments

2. Purpose of the Manual

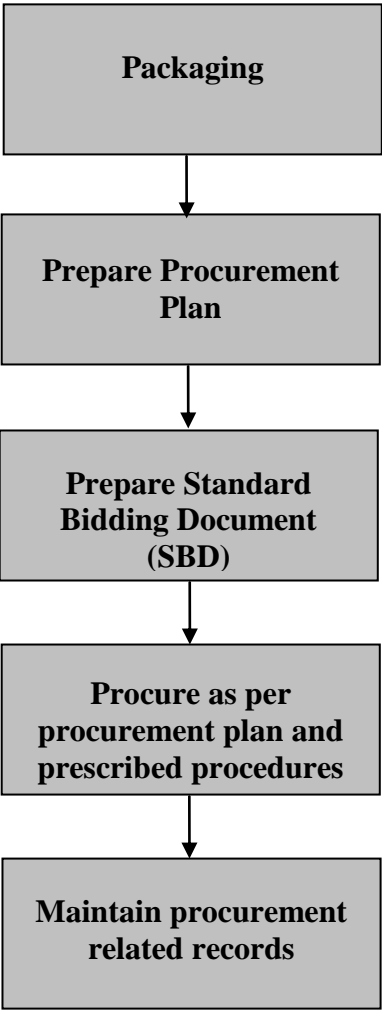
The purpose of the manual is to provide guidance about procurement procedures applicable to NCRMP. The objective is to establish an open, transparent and competitive procurement system to bring out efficiency, economy and a fair opportunity for participation by all potential contractors, suppliers and consultants.

The manual has been prepared on the basis of World Bank guidelines (for procurement under Bank funded projects) namely, “Procurement under IBRD Loans & IDA Credits May 2004, revised in October 2006” and “Selection and employment of consultants by World Bank Borrowers May 2004, revised in October 2006”. In case of any clarification, references shall be made to these guidelines and any further revisions thereof to the specified guidelines.

All implementing agencies and their Procurement agents (if any), invariably need to follow the various procedures contemplated in this manual in order to procure ‘Works’, ‘Goods’ and ‘Consultant Services’ for the Project.

The procedures mentioned in this manual are further complemented by the model bidding documents and formats prescribed by the Bank. These bidding documents and formats are available on the Project website: www.ncrmp.gov.in

3. Overview of Procurement Process

Activity	Activity description
 <pre> graph TD A[Packaging] --> B[Prepare Procurement Plan] B --> C[Prepare Standard Bidding Document (SBD)] C --> D[Procure as per procurement plan and prescribed procedures] D --> E[Maintain procurement related records] </pre>	<p>Consolidate procurement requirements into discrete contracts.</p> <p>Procurement plan outlines schedule for procurement of goods, works & services at a specified time frame of the Project.</p> <p>SBD- Prepared by customizing Bank’s model bidding documents to suit Project procurement requirements.</p> <p>All procurement of goods works & services to be done only as per prescribed guidelines and procedures. Obtain Bank’s approvals whenever required.</p> <p>Retain procurement records (specified by the guidelines) for the specified period</p>

4. Procurement Arrangements

The key stakeholders and their roles as currently envisaged for NCRMP are as follows:

- A National Steering Committee, for NCRMP
- Project Management Unit (PMU) at national level
- National Institute of Disaster Management, supported by Project Implementation Unit (PIU) specifically created for execution of two sub-components of Component C
- State Steering Committees at State level
- Project Implementation Unit (PIU) constituted at State level
- State Line departments responsible for execution of works proposed

A brief on the structure, roles and responsibilities of the various stakeholders is as explained below: (Refer the Operations manual of the Project for further details)

Arrangements at the National Level:

- A **National Steering Committee** has been constituted with representative members from Central Ministries, eminent experts and State Governments. The NSC will provide strategic oversight over the operations of the NCRMP, provide guidance in project implementation and monitor progress.
- A **Project Management Unit ('PMU')**: At a national level, a Project Management Unit shall be set up for overseeing the implementation of the NCRMP. The PMU shall be located within the NDMA, the national body responsible for Disaster Management and Mitigation.
- **National Institute of Disaster Management** – NIDM has the responsibility for execution of three activities in component C i.e.
 - Activity III – Preparation of long term training and capacity building strategy (13 States/UTs)
 - Activity IV - Implementation of High Priority Training and Capacity Building Programs
 - Activity V – Strengthen capacity for damage and loss assessment

It is envisaged that a separate PIU under NIDM will be established for overlooking the execution of these three sub components.

Arrangements at the State Level

- A **State Steering Committee ('SSC')** shall be constituted with representative members from State Ministries, Eminent Experts and Senior Officers of Line Departments. During the Project preparation phase, the Committee will be responsible for scrutinizing the proposals received from various Line Departments and advice PIU on the Project. At the implementation stage, the committee will give strategic oversight to the Project.
- A **Project Implementation Unit (PIU)** shall be constituted at State level for coordinating the activities and monitoring implementation of the NCRMP. The PIU will be located at the State Nodal Agency responsible for Disaster Mitigation.

- The **State Line Departments** shall be responsible for the execution of works proposed in the NCRMP. Their main responsibilities include the preparation of DPR's (during the Planning stage), procurement of manpower and material and supervision of construction activities. The functions may be outsourced to a third party or managed internally by the line department. However, the actual responsibility for quality control and monitoring lies with the respective departments. Participating line departments may vary from State to State.

Irrespective of the procurement arrangement, every entity, whether PMU, PIU, line departments or any other agency involved in the procurement for the Project is compulsorily required to follow Bank's guidelines and approved procurement procedures.

4.1 Roles and responsibilities for procurement at State level

Following table lists down the procurement arrangements at State level:

Activity	Roles and Responsibilities
Packaging	PIU – Procurement Specialist in consultation with the Line Department
Compilation of the bid document	Line Department
Advertisement of bids	Line Department in consultation with the PIU Procurement Specialist
Procurement plan	PIU Procurement Specialist in consultation with the Line Departments
Model Bid document	PIU Procurement Specialist in consultation with the Line Department
Quality assurance of bid document	Line Department in consultation with the PIU Procurement Specialist
Bid Invitation	Line Department
Receipt of bids	Line Department
Opening of bids	Line Department
Evaluation of bids ¹	Line Department
Scrutiny of evaluation	Line Department in consultation with the PIU Procurement Specialist
Approval of evaluation ²	Review by the PIU:

¹ In case of Andhra Pradesh, a separate Tender Approval Committee would be formed for review and approval of evaluation of bids.

² In case of Andhra Pradesh, a separate Tender Approval Committee would be formed for review and approval of evaluation of bids.

	<ul style="list-style-type: none"> • Procurement Specialist for compliance with NCRMP procurement guidelines • Environment and social specialist for inclusion of EMP's and RAP's where required
Award	Line Department
Re-bid request	Line Department in consultation with the PIU procurement Specialist
Clearance of re-bids	World Bank
Retention of documentation	In the office of Divisional Engineer (Executive Engineer) with copies at office of Superintending Engineer and Chief Engineer.
Contract Actions	
Variations/terminations etc.	Line Department in consultation with the PIU procurement Specialist / World Bank
Clearance of the contract actions	PIU – procurement Specialist
Progress monitoring	Primary responsibility of onsite supervision – Line Department
	Overall progress monitoring – PIU
Payments	
Preparation of bills	Line department
Scrutiny of bills ³	Line department
Clearance of bill for payment ⁴ (Format for recommending bill for payment- Refer Annexure I)	Line department
Recording of bill and approving payment	By the PIU finance team
Payment method ⁵	Direct release by the PIU to the contractor/vendor

There will be a Procurement Specialist at the PIU who will coordinate all procurement related activities. Following are the key responsibilities of the Procurement Specialist at PIU:

³ The observations of Third Party Quality Auditor to be considered/resolved by the Line Departments at the time of scrutiny of bills before recommending it for payment

⁴ At the time of clearance of bill for payment, line departments to also certify that the concerned contractor has complied with the environment and social requirements of the Project.

⁵ In case of Andhra Pradesh, the payments to the contractors would be made by the line departments through the existing mechanism of payments through the Pay and Accounts Office (P&AO)

- Review the packaging of procurement contracts by the Line departments
- Preparation/revision of Procurement plan in consultation with the Line departments.
- Prepare the model bid documents
- Review the bid documents, notice inviting bids, advertisements, contracts and other procurement related documents prepared by the Line departments.
- Scrutiny of the evaluation of the bids done by the Line departments
- Provide clearance to any contract related actions like modifications. Terminations etc.
- Review of procurement proceedings conducted by the line departments to ensure compliance to the Project procurement guidelines
- Coordinating with the line departments for compliance with the procurement plan

4.2 Roles and responsibilities for procurement at National level

There will be a Procurement Specialist at the PMU who will coordinate all procurement related activities. Following are the key responsibilities of the Procurement Specialist at PMU:

- Preparation/revision of Procurement plan for the PMU.
- Prepare the model bid documents for the PMU
- Procure goods and services for PMU in line with Project procurement guidelines and procedures
- Provide guidance on Project procurement procedures to the State line departments and PIUs and other procuring entities of the Project
- Train and orient the State PIUs, Line departments and the procurement team at PMU on the Project procurement guidelines and procedures
- Provide guidance and support to NIDM in procurement for goods and services required under Component C of the Project
- Coordinate with the Bank for obtaining clarifications and approvals for various procurement activities of the Project. The Procurement Specialist at PMU will act as the single contact point to obtain all procurement related clarifications/approvals from the Bank
- Coordinate with the State PIUs and line departments for the periodic procurement audits conducted by the Bank or Project Internal Auditors
- May conduct periodic visits to the States for guidance and monitoring of procurement activities

5. Threshold Matrix for Procurement Methods and Prior Review

The table below specifies the different procurement methods to be considered based on the value of the procurement being made. These methods have been elaborated in Section 7 & 8. Following are the threshold limits for procurement under NCRMP:

