

**TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME
(TEQIP) PHASE II**

PROCUREMENT MANUAL

**GOVERNMENT OF INDIA
DEPARTMENT OF HIGHER EDUCATION
MINISTRY OF HUMAN RESOURCE DEVELOPMENT
NEW DELHI**

Contents of this document are subject to change.

ABBREVIATIONS

BoG	Board of Governors
CFI	Centrally Funded Institution
CIF	Cost Insurance Freight
CIP	Cost Insurance Paid
CPWD	Central Public Works Department
DDP	Delivery Duty Paid
DDU	Delivery Duty Unpaid
DEA	Department of Economic Affairs
dgMarket	The Development Gateway
DGS&D	Director General of Supplies & Disposals
DC	Delivery Challan
EMD	Earnest Money Deposit (Bid Security)
ExW	Ex Work/ Ex Factory
GPN	General Procurement Notice
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDP	Institutional Development Plan
IPMU	Institution Project Monitoring Unit
INR	Indian National Rupee
JV	Joint Venture
LR	Learning Resources
MHRD	Ministry of Human Resource Development
MoU	Memorandum of Understanding
NPD	National Project Director
NPIU	National Project Implementation Unit
PAD	Project Appraisal Document
PIP	Project Implementation Plan
PMSS	Procurement Management Support System
PO	Purchase Order
PP	Procurement Plan
SDR	Special Drawing Rights
SPFU	State Project Facilitation Unit
TEQIP	Technical Education Quality Improvement Programme
ToR	Terms of Reference
UNDB	United Nation' Business Development
USD	United States Dollar (US\$)
WB	The World Bank
WBR No	World Bank Reference Number

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PREFACE

The “Procurement Manual” provides the essential information and brief step-by-step procedures for procurement of goods, works and services. This document is intended to guide the procurement officials directly involved in the procurement activities. It also intends to help in understanding the procurement processes and to achieve uniformity in procurement processes followed under the project. The rights and obligations of the purchaser and the contractor of goods and works will be governed by the tender documents and by the contracts signed by the purchaser with the contractor and not by the guidelines stated in this document.

However the Procurement Manual is only a guideline and the procurement of all Goods, Works and Services under the Project shall be carried out in accordance with the World Bank’s “Guidelines: Procurement Under IBRD Loans and IDA Credits” dated May 2004, revised October, 2006; and “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004, revised October, 2006 and as per the Financial Agreement agreed between the Government of India and the World Bank. In event of any discrepancies, the World Bank guideline as stated above shall supersede the Procurement Manual.

To achieve the better acceptability of the manual and to understand the difficulties at stakeholder’s level, draft Procurement Manual was sent to all the Project States and Centrally Funded Institutions for their comments. A meeting with select representatives from States and Centrally Funded Institutions was also organized to arrive at common ground and finalize the “Procurement Manual”.

I. THE PROJECT

The Project* TEQIP II is part of the long term Technical Education Quality Improvement Programme and aims to scale up & support ongoing efforts of the GoI to improve quality of technical education and enhance existing capacities of the institutions. TEQIP is being assisted by the World Bank and GoI has received a Credit (Credit No 4685 - IN) from the International Development Association in various currencies towards the cost of project. The Project will focus on the following objectives:

- Strengthening Institutions to produce high quality engineers for better employability
- Scaling-up PG education and demand-driven Research & Development and Innovation
- Establishing Centers of Excellence for focused applicable research
- Training of faculty for effective Teaching
- Enhancing Institutional and System Management effectiveness

PROJECT DESIGN

Component 1: Improving Quality of Education in Selected Institutions	
Sub component 1.1	Strengthening institutions to improve learning outcomes and employability of graduates
Sub component 1.2	Scaling up Postgraduate Education and Demand Driven Research & Development and Innovation
Sub sub component 1.2.1	Establishing Centers of Excellence
Sub component 1.3	Faculty development for Effective Teaching (Pedagogical Training)
Component 2: Improving System Management	
Sub component 2.1	Capacity Building to Strengthen Management
Sub component 2.2	Project Management, Monitoring and Evaluation

* Project Implementation Plan (PIP) shall be referred for details of the project TEQIP II.

II. PROCUREMENT ARRANGEMENTS

Procurement under the project will be processed and monitored through Procurement Management Support System (PMSS), a web based software system specially developed for TEQIP II.

PROCUREMENT MANAGEMENT SUPPORT SYSTEM (PMSS)

PMSS will reduce variance in procurement processing and ensure adherence with agreed norms and guidelines with following measures,

- It will capture end-to-end procurement process flow to standardizing the procurement under project.
- It will provide information on specifications of items, maintain database of manufacturers/ suppliers.
- It will generate advertisement details, Standard Bidding Documents (SBDs), Bid Evaluation Report (BER), Purchase Order (PO), payment details etc.
- It will provide contract management functions like identifying contract milestones (warranty period, performance guarantee, delivery schedule etc), review supplier performance against contract etc.
- It will meet MIS requirements for documentation/ report generation requirements of all the users
- It will also generate print outs in the standard formats at every stage in unitized forms like daily, monthly and in the integrated/ aggregated forms like quarterly, half yearly, annual etc.

PROCUREMENT PLAN

The project entities shall prepare detailed and comprehensive procurement plan covering all Goods, Works and Services procurement for the duration of 1st April 2011 to 31st March 2014. It shall be submitted for prior reviewed by NPIU/ the World Bank before implementation by the project entities through PMSS.

