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# North East Rural Livelihood Project

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## Procurement Manual NERLP

**September 29, 2011**

The contents of this document are subject to change

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## Glossary of Terms

AWPB	Annual Work Plan and Budget
CBP	Community based procurement
CDG	Community development group
COM	Community Operational Manual
CRP	Community Resource Persons
CPP	Community participation in procurement.
DPMU	District Project Management Unit
DGS & D	Directorate General of supplies and disposals.
EC	Executive Committee
FBS	Fixed budget selection
GOI	Government of India
HH	Household
HR	Human Resources
ICB	International competitive bidding
IG	Income Generation
IGA	Income Generating Activity
IFAD	International Fund for Agricultural Development
IBRD	International bank for reconstruction and development
IC	Individual consultant
LCS	Least cost selection
MFI	Micro Finance Institution
MGNERGA	Mahatma Gandhi National Rural Employment Guarantee Act
Min DONER	Ministry of Development of North Eastern Region
MIS	Management Information System
NABARD	National Bank for Agriculture and Rural Development
NCB	National competitive bidding
NE	North East
NEC	North-Eastern Council
NELPS	North East Livelihood Promotion Society
NERCORMP	North Eastern Region Community Resource Management Project for Upland Areas
NERLP	North East Rural Development Project
NGO	Non Government Organization

NREGA	National Rural Employment Guarantee Act
NREGS	National Rural Employment Guarantee Scheme
NRLM	National Rural Livelihood Mission
NRM	Natural Resource Management
PFT	Project Facilitation Team
PRA	Participatory Rural Appraisal
PRI	Panchayati Raj Institutions
PPC	Procurement purchase committee
PO	Producers organisation.
RPMU	Regional Project Management Unit
RRA	Rural Rapid Appraisal
QBS	Quality based selection
QCBS	Quality cost based selection
RTI	Right to Information
SO	Support organisation
SDP	State Domestic Product
SHG	Self Help Group
SSS	Single source selection.
TA	Technical Assistance
TOR	Terms of Reference
CDP	Community Development Plan
YG	Youth Group

## **PREFACE**

### **Objective of the Procurement Manual:**

The purpose of this Manual is to inform the concerned officers and implementing entities at the Regional, District and Community Level of NERLP- its objectives and provide an easy reference of guidelines towards implementing the project as per the various procurement procedures applicable to this project.

In NERLP the procurement of goods, works and services will be handled by a variety of players—the Regional Project Management Unit, District Project Management Unit, Project Facilitators, Support Organisations, Producer Organisations, Community Development Groups, SHGs and SHG Federations, To this effect the Procurement Manual sets forth the procedures, methods, reporting requirements and guidelines for procurement of goods, works and consultancy services in 2 sections—Section 2 covers procurement by the project authorities and Section 3 covers Community Based Procurement with an emphasis on the use of Force Account, Shopping and Direct Contracting as the most commonly used procurement procedures.

In case of any ambiguity between this manual and the Bank Procurement Guidelines- Procurement under IBRD Loans and IDA Credits (January 2011) for Works, Goods and Non-Consulting Services and Selection and Employment of Consultants by World Bank Borrower, (January 2011), the Bank Guideline shall prevail for all procurement under the project.

The Manual shall be a reference tool for the project implementation by the stakeholders, project authorities, related agencies, Contractors and Suppliers for procurement of goods, works and services. The guidelines and procedures for procurement of goods, works and services are however, subject to modification with the approval of World Bank and North East Livelihood Promotion Society (NELPS) in case of any peculiar circumstances and where situation so warrants.

**SECTION 1:  
INTRODUCTION TO NERLP AND PROCUREMENT  
PROCESS**

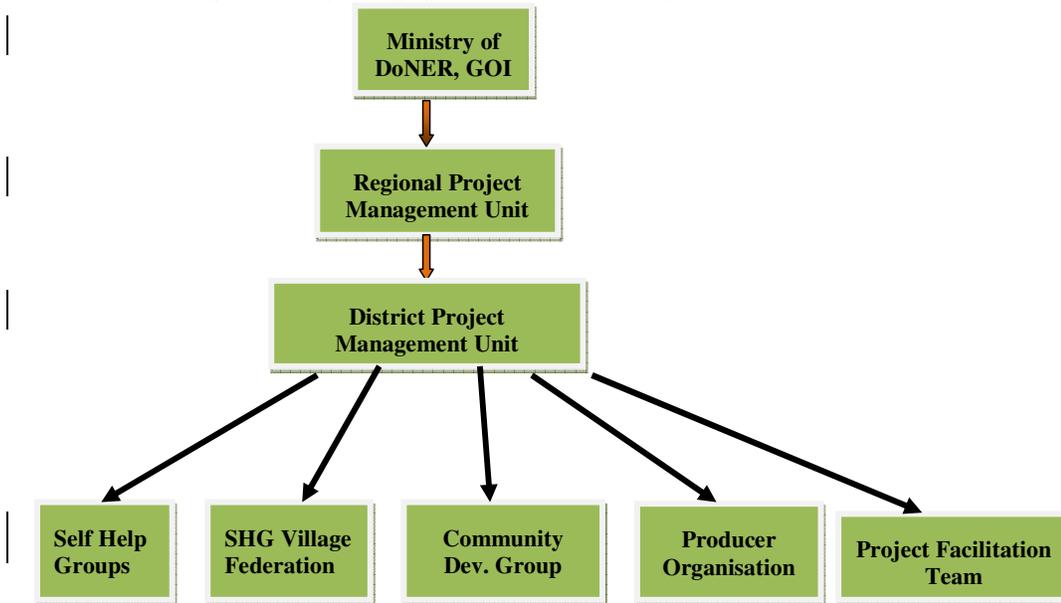
## CHAPTER 1

# INTRODUCTION

1.1 **Background:** North East Rural Livelihood Project (NERLP) is a World Bank funded project which is to be implemented in 4 States (Mizoram, Nagaland, Sikkim and Tripura), across 8 districts (2 districts per State). The Project will cover 58 Blocks i.e. 1624 Villages. The development objective of the project is to improve rural livelihoods, especially that of women, unemployed youth and the most disadvantaged, in four North Eastern States by providing access to economic opportunities, improving adoption of sustainable agricultural and natural resource management through establishing participatory and accountable community based institutions.

1.2 NERLP has 4 major components: (a) Social Empowerment (b) Economic Empowerment (c) Partnership Development (d) Project Management. Through social inclusion and community mobilization, sustainable member-based organizations of the poor will be built, and creation of credit linkages between these organizations, and financial, other service providers will be facilitated. In addition principles of good governance and monitoring and evaluation would be institutionalized for sustainability.