5.1 Threshold Matrix - Procurement of Goods and Works:

Expenditure Category	Threshold Value	Procurement Method	Contracts Subject to Prior Review / Post Review
Civil Works	Works estimated to cost more than US\$ 5,000,000	International Competitive Bidding (ICB)	All contracts exceeding US\$ 5,000,000
	Works estimated to cost more than US\$ 30,000 and up to US\$ 5,000,000	National Competitive Bidding (NCB)	All contracts exceeding US\$ 5,000,000
	Goods estimated to cost up to US\$ 30,000	Shopping Method	As per approved procurement plan
	Small Civil works for which capacity exists internally	Force Account method if criteria are satisfied	Prior review only**
Goods/ Equipment/ Machines	Goods estimated to cost more than US\$ 500,000	International Competitive Bidding (ICB)/Limited International Bidding (LIB)	All contracts exceeding US\$ 500,000
	Goods estimated to cost more than US\$ 30,000 and up to US\$ 500,000	National Competitive Bidding (NCB)	All contracts exceeding US\$ 200,000
	Goods estimated to cost up to US\$ 30,000	Shopping	As per approved procurement plan
	Proprietary items of lesser value	Direct Contracting	Prior review only**

*** All procurement through direct contracting or Force account can be done only after a prior review by the Bank*

5.2 Threshold Matrix - Procurement of Services

Threshold Value	Procurement Method	Review by Bank
Recommended method	Quality and cost based selection (QCBS)	All contracts exceeding US\$ 100,000
Based on the specifications of the assignment. (Procurement meeting requirements of Clause 3.6 of the Bank's guidelines) Contract value less than US \$ 200,000.	Least cost selection (LCS)	All contracts exceeding US\$ 100,000
Based on the specifications of Assignment. (Procurement meeting requirements of Clause 3.5 of the Bank's guidelines) Contract value less than US \$ 200,000	Fixed Budget System (FBS)	All contracts exceeding US\$ 100,000
Based on the specifications of Assignment. (Procurement meeting requirements of Clause 3.7 and 3.8 of the Bank's guidelines) Contract value less than US \$ 200,000	Selection based on Consultants Qualification (CQS)	All contracts exceeding US\$ 100,000
Based on the specifications of Assignment (if meets requisite criteria) (Selection meeting requirements of Clause 3.9- 3.13 of the Bank's guidelines)	Single Source Selection(SSS)	Prior Review only (Refer Note 1)
Based on the specifications of Assignment (if meets requisite criteria)	Individual Consultants	Prior Review (Refer Note 2)

Note 1: All Single Source Selections (SSS) should be prior cleared with Bank.

Note 2: Prior review by Bank only if individual consultants estimated to cost the equivalent of \$ 50,000 or more (value per contract)

6. Procurement Plan

Procurement plan outlines a schedule for the procurement of goods, works and services at a specified time frame of the Project. It is a tool for proper monitoring and execution of procurement activities. Preparation of procurement plan is a legal requirement for World Bank financed projects. All procurement of goods, works and services must be as per approved procurement plan. Any procurement made, not included in the procurement plan may be categorised as ‘Mis-procurement’.

The Procurement Specialist in the PIU will prepare contract wise annual procurement plan in consultation with the line departments. There would be separate procurement plan for goods, civil works and services listing the items/ works/services to be procured, their estimated value and method of procurement. Similarly, State PIU will prepare its procurement plan for services to be hired. PMU at national level will also prepare annual procurement plan for works, goods, and services to be procured at their level.

The procurement plan would cover initial 18 months or longer period of implementation of the activities. The procurement plan is to be made in the standard procurement plan template approved by the World Bank (provided in Annexure II) for preparation of Procurement plan. The format of Procurement plan has also been posted on the Project website. The procurement plan shall be updated on an annual basis or as required, always covering the next 18 months period of Project implementation.

The procurement plan /schedule prepared shall be shared with the Bank for its approval. Any revisions proposed to the procurement plan shall be furnished to the Bank for its prior approval.

At the time of preparing Procurement Plan, following factors need to be considered:

- Methods of procurement shall be based on the total value of the contract, need of the procurement, type of goods, works and services and availability of different sources of supply etc.
- Methods of procurement to be adopted as well as review of contracts by the World Bank will be decided based on the total value of a tender rather than on the value of each individual contract/ schedule.
- Threshold limits mentioned in the manual to be strictly adhered to for selecting the procurement method.
- Splitting up the procurement contract is not to be done for the purpose of using less competitive procurement method.
- It shall also be ensured that the procurement of goods and works is carried out strictly on the basis of actual need.

All PIU's need to ensure the following:

- ***Procurement plan made in prescribed format***
- ***Procurement plan to be approved by the Bank***
- ***All procurements are as per the approved procurement plan.***
- ***Procurement plan is updated on an annual basis or as needed.***
- ***Any change in the procurement plan is forwarded to Bank for approval.***

7. Procurement of Goods and Civil Works

7.1 Procurement Methods for Goods and Civil Works

The most commonly used procurement methods as applicable to NCRMP include:

- International Competitive Bidding (ICB)
- Limited International Bidding (LIB)
- National Competitive Bidding (NCB)
- Shopping
- Force Account
- Direct Contracting

7.1.1 International Competitive Bidding (ICB)

International Competitive Bidding (ICB) is generally adopted where the supplies need import and/or foreign firms are expected to participate irrespective of the value. In case of NCRMP this method would be used where the procurement requirements warrant its usage or where the amount of procurement exceeds US\$ 5,000,000 in case of works and US\$ 500,000 in case of goods.

Steps to be followed are: *(Refer section 7.2 for procedural details)*

- Prepare and submit to the Bank a draft General Procurement Notice which will be published in UN Development Business online (UNDB online), dgMarket and Project website;
- Use standard bid documents for ICB applicable to this Project;
- Sale of bid documents should start only after publication of invitation for bids in newspapers and UNDB/ dgMarket;
- Receive bids valid for a period specified in the bidding documents which shall be sufficient to enable the procuring entity to complete the comparison and evaluation of bids, review the recommendation of award with the Bank (if required in the Procurement Plan), and obtain all the necessary approvals so that the contract can be awarded within that period;
- Bidding period shall be at least 45 to 90 days from the date of start of the sale of bid documents.
- Based on the conditions mentioned in the loan agreement and set forth in the bidding document, a margin of preference may be provided to domestic manufacturers/contractors;
- Publication of award of contract on UNDB online and in dgMarket (Refer section 7.2.1.12 for details)
- Other procedures for ICB will broadly be same as that of open advertised tender in respect of bid opening, bid evaluation, notification and publishing of award of contract, complaint redressal; etc. *(explained in detail in section 7.2)*

For all procurement of goods and works, Bank approved documents shall be used. Evaluation of bids shall be done using standard format of the Bank.

Various steps involved in procurement under ICB have been enumerated in Section 7.2

7.1.2 Limited International Bidding (LIB)

Limited International Bidding (LIB) is essentially ICB by direct invitation without open advertisement. It may be an appropriate method of procurement where:

- (a) There are only a limited number of suppliers, or
- (b) Other exceptional reasons may justify departure from full ICB procedures.

Under LIB, Procuring Entities shall seek bids from a list of potential suppliers broad enough to assure competitive prices; such list to include all suppliers when there are only a limited number. Domestic preferences are not applicable in the evaluation of bids under LIB.

In all respects other than advertisement and preferences, ICB procedures shall apply, including the publication of the Award of Contract. (*Refer section 7.1.1 and section 7.2.1*)

7.1.3 National Competitive Bidding (NCB)

NCB is the competitive bidding procedure normally used for public procurement.

According to the World Bank guidelines, the NCB may be the most appropriate method where:

- The advantages of ICB are clearly outweighed by the administrative or financial burden involved
- Foreign bidders are not expected to be interested because of the specific nature of the procurement contract such as:
 - The contract values are small;
 - Works are scattered geographically or spread over time;
 - Works are labour intensive or
 - The goods and works are available locally at prices below the international market.

In case of NCRMP, NCB would be the most commonly used method and is mandatory to be used in case the value of procurement contract is as per the threshold limits defined for NCB.

Major points of consideration under NCB are (NCB conditions): (*Refer section 7.2 for procedural details*)

- Only the standard bidding documents for NCB agreed with Bank shall be used for bidding.
- Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids.
- No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state owned enterprises, small-scale enterprises or enterprises from any given state.
- Extension of bid validity: (a) for the first request for extension if it is longer than four weeks; and (b) for all subsequent requests for extension irrespective of the period (such concurrence will be considered only in cases of Force Majeure and circumstances beyond the control of the purchaser or employer) will require prior approval by bank.
- Except in exceptional circumstances, there will be no negotiations of price with bidders, even with the lowest evaluated bidder.

- Re-bidding: the system of rejecting bids outside a pre-determined margin or 'bracket' of prices shall not be used.
- The two or three envelope system will not be used
- Rate contracts entered into with the Director General of Supplies and Disposals (DGS&D) are not acceptable as substitute for NCB procedures. Such contracts will be acceptable for any procurement under shopping procedures.

- ***For all procurement of goods and works, Bank approved documents shall be used.***
- ***Evaluation of bids shall be done using standard format of the Bank.***

Various steps involved in procurement under NCB have been enumerated in Section 7.2

7.1.4 Shopping

Shopping is a procurement method based on comparing price quotations obtained from several suppliers (in the case of goods) or from several contractors (in the case of civil works), with a minimum of three, to assure competitive prices. It is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities of small value, or simple civil works of small value.

In NCRMP, Shopping procedure shall be adopted where the estimated cost of contract is up to US\$ 30,000.

Rate contracts finalized by the Directorate General of Supplies & Disposals (DGS&D) will be acceptable for any procurement under shopping. State Government rate contracts, if any, shall be treated as one of the three quotations in the shopping process.