REVISION/ UPDATION OF PROCUREMENT PLAN

The procurement plan shall be revised/ updated annually, as required, to reflect the actual project implementation needs and improvements. The revision/ updation in finalized Procurement Plan can be carried out as per the following arrangements,

- $\leq 10\%$ of total plan value can be carried out by Institution with appropriate approvals.
- $> 10\% \ \& \ \leq 30\%$ of total plan value can be carried with prior review of SPFU*.
- $> 30\%$ of total plan value can be carried with prior review of NPIU/ the World Bank.

* $> 10\%$ of total plan value can be carried with prior review of NPIU/ the World Bank in case of CFIs.

VALUE THRESHOLDS & REVIEW ARRANGEMENTS

Category	Value per Contract*	Procurement Method	Review [#]
Goods			
Equipment	> US\$ 300,000	International Competitive Bidding (ICB)	Prior
	<=US\$ 300,000	Limited International Bidding (LIB)	Post
	> US\$ 20,000 <= US\$ 300,000	National Competitive Bidding (NCB)	Post ¹
	<= US\$ 20,000	Shopping ²	Post
	Proprietary Equipment <= US\$ 20,000	Direct Contracting/ Shopping	Post
Furniture	<= US\$ 20,000	Shopping	Post
Books & Learning Resources	<= US\$ 20,000	Direct Contracting/ Shopping	Post
Minor Items ³	<= US\$ 500	Direct Contracting	Post
Works	> US\$ 30,000	National Competitive Bidding (NCB)	Post ¹
	<= US\$ 30,000	Shopping	Post
	<= US\$ 1,000	Direct Contracting	Post
Services ⁴	> US\$ 200,000	Quality and Cost Based Selection (QCBS)	Prior
	> US\$ 100,000 < = US\$ 200,000	Quality and Cost Based Selection (QCBS)/ Fixed Budget Selection (FBS)/ Least Cost Selection (LCS)	Post
	<= US\$ 100,000	Least Cost Selection (LCS)/ Consultant's Qualification based Selection (CQS)/ Fixed Budget Selection (FBS)	Post
	<= US\$ 2,000	Single Source Selection (SSS)	Post

* For threshold calculation value of US\$ to be taken as 50 INR and exclusive of applicable taxes.

Arrangements for review by the World Bank.

PRIOR REVIEW ARRANGEMENTS

Goods/ Works contracts shall be prior reviewed as per the following arrangements,

- Equivalent or less than US\$ 100,000 per contract prior review by the Institutions.
- More than US\$ 100,000 and up to US\$ 200,000 equivalent per contract prior review by SPFU.
- More than US\$ 200,000 and up to US\$ 300,000 equivalent per contract prior review by NPIU.
- Above US\$ 300,000 prior review by the World Bank.

Services contracts shall be governed by the following provisions,

- Services contracts expected to cost more than US\$ 200,000 shall be advertised in UNDB online and dgMarket in accordance with other provisions of para 2.5 of the Consultants Guidelines.
- Hiring of individual consultants through competition shall be restricted to US\$ 50,000 or less and hiring through Single Source Selection shall be restricted to US\$ 2,000 or less. All contracts of Individual Consultants shall be subjected to post review by the World Bank.
- Terms of Reference (ToR) for all consultant contracts shall be furnished to the Bank for its prior review and No Objection.
- The shortlist for Services contracts expected to cost less than US\$ 500,000 may comprise entirely national consultants in accordance with other provisions of para 2.7 of the Consultants Guidelines.
- In Single Source Selection, per day consultation fee shall not be more than US\$ 100 beyond which prior approval of BOG of the Institution is required.

Notes:

¹ First 2 NCB contracts for Goods/ Works from the Project irrespective of value shall be submitted for prior review by the Bank.

