Procurement Notes
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Procurement

General
PROCUREMENT

1. **Objectives**

- to firm up procurement arrangement for investment operations of the project;

- to frame the bidding strategy and initiate preparation of procurement plan indicating the bid packages and schedule for procurement;

- to familiarize borrower on the Bank's procurement guidelines, bidding procedures, Bank's standard bidding documents; and

- Preparation of specific bidding documents for the project after completion of detailed engineering, finalization of specifications for the packages planned to be taken up in the first two years of implementation of project.

2. **Why detailed Procurement procedures for Bank-financed Projects?**

   (a) The Articles of agreement require the Bank to ensure that the proceeds of Loan/Credit are used for the purposes intended with due attention to economy and efficiency.

   (b) Accordingly, Bank has developed Guidelines for procurement of Goods, Works, and Consultancy, which represents

      -- Accumulated Experience of Bank/IDA; and

      -- Good Public Procurement practices on a Global Scale.

Bank Guidelines explain the various procedures acceptable and these are applicable only to the extent provided in the Legal Agreements for specific projects.

(c) Bank is a co-operative institution and equal business opportunities have to be provided to bidders from all countries. Impartial administration of procurement among all eligible bidders is essential to maintain Bank's ability to raise financial resources from it’s member countries and in the Capital Markets.

(d) Procurement is an important aspect of Bank's operation. It is a critical element in Project Implementation and unless it is carried out efficiently and promptly, the full benefits of the Project cannot be realized. Bank loans/credits are normally disbursed as expenditures are incurred. Since, delays in procurement delays disbursements, every effort should be made to ensure prompt handling of procurement.

(e) Good procurement practices alone cannot assure that the Bank assisted Projects will achieve their developmental goals; but it will definitely enhance the development effectiveness. However, poor procurement practices virtually
guarantee that these goals will not be fully achieved. Poor procurement leads to project delays, cost overruns, complaints by bidders, and affects creditability of the associated institutions.

(f) The responsibility for the execution of the Project and therefore for the award and administration of the contracts under the Project rests with the Borrower.

(g) **Role of Procurement**

It is critical for:

- ensuring satisfactory implementation;
- ensuring speedy transfer of resources by way of disbursement;
- achieving economy and efficiency; and
- ensuring success of the Project.

Sound public procurement is a vital arm for promoting good governance and better fiscal management of projects. Bank supports clients developing capacity for the above.

(h) **Corruption:**

The Bank firmly believes that corruption is a major factor impending development. The World Bank President has observed, “Corruption hampers economic growth, burdens the poor disproportionately, and undermines the effectiveness of investment and aid. Anti-corruption strategies need to be an integral part of a development framework designed to help countries eradicate poverty.” The Bank supports all steps in the above direction.

(i) **Four considerations generally guide procurement in Bank financed projects:**

- need for economy and efficiency in the execution of the project;
- Bank’s interest as a co-operative institution in giving all eligible bidders from developed and developing countries the same information and equal opportunity to compete;
- Bank’s interest as a development institution in encouraging the development of domestic contracting and manufacturing industries; and
- the importance of transparency in the procurement process.

**Preferred Procurement Procedures**

- ICB; open to all eligible bidders with an element of Domestic preference.
(j) **Thrust of Bank’s current procurement policy:**

- stronger focus on the development function and on increased borrower accountability;
- Emphasis on upfront project work, stressing better procurement planning and client capacity analysis to ensure good quality at entry; and
- an integral approach to supervision of procurement that strengthens post review of contracts and sets prior review thresholds on the basis of borrower’s procurement capacity and past performance.
- works closely with clients to support the development of their public procurement systems
- ensures that procurement under Bank-financed projects is conducted in accordance with the loan or credit agreement
- Bank believes that increased efficiency, fairness, and transparency in the expenditure of public resource is critical to sustainable development and the reduction of poverty.

(k) **Features of Bank’s Model Procurement Documents**

- sharing of risks between the parties of the contract;
- incorporation of suitable qualification criteria;
- incorporation of precise and fair evaluation criteria;
- incorporation of non-discriminatory/broad technical specification;
- ensure transparency by public bid opening, pre-disclosure of qualification and evaluation criteria, absence of negotiations;
- award to the lowest evaluated responsive bidder, meeting the specified qualification criteria;
- award to be published in a web;
- satisfactory award appeal/challenge/debriefing procedures;
- fair conditions of contract; and
- incorporation of a suitable dispute resolution mechanism and market oriented payment terms.

(l) **Business Community’s Perception:**

- Timely and accurate information on business opportunities;
- Predictable procurement system;
- Level playing field; and
- Open competition.
(m) **Specific Concerns in India:**

- Delays in finalization of bidding documents;
- Delays in bid evaluation and award of contracts;
- Requests for rejection of bids outside a predetermined margin or bracket of prices and negotiations;
- Delays in signing of contracts after obtaining no objection from Bank;
- Delays in releasing of advances and other payments during execution;
- Inadequate engineering leading to wide variations at the time of implementation and consequent disputes;
- Delays in resolving issues during contract implementation; and
- Weak contract administration.

3. **Procurement Arrangement for Investment Operation**

**Steps:**

- list out all the identifiable items (similar items should be aggregated for one state/organization) for each main category such as - Civil Works, Goods, Equipment, Vehicles, Supplies, Consultancies etc. in the format enclosed ([Annexure I](#));

- work out the number, estimated cost, source of supply, requirement, year wise over the project period in the format enclosed ([Annexure I](#));

- identify the procurement method best suited for the items and enter in the format enclosed ([Annexure I](#)). The methods of procurement are:

  - International Competitive Bidding;
  - Limited International Bidding;
  - National Competitive Bidding;
  - Shopping, International/National;
  - Direct Contracting; and
  - Force Account.
The various methods of procurement are discussed in the Bank procurement guidelines. However a brief note detailing the salient points on methods of procurement is enclosed - Annexure II.

- Prepare a General Procurement Notice for publication in UNDB.

- Identify the agency/agency responsible for the procurement in the project. The agency should be well versed in the Bank procurement procedures (to assess the institutional capacity, information should be collected as per model questionnaire). Good procurement practices alone cannot assure that the Bank assisted projects will achieve their developmental goals. But poor procurement practices virtually guarantee these goals will not be fully achieved; hence the need for good, knowledgeable, efficient procurement agency. If the State/Organization does not have the requisite expertise, employment of procurement agents is suggested. Fees paid to such agents is reimbursable under the credit (as consultant fee). RITES, NTPC, HSCC (Hospital Services Consultancy Corporation), MECON (GOI undertakings), Global Procurement Consultants Limited (of EXIM Bank), S.G.S. (India) Ltd., Crown Agents, TCS, TCE, Kirloskar Consultants etc. (Private) etc. are working as procurement agents for some of the projects (the Consultant Guidelines shall apply for the selection of procurement and inspection agents).

4. Preparation of Procurement Plans

Steps:

- Review by Bank and finalization of the lists prepared, the packages and method of procurement proposed as per Annexure I/1, I/2, I/3, I/4, I/5 and I/6.

- Compilation of the procurement schedule for the finalized packages (Annexure I/7 and I/8).

- The factors to be considered for determining the size of packages will include:
  - Timeliness
  - Economies of Scale
  - Geographical Location (dispersal of work)
  - Institutional capacity of the Employer
  - Capacity of likely qualified bidders
  - Plant and equipment required
5. **Bank Guidelines, Procurement Procedures and Bidding Documents**

(a) **Bank Guidelines:**

These guidelines are mentioned in the booklets:

- Guidelines: Procurement under IBRD Loans and IDA Credits (May 2004) for Works and Goods;


(b) **Procurement Procedures:**

Detailed instructions on procedures to be followed along with the suggested formats for preparation of evaluation reports, and other procurement documentation are given in the following brochures:

- Procurement of Civil Works and Goods under NCB procedures in Bank financed projects;

- Procurement of Civil Works and Goods under ICB procedures in Bank financed projects.