- ***Bank's standard documents shall be used to invite quotations.***
- ***Minimum three quotations to be compared***

Various steps involved in Calling Quotations, Evaluation of Quotations and Award of Contract have been enumerated in Section 7.2.2

7.1.5 Direct Contracting

Direct contracting is contracting without competition (single source) and may be an appropriate method under the following circumstances:

- The required equipment is proprietary and obtainable only from one source.
- An existing contract for goods or works, awarded in accordance with procedures acceptable to the Bank, may be extended for additional goods or works of a similar nature. The Bank shall be satisfied in such cases that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable. Provisions for such an extension, if considered likely in advance, shall be included in the original contract.
- Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original supplier. For such purchases to be justified, the original equipment shall be suitable, the number of new items shall generally be less than the existing number, the price shall be reasonable, and the advantages of another make or source of equipment shall have been considered and rejected on grounds acceptable to the Bank.
- The contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee.
- In exceptional cases, such as in response to natural disasters.

Direct Contracting shall be done only with prior approval of the Bank.

7.1.6 Force Account

Force Account is construction using Procuring Entity's own material, labour and equipment⁶. The use of force account is justified where:

- Works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices;
- Quantities of work involved cannot be defined in advance;
- Work is required to be carried out without disrupting ongoing operations;
- Risks of unavoidable work interruption are better borne by the procuring entity than by a contractor; or
- There are emergencies needing prompt attention.

In NCRMP, civil works shall be executed by line departments by awarding the contracts to third parties. However, in exceptional circumstances, for reasons justified by the competent authority, work can be executed through force account.

⁶ A government-owned construction unit that is not managerially and financially autonomous shall be considered a force account unit.

All cases of force account would need prior approval of the Bank.

7.2 Procedure for Procurement of Goods and Works

7.2.1 Procedures for procurement under NCB/ICB (Tender Proceedings)

The various steps followed for procurement under NCB/ICB are as follows:

- Issue of General Procurement Notice (GPN);
- Preparation of Bidding Documents;
- Notification/Advertising;
- Submission of Bids;
- Pre bid conference (if considered necessary);
- Opening of bids;
- Extension of bid validity period (if required);
- Examination of bids;
- Evaluation of bids;
- Award of contract;
- Publication of award of contract and
- Disclosure

The various steps have been explained below:

7.2.1.1 Issue of General Procurement Notice (GPN)

- (i) At the start of the project a general procurement notice (GPN) will be issued in national news papers and UNDB/dgMarket indicating the goods or works to be procured under ICB/NCB and that the prospective bidders should be on look out for the specific invitation for bids. The GPN to be issued on UNDB/dgMarket would be prepared in the format specified by the Bank.
- (ii) Specific invitation for bids (IFB) should provide a brief description of goods/works, very important contract conditions, source of financing of the project, eligibility requirements, time and place, full office address along with telephone/fax number and email address, if any, for submission of applications/bids where from bid documents can be obtained. Contractors should be made responsible for all materials including cement and steel without having to rely on departmental supplies. Format of IFB to be adopted is given in the ICB/NCB bidding documents.

7.2.1.2 Preparation of Bidding Documents

The State PIU's shall follow the framework of the Standard Bidding Document for NCB, prescribed for the Project, for all the bids, making only such changes as are necessary for meeting the requirements in the States. The format shall be finalized in consultation with the Bank. In case of ICB, the bidding documents specified for ICB would be used. The bidding documents will be prepared in 'English'. The Standard Bidding Document envisages submission of bids in two parts,

“Technical Section” and “Financial Section”, contained in one envelope. The standard bidding documents shall furnish all necessary information for a prospective bidder under the following heads:

- Instruction to bidders
- Form of bid
- Scope of work/ Technical specifications / schedule of quantities (BOQ)
- Eligibility criteria
- Qualification of bidders
- Earnest money
- Bid Security
- Bid price
- Validity of bids submitted
- Submission of bids
- Pre-bid conference
- Opening of bids
- Evaluation of bids
- Post qualification
- Award of contract
- Performance security
- Fraud and Corruption

Important clauses have been explained in brief in the subsequent paragraphs.

a). Instruction to bidders

Bidding documents under the head ‘Instructions to Bidders’ should clearly specify the following:

- Basis for bid evaluation and methods of evaluation, where bids are invited for a number of items (whether evaluation would be for all the done items together or for each equipment separately);
- Relevant factors in addition to price which will be taken into account and how such factors will be quantified or otherwise evaluated for the purpose of determining the lowest evaluated bid
- Work to be carried out and location of work
- The goods to be supplied
- The place of delivery or installation
- The schedule for delivery or completion
- Minimum performance requirements
- Warranty and maintenance requirements
- Any other pertinent terms and conditions

In addition, the bidding documents, where appropriate, shall define the tests, standards, and methods that will be employed to judge the conformity of equipment as delivered, or works as

performed, with the specifications. Drawings shall be consistent with the text of the specifications, and an order of precedence between the two shall be specified.

In case of ICB contracts, bidding documents shall be so worded as to permit and encourage international competition.

All prospective bidders shall be provided the same information, and shall be assured of equal opportunities to obtain additional information on a timely basis. Procuring Entities shall provide reasonable access to Project sites for visits by prospective bidders.

Any additional information, clarification, correction of errors, or modifications of bidding documents shall be sent to each recipient of the original bidding documents in sufficient time before the deadline for receipt of bids to enable bidders to take appropriate actions.

b). Scope of Work /Technical specifications

The Scope of Work shall include generally accepted standards or technical specifications. The functional performance, design, quality, packaging and additional requirements should be clearly spelt out in the specifications. The specifications should be generic and should not appear to favour a particular brand or supplier. Specifications for the items to be procured should be drawn up with clarity in every case. No deviations from the specifications after opening of the bid should be allowed.

Preparation of technical specifications, bill of quantities and civil drawings must be completed before tendering.

c). Earnest Money/ Bid security

Earnest money to be deposited by the bidders shall be for a specified amount. It shall normally be 2 to 2.5% of the estimated cost of goods and 1% of the estimated cost of works rounded off to the nearest figure in hundreds/ thousands/ lakhs of rupees. The earnest money shall be in the form of a demand draft/ banker's cheque/ bank guarantee from a scheduled bank (preferably having a branch at the place where bids are to be submitted); which should be valid for 45 days beyond the validity period of the bid. Fixed Deposit Receipts endorsed in favour of purchaser shall also be acceptable.

The earnest money of unsuccessful bidders shall be refunded soon after the final acceptance of bids.

Procuring entities have the option of requiring a bid security. When used, the bid security shall be in the amount and form⁷ specified in the bidding documents and shall remain valid for a period of four weeks beyond the validity period for the bids, in order to provide reasonable time for the Procuring Entity to act if the security is to be called. Bid security shall be released to unsuccessful

⁷ The format of the bid security shall be in accordance with the standard bidding documents and shall be issued by a reputable bank or financial institution selected by the bidder. If the institution issuing the security is located outside the country of the Procuring Entity, it shall have a correspondent financial institution located in the country of Procuring Entity to make it enforceable.

bidders once the contract has been signed with the winning bidder. Bid securities of the successful bidder may be credited to his performance securities.

The Earnest Money/ bid security is forfeited only in the event of:

- A modification or withdrawal of a bid following the deadline for submission of bids;
- Refusal by a bidder to accept a correction of an arithmetical error appearing on the face of the bid;
- Failure by the successful bidder to sign a procurement contract in accordance with the terms set forth in the bidding documents; or
- Failure by the successful bidder to provide a performance security as required by the bidding documents

d). Performance Security

The bidding documents for works shall specify the type, amount and duration of any performance security that may be required to be submitted by the successful bidder to protect the interest of the implementing agency in case of breach of contract by the contractor/ supplier. The performance security shall be in the form of a bank guarantee or any other acceptable instrument.

The performance security deposit shall be refunded within one month after the expiry of guarantee/ warranty period or the defect liability period.

The performance security shall be forfeited in case any terms and conditions of the contract are infringed or the bidder fails to make complete supply satisfactorily or complete the work within the delivery / completion period agreed in the contract.

7.2.1.3 Notification/Advertising

Timely notification of bidding opportunity is essential in competitive bidding. For NCRMP, The invitation to bid shall be published in at least one widely circulated national daily newspaper and at least 30 days prior to submission of bids. The advertisement should also be placed in Project web-site.

In case of Invitation for bids (IFB) for ICB, the notification shall also be published in the United Nations Development Business (UNDB) and dgMarket online and forwarded to embassies and trade representatives of countries of likely suppliers of goods and also to those who have expressed interest in response to the GPN.

The advertisement shall contain, the information required by bidders to assess whether to participate in the procurement proceedings, including information about:

- The procuring entity;
- The quality, quantity, nature and intended performance of procurement i.e. the scope of work scrutinised and cleared by the Competent Authority and;
- The procurement method;
- Required qualifications of contractors.
- Earnest money mentioning specific amount and a clause that the bid of a supplier/contractor not complying with this requirement shall be rejected.

- The means for obtaining the bidding documents;
- Schedule of the proceeding, including the deadline for the submission of bids;
- Last date and time of sale and receipt of bid documents

Tender sale period should not be less than 30 days (from the date of start of sale of bid documents) in case of NCB and 45 days in case of ICB.

The last date for receipt of bid shall be the day following the date for closure of the sale of bid documents. The key dates should not be falling on government/ public holidays. If the date of opening of bids is declared a government/ public holiday, the next working day shall be the date of bid opening at the appointed time.

For projects that include ICB, the Procuring Entity is required to prepare and submit to the Bank a draft General Procurement Notice. The Bank will arrange for its publication in *UN Development Business online (UNDB online)* and in the *Development Gateway's dgMarket*.⁸ The Notice shall contain information concerning the Procuring Entity (or prospective Procuring Entity), amount and purpose of the loan, scope of procurement under ICB, and the name, telephone (or fax) number, and address of the Procuring Entity's agency responsible for procurement and the address of the Website where specific procurement notices will be posted. If known, the scheduled date for availability of prequalification or bidding documents should be indicated. The related prequalification or bidding documents, as the case may be, shall not be released to the public earlier than the date of publication of the General Procurement Notice.