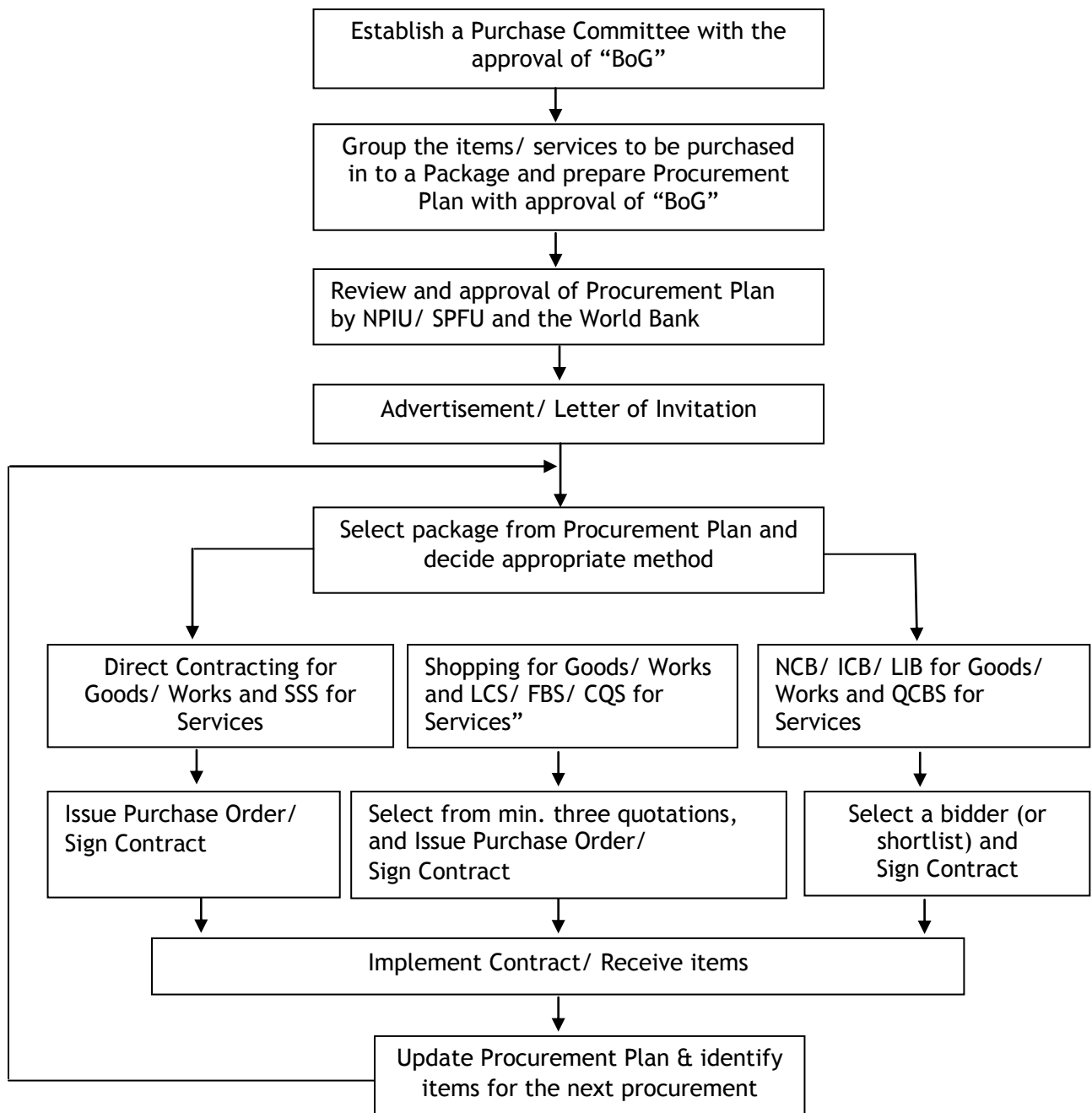
² DGS&D Rate Contracts can be used as an option instead of Shopping, if the item is covered under the DGS&D Rate Contracts and offers value for money. However, State Rate Contracts cannot be treated at par with DGS&D Rate Contracts. If State Rate Contracts exist for any items, it can be considered as one of the minimum three quotations required for Shopping.

³ Minor items shall cover consumables such as laboratory & workshop supplies, stationary, office items etc.

⁴ First 2 Consultancy contracts from the Project shall be submitted for prior review by the World Bank.

PROCUREMENT STEPS

The flow chart given below broadly depicts the essential steps in procurement process,



DISCLOSURE

For all procurements, information on pre-qualification and award of contract shall be posted on the institutional website for two week.

PROCUREMENT AUDIT

Post review of minimum 20% all the contracts under the Project shall be conducted by the SPFU/ NPIU as per the laid down procedures. All documents related to procurement should be filed and kept systematically and safely. In addition, the World Bank will also have the right to conduct post review of the contracts. The concerned authorities will be required to make available all relevant documents to the World Bank, as and when required.

III. PROCUREMENT OF GOODS & WORKS

PROCUREMENT METHODS

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

✓ **INTERNATIONAL COMPETITIVE BIDDING (ICB)**

ICB is generally adopted where supplies cannot be met from indigenous sources and need import, and/ or foreign firms are expected to participate resulting in more competition.

- Invitation for bids (IFBs) for ICBs shall be published in daily national newspaper with wide circulation all over the country, at least in one english and one regional language daily.
- Apart from wide publicity nationally, advertisement of invitation for bids (IFBs) shall be published in United Nation's Development Business (UNDB)/ dg Market online and project website.
- Use of the World Bank Standard Bid Documents.
- Sale of bid documents should start only after publication of invitation of bids in newspapers and UNDB/ dg Market.
- Bidding period shall be 45 to 90 days from the start of the sale of the bid documents.
- Domestic preference shall be allowed to domestic bidders with respect to foreign bidders as mentioned in the bid documents.
- Other procedures for ICB will broadly be same as that of National Competitive Bidding (NCB) in respect of bid opening, bid evaluation, notification & publishing of award of contract, complaint redressal etc.

✓ **LIMITED INTERNATIONAL BIDDING**

Limited International Bidding (LIB) is essentially ICB by direct invitation without open advertisement. It may be an appropriate method of procurement where (a) there are only limited numbers of suppliers, or (b) other exceptional reasons may justify departure from full ICB procedures.

Under LIB, borrowers shall seek bids from a list of potential suppliers broad enough to assure competitive prices, such list to include all suppliers all over the world. Domestic preference is not applicable in the evaluation of bids under LIB. In all respects other than advertisement and preferences, ICB procedures shall apply, including the publication of award of contract in UNDB online and in dg Market and use of the World Banks Standard Bidding documents.

✓ **NATIONAL COMPETITIVE BIDDING (NCB)**

NCB also known, as Open Tender is the competitive bidding procedure normally used for procurement of goods and works. The procedure provides adequate competition among participants in order to ensure competitive prices. The procurement steps for NCB broadly consist of the following activities:

STEP 1: PREPERATION OF TENDER DOCUMENT

- The tender documents shall furnish all information necessary for a prospective bidder to prepare a tender for the goods/ works to be provided.
- The bid document should invariably contain standard bidding and contract conditions to make it self-explanatory. Some of the mandatory requirements in a bid document include- Invitation for bids (IFBs), Instructions to Bidders (ITBs), Contract Data including Bill/ Schedule of Quantities (BOQ), General Terms & Conditions, Award Criteria, Notification of Award, Execution of Contract, Quality Control, Payment Terms, Taxes and Duties, Completion Certificate, Warranty/ Defect Liability, Drawings, Dispute Resolution, Arbitration, Force Majeure, etc.
- Bill/ Schedule of quantities (BOQ) will indicate the description of items to be provided along with quantities and the phased manner in which the goods/ works are required to be delivered or constructed.
- Bidding documents should state clearly whether the bid prices will be fixed or price adjustments will be made to reflect any changes in major cost components of the goods/ works.

