

National Dairy Plan Phase I

Manual

on

Project Procurement



Project Implementation Plan: Volume III

Project Management Unit

(located in NDDB)

The document describes the procurement of goods, works and services under the National Dairy Plan Phase I and the different methods of procurement that are to be followed.

Preface

This procurement manual for the National Dairy Plan Phase I (NDP I) has been prepared by the Project Management Unit (PMU) in NDDB for providing guidance to End Implementing Agencies (EIA), describing concepts related to procurement of goods, works and services under the National Dairy Plan Phase I (NDP I), also referred to as the National Dairy Plan – Phase I (NDP I)

This manual may be improved by the PMU as and when required, based upon learnings in the course of project implementation. Such revision(s)/ improvement(s) will be made in consultation and subject to agreement with the World Bank (Bank)/ International Development Association (IDA). All End Implementing Agencies (EIAs) engaged in the NDP I are encouraged to share their learning and experiences in project implementation and contribute in improving this manual.

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Abbreviations

AI	:	Artificial Insemination
BER	:	Bid Evaluation Report
BIS	:	Bureau of Indian Standards
BMC	:	Bulk Milk Cooler
BOQ	:	Bill of Quantities
CCEA	:	Cabinet Committee on Economic Affairs
CQS	:	Selection Based on Consultants Qualification
DADF	:	Department of Animal Husbandry, Dairying & Fisheries
DC	:	Direct Contracting
DCS	:	Dairy Co-operative Society
DD	:	Dairy Development
DEA	:	Department of Economic Affairs
DGS&D	:	Director General of Supplies & Disposal
DoP	:	Delegation of Power
FBS	:	Selection under a Fixed Budget
FM	:	Financial Management
FOR	:	Free On Rail
FUR	:	Fund Utilization Reports
GAAP	:	Generally Accepted Accounting Principles
GDP	:	Gross Domestic Product
GoI	:	Government of India
HF	:	Holstein Friesian
HR	:	Human Resource
HRD	:	Human Resource Development
IA	:	Implementing Agency
IBRD	:	International Bank for Reconstruction and Development
ICAR	:	Indian Council for Agriculture Research
ICB	:	International Competitive Bidding
IDA	:	International Development Association
IDDP	:	Intensive Dairy Development Project
IEC	:	Information Education & Communication
i-DIS	:	Internet Based Dairy Information System
INAPH	:	Information Network for Animal Productivity and Health

IRR	:	Internal Rate of Return
ITC	:	Instruction to Consultant
ITQ	:	Instruction to Quote
KgPD	:	Kilogram per day
LCS	:	Least Cost Selection
NCB	:	National Competitive Bidding
LIB	:	Limited International Bidding
LN	:	Liquid Nitrogen
LOI	:	Letter of Invitation
LRP	:	Local Resource Person
MAIT	:	Mobile Artificial Insemination Technician
MIS	:	Management Information System
ML&E	:	Monitoring, Learning and Evaluation
MLPD	:	Million Litres per Day
MoA	:	Ministry of Agriculture
MPI	:	Milk Producer Institution
MT	:	Metric Ton
NCB	:	National Competitive Bidding
NGO	:	Non Government Organization
NPCBB	:	National Project for Cattle and Buffalo Breeding
O&M	:	Operation & Maintenance
OF	:	Operation Flood
PDO	:	Project Development Objectives
PMU	:	Project Monitoring Unit
PPR	:	Preliminary Project Report
PS	:	Pedigree Selection
PSC	:	Procurement Sub Committee
PT	:	Progeny Testing
QBS	:	Quality Based Selection
QCBS	:	Quality and Cost- Based Selection
RC	:	Rate Contract
RBP	:	Ration Balancing Programme
RFP	:	Request for Proposal
RTI	:	Right to Information
SNF	:	Solids Non Fat

SOPs	:	Standard Operating Procedures
SQL	:	Structured Query Language
SSS	:	Single Source Selection
ToR	:	Terms of Reference
UNDB	:	United Nations Development Business
WB	:	World Bank

The first phase of the National Dairy Plan- for implementation between October 2011 and September 2017 – is referred to as NDP-I in the documents of NDDB, DADF, DEA and the Planning Commission while it is referred to as NDSP in the documents of the World Bank.

1 Introduction

1.1. General – NDP I: A Background

1.1.1. The demand for milk is now growing much faster. Amongst others, the key drivers for growth in demand for milk are: (i) rising incomes due to high GDP growth; (ii) growing urbanization and changing food habits; (iii) increase in population; (iv) export opportunities, and; (v) increase in incomes of village households through programmes such as MGNREGA.

1.1.2. In order to meet the projected national demand of about 150 million tonnes of milk in 2016-17 through domestic sources, it is imperative that a scientifically planned multi-state initiative is launched at the earliest with a focus to improve milch animal productivity and increase milk production through a focussed approach to breeding and feeding. Keeping this in view, implementation of NDP I has been envisaged for a the period indicated in the administrative approval.

1.2. Objectives of National Dairy Plan Phase I (NDP I)

1.2.1. The objectives of the NDP I are:

- To help increase productivity of milch animals and thereby increase milk production to meet the rapidly growing demand for milk.
- To help provide rural milk producers with greater access to the organised milk-processing sector.

1.3. Activities Involved

1.3.1. NDP I will have the following major components:

- **Component A: Productivity Enhancement:** This component will aim at increasing bovine productivity following a scientific approach in animal breeding and nutrition, including associated capacity building and training for milk producers and other functionaries.
- **Component B: Village based milk procurement systems for weighing, testing quality of milk received and making payment to milk producers:** This component will aim at increasing the number of milk producers organised into milk producer institutions through (i) mobilisation and institution building of small holder milk producers, (ii) training and capacity building of milk producers and other functionaries; and (iii) investment in village level infrastructure for milk collection and bulking.
- **Component C: Project Management and Learning:** This component will aim at effective coordination of project activities among various EIAs and a comprehensive and functional Management Information System (MIS) for the Project through (i) Information and Communication Technology (ICT) based MIS and (ii) Learning & Evaluation.

1.4. **Outputs of the Project**

- About 2500 high genetic merit bulls and import of about 400 bulls or equivalent embryos/ semen doses
- An incremental production of about 51 million disease free quality semen doses annually in the terminal year.
- Close to an annual 4 million doorstep AIs - adopting the prescribed SOPs – by the terminal year.
- Ration Balancing Advisory services covering about 2.7 million milch animals.

- Production of 7,500 tons of certified/ truthfully labelled fodder seeds, setting up 2 straw densification plants and about 1350 silage making/ fodder conservation demonstrations.
- Pilots for re-vegetation of about 700 hectare of common grazing land for production of green fodder.
- Coverage of an additional 23,800 villages under milk procurement systems.
- An addition of about 1.2 million milk producers pouring milk to village based milk producers institutions.
- An additional milk procurement of about 54 lakh kg per day in the terminal year.

1.5. **End Implementing Agencies**

- 1.5.1. The National Dairy Plan Phase I (NDP I) has been sponsored by the Ministry of Agriculture, Department of Animal Husbandry, Dairying and Fisheries (DADF) and National Dairy Development Board (NDDB) would make appropriate arrangements for implementation of the project through End Implementing Agencies (EIAs) by setting up a Project Management Unit (PMU) located in NDDB, headed by a Mission Director, that would provide technical assistance in project implementation and monitoring as may be required.
- 1.5.2. The EIAs will comprise State Cooperative Dairy Federations; District Cooperative Milk Producers Unions; Cooperative form of enterprises such as Producer Companies; State Livestock Development Boards; Central Cattle Breeding Farms (CCBF), Central Frozen Semen Production and Training Institute (CFSP&TI), Regional Stations for Forage Production and Demonstration (RSFP&D); Registered Societies/ Trusts (NGOs); Section 25 Companies, subsidiaries of statutory

bodies, ICAR Institutes and Veterinary / Dairy Institutes /Universities that meet the criteria for each activity as may be decided by the National Steering Committee (NSC).

1.6. **Procurement Arrangement**

- 1.6.1. The EIAs will submit sub project plans that will include (a) existing procurement arrangement and proposed procurement arrangement for implementation of sub project including the details of the procurement staff and their brief qualifications and experience_(b) delegation of procurement powers for implementing sub project (c) procurement data for last six months to measure procurement performance, (d) filled up procurement capacity assessment questionnaire and (e) procurement plan and procurement activity schedule as per the standard format attached.
- 1.6.2. The PMU will carry out a procurement capacity assessment of EIAs to carry out procurement of goods, works and consulting services for the Sub Plans following Bank procurement guidelines. The procurement capacity assessment may reveal the following possibilities: (a) adequate capacity to carry out procurement of goods, works and consulting services following Bank guidelines; (b) adequate capacity to carry out procurement of goods and works following shopping procedures and inadequate capacity to procure following NCB procedures and consulting services(firms) and; (c) inadequate capacity to carry out procurement of goods, works and consulting services following Bank guidelines; In the case of possibility (a), the procurement capacity assessment will be shared with the Bank for review and no-objection and after Bank's agreement, the EIA will carry out the entire procurement. In the case of possibility (b) and (c), the PMU will prepare an agreed action plan with the EIA to enable the

EIA to acquire adequate capacity to carry out procurement of goods, works and consulting services following Bank guidelines. In the meanwhile, in the case of possibility (b), while the EIA will carry out the procurement up to shopping thresholds, the PMU may, at the request of the EIA, carry out the procurement on behalf of the EIA beyond the thresholds. In the case of possibility (c), the sub project proposal will be rejected or the PMU may, at the request of EIA, carry out the procurement on behalf of EIA.

1.6.3. In the project many of the items are common across the NDP I components, hence, PMU on behalf of EIAs will carry out FA (Framework Agreement) for such common items as per Bank guidelines

1.6.4. Following process shall be followed in general for taking up procurement activities by EIAs:

- EIAs that wish to avail funds under NDP I for component(s)/ sub-component(s) would need to prepare a sub project plan and submit it to PMU for appraisal.
- The appraisal of a sub project would involve evaluation of whether the EIA meets the required eligibility criteria [general criteria applicable to an EIA and the specific criteria applicable to the concerned component(s)/ sub-component(s)] and the proposal spells out the capability of the EIAs to achieve set targets/outputs]
- Apart from financial management & project implementation capabilities, each EIA will have to satisfy the PMU on procurement capabilities following Bank Guidelines and NDP I Procurement Manual. These capabilities will be assessed by the PMU during the appraisal of the sub project and firm procurement arrangements approved by PMU must be agreed and

accepted by the EIA before start of reimbursement of any fund to the EIA.

- Procurement related scope of responsibilities for an EIA will include preparation of procurement plan of the approved sub project plan, specifications, ToRs, call quotations/invite bids, bid evaluation, purchase committee review & recommendation of procurement proposals to approving authority, seek necessary approvals/clearances from approving authority and award contracts, review performance/assure quality and arrange for timely payment, ensure appropriate documentation/ records management/ audits/ utilisation of resources and accountability for these activities.
- Capacity building - training needs will be identified for the officers of EIAs responsible for procurement activities. Such officers need to be sent for training, workshops and exposure visits to appropriate institutions/ institutes providing such training. PMU will conduct two days training programme for EIAs in every quarter on procurement following Shopping Procedure. In case of EIAs where NCB will be permitted and the procurement staff from EIAs/PMU would be deputed to ASCI/NIFM for procurement training in World Bank financed project before handling the project procurement. If it is not possible at that time, then the staff sent for the training in the next six months.
- Upon approval of the Sub Project Plans and financial assistance, the PMU would convey approval of the Plan and sanction of the financial assistance to the concerned EIA by way of a Sanction Letter incorporating the terms and conditions and approved procurement plan.