Prior to the issuance of any Invitation to pre-qualify - for bidding or to bid for contracts, the proposed Procurement Plan (Procurement Schedules) for the Project should be furnished to the Bank for its review and approval in accordance with the provisions of Paragraph 1 of Appendix 1 of the Guidelines. Procurement of all Goods and Works should be undertaken in accordance with the approved Procurement Plan *(Annexure I/5 and I/6).*

Methods of procurement are explained in attached *Annexure II.*

Some of the important points to be noted in Bank financed contracts are attached *(Annexure III).*

A note on the Procedures for Hiring of Consultants is also attached *(Annexure IV).*

(c) **Bidding Documents:**

(i) **Works / Goods / Equipment**

Model documents for the following are available. These have to be invariably used irrespective of the agency procuring the Works/Goods/Equipment/Drugs etc.

- Civil Works costing more than equivalent of US $10 Million (ICB);
- Civil Works costing equivalent of US $10 Million and below (ICB);
- Civil Works costing more than US $100,000 (NCB);
- Civil Works costing US $100,000 and below (NCB);
- Pre-qualification (Procurement of Works including Major Equipment and Industrial Installation);
- Supply of Goods and Equipment (ICB);
- Supply of Goods and Equipment (NCB);
- Supply and Installation of Plant and Equipment (ICB);
- Supply and Installation of Information Systems (ICB);
- Supply of Pharmaceuticals and Vaccines (ICB);
- Supply of Pharmaceuticals and Vaccines (NCB);
- Supply of Kits (containing drug & non-drug items) (NCB);
- Supply of Computers (ICB & NCB); and
- Supply of Vehicles (ICB)

For Procurement of other specialized equipments, appropriate modifications are to be made in the standard bidding document.

(ii) **Hiring of Consultants**

Models for the following are available and can be obtained as and when required:

- Hiring of Consultancy Services - Request for Proposals - Quality & Cost Based Selection (QCBS) - Time Based Payments;
- Hiring of Consultancy Services - Request for Proposals - Quality & Cost Based Selection (QCBS) - Lump Sum Payments;
- Hiring of Consultancy Services - Request for Proposals - Quality Based Selection (QBS);
- Hiring of Consultancy Services - Request for Proposals - Fixed Budget Selection (FBS);
- Hiring of Consultancy Services - Request for Proposals - Least Cost Selection (LCS); and
- Hiring of Consultancy Services - Request for Proposals - Selection Based on Qualification or Single Source Selection (SSS).

Standard Forms of Contract:

- Small Assignments - Time Based Payments
- Small Assignments - Lump Sum Payments

The above models should only be used for inviting proposals from short-listed firms (including sole source).

**Note:** The particular method of Procurement and the categories of Goods and Works to which they apply are determined by agreement between the Bank and the Borrower and are specified in the loan agreements which governs the legal relationships between the Borrower and the Bank. Procurement guidelines are made applicable to Procurement of Goods and Works for the Project, only to the extent provided in that agreement.
# LIST OF WORKS TO BE PROCURED

Name of State/Department/Organization __________________________

<table>
<thead>
<tr>
<th>S.No</th>
<th>Description of Work</th>
<th>Est. Cost (Rs. M)</th>
<th>Year-wise Procurement</th>
<th>Remarks on proposed Method of Procurement [ICB, NCB, Three Quotations, D.C./F.A.]</th>
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Annexure I/2

LIST OF GOODS / EQUIPMENT / VEHICLES / FURNITURE ETC. TO BE PROCURED

Name of State/Department/Organization ________________________________

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Number</th>
<th>Mode of Tendering*</th>
<th>Est. Cost (Rs. M)</th>
<th>Year Wise Procurement</th>
<th>Remarks on Proposed Methods of Procurement (ICB/LIB/NCB/Shopping [I or N]/D.C.)</th>
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Goods:
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Equipment:
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Vehicles:
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5.

Furniture:
1.
2.
3.
4.
5.

Drugs:
Commodities etc.

* State whether it is Supply, Supply supervision of erection, Supply/Erection/Commissioning or Turnkey.
**LIST OF CONSULTANCY SERVICES TO BE HIRED**

Name of State / Department / Organization _______________________

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<thead>
<tr>
<th>Name of Consultancy (Brief Description)</th>
<th>Estimated Man months</th>
<th>Estimated Cost</th>
<th>Year wise Procurement</th>
<th>Remarks on Proposed Method of Procurement [QCBS/QBS/Least Cost/Fixed Budget/Qualifications/Single Source etc.]</th>
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<td>I</td>
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**International :**
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**National :**
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**Individual or Sole Source :**
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## ESTIMATE OF BID PACKAGES

<table>
<thead>
<tr>
<th>Project Element</th>
<th>Packages Exceeding US$ 10 Million</th>
<th>Packages Exceeding US$ 200,000 but under US$ 10 Million</th>
<th>Packages Between US$ 30,000 and US$ 200,000</th>
<th>Packages Below US$ 30,000</th>
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<td>No.</td>
<td>Total Value</td>
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<td>1.0 Works</td>
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<td>1.1 Buildings</td>
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<td>1.2 Irrigation and Drainage</td>
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<td>1.3 Roads, etc.</td>
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<td>2.0 Goods</td>
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<td>2.1 Equipment and Instruments</td>
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<td>2.3 Computer Hardware / Software</td>
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<td>2.5 Pharmaceuticals and Vaccines</td>
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<td>2.6 Furniture</td>
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<td>2.7 Other Supplies</td>
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<tr>
<td>3.0 Consultancy</td>
<td>Packages Above US$ 200,000</td>
<td>Packages Between US$ 100,000 and US$ 200,000</td>
<td>Packages Between US$ 30,000 and US$ 100,000</td>
<td>Packages Equivalent of US$ 30,000 or Less</td>
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<td>Total Value</td>
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<td>4.0 Training and Workshop</td>
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<td>5.0 Professional Services Fee</td>
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<td>6.0 Operating Expenses and Maintenance</td>
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<td>6.1 Hiring of Vehicles</td>
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<td>6.2 Maintenance of Vehicles and Equipment</td>
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<td>6.3 Office Supplies (Consumables)</td>
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Delete whichever Project Element is not applicable.
# PROCUREMENT PLAN FOR WORKS/GOODS

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<tr>
<th>Sl No.</th>
<th>Package No.</th>
<th>Description of Works/Goods</th>
<th>Estimated Cost (Rs in Millions)</th>
<th>Method of Procurement (ICB/ NCB)</th>
<th>Design/Investigation completed (Date)</th>
<th>Estimate Prepared &amp; Sanctioned (Date and Value)</th>
<th>Preparation of Bid Document (Date)</th>
<th>Bank’s No Objection to Bidding Document (Date)**</th>
<th>Bids Invitation (Date)</th>
<th>Bids Opened On (Date)</th>
<th>Contract Award decided (Date/ Value/ Currency)</th>
<th>Bank’s No Objection to Contract Award (Date)**</th>
<th>Contract Signed (Date/ Value/ Currency)</th>
<th>Bank’s No Objection to Contract Award (Date)**</th>
<th>Contract No.</th>
<th>Name of Contractor/ Nationality &amp; ZIP Code</th>
<th>WBR No.</th>
<th>Date of completion of Contract</th>
<th>Expenditure incurred to Date</th>
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*PP: Target dates agreed as per Procurement Plan  
R: revision 1,2 etc.  
A: actual dates  
WBR No.: World Bank Reference Number

** Applicable in case of ‘Prior Review’ by Bank.

Note: For Column 5, state ICB/NCB/Direct Contracting/Shopping as appropriate. For Column Nos. 6 to 19, fill the information for all the three elements i.e. PP, R and A, as applicable, against each contract.
(Please attach Procurement Plan for Consultancy)