STEP 2: ADVERTISEMENT

- Timely notification of bidding opportunities is essential in competitive bidding. Invitations shall be published in daily newspapers with wide circulation all over India, at least in one national english and one regional language daily.
- The advertisement should also be placed in institutional website.
- The minimum time given for submission of bids shall be not less than 30 days from the date of sale of bid document.
- The last date and time of sale and receipt of bid document should be clearly indicated in the notification/ advertisement.

STEP 3: ISSUE OF BID DOCUMENT

- Sale of tender documents should begin only after the publication of notification for tender in newspapers.
- Tender documents should be made available to all who seek them after paying the requisite fees, if any, regardless of registration status and they should be allowed to bid. However, the request should be in writing along with the requisite fee of the tender/ bid, if any. Bidding documents will be sold till one day prior to the opening of the tenders.
- Tenders can be sold from different places but the bid/ tenders shall be received at one place only, to avoid problems arising out of late/delayed tender submission.
- Tender documents can also be made downloadable from Institute website. However the downloaded tender documents must be submitted with requisite

tender fees in the form of bank DD without which the tender shall be rejected summarily.

STEP 4: OPENING OF BIDS

- The time, date and venue for the tender opening shall be mentioned in the IFB and bid documents.
- Tenders/bids should normally be opened immediately after the deadline of time fixed for submission on the same day.
- 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 tenders received should be opened. No bid should be rejected at the time of bid opening except for late tenders. Late tenders 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 and discounts, if any, shall be read out at the time of bid opening. Withdrawal notices and modifications to the tender shall be read out first followed by the tender of the bidder.
- Minutes of bid opening must be prepared by bid opening officials and should be signed by all members present including bidders.
- Any kind of discounts offered shall be mentioned in the bid opening document clearly.

STEP 5: BID EVALUATION AND COMPARISON

- The criteria to be used in the evaluation of tenders and the award of contracts shall be made known to all bidders and not be applied arbitrarily.
- The purpose of tender evaluation is to determine substantially responsive tender with the lowest evaluated cost, but not necessarily the lowest submitted price, which should be recommended for award.
- The bid/ tender price read out at the bid opening shall be adjusted at the time of evaluation with correction for any arithmetical errors for the purpose of evaluation with the concurrence of the bidder/ contractor. Where there is a discrepancy between the rates in figures and in words, the rate in words will prevail. Where there is a discrepancy between the unit and the line item total resulting from multiplying the unit rate by the quantity, the unit rate will prevail.
- The conditional discounts offered by the bidder shall not be taken into account for evaluation. This however does not apply to cross-discounts.
- The purchaser shall prepare a detailed report on the evaluation and comparison of tenders setting forth the specific reasons on which the recommendation is based for the award of the contract.

STEP 6: AWARD OF CONTRACT

- Implementing agency shall award the contract within the period to all aspects to the bidders who 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 purchaser can, if so desired depute a team of 3-4 officers to the premises of manufacturer to whom the contract is proposed to be awarded, to satisfy itself that the manufacturer has capability to produce the required quantity and also the necessary quality testing and assurance facilities to meet the required standards. Based on the report of this Committee, the purchaser may decide to award the contract to the successful bidder offering the lowest or reasonable price after approval of the appropriate authority.
- Single bids should also be considered for award, if it is determined that publicity was adequate, bid specification/ conditions were not restrictive or unclear and bid prices are considered reasonable in comparison to estimated price.

✓ **SHOPPING**

The following consideration should be kept in view for adopting this procedure:

- Shopping is a Procurement method based on comparing price quotations obtained from several national suppliers, usually at least three to ensure competitive prices.
- Shopping is intended to be a simple and rapid procurement method and is one of the least competitive procurement methods and may be abused unless it is carried out in compliance with legal agreements and observing a minimum formality in the process and with appropriate record keeping for verification and audit.
- Shopping should not be used as an expedient to by-pass more competitive methods or fraction large procurement into smaller ones solely to allow the use of Shopping.
- To procure small amounts of off-the-Shelf goods or Standard Specification Commodities or simple civil works for which more competitive methods are not justified on the basis of cost or efficiency.
- Request for quotation shall be written and sent by letter, fax, telex, etc (with proof of receipt and record keeping) and can also be displayed in the Institute website.
- The request shall include 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 shall indicate the date by which the quotations are needed.
- 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-showroom or off-the-shelf, as applicable) including all custom and excise 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 or DDU basis (in case of large purchases).
- In case of civil works prices shall be requested inclusive of all taxes and duties payable by the contractor.
- Requests should be addressed to more than three firms that are reputable, well established and are suppliers of the goods or services being purchased, as part of their normal business (after verifying whether those being invited will make an offer or not) to ensure at least three quotations are received; In case unsolicited

quotations are received, they may be accepted after carrying out a similar due diligence exercise to verify the nature and reputation of firm.