- The disbursement under the Sub Project Plan will start after the EIA has executed all the required legal documents and complied with pre-disbursement terms and conditions.
- The EIA should agree to regularly furnish information related to implementation of the sub project plan through IT based applications to the PMU during the plan period and even thereafter, as may be required.

1.7. **Objective of the Manual**

- 1.7.1. To provide standard guidelines for procurement of goods, works and services by the PMU and EIAs that will be involved in implementing NDP I with funding assistance from the World Bank.

1.8. **Scope of the Manual**

- 1.8.1. This manual contains procedures to be followed for procurement of goods, works, and services by the PMU and various EIAs.
- 1.8.2. Checks and controls required to maintain economy, efficiency, transparency and fairness in the procurement process have been covered and as far as permissible, clauses for exercising in-built checks and controls have been inserted by fixing value threshold for different category of tenders

1.9. **References to the World Bank / IDA**

- 1.9.1. The terms “World Bank’ or ‘Bank’ used in this manual includes “International Development Association (IDA)” and “International Bank for Reconstruction and Development (IBRD) and wherever any clearance requirements or other references have been made, the same would apply.

2 Procurement Policy, Plan and Strategy

2.1. General

2.1.1. The aim of procurement is to obtain right quality of works, goods and services at the right time, and reasonable and competitive prices, giving equal opportunities to those individuals/companies/firms/ manufacturers/builders who are capable of delivering the goods, works and services. Procurement policy also needs to provide encouragement for development of national institutions, consultancy firms, manufacturers, contractors etc. Following are the main principles universally accepted and followed:

- Need for economy and efficiency
- Need for high quality services
- Fair opportunity to all eligible bidders
- Development of domestic contracting, manufacturing and consulting firms
- Transparency in the procurement process

2.1.2. Procurement of all goods, works and services will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 (Procurement Guidelines); and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 (Consultant Guidelines) and the agreed procedures described in the Legal Agreements. The details pertaining to procedures and methods to be followed for procurement contained in this Manual are condensed for reference by PMU and all EIAs

which are going to be involved in the implementation of the project. In case of any contradictions between these with Bank's Procurement and Consultancy Guidelines, the Bank's Guidelines as referred to above will supersede.

2.2. **Procurement Plan**

2.2.1. Procurement plans/schedules including the description of goods, works and services to be procured along with their value and consistent with technically and administratively approved estimate, are required to be prepared for the first 18 months and subsequently for each year based on the estimated requirements of each action item under NDP I, in accordance with the budgetary provisions. All Procurement Plans and their updates or modifications shall be subject to the Bank's prior review and no objection before implementation. Bank shall arrange the publication on its external website of the agreed initial procurement plan and all subsequent updates once it has provided a no objection.

2.2.2. The procurement plan for sub project proposal would be submitted for each Sub Project Proposal by the EIA and the procurement plan for each sub project need to be finalised and communicated to EIA after appraisal and approval of the Sub Project Proposal by PMU. The actual procurement is to follow the approved plans in accordance with paragraph 4.1(A)

2.3. **Methods of Procurement**

2.3.1. Following methods based on nature of procurement and value threshold limits as per the Bank's Procurement and Consultant Guideline:

(a) Consultancy Services:

- Quality and Cost - Based Selection (QCBS)

- Quality - Based Selection [QBS]
- Selection Under a Fixed Budget (FBS)
- Least - Cost Selection [LCS]
- Selection Based on the Consultants' Qualification (CQS)
- Single Source Selection (SSS)
- Selection of Individual Consultants (IC)

(b) Goods or Equipments, Works and Services (Other than Consultancy Services):

- International Competitive Bidding (ICB)
- Limited International Bidding (LIB)
- National Competitive Bidding (NCB)
- Shopping
- Direct Contracting (DC)
- Framework Agreements (FA)

2.4. **Delegation of Authority**

- The PMU and EIAs should have proper delegation of powers approved from the Board of Directors/ Management Committee/ Board of Trustees in respect of authorisation matrix for the administrative and financial approvals.
- The power shall be exercised by the officers specifically authorised to do so through individual office orders to be issued by the competent authority of PMU/EIAs in their respective designation/name in respect of the activities of

their respective groups/teams. The delegated power shall automatically cease with any change in the position of the concerned officer. The power delegated shall be exercised keeping in view the legal requirements and as per procedures prescribed in this manual, if any, related with the activities, rules, regulations and procedures of the IA.

2.4.1. **Purchase Proposal and its Approval**

- All contract proposals should be approved by the competent authority as per the delegation of powers (DoP). It is to be provided in the DoP of PMU/EIAs that the proposals for contracts of more than specified threshold values should be routed through Purchase Committee.

2.4.2. **The Constitution of Purchase Committee**

- PMU and each EIA shall constitute its Purchase Committee for recommending purchase proposals above certain specified threshold values to the competent authority for approval and consequent award of contracts to the successful bidder as per the Bank guidelines.

2.5. **Procurement Resources**

- 2.5.1. A Procurement specialist shall be placed in PMU for co-ordination, support & monitoring with Bank, NDDB & EIA.
- 2.5.2. In addition to this, a team of sufficient number of competent officers who are duly trained in Bank's procurement procedures shall be available in purchase department of NDDB as a support to PMU.

2.6. **Procurement Post Review (PPR)**

- 2.6.1. PPR refers to review of procurement files and documents relating to contracts for procurement of goods, works and

consultancy services. PPR will be carried out to ascertain whether the procurement procedures are correctly and completely followed, both in letter and spirit. The review is to bring out omissions/commissions or lapses, if any, whether on account of poor and inadequate understanding of the procedures or wilful negligence including fraud/corruption or lack of procurement management capability of EIAs. The report and observations of procurement review therefore, also serves as a guide for taking remedial measures to streamline and improve the procurement system. The procurement review is proposed to be conducted at each level i.e., PMU and EIAs by engaging a consulting firm with required skills. The TOR for the PPR will be agreed with the Bank before hiring the agencies.

- 2.6.2. The PPR will involve review of procurement procedures adopted for civil works, goods and consultancy services, by the auditors and it shall be ensured that the correct procurement procedure is followed. Further it shall be ensured that records of all procurement documents, works, purchase orders, all subsequent amendments or Addenda, the bids, the bid evaluation report and recommendation for award, invoices, receipts, stock registers, etc., are properly maintained, duly linked and retained.
- 2.6.3. Discrepancies noticed in the review shall be reported to the PMU in NDDB and EIAs for taking necessary remedial measures.

2.7. **Procurement Review Checklist**

- 2.7.1. Whether the procurement plan was prepared?
- 2.7.2. Whether the procurement was made as per the procurement plan?

- 2.7.3. Whether the method adopted for procurement was as per the threshold limits given in the procurement manual and/or Credit Agreement signed with the World Bank?
- 2.7.4. Whether the procurement sub-committee was constituted and involved in the procurement procedure?
- 2.7.5. Whether the overall procurement was done within a reasonable time?
- 2.7.6. Whether there was any avoidable delay at any stage/ stages of the procurement process?
- 2.7.7. Whether the necessary approval was taken from appropriate authority wherever required?
- 2.7.8. Whether proper and adequate documents relating to procurement were maintained?
- 2.7.9. Whether the technical and financial evaluation was done properly and in a fair manner?
- 2.7.10. Whether the contracted firm, supplied the goods or executed the work as per the quality, quantity and price agreed upon?
- 2.7.11. Whether the goods were supplied or works executed on time and properly recorded in stock books/works registers after inspection?
- 2.7.12. Whether the payment was made to the supplier/contractor in time? If not, reasons for delay.
- 2.7.13. Change from Post Review to Prior Review

A contract whose cost was below the Bank's prior review threshold indicated in the Procurement plan shall fall under prior review if the price of the lowest bidder exceeds such threshold.

2.8. **Misprocurement**

2.8.1. The Bank does not finance expenditures for goods, works and consultancy services, which have not been procured/contracted in accordance with the agreed provisions of the Financing Agreement and as further elaborated in Procurement Plan of PMU/EIAs agreed with the Bank and Procurement plan of EIAs enclosed with Sub Project approval. In such cases, the Bank will declare misprocurement and it is the policy of the Bank to cancel that portion of credit allocated to the goods, works, and consultancy services that have been misprocured. The Bank may, in addition, exercise other remedies provided for under the Financing Agreement. Even when the contract is awarded after obtaining “No Objection” from the Bank, the Bank may still declare misprocurement, if it concludes that the “No Objection” was issued on the basis of incomplete, inaccurate, or misleading information furnished by the PMU/ EIAs or the terms and conditions of the contract had been modified without Bank’s prior approval.

2.9. **Complaint/ Grievance Handling Mechanism**

2.9.1. In order to deal with the complaints received from contractors/suppliers in respect of procurement activities, the PMU /EIAs vigilance shall scrutinize the complaints to ensure ethical and process compliances. On receipt of complaints, an acknowledgement will be sent to the complainant within 2 working days and immediate action is to be initiated to redress grievances.

2.9.2. However, keeping in view of the extent of procurement activities envisaged under the project, EIAs shall enhance the complaint/ grievances handling mechanism for accepting complaints and their redresser processes. This activity shall be handled by a designated officer of the EIA. If found correct,

remedial measures are to be taken by the appropriate authorities.

- 2.9.3. In cases where an individual staff is found responsible, suitable disciplinary proceedings need to be initiated against the employee under the relevant provisions of conduct rules. The receipt of any illegal gratification by staff is to be considered as serious misconduct and disciplinary proceedings are to be initiated against the employee in addition to penalties under the law.
- 2.9.4. The existing provisions under the law, the discipline and appeal rules and the directives of the Central Vigilance Commission are to be strictly followed in dealing with the complaints of bidders/contractors/suppliers. If a bidder complains to the Bank, the Bank may examine the complaint in consultation with the project authorities (EIAs/ PMU). The Bank shall require a bidder to be debriefed, if the bidder wishes to ascertain the grounds on which its bid was not selected.
- 2.10. **Frequency of implementation support missions by the bank for procurement reviews**
 - 2.10.1. Procurement supervision shall, generally, be a part of the Bank's periodic supervision/review missions through the PMU as the dedicated project implementation and monitoring unit under NDP I Such Reviews will be undertaken at the frequency decided by the Bank. However, Bank missions for conducting post reviews in the field may be planned and conducted through PMU as may be required, which may be in addition to the above scheduled missions. All participating agencies will provide complete documents related to procurements carried out for sample cases selected for reviews during such missions.