7.2.1.4 Submission of Bids

Bidders shall be required to submit bids valid for a period specified in the bidding documents which shall be sufficient to enable the Procuring Entity to complete the comparison and evaluation of bids, review the recommendation of award with the Bank (if required in the Procurement Plan), and obtain all the necessary approvals so that the contract can be awarded within that period.

All the bids should be received only at the office of concerned designated Engineer.

The date and time by which bids must be submitted shall normally be between one and three months after distributing bid documents, determined by taking into account:

- The nature of the procurement, including the needs of the procuring entity;
- The time required for the preparation of bids; and
- Any minimum time periods established for specified procurements.

The time allowed for the preparation and submission of bids shall be determined with due consideration of the particular circumstances of the Project and the magnitude and complexity of

⁸ UNDB is a publication of the United Nations. Subscription information is available from: Development Business, United Nations, GCPO Box 5850, New York, NY 10163-5850, USA (Website: www.devbusiness.com; e-mail: dbsubscribe@un.org); Development Gateway Market is an electronic portal of Development Gateway Foundation, 1889 F Street, N.W. Washington, DC 20006, USA (Website: www.dgmarket.com).

the contract. Following are the minimum time limits to be allowed for submission of bids by the bidders after the notification/advertisement:

Method	Minimum time for submission of bids
ICB	45 days
	90 days in case where large works or complex items of equipment are involved
NCB	30 days

The bid shall be signed by an authorized representative of the bidder, and shall be sealed prior to submission. Bids submitted after the time set for submission of bids shall be returned unopened.

7.2.1.5 Pre Bid Conference

A pre-bid conference as per the date/ venue indicated in the bid document may be arranged, if considered necessary, wherein potential bidders may meet with the representatives of the procuring entity to seek clarifications on the bid documents. Copy of minutes of the pre-bid conference should be furnished to the bidders who had already purchased the bid documents and should also be attached with the bid documents sold to the parties purchasing the documents subsequent to the pre-bid conference.

Pre-bid conference should be arranged only in cases where it is considered necessary. It should not be called as a matter of routine.

7.2.1.6 Opening of Bids

All the bids shall be opened at the time, date and venue mentioned in the bid document. Bid opening time shall be immediately after the deadline for submission of bids. If the date of opening of bids is declared a government/ public holiday, the next working day shall be the date of bid opening at the appointed time.

Bids shall be opened in public. The bidders or their representative shall be allowed to be present at the time of opening of the bids.

All bids received in time shall be opened. No bid shall be rejected at the time of bid opening except for late bids. Late bids shall be returned to the bidders unopened.

The name of the bidder and the total amount of each bid along with important conditions like delivery terms, delivery period, special conditions and discounts, if any, shall be read out at the time of bid opening.

Minutes of bid opening must be prepared by the bid opening official and shall be signed by all participating bidders.

After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award.

7.2.1.7 Bid validity and extension of validity of Bids

Evaluation of bids and award of contract should be completed within the initial period of bid validity so that extensions are not necessary. An extension of bid validity, if justified by exceptional circumstances, shall be requested in writing from all bidders before the expiration date. The extension shall be for the minimum period required to complete the evaluation, obtain the necessary approvals, and award the contract.

Extension of bid validity shall not be allowed without the prior concurrence of the Bank in following cases:

- (i) For the first request for extension if it is longer than four weeks; and
- (ii) For all subsequent requests for the extension irrespective of the period (such concurrence will be considered by the Bank only in cases of Force Majeure and circumstances beyond the control).

In the case of fixed price contracts, requests for second and subsequent extensions will be permissible only if the request for extension provides for an appropriate adjustment mechanism of the quoted price to reflect changes in the cost of inputs for the contract over the period of extension. Whenever an extension of bid validity period is requested, bidders shall not be requested or be permitted to change the quoted (base) price or other conditions of their bid. Bidders shall have the right to refuse to grant such an extension.

If the bidding documents require a bid security, bidders may exercise their right to refuse to grant such an extension without forfeiting their bid security, but those who are willing to extend the validity of their bid shall be required to provide a suitable extension of bid security.

7.2.1.8 Examination of Bids

The procuring entity shall examine the bids with respect to following factors:

- Whether bid is received by the due date mentioned in the bidding documents;
- Whether the bid is accompanied by prescribed fees and bid security;
- Whether bid has been properly signed by authorised signatory;
- Does it comply with all specific mandatory requirements of the bidding documents e.g. eligibility, bid validity etc.
- Whether bid quote is for entire schedule/ package and is in the required currency as indicated in the bid document;
- Whether the bidder has the necessary technical, production and financial capability to successfully execute the contract. For ensuring financial capacity, has minimum turnover requirement been indicated in bid document; and
- Whether the bid is otherwise generally in order.

If the bidder meets the above stipulations indicated in the bid documents, it is determined as substantially responsive and is considered further for evaluation.

If a bid is not substantially responsive i.e. it contains material deviations from, or reservations to the terms, conditions and specifications specified in the bid documents, it shall be considered as

non-responsive and shall not be considered further. The bidder shall neither be permitted to correct nor withdraw material derivations or reservations once bids have been opened. Also the procuring entity should not make a reference to the bidders to get the infirmity in the bid corrected.

Historical data in relation to the bid, if not received along with the bid, can be requested from the bidder after opening of bids and should be submitted within a reasonable time span (say 7-10 working days).

7.2.1.9 Evaluation of Bids

After examination of bids, bids found to be responsive are evaluated on the basis of technical feasibility of the bids and compliance of such bids with specifications required in bidding documents. Evaluation of bids shall be done using standard format of the Bank. Evaluation of bids should be made strictly in terms of the provisions in the bid documents to ensure compliance with the commercial and technical aspects.

In the works contract, evaluation also involves the examination of the bidder's key staff in order to determine whether they possess qualification and experience to undertake the works contract.

Bidder's financial capabilities are evaluated using the documentary evidence of the bidder's financial viability to carry out the contract.

The past performance of the suppliers/ contractors should be taken into account while evaluating the bids (this should also be indicated in bid document). However, past performance of the suppliers/ contractors should be documented properly.

After considering non-price factors, bids are evaluated on the basis of price offered. Conditional discounts offered by the bidders shall not be taken into account for evaluation.

The bid price read out at the bid opening shall be adjusted at the time of evaluation with correction for any arithmetical errors for the purpose of evaluation with the concurrence of the bidder/contractor. Where there is a discrepancy between the rates in figures and in words, the rate in words will prevail. Where there is a discrepancy between the unit and the line item total resulting from multiplying the unit rate by the quantity, the unit rate will prevail.

7.2.1.10 Bid Evaluation Report

The procuring entity shall prepare bid evaluation report setting out the process by which bid has been evaluated in the procurement process. The report should include among other things:

- Key dates and steps in the bidding process;
- Bid prices, correction and discounts;
- Additions, adjustments and prices deviations;
- Technical evaluations;
- Names of bidders rejected and reasons for rejection of bids; and
- The proposed contract award.

7.2.1.11 Negotiations

No negotiations on price to be done without prior concurrence of the Bank (after satisfying the relevant conditions mentioned in the WB guidelines).

7.2.1.12 Award of Contract

Procuring entity shall award the contract, within the period of validity of bids, to the bidder who meets the bid conditions in all aspects, has the necessary technical and production capabilities and financial resources and whose bid is substantially responsive to the bid conditions and has offered the lowest evaluated cost.

Single bids should also be considered for award, if it is determined that publicity was adequate, bid specifications/ conditions were not restrictive or unclear, and bid prices are considered reasonable.

7.2.1.13 Publication of the Award of Contract

Within two weeks of receiving the Bank's "no objection" to the recommendation of contract award, the procuring entity shall publish in UNDB online and in dgMarket the results identifying the bid and lot numbers and the following information:

- (a) Name of each bidder who submitted a bid;
- (b) Bid prices as read out at bid opening;
- (c) Names and evaluated prices of each bid that was evaluated;
- (d) Names of bidders whose bids were rejected and the reasons for their rejection; and
- (e) Name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded.

The information for publication of award of contract shall be sent in the prescribed format. Publication of award of contract is required in case of ICB and Direct Contracting only.

7.2.1.14 Rejection of all bids

Bid documents usually provide that procuring entity may reject all bids. Rejection of all bids is justified when none of the bids is substantially responsive. However, the lack of competition shall not be determined solely on the basis of number of bids received. If all bids are rejected, the procuring entity shall review the causes justifying the rejection and consider making revisions to the conditions of contract before inviting new bids.

If the rejection of all bids is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the bids being non-responsive, fresh bids may be invited.

Rejection of all bids and re-inviting new bids, irrespective of values shall be referred to the Bank for approval after examining whether technical specifications need any change. Rejection of all bids and rebidding to be done only with prior approval of the Bank.

7.2.1.15 Disclosure

The following information on pre-qualification of the contractors and award of contract would be posted on the PIU/PMU Project website and the websites of the respective line departments:

- Making publicly available, all annual procurement schedules promptly after finalization.
- Posting all bidding documents and requests for proposals.
- The queries put forth by any bidder and the replies thereof would be made available to all bidders and disclosed on Project website
- Making available to any member of the public, promptly upon request all shortlist of consultants and in case of pre-qualification, list of pre-qualified contractors and suppliers.
- The information on pre-qualified applicants and award of contracts.
- Posting annual progress and mid-term review reports of the Project.

7.2.2. Procurement Procedure for Shopping

"Request for Quotations" is issued to bidders to invite competitive quotations. It contains instructions on the conduct of the procurement, describes the goods, works or services required, and states the terms and conditions of any resulting contract.

The request for quotations shall be called from at least three distinct qualified bidders.

7.2.2.1 Contents of RFQ

The Request for Quotations (RFQ) shall state in writing the requirements as to description, quality, quantity, terms, time of delivery, a time for submission of the quotation which shall be fair for all bidders. The RFQ shall also mention specific conditions for e.g.