- Quotation should be submitted in writing i.e., by fax, telex, or letter (copies to be kept for records).
- No bid securities are required.
- Normally, requests for quotes should indicate the expected date of submission of quotes with a minimum of 14 days from the date of issue of request.
- If the Purchaser has not received at least three quotations within the time set, it should verify with the suppliers who have not submitted quotation, whether they intend to do so and how soon.
- Quotation should be compared after adding to the quoted price for goods, the estimated cost of inland transportation and insurance, if any, to the final destination. The lowest responsive offer is selected.
- Purchaser may exercise discretion in selecting a quotation that is not the lowest priced as far as there is good technical justification on the quality of the offered item, suitability of delivery schedule, etc. In such cases, such requirements should be indicated in the request for quote as well as in the evaluation note.
- Award decision and its rationale should be documented/ and kept for review by audit by the Bank (or by the Bank's auditors) as needed. The record should contain the list of firms invited, and the list and value of quotations received, comparative statements etc. The documents should clearly show that the award is based on sound technical and commercial criteria.
- Purchase order shall incorporate the terms of accepted offer.

✓ **DIRECT CONTRACTING**

The procedure for Direct Contracting may be adopted if any one of the following conditions is met.

- In case of articles including equipment/ books, which are specifically certified as of proprietary in nature, or where only a particular firm is the manufacturer of the articles demanded.
- Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier.
- Extension of existing contracts for goods/ works awarded with the prescribed procedures, justifiable on economic grounds.
- Works are small and scattered or are situated in remote locations where mobilization costs for contractors would be unreasonably high.

IMPORTANT ASPECTS OF SHOPPING

Important Aspects	Brief Description
Advertisement	No need for advertisement in newspapers, however the advertisement can be displayed in the Institution website.
Minimum Quotations	3 quotations.
Time for Bid Submission	Not less than 2 weeks.
Negotiation	There should not be any negotiations either for price or terms & conditions of the tender submitted with suppliers.
Validity of Tender	<ol style="list-style-type: none"> 1. Bidders shall be required to submit tender valid for the period specified in the tender documents. 2. Generally 30 to 40 days for Shopping.
Earnest Money/ Bid Security	Not required.
Examination of Tenders	<ol style="list-style-type: none"> 1. The Procurement Authorities entrusted with evaluation of tenders shall ascertain whether the tenders: <ul style="list-style-type: none"> ▪ meet the eligibility requirements specified; ▪ have been properly signed; ▪ are valid for the period specified in the tender document; ▪ are substantially responsive (commercially and technically) to the tender documents; and ▪ are otherwise generally in order. 2. If the bidder meets the above stipulations indicated in the bid documents, it is determined as substantially responsive and is considered further for evaluation.
Terms & Methods of Payment	Payment terms should be 90% payment after delivery to the consignee and balance 10% after acceptance of the goods or in accordance with the practices applicable to the specific goods and works.

Table below gives the brief of the procedures to be followed for Shopping:

Sl. No.	What has to be done?	Who should do it?	Description
1.	Identify the items or the package of items to be purchased from the procurement plan.	Purchase Committee	<ul style="list-style-type: none"> a. Understand the specifications of the item(s) to be purchased. b. Lay down terms & conditions and specifications. c. State Government rate contracts, if any, shall be treated as one of the three quotations in the shopping process. d. DGS&D rate contracts shall be acceptable for procurement under shopping.
2.	Shop around or call for all at least 3 quotations in writing with signature of supplier. Quotations could also be obtained by fax.	An officer authorized by respective office head	<p>The requests for quotations shall contain:</p> <ul style="list-style-type: none"> a. The description specification and quantity of the goods. b. Say that contract shall be for full quantity of each item. c. Terms of delivery of goods or description of works. d. Desired completion period e. Place of works f. The price shall be quoted in INR. g. Each bidder shall submit only one quotation. h. Quotation shall remain valid for a period not less than 15 days. i. Terms of payment. j. Warranty Conditions
3.	Prepare a comparison sheet to select the most appropriate supplier	Purchase Committee	<p>The following steps shall be followed:</p> <ul style="list-style-type: none"> a. Evaluate and compare the quotations determined to be substantially responsive. b. Write information from the quotations on a comparison form. c. Select the most appropriate supplier. d. Sales Tax in connection of goods shall not be taken in account. e. The purchase committee members should sign on the comparison sheet.

IMPORTANT ASPECTS OF NCB/ ICB

Important Aspects	Brief Description
Standards & Technical Specifications	<ol style="list-style-type: none"> 1. The bid documents shall include generally accepted standards of technical specifications. 2. Unbiased technical specification shall be prepared with no mention of brand names and catalogue numbers by a committee of experts associating the trade representative, if required. 3. The functional performance, design, quality, packaging and additional requirements should be clearly spelt out in the specifications. 4. The specifications should be generic and should not appear to favour a particular brand or supplier. 5. Preparation of technical specifications, bill of quantities and civil drawings must be completed before tendering. Specifications for the items to be procured should be drawn up in every case with clarity. 6. No deviations from the specifications after opening of tender should be allowed.
Advertisement	<ol style="list-style-type: none"> 1. Invitation shall be published in at least one national English daily and one regional language daily for NCB. 2. In case of ICB's also publish in the "United Nation's Development Business (UNDB)" and dgMarket online and forward to embassies and trade representatives of countries of likely suppliers of goods and also who have expressed interest in response to the General Procurement Notice (GPN) 3. The advertisement should also be placed at the project website.
Time for Submission of Bids	<ol style="list-style-type: none"> 1. Not less than 4 weeks for NCB. 2. Not less than 6 to 8 weeks for ICB.
Earnest Money/ Bid Security	<ol style="list-style-type: none"> 1. Earnest Money (bid security) to be deposited by the bidders shall be a specified amount for each packing/ schedule/ item as indicated in the bid document. 2. It shall normally be 2-5% of the estimated cost of the goods or 1% of the estimated cost of work rounded off to the nearest figure in rupees. 3. The earnest money shall be in the form of a demand draft/ banker's cheque/ bank guarantee from a scheduled bank preferably having a branch at the place where tenders are to be submitted, which should be valid up to 45 days beyond the validity period of the tender. 4. Fixed Deposit Receipts endorsed in favour of purchaser shall also be acceptable. 5. The earnest money of unsuccessful bidders shall be refunded soon after the final acceptance of tenders. 6. The earnest money shall be forfeited in the event of withdrawal of