3 Procurement of Consultancy Services

This Chapter deals with detailed description of work processes & procedures involved in various modes of procurement of consultancy services in conformity with World Bank Guidelines prescribed under para 2.1.2

3.1. General

- 3.1.1. “Consultancy services” refers to services of a professional nature provided by consultants using their skills to study, design, organize, and manage projects; advise and, when required, build capacity of the project.
- 3.1.2. Consulting services engaged by the PMU/EIAs encompass multiple activities and disciplines, including project supervision, social and environmental assessments, technical assistance, and program implementation.
- 3.1.3. The policy on the selection of consultants is guided by the following principles:
 - High quality of services
 - Efficiency and economy
 - Competition among qualified consultants from all eligible countries
 - Opportunity to qualified experts
 - Encourage and develop national/ local consultants
 - Transparency in selection process
- 3.1.4. The EIAs should first assess the need of the consulting assignment and then prepare the Terms of Reference and estimated cost consistent with objectives of the assignment so that cost of assignment may be estimated considering the fee

and remuneration of specialists and support staff on man-months basis, reimbursable costs and miscellaneous expenses.

3.1.5. Some of the major consultancies are Base Line Study before start of NDP I, Architectural and Design Services for Semen Stations; Development of Internet based Dairy Information System for Milk Producer Companies, and External Monitoring and Evaluation (M&E) Agency. Short lists of consultants for services estimated to cost less than USD 500,000 or equivalent per contract may be composed entirely of national consultants in accordance with the provisions of the Consultant Guidelines. The Bank's standard Request for Proposal (RFP) document will be used as a base for all procurement of consultancy services to be procured under the project.

3.2. **Contract types for procurement of Consultancy Services**

3.2.1. Lump-Sum Contracts

- Lump-sum contracts are used mainly for assignments in which the content and duration of the services and the expected output of the consultancy are clearly defined. Under a lump-sum contract, the PMU/ EIA agrees to pay to the consultant a fixed sum of money for services given with up-front specified technical characteristics, such as a study report, project design, and tender document (the quality of which can usually be readily assessed) to be delivered within a specified deadline. So, Lump-sum contracts leave the risk of assignment cost overruns with the consultant. Lump-sum contracts are often used in relatively simple and clearly defined assignments such as planning and feasibility studies, environmental studies, detailed design of infrastructures,

preparation of databases, and surveys. The lump-sum contract is easy to administer and requires little technical supervision, because no matching of inputs to payments is required. A lump-sum contract transfers cost risk to the consultants.

3.2.2. Time-Based Contracts

- Under this type of contract, the consultant provides its services on a time basis according to the quality specifications, and the consultant's remuneration is based on (a) agreed unit rates for consultant staff multiplied by the actual time spent by the staff and (b) reimbursable expenses using actual expenses or agreed unit prices. Time-based contracts are suitable for long term assignments (one or more years).
- Time-based contracts are recommended in the following cases:
 - The nature and scope of the services are such that the TOR cannot be established with sufficient precision;
 - The duration and quantity of services (that is, the amount of staff-months) depend on variables that are beyond the control of the consultants, or the services are related to activities undertaken by third parties (for instance, supervision of implementation assignments);
 - The output required of the consultants is difficult to assess in advance;
 - A capacity building program forms part of the assignment;

3.2.3. Percentage contract

- Architectural services, engineering services, procurement services etc are suitable to be contracted on percentage basis where payment is agreed upon with the consultants to be paid at certain percentage of the actual cost of the project or goods as per market norm or standard practice of the industry.

3.2.4. Steps for Hiring of consultant

- Steps taken for hiring of consultants under different methods are explained in the following para(s). World Bank guidelines for procurement of consultancy services will be referred for details and the Bank's Standard Request for Proposal (RFP) shall be used for hiring of consultancy services.

3.3. **Methods for Selection of Consultants**

3.3.1. Followings are the methods that would be adopted for selection of the consultants:

- Quality and Cost - Based Selection (QCBS)
- Quality - Based Selection [QBS]
- Selection Under a Fixed Budget (FBS)
- Least - Cost Selection [LCS]
- Selection Based on the Consultants' Qualification (CQS)
- Single Source Selection (SSS)
- Selection of Individual Consultants (IC)

3.3.2. The choice of the appropriate method will depend on the nature, size, and complexity of the assignment; the likely

downstream impact of the assignment; and technical and financial considerations. For quality and risk aversion, QBS over QCBS and QCBS over LCS will be preferred.

3.3.3. World Bank guidelines for procurement of consultancy services will be referred for details and the Bank's standard bidding documents shall be used for hiring of consultancy services.

3.4. **Quality and Cost-Based Selection (QCBS)**

3.4.1. Suitability : This method is appropriate when the type of service required is common and not too complex; the scope of work of the assignment can be precisely defined and the TOR are clear and well specified; EIAs can estimate with reasonable precision the staff time, the assignment duration, and the other inputs and costs required of the consultants; the risk of undesired downstream impacts is quantifiable and manageable; and the capacity-building program is not too ambitious and easy to estimate in duration and staff time effort.

3.4.2. The selection process shall include the following steps:

1. Preparation of the TOR;
2. Preparation of cost estimate and the budget;
3. Advertising;
4. Preparation of the short list of consultants;
5. Preparation and issuance of the RFP [which should include: the Letter of Invitation (LOI); Instructions to Consultants (ITC); the TOR and the proposed draft contract];
6. Receipt and public opening of technical proposals;

7. Evaluation of technical proposals: consideration of quality;
8. Public opening of financial proposals;
9. Evaluation of financial proposal;
10. Final evaluation of quality and cost; and
11. Negotiations and award of the contract to the selected firm.

3.4.3. Preparation of Terms of Reference (TOR)

a. Main considerations of TOR

- The following considerations should guide preparation of the TOR:
- The TOR should contain sufficient background information on both the assignment and the project; to enable invited consultants to present responsive proposals;
- The scope of work should be consistent with the available staff-month estimate or the estimated cost of the services;
- The authors of the TOR should also be familiar with the main local conditions and seasonal variations, together with the peculiarities of the region where the assignment will take place.

b. Sections in TOR

- The TOR normally comprises the following sections:
 - Project background
 - Objectives of the assignment
 - Scope of work

- Capacity-building program
 - Final output (List of reports, schedule of deliveries, and period of performance) required from the consultant
 - Data, local services, personnel, and facilities to be provided by the EIAs
 - Composition of the Review Committee to monitor consultants work
 - Key staff/professionals required, educational qualifications, general experience and specific experience required.
 - Procedure for review of Progress report, Inspection Report, Status and Final Draft and Final Report.
- c. List of Key Professionals of the consultants whose CV and experience are to be evaluated

3.4.4. Cost Estimate (Budget)

- a. Followings are the main items of cost estimate
- Staff remuneration of the consultant
 - Travel and transport
 - Mobilization and demobilization
 - Staff allowances
 - Information systems
 - Communications
 - Office rent, supplies, equipment, shipping, and insurance
 - Surveys
 - Capacity building and training programs
 - Report translation and printing

- Taxes and duties
 - Contingencies
- b. Cost estimates should include a break-up of the total costs of the assignment in foreign and local currency. Costs shall be divided into two broad categories:
- Fee or remuneration (according to the type of contract used) and
 - Reimbursable

3.4.5. Advertising

- a. Unlike in the procurement of goods and works in which all interested bidders are publicly invited to present their bids; the consultant selection process is based on obtaining proposals from the firms short listed for consultancy. Based on the details of the consultants who have submitted expressions of interest in response to the advertisement and from any other sources of reliable information, a short list of consultants is prepared and they are invited to submit the proposals.
- b. PMU will first issue a General Procurement Notice (GPN) including a list of expected consulting assignments. It shall advertise a Request for Expressions of Interest (RFEoIs) for consulting firms for each contract in a national newspaper (for more than US\$ 100,000) and in a freely accessible electronic portal (such as NDDB website or any other state/federation website or any free B2B website). In addition, PMU/EIA shall advertise in the UN Development Business online (UNDB online) and in the Bank's external website each individual contract expected to cost more than US\$300,000. PMU/EIA may also advertise requests for RFEoIs in a national/international newspaper or in a

technical journal. If the assignment value is less than US \$100, 000 then it will be advertised in a freely accessible electronic portal (such as NDDB website or any other state/federation website or any free B2B website).

- c. A copy of the request for REoIs should be sent to all the consultants who have initially responded to the GPN. The information requested should be the minimum required to make a judgment on the firm's suitability and not be so elaborate as to discourage consultants from expressing interest.
- d. The requested information should include the following:
 - Core business and years in business;
 - Qualifications in the field of the assignment:- along with brochures, description of similar assignments, experience in similar conditions etc.;
 - Technical and managerial organization of the firm;
 - General qualifications and number of key staff

Not less than 15 clear days from the date of advertisement should be provided for submission of REoI.

3.4.6. Short List of Consultants

- The PMU/EIA shall be responsible for preparation of the short list of consultants. The PMU/EIA shall give first consideration to those firms expressing interest that possess the relevant qualifications. Short lists shall comprise 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 identified.

- The Bank may agree to the 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. For the purpose of establishing the short list, the nationality of a firm is that of the country in which it is registered or incorporated and in the case of Joint Venture, the nationality of the firm appointed to represent the Joint Venture. The Bank may agree with the Borrower to expand or reduce a short list; however, once the Bank has issued a 'no objection' to a short list, the EIA shall not add or delete names without the Bank's approval. Firms that expressed interest, as well as any other firm that specifically so request shall be provided the final short list of firms.
- The short list may comprise entirely national consultants (firms registered or incorporated in the country), if the assignment is below US\$ 500,000. However, if foreign firms express interest, they shall be considered.

The short list should preferably comprise consultants of the same category, similar capacity, and business objectives. Consequently, the short list should normally be composed of firms of similar experience or of not-for-profit organizations (NGOs, Universities, UN Agencies, etc.) acting in the same field of expertise. If mixing is used, the selection should be made using Quality-Based Selection (QBS) or Selection Based on the Consultants' Qualifications (CQS) (for small assignments). The short list shall not include Individual Consultants.

3.4.7. Preparation and Issuance of the Request for Proposals (RFP):

The RFP shall include (a) a Letter of Invitation (LOI), (b) Instructions to Consultants (ITC), (c) the TOR, and (d) the proposed contract. EIAs shall use the applicable standard RFPs issued by the Bank with minimal changes, as necessary to address project specific conditions. EIAs shall list all the documents included in the RFP. They may use an electronic system to distribute the RFP, provided that the Bank is satisfied with the adequacy of such system. If the RFP is distributed electronically, the electronic system shall be secure to avoid alterations to the RFP and shall not restrict the access of short-listed consultants to the RFP.

a. Letter of Invitation (LOI)

- The LOI shall state the intention of the PMU / EIA to enter into a contract for the provision of consulting services, the source of funds, the details of the client and the date, time, and address for submission of proposals.

b. Instructions to Consultants (ITC)

- The ITC shall contain all necessary information that would help the consultants prepare responsive proposals, and shall bring as much transparency as possible to the selection procedure by providing information on the evaluation process and by indicating the evaluation criteria and factors and their respective weights and the minimum passing quality score. The ITC shall indicate an estimate of the level of key staff inputs (in staff time) required of the consultants or the total budget, but not both. Consultants, however, shall be free to prepare their own estimates of staff time to carry out the assignment and to offer the corresponding cost in their proposals. The ITC shall specify the proposal validity period, which

should be adequate for the evaluation of proposals, decision on award, Bank review, and finalization of contract negotiations. A detailed list of the information that should be included in the ITC is provided in the Bank Guidelines for Selection and Employment of Consultants.

c. Contract

- The Bank Guidelines describe the most common types of contracts some of which are referred in para 3.2 above. EIAs shall use the appropriate Standard Form of Contract issued by the Bank with minimum changes, acceptable to the Bank, as necessary to address specific project issues. Any such changes shall be introduced only through Contract Data sheets or through Special Conditions of Contract included in the Bank's Standard Form. These forms of contract cover the majority of consulting services. When these forms are not appropriate (for example, for pre-shipment inspection, procurement services, training of students in universities, advertising activities in privatization, or twinning) PMU / EIAs shall use other contract forms acceptable to the Bank.