- Each bidder shall submit only one quotation.
- The contract shall be for the full quantity of each item.
- The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
- The prices shall be quoted in Indian Rupees only.
- All applicable duties, taxes and other levies shall be included in the total price.
- Sales tax in connection with the sale shall be shown separately.
- Quotation shall remain valid for a period not less than 15 days after the deadline date specified for submission of quotations.

7.2.2.2 Submission of Quotations

Each bidder may submit, within the time permitted, one quotation, in writing, which may not be altered or negotiated, and which shall be accompanied by a certified copy of the bidder's business registration (and other requirements mentioned in the RFQ). All quotations to be submitted only at the office of concerned procuring entities.

7.2.2.3 Evaluation of Quotations

The procuring entity shall evaluate and compare the quotations determined to be substantially responsive i.e. the quotations which conform to the laid down terms and conditions, and specifications. The Quotations would be evaluated for all the items together or would be evaluated separately for each item. The evaluation of quotations shall follow the same principles as of open bidding.

7.2.2.4 Award of Contract

The procuring entity will award the contract to the bidder with the lowest priced quotation and whose quotation has been determined to be substantially responsive i.e. meet the laid down terms and conditions.

The Purchase order should include description, quantity along with price, delivery period, terms of delivery and payment terms.

The purchase order or work order executed along with the successful bidder's written acceptance shall constitute the procurement contract. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

8. Procurement of Consultant Services

The following general considerations should be taken into account before hiring consultant's services:

- High-quality services;
- Economy and efficiency;
- Give qualified consultants an opportunity to compete;
- Encouraging the use of national consultants; and
- The importance of transparency in the selection process.

8.1 Procurement Methods for Consultants Services

As per the World Bank guidelines, “**Quality and Cost Based Selection**” is the most commonly recommended method. There are other methods which can be applied on satisfaction of certain criteria. However, the method to be adopted for hiring consultants shall be based on the applicable limits prescribed in threshold matrix and as per the approved procurement plan. Various applicable methods as per the threshold matrix are as follows:

8.1.1 Quality and Cost Based Selections (QCBS)

QCBS is a competitive process in which proposals are requested from consulting firms. It takes in to account the quality of the proposal and the cost of services in the selection of the successful firm. Evaluation of proposals is carried out in two separate stages. Firstly, technical proposals are evaluated and assigned relative scores. Then financial proposals of the firms whose technical proposals meet the minimum qualifying score are evaluated and assigned scores. The firm with the highest total score is invited for negotiations.

The detailed procedure for procurement through QCBS have been explained in section 8.2

8.1.2 Single Source Selection

Single source selection may be appropriate only if it presents a clear advantage over competition and on account of the following reasons:

- For tasks that represent a natural continuation of previous work carried out by the firm;
- In emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency;
- For very small assignments; or
- When only one firm is qualified or has experience of exceptional worth for the assignment.

Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases.

All Single Source Selection shall be with prior clearance from Bank.

The Procuring entity shall publish in *UNDB online* and in *dgMarket* the name of the consultant to which the contract was awarded and the price, duration, and scope of the contract.

8.1.3 Selection under Fixed Budget (FBS)

This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed.

The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract. The publication of award of contract would be done as described in paragraph 8.2.9.

8.1.4 Least-Cost Selection (LCS)

This method is only appropriate for selecting consultants for assignments of a standard or routine nature (for instance engineering design of noncomplex works, and so forth) where well-established practices and standards exist.

This method shall not be used as a substitute for QCBS and shall be used only for the specific cases of very standard and routine technical nature where the intellectual component is minor.

Under this method, a “minimum” qualifying mark for the “quality” is established. For this method the minimum qualifying mark shall be 70 points or higher. The minimum qualifying mark shall be established, understanding that all proposals above the minimum compete only on “cost.” The minimum qualifying mark shall be stated in the RFP.

Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest price shall then be selected and the publication of the Award of Contract shall be done.

8.1.5 Selection Based on the Consultants' Qualifications (CQS)

This method may be used for small assignments (not exceeding limits defined in threshold matrix) for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Procuring entity shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

The Procuring Entity shall publish in *UNDB online* and in *dgMarket* the name of the consultant, to which the contract was awarded, and the price, duration, and scope of the contract. This publication may be done quarterly and in the format of a summarized table covering the previous period.

8.1.6 Individual Consultants

Individual consultants are employed on assignments for which:

- Teams of personnel are not required,
- No additional outside (home office) professional support is required, and
- The experience and qualifications of the individual are the paramount requirement.

When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the procuring entity. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications.

Individual consultants are selected on the basis of their qualifications for the assignment. Capability is judged on the basis of academic background, experience, and as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and government organization.

From time to time, permanent staff or associates of a consulting firm may be available as individual consultants. In such cases, the conflict of interest provisions described in these guidelines in section 8.2.13 shall apply to the parent firm.

Individual consultants may be selected on a sole-source basis with due justification in exceptional cases such as: (a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments with total expected duration of less than six months; (c) emergency situations resulting from natural disasters; and (d) when the individual is the only consultant qualified for the assignment. All case of sole source selection of individual consultants may be done only with prior approval of the Bank.

In other cases of selection of individual consultants, Bank's prior approval is required if the cost of individual consultants (per contract value) is US\$ 50,000 or more.

<i>Single source selection of individual consultants done only with prior approval of the Bank.</i>
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8.2 Procedures for Procurement under Quality and Cost based selection

The various steps followed for selection under QCBS are:

- Preparation of the Terms of Reference (ToR);
- Preparation of cost estimate and the budget;
- Advertising (for short listing of the firms when procuring entity has no knowledge about the firms who could take up the assignment);
- Preparation of the shortlist of consultants;
- Preparation and issue of Request for Proposal (RFP) which includes :
 - Letter of Invitation (LOI)
 - Information to Consultants (ITC)
 - Terms of Reference (ToR)
 - Proposed contract
- Receipt of proposals (Technical and Financial in separate envelopes);
- Opening and evaluation of technical proposals i.e. consideration of quality;
- Opening and evaluation of financial proposal i.e. cost;
- Final evaluation of quality and cost and;
- Negotiations and award of the contract to the selected firm.

8.2.1 Preparation of the Terms of Reference (TOR)

The Procuring entity shall be responsible for preparing the TOR for the assignment. The scope of the services described in the TOR shall be compatible with the available budget.

The terms of reference should not be too detailed and inflexible. Firms should be encouraged to comment on the ToR in their proposals.

The TOR should include among other things:

- A precise statement of objectives, goals and scope of assignment
- An outline of the tasks to be carried out;
- A schedule for completion of tasks;
- The support in terms of infrastructure, knowledge pool/inputs provided by the procuring entity;
- The key deliverables, giving stage wise breakup, required from the Consultant;
- List of persons for key positions, whose CV and experience would be evaluated;
- Background information (including a list of existing relevant studies and basic data) to facilitate the consultants' preparation of their proposals;
- If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, and so forth, to enable consultants to estimate the required resources; and
- The services and surveys necessary to carry out the assignment and the expected outputs (for example reports, data, maps, surveys).
- The respective responsibilities of procuring entity and consultant

If the assignment includes an important component for training or transfer of knowledge to the staff of the Procuring entity or national consultants, the TOR shall indicate the objectives, nature, scope, and goals of the training program, including details on trainers and trainees, skills to be transferred, time frame, and monitoring and evaluation arrangements. The cost for the training program shall be included in the consultant's contract and in the budget for the assignment.

An approval on draft terms of reference is required to taken from Bank irrespective of the value of the consulting service assignment.

8.2.2 Preparation of cost estimate and the budget

The cost estimates or budget should be based on the assessment of the resources needed to carry out the assignment, staff time, logistical support, and physical inputs (for example vehicles, office space and equipment, electricity charges, telephone/ fax/ photocopying etc.). Costs shall be divided into two broad categories;

- Fee or remuneration to the staff; and
- Reimbursable costs.

8.2.3 Advertising

The procuring entity is required to prepare and submit to the Bank a draft General Procurement Notice. The Bank will arrange for its publication in *UN Development Business online (UNDB online)* and in the *Development Gateway's dgMarket*.

To obtain expressions of interest, the procuring entity is required to include a list of expected consulting assignments in the General Procurement Notice, and shall advertise a request for expressions of interest for each contract for consulting firms in the national gazette or a national newspaper or in an electronic portal of free access. In addition, contracts expected to cost more than US\$ 200,000 shall be advertised in UNDB online and in dgMarket. The advertising may be considered in an international newspaper or a technical magazine. The information requested shall be the minimum required to make a judgment on the firm's suitability and not be so complex as to discourage consultants from expressing interest. Not less than 14 days from date of posting on *UNDB online* shall be provided for responses, before preparation of the short list.

8.2.4 Short listing of consultants

The procuring entity shall be responsible for preparation of the shortlist. In preparation of the shortlist, first consideration shall be given to those firms expressing interest that possess the relevant qualifications. The short list should preferably comprise consultants of the same category, similar capacity, and business objectives. The short list shall not include Individual Consultants.

At the time of preparation of shortlist, it is required to check that the proposed short listed firm has not been debarred as per the "List of Debarred Firms" on the site of Bank.

In contracts exceeding the value of US\$ 500,000, the shortlist shall comprise at least six (6) firms with a wide geographic spread, with no more than two firms from any one country and at least one

firm from a developing country, unless qualified firms from developing countries are not identified. In contracts below US\$ 500,000 equivalent, shortlist may comprise of national consultants only. The Bank may agree to short lists comprising a smaller number of firms in special circumstances, for example, when only a few qualified firms have expressed interest for the specific assignment or when the size of the contract does not justify wider competition. The Bank may agree with the Procuring entity to expand or reduce a short list; however, once the Bank has issued a “no objection” to a short list, the Borrower shall not add or delete names without the Bank’s approval.