	the tender within the original validity once submitted or in case a successful bidder fails to provide the performance security and fails to execute necessary agreement within the period specified or for submitting false, incorrect or misleading information.
Performance Security Deposit	<ol style="list-style-type: none"> 1. Tender documents for works and goods shall require performance security in an amount sufficient to protect the implementing agency in case of breach of contract by the contractor/supplier. 2. This shall be in the form of a bank guarantee or any other specified instrument and amount should be specified in the tender document. 3. The amount of performance security shall normally be 5% for goods/ works, of contract price (valid till 28 days after the date of expiry of defect liability period or the guarantee/ warranty period as the case may be). 4. The performance security deposit shall be refunded within one month of the completion of supply of goods/ works or after the expiry of defects liability/ guarantee/ warranty period (as mentioned above). 5. The performance security deposit may be forfeited in case any terms and conditions of the contract are infringed or the bidder fails to make complete supply satisfactorily or complete the work within the delivery/completion period agreed in the contract without prejudice to the purchaser's right to take further remedial actions in terms of the contract and bidding documents which formed part of the contract.
Retention Money	<ol style="list-style-type: none"> 1. In contracts for works, normally 5% of contract price shall be recovered as retention money. 2. Fifty percent (50%) of such retention money shall be repaid to the Contractor on completion of the whole of the works and balance fifty percent (50%) shall be repaid after the expiry of the defects liability period on certification by the Engineer that all defects notified to the contractor before the end of the period have been corrected.
Pre-Bid Conference	<ol style="list-style-type: none"> 1. A pre-bid conference (date/venue to be indicated in the IFB published in newspapers and bid document) may be arranged wherein potential bidders may meet with the representatives of the implementing authority to seek clarifications on the tender documents. 2. Copy of minutes of the pre-bid conference should be furnished to the bidders who had already purchased the bid documents and also supplied along with the bid document sold to the parties purchasing the document subsequent to the pre-bid conference.
Examination of Tenders	<ol style="list-style-type: none"> 1. The Procurement Authorities entrusted with evaluation of tenders shall ascertain whether the tenders: <ul style="list-style-type: none"> ▪ Meet the eligibility requirements specified;

	<ul style="list-style-type: none"> ▪ Have been properly signed; ▪ Are accompanied by the required earnest money and valid for the period specified in the tender document; ▪ Have quoted for the entire schedule/ packing and are in the required currency as indicated in the bid documents; ▪ Have proper Manufacturer's Authorisation letter ▪ Are substantially responsive (commercially and technically) to the tender documents; and ▪ Have the technical and financial capability as per specified tender evaluation criteria to successfully execute the contract. For ensuring financial capacity a minimum turnover requirement should be indicated in bid document. ▪ Are otherwise generally in order. <p>2. If the bidder meets the above stipulations indicated in the bid documents, it is determined as substantially responsive and is considered further for evaluation.</p> <p>3. Historical data in relation to the tender like annual reports, turn over details, etc, if not received along with the bidder, can be requested from the bidder after opening of bids and should be submitted within a reasonable time span (say 7-10 working days).</p>
Post-Qualification of Bidders	<p>1. In case the pre-qualification of the bidders has been carried out, and the tenders have been issued to the pre-qualified bidders, the tenders shall be recommended for award on the basis of being lowest substantially responsive bids.</p> <p>2. If bidders have not been pre-qualified, the implementing agency shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the technical capability and financial resources to effectively carry out the contract as offered in the bid.</p> <p>3. The criteria to be met shall be set out in the tender documents, and if the bidder does not meet them, the bid shall be rejected.</p> <p>4. In such an event, the implementing agency shall make a similar determination for the next-lowest evaluated bidder and so on.</p>
Validity of Tender	<p>1. Bidders shall be required to submit tender valid for the period specified in the tender documents.</p> <p>2. Normally, in case of NCB/ ICB, the bid validity period shall not exceed 90 days after the date of bid opening.</p>
Validity Extension of Tenders	<p>1. As far as possible contract should be finalized within the original validity of the offers mentioned in the tender document.</p> <p>2. An extension of bid validity, if justified by exceptional circumstances with the approval of next higher authority, shall be requested in writing from all bidders (of valid tenders only) before the expiry date.</p> <p>3. Bidders shall have the right to refuse to grant such an extension without forfeiting their Earnest Money, but those who are willing</p>