<table>
<thead>
<tr>
<th>SL No.</th>
<th>Package No.</th>
<th>Description of Services</th>
<th>Estimated Cost (Rs. Millions)</th>
<th>Methods of Selection @</th>
<th>Advertising for Shortlisting (Date)</th>
<th>TOR/Shortlist to be Finalised (Date)</th>
<th>RFP Final Draft to be forwarded to the Bank (Date)**</th>
<th>No Objection from Bank for TOR/Shortlist/Final RFP (Date)**</th>
<th>RFP Issued (Date)</th>
<th>Proposals to be Received by the Project Authorities (Date)</th>
<th>Evaluation to be Finalised (Technical/#Combined/Draft Contract/Final Contract) (Date)</th>
<th>No Objection by the Bank (Technical/#Combined/Draft Contract/Final Contract) (Date)**</th>
<th>Contract Number, Value and Currency</th>
<th>Name of Consultant/Nationality &amp; Zip Code, if USA</th>
<th>Services to be Completed (Date)</th>
<th>Exp. Incur. Date</th>
<th>WBR No.</th>
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*PP: Target dates agreed as per Procurement Plan  
R: revision 1, 2 etc.  
A: actual dates  
♦ RFP (Request for Proposal): Same as ‘Bid Document’  
#Technical and Financial  
** Applicable in case of ‘Prior Review’ by Bank  
WBR No.: World Bank Reference Number  
@ State whether (i) Single firm or individual; or (ii) Competitive. If Competitive, then state whether Quality and Cost Based Selection (QCBS) or Quality Based Selection (QBS)
(Please attach Procurement Schedule for Civil Works)
(Please attach Procurement Schedule for Equipment and Materials)
Annexure - II

Methods of Procurement
1. **International Competitive Bidding (ICB):**

   Affords opportunity to all eligible prospective bidders from all countries to bid.

   **To be Adopted:**

   - Generally for packages costing more than the equivalent of US $200,000* (Goods)/US $10,000,000* (Works);
   - Irrespective of value, where supplies need import and entail payment in foreign currency; and
   - Generally for all contracts in which foreign firms can be expected to participate.

   [* Actual Threshold Limits are as indicated in legal agreement]*

   **Requirement:**

   - Publication of General Procurement Notice, followed by specific Invitation for Bid (IFB) in United Nations' Development Business (UNDB) online and dgMarket publication;
   - Transmission of IFB to those who have expressed interest in response to the General Procurement Notice;
   - Publication of IFB in national newspapers having wide circulation in all regions of country;
   - Use of Bank's standard bidding document;
   - Sale of bidding document to start only after publication of IFB in UNDB and national newspapers; and
   - Bidding period 45 to 90 days from date of start of sale of bidding documents.

   **Steps:**

   - Notification/Advertising;
   - (Pre-qualification, if provided in legal agreement);
   - Issue of Bidding Documents;
   - Submission of Bid;
   - Public opening of bids;
   - Evaluation;
- Selection of lowest evaluated responsive bid - based on post qualification;
- Contract Award;
- Contract Performance;
- Award to be published in UNDB online/web; and
- Publication of award in Development Business (Para 2.60 of Guidelines)
- Debriefing of bidders (Para 2.65 of Guidelines)

2. **Other Methods of Procurement:**

   **To be Adopted:**

   - Where ICB would not be most economic and efficient method of procurement and where other methods are deemed more appropriate.

   - As provided in Legal Agreement.

1. **Limited International Bidding (LIB):**

   Essentially ICB by direct invitation to selected bidders of proven capacity cum capability from at least two different countries without open advertisement

   **To be Adopted where:**

   - The amounts are small;

   - There are only a limited number of suppliers of the particular Goods or Services needed; or

   - Other exceptional reasons justifying departure from full ICB procedures.

   **Steps:**

   - Same as ICB except for advertisement and domestic preference which are inapplicable.

   - Bids must be invited from a list of potential suppliers broad enough to ensure receipt of competitive bids.
II. **National Competitive Bidding (NCB):**

Competitive bidding advertised nationally for procuring Goods or Works which by their nature or scope are unlikely to attract foreign competition. Currency specified is Indian Rupees for bidding as well as for payment. However, foreign bidders are not to be precluded from participation, if they wish to bid; but they are also to be paid only in Indian Rupees. Domestic preference will not be applicable.

**To be adopted where:**

- The contract values are small;
- Works are scattered geographically or spread over time;
- Works are labour intensive;
- The Goods and Works are available at prices below international market; or
- Foreign firms are not likely to be interested.

**Requirement:**

- Publication of IFB in newspapers having a wide circulation in the country;
- Use of Bank's standard bidding document;
- Sale of bidding documents to start only after publication of IFB in newspapers;
- Bidding period 30 days to 60 days from date of start of sale of bidding documents.
- Payment in local currency; and
- If foreign firms wish to participate, they shall be allowed to do so.

**Steps:**

- Same as in ICB except for UNDB advertisement and domestic preference which are inapplicable.
III. **Shopping : International / National**

Shopping is a Procurement method based on comparing price quotations obtained from several foreign or National proven suppliers, usually at least three, to ensure competitive prices. It is an appropriate method [a] for procuring small amounts of off-the-shelf goods or standard specification commodities for which more competitive methods are not justified on the basis of cost or efficiency; [b] for procurement in emergency projects or for urgent relief-type operations including re-establishment of vital services like utilities, communication, shelter and vital supplies which stem from disaster or conflict. These emergency contracts may involve one or several activities in supply of goods, installation and commissioning and very urgent minor civil works. In the case of civil works or supply involving substantial installation, the term shopping is not used by referred commonly as “price comparison”.

The requests for quotations shall indicate the description and quantity of the goods as well as desired delivery time and place.

Under International shopping, quotations should be solicited from at least three suppliers in two different countries.

Quotations could be obtained by telex or facsimile. The evaluation shall follow the same principles of open bidding. The terms of the accepted offers shall be incorporated in a purchase order.

Rate Contracts of Directorate General of Supplies and Disposals (DGS&D) are acceptable under National shopping (Rate Contracts of State Governments are not acceptable, but they can be considered as one quotation and compared with those obtained from other suppliers).

Goods that otherwise qualify for shopping could be procured directly from UN agencies.

**Note:** Shopping is intended to be a simple and rapid procurement method and is one of the least competitive procurement methods and may be abused unless it is carried out in compliance with legal agreements and observing a minimum formality in the process and with appropriate record keeping for verification and audit. Shopping shall be restricted to cases when the justification for it is beyond contention. Shopping should not be used as an expedient to by-pass more competitive methods or fraction large procurement into smaller ones solely to allow the use of Shopping. When the nature of the specifications is complex or the type of procurement requires an elaborate, detailed evaluation system (i.e., efficiencies, delivery times, etc.) that needs substantial documentation, a formal bidding process instead of shopping is to be used. Shopping is not appropriate in these cases, because it is a method that should not require complex documentation or all the formalities of a bidding process.

IV. **Direct Contracting**
Direct contracting without competition may be an appropriate method under the following circumstances:

- Extension of existing contracts for Works or Goods awarded with procedures acceptable to Bank, justifiable on economic grounds;
- Standardization of equipment or spare parts to be compatible with existing equipment;
- Proprietary equipment;
- Need for early delivery to avoid costly delays;
- In exceptional case, such as in response to natural disasters; and
- Award to be published in UNDB online/web.
(Para 3.7 of Guidelines)

V. **Force Account**

Force Account is construction by the use of borrower's own personnel, materials and equipment (generally limited to 10% of the cost of Civil Works) where:

- Quantities of work involved cannot be defined in advance;
- Works are small and scattered or in remote locations where mobilization costs for contractors would be unreasonably high;
- Work must be carried out without disrupting on going operations;
- The risk of unavoidable work interruption are better borne by the borrower than by a contractor; or
- There are emergencies needing prompt attention.

VI. **Procurement by Beneficiaries** (Loans to Financial Intermediaries)

Established commercial practices acceptable to the Bank (However, ICB is the preferred method where large quantities are to be procured).

VII. **Procurement through NGOs**

In some cases, where in the interest of project sustainability, or to achieve certain specific social objectives of the project, it is desirable in selected project components to (i) call for the participation of local communities and/or non-governmental organizations (NGOs), or (ii)
increase the utilization of local know-how and materials, or (iii) employ labor-intensive and other appropriate technologies, the procurement procedures, specifications, and contract packaging are suitably adapted to reflect these considerations, provided these are efficient. The procedures proposed shall be outlined clearly in PAD & Loan Agreement.