3.4.8. Receipt of Proposals

- The PMU / EIAs 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 (for example, for assignments requiring establishment of a sophisticated methodology, preparation of a multidisciplinary master plan). During this interval, the firms may request clarifications about the information provided in the RFP. The PMU / EIAs shall provide these clarifications in writing and copy them to all the firms on

the short list (who intend to submit proposals). If necessary, the PMU / EIAs shall extend the deadline for submission of proposals.

- The technical and financial proposals shall be submitted at the same time. No amendments to the technical or financial proposal shall be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes. The technical envelopes shall be opened in public by a committee of officials drawn from the relevant departments (technical, finance, legal, as appropriate), after the closing time for submission of proposals. The financial proposals shall remain sealed and shall be deposited with a reputable public auditor or independent authority until they are opened publicly. Any proposal received after the closing time for submission of proposals shall be returned unopened.

3.4.9. Evaluation of Proposals: Consideration of Quality and Cost

The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation, is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

- a. Consideration of the Quality
 - The EIAs shall evaluate each technical proposal (using an evaluation committee of three or more specialists in the sector), taking into account several criteria: (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. The following weights are indicative. 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.

Particulars	Points Range
Consultant's specific experience	0 to 10
Methodology	20 to 50
Key personnel	30 to 60
Transfer of knowledge	0 to 10
Participation by nationals	0 to 10
Total	100

- The EIAs 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 (for example, multidisciplinary feasibility or management studies).

- 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 EIAs 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 EIAs shall evaluate each proposal on the basis of its responsiveness to the TOR. A proposal considered unsuitable 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 EIAs shall prepare a Technical Evaluation Report of the “quality” of the proposals and in 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.

3.4.10. Public opening of financial proposal

- After the evaluation of quality is completed and the Bank has issued its no objection, the EIA 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 EIA 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. The EIA shall also prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consultants who submitted proposals.

3.4.11. Evaluation of Financial Proposal

- The EIA 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 EIA (local currency or fully convertible foreign currency) as stated in the RFP. The EIA 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 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 taxes on the contract and income tax payable to the country of the EIA on the remuneration of services rendered in the country of the EIA by non-resident staff of the consultant. The cost shall include all consultants’ 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.

3.4.12. Final Evaluation of Quality and Cost

- 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. Except for the type of services specified in paras 3.5.1 to 3.5.5 and 3.6, the weight for cost shall normally be 20 points out of a total score of 100. 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.

3.4.13. Negotiations and Award of Contract

- Negotiations shall include discussions of the TOR, the methodology, staffing, EIAs’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. The final TOR and the agreed methodology shall be incorporated in “Description of Services,” which shall form part of the 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. 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.

- Financial negotiations shall include clarification of the consultants' tax liability in the EIA's country (if any) and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.).
- Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursable items) and the offered price shall include staff rates and an estimation of the amount of reimbursable items. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, like for example, staff rates offered are much higher than typically charged rates by consultants for similar contracts.
- Consequently, the prohibition of negotiation does not preclude the right of the EIA to ask for clarifications, and, if fees are very high, to ask for change of fees.
Reimbursable are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations. However, if the EIA wants to define ceilings for unit prices of certain reimbursable (like travel or hotel rates), they should indicate the maximum levels of those rates in the RFP or define a per diem in the RFP.
- If the negotiations fail to result in an acceptable contract, the EIA shall terminate the negotiations and invite the next ranked firm for negotiations. The consultant shall be

informed of the reasons for termination of the negotiations. Once negotiations are commenced with the next ranked firm, the EIA shall not reopen the earlier negotiations. After negotiations are successfully completed and the Bank has issued its no objection to the initialled negotiated contract, the EIA shall promptly notify other firms on the short list that they were unsuccessful.

3.4.14. Publication of the Award of Contract

- After the award of contract, the EIA shall publish in UNDB online and in Bank external website (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.

3.4.15. Debriefing

- In the publication of contract award referred to in above paragraph the EIA shall specify that any consultant who wishes to ascertain the grounds on which its proposal was not selected, should request an explanation from the EIA . The EIA 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.

3.4.16. Rejection of All Proposals, and Re-invitation

- The EIA 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 EIA 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.

3.4.17. 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 award of contract.

3.5. **Other Methods of Selection**

3.5.1. General

- This section describes the selection methods other than QCBS, and the circumstances under which they are acceptable. All the relevant provisions of Section on (QCBS) shall apply whenever competition is used.

3.5.2. Quality-Based Selection (QBS)

- QBS is appropriate for the following types of assignments:
 - a. Complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants, and for which the EIA expects

the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sectored feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms);

- b. Assignments that have a high downstream impact and in which the objective is to have the best experts (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and
 - c. Assignments that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).
- In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP shall provide either the estimated budget or the estimated number of key staff time, specifying that this information is given as an indication only and that consultants shall be free to propose their own estimates.
 - If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the EIA shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The EIA and the consultant shall then negotiate the financial proposal and the contract. All other aspects

of the selection process shall be identical to those of QCBS, including the publication of the Award of Contract as described in above paragraphs except that only the price of the winning firm is published. If consultants were requested to provide financial proposals initially together with the technical proposals, safeguards shall be built in as in QCBS to ensure that the price proposal of only the selected firm is opened and the rest returned unopened, after the negotiations are successfully concluded.

3.5.3. Selection under a 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 the Award of Contract shall be as described in para3.4.1(xvi).

3.5.4. Least-Cost Selection (LCS)

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

Under this method, a “minimum” qualifying mark for the “quality” is established. 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.

Under this method, 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.

3.5.5. Selection Based on the Consultant’s Qualifications (CQS)

- This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the EIA 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 EIA shall publish in UNDB online and in Bank external website 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 summarised table covering the previous period.

3.5.6. Single-Source Selection (SSS)

- 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. The justification for Single-Source Selection shall be examined in the context of the overall interests of the EIA and the sub project, and the Bank's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants.

- Single-Source Selection may be 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 (see next paragraph), (b) in emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency, (c) for very small assignments (less than Rs. 10,00,000), or (d) when only one firm is qualified or has experience of exceptional worth for the assignment.
- When continuity for downstream work is essential, the initial RFP shall outline this prospect, and, if practical, the factors used for the selection of the consultant shall take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition subject to satisfactory performance in the initial assignment.
- For such downstream assignments, EIA shall ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the EIA, which shall then be negotiated.

- If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or if the downstream assignment is substantially larger in value, a competitive process shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest. The Bank will consider exceptions to this rule only under special circumstances and only when a new competitive process is not practicable.

3.5.7. **Procurement of Services of Individual Consultant**

- Individual Consultants are employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) 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.
- Individual Consultants are selected on the basis of their qualifications for the assignment. Advertisement is not required and Consultants do not need to submit proposals. 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 EIA. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications and those selected to be employed by the EIA shall be the best qualified and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience, and, as appropriate, knowledge

of local conditions such as local language, culture, administrative system and government organization.

- 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.
- Job description, qualification, experience required and terms of engagement should be finalized for hiring of consultant. The consultants for the assignment may, at the option of EIA, be invited to submit the Expression of Interest through advertisement in the newspaper. Individual Consultant should meet all relevant qualifications and should be fully capable of carrying out the assignment. The qualified individuals will be called for interview/discussions prior to offering the assignment. Based on the above a list of candidates shall be prepared for each assignment separately and the best qualified candidate shall be selected for the assignment as explained above.

3.6. **Progress Monitoring**

- 3.6.1. Subsequent to the approval of sub project and the procurement plan, an EIA shall submit detailed date-wise schedule of various milestone activities as per World Bank Format.

4 Processes Description of mode of procurement

This Chapter deals with detailed description of work processes & procedure involved in various modes of procurement of goods, works and services (non consulting) in conformity with World Bank Guidelines prescribed under para 2.1.2

4.1. Procurement Plan and Procedures

Before undertaking procurement, specific budget provision should be available for meeting the expenditure in the financial year in which it is to be incurred.

a. Procurement Plan

- PMU will prepare a tentative procurement plan (PP) for first 18 months based on projected activities in the PIP which shall include the description of goods, works and services to be procured along with their value which is consistent with technically and administratively approved estimate, It will cover all the procurement activity milestones. Subsequently, these PPs shall be updated based on sub project proposal submitted by EIAs and duly appraised and approved by PMU. PPs for subsequent years after first 18 months shall be prepared by PMU. All Procurement Plans and their updates or modifications shall be subject to the Bank's prior review and no objection before implementation. Bank shall arrange the publication on its external website of the agreed initial procurement plan and all subsequent updates once it has provided a no objection.
- During preparation of the procurement plans, packaging should be appropriately done. Items of similar nature, which can be supplied by same set of firms, should be packaged together to achieve economies of scale. They

should be evaluated on slice cum package basis after taking into account cross discounts offered. Aggregate value of total package will form the basis for determining the procurement method as well as the review requirement of the World Bank.

- Following points should be borne while preparing the Procurement plan
 - Procurement plan shall be prepared contract wise.
 - Method of purchase shall be based on the aggregate value of the package/lots, urgency of the demand, type of goods/services and availability of different sources of supply etc.
 - Limit of aggregate value of package/lots applicable to the particular procurement procedure shall be strictly adhered to.
 - It shall be ensured that the procurement is based strictly on actual need.

b. Procurement Steps

The procurement procedure for procurement of goods and works broadly consists of the following Steps:

Step1: Assessment of requirements

Step 2: Deciding procurement strategy

Step 3: Mode of procurement

Step 4: Preparation of Bid documents

Step 5: Seeking Bank's 'No Objection' whenever applied

Step 6: Advertisement for inviting bids

Step 7: Issue or sale of Bid document

- Step 8: Pre Bid meeting
- Step 9: Receipt and opening of Bids
- Step 10: Evaluation of Bids
- Step 11: Seeking Bank's 'No Objection' to evaluation report when applicable
- Step 12: Notification of Award
- Step 13: Signing of contract
- Step 14: Send the signed contract for WBR (# when applicable)
- Step 15: Inspection and quality control
- Step 16: Completion of works and handing over

4.2. **Assessment of the Requirement**

- 4.2.1. Bulk requirement of each sub project should be assessed prior to the beginning of the financial year. In order to obtain competitive prices, procurement action should be initiated in accordance with the purchase procedures. While forecasting the requirement, following factors should be considered:
- Average time period required in complete procurement cycle (4 to 5 months). Longer procurement cycle in exceptional circumstances can take place. The trends in usage at the time of requirement have to be documented for record keeping purpose.
 - For receiving the bulk consignment, it would be necessary that the procurement/supply of commodities is phased over time rather than being received as a single consignment.
- 4.2.2. Consolidating several program procurement requirements can offer potential savings through price discounts and reduces

the purchaser's administrative cost associated with having to process multiple bids and contracts.