1.3 The fund flow mechanism would involve the receipt of the fund from the Regional Project Management Unit at the District Project Management Unit, which will in turn be loaned to SHGs and activity based organizations—Producer Organizations (PO), for their capitalization. Community groups will also be mobilised into higher level financial institutions called Self Help Group Village Federations, and Community Development Groups. The proposed fund flow chart is given below:



1.4 **Implementation Entities:** The proposed project will be implemented by the Regional Project Management Unit (RPMU), established within the autonomous North East Livelihood Promotion Society (NELPS), headquartered in Guwahati. The RPMU will implement the project through establishment of 8 District Project Management Units (DPMUs) headed by a District Manager with both technical and support

staff that will manage the field level implementation of the proposed project. The projects implementation in each of the four states will be supported by State Coordinator to ensure implementation of project activities between different departments at the state level. The following units will work closely with each other for effective implementation of the project:

- Regional Project Management Unit. (RPMU)
- District Project Management Unit. (DPMU)
- Project Facilitation Teams.(PFT)
- SHG Village Federation
- Producer Organizations.(PO)
- Community Development Groups.(CDG)
- Self Help Groups.(SHG)

**1.5 Envisaged Procurement:** There are two categories of procurement envisaged in this project:

- (i) subprojects which will include community based procurement; and
- (ii) goods, works and consultancy contracts issued by RPMU, District Project Management Units mainly following the Bank guidelines for ICB, NCB or Shopping, and QCBS/QBS/Single Source, etc.

**1.6 Procurement policy of NERLP:**

- That resources needed to carry out the activity are procured with due attention to economy and efficiency (lower cost, best quality and timely availability);
- Project funds are used to pay for resources needed; and
- All suppliers have an equal opportunity to compete and their selection is carried through most transparent means.

1.7 The North East Rural Livelihood project places a high priority on procurement of goods & services, works and effective management of supply chain for successful implementation of the Project. The Procurement Manual is to provide the essential information and step-by- step procurement procedures in brief to achieve these objectives.

1.8 Who will use the Manual?

The Procurement Manual for NELPS is intended for the use of project functionaries and communities while procuring goods, works and services. The works items that would come under procurement are procurement of works, goods and consultancy services. Standard procedures for same are described in respective chapters. DGS &D rate contract method, which can be used for procuring goods under shopping only, is also described.

## CHAPTER 2

# PROCUREMENT PROCESS

**2.1 Procurement Process:** The procurement process typically consists of identification of requirements, developing specifications, identifying suppliers/ service providers, inviting bids/ proposals, evaluating and awarding contracts, contract management, receipt and certification of goods/ services, evaluation and closure of contract (Refer to figure below)

**2.2 Procurement Plan:** At the initial stage, a need assessment is undertaken and then a procurement plan is prepared which essentially details what procurement of goods, works and consultants is to be carried out, using which method and at what time during the year. The procurement plan is initially to be made by the Project authorities for a period of 18 months and needs to be updated annually or as needed throughout the duration of the project. The procurement plan details includes

- i. The particular contracts for the goods, works and/or services required to carry out the project during the financial year.
- ii. The proposed methods for procurement of such contracts with their estimated costs, procurement schedule in accordance with the procedures agreed in the financing agreement, and
- iii. The related Bank review procedures.

The Procurement Plan for the project shall be furnished to the Bank for its review and agreement. Any changes in the planned items /quantity/method/procedures will be agreed with the World Bank. A sample format for the procurement plan can be found at NERLP website\*(currently under development). Procurement Monitoring excel sheet linked with procurement plan and gives the activity schedule, timeline for procurement. Please refer to attached document (Procurement Plan).

**2.3 Roles and Responsibilities for preparing the Procurement Plan:** Regional Project Management Unit will be responsible for the overall procurement plan and ensuring the project's compliance with procurement method's/procedures as per the guidelines. The RPMU shall be staffed with a Project Manager (Procurement) and a Assistant Procurement staff who will be responsible for ensuring proper implementation of the World Bank guidelines and procedures mentioned and agreed upon with the World Bank. At the District level, the Accounts Officer shall be responsible for compiling and overseeing the procurement plan, while the PFT Coordinator will hold this responsibility at the Block level.

Detailed Roles and Responsibilities are listed in Section 4, Chapter8.

**2.4 Procurement readiness:** This indicates the capacity to start procurement- at the Project office level this is defined by the volume, numbers of to-be procured items and the separation of functions envisaged in the procurement process. At the community level procurement readiness can be defined by participatory need identification, inclusive group meetings, and good governance principles indicated by disclosure management, and complaint redressal.

### Figure 2.1: Procurement Process

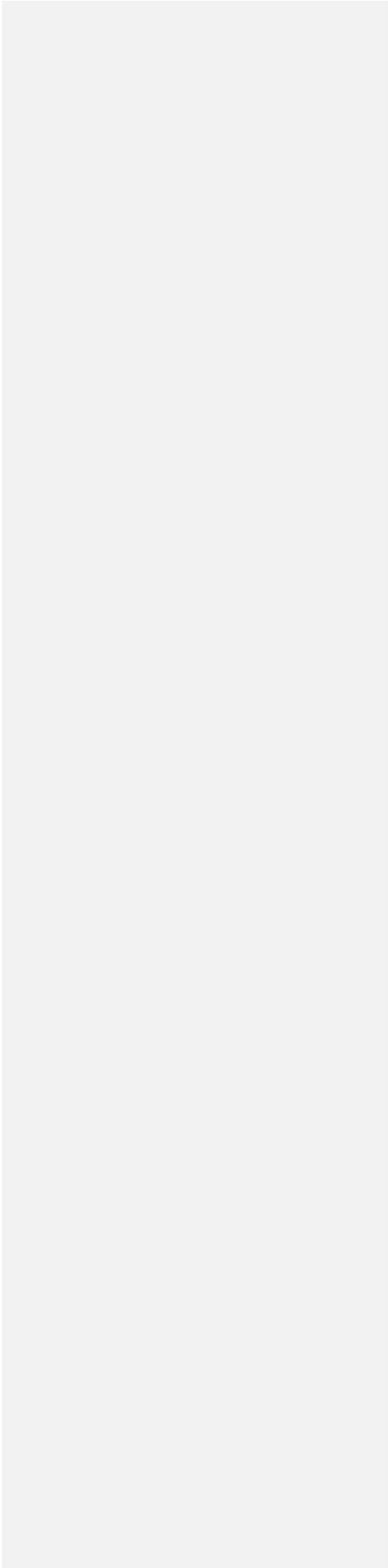
Items to be purchased

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Establish a Procurement Committee

Prepare a Procurement Plan, bid doc

Post advert, issue and sale of bid doc



**2.5 Procurement Purchase Committee:** To ensure quality and value for money of goods and services to be procured, a purchase committee should be constituted as part of the procurement process. The role of the

committee is to compare and give advice and proper recommendation to the competent authority regarding the procurement. The purchase committee can comprise of at least three members, including a technical member if required. In general the committee is responsible for: Preparing a Procurement Plan, Approving what to buy, and when to buy, Finalizing technical specifications and terms of references for goods/civil works and services respectively and Carrying out the procurement