VIII. **Procurement through UN Agencies**

In some cases, procurement from Specialized Agencies of the United Nations (UN) may be the most economical and efficient way of procuring small quantities of off-the-shelf goods, primarily in the fields of education, health and rural water supply and sanitation. If so this would be discussed at appraisal and specified in legal agreement.

IX. **Other methods of Procurement**

- Procurement under BOO/BOT/BOOT, concessions and similar Private Sector Arrangements

- Performance based Procurement

*(Each of the above procedures would be applicable only to the extent specified in Schedule I of the Project Agreement)*
Important Points to be noted in Bank Financed Contracts
IMPORTANT POINTS TO BE NOTED IN BANK FINANCED CONTRACTS

1. Principal criteria followed in Bank procurement procedures is transparency, economy and efficiency, opportunity to all eligible bidders from all countries, and encouraging development of domestic contracting and manufacturing industries.

2. Bank approved model bidding documents for procurement of Works and Equipment (ICB/NCB) should be used; fixing appropriate qualification & evaluation criteria and ensuring filling of all blanks.

3. Detailed design and engineering, including soil investigation, acquisition of land for works and preparation of technical specification for equipment, to be completed before invitation of bids.

4. Bank will normally not finance additional floors in existing buildings. However, as an exception, where the initial design of a building contemplated additional floors, which were not built due to budgetary constraints, and the TTL is fully satisfied of the design, then only the Bank will agree for financing those additional floors under the credit/loan.

5. Schedule of rates (based on which estimates are prepared) should be updated regularly taking into account realistic data based on the construction methodology to be used, current market prices for materials and labour, and reasonable contractor’s profit.

6. Bill of Quantities should have a separate schedule for those general items which are not covered in analysis of rates adopted for estimation.

   Bidders may quote speculative/non-competitive prices for items with zero quantity in BOQ as this will not affect the bid evaluation. Hence no item with nil quantity should be included in BOQ.

7. (a) Bid Security:

   A fixed amount usually 2 to 5% for Goods and 1 to 3% for Works [For small value purchases and in some specific cases, where bid security is considered not essential, for example in vehicles it could be dispensed with] [a system of self declaration by bidders under which a winning bidder who does not sign the contract becomes ineligible for bidding for a specified period is provided in the new Guidelines as acceptable alternative].

(b) Performance Security:

<table>
<thead>
<tr>
<th>Section</th>
<th>Works</th>
<th>Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5% of contract price</td>
<td>5 to 10% of contract price</td>
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Procurement Notes
(c) **Retention Money:**

<table>
<thead>
<tr>
<th>Works</th>
<th>Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% of contract price</td>
<td>Nil</td>
</tr>
<tr>
<td>(50% to be retained till completion of the whole of the works and 50% to be retained till the end of defects liability period)</td>
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</table>

(Bank guarantees submitted by bidders/contractors/suppliers should be unconditional and be in the specified formats. Bid and performance securities of Joint Ventures should be in the name of all partners in the Joint Venture submitting the bid).

8. **Samples**

Bidding documents should generally avoid submission of samples along with bids by bidders as this requirement discourages competition and increases the bid prices. Alternatively bidders should be requested to confirm that their product meets with the required specifications and in support attach appropriate test certificates from recognized testing laboratories.

9. No filtration in the sale of bidding document. It should be sold and made available by mail as well, to all whosoever pays the required fee and requests for it.

10. Where Bidders are not pre-qualified, minimum post qualification criteria should be clearly specified in the bidding document and enforced.

11. Contractors should be made responsible to provide all materials including Cement and Steel etc.

12. Minimum bidding period for NCB - 30 days and ICB - 45 days (from the date of publication of IFB in press /UNDB or the date the documents are made ready for sale, whichever is later).

13. Bidding documents should be made available for sale till a day prior to the last date of receipt of bids. The time for the public bid opening should be the same for the deadline for receipt of bids or promptly thereafter (to allow only sufficient time to take the bids to the place announced for public bid opening).

Bidders could submit their bids either by post or in person on any day during the bidding period. Bids should be received only at one place and should be kept in safe custody till the stipulated time of opening.
14. **Publicity of Bid Notices**

<table>
<thead>
<tr>
<th>ICB</th>
<th>NCB</th>
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<tbody>
<tr>
<td>- UNDB online and dgMarket publication</td>
<td>--</td>
</tr>
<tr>
<td>- Copies to bidders who have expressed interest in response to the General Procurement Notice.</td>
<td>Copies to bidders who have expressed interest.</td>
</tr>
<tr>
<td>- Publicity in the national press having a wide circulation in all regions of the country.</td>
<td>Publicity in the national press having a wide circulation in the country.</td>
</tr>
<tr>
<td>- For large, specialized or important contracts, publicity in well known technical magazines, newspapers and trade publications of wide international circulation.</td>
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</table>

15. No preference to any bidder or class of bidders, either for price or for other terms and conditions.

16. Two or three envelope system is un-acceptable.

17. All bids received should be opened and read out at the time of bid opening which should be immediately after the dead line for submission of bids. **No bid should be rejected at bid opening except for late bids, which shall be returned unopened to the Bidder.** Minutes of bid opening must be prepared and one copy forwarded to the Bank for information.

18. No negotiations.

19. Evaluation of bids should be made strictly in terms of the provisions and criteria disclosed in the bidding document. Evaluation report should be drafted on the suggested format.

20. 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.

21. Award should be in favour of the lowest evaluated responsive bidder, who is determined to be qualified to perform the contract satisfactorily.

22. Evaluation and award decision of bids including Bank review should be completed within the initial period of bid validity. An extension of bid validity, if justified by exceptional circumstances shall be requested in writing from all bidders (of valid bids only) before the expiration date. The extension shall be for the minimum period required to complete evaluation, obtain necessary approvals and award of contract. In the case of fixed price contracts the bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. In the case of prior review contracts, Bank’s prior
approval will be required for (i) a first extension of the bid validity period if the period of extension exceeds 4 weeks; and (ii) any subsequent extension of bid validity period.

If there is undue delay in awarding the contract, Bank may consider declaring the same as misprocurement.

*(To ensure the above, the necessary streamlining of the systems and procedures should be discussed and agreed during appraisal).*

23. For works valued Rupees ten million and above the construction method(s)/Program and quality control details submitted by the bidders in response to Clause 4.3 (k) of ITB (W2) should be examined for acceptability before finalizing award recommendation; this should be attached to the contract agreement for facilitating monitoring during implementation.

24. The system of rejecting bids outside a predetermined margin or bracket of prices will not be used. Rejection of all bids, irrespective of value, should be referred to the Bank for review and issue of no objection [Rejection is permitted only if the lowest bid is much higher than available budget resources]. Format for seeking no objection of Bank provided separately.

25. Rejection of bids due to submission of collusive (unreasonably high) prices will attract provisions of para 1.15 of Procurement Guidelines. In such cases bidders must be requested to furnish breakdown of unit rates in terms of clause 25.1 of ITB (NCB works) providing justification for higher bid prices. If this justification, after review, is determined rational, contract should be awarded to the lowest evaluated responsive bidder. If not, these bidders must be declared as ineligible in the rebid for that contract as specified in clause 4.8 of ITB (NCB works).

26. In the case of civil works splitting in award of contracts shall not be carried out. When two or more bidders quote the same lowest price, an investigation should be made to determine any evidence of collusion, following which:

   i) if collusion is determined, the parties involved should be disqualified and the award should then be made to the next lowest evaluated and qualified bidder; and

   ii) if no evidence of collusion can be confirmed, then fresh bids should be invited after receiving the concurrence of the Bank.

27. Under ICB/NCB bids should not be invited on the basis of bidders quoting a percentage premium or discount over the estimated cost of the Employer.

28. During execution of contracts, all material modification or waiver of the terms and conditions of contract or material extension of stipulated time or change order which would increase the contract cost by over 15% should be reported to the Bank in the prescribed format as per Paragraph 3, Appendix I of the Procurement Guidelines (format included in the Procurement Procedures brochure).

29. Repeat order system (in vogue with government) is not acceptable.

30. In all contracts for works (civil as well as supply / erection), the adjudicator / technical expert or Dispute Review Board should be in position / constituted immediately on signing of the Contract Agreement.
31. Results of award should be published in Development Business and Gateway for ICB/LIB and Direct Contracting and unsuccessful bidders, who seek, should be debriefed why they were not selected (Para 2.60 and 2.65 of Guidelines).