4.3. **Procurement Strategy**

4.3.1. It is important to agree on the procurement strategy before initiating tendering. The procurement strategy should cover the following elements:

- Key objectives of the procurement for the project;
- Chosen procurement option;
- Chosen procurement route (Open, Restricted, Single Source)
- Key milestones (check that enough time is allowed)
- Key documents e.g. requirement specifications.
- Key factors influencing the procurement strategy relate to the degree of complexity, innovation and uncertainty about the requirement, together with the time needed to achieve a successful outcome.

4.3.2. It should be taken care of while raising indent and preparing tender document, if a project requires items of similar nature which may be supplied by the same suppliers, such items may be bundled together to form a package and rate for slices of items along with the bundle may be called with the same deadline and opened and evaluated simultaneously considering any discount on the package over slice so as best competitive price may be availed.

4.3.3. Goods procured under this project would include mainly import of high genetic merit bulls, , calves, IT equipment (computers, printers, PDA, net work infrastructure and servers), office equipment & furniture, milk testing equipment, LN containers, ration balancing programme kits, bulk milk

coolers, milk weighing machines, milk cans, semen station lab equipment, semen station farm machinery, QC lab equipment for milk producer companies, procurement and customization of ERP for semen stations, automated milk collection units etc.

4.4. **Process Description of Modes of Procurement**

4.4.1. International Competitive Bidding (ICB)

ICB is the most efficient / economic method of procurement to be adopted, where import of goods or likely participation of foreign firm is involved.

Followings are the requirements of ICB:

- Notification and Advertising- For the project that includes ICB, a draft General Procurement Notice (GPN) containing information concerning the project, amount and purpose of the loan, scope of procurement under ICB, and the name, telephone (or fax) number, and address of the project office responsible for procurement and the address of the Website where specific procurement notices will be posted, the scheduled date for availability of prequalification or bidding documents is required to be prepared and submitted to the World Bank. The World Bank will arrange for its publication in UN Development Business online (UNDB online) and in the Development Gateway's Bank's external website. 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.
- Bid Invitations- Invitations to prequalify or to bid, as the case may be, shall be advertised as Specific Procurement Notices (SPN) in at least one newspaper of national

circulation in the country (or in the official gazette, or in an official web site). The SPN shall also be published in the UNDB online and Bank's external website. Notification shall be given sufficient time to enable prospective bidders to obtain prequalification or bidding documents, and prepare and submit their responses.

- Bidding Document- Standard bidding documents as prepared by the World Bank should be used.
- Sale or receipt of bidding document- The bidding document should not be sold before the publication of the SPN. Further, 45 to 90 days from the start date of selling of bid documents should be provided to the prospective bidders to submit their bids.

4.4.2. Limited International Bidding (LIB)

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

To be adopted where:

- a) There are only a limited number of suppliers of the particular goods or services needed; or
- b) Other exceptional reasons justifying departure from full ICB procedures

Steps:

- Same as ICB except for advertisement and domestic preference which are inapplicable
- Publication of award as for ICB

- Bids must be invited from a list of potential suppliers broad enough to ensure receipt of competitive bids (two different countries).

4.4.3. **National Competitive Bidding** (NCB)

This is the most efficient and economical way of procurement followed in the country. This is followed for small works or when the item of procurement is of the nature that will not attract foreign competitors because of the followings:

- The contract value is small, or
 - Works are scattered geographically or spread over time, or
 - Works are labour intensive, or
 - The item of procurement is available locally at a lower price than the international market
- a. The method to be used in the evaluation of tenders and the award of contracts shall be made known to all bidders and shall not be applied arbitrarily.
 - b. NCB is adopted normally where the contract value is more than US \$ 30,000 for goods and works or up to the threshold value laid down in the Credit/ Financing Agreement
 - c. Civil works and also goods could be procured under contracts awarded in accordance with the procedure prescribed under NCB.
 - d. Various steps involved in procurement under open tender procedure have been enumerated in para 4.1 (B).
 - e. **Notification/Advertising:** Timely notification of bidding opportunities is essential in competitive bidding:

- Invitation to bid shall be published in at least one English newspaper with nationwide circulation and one regional language daily. If the advertisement is for more than one item, it should also be indicated whether the evaluation would be item-wise or as a package. The advertisement should also be placed on the website of the PMU/EIA.
 - If it is a condition in the invitation for Bid that Bid Security Money is to be deposited by the supplier/contractor, the bid of a supplier/ contractor not complying with this requirement, shall be rejected.
 - Bid Security Money shall be decided, taking into account all the items in a package. Once it is decided that the contract is for a package, the Bid Security Money for that package is to be indicated and will not be changed according to each item subsequently.
 - The last date for receipt of bid shall be the day following the date for close of the sale of bid documents.
 - Period for submission of bid shall not be less than 30 days from the date of start of sale of tender documents.
 - Bid documents can be sold from different places but shall be received at one place only. Tenders should normally be opened half an hour after the deadline for submission.
- f. **Tender Documents:** Sample bid documents used under World Bank project with suitable modification will be used in the project. These documents should be available to the bidder irrespective to their registration status. This document should contain following details:
- Name and scope of the work/ goods to be supplied,

- The type of contract to be entered into like lump sum, unit prices, reimbursable cost plus fees, or combinations thereof,
 - Location and schedule of completion / delivery of the work/ goods,
 - Technical specification (including of geological and environmental nature), drawing and design, and minimum performance requirement,
 - After sale service, warrantee and maintenance requirement,
 - Methods of evaluation and selection of lowest suitable and responsive bidder,
 - Instructions to bidders, and necessary appendices, such as formats for various securities,
 - Methods that will be employed to judge the conformity of equipment as delivered or quality of work the carried out,
 - Any factors, in addition to price, which will be taken into account in evaluating bids, and how such factors will be quantified or otherwise evaluated,
 - General and special conditions of contract specifications and drawings
- g. **Standards and Technical Specifications:** Followings will be the salient features for technical specification and standard:
- It should be generic and unbiased,
 - No brand name or catalogue number should be mentioned. However, wherever it is unavoidable to mention the brand name it should be suffixed with “ or equivalent”,

- If the specification is not standard., it should be drawn by a panel of experts,
- It should clearly specify the design / drawing, functional performance details, packaging and additional requirement,
- Since these details play very important role in evaluation of the bids and no deviation in this is allowed once the bids are opened, the specification should be drawn with utmost care.

Technical specifications, bill of quantities and civil drawings should be prepared before tendering. Specifications for the articles to be procured should be drawn up in every case with clarity. No deviations from the specifications after opening of bids should be allowed.

h. **Validity of Bid**

- It should in normal condition be not more than 90 days and should clearly be stated in the bidding document.
- In exceptional circumstances, prior to expiry of the original time limit, bidder may be requested in writing to extend the period of validity for a specified additional period. A bidder may refuse the request without forfeiting his bid security.
- A bidder agreeing to the request will not be required or permitted to modify his bid, but will be required to extend the validity of his bid security for a period of the extension

i. **Bid Security**

- An amount minimum 1% to 2 % of the estimated cost should be mentioned in the bidding document as bid security. It should be deposited with the bid in the shape

of demand draft/ Banker's cheque/ Bank guarantee from a scheduled Bank for a validity of 45 days beyond the validity of the bid, failing which the bid may be disqualified. If a bidder is unsuccessful, his bid security should immediately be refunded. The bid security shall be forfeited in the event of withdrawal of the bid within the original validity or if the successful bidder fails to execute necessary agreement within the period specified.

- j. **Pre-bid Conference:** For works or complex supply contracts, a pre-bid conference may be arranged at mid point whereby potential bidders may meet with the Project representative to seek clarifications.

Following are the salient features of pre bid meeting:

- The time, date and venue of the meeting should be mentioned in the tender document.
- The bidder should submit any questions in writing not later than one week before the meeting.
- Minutes of the conference shall be provided to all prospective bidders with a copy to the funding agency.
- 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. If necessary, the deadline shall be extended.
- Non-attendance at the pre-bid meeting will not be a cause for disqualification of a bidder.
- Any modification in the bidding documents, which may become necessary as a result of the pre-bid meeting, shall be made exclusively through issuance of corrigendum

(after getting the same cleared with the Bank) and not through the minutes of the pre-bid meeting.

- Before the deadline for submission of bids, the implementing agency/ices may modify the bidding documents by issuing addenda (after getting the same cleared from the Bank). Any addendum thus issued shall be part of the bidding documents and shall be communicated in writing to all the bidders who have either purchased/downloaded the bidding documents.
- To give prospective bidders reasonable time in which to take an addendum into account in preparing their bids, the PMU/EIA shall extend as necessary the deadline for submission of bids, with rights and obligation of the employer and bidders will then be subject to the new deadline.

k. **Terms and Methods of Payment:**

- Payment terms shall be in accordance with the specific goods and works. Bid documents should specify the payment method and terms offered.

l. **Conditions of Contract:**

- The contract documents shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of the implementing agency and of the supplier or contractor and the functions and authority of the engineer, architect or construction manager, (if one is employed by the End Implementation Agency) in the supervision and administration of the contract. Special conditions related to specific items/ cases should be clearly included in the tender documents.

m. **Performance Security Deposit:**

- Bid document for works and goods shall require security in an amount sufficient to protect the EIA in case of breach of contract by the contractor. This shall be in the form of a Bank guarantee or any other instrument specified in the tender document. The amount of performance guarantee shall normally be 5 / 10 % of contract price (5% for works and 10% for goods) valid up to 30 days after the date of expiry of defects liability period/ warranty period, as applicable. The performance Bank guarantee, wherever felt necessary, may be asked either in the beginning of the contract i.e., along with acceptance of order/contract to cover performance of entire contract till completion of all contractual obligations by the supplier or at the time of completion of execution/delivery of material to cover the performance of the equipment/works during the guarantee/defect liability period.
- The performance security deposit shall be refunded within one month of the completion of supply of goods/works or expiry of guarantee/warranty/ defect liability period (as mentioned above).
- The performance security deposit 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.

n. **Retention Money:**

- The Office shall deduct @ 5 to 10 % from each bill subject to a maximum of 5% of final contract price. 50% of the amount retained shall be paid to the Contractor on completion of whole of work and balance 50% on expiry of

defect liability period if the contractor has successfully completed his liabilities during these periods. On completion of the whole work the contractor shall have the option to claim the retention money (balance 50%) by submitting a Bank Guarantee from any Nationalised Bank or other Banks like IDBI Bank treated/ approved by RBI at par with Nationalised Banks for the limited purpose of acceptance of guarantee or a Foreign Bank having branches in India.

o. **Liquidated Damages:**

- Liquidated damages @ 0.50% per week for goods and 0.05 % per day for works of the value of goods / works for which the delay in completion of performance obligation with respect to committed date of supply/ completion shall be levied on the contractor subject to a maximum of 10 percent of final contract price.
- This shall not relieve the Contractor from his obligation to complete the work as per agreed construction program and milestones or from any of the obligations and liabilities of the Contractor under the contract.

p. **Bid Opening:**

- The time for bid opening should not be more than half an hour after the deadline for submission of bids. Tenders shall be opened in public. The bidders or their representatives shall be allowed to be present at the time of opening of bids. All bids received should be opened. No bid should be rejected at bid opening time except for late bids. Late bids shall be returned to the bidders unopened. The name of the bidder and total amount of each bid along with important conditions like excise duty, sales tax, delivery terms, delivery period, special conditions, if any,

shall be read out at the time of bid opening. Spot comparative statement (minutes of bid opening) shall be prepared by the bid opening officials and should be signed. The bid opening minutes shall be sent to all the bidders.

q. **Confidentiality:**

- 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 successful bidder is notified of the award of the contract.

r. **Examination of bids:**

Before considering the bids for evaluation following general points should be examined:

- Bids meet the eligibility requirements;
- Bids have been properly signed;
- Bids are accompanied by the required securities or required declaration signed;
- Bids are substantially responsive to the bidding documents, if the bidder meet qualification requirements of turnover and experience as laid down in the bidding document;
- The bidder shall not be permitted to correct or withdraw material deviations or reservations once bids have been opened and are otherwise generally in order
- If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms,

conditions and specifications in the tender documents, it shall not be considered further.

s. **Extension of validity of bids:**

If justified by valid reasons, this will not be allowed without approval of the next higher authority and without prior concurrence of the World Bank.