The composition of Purchase Committee at Regional and District level may be as follows:

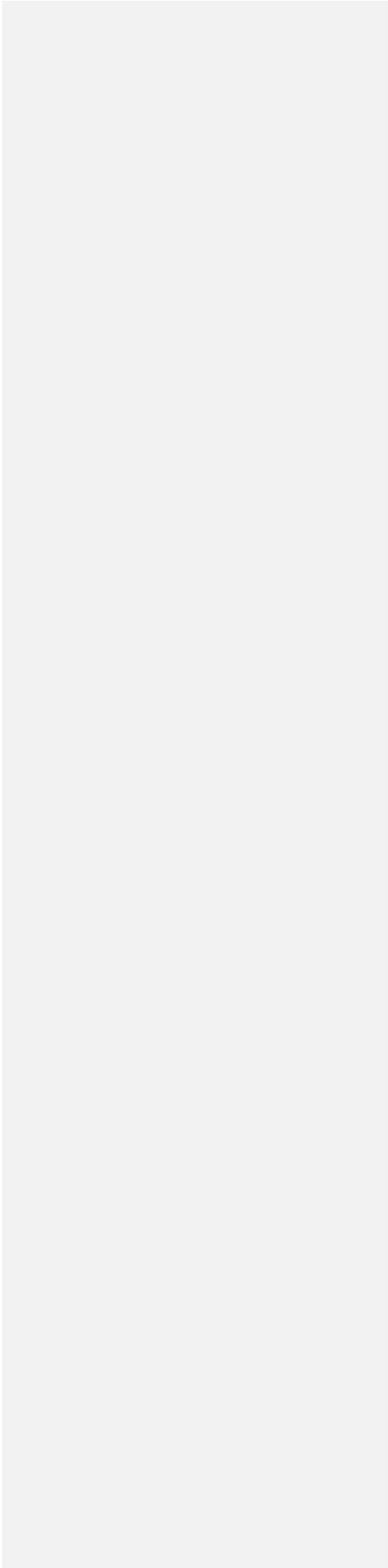
**(a) RPMU :**

1. Project Director, NERLP-Chairman
2. Project Manager (Admn. & Procurement)
3. Project Manager(Finance & Accounts)
4. Subject matter specialist

**(b) DPMU:** At the district level, the purchase Committee may comprise of

1. District Project Manager
2. Accounts Officer
3. Representative of RPMU
4. Coordinator (M&E)

**SECTION 2:  
PROCUREMENT AT PROJECT OFFICE**



## CHAPTER 3

# VALUE THRESHOLDS FOR PROCUREMENT OF GOODS, CIVIL WORKS AND SERVICES

3.1 **Value Threshold:** Thresholds give the various value cut-offs for using different methods. These thresholds are subject to periodic review and revision as needed during project implementation based on forthcoming actions and client capacity.

### 3.2 Threshold for Civil Works

Expenditure Category	Value (threshold) per contract	Procurement Method	Review Procedure by World Bank**
<b>Civil Works</b>	(a) Civil works estimated to cost more than US\$ 10 million or more	<b>International Competitive Bidding (ICB)</b>	<i>Prior review</i> by the Bank.
	b) Civil works estimated to cost more than US\$ 30,000 and less than or equal to US\$ 10.0 million equivalent	<b>National Competitive Bidding (NCB)</b>	US\$ 5,000,000 equivalent each will be <i>prior reviewed</i> by the Bank. All other contracts below US \$ 5 million will be post reviewed by the Bank.
	c) Civil works estimated to cost the equivalent of US\$ 30,000 or less	<b>Shopping</b>	<i>Post review only</i>
	d) Civil works estimated to cost the equivalent of US\$ 50,00 or less	<b>Local Bidding only at community level</b>	<i>Post review only</i>

### 3.3 Threshold for Goods & Equipments

Expenditure Category	Value (threshold) per contract	Procurement Method	Review Procedure by World Bank**
<b>Goods/ Equipment/ Machines/Furniture/ Vehicles</b>	Contracts estimated to cost more than US\$ 300,000	<b>International Competitive Bidding (ICB)</b>	<i>Prior review</i> by the World Bank
	Contracts estimated to cost more than US\$ 30,000 and <= US\$ 300,000 equivalent	<b>National Competitive Bidding (NCB)</b>	Contracts under NCB regardless of value and all subsequent contracts costing more than US\$ 300,000 equivalent each will be <i>prior reviewed</i> by the World Bank  All other contracts with estimated cost below US\$ 300,000 will be post reviewed by the World Bank.
	Contracts estimated to cost less than or equal to US\$ 30,000 equivalent.	<b>Shopping</b> (includes issue of supply orders under DGS&D rate contracts. However, State Rate Contracts are not to be considered as alternative to DGS&D Rate Contracts.  <b>Direct Contracting</b> , if the conditions of direct contracting are met.	<i>Shopping : Post Review only</i>  <i>Direct Contracts : Prior review above US\$ 10,000</i>
<b>Books, Periodicals, Proprietary Software, Learning Resources and Educational Materials</b>	Contracts estimated to cost equivalent or less than US\$ 5,000	<b>Direct Contracting</b>	<i>Direct Contracts : Prior review above US\$ 10,000</i>
	All Proprietary items	<b>Direct Contracting</b>	<i>Direct Contracts : Prior review above US\$ 10,000</i>

### 3.4 Threshold for Consultancies/Services

Expenditure Category	Value (threshold) per contract	Procurement Method	Review Procedure by World Bank
<b>Research and evaluation contracts, professional services, training, workshops &amp; fellowships etc.</b>	QCBS will be the default method of selection of Consultants.  Contracts estimated to be less than US \$ 100,000 may be procured following CQS method and LCS method depending on the nature of requirement.  Other methods of selection, viz. FBS and QBS will be followed as per requirement of Project.	<b>Quality and Cost Based Selection (QCBS)-International Shortlist.</b>  <b>For contracts with estimated cost less than US\$ 200,000, the short list may comprise entirely of national consultants Single source / Least Cost selection of firms/Hiring of individuals</b>	<i>Prior Review</i> by the World Bank of all contracts valued above US\$ 200,000 for firms and all contracts above US \$ 100,000 for individuals.
	If it meets the requirements given in Bank Guidelines for Selection of Consultants	<b>SSS (Single Source Selection)</b>	<i>Prior Review</i> by the World Bank of all contracts valued above US\$ 10,000
<b>TOR</b>			<i>Shall be prior reviewed irrespective of value.</i>

\*\* If a transaction comprises several packages, lots or slices, the aggregate, estimated value of contracts determines the applicable threshold amount in applicable threshold for goods, works and services.