32. Review of Contracts (thresholds will be fixed in SAR/LEGAL Agreements)

**Prior Review:**

It consists of review of:

- invitation for bid;
- bidding documents;
- minutes of pre-bid conference;
- bid evaluation report (suggested format included in the Procurement Procedures brochures); and
- final contract(s) with checklist (format of checklist included in the Procurement Procedures brochure)
- Procurement plan

**Post Review:**

Review of final concluded Contract(s) with checklist and supporting documents for all other cases.
Annexure - IV

Procedures for Hiring of Consultants in Bank-Financed Projects
1. **General Considerations**

1. the need for high-quality services;
2. the need for economy and efficiency;
3. the need to give qualified consultants from all eligible countries an opportunity to compete in providing the services financed by the Bank;
4. the Bank's interest in encouraging the development and use of national consultants in its developing member countries; and
5. the importance on transparency in the selection process.

The Bank considers that, in the majority of cases, these considerations can best be addressed through competition among qualified short-listed firms in which the selection is based both on the quality of the proposal and on the cost of the services to be provided (Quality- and cost-Based Selection [QCBS]). Section II of Consultancy Guidelines, May 2004 (CGL) describes the procedures for QCBS. However, there are many cases when QCBS is not the most appropriate method of selection. For complex or highly specialized assignments or those which invite innovations, high downstream impact etc., selection based on the quality of the proposal along (Quality-Based Selection [QBS]), as described in Section III of CGL, would be more appropriate. The procedures to be followed in all cases are given below in brief.

2. **Steps**

- preparation of the Terms of Reference (TOR);
- preparation of cost estimate and the budget;
- advertising;
- preparation of the shortlist of consultants;
- preparation and issue of the Request for Proposal (RFP);
  (i) Letter of Invitation (LOI);
  (ii) Information to Consultants (ITC); and
  (iii) Proposed contract;
- receipt of proposals;
- evaluation of technical proposals : consideration of quality;
- evaluation of financial proposal;
- final evaluation of quality and cost; and
- negotiations and award of the contract to the selected firm.
- publication of award in web and debriefing of unsuccessful consultants.

3. **The Terms of Reference should include:**

- A precise statement of objectives;
- An outline of the tasks to be carried out;
- A schedule for completion of tasks;
- The support/inputs provided by the client;
- The final outputs that will be required of the Consultant;
- Composition of Review Committee (not more than three members) to monitor the Consultant’s works and procedures for; and
- Mid term review and Progress Reports required from Consultant;
- Review of the final draft report;
- List of key positions whose CV [1 to 6, exceptionally 8] and experience would be evaluated.

4. The Cost Estimates or Budget should be based on the borrower’s assessment of the resources needed to carry out the assignment; staff time, logistical support, and physical inputs (for example, vehicles and laboratory equipment). Costs shall be divided into two broad categories; (a) fee or remuneration and (b) reimbursables and further divided into foreign and local costs.

5. Advertising (seeking Expression of Interest) for shortlisting.

- UNDB;
- National Newspapers;
- International Newspapers; and
- Technical Magazines

(The advertisement is mandatory for all consultancies valued US $200,000 and over)

**Advertisement in the Borrower’s Country Media:**
1. If a country has in its legislation specific requirements for advertisement of procurement actions, they may be followed, provided they do not conflict with our guidelines. [Please refer to paragraph 2.5 of the revised guidelines].

2. For all assignments to be selected competitively [in other words, for contracts not awarded on single-source] the Borrower shall mandatorily advertise in the national gazette, or in a national newspaper, or in an electronic portal of free access requesting firms for expression of interest. Borrowers may also advertise (at their discretion) requests for expression of interest in Development Business online (UNDB online) and in the Development Gateway Market (dgMarket). [Please refer to paragraph 2.5 and paragraph 3.1 (and foot-note 28) of the revised Guidelines.]

**Declaration of Interest After Deadline:**

Paragraph 2.5 of the guidelines defines that not less than 14 days from the date of posting in UNDB online should be given to firms to submit their declaration of interest. Some borrowers have rejected declaration of interest that arrived after the deadline defined in the advertisement. This deadline is not so rigid as the deadline for submission of proposals and that, when preparing the shortlist of firms to be submitted to the Bank for no objection together with the RFP, the Borrower may also consider late declarations received, if the circumstances allow.

6. **Shortlisting**

Borrowers are responsible for preparation of the shortlist and shall give first consideration to those firms expressing interest which possess the relevant qualifications. The shortlists shall comprise of six 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 identifiable.

The shortlist can comprise of entirely national consultants if the value of assignment is less than US$ 200,000. However, if foreign firms have expressed interest, they shall not be excluded from consideration. [In these cases payment can be in the country of the borrower]

Single source selection is appropriate only if it presents a clear advantage over competition:

(a) for tasks that represent a natural continuation of previous work carried out by the firm;

(b) where a rapid selection is essential (emergency operation);

(c) for very small assignments (not to exceed US $100,000); or

(d) when only one firm is qualified or has experience of exceptional worth for the assignment.

(These cases should be identified and agreed between Bank and Borrower at appraisal and are to be specified in the Loan Agreement).

7. Government-owned enterprises in the Borrower's country may participate only if they can establish that they:
-- are legally and financially autonomous, and
-- operate under commercial law.

No dependent agency of the Borrower or Sub-borrower of the project shall be permitted to submit or participate in a proposal for the provision of consulting services under the project.

Use of Public employees in Proposals for Consulting Services

The revised guidelines allows the use of Government officials and civil servants to be hired as consultants under the conditions of paragraph 1.11(d). Paragraph 1.6.3 fo the new RFP has been modified to suit this as under:

“No agency or current employees of the Client shall work as Consultants under their own ministries, departments or agencies. Recruiting former government employees of the Client to work for their former ministries, departments or agencies is acceptable provided no conflict of interest exists. When the Consultant nominates any government employee as Personnel in their technical proposal, such Personnel must have written certification from their government or employer confirming that they are on leave without pay from their official position and allowed to work full-time outside of their previous official position. Such certification shall be provided to the Client by the Consultant as part of his technical proposal.”
8. **Selection Procedures**

The acceptable procedures are described in detail in Consultancy Guidelines, May 2004 (CGL) as under:

- Quality and Cost Based Selection (QCBS) - (Chapter II of CGL);
- Quality Based Selection (QBS) (Paragraph 3.2 of CGL);
- Fixed Budget (Paragraph 3.5 of CGL);
- Least Cost (Paragraph 3.6 of CGL);
- Qualification (Paragraph 3.7 of CGL);
- Single Source (Paragraphs 3.9 to 3.13 of CGL); and
- Commercial Practices (Paragraph 3.14 of Guidelines)

9. **Selection of Particular Types of Consultants**

- **UN Agencies (Paragraph 3.15 of CGL)**
  -- Shall not receive any preferential treatment in a competitive selection;
  -- Privileges to be neutralized to compare with others; and
  -- Single source threshold will apply for this as well

- **Procurement and Inspection Agents (Paragraphs 3.17/3.18 of CGL)**
  -- QCBS is to be used (upto 50 % weightage for cost)

- **Banks in the context of Privatization Operations (Paragraph 3.19 of CGL)**
  -- QCBS is to be used; and
  -- In addition to the conventional remuneration called a retainer fee, the compensation could include a 'success fee'

- **Auditors (Paragraph 3.20 of CGL)**
  -- QCBS or Least Cost is to be used; and
  -- Cost could be given weightage upto 40-50 points

- **Service Delivery Contractors [social workers, nurses and para-medics] (Paragraph 3.21 of CGL)**
-- Loan Agreement should specify job description, minimum qualifications, terms of employment, selection procedures and the extent of Bank review.

- **Selection of Individual Consultants (Paragraphs 5.1 to 5.4 of CGL)**

  -- Teams of personnel are not required

  -- No additional outside (home office) professional support is required

  -- Experience and Qualifications of the individual are the paramount requirement

  (when coordination, administration or collective responsibility becomes difficult because of the number of individuals, it would be advisable to recruit a firm.)