- For the request for first extension if it is longer than four weeks and
- For all subsequent requests for extension irrespective of the period.
- The bidder has right to refuse such extension for which his bid security shall not be forfeited.

t. **Bid evaluation and Comparison:**

Following points will be considered while evaluating a tender:

- The bid price read out at the bid opening shall be adjusted to correct any arithmetical errors and for any quantifiable nonmaterial deviations or reservations. Price adjustment provisions applying to the period of implementation of the contract shall not be taken into account in the evaluation.
- Other relevant factors in addition to price to be considered in bid evaluation like payment schedule, delivery time, operating costs, efficiency and compatibility of the equipment, availability of service and spare parts, and related training, safety, and environmental benefits if specified in the bidding documents should be considered.
- These factors to the extent practicable, be expressed in monetary terms, or given a relative weight in the evaluation provisions in the bidding documents.

- If time is a critical factor, the adjustment on the account of early or delayed completion may be taken into account according to criteria of PMU / EIA presented in the bidding documents, only if the conditions of contract provide for commensurate damages for delay in contract completion.
- The Project Office shall prepare a detailed report on the evaluation and comparison of bids setting forth the specific reasons on which the recommendation is based for the award of the contract.
- Any minor informality or unconformity or irregularity in a bid, which does not constitute a material deviation, may be waived, provided such waiver, does not prejudice or affect the relative ranking of bids.
- No bidder should be permitted to alter his bid after the bid has been opened. However, clarification, if any is required, the same can be called for in writing and no change in the price or substance of the bid shall be sought, offered or permitted.
- The most substantially responsive bid with lowest cost, not necessarily the lowest bid, should be considered as the successful bid for award of the contract.
- To qualify for a package of contracts made of other contracts for which bids are invited, the bidder must demonstrate having experience and resources sufficient to meet the aggregate of the qualifying criteria for the individual contracts.

u. **Post Qualification of Bidders:**

- In case bidders have not been pre-qualified, the implementing agency shall determine whether the bidder whose bid has been determined to be the lowest evaluated

bid, has the capability and resources to effectively carry out the contract, and if the bidder does not meet the specified criteria, the bid shall be rejected. In such an event, the implementing agency shall make a similar determination for the next-lowest evaluated bidder and so on.

v. **Rejection of All bids:**

Before rejection of all bids, No objection of the World Bank should be obtained.

- The basis of rejection may be
- Non substantially responsive bids- Fresh bids shall not be invited on the same bidding and contract document and the document should be revised for conditions of contract, design, specification and scope of contractor/ and a combination of all the above so as the limitations resulted in earlier rejection may be avoided.
- Lack of competition- number of bids only may not be the basis of deciding lack of competition. Wider publicity may be one of the measures to ensure better competition.
- Unreasonably high price - In the case of receipt of unreasonably high prices, the bidders shall be requested to furnish breakdown of unit rates providing justification for higher bid prices. If the justification, after review, is determined rational, contract should be awarded to the lowest evaluated responsive bidder. If not, these bidders shall be declared as ineligible from bidding in the re-bid for that contract.

w. **Subcontracting**

The Contractor may not assign the sub contract without the approval of the Employer in writing and this does not alter obligations.

- There may be three circumstances declaring sub contracting by the contractor:
- In the bid - if the proposed sub contracting elements amounts more than 20% of the Bid Price, the qualification and experience of the identified sub-contractor in relevant field shall be furnished along with the bid to ascertain about their qualification and capacities.
- Cases when no approval is required -
 1. Sub-contracting any part of works for which the Sub-contractor is named in the contract;
 2. The provision of labor; and
 3. The purchase of materials that are made in accordance with the standards specified in the contract.
- During execution of works - if the sub-contracting is because of some unforeseen circumstances and to enable him to complete the work in time as per terms of the contract, following points should be considered before agreeing on the subcontracting:
- The whole of the work should not be sub-contracted,

The contractor shall take prior consent of the Engineer, the experience, qualification and equipment of the sub contractor for the job proposed should be entrusted.

If payments are to be made directly to that sub-contractor, specific authorization should be obtained from the prime contractor and this should not alter his liability or obligation under the contract.

The Contractor may cooperate and share the site with other contractors, public authorities, utilities, and the Employer between the dates given in the Schedule of Other Contractors.

x. **Single Bid**

- In case a single bid is received and it is determined that bid specifications are not restrictive and prices quoted are reasonable and bid is technically and commercially responsive, the single bid shall be considered for award.

4.4.4. **Shopping**

Shopping is a procurement method based on comparing price quotations obtained from several suppliers, usually at least three to ensure competitive prices. Approved format may be used to invite quotations.

Goods estimated to cost below the financial ceiling mentioned in the table titled “Threshold Values” in Chapter V per contract may be procured under the Shopping.

- It is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities that are small in value and are ordinarily available from more than one source.
- Approval of competent authority may be obtained for items to be purchased along with specifications, estimated costs and agencies from which quotations should be invited.

- The requests for quotations shall be made indicating the description, specifications, quantity time and place of delivery.
- If the quotations are called for more than one item, it should also be indicated whether the evaluation would be item-wise or as a package.

4.4.5. **Single Tender/Direct Contracting**

The Single Tender system may be adopted in case of articles which are specifically certified as of proprietary nature or in case of extreme emergency. The Single Tender system without competition shall be an appropriate method under the following circumstances:

- Extension of an existing contract for goods or works awarded in accordance with the prescribed procedure for additional goods or works;
- Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier;
- The required item is proprietary and obtainable only from one source;
- Need for early delivery to avoid costly delays;
- In exceptional cases, such as in response to natural disasters; and
- The estimated cost of procurement lies within the threshold value for Direct Contracting.

4.4.6. **Framework Agreements**

- A framework agreement (FA) is a long term agreement with suppliers, contractors and providers of non-consulting services which sets out terms & conditions under which

specific procurements (call-offs) can be made throughout the term of the agreement. FAs are generally based on prices that are either pre-agreed or determined at the call-off stage through competition or a process allowing their revision without further competition.

- There are three most commonly used FA models, based on closed or open, one-stage or two-stage, competition methods; (i) “Closed FA” based on predefined criteria including for the award of “call offs”, signed with one or multiple suppliers/contractors and not permitting new entrants during the duration of the agreement; (ii) “Closed FA” with a restriction on new entrants but conducted in two stages : a first stage to select more than one supplier/contractor, and a second stage when call off are decided through competition among suppliers/contractors selected at the first stage and the award is made to the lowest evaluated bidder based on the offered prices and delivery conditions; and (iii) “Open FA” also following a two stage approach as per the above model, but without any restrictions on the participation of new entrants.
- FAs may be permitted as an alternative to the Shopping and NCB methods for: (a) goods that can be procured off-the-shelf, or are of common use with standard specifications; (b) non-consulting services that are of a simple and non-complex nature and may be required from time to time by the same agency (or multiple agencies) of the borrower; or (c) small value contracts for works under emergency operations.
- FAs shall not restrict foreign competition, and should be limited to a maximum duration of 3 years.
- Maximum aggregate amounts for the use of a FA shall be set in the procurement plan in accordance with risks and

in no case higher than the applicable NCB threshold, and shall be agreed with the Bank.

4.5. **Award of Contract**

4.5.1. EIA/ PMU shall award the contract, within the period of the validity of tenders, to the bidder who meets the bid conditions in all aspects, has the necessary technical capability and financial resources and whose bid is substantially responsive to the tender documents and has the lowest evaluated cost. The EIA / PMU can, if it so desires, satisfy itself that the manufacturer to whom the contract is proposed to be awarded, has the capability to produce the required quantity and also of required standards.

4.6. **Resolution of Disputes**

4.6.1. Dispute during the execution of contract and may occur due to various reasons like:

Interpretation of the terms and conditions of the contract are as follows:

- Delay in delivery/ completion of work.
- Delay in handing over possession of site.
- Delay in release of payment
- Rates of the items, variation in civil works contract
- Condition of the items on arrival at consignee site and after delivery.
- Design and specification issues.

4.6.2. As far as possible, dispute may be resolved with mutual agreement with the Contractor/ Supplier and arbitration and

litigation should be avoided. Dispute resolution methodology should be very clearly indicated in the contract document.

4.7. Laws Governing the Contract

- 4.7.1. The contract shall be governed by the laws of India in force
- 4.7.2. Any dispute arising out of or in respect of the contract shall be decided by the court of the place from where the acceptance of tender of has been issued
- 4.7.3. Irrespective of the place of delivery, the place of performance or place of payment under the contract or the place of issue of advance intimation of acceptance of tender, the contract shall be deemed to have been made at the place from where the acceptance of the tender has been issued.

4.8. Arbitration

- 4.8.1. In the event of any question, dispute or difference arising under the contract conditions or any special conditions of contract or in connection with the contract (except as to any matters the decision of which is specially provided for by these or the special conditions), the same shall be referred to the sole arbitrator appointed by agreement between PMU/ EIA and the contractor / supplier. The detailed arbitration clauses are available in the respective standard bidding document. The arbitrator should be having sufficient knowledge of law and shall be appointed as per the laid down procedure. The award of the arbitrator shall be final and binding on the parties to this contract.
- 4.8.2. In the event of the arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his award being set aside by the court for any reason, it shall be

lawful for the purchaser to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.

- 4.8.3. It will be a term of the contract that no person other than the person appointed by the EIA / PMU as aforesaid should act as arbitrator.
- 4.8.4. The arbitrator may from time, with the consent of all parties to the contract, enlarge the time for making the award.
- 4.8.5. Upon every and any such reference, the assessment of the costs incidental to the reference and award respectively shall be at the discretion of the arbitrator.
- 4.8.6. Subject to as aforesaid, The Arbitration and Conciliation Act, 1996 as amended up to date and the rules there under and any statutory modifications thereof for the time being in force, shall be deemed to apply to the Arbitration proceedings under this clause.

4.9. **Variation and Extension of Contract**

- 4.9.1. Normally contract once awarded should not be extended. Under exceptional circumstances, extension of existing contracts or variations up to 15% of the original contract value may be considered, if it is justifiable on economic grounds, subject to approval of the competent Authority as per the Schedule of Delegation of Powers. Modifications of the contract which would require Bank's prior approval are given in para 3 of Appendix 1 of Bank Guidelines.