8.2.5 Preparation and issue of Request for Proposals (RFPs)

The RFP shall provide bidders with the information necessary to enable them to participate in the procurement proceedings and to submit proposals (bids) that are responsive to the needs of the procuring entity. The Procuring entity would use the standard RFPs issued by the Bank with minimal changes, acceptable to the Bank, as necessary to address project-specific conditions. Any such changes shall be introduced only through the RFP data sheet. The RFP for NCRMP would be prepared in English. The RFP would contain the following:

- a) Letter of Invitation (LoI): The LoI shall state the intention of the procuring entity to enter into a contract for the provision of the consulting services, the sources of funds, the details about the procuring entity and the date, time, address for submission of proposals.
- b) Instructions to Consultants (ITC): The ITC shall state among other things :
 - Instructions for preparation and submission of proposals;
 - The criteria to be used in evaluating and comparing proposals;
 - An estimate of the level of key staff inputs (in staff time);
 - The method in which the proposal shall be submitted, including the requirement that the technical proposals and price proposals be sealed and submitted separately in a manner that shall ensure that the technical evaluation is not influenced by price; and
 - Conflict-of-interest, anti-fraud and other rules for maintaining eligibility.
- c) Terms of Reference (ToR) as discussed above.
- d) Draft proposed contract.

8.2.6 Receipt of proposals

The Procuring Entity shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment, but normally shall not be less than four weeks or more than three months. During this interval, the firms may request clarifications about the information provided in the RFP. The Procuring Entity shall provide these clarifications in writing and copy them to all firms on the short list (who intend to submit proposals). If necessary, the Procuring Entity shall extend the deadline for submission of proposals.

The technical and financial proposals shall be submitted at the same time. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes. No amendments to the technical or financial proposal shall be accepted after the deadline.

8.2.7 Opening and Evaluation of Proposals

First the technical proposals are opened publicly and evaluated based on the evaluation criteria given in the RFP document. The financial proposals of only those consultants, who secure equal to or more than minimum qualifying marks, shall be opened. Scores are assigned to technical proposal and financial proposal. An award shall be made to the bidder whose proposal scores highest in both the financial as well as technical proposal. A standard format for evaluation shall be used for evaluating proposals which should be cleared by the Bank.

Evaluation of the Quality

The procuring entity shall evaluate each technical proposal (using an evaluation committee of three or more specialists in the sector), taking into account several criteria like:

- (a) The consultant’s relevant experience for the assignment,
- (b) The quality of the methodology proposed,
- (c) The qualifications of the key staff proposed,
- (d) Transfer of knowledge, if required in the TOR, and
- (e) The extent of participation by nationals among key staff in the performance of the assignment.

Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. Indicative weights are mentioned below. The actual percentage figures to be used shall fit the specific assignment and shall be within the ranges indicated below, except with the approval of the Bank. The proposed weights shall be disclosed in the RFP.

Indicative weights:

Consultant’s specific experience:	0 to 10 points
Methodology:	20 to 50 points
Key personnel:	30 to 60 points
Transfer of knowledge:	0 to 10 points
Participation by nationals:	0 to 10 points
Total:	100 points

The procuring entity shall normally divide these criteria into sub-criteria. For example, sub-criteria under methodology might be *innovation* and *level of detail*. However, the number of sub-criteria should be kept to the essential. The Bank recommends against the use of exceedingly detailed lists of sub-criteria that may render the evaluation a mechanical exercise more than a professional assessment of the proposals. The weight given to experience can be relatively modest, since this criterion has already been taken into account when short-listing the consultant. More weight shall be given to the methodology in the case of more complex assignments.

Evaluation of only the key personnel is recommended. Since key personnel ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is complex. The procuring entity shall review the qualifications and experience of proposed key personnel in their *curricula vitae*, which must be accurate, complete, and signed by an authorized official of the consulting firm and the individual proposed. The individuals shall be rated in the following three sub criteria, as relevant to the task:

- (a) General qualifications: general education and training, length of experience, positions held, time with the consulting firm as staff, experience in developing countries, and so forth;
- (b) Adequacy for the assignment: education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and
- (c) Experience in the region: knowledge of the local language, culture, administrative system, government organization, and so forth.

The procuring entity shall evaluate each proposal on the basis of its responsiveness to the TOR. A proposal shall be considered unsuitable and shall be rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve a minimum technical score specified in the RFP.

At the end of the process, the procuring entity shall prepare a Technical Evaluation Report of the “quality” of the proposals and, in the case of contracts subject to prior review, submit it to the Bank for its review and “no objection”. The report shall substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the Project and its audit.

Evaluation of Cost

After the evaluation of quality is completed and the Bank has issued no objection, the procuring entity shall inform the consultants who have submitted proposals, the technical points assigned to each consultant and shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non responsive to the RFP and TOR that their financial proposals will be returned unopened after the signature of the contract. The procuring entity shall simultaneously notify the consultants that have secured the minimum qualifying mark, the date, time, and place set for opening the financial proposals. The opening date shall be defined allowing

sufficient time for consultants to make arrangements to attend the opening of the financial proposals.

The financial proposals shall be opened publicly in the presence of representatives of the consultants who choose to attend (in person or online). The name of the consultant, the technical points, and the proposed prices shall be read aloud (and posted online when electronic submission of proposals is used) and recorded when the financial proposals are opened, and a copy of this record shall be promptly sent to the Bank. The procuring entity shall also prepare the minutes of the public opening and a copy of this record shall be promptly sent to the Bank and to all consultants who submitted proposals.

The procuring entity shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For the purpose of comparing proposals, the costs shall be converted to a single currency selected by the procuring entity (local currency or fully convertible foreign currency) as stated in the RFP. The procuring entity shall make this conversion by using the selling (exchange) rates for those currencies quoted by an official source (such as the Central Bank) or by a commercial bank or by an internationally circulated newspaper for similar transactions. The RFP shall specify the source of the exchange rate to be used and the date of that exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of proposals, nor later than the original date of expiration of the period of validity of the proposal.

For the purpose of evaluation, “cost” shall exclude local identifiable indirect taxes⁹ on the contract and income tax payable to the country of the procuring entity on the remuneration of services rendered in the country of the procuring entity by non-resident staff of the consultant. The cost shall include consultant’s remuneration and other expenses such as travel, translation, report printing, or secretarial expenses. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the RFP.

Combined Quality and Cost Evaluation

The total score shall be obtained by weighting the quality and cost scores and adding them. The weight for the “cost” shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The recommended weightage for quality and cost for NCRMP is 80:20. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

⁹ All indirect taxes levied on the contract invoices, at National, State (or Provincial) and Municipal levels.

8.2.8 Negotiations and Signing of Contract

No negotiations can be done on the cost of services/contract price without the prior approval of the Bank.

If required, negotiations on technical and commercial aspects may be held with the consultant who scored highest marks in combined evaluation (technical and financial evaluation) and on conclusion of the same; the contract should be signed. Negotiations shall include discussions of the TOR, the methodology, staffing, client's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. Financial negotiations shall include clarification of the consultants' tax liability.

The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were included in the proposal without confirming their availability, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed.

The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract.

If the negotiations fail to result in an acceptable contract, the negotiations may be terminated and procuring entity can invite the next ranked firm for negotiations. The Bank shall be informed prior to taking this step. The consultant shall be informed of the reasons for termination of the negotiations. Once negotiations are commenced with the next ranked firm, it is not possible to reopen the earlier negotiations. After negotiations are successfully completed and the Bank has issued its no objection to the initialed negotiated contract, the procuring entity shall promptly notify other firms on the short list that they were unsuccessful.

8.2.9 Publication of the Award of Contract

After the award of contract, the procuring entity shall publish in UNDB online and in dgMarket the following information: (a) the names of all consultants who submitted proposals; (b) the technical points assigned to each consultant; (c) the evaluated prices of each consultant; (d) the final point ranking of the consultants; (e) the name of the winning consultant and the price, duration, and summary scope of the contract. The same information shall be sent to all consultants who have submitted proposals.

8.2.10 Debriefing

In the publication of contract award, the procuring entity shall specify that any consultant who wishes to ascertain the grounds, on which its proposal was not selected, should request an explanation from the procuring entity. The procuring entity shall promptly provide the explanation as to why such proposal was not selected, either in writing and/or in a debriefing meeting, at the option of the consultant. The requesting consultant shall bear all the costs of attending such a debriefing.

8.2.11 Rejection of all proposals and re-invitation

The procuring entity will be justified in rejecting all proposals only if all proposals are non responsive because they present major deficiencies in complying with the TOR or if they involve costs substantially higher than the original estimate. In the latter case, the feasibility of increasing the budget, or scaling down the scope of services with the firm should be investigated in consultation with the Bank.

Before all the proposals are rejected and new proposals are invited, the procuring entity shall notify the Bank, indicating the reasons for rejection of all proposals, and shall obtain the Bank's "no objection" before proceeding with the rejection and the new process. The new process may include revising the RFP (including the short list) and the budget. These revisions shall be agreed upon with the Bank.

8.2.12 Confidentiality

Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the publication of the award of contract.

8.2.13 Conflict of interest

Consultants should provide professional, objective, and impartial advice and at all times hold the client's interests paramount, without any consideration for future work, and that in providing advice they avoid conflicts with other assignments and their own corporate interests. Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interest of the Procuring Entity. Without limitation on the generality of the forgoing, consultants shall not be hired under the circumstances set forth below:

- (a) Conflict between consulting activities and procurement of goods, works or services (other than consulting services covered by these Guidelines): A firm that has been engaged by the Procuring entity to provide goods, works, or services (other than consulting services covered by these Guidelines) for a project, and each of its affiliates, shall be disqualified from providing consulting services related to those goods, works or services. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, and each of its affiliates, shall be disqualified from subsequently providing goods, works or

services (other than consulting services covered by these Guidelines) resulting from or directly related to the firm's consulting services for such preparation or implementation.