  -- Advertisement is not mandatory. Borrowers are however free to advertise if they so desire.

10. **NGOs (Non Government Organization)**

Paragraph 3.16 of CGL

- All procedures specified in Consultancy Guidelines will apply;
- No preference;
- No mix up in short list with others; and
- Criteria to adequately reflect the considerations

The selection of NGOs in the shortlist should generally take into account, among others, the following criteria:

- **The NGO should be non-political and should be having a proven track record of satisfied beneficiaries on similar assignments (at least two years' of experience in works of this type).**

  *(Period could be modified to suit individual cases.)*

- it should be registered as a society or have other corporate status;

- it should have facilities to maintain separately, records and accounting and auditing of funds allocated for the assignment;

- it should consist of an adequate number of experienced field staff conversant with the local culture and language, and the socio-economic dimensions of the beneficiary groups;

- the staff of the selected NGO should have excellent communication skills;

- it should possess internal stability so as to assure long-term support; and
- it should not have been blacklisted by the Central Social & Welfare Board (CSWB) or Council for the Advancement of Peoples Action & Rural Technology (CAPART) or by Central or any State Governments in India.

11. The evaluation of the technical proposals should done as per criteria specified in the Letter of Invitation. The evaluation report should be compiled in the format specified and forwarded to Bank for review and comment for all prior review cases, firstly before price envelopes are opened publicly and combined evaluation is done (financial cum technical), and secondly after final selection is made following combined evaluation and before the contract is negotiated with selected consultant.

<table>
<thead>
<tr>
<th>Evaluation Factors</th>
<th>As per Guidelines</th>
<th>INDIA</th>
</tr>
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<tbody>
<tr>
<td>• Quality</td>
<td>• Experience</td>
<td>0 – 10</td>
</tr>
<tr>
<td>(Each should have a sub-criteria not exceeding three)</td>
<td>• Methodology</td>
<td>20 – 50</td>
</tr>
<tr>
<td></td>
<td>• Key Personnel *</td>
<td>30 – 60</td>
</tr>
<tr>
<td></td>
<td>• Transfer of Knowledge</td>
<td>0 – 10</td>
</tr>
<tr>
<td></td>
<td>• Nationals in key staff</td>
<td>0 – 10</td>
</tr>
<tr>
<td>• Price (cost)</td>
<td>• Exclusive of taxes</td>
<td></td>
</tr>
<tr>
<td>• Combined</td>
<td>• Quality</td>
<td>90 – 70</td>
</tr>
<tr>
<td></td>
<td>• Cost</td>
<td>20 usually</td>
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</tbody>
</table>

* 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.
12. **Negotiations (Paragraphs 2.24 to 2.27 of CGL)**

Negotiations shall include discussions of the TOR, the methodology, staffing, Borrower's inputs, and special conditions of contract.

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.

Financial negotiations shall include clarification of the consultants' tax liability in the Borrower's own country (if any), and how this tax liability has been or would be reflected in the contract. *(Consultancy Services tax (in respect of all consultancies) and tax on fees for technical services provided by foreign consultants, payable as per Section 115A(1)(b) of Income Tax Act and duties on imported equipment brought by foreign consultants to India for providing the required services are to be paid/reimbursed by the client separately. (Bank does not finance taxes imposed by borrowing country)).*

Where QCBS procedure is followed, in the case of lump sum, contract price should not be negotiated; in the case of Time Based contracts, proposed unit rates for staff months and reimbursables shall not be negotiated (since these have already been a factor of selection) unless there are exceptional reasons. Reimbursables are paid on actuals upon presentation of receipts and hence not subject to negotiation. If client wants to fix a ceiling he should do so by indicating in RFP.

13. **Rejection**

Cases of rejection of all proposals received need to be referred to the Bank for no objection and clearance.

14. **Selection and Employment of Consultants**

Types of Contracts specified in CGL are as under:

- **Lump Sum (Paragraph 4.1 of CGL);**
  
  Lump Sum contracts are used for assignments in which the content and the duration of the work is clearly defined. Payment is made upon delivery of outputs. The main advantage of this type of contract is that it is easy to administer.

  Examples of Lump Sum contracts include -
  
  -- Feasibility Studies
  -- Environmental Studies
  -- Detailed design of a standard structure

- **Time Based (Paragraph 4.2 of CGL);** Time Based contracts are used for assignments in which it is difficult to define the scope and the duration of the work to be performed. Payment is based upon an hourly, daily, or monthly rate, plus reimbursable expenses using actual expenses or agreed-upon unit prices. This type of contract provides for a
maximum total payable amount that includes a contingency for unforeseen work and duration, price adjustments etc.

Examples of Time Based contracts include -

-- Preparation of data
-- Complex Studies
-- Supervision of construction
-- Training assignments
-- Advisory services

- Retainer and/or Contingency Fee (Paragraph 4.3 of CGL);

Retainer and/or contingency-fee (success-fee) contracts are used to remunerate consultants or banks on performance – for example for privatization of public assets.

Example of success-fee contracts include:

-- Privatization (sale of publicly-owned assets)

- Percentage (Paragraph 4.4 of CGL); and

Percent contracts relate to the fee paid to the consultant based upon the estimated or actual project construction cost or the cost of the goods to be procured or inspected. Percent is established based upon market norm or standard practice in the industry.

Examples of percent contracts include -

-- Architectural services
-- Engineering services
-- Procurement services
-- Inspection agents

- Indefinite Delivery (Paragraph 4.5 of CGL)

Indefinite-delivery contracts are used for on-call specialized services. The Borrower and the firm agree upon the unit rates to be paid to the experts, and payments are made on the basis of the time actually used.
Examples of Indefinite-delivery contracts include -

-- Advisors for complex projects, e.g., dam panel
-- Expert adjudicators
-- Technical troubleshooting

(use of Bank issued Contract Forms is mandatory)

15. **Request for Proposals (RFPs)**

The RFP shall include:

- a Letter of Invitation (LOI);
- Information to Consultants;
- the TOR; and
- the proposed contract

Borrowers shall use the standard RFPs issued by the Bank.

16. **The Model Request for Proposal (RFP) Documents are available as follows:**

- Hiring of Consultancy Services - Request for Proposals - Quality & Cost Based Selection (QCBS) - Time Based Payments;
- Hiring of Consultancy Services - Request for Proposals - Quality & Cost Based Selection (QCBS) - Lump Sum Payments;
- Hiring of Consultancy Services - Request for Proposals - Quality Based Selection (QBS);
- Hiring of Consultancy Services - Request for Proposals - Fixed Budget Selection (FBS);
- Hiring of Consultancy Services - Request for Proposals - Least Cost Selection (LCS); and
- Hiring of Consultancy Services - Request for Proposals - Selection Based on Qualification or Single Source Selection (SSS).

Standard Forms of Contract:

-- Small Assignments - Time Based Payments
-- Small Assignments - Lump Sum Payments
The above models should only be used for inviting proposals from short-listed firms (including sole source).

17. **Prior Review**

17.1 **Prior review** is necessary for the following:

- Contracts for Consultancy Services valued:
  - US $ 100,000 and above for Consulting Firms;
  - US $ 50,000 and above for Individuals - at all stages.

- All Consultant Contracts for assignment of a critical nature regardless of value;

- Contract amendments valued at more than the equivalent of US $100,000 and US $50,000 for Firms and Individuals, respectively, or those that raise the total contract value above these thresholds;

- Any standard document that the Borrower intends to develop and use repeatedly;

- First few contracts (say three), irrespective of value in the case of all new projects; and

- Procurement Plan for Consultancy (reviewed annually).

17.2 **Prior review** would be at every stage as follows:

- Terms of Reference

- Short List;

- RFP documents containing Letter of Invitation, Information to Consultants and Conditions of Contract;

- Evaluation report of the technical proposals;

- Report after financial / combined evaluation (with a copy of the winning proposal for information only);

- Negotiated draft contract; and

- Final Contract (to be accompanied by Checklist).
18. **Post Review**

All other cases.