Hiring of vehicles should be addressed separately as a HR procedure as per GoI procedures and shall be charged under operating costs

## CHAPTER 4

# PROCUREMENT FOR GOODS & CIVIL WORKS

**4.1 Modes of Procurement at the Project Office level:** The methods to be followed for procuring Goods and Civil Works are:

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

**4.1.1 International Competitive Bidding (ICB)** This method is generally adopted where supplies cannot be met from indigenous sources and need import; and / or foreign firms are expected to participate (irrespective of the value) and bring more competition. In case of NERLP procurement, this method is to be adopted where the estimated cost of the procurement is more than US\$ 200,000 equivalent for goods. For details of procedures to be followed for ICB method and formats to be used, please visit NERLP website (under development).

**4.1.2 National Competitive Bidding (NCB)** NCB is the competitive bidding procedure normally used for public procurement of goods and civil works within the country. The procedures shall provide for adequate competition in order to ensure reasonable prices. 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.

NCB will be conducted in accordance with paragraph 3.3 and 3.4 of the Guidelines and the following provisions:

- Only the model bidding documents for NCB agreed with the GOI Task Force (and as amended for 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;
- The criteria to be used in the evaluation of bids and the award of contracts shall be made known to all bidders and not be applied arbitrarily
- Extension of bid validity shall not be allowed without the prior concurrence of the World Bank (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 the Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/Employer);
- 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 and Disposals will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however for any procurement under the Shopping procedures;
- Two or three envelope system will not be used.

Within two weeks of receiving the Bank's "no objection" to the recommendation of contract award, the client shall publish in the NERLP web site the results identifying the bids and lot numbers and the following information: Name of the winning bidder, and price it at which contract awarded, as well as the duration and summary scope of the contract awarded.

If after publication of results of evaluation RPMU receives protests /complaints from the bidders, and if as a result of analysis of such protests RPMU/DPMU changes its contract award recommendation and the Bank accepts such changes, then the revised contract recommendations containing all the above details shall be published with in 2 weeks in the NERLP website

For details of procedures to be followed for NCB method and formats to be used, please visit NERLP website.

4.1.3 **Shopping** involves 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. It is one of the simplest and fastest procurement method involving 4 basic steps-

- 1 Issue request for quotation.
- 2 Evaluate by preparing comparative statement (There should be at least three quotations)
- 3 Select the lowest responsive offer
- 4 Issue purchase order

Packages of goods, equipments (including vehicles) and civil works estimated to cost less than US\$ 30,000 equivalent per contract would be procured following shopping procedures in accordance with provisions of para 3.5 of the procurement guidelines. It can be used 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. State Government Rate Contracts, or direct procurement through Super Bazar / Janatha Bazar are not acceptable as a suitable alternative to Shopping.

**Figure 4.1 : Shopping Procedure Explained**

Sl.No	What has to be done?	Who should do it?	Description
1	2	3	4
1	Identify the item or the package of items to be purchased from the procurement plan.	Procurement Committee.	<ol style="list-style-type: none"> <li>1. Understand the specifications of the item(s) to be purchased.</li> <li>2. Lay down terms &amp; conditions and specifications.</li> <li>3. State Government rate contracts, if any, shall be treated as one of the three quotations in the shopping process.</li> <li>4. DGS&amp;D rate contracts shall be acceptable for procurement under shopping. (Not applicable for NCB)</li> </ol>
2	Shop around or call for at least 3 quotations in writing with signature of supplier. Quotations could also be obtained by fax. Requests for quotes should be addressed to more than 3 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 3 quotations are received; In case	Procurement Committee or its nominees.	<p>The requests for quotations shall contain:</p> <ol style="list-style-type: none"> <li>1. The description, specification 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</li> <li>2. The request shall indicate the date by which the quotations are needed with a minimum of 14 days from the date of the issue for request</li> <li>3. Terms of delivery of goods or description of works</li> <li>4. Desired completion period</li> <li>5. Place of works.</li> <li>6. The price shall be quoted in INR. No bid or performance securities are required.</li> </ol>

	unsolicited quotations are received, they may be accepted after carrying out a similar due diligence exercise to verify the nature and reputation of firm.		7. Each bidder shall submit only one quotation 8. Quotation shall remain valid for period not less than 15 days. 9. Terms of payment. 10. Warranty Conditions
3	Prepare a comparison sheet to select the most appropriate supplier. If the Purchaser has not received at least three quotations within the time set, it should be verified prior to opening of the quotations received, with the suppliers who have not submitted quotation, whether they intend to do so and how soon. Unless there is extreme urgency or there are already three or more quotations available, reasonable amount of additional time, say three more days, could be given to submit quotation.	Procurement Committee.	The following steps shall be followed. 1. Evaluate and compare the quotations determined to be substantially responsive to the conditions 2. Write information from the quotations on a comparison form. 3. Select the most responsive supplier, who has offered the lowest price, which also commensurate with market price. 4. Sales Tax in connection of goods shall be or shall not be taken in account for the purposes of evaluation only. 5. The procurement committee members should sign on the comparison sheet. 6. 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. 7. Purchase order shall incorporate the terms of accepted offer including description, specification, quantity along with price.

4.1.4 **Direct Contracting** Direct Contracting system without competition shall be an appropriate method under the following circumstances:

- Extension of existing contracts for works or goods awarded with the prescribed procedures, justifiable on economic grounds and within reasonable time, say two months;
- 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, and Works are small and scattered or are situated in remote locations where mobilization costs for contractors would be unreasonably high.

## CHAPTER 5

# PROCUREMENT OF CONSULTANTS/ SERVICES

5.1 **Consulting services** refers to services of a professional nature provided by consultants using their skills to study, design, organize, and manage projects; advice Borrowers when required and to build needed capacity. Some instances of consulting services are:

Preparation Services	Implementation Services	Advisory services
○ Sector studies	○ Procurement assistance	○ Policy and Strategy
○ Master plans	○ Construction supervision	○ Re-organization
○ Feasibility studies	○ Project management	○ Institutional building
○ Design studies	○ Quality management	○ Training/ Knowledge transfer
	○ Commissioning	○ Management Advice
		○ Technical / Operating Advice

5.2 It is envisaged that NERLP will involve substantial efforts for capacity building at the level of the DPMU and community level.

5.3 Technical assistance services would be obtained mostly from service providers with domain specialization in livelihoods. Certain specialized agencies may be needed to act as service providers or for partnership arrangements to promote or enhance livelihoods activities

5.4 In addition, services of firms or individual consultants would be needed for other assignments that include baseline survey, monitoring and learning, environmental assessment, consultancies for developing training modules, issue based awareness campaigns etc.