	<p>to extend the validity of their bid shall also be required to provide a suitable extension of Earnest Money as specified in the tender document.</p> <p>4. Prior concurrence of the Bank would be obtained if (i) for the first request for extension if it is longer than four weeks; and (ii) 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 Purchaser/ Employer).</p>
Rejection of All Tenders	<ol style="list-style-type: none"> 1. Tender documents usually provide that implementing agency may reject all tenders. 2. Rejection of all tenders is justified when none of the tenders are substantially responsive. However, lack of competition shall not be determined solely on the basis of the number of bidders. 3. If all tenders are rejected, the implementing agency shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new tenders. 4. If the rejection of all tenders is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the tenders being non-responsive, new tenders may be invited. 5. Rejection of all tenders and re-inviting new tenders, irrespective of value shall be referred to the next higher authority for approval than the authority that approved the issue of tender or to the head of the unit. Before re-inviting tenders the specifications may be reviewed for revision, if any. 6. Rejection of tenders (ICB/ NCB), irrespective of the value, will require World Bank's approval.
Modification in Orders (Goods/ Equipment)	<ol style="list-style-type: none"> 1. Quantities in contracts awarded may be increased up to 15% of the quantity originally ordered by amending the order after recording reasons, provided that such orders shall be given before the date of the expiry of last supply and also subject to the condition that prices have since not reduced and purchases were required on urgency basis. 2. If the threshold of 15% is exceeded, prior concurrence of the Bank shall be obtained.
Extension of Contract (Works)	<ol style="list-style-type: none"> 1. Contracts under NCB method may be increased/ decreased up to 15% of the quantity originally ordered by amending the order/ contract after recording reasons, provided that such orders shall be given before the date of contractual completion and also subjected that works were required on urgent basis. 2. The variation in requirement shall be appropriately indicated in the bid document.

	3. It should be justifiable on economic grounds/ without change in costs.
Rebidding	<ol style="list-style-type: none"> 1. Rebidding shall not be carried out without the prior concurrence of the Bank. 2. The system of rejecting the bids falling outside a pre-determined margin or bracket of prices shall not be used.
Negotiation	There should not be any negotiations either for price or terms and conditions of the tender submitted.
Confidentiality	After the public opening of tenders, information relating to the examination, clarification, and evaluation of tenders 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.
Terms & Methods of Payment	Payment terms for ICB and NCB are provided in the bidding documents and should be followed as it is.
Liquidated Damages	<ol style="list-style-type: none"> 1. Provisions for liquidated damages shall be included in the conditions of contract for the delay in the delivery of goods or completion of works. 2. In the case of goods, the liquidated damages shall be calculated at the rate of 0.01% per day of delay to maximum of 10% of the contract value. 3. In the case of works, the liquidated damages will be calculated at 0.01% of the contract price per day, subject to a ceiling of 10% of the contract price and shall be levied by way of pre-estimated damages and not by way of penalty.
Fraud & Corruption	<p>The borrowers (including beneficiaries of Bank loans), as well as Bidders, Suppliers, Contractors, and Consultants under Bank-financed contracts shall observe the highest standard of ethics during the procurement and execution of such contracts. In pursuit of this policy, the Bank:</p> <p>(a) defines, for the purposes of this provision, the terms set forth below as follows:</p> <ol style="list-style-type: none"> (i) “<i>corrupt practice</i>” means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution; (ii) “<i>fraudulent practice</i>” means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract; (iii) “<i>collusive practice</i>” means a scheme or arrangement between two or more Bidders, with or without the knowledge of the borrower, designed to establish bid prices at artificial, non competitive levels; and (iv) “<i>coercive practice</i>” means harming or threatening to harm, directly or indirectly, persons or their property to influence

	<p>their participation in the procurement process or affect the execution of a contract;</p> <p>(v) “<i>obstructive practice</i>” is :</p> <ul style="list-style-type: none"> ➤ deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and ➤ acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under sub-paragraph (e) below. <p>(b) will reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question;</p> <p>(c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive or coercive practices during the procurement or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation;</p> <p>(d) will sanction a firm or individual, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that they have, directly or through an agent, engaged, in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a Bank-financed contract; and</p> <p>(e) will have the right to require that a provision be included in Bidding Documents and in contracts financed by a Bank loan, requiring Bidders, Suppliers, Contractors and Consultants to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.</p>
<p>Review by the World Bank</p>	<p>1. It is the Bank’s policy that Borrower’s, as well as bidders, suppliers, and contractors under Bank financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank will have the right that a provision be included in bidding documents and in contracts financed by a Bank loan, requiring bidders, suppliers, and contractors to permit the Bank to inspect</p>

	<p>their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.</p> <ol style="list-style-type: none"> 2. Contracts which are (i) not subject to prior review by the Bank, and (ii) awarded following these guidelines will be post reviewed by the Bank. 3. World Bank will carry out post review either by themselves or by selected Consultant up to 10% of all contracts issued by the concerned institute. 4. The Borrower shall retain all documentation with respect to each contract (excluding contracts subject to prior review by the Bank) during project implementation and up to two years after the closing date of the Loan Agreement. This documentation would include, but not be limited to, the signed original of the contract, the analysis of the respective proposals, and recommendations for award, for examination by the Bank or its Consultants. The Borrower shall also furnish such documentation to the Bank upon request. 5. If the Bank determines that the goods, work or services were not procured in accordance with the agreed procedures, as reflected in the Loan Agreement and further detailed in the Procurement Plan approved by the Bank or that the contract itself is not consistent with such procedures, it may declare mis-procurement as established in the Procurement Guidelines. The Bank shall promptly inform the Borrower the reasons for such determination.
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IV. PROCUREMENT OF SERVICES

METHODS FOR PROCUREMENT OF SERVICES

- ✓ Quality and Cost Based Selection (QCBS)
- ✓ Fixed Budget Selection (FBS)
- ✓ Least Cost Method (LCS)
- ✓ Consultant Qualification Based Selection (CQS)
- ✓ Single Source Selection (SSS)

✓ QUALITY AND COST BASED SELECTION (QCBS)

QCBS uses a competitive process among shortlisted firms that takes into account the quality of the proposals and the cost of the services in the selection of the successful firm. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment. The selection process shall include the following steps,