- (b) Conflict among consulting assignments: Neither consultants (including their personnel and sub-consultants) nor any of their affiliates shall be hired for any assignment that, by its nature, may be in conflict with another assignment of the consultants. Similarly, consultants hired to prepare Terms of Reference (TOR) for an assignment shall not be hired for the assignment in question.
- (c) Relationship with the staff of Procuring entity: Consultants (including their personnel and sub-consultants) that have a business or family relationship with a member of staff of Procuring entity (or of the project implementing agency's staff, or of a beneficiary of the loan) who are directly or indirectly involved in any part of: (i) the preparation of the TOR of the contract, (ii) the selection process for such contract, or (iii) supervision of such contract may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Bank throughout the selection process and the execution of the contract.

9. Fraud and Corruption

It is the World Bank's policy to require that procuring entities (including beneficiaries of Bank loans), as well as Bidders, Suppliers, Contractors and their subcontractors, and Consultants under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank:

(a) Defines, for the purposes of this provision, the terms set forth below as follows:

- (i) "Corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party¹⁰;
- (ii) "Fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party¹¹ to obtain a financial or other benefit or to avoid an obligation;
- (iii) "Collusive practice"¹² is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
- (iv) "Coercive practice"¹³ is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- (v) "Obstructive practice" is
 - o Deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

¹⁰ For the purpose of these Guidelines, "another party" refers to a public official acting in relation to the procurement process or contract execution. In this context, "public official" includes World Bank staff and employees of other organizations taking or reviewing procurement decisions.

¹¹ For the purpose of these Guidelines, "party" refers to a public official; the terms "benefit" and "obligation" relate to the procurement process or contract execution; and the "act or omission" is intended to influence the procurement process or contract execution.

¹² For the purpose of these Guidelines, "parties" refers to participants in the procurement process (including public officials) attempting to establish bid prices at artificial, non competitive levels.

¹³ For the purpose of these Guidelines, "party" refers to a participant in the procurement process or contract execution.

- Acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under sub-paragraph (e) below.
- (b) Will reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;
- (c) Will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the procuring entity or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive, or coercive practices during the procurement or the execution of that contract, without the procuring entity having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur;
- (d) Will sanction a firm or individual, including declaring ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a Bank-financed contract; and
- (e) Will have the right to require that a provision be included in bidding documents and in contracts financed by a Bank loan, a provision be included requiring bidders, suppliers and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

10. Bank review of procurement action

10.1 Review of contracts by the Bank

It is the Bank's policy to require that procuring entity, as well as bidders, suppliers, and contractors, under Bank financed contracts, observe the highest standard of ethics during the procurement and execution of contracts. In pursuance to this policy, the Bank will have the right to require that a provision be included in bidding documents and in contracts financed by a Bank loan/ credit, requiring bidders, suppliers, and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

10.2 Prior review by the Bank

10.2.1 Goods and Works

For all contracts subject to prior review by Bank, following documents shall be submitted to the Bank for its prior review:

- a) Before bids are invited, the Procuring Entity shall furnish to the Bank for its comments, draft bidding documents, including the invitation to bid; instructions to bidders, (including the basis of bid evaluation and contract award; and the conditions of contract) and specifications for the civil works, supply of goods, or installation of equipment, etc., as the case may be, together with a description of the advertising procedures to be followed for the bidding (if prequalification has not been used). The Procuring entity shall make such modifications in the said documents as the Bank shall reasonably request. Any further modification shall require the Bank's approval before it is issued to the prospective bidders.
- b) After bids have been received and evaluated, the Procuring Entity shall, before a final decision on the award is made, furnish to the Bank, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be inconsistent with the Loan Agreement and/or the Procurement Plan, promptly inform the Procuring Entity and state the reasons for such determination. Otherwise, the Bank shall provide its no objection to the recommendation for contract award. The Procuring Entity shall award the contract only after receiving the "no objection" from the Bank.
- c) If the Procuring Entity requires an extension of bid validity to complete the process of evaluation, and to make the award, it should seek the Bank's prior approval for the first request for extension, if it is longer than four weeks, and for all subsequent requests for extension, irrespective of the period.
- d) If after publication of the results of evaluation, the Procuring Entity receives protests or complaints from bidders, a copy of the complaint and a copy of the Procuring Entity's response shall be sent to the Bank for information.

- e) If as result of analysis of a protest the Procuring Entity changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for no objection. The Procuring Entity shall provide a republication of the contract award
- f) The terms and conditions of a contract shall not, without the Bank's prior approval, materially differ from those on which bids were asked or prequalification of Contractors, if any, was invited.
- g) One conformed copy of the contract shall be furnished to the Bank promptly after its execution and prior to the making of the first payment out of the Project Bank account in respect of such contract.
- h) All evaluation reports shall be accompanied by a summary of the procurement on a form provided by the Bank. The description and amount of the contract, together with the name and address of the successful bidder, shall be subject to release by the Bank upon receipt of the signed copy of the contract.

10.2.2 Consultant services

For all contracts subject to prior review by Bank, following documents shall be submitted to the Bank for its prior review:

- a) Before inviting proposals, the Procuring entity shall furnish to the Bank for its review and "no objection" the proposed cost estimate and RFP (including the short list). The procuring entity shall make such modifications to the short list and the documents as the Bank reasonably requests. Any further modification shall require the Bank's "no objection" before the RFP is issued to the short-listed consultants.
- b) After the technical proposals have been evaluated, the procuring entity shall furnish to the Bank, in sufficient time for its review, a technical evaluation report and a copy of the proposals, if requested by the Bank. If the Bank determines that the technical evaluation is inconsistent with the provisions of the RFP, it shall promptly inform the procuring entity and state the reasons for its determination; otherwise, the Bank shall issue a "no objection" to the technical evaluation. The procuring entity shall also request the Bank's "no objection" if the evaluation report recommends rejection of all proposals.
- c) The procuring entity may proceed with the opening of the financial proposals only after receiving the Bank's "no objection" to the technical evaluation. When price is a factor in the selection of the consultant, the procuring entity may then proceed with the financial evaluation in accordance with the provisions of the RFP. The procuring entity shall furnish to the Bank, for its information, the final evaluation report along with its recommendation of the winning firm. The procuring entity shall notify the firm that received the highest total score in the final evaluation of its intention to award the contract to the firm and shall invite the firm for negotiations.
- d) If the procuring entity receives complaints from consultants, a copy of the complaint and a copy of the entity's response shall be sent to the Bank for information.

- e) If as result of analysis of a complaint the procuring entity changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for no objection. The procuring entity shall provide a republication of the contract award in the format of paragraph 2.28 of these Guidelines.
- f) After negotiations are completed, the procuring entity shall furnish to the Bank, in sufficient time for its review, a copy of the initialed negotiated contract. If the negotiated contract resulted in substitution of key staff or any changes in the TOR and original proposed contract, the procuring entity shall highlight the changes and provide an explanation of why these changes are appropriate and necessary.
- g) If the Bank determines that the final evaluation report, recommendation for award, and/or negotiated contract are inconsistent with the provisions of the RFP, it shall promptly inform the procuring entity and state the reasons for its determination. Otherwise, the Bank shall provide its final “no objection” to the contract award. The procuring entity shall confirm the award of the contract only after receiving the “no objection” from the Bank.
- h) Following contract signature, the procuring entity shall furnish to the Bank a copy of the final contract before submitting the first application for disbursement under the contract.
- i) The description and amount of the contract, together with the name and address of the firm, shall be subject to public disclosure by the Bank upon the procuring entity’s receipt of the signed copy of the contract.

In the case of contracts subject to prior review, before granting a material extension of the stipulated time for performance of a contract, agreeing to any modification or waiver of the conditions of such contract, including issuing any change order or orders under such contract (except in cases of extreme urgency) which would in aggregate increase the original amount of the contract by more than 15 percent of the original price, the Procuring Entity shall seek the Bank’s no objection to the proposed extension, modification, or change order. If the Bank determines that the proposal would be inconsistent with the provisions of the Loan Agreement and/or Procurement Plan, it shall promptly inform the Procuring Entity and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to the Bank for its record.

10.3 Post Review/ Procurement Audit

An annual audit of the procurement in any ongoing Bank funded project is done by the auditing staff or consultant appointed by the Bank. The concerned authorities in State PIU’s will be required to make all relevant documentation available to the World Bank, as and when required. The review usually covers the following documents:

- Invitation for Bids;
- Bidding Documents;
- Public bid opening record;
- Bid evaluation report;
- Final contract documents;

- Other relevant documents as appropriate to check if the agreed procedures were correctly followed, whether the documents are consistent with Bank procurement rules; and
- Whether the lowest evaluated bidder was indeed awarded the contract.

Therefore, PIU's are invariably required to retain all documentation (as mentioned above) with respect to each contract during Project implementation and up to 5 years after the closing date of the Loan Agreement.

After conducting the analysis, the audit team prepares a report of its findings and conclusions and submits it to the Bank. The report is reviewed in consultation with the procuring entity. If the audit reports are not satisfactory, corrective actions are introduced in subsequent operations which may include, lowering of prior review thresholds, training of implementing agency staff and hiring of procurement agents.

If the Bank determines that the goods, works or services were not procured in accordance with the agreed procedures, as reflected in the Loan Agreement and further detailed in the Procurement Plan approved by the Bank or that the contract itself is not consistent with such procedures, it may declare misprocurement. The Bank shall promptly inform the Procuring Entity the reasons for such determination.

The procurements by line departments and the PMU will also be audited by the internal auditors of the Project. (Refer the Finance manual for a detailed Terms of Reference of the NCRMP Internal auditors).

11. Record Keeping

It is mandatory to maintain records for each of the steps undertaken during the procurement process.