5.5 These services shall be obtained by the District Project Management Offices through methods and procedures contained in this manual.

**5.6 The methods for selection of Consultants include:**

- Quality and Cost Based Selection (QCBS);
- Quality Based Selection (QBS);
- Least Cost Selection (LCS);
- Fixed Budget Selection (FBS)
- Selection Based on Consultants Qualification (CQ);
- Single Source Selection (SSS); and
- Individual Consultant (IC)

5.6.1 **Quality and Cost Based Selection (QCBS)** is the method based on the quality of the proposals and cost of services to be provided. This method is appropriate when:

- The scope of work assignment is precisely defined and the TOR are well specified and clear; and
- An estimate with reasonable precision for the staff time as well as the other inputs and cost required of the Consultants can be assessed.

### Steps involved in QCBS

- Establish the need for the assignment and outsourcing the services
- Preparation of the Terms of Reference (TOR)
- Preparation of cost estimate and the budget
- Agreeing on the Contracting Strategy
- Advertising (for short listing of the firms when the purchaser has no knowledge about the firms who could take up the assignment)
- Preparation of the shortlist of consultants
- Preparation and issue of Request for Proposal (RFP) to shortlisted consultants containing
  - Letter of Invitation (LOI)
  - Information to Consultants (ITC) Standard form of Technical and Financial proposals.
  - Terms of Reference(TOR)
  - Standard Form of contract
- Receipt of proposals
- Opening and Evaluation of technical proposals
- Opening of financial proposals of Consultants scoring minimum qualification, and evaluation of final proposals
- Combined evaluation of quality and cost
- Negotiations and award of the contract to the selected firm

5.6.1.1 QCBS is appropriate for assignments such as:

- Feasibility studies and designs;
- Preparation of bidding documents and detailed designs;
- Supervision of construction of works and installation of equipment;
- Technical assistance services and institutional development of Client agencies; and
- Procurement and inspection services.

5.6.1.2 Detailed explanation for some of the key processes in QCBS

PREPARATION OF THE TERMS OF REFERENCE (TOR) The Terms of Reference should include:

- A precise statement of objectives
- An outline of the tasks to be carried out

- A schedule for completion of tasks
- The support/inputs provided by the client
- The final outputs that will be required of the Consultant
- Composition of Review Committee (not more than three members) to monitor the Consultant's works
- Review of the Progress Reports required from Consultant
- Review of the final draft report
- List of key positions whose CV and experience would be evaluated.

**PREPARATION OF COST ESTIMATE AND THE BUDGET** The Cost Estimates or Budget should be based on the assessment of the resources needed to carry out the assignment, staff time, logistical support, and physical inputs (for example, vehicles, office space and equipment). Costs shall be divided in to three broad categories;

- Fee or remuneration;
- Reimbursable costs; and
- Miscellaneous expenses.

**DECIDING CONTRACTING STRATEGY**: Before starting the tendering exercise, it is essential to agree on contract strategy viz. going for lump-sum or time based contract, individual vs. firm, advertising vs. internal short listing for shopping, terms of payment etc. Various selection methods along with the thresholds applicable to each of them are mentioned in chapter 3 of this manual.

**ADVERTISING**: Advertisement is issued asking the potential service providers to indicate their interest in the assignment and provide abridged CVs of the proposed team members, their previous experience in similar type of assignment and the financial statement of the organisation through last 3 years balance sheets. The advertising may be issued in at least one largely circulated English language National Newspaper and one Vernacular Newspaper.

**SHORT LISTING**: If the assignment has been advertised, the expressions of interest received shall be evaluated to arrive at shortlist of the consultants. In preparation of the shortlist first consideration shall be given to those firms expressing interest, which possess the relevant qualifications. The shortlists shall comprise six firms. In contracts below US\$ 500,000 equivalent, shortlist may comprise national consultants only and if the contract is more than US \$ 500,000 then norms of maximum number of consultant per country will apply. Govt. owned enterprises can be considered for award of consultancy assignment provided they are otherwise eligible as per the Bank's guidelines.

**CONTRACT**: Various types of contracts used are as under:

- ***Lump Sum*** – These contracts are used for assignments in which the content and the duration of the work is clearly defined. Payment is made upon delivery of outputs. The main advantage of this type of contract is that it is easy to administer. Examples of Lump Sum contracts include Feasibility Studies, Environmental Studies, Detailed design of a standard structure etc.
- ***Time Based*** - these contracts are used for assignments in which it is difficult to define the scope and the duration of the work to be performed. Payment is based upon an hourly, daily, or monthly rate, plus reimbursable expenses using actual expenses or agreed-upon unit prices. This type of contract provides for a maximum total payable amount that includes a contingency for unforeseen work and duration, price adjustments etc. Examples of Time Based contracts include Preparation of data, Complex Studies, Supervision of construction of civil works, Training assignments, Advisory services etc.

**EVALUATION**: Under QCBS the technical and financial proposals are submitted simultaneously in separate sealed envelopes (two-envelope systems). Evaluation of proposals is carried out in two stages: (1) quality;

and (2) cost. The technical envelopes are opened by a Committee of officials of Client immediately after closing time for submission of proposal; the financial proposals remain sealed and shall be deposited with senior officer until the technical evaluation and the evaluation report are completed and approved by the Bank and technical scores are disclosed publicly.

After technical evaluation, consultants whose proposals did not meet the minimum qualifying standard or were considered non-responsive to the RFP and/or TOR, will be informed indicating that their financial proposals will be returned unopened after completing the selection process.

The consultants that have successfully satisfied the qualifying standard will be informed indicating the date and time set for opening of financial bids, which shall not be later than 3 weeks from the date of notification. The financial proposals shall be opened publicly in presence of the representatives of the consultants who choose to attend. The name of the consultant, the quality scores, and the proposed prices shall be read aloud and recorded when the financial proposals are opened. The project will prepare the minutes of the opening.

**Combined Evaluation:** The combined evaluation of successful bids would be done by assigning 75% weight to the technical score and 25% to the financial. The consultant scoring the highest marks will be recommended by the committee for award of work and invited for negotiations.

**NEGOTIATIONS:** Negotiations are not an essential part of the selection process. In many cases, however, where cost is not component for evaluation, it may be necessary to conduct negotiations with the selected consultant on the TOR, the methodology, staffing, Department'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.

The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract. Since price is a factor of selection, staff rates and other unit rates shall not be negotiated.

Various formats to be used for issuing EoI, ToR, RFP, Bid Evaluation Report etc. may be seen at [NERLP website](#).