4.10. **Complaint Redressal Mechanism (In conjunction with Para 2.9)**

- 4.10.1. In order to deal with the complaints from the contractors / suppliers and public effectively, a complaint handling mechanism shall be set up and immediate action shall be

initiated within 2 working days on receipt of complaints to redress the grievances.

4.10.2. All complaints shall be handled at a level higher than that of the level at which the procurement process is being undertaken and the allegation made in the complaints should be thoroughly enquired into, and if found correct, appropriate remedial measures shall be taken by the appropriate authorities. A register of the complaint redressed shall be prepared at each level and shall contain the following information:

- Serial number of the complaints,
- Date on which the complaint was made,
- Particular of the person making the complaint, Nature of the complaint,
- Complaint against whom if a person or against a work,
- Detail of action taken and subsequent follow ups specifying on which date the action and follow ups were taken,
- Whether the complaint has been satisfied, if not why? Action taken against the guilty, general remarks.

4.10.3. Subsequently an online database will be created which will be regularly updated and which would be capable of creating online reports for the purpose of the monitoring. The PMU will announce on its web site about having in place a complaint redress mechanism.

4.10.4. In case any individual officer/staff are found responsible, suitable disciplinary proceedings shall be initiated against such officer/ staff. This register shall also be subject to audit. The existing provisions under the Indian law including the instructions of central vigilance commission should be followed in this regard.

5 Specific Requirements for all EIAs

This Chapter deals with detailed description of operational requirement related to procurement process which are likely to be encountered by EIAs, value threshold limits for various type of procurement methods, standard timelines for various milestone activities involved in procurement process as well as recommended procurement methods for each category of items which are eligible for funding under NDP I against targeted actions items and other general procurement guidelines applicable for World Bank funded projects.

5.1. General

- 5.1.1. Each EIA would have dedicated procurement cell to be headed by at least by Manager to handle the procurement function
- 5.1.2. All personnel of the procurement cell would be adequately trained on procurement procedures to be adopted under the project.
- 5.1.3. The procurement cell shall ensure the following:
 - The specification of the type, quality and quantity of goods to be procured, shall be based on specific needs of the user department. The specifications so worked out should meet the basic needs without including superfluous and non-essential features, which may result in unwarranted expenditure.
 - Care should also be taken to avoid purchasing quantities in excess of the requirement to avoid carrying costs and wastages.
 - Offers should be invited following a fair, transparent and reasonable procedure.

- The procuring authority should be satisfied that the bid of the selected bidder is responsive both technically and commercially and adequately meets the requirement in all respects.
- The procuring authority should be satisfied that the price of the selected offer is reasonable and consistent with the quality required.
- At each stage of procurement, the concerned procuring authority must place on record, in precise terms, the considerations, which weighed with it while taking the particular procurement decision.

5.1.4. Specific areas for dissemination of information by procurement cell are:

- Compilation of list of items to be procured with full nomenclature, specifications and brand names only if unavoidable and in such cases bids should be invited mentioning specifically the specified 'brand names or equivalents'.
- Circulation of cases of poor performance of suppliers/contractors
- Suspension of business dealings or debar (see note below)¹ of suppliers / contractors in appropriate cases,

¹ NCB - The World Bank, may accept the debarment of a domestic firm from bidding on a Bank financed NCB tender on the basis of a previous debarment by the PMU /EIAs provided that (i) the debarment was enacted at least as part of the agreed NCB provisions, and (ii) the Bank has satisfied itself that the procedure followed to debar the firm afforded the firm reasonable due process and the grounds thereof.

ICB - The World Bank does not generally accept national debarment for debarring under ICB. However, in exceptional circumstances decided on case-to -case basis, the Bank may rely on the EIAs s representation to agree to exclude a nationally debarred firm from participation in a Bank financed ICB tender.

such as fraud, corruption, non performance, misrepresentation, collusive bidding, etc.

- Circulation of cases of supply of sub-standard quality of material/works and rejections.

5.2. Methods of procurement and value threshold limits

5.2.1. The following threshold limits will be followed in procurements under NDP I:

Category	Method of Procurement	Threshold (US\$ Equivalent)
Goods and Non-consultant services	ICB	>1,000,000
	LIB	wherever agreed and with prior agreement with the Bank
	NCB	1,000,000 or less
	Shopping	Up to 30,000
	DC	As per Para 3.7 of the Bank Guidelines, wherever agreed and with prior agreement with the Bank
	Framework Agreements	1,000,000 or less
Works and Supply and Installation	ICB	> 10,000,000
	NCB	10,000,000 or less
	Shopping	Up to 30,000. carried out through a qualified local contractor selected through shopping (after inviting a minimum of three quotations in response to a written invitation with a minimum of 15 days notice period)

Category	Method of Procurement	Threshold (US\$ Equivalent)
	DC	As per Para 3.7 of the Bank Guidelines, wherever agreed and with prior agreement with the Bank
Consultants' Services	CQS	Up to 300,000 per contract
	SSS	with prior agreement of the Bank
	Individuals	No limit
	Use of NGO	As per Para 3.16 of Guidelines
	QCBS/QBS/FBS /LCS (i) International shortlist (ii) Shortlist may comprise national consultants only	>500,000 Up to 500,000

Note: Slicing/Packaging/Lots shall be appropriately reviewed to avoid fragmentation to the extent practicable. Whenever bids are invited concurrently for several contracts in a package and cross discounts are invited, the aggregate value of the total package will form the basis to determine the procurement method as well as the review requirement.

5.3. Framework Agreement for Procuring Common Items by PMU (In conjunction with para 4.4.6)

- 5.3.1. In case of inadequate procurement capacity with some EIAs, for goods like BMCs, AMCU, DPMCU, Cans, PDAs BMCs, AMCU, DPMCU, Cans, PDAs, computers hardwares, office equipment and furniture, ear tags and tag applicators, Liquid Nitrogen (LN) containers, semen storage containers, LN Silos, milk weighing machines and other small value commonly

used items with an option to use any of the three options provided in the Procurement Guidelines Para 3.6, PMU will carry out the procurement process through Framework Agreement (FA) methodology for these items for meeting the supply requirement of EIAs over a period of time.

5.3.2. For the other items as well as works and consultancy procurement, the EIAs will follow the procurement methods based on the specified value threshold limits.

5.4. Procurement Timelines

5.4.1. Procurement Timelines for Goods and Works

S/No	Procurement Steps	Shopping (Post)	NCB (Prior)	NCB (Post)	ICB (Prior)
1	Preparation of Specifications, cost estimates, Sanction/approval and Bid documents	2 Weeks	4 Weeks	3 Weeks	4 Weeks
2	Transmit Bid documents/RFQ to IDA	N/A	1 Week	NA	1 Week
3	IDA clearance of Bid documents/RFQ	N/A	2 Weeks	N/A	2 Weeks
4	Issue invitation for Bid/RFQ	2 Weeks	2 Weeks	2 Weeks	2 Weeks
5	Bid Opening Date	2 Weeks	30 Days	30 Days	6 Weeks
6	Preparation of BER and send it to IDA if required	N/A	7 Weeks	7 Weeks	7 Weeks
7	IDA clearance of BER	N/A	2 Week	N/A	2 Week
9	NoA (Notification of Award)	ASAP	1 Week	1 Week	2 Weeks
10	Contract Signed Date	1 Week	2 Weeks	2 Weeks	2Weeks

5.4.2. Procurement Timelines for Selection and Employment of Consultants

No	Consultancy Steps	QCBS	SSS	IC (Individual Consultant)	Selection under Fixed Budget
1	Preparation of TOR, cost estimate, sanction etc.,	3 Weeks	2 Weeks	2 Weeks	3 Weeks
2	Transmit TOR and cost estimate to IDA	1 Week	1 Week	1 Week	1 Week
3	IDA clearance of TOR and Cost estimate	1 Week	1 Week	1 Week	1 Week
4	Transmit EOI for publication to WB and Publication by PIU	2 Week	NA	1 Week	1 Week
5	REOI (Closing Date)	30 Days	NA	30 Days	30 Days
6	Transmit Shortlist and RFP to IDA	4 Weeks	NA	4 Weeks	4 Weeks
	IDA Clearance of short-list and RFP	2 Weeks	NA	2 Weeks	2 Weeks
7	Issue of RFP	2 Weeks	1 Week	N/A	2 Weeks
8	Opening of RFP (Technical Proposal)	6 Weeks	6 Weeks	N/A	6 Weeks
9	Transmit the TER (Technical Evaluation Report) to IDA	5 Weeks	4 Weeks	N/A	4 Weeks
10	IDA Clearance of TER	2 Weeks	2 Weeks	N/A	2 Weeks
11	Opening of Financial Proposal	2 Weeks	1 Week	N/A	2 Weeks
12	Transmit CER (Combined Evaluation Report), Negotiation minutes and Draft Contract to IDA	3 Weeks	3 Weeks	N/A	3 Weeks
13	IDA clearance of draft contract	2 Weeks	2 Weeks	N/A	2 Weeks
14	Signing of Contract	2 Weeks	2 Weeks	2 Weeks	2 Weeks
15	Mobilization of Contract	4 Weeks	4 Weeks	4 Weeks	3 Weeks

5.5. **Powers of Approval for Award of Works Contracts**

5.5.1. Lowest evaluated responsive bids based on its value shall be approved by the Purchase Committee constituted by the PMU as mentioned in para no. subject to prior review of the World Bank, wherever required.

5.6. **Rate Contract**

5.6.1. Rate Contracts of DGS&D may be operated for speedy procurement of goods as per procedure outlined below;

5.6.2. For procurement of goods valued up to the threshold for shopping shown in para 5.2, rate contracts entered into by the Director General of Supply and Disposal (DG S&D) with various manufacturing units for supply of materials may be used.

5.7. **Printing of Materials for M&E and Training Requirements**

5.7.1. Printers have devised their units of printing charges for text, figures, drawings, photographs etc. Shopping procedures shall be adopted for such procurement as value of each contract is expected within the shopping threshold limit for goods. The EIAs shall give their requirements of printing matter including figures, writings, photographs etc. design of brochures, cover design of books / reports etc, and detailed specification for the quality of the paper to obtain sealed quotations from the enlisted printers. Procedures and guidelines given in Chapter 4 shall be followed for Shopping.

5.7.2. Enlistment of Printers: The PMU/EIAs will issue an advertisement for printing requirements of the project inviting printers to submit their registration and qualification details. The purchase committee or it's representative will visit the printer premises and take a photograph and submit the

assessment report. Based on this report the printers will be enlisted. The name of the enlisted printers along with photograph will be published in the PMU/EIA website (if not available in the notice board). This will be updated as and when a new application for enlistment is being received.

5.8. **Hiring of Vehicles**

5.8.1. Vehicles shall be hired on daily/ monthly/ yearly basis as per requirement. Quotations shall be called from at least three enlisted travel agencies under shopping procedures provided the estimated value is below the Shopping threshold.

5.8.2. Enlistment of travel service provider: The PMU/EIAs will issue an advertisement for vehicle requirements of the project inviting travel service providers to submit their registration and qualification details. The purchase committee or its representative will visit the travel service provider premises and take a photograph of the premises and submit the assessment report. Based on this report the travel service provider will be enlisted. The name of the enlisted travel service providers along with photograph will be published in the PMU/EIA website (if not available in the notice board). This will be updated as and when a new application for enlistment is being received.