- Post review cover the final contract along with appendices and copy of evaluation note/award recommendations, which should be submitted along with the Checklist. (However, Terms of Reference and Consultants contracts for assignments of critical nature will be reviewed in all cases, regardless of value)

19. **Publication of Award**

In QCBS/SS/CQS, award should be published in UNDB/online and in dg/Market as indicated in paras 2.28, 3.8 and 3.13 of CGL.

20. **Debriefing**

Consultants desirous of knowing why they were not selected, should be debriefed as detailed in para 15 of Appendix 3 of CGL
Annexure V

Questionnaire to be filled to assess
Institutional Capacity of Borrower/Executing Agency
to carry out Project Procurement
PART A - LEGAL FRAMEWORK

A 1. GENERAL

A 1.1 What is the legal corporate status of your Agency (i.e. a government department, a state corporation, a parastatal enterprise)? Who are the owners? Kindly furnish the Memorandum/Articles of Association and list of Board of Directors. How long has the Agency existed?

A 1.2 (a) What are the applicable laws/regulations/government orders to the procurement envisaged in the operations? Have you got any manual/rules prescribed by your Agency? Furnish documents or furnish reference, issuing authority and date of last revision.


A 1.3 Is the procurement function of the Agency centralized or carried out by individual departments at different locations? If so, describe the basic structure of procurement organization, name of the procuring entities, their role, responsibilities and delegation available to them.

A 1.4 Is there a Central Tender Board/Committee or similar set-up or is there Tender Evaluation Committee on a case to case basis? Give details. Who approves the award recommendations of the Committee? What is the average time taken to get their approval?

A 1.5 What are the rules/procedures regarding Bidder suspension and debarment (Black listing)?

A 1.6 What are the procedures for the settlement of contractual disputes? Describe with details.

A 2. TRANSPARENCY

A 2.1 What are the rules of the Agency in the matter of price negotiations for goods, works, and consultancy? Give examples.

A 2.2 What is the threshold limits for public notice (open/advertised tenders) for bid invitation?

A 2.3 Do you insist for bid and performance securities for all classes and values of contract and from all Bidders/Suppliers/Contractors? Or are there exempted categories? Give examples. What are the approved preferences you are now applying as per your regulation? Give details.

A 2.4 Do you publish summaries of information on public procurement in any journal or issue (e.g. number of bids received, number of contracts awarded, names of successful Bidders etc.). If so, describe the scope and frequency.

A 2.5 Do you hold regular meetings with the business community to discuss the procurement issues? Give details. What follow-up actions are taken on such meetings?
A 2.6 What are your rules for prevention of conflict of interest in case of staff who deal with
tenders as well as Firm/Consultants complaints who participate in the bidding? Describe
its essential features with copies of orders.

A 2.7 Have you any provisions in your bid documents and contracts regarding anti-bribery and
anti-corruption conditions? Give details.

A 3. ACCOUNTABILITY

A 3.1 Do you have a published code of ethics? If so, describe its basic features.

A 3.2 What is the system in your organization to handle Bidder’s/Contractor’s/Supplier’s
representations/complaints before contract award / after award of work.

PART B : PROCUREMENT CYCLE MANAGEMENT

B 1. PROCUREMENT PLANNING

B 1.1 Kindly furnish a copy of procurement plan followed by your organization for a typical
project. How is the duration for the various stages estimated? Who prepares these plans?
What is your experience in adhering to these plans?

B 1.2 How do you monitor procurement plan? How do you ensure, timely award of the
contract? Who intervenes in case of delays?

B 1.3 Do you use network planning techniques (such as Critical Path Method) in procurement
planning?

B 1.4 How do you decide bidding/packaging strategies for project procurement (such as item
basis, supply, supply-cum-erection, turnkey etc.)? Do you have any written rules for
guidance?

B 1.5 For civil works what data-bank (analysis) you use? When was it compiled? When was it
reviewed and updated? Do you have a system of conducting market surveys to update
cost estimates for goods, works and services? If not, what is the basis of forming cost
estimates before inviting the bids? Give details.

B 1.6 What is the normal project completion schedule for various types of goods, works, and
consultant services contracts? What are the major causes for slippages as perceived by
you? Give data and explain what steps are taken/contemplated to reduce these slippages?

B 2. PROCUREMENT CYCLE

B 2.1 Give listing of all activities from bid advertisement to award with department/level
responsible for each activity.

B 3. BIDDING DOCUMENT

B 3.1 Are your procurement staff familiar with the Bank Procurement Policies, Guidelines, and
the Standard Bidding Documents (SBDs) to be used in Bank financed projects? What is
their experience of correctly filling Bid Data Sheet and drafting Special Conditions of Contract? Give details.

B 3.2 Are technical specifications for goods/works prepared in-house or through consultants?

B 3.3 Do you have separate documents for International and National Competitive bidding (both for goods/works) not financed by the Bank?

B 3.4 What are the principles you follow in determination of pre or post qualification criteria? Do you have a formal system of framing and approving such criteria in your organization?

B 3.5 Furnish a copy of bidding documents/conditions of contract generally adopted in your organization for various categories of work (goods, works, services).

B 3.6 Do you have a standard purchase order form? Furnish a copy.

B 3.7 What rules do you follow for shopping? Is there any standard quotation form? Do you issue any Purchase order or do you pay cash and carry goods?

**B 4. PREQUALIFICATIONS**

B 4.1 What are the types of contract for which you use pre-qualification? Attach a copy of standard pre-qualification document used in your organization?

B 4.2 Do you verify prior to contract award, if a successful Bidder continues to meet the pre-qualification requirements?

B 4.3 Is it mandatory for Suppliers to have a local agent in order to qualify to bid for goods or services?

B 4.4 Do you maintain lists of registered/qualified Suppliers, Contractors and consultants? How often do you update this and when did you update last? Does your updation covers review of their participation and performance?

B 4.5 Do you maintain updated market information on commonly procured goods, including spares and consumables?

B 4.6 Do you have a system of evaluating performance of Supplier, Contractor consultant on a routine basis?

B 4.7 During the last two years how many firms are added and how many are deleted or temporarily debarred from participating?

**B 5. ADVERTISEMENT**

B 5.1 Do you have a system of checking credentials before sale of bid document or do you issue bid document without any filtration?

B 5.2 Are bid documents available for sale on the date the sale is to start as per the notice?
B 5.3 Do you restrict sale of bid document to a definite number of days or do you keep it open till a day prior to the last date of receipt of the bids?

**B 6. COMMUNICATIONS DURING BIDDING PROCESS**

B 6.1 Do you follow the practice of pre-bid conference? If so, in what type of contracts?

B 6.2 How much time do you normally allow to the prospective Bidders to submit the bids following modification in the document?

B 6.3 Is asking clarification on a bid routine or exception? What is the nature of clarification normally asked (Is it on the qualification or on the substance of the bid)?

**B 7. RECEIPT OF BID AND OPENING**

B 7.1 How do you handle/store bids received prior to the deadline? Give details.

B 7.2 What is the time gap between deadline for submission of bid and its opening?

B 7.3 Who are invited/permittted to attend bid opening (both from the Bidder’s and Agency’s side)?

B 7.4 What is your bid opening procedure? What information is read out during the bid opening? Are minutes separately drawn or do you maintain only a register? What information is recorded?

B 7.5 Are all bids received, opened and read out at the time of bid opening? Or is there a system in which bids not accompanied by a bid security or of inadequate value not opened at all?

B 7.6 What happens to bids (a) received after the deadline for submission (b) received by the Agency but not opened?

B 7.7 Do the bid opening procedure for goods, works, consultancy contracts differ? How?

B 7.8 Do you follow two/three envelope bidding procedure? For what types of contracts do you follow these? Do you have a system of receiving, both unpriced technical proposal and priced bids together or separately at two stages?

**B 8. BID EVALUATION**

B 8.1 What is the composition of Evaluation (Tender) Committee for a typical (a) large value contract (b) small value contract? Give details indicating their powers.

B 8.2 Are tender evaluation carried out in the allocated tender evaluation rooms by the committee or separately by each department and then compiled?