Following basic records are to be maintained:

- Purchase Order Log: containing a numerical brief record of all purchase orders issued i.e. purchase order number, supplier's name, brief description of stores, total value etc.
- Open Order File: containing status of all outstanding orders.
- Closed Order File: containing historical data of all completed orders.
- Vendor Record File: containing names, addresses, materials that vendor can supply, delivery and quality records etc.
- Rate Contract File: containing the purchase records of items under rate contract. It is especially important when the contract is an open one against which orders are placed.

Where contracts are to be awarded on the basis of **competitive bidding**, the procuring entity should maintain a complete record of the process and documentation, i.e.

- Copies of public advertising;
- Pre-qualification documents (if used) and resulting decisions to accept or reject applicants;
- Bid documents and addenda, if any;
- Records of any pre-bid meetings;
- Bid opening minutes;
- Bid evaluation results including bid evaluation report, summary rating sheets;
- Appeals against procedures or award recommendations;
- A signed copy of contract and performance securities; etc

A database may be maintained for the following in case of small contracts or goods purchased using shopping procedures:

- The current market price for commonly needed items;
- Names of suppliers invited to submit written price quotations for each lot, and their prices;
- Names of selected suppliers, quantity and value of orders; and
- A copy of purchase order.

The records should be maintained in chronological order and the files to be kept in an identified place and should be retrievable for scrutiny whenever needed without wastage of time.

The records of complaint handling, correspondence with clients, consultants, Bank vendors etc. also should be kept separately and should be retrievable.

The records also to be maintained for the “**contract administration process**”. These would include:

- Keeping records of contractual notices issued by the supplier contractor, purchaser or employer;
- Maintaining a detailed record of all changes or variation orders issued affecting the scope, quantities, timing or price of the contract;

- Records of invoices payments;
- Certificates of inspection, acceptance;
- Completion records of claims and disputes and their outcome, etc.

Records should be maintained for a period of not less than five years beyond the project closing date and for any further period as may be decided by the PMU. All records to be maintained in the office of Superintending Engineer with copies at the office of Chief Engineer.

12. Complaint Redressal Mechanism

To address the complaints received from the contractors/suppliers effectively, a complaint handling mechanism needs to be devised at PMU as well as in all PIU's. Complaint handling mechanism should be mentioned on Project website. In order to facilitate any grievances or complaint by any stakeholder, the names, designations and contact details of all key persons would be displayed at office of PIU/PMU and Project website.

The Complaint redressal mechanism to ensure that:

- An immediate action has been initiated on receipt of complaints to redress the grievances.
- All complaints on receipt should be entered in a register.
- Complainant will receive acknowledgement on his hard copy within three working days.
- All complaints should be handled at a level higher than that of the level at which the procurement process is being undertaken and the allegations made in the complaints should be enquired into. If allegations are found correct, appropriate remedial measure should be taken by the higher administrative authorities.
- If an individual staff is found responsible, suitable disciplinary proceedings should be initiated, against such staff under the applicable conduct rules.
- These complaints should be discussed and dealt with appropriately within 15 days. If a complaint is received after award of contract, it should be discussed on the file and put up to the appropriate authority for a decision.
- An appropriate response should also be sent to the complainant.
- In case of complaints received directly by the Bank, issues raised in the complaint are considered by the Bank. Bank after consultation with PMU will judge the validity of the complaint. If complaints are found valid and corrections are required, the Bank will provide guidance on how they should be rectified.

13. Consequence of non-compliance with this manual

All expenditures under the Project for procurement of goods, works and consultants will become eligible for reimbursement by the World Bank only if they are procured as per the laid down procedures. The Bank may declare any procurement as mis-procurement if goods/works and consultants are not procured as per agreed procedures. It would result in non-reimbursement of the related expenditures by the Bank and this may also lead to deletion of the related amount from the Bank's credit for the Project. The Bank may in addition exercise other remedies provided for under the Financing agreement.

Therefore, all procuring entities under the Project will be responsible for adhering to the Bank's Guidelines. Even once the contract is awarded after obtaining a "no objection" from the Bank, the Bank may still declare mis-procurement if it concludes that the "no objection" was issued on the basis of incomplete, inaccurate, or misleading information furnished by the procuring entity or that the terms and conditions of the contract had been modified without Bank's approval.

Definitions of terms

The terms used in this manual shall have the meanings provided below:

“Bid” means a tender, proposal, or price quotation given by a bidder in response to an invitation or request for the provision of goods, works or services.

“Bidder” means a person who is participating or may participate in a procurement proceeding for purposes of submitting a bid.

“Bidding Documents” means the documents in tender proceedings that describe the procurement and the conditions and procedures for submitting a bid.

“Consultants’ services” refers to activities of a professional, intellectual, and advisory nature that do not involve provision of material goods or works except of an informational nature. They include design, supervision, training, auditing, software development, expert proposals and advice, and similar technical or professional services.

“Contractor” means a person who contracts with a procuring entity to provide goods, works or services, and includes the contractor’s agents, employees and subcontractors where applicable.

“Goods” means objects of every kind and description including, equipment, products, raw materials whether in solid, liquid or gaseous form, electricity, and includes services incidental to the provision of the goods provided that the value of such services does not exceed that of the goods.

“Procurement” means the acquisition of goods, works or services by or for a procuring entity.

“Procuring entity” means the entity that engages in procurement, and is responsible for compliance with the guidelines of this manual. Procuring entity may be Project Implementing Unit (PIU) or any other line department procuring on behalf of or for the purposes of this Project.

“Responsive bid” means a bid that offers to provide goods, works or services according to the requirements described in the bid documents, a request for proposal, or request for quotation.

“Works” means all work associated with the construction, reconstruction, demolition and repair or renovation.

ANNEXURE I- Format for Bill Clearance Certificate

Bill clearance certificate

(The certificate is to be printed on department's letterhead)

Department:

Invoice No: _____

Description of works:

With reference to the above mentioned invoice number, this is to certify that:

- The works for which this invoice is being submitted have been completed in all respects as per the bid specifications and the quality of works is as per the specifications of the contract.
- The contractor has addressed all concerns/comments of the Third Party Quality Auditor and no comments are pending.
- The Resettlement and Rehabilitation guidelines and the Resettlement Action Plan where applicable have been duly adhered to.
- The agreed actions under the Environment Management Plan have been adhered to on site.

(Name and signature of the nodal officer)

(Department seal)

ANNEXURE II- Format for Procurement Plan

Annex-IIA: PROCUREMENT SCHEDULE FOR GOODS (First 18 Months)

Country:

Borrower:

Project:

Package No.	Description	Method of Procurement	Schedule/ Slice	Procurement Authority	Quantity (Number)	Estimated Cost (Million local currency)	Estimated Cost (Million USD)	Stage	Initiate preparation of Specification and Bid Document	Preparation of IFB and submission to the Bank	Preparation of the Bid Document	Approval of IFB and Bid documents by the World Bank	Publication of IFB in Newspapers and UNDB	Beginning of Sale of Bid document	Opening of Bids	Submission of BER to Bank for approval	Approval of BER	Issue of notification of Award	Signing of the contract	Issue of contract award notice	100% delivery complete	Completion of contractual obligations
								Appraisal	<date>													
								Revised														
								Actual														
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								Actual														

Note: In case different time schedule are being proposed for each of the slices, kindly provide slice-wise details

Annex-II B: PROCUREMENT SCHEDULE FOR WORKS (First 18 Months)

Country:

Borrower:

Project:

Package No.	Description	Method of Procurement	Schedule/ Slice	Procurement Authority	Quantity (Number)	Estimated Cost (Million local currency)	Estimated Cost (Million USD)	Stage	Initiate preparation of Specification and Bid Document	Preparation of IFB and submission to the Bank	Preparation of the Bid Document	Approval of IFB and Bid documents by the World Bank	Publication of IFB in Newspapers and UNDB	Beginning of Sale of Bid document	Opening of Bids	Submission of BER to Bank for approval	Approval of BER	Signing of the contract	Issue of contract award notice	50% work complete	100% work complete	Completion of contractual obligations	
								Appraisal	<date>														
								Revised															
								Actual															
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Note: In case different time schedule are being proposed for each of the slices, kindly provide slice-wise details

Annex-II C: PROCUREMENT SCHEDULE FOR NON-CONSULTANCY SERVICES (First 18 Months)

Country:

Borrower:

Project:

Package No.	Description	Method of Procurement	Schedule/ Slice	Procurement Authority	Quantity (Number)	Estimated Cost (Million local currency)	Estimated Cost (Million USD)	Stage	Initiate preparation of Specification and Bid Document	Preparation of IFB and submission to the Bank	Preparation of the Bid Document	Approval of IFB and Bid documents by the World Bank	Publication of IFB in Newspapers and UNDB	Beginning of Sale of Bid document	Opening of Bids	Submission of BER to Bank for approval	Approval of BER	Signing of the contract	Issue of contract award notice	50% work complete	100% work complete	Completion of contractual obligations
								Appraisal	<date>													
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Note: In case different time schedule are being proposed for each of the slices, kindly provide slice-wise details

Annex-II D: PROCUREMENT SCHEDULE FOR CONSULTANCY SERVICES (First 18 Months)

Country:

Borrower:

Project:

Package No.	Description	Method of Procurement	Quantity (Number)	Procurement Authority	Estimated Cost (Million local currency)	Estimated Cost (Million USD)	Stage	TOR, EOI SPN and RFP drafted	Estimate Prepared & Sanctioned	Bank's No Objection to TOR, EOI SPN, RFP Document	Publication of SPN in UNDB and Newspapers	Preparation of shortlist	Approval of shortlist by Bank	Issue RFP to short listed consultants	Receipt of proposals and opening technical proposals	Evaluation of technical proposals and submission of report to the Bank	Bank's No Objection to technical evaluation report	Opening of financial proposals and financial evaluation	Bank's no objection to contract award recommendations	Contract Signed	Publication of Contract Award	Contract Completed
							Appraisal	25-Jun		31-Jul	1-Oct	1-Dec	15-Dec	22-Dec	after 5 weeks	1 month	2 weeks	1 week	1 week	1 month	1 week	check with
							Revised															
							Actual															
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