5.9. **Prior Review**

- Goods: First NCB and first two Framework Agreements and subsequently any contract more than US\$1,000,000 or equivalent. Any contract more than US\$10,000 or more following Direct Contracting procedure.
- Works: First NCB and subsequently any contract more than US\$ 10 million or equivalent. Any contract more

than US\$10,000 or more following Direct Contracting procedure.

- Consultancy Services: First consultancy contract and subsequently any contract value more than US\$ 500,000 equivalent for firms; and > US\$ 200,000 equivalent for individuals.
- All Single Source Selections of more than US\$ 10,000. Hiring procurement consultants, PPR Consultant, External Auditor, inspection agents and legal advisors are subject to prior review, irrespective of the contract value.
- In case of contract to individuals, the qualifications, experience, terms of reference and terms of employment shall be subject to prior review.

5.10. **Post Review**

- All contracts not covered under prior review will be subject to post award review. The Terms of Reference for the independent PPR consultant, to be engaged by the NDP I, would include procurement review of selected contracts. The Bank on its part will review the reports of the PPR consultant in addition to conducting its own post review on sample basis.

5.11. **Important Principles of Procurement under Bank Funded Project**

1. Equitable opportunity to all eligible bidders without regional preferences and all the bidders have the same information to compete in providing goods and works. Foreign bidders will not be precluded from bidding against NCBs issued. NCBs for procurement of works may require the bidders to offer bid prices in local currency.

2. No preference shall be given to any bidder. Open competition is the basis for efficient public procurement.
3. Bids will not be rejected at the sole discretion of any authority. Reason of rejection must be disclosed to the bidders.
4. There will be no requirement of registration with any government Departments or NDDB/EIAs for participation in the bidding process under the project.
5. Award of contract shall be made to the lowest evaluated responsive bidder, who is qualified and capable to perform and not necessarily to the lowest bidder.
6. The result of bidding process shall be disclosed to all bidders, through details placed on the website. Reasons for rejection of bids shall be given to the bidders.
7. No exemption will be given to any organization, from submission of Bid Security, as this amount to unfair advantage to the beneficiary of such exception.
8. Works contracts shall be awarded to competent and capable contractors and the contractor shall be responsible for supply of all materials. No materials shall be transferred by the employer either on free issue or on issue rate basis. Contractor will not be forced to procure materials from any specified firms or agencies. For this purpose, the Bidding Documents shall stipulate clear and elaborate Specifications and provisions relating to Inspection for the purpose of ensuring Quality Control and testing Facilities for compliance with the Specifications and the agencies responsible for procurement and implementation will ensure compliance.

9. The following provisions shall also apply and shall be suitably incorporated in the bidding documents for bids invited on NCB basis:
- Only the model bidding documents for NCB already agreed by the Bank with the GOI Task Force [and as amended from time to time], 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;
 - Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;
 - Extension of bid validity shall not be allowed without the prior concurrence of the Bank (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 by Bank only in cases of force majeure and circumstances beyond the control of the EIA/ PMU);
 - Re-bidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or “bracket” of prices shall not be used in the project;
 - Rate contracts entered into by Directorate General of Supplies & Disposals will not be acceptable as a substitute for NCB procedures. Such contracts will be

acceptable however for any procurement under Shopping procedures;

- Two or three envelope system will not be used.
- For the purpose of engaging services of consultants, the procedure, as outlined in the Chapter 3 of the Procurement Manual, shall be followed.

5.12. **Arrangement for Inspection of Goods**

1. The sub project Procurement Plan (PP) prepared by EIA shall be used to identify list of goods which are considered to be critical to meet the objectives of NDP I under component-A, component-B and component-C.
2. A Quality Assurance Plan (QAP) for identified goods shall be developed by concerned EIA. The QAP shall define the inspection process & inspection parameters required to be validated before acceptance of delivery of identified goods.
3. The QAP shall be included in the bid document so that a potential supplier is aware about acceptance criteria at the time of delivery of goods.
4. Concerned EIAs handling the procurement of identified goods shall be responsible for implementing QAP including inspection of identified goods being delivered. This will be based on QAP and procurement arrangements prevailing at their end.
5. In case, an EIA has been appraised as having inadequate resources to carry out inspection of goods as per QAP, then, PMU will make arrangements for organising such inspection either by itself or through engagement of an outside agency (Firm or Individual Consultant).
6. Duly verified and validated quality inspection report (QIP)

generated after acceptance of identified goods shall be one of essential document required for processing of supplier's payment.

5.13. **Guidance on Handling Procurement under Shopping Method**

1. **General:** Shopping is intended to be a simple and rapid procurement method. Shopping is one of the least competitive procurement methods and may be abused unless it is carried out in compliance with the legal agreements, and observing a minimum of formality in the process, and with appropriate record keeping for verification and audit. In fact, the Bank has recently discovered cases of abuse that have culminated in declaration of mis-procurement.

2. **When is Shopping Appropriate?**

Shopping may be used:

- a. To procure 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. In emergency projects or for urgent relief-type operations including re-establishment of vital services like utilities, communications, shelter, and vital supplies which stem from disasters 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 but referred commonly as "price comparison".

Because of the risk of abuse in procurement under shopping, the use of this method is restricted to cases when the

justification for it is beyond contention. EIAs may not use shopping only as an expedient to by-pass more competitive methods or fraction large procurements 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 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.

3. **Number and Origin of Quotations to be Compared:** As per paras. 3.5 and 3.6 of the Procurement Guidelines requires the PMU/ EIAs to obtain and compare at least three quotations to establish reasonableness of price. Comparison of two quotations is justified only when there is evidence satisfactory to the Bank that there are only two reliable sources of supply (national or foreign as the case may be). It is possible that not all the suppliers invited will respond to the request for quotations. To minimize the risk of getting only one or two quotations, it is required to initially request more than three quotations. At the time of the request, it is necessary to verify whether those being invited will make an offer or not. When there is more than one source for the goods, at competitive prices, in the country, the PMU/EIAs may use national shopping, but must obtain at least three quotations. If this is not the case, then international shopping is used. Under international shopping, PMU /EIAS to request quotations from suppliers from at least two different countries, including the own country. Quotation for foreign goods located in own country and offered by a firm

located in the own country, are considered as quoted from abroad for purposes of satisfying the "two different countries" rule. This is applicable, for example, to items such as computers, vehicles, etc., that are normally imported by dealers of the foreign manufacturers who are also able to provide after sales services.

4. **Firms to be Invited:** The PMU /EIAs exercise due diligence to satisfy itself that the firms invited to quote are reputable, well established, and are suppliers of the goods or services being purchased as part of their normal business. In case PMU / EIA receive unsolicited quotations, these may be accepted after carrying out a similar due diligence exercise to verify the nature and reputation of the firms.
5. **Form of Requests:** The PMU /EIAs request quotations by letter, fax, telex, electronic messaging, etc., (with proof of receipt and record keeping). The request includes the description and quantity of the goods, as well as the required delivery time and place for the goods or services, including any installation requirements, as appropriate. The request indicates the date by which the quotations are needed. In extremely urgent cases, described in para. 1 (ii) (restoration of vital services), quotations for civil works may be requested in the form of unit rate prices (if work quantities are available with a reasonable degree of reliability), "cost plus fee" arrangements (when quantities cannot be reasonably determined in advance) or in the form of a lump sum based on cost estimates carried out by the PMU /EIAs, or if not possible, by the contractors.
6. **Prices and Currencies:** Prices for goods supplied from within the country (including previously imported items) are requested to be quoted EXW (ex works, ex factory, ex

warehouse ex show room or off-the-shelf, as applicable), including all custom duties and sale and other taxes already paid or payable on the raw materials and components. For goods offered from abroad (i.e., not previously imported), prices are requested CIF or CIP. However, if the PMU / EIAs wishes to invite quotations on DDP basis, the Bank will not object.

7. **Submission of Quotations:** Suppliers submit their quotations in writing, i.e., by fax, telex, letter, or electronic messaging (copies to be kept for the records). No bid or performance securities are required. There is no requirement for strict time and date for submission of quotations and for public opening, but normally requests for quotes indicate the expected date of submission of quotes, within one or two weeks of the initial request. In other cases, if the PMU/ EIAs has not received at least three quotations within the time set, it verifies with the missing suppliers whether they intend to do so and how soon. Unless there is extreme urgency or there are already three or more quotations available, the client may give a reasonable amount of additional time, say three more days, to get additional quotations. At this point the client may proceed with the comparison of the proposals received.
8. **Comparison of Quotations:** Quotations are compared after adding to the quoted price for goods, the estimated cost of inland transportation and insurance, if any, to the final destination. For purposes of comparison, prices are converted into local currency at the exchange rate on the day of invitation of the quotes or the day of comparison. The lowest priced offer is selected. PMU/ EIAs may exercise discretion in selecting a quotation that is not the lowest priced, as far as there is a good justification. For example, a slightly higher price may be justified for faster delivery or immediate

availability in cases of extreme urgency, when late delivery may result in heavy consequences for the purchaser. In such cases, the intention should be indicated in the request for quote.

9. **Record of Award:** The PMU/EIAs document the award decision and its rationale and keep it for review and audit by the Bank, as needed. The record contains also the list of firms invited and the list and value of the quotations received and documents clearly that the award is based on sound economic criteria.
10. **Currency of Payment:** Purchase orders specify the currency of payment which is the currency of the quote. The Bank accepts payments in any currency of the member countries.
11. **Purchasing from UN Agencies Instead of Shopping:** PMU/ EIAs may purchase goods that otherwise would qualify for shopping under paras 3.5 and 3.6 of the Guidelines directly from UN agencies. This is a preferable approach when the risk of abuse of the shopping method is high.
12. **Review Requirements:** Because of the small value and nature of contracts, procurement under shopping is normally subjected to the Bank's ex-post review instead of prior review. However, because of the risk of abuse, shopping needs close supervision. The project team conducts ex-post review of contracts during the Bank supervision missions. Third party procurement audits should also include a representative sample of procurement carried out under shopping.

5.14. **Disclosure**

1. The following documents shall be disclosed on the NDDB website and in EIAs websites [if there is no website then, in

the notice board of EIA]: (i) procurement plan and updates, (ii) invitation for bids for goods and works for all ICB and NCB contracts, (iii) request for expression of interest for selection/hiring of consulting services, (iv) contract awards of goods and works procured following ICB/NCB procedures, (v) list of contracts/purchase orders placed following shopping procedure on quarterly basis, (vi) short list of consultants, (vii) contract award of all consultancy services, (viii) list of contracts following DC or CQS or SSS on a quarterly basis, and (xi) action taken report on the complaints received on a quarterly basis.

2. The following details shall be sent to the Bank for publishing in the Bank's external website and UNDB: (a) invitation for bids for procurement of goods and works using ICB procedures, (b) request for expression of interest for consulting services with estimated cost more than \$500,000, (c) contract award details of all procurement of goods and works using ICB procedure, (d) contract award details of all consultancy services with estimated cost more than \$500,000, and (e) list of contracts/purchase orders placed following SSS or CQS or DC procedures on a quarterly basis.
3. Further NDDB will also publish in their websites, any information required under the provisions of suo moto disclosure as specified by the Right to Information Act.