5.6.2 **Quality Based Selection (QBS)** is based on an evaluation of the quality of the proposals and the subsequent negotiation of the financial proposal and contract with the consultant who submitted the highest ranked technical proposal. QBS is appropriate if:

- the downstream impact of the assignment is so large that the quality of services becomes of overriding importance for the outcome of the project;
- Complex or highly specialized assignments for which TOR are difficult to define and there is need to select among innovative solutions;
- the assignment can be carried out in substantially different ways such that cost proposal may not easily be comparable; and
- the introduction of cost as a factor of selection renders competition unfair.

5.6.2.1 QBS should be adopted for assignment such as:

- Complex country sector and multi disciplinary investment studies.
- Strategic studies in new fields of policy and reforms
- Master plans, complex pre-feasibility and feasibility studies and design of complex projects.
- Assignments in which traditional consultants, non government organization (NGO) and /or U.N. agencies compete

For detailed processes and conditions please refer to the World Bank Consultancy guidelines at: [www.worldbank.org](http://www.worldbank.org)

**5.6.3 Least Cost Selection (LCS)** Under LCS a minimum qualifying mark for quality is established and indicated in the RFP, short-listed consultants have to submit their proposals in two envelopes. The technical proposals are opened first and evaluated. Proposals scoring less than minimum qualifying marks are rejected, and the financial envelopes of the rest are opened in public. The consultant with the lowest evaluated price is selected.

5.6.3.1 The LCS method is more appropriate for small assignments of a standard or routine nature where well established practices and standards exist from which a specific and well defined outcome is expected, which can be executed at different costs, eg.

- Standard accounting audits
- Engineering designs and/ or supervision of simple projects.
- Repetitive operations and maintenance work and routine inspection, and
- Simple surveys

For detailed processes and conditions please refer to the World Bank Consultancy guidelines at: [www.worldbank.org](http://www.worldbank.org)

**5.6.4 Fixed Budget Selection (FBS)** is based on disclosing the available budget to the invited consultants in RFP and selecting the consultant with the highest – ranking technical proposal within the budget. It needs to be ensured that budget is compatible with the TOR and that consultant will be able to perform the tasks within the budget. FBS is appropriate only when:

- the budget is fixed and cannot be exceeded;
- the TOR are simple and assignment can be precisely defined; and
- the time and staff month effort required from the Consultant can be assessed with precision.

5.6.4.1 Typical assignments awarded under FBS are:

- sector studies, market studies, and surveys of limited scope;
- simple pre-feasibility studies and review of existing feasibility studies;
- review of existing technical design and bidding documents; and
- project identification for which the level of detail can be matched with the available funds

For detailed processes and conditions please refer to the World Bank Consultancy guidelines at: [www.worldbank.org](http://www.worldbank.org)

**5.6.5 Selection Based on Consultant’s Qualification (CQS)** method applies to very small assignments for which the full –fledged selection process would not be justified. CQS is considered for assignments such as:

- brief evaluation studies at critical decision points of projects;
- executive assessment of strategic plans;
- high level, short term, legal –expertise; and
- participation in project review expert panel.

5.6.5.1 Under CQS the Clients first prepare the TOR, then requests for Expression of Interest and qualification information on the consultant’s experience and competence relevant to the assignment. The Client establishes a short list and selects the firm with the best qualifications and references. The selected

firm is asked to submit a combined technical and financial proposal and is then invited to negotiate the contract if the technical proposal proves acceptable. This method of selection of Consultants may be used for contracts estimated to cost less than US\$ 100,000.

For detailed processes and conditions please refer to the World Bank Consultancy guidelines at: [www.worldbank.org](http://www.worldbank.org)

**5.6.6 Single Source Selection (SSS)** involves asking a specific consultant to prepare technical and financial proposals, which are then negotiated. Since there is no competition, this method is acceptable to the Bank only in exceptional cases and made on the basis of strong and convincing justification where it offers clear advantages over the competition. Some circumstances can be:

- the assignment represents a natural or direct continuation of a previous one awarded competitively, and performance of the incumbent consultant has been satisfactory.
- a quick selection of consultant is essential e.g. in emergency operation and financial crisis;
- the contract is very small in value;
- only one consulting organization has the qualification or experience of exceptional worth to carry out the assignment.

For detailed processes and conditions please refer to the World Bank Consultancy guidelines at: [www.worldbank.org](http://www.worldbank.org)

**5.6.7 Selection of Individual Consultant** At the regional and district project office level individual consultants can be hired at the Regional, District and Project Facilitation Team level to provide expertise in veterinary/ agriculture/ microfinance areas or to provide trainings to the PFTs/SHGs/Pos/ CDGs

**5.6.7.1** 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 Client. Individuals considered for comparison of the qualifications shall meet the minimum relevant qualifications and those selected to be employed by the Client 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.

**5.6.7.2** At RPMU level, Hiring of Individual Consultants shall be done as per Bank's Guidelines.

**5.6.7.3** At the DPMU level the value of such hiring of consultants' should be maximum up to INR 1000.00 (US\$ 200) per person per day and not more than INR 20000.00 (US\$ 500) in a year. The individual experts hired should be approved by District level purchase committee. However higher amount can be sanctioned up to specified limit by the Project Coordinator. While at the PFT level the individual experts hired should be approved by the DPMU, with a maximum up to INR 500.00 per person per day and not more than INR 5000.00 in a year.

**5.7 Procurement of Support Organizations:** Non-governmental organization (NGOs) and SHGs may be included in the consultant shortlist if they express interest provided the Client and Bank find their qualifications satisfactory. Short lists for assignments that emphasize experience in community participation and in depth local knowledge may entirely comprise NGOs/SHGs and QCBS should be followed.

Where large areas are involved for conducting IEC and community mobilization, the requirement of number of NGOs / SHGs may fall short of their availability. In such cases single Source Selection (SSS) method may be used with prior approval of the Bank.

In addition to the steps to be followed for the tendering process, while short listing SO additional criteria should be kept in mind.

## CHAPTER 6

# PROCUREMENT REVIEW

6.1 **Procurement review** refers to auditing of files and documents relating to the procurement of Goods, Works and Consultancy services. Procurement review is basically carried out to ascertain whether the procurement procedures were correctly and completely followed, both in letter and spirit. It brings out omissions/commissions and lapses, whether on account of poor or inadequate understanding of the procedures or wilful negligence including likely fraud/corruption evidence during the review.

6.2 The report and observation of procurement review serve as a guide for taking remedial measures to streamline and improve the procurement system. The procurement review covers the following aspects:-

- a Whether the procurement plan was prepared?
- b Whether the procurement was made as per the procurement plan?
- c Whether the method adopted for procurement was as per the threshold limits given in the procurement manual?
- d Whether the procurement committee was involved in the procurement procedure?
- e Whether the overall procurement was done within a reasonable time?
- f Whether there was any avoidable delay at any stage/ stages of the procurement process?
- g Whether the necessary approval was taken from appropriate authority wherever required?
- h Whether proper and adequate documents relating to procurement were maintained?
- i Whether the technical and financial evaluation was done properly and in a fair manner?
- j Whether the contracted firm, supplied the goods or executed the work as per the quality, quantity and price agreed upon?
- k Whether the goods were supplied or works executed in time, if not liquidated damages as per agreed conditions of contract were enforced/recovered and properly recorded in stock books/works registers after inspection?