1. Preparation of the Terms of Reference (ToR)
2. Preparation of cost estimate & the budget
3. Advertisement for Expression of Interest (EOI)
4. Evaluation of EOI to shortlist six firms
5. Preparation & issuance of Request for Proposal (RFP) to short listed firms
6. Receipt of proposals
7. Opening and Evaluation of technical proposals
8. Public opening of financial proposals of firms technically qualified
9. Combined evaluation of technical and financial proposals
10. Negotiations and award of the contract to the selected firm

STEP 1: PREPARATION OF THE TERMS OF REFERENCE (TOR)

The Terms of Reference shall be prepared by a person(s) or a firm specialized in the area of the assignment. The scope of the services described in the ToR shall be compatible with the available budget. ToR shall clearly define the objectives, goals and scope of the assignment and provide background information to facilitate the consultants' preparation of their proposals. However, ToR should not be too detailed and inflexible, so that competing consultants may propose their own methodology and staffing. The client and the consultants' respective responsibility should be clearly defined in the ToR. The ToR developed shall include:

1. A precise statement of objectives
2. An outline of the tasks to be carried out
3. A schedule for completion of tasks

4. The support/inputs provided by the client
5. The final outputs that will be required of the Consultant
6. Composition of Review Committee (not more than three members) to monitor the Consultant's works
7. Review of the Progress Reports required from Consultant
8. Review of the final draft report
9. List of key positions whose CV and experience would be evaluated.

STEP 2: PREPARATION OF COST ESTIMATE & BUDGET

The Cost Estimates or Budget should be based on the assessment of the resources needed to carry out the assignment, staff time, logistical support, and physical inputs (for example, vehicles, office space and equipment). Costs shall be divided in two broad categories, a) Fee or remuneration & b) Reimbursable costs. The cost of staff time shall be estimated on a realistic basis for all personnel involved in the assignment.

STEP 3: ADVERTISEMENT FOR EXPRESSION OF INTEREST (EOI)

Advertisement in a prescribed format is issued in widely published newspapers to obtain expression of interest for the contract. In addition, contracts expected to cost more than US\$ 200,000 shall be advertised in UNDB online and in dgMarket. Not less than 14 days from date of posting on UNDB online shall be provided for responses, before preparation of the shortlist.

STEP 4: EVALUATION OF EOI TO SHORTLIST SIX FIRMS

If the assignment has been advertised and expressions of interest received, EOIs shall be evaluated to shortlist six firms. The short listing of six firms must be based on the eligibility criteria defined for EOI selection. The short list shall not include Individual Consultants. In contracts below US\$ 500,000 equivalent, shortlist may comprise national consultants only. Government owned enterprises can be considered for award of consultancy assignment provided they are otherwise eligible as per the Bank's guidelines.

STEP 5: PREPARATION & ISSUANCE OF REQUEST FOR PROPOSAL (RFP) TO SHORTLISTED FIRMS

The RFP shall include,

1. Letter of Invitation (LOI)
2. Instructions to Consultants (ITC) with Data Sheet
3. Technical Proposal - Standard Forms
4. Financial proposals - Standard Form
5. Terms of Reference (ToR)
6. Standard Forms of contract

STEP 6: RECEIPT OF PROPOSALS

The time allowed for submission of proposal shall depend on the assignment, but normally shall not be less than four weeks or more than three months. The firms may request clarifications about the information provided in the RFP. The clarifications must be given in writing and copy to all the firms. The technical and financial proposals shall be submitted at the same time but in different sealed envelopes. Any proposals received after the closing time shall be returned unopened.

STEP 7: OPENING AND EVALUATION OF TECHNICAL PROPOSALS

The technical proposals shall be opened immediately by the committee, after the closing time for submission of proposals. The evaluation of the proposals will be in two stages first quality and then cost.

STEP 8: PUBLIC OPENING OF FINANCIAL PROPOSALS OF FIRMS TECHNICALLY QUALIFIED

The financial proposals shall remain sealed until opened publicly. Financial proposals shall be opened only after completing the technical evaluation and receiving no objection for the same from the Bank.

STEP 9: COMBINED EVALUATION OF TECHNICAL AND FINANCIAL PROPOSALS

The total score shall be obtained by weighing the quality and cost scores and adding them. The weight for the cost shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The 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 highest total score shall be invited for the negotiations.

STEP 10: NEGOTIATION AND AWARD OF CONTRACT

- Negotiations shall include discussions of the TOR, the methodology, staffing, client's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. 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. If this is not the case, 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 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) and the offered price shall include staff rates and an estimation of the amount of reimbursable. 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 client to ask for clarifications, and, if fees are very high, to ask for change of fees, after due consultation with the Bank. 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 client 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 client shall terminate the negotiations and invite the next ranked firm for negotiations. The Bank shall be consulted prior to taking this step.

✓ **FIXED BUDGET SELECTION (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. 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.

✓ **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.

✓ **CONSULTANTS’ QUALIFICATIONS BASED SELECTION (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, 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.

✓ **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.

- 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, 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, the client shall ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the client, 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 acceptable to the Bank 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.

✓ **SELECTION OF INDIVIDUAL CONSULTANTS**

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. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications.

- 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.

TYPES OF CONTRACTS

There are two types of contract,

- **Lump Sum Contract:**

Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. Payments are linked to outputs (deliverables), such as reports, drawings, bill of quantities, bidding documents, and software programs. Lump sum contracts are easy to administer because payments are due on clearly specified outputs.

- **Time-Based Contract:**

This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the assignment is difficult to assess. This type of contract is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for staff include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances. This type of contract shall include a maximum amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration, and provision for price adjustments, where appropriate. Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and that payments claimed by the consultants are appropriate.