B 8.3 Furnish a copy of a format of the bid evaluation report.
B 8.4 Furnish a typical example of evaluation criteria followed in your organization for (a) goods; (b) works; and (c) consultancy.

B 8.5 Based on your experience of evaluation, furnish examples of (a) non material deviations or reservations; (b) material deviation or reservations; for various types of contract say goods, works, consultancy etc. Give examples where the bids are treated as non-responsive for each type.

B 8.6 How do you verify and determine Bidder’s qualification to perform the contract? How rigidly do you enforce this? Are there instances of relaxation of qualification criteria, while recommending for award particularly in cases of lowest quoted offer? Give examples.

B 8.7 Are there instances when all the participating bids are declared as non-responsive or all Bidders do not meet specified qualification criteria? Give examples.

B 8.8 Do you have a counter-offer system? What are the rules for such counter-offers?

B 8.9 Furnish:

(i) cumulative number and value of contracts awarded in the past five years by the Agency through ICB and NCB (separately), with break-up under categories of (a) goods plus supply and erection; (b) works; and (c) hiring of consultants;

(ii) what was the average time from date of bid opening to award of work for each category; and

(iii) furnish number of contract awarded under each category (a) within initial validity period; (b) delay of 60 days after initial bid validity; and (c) delay beyond 60 days after initial bid validity?

B.9 CONTRACT AWARD

B 9.1 What is the criteria generally adopted for award of contract. Is it the lowest price or the lowest evaluated responsive bid of the qualified Bidder?

B 9.2 Do you conduct negotiations with Bidders on (a) price; (b) technical terms and conditions; and (c) scope of work/services before or after selection? If so, give examples.

B 9.3 Is the Agency fully authorized to enter into contracts or they need government approvals before contract can be made effective?

B 9.4 Furnish a copy of format used for submission of performance security in contracts for (a) goods (b) works. Do you accept conditional and inadequate performance securities? If so, give instances.

B 9.5 What are the major differences in the method of evaluation and requirement of performance securities between goods and works?
B 9.6 In selection of Consultants what process and steps (say quality and cost-based selection etc.) and type of contracts (say lumpsum etc.) do you follow? Give examples of some typical consultancy contracts being handled or envisaged for the operations.

B 9.7 Do you follow repeat-order system? If so, what are the rules?

**B 10. CONTRACT ADMINISTRATION**

B 10.1 Do you have manual or computerized procurement and/or contract monitoring systems? Submit sample report / output.

B 10.2 What is the average time from invoice submission to payment for (a) advances; (b) progress payment; and (c) final payment. Are there delays? If so, what steps are being taken to minimize these.

B 10.3 For delayed due payments does the contract provide for payment of interest? Are there instances of interest being paid?

B 10.4 What is your set-up for Technical/Quality Assurance and Inspection to ensure compliance to specification and conformance to quality by the Supplier/Contractor?

B 10.5 How is delivery of goods and services monitored?

B 10.6 Who manages transportation of goods to project store? Is it normally the responsibility of the Supplier?

B 10.7 Furnish brief detail on your stores and inventory management system relating to project activities.

B 10.8 What is the procedure for handling contract changes/variation? Is work undertaken by the Contractor prior to issue of formal change order?

B 10.9 Are there instances when work stops due to delays in issue of formal change order?

B 10.10 Are there instances of large variations in quantity beyond the limits envisaged in the contract? How do you handle such situations? Give examples. In civil works do you have problems in dealing with variations? If so, how do you track them?

B 10.11 Are there instances of contract execution getting delayed due to (a) late release of inputs from the Agency; or (b) unforeseen problems faced by the Supplier or the Contractor? How do you resolve such disputes? Give instances.

B 10.12 Are Contractor’s/Supplier’s disputes generally resolved through amicable settlement or through the process of adjudication/arbitration?

B 10.13 How many contracts were awarded during the last five years and how many arbitration cases reported? Was the award generally in favour of the Supplier/Contractor?

B 10.14 How do you handle cases of nonperformance or failure of a contract? Give examples where with timely and skillful intervention you retrieved the situation. In how many cases
during the last few years, have you enforced liquidated damages, and forfeited performance security?

B 10.15 What is your set-up for inspection of goods? Is it in-house or third party?

B 10.16 Are there instances of complaint by the Supplier on (a) delays in carrying out inspection; (b) over inspection; or (c) improper rejection of goods and services? Give examples.

B 10.17 What is the mechanism for handling Supplier’s/Contractor’s claims?

B 10.18 Furnish data on original project time/cost vs. actual time/cost for projects completed by the Agency in the last five years and reasons for large variations in case of time/cost overruns?

B 10.19 Who carries out audit of procurement cases and how frequently? What remedial actions are taken on their findings?

B 10.20 Do you have a formal system of contract closing? Give data for the last five years as to (a) no. of contracts completed; (b) no. of cases where all amendments including on-time extensions, if any, are issued; and (c) no. of contracts for which final payments were released.

**PART C. ORGANIZATION**

C 1.1 Describe general organization of procurement unit. Furnish project procurement organization chart including the number of staff at each line.

C 1.2 Furnish academic qualifications of key procurement staffs. Has there been major staff turnover in the past five years? Give details.

C 1.3 Are functions of pre-award work and post-award handled by the same procurement unit?

C 1.4 Furnish projects/tasks in hand and details on number and level of staff handling activities relating to planning – preparation of bidding documents – advertising, printing and publication, responses to questions/clarifications, prebid conferences – bid opening, bid evaluation – contract preparation – contract management – quality control and inspection – transport, insurance – custom clearance and expediting etc.

C 1.5 Does the Agency has a well documented Procurement Manual? Furnish details or copy.

C 1.6 How often is the procurement manual updated? Who is responsible for this task?

C 1.7 How do you ensure that all your staff handling procurement activities are aware of rules and regulations pertaining to their areas of work?

C 1.8 Is your set-up for materials/stores management part of project procurement setup or separate? Give details.

C 1.9 What are the financial powers available to the procurement unit? How do the award recommendations get processed? Are there review committees?
C 1.10 Are there instances of noting / cross noting at various levels of approval?

C 1.11 Do you have system by which thresholds for contracting powers get regularly updated? When was the last revision carried out?

C 1.12 Has the Agency handled Bank financed or internationally funded procurement in the past? When? What value? Give details.

C 1.13 Have you used procurement agents for Bank financed procurement in the past? What was the method of selection used?

PART D. SUPPORT AND CONTROL

D 1.1 What entities carry out audit functions both internal and external?

D 1.2 What is the mechanism for implementation of their recommendations?

D 1.3 What is the source of legal advice available to the procurement unit (both internal and external)?

PART E. RECORD KEEPING

E 1.1 What records are maintained by the procurement unit starting from the process of public advertisement to bidding, evaluation, signing of contract, furnishing of performance securities etc.? Describe.

E 1.2 What records are kept on change orders, progress reports, inspection, claims etc.? Describe.

E 1.3 Do you have updated data/data-base on the current market price of commonly needed item?

E 1.4 Do you prepare a report on overall procurement activities? Who prepares it?

E 1.5 Do you maintain a record of contract prices as awarded and amendment thereof? How is it used?

E 1.6 Do you have a computerized monitoring system for procurement? If so, give details.

PART F. STAFFING

F 1.1 Do you have a role directory for various levels of staff as also the qualifications required? Describe.

F 1.2 How are the staff needs assessed? Who does it? How frequently? Do you have current gaps on staffing needs?
F 1.3  How do you recruit or select procurement staff? Is there a cadre or sufficient number of staff with long experience in procurement? What is the experience requirement at various levels? Describe.

F 1.4  How do you train your entry and higher level procurement staff? How many training programmes were conducted for them? Who conducted these programmes? Were they in-house or external?

F 1.5  What was the average time taken from bid opening to recommendation and from then on to award for various categories goods, works, consultancy during the last five years.

PART G. MISPROCUREMENT

G 1.1  In Bank funded procurement was any contract, processed by the Agency, declared as ‘misprocurement’. Give details.

PART H. BIDDERS/SUPPLIERS/CONTRACTORS

H 1.1  Who are the major participating Bidders/Suppliers/Contractors for the Agency. Kindly furnish their contact with address/fax/telephone.