1 Whether the payment was made to the supplier/ contractor in time? If not, reasons for delay.

6.3 Procurement Review will be undertaken by internal auditors, statutory auditors and the World Bank under NERLP, which would also include asset verification.

6.3.1 **Internal Auditors:** Internal auditor's (firm of chartered accountants) will be appointed by RPMU for conducting the Financial Audit at the Department level. The TOR of Internal Auditor will include adequate requirement to cover review of procurement activities. The auditor will carry out the review of procurement procedures adopted for works, goods and consultancy services.

6.3.2 **Statutory Auditors:** The statutory audit of the Program will be conducted by the Comptroller and Auditor General of India, who will also review the procurement procedures adopted and give a report accordingly.

6.3.3 **World Bank:** World Bank will have the right to carry out the Prior and Post review<sup>1</sup> of the contracts by Regional, District and Producer Organisations Banks prior clearance shall be obtained in all contracts where contract value exceeds the original contract value beyond 15% as well as for granting extension in stipulated time period for performance of the Contract.

6.4 The Project shall retain all documentation with respect to each contract 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 by Consultants. The Borrower shall also furnish such documentations to the Bank on request.

Q. What is the envisaged MIS, should one mention Social Audit, Ombudsperson under procurement review?

Will be included in course of MIS development

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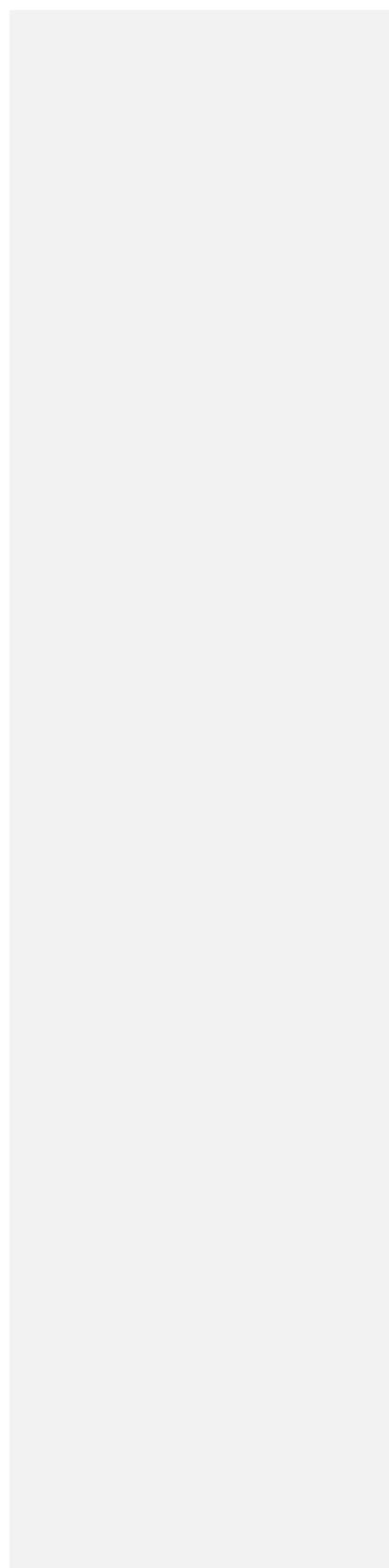
<sup>1</sup> **Prior Review** consists of review of Procurement plan, Invitation of bids, Bidding document, Sending of Pre-bid meeting for information and Addendums for clearance, Bid Evaluation Report; and Final contract (s) with check list . Direct contracting is prior reviewed above US \$ 10,000

**Post Review** covers the final contract along with appendices and copy of evaluation note/award recommendations which should be submitted along with the checklist. Copies of agreements of the Contracts subject to post review (disbursement claimed as SOEs) are not to be forwarded to the Bank. However, the information shall be compiled at the Division level in Form I-A. (Enclosure XII) by the District office for the district under their jurisdiction and Bank will seek whenever information is required for post review as per the guidelines. These will be reviewed selectively by visiting Bank's Supervision Mission.

Information in respect of works executed on Force Account shall be compiled at the Division level by Superintending Engineer for the division under their jurisdiction and sent to Bank through the Project Director.

Information on the value of procurement mode under shopping procedure shall be compiled at District office level and consolidated by the District officer under their jurisdiction and sent to the Bank through State office.

**SECTION 3:  
PROCUREMENT AT COMMUNITY LEVEL**



## COMMUNITY PROCUREMENT PROCESS AND METHODS

### 7.1 Community Participation in Procurement in NERLP :

This chapter is intended to provide guidelines for planning and managing procurement by the Community Development Group (CDG), SHG, SHG Federation, Youth Groups and Producer Organizations (POs)..

7.1.1 Members of SHGs carrying out procurement from loans taken by them from SHG/ are not covered by these guidelines. Given the characteristics of returnable loan the individual takes and private procurement, it is expected that the procurement by SHGs will be carried out with prudence following established commercial practices and this shall be limited to **INR 5000** per contract. The supervision of such loan taken will be focussed on re-payment and whether the same is used for intended purposes through the social audit mechanism established in the project.

7.1.2 However, the Project Operational Manual should define the minimum requirements that a beneficiary community at the SHG/ Federation level should fulfil before it can be permitted to handle procurement. The assessment should include looking at the process of need identification as being participatory, examining group membership as being inclusive, decision making as being consensual, and that the group has put in place certain fiduciary systems including the setting up of bank accounts by members, account keeping by a bookkeeper, and transparency in processes.

**7.2 Procurement Process at the Community Level** undertaken by CDGs, SHG Federations, Producer Organisations and Youth Groups is similar to the process at the Project office level, differing only in TWO ways—the level of participation is much higher and the need identification is directed by the community itself. The steps in procurement follow the same process of:

- Need assessment through a participatory process
- Preparing procurement plan
- Grouping items or services to be purchased (*illustrative lists of packages in mentioned in annex*)
- Establishing purchase committee comprising of community members
- Posting a general advertisement in a public place (i) including shopping areas, community hall/centre, government office etc.; (ii) community discussion groups; (iii) local radio station wherever possible (iv) local news papers etc.
- Selecting a procurement method (As per procurement plan) and following the steps as per the method.

7.2.1. PO whose activity proposals/ procurement plan have been approved, will sign a MoU with the DPMU. To do so PO must meet the minimum standards set forth in the MoU. Sample MoUs can be refer to Guidelines Procurement under IBRD Loans and IDA Credits, May 2004, Revised October1, 2006 (Guidelines 1)

7.3 The most widely used methods of procurement of **Goods and Civil Works by POs** under NERLP would be **Shopping, Local bidding Method and Direct Contracting.**

7.3.1 Under a community force account, the community implements the subproject using its own resources

(skilled and unskilled labor, materials, equipment), and may subcontract part of the subproject. RPMU/DPMU will resort to this method in case of works carried out by employees of NERLP, using own materials and equipment as a last resort and with the prior approval of the Bank. This method will be preferred when: the (i) quantities of work involved cannot be defined in advance;(ii) works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices; (iii) work must be carried out without disrupting on-going operations; (iv) risks of unavoidable work interruption are better borne by the borrower rather than by a contractor; (v) in case of emergencies needing prompt attention.

### 7.3.2 Shopping Procedure :

Step No.	What has to be done	Who should do it?	Description
1	Identify the item or the package of items to be purchased from the procurement plan	PO/ CDG/ SHG Federation/ YG/ Purchase Committee.	Understand the specifications of the item(s) to be purchased.
2	Shop around for at least 3 quotations.	At least 2 people. Preferably members of the PO/ CDG/ SHG Federation/ Purchase Committee.	It is useful if one person has some technical knowledge about the item to be bought. Ask for discounts and negotiate for a good price. Obtain these quotations on a piece of paper with the signature of the supplier.
3	Prepare a comparison sheet to select the most appropriate supplier.	/ CDG/ SHG Federation /PO/ Purchase Committee.	Write information from the Quotations on a comparison form. Select the most appropriate supplier. The Purchase committee members should sign on the Comparison sheet.
4	Conduct the purchase	Anyone from the / CDG/ SHG Federation /PO Purchase Committee.	A person can go and pick up the items, make the payments, and obtain a receipt. <b>OR</b> The supplier may be asked to deliver the items to the / CDG/ SHG Federation /PO office (depending on the bulk of items).

**7.3.3 Local Bidding Method** In this scenario the PO/CDG/ SHG Federations will advertise for the goods and services needed and give at least 15 days for responses from bidders to submit their bids. The bids are to be opened in the presence of the bidders and the quoted prices, quantities are noted in a comparison sheet. This will be used to make the final evaluation and award the contract to the most suitable bidders as per defined criteria.

## 7.4 Community Procurement Methods and Value Thresholds

Procurement	PO// CDG/ SHG Federation	Methods
<b>1. WORKS</b>		
Cost Up to US\$ 30,000 (INR 12,00,000) per contract	PO	(i) By / CDG/ SHG Federation /producer organizations themselves ( <b>force account</b> ) or (ii)by a local contractor selected through <b>shopping</b> after inviting minimum three quotations in response to written invitation with a minimum of 15 days notice period.
<b>2.GOODS</b>		
Cost Up to US\$ 30000 (INR 12,00,000) per contract	PO	Through shopping (after inviting at least three quotations in response to written invitation), DGS&D rate contracts.
Cost Up to US\$ 1000 (INR 40000) per contract	PO	In exceptional situations, where (i) an adequate market to seek 3 quotations is not available in the location where the PO// CDG/ SHG Federation is located and (ii) costs of transportation etc. outweigh the benefits of seeking quotations from district head quarters and other cities, <b>Direct Contracting</b> method should be adopted. There should be adequate justification in the documentation that the above situation persists and the Project/World World Bank retains right to terminate the contracts issued and recover the sums from the CDG/ SHG Federation/ PO, if the justification is found invalid. To ensure that the single source is not charging excessive prices, unit rate should be verified as reasonable and comparable with the Item/Rate World Bank maintained by DPMU. Rate Banks maintained at DPMU can also be used if the Community Institutions, while preparing the procurement plans have utilized the standard specifications and price lists. The Rate Bank will be periodically updated (preferably in every 6 months) or there is a sudden change in the market rates.
<b>3. SERVICES</b>		
Cost below US\$ 1,000 (INR 40,000) per contract	PO	In case of individuals as per section V of World Banks guidelines for selection of consultants and through single source method for technical service provider. For Individual Consultants, advertisement is not required and Consultants do not need to submit proposals. Consultants shall be selected through comparisons of qualification of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the borrower. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications and those selected to be employed by the borrower shall be the best qualified and shall be fully qualified for carrying the assignment .Capability is judged on the basis of background, experience and appropriate knowledge of local conditions If any service provider is hired through single source, the same should be justified and approved by Procurement Committee of the DPMU It may also be useful for the RPMU to prepare a roster of qualified consultants and NGOs, and even to enter into indefinite delivery contracts with them; communities can then contact the consultant or NGO of their choice from such lists.

**7.5 Making Payments** Before a payment is made to a supplier or service provider, the CDG/ SHG Federation/ PO Purchase Committee should inspect and certify that the goods/services are in acceptable condition. When the PO lacks the expertise to make an inspection, it may contact PFT/DPMU for assistance and help.

**7.6 Mitigating Risk** Community Participation in Procurement requires clear transparency rules and other methods for empowering and training communities to exercise fiduciary control over their leaders, as well as by suitable internal control procedures. Key controls points to consider include:

- No individual should be able to initiate, authorize, execute, or record a transaction without the active involvement of someone else (for example, all withdrawals and transactions should be witnessed and countersigned);

- Risks of loss, leakage, fraud, inaccuracy, or mistake should be identified at all levels, carefully assessed, and measures put in place to eliminate or minimize them;
- Measures should normally not cost more than the possible loss that could result from their absence;
- Fiduciary management supervision at the community level should be integrated with monitoring and evaluation to ensure a close link between technical/progress reporting and financial reporting, as a way to support the validity of the expenditures;
- Accountability should be built into the local governance system and at the community level using the many accountability mechanisms already being piloted in a large number of projects (participation, public announcement of community activities and funds received and spent, use of local languages for all community records and their communication to the next higher level, election of subproject management committees, putting all information into the public domain in open meetings and posting salient information in public places in the most common local language(s)—even in communities where illiteracy levels are high. Where any of the beneficiaries are illiterate, it may even have to be presented in pictures or other appropriate media. It is also good practice that summaries of local project expenditures and procurement information be posted in a public place (for example, outside of a village hall or meeting place), since this literally places the information in the public domain); and
- Internal audits/ex-post audits of community organizations should be encouraged.

**7.7 Legal agreements/contracts** Depending on the financial value of a purchase, PO /CDG/ SHG Federation has to either:

Enter into a formal *contract* with the supplier or service provider for larger value purchases; or Obtain a signed *receipt* (which takes the place of the contract) for smaller value purchases. The payment voucher can also serve as a signed receipt. When an agreement has been reached between the PO/ CDG/SHG Federation and a supplier or service provider, the supplier is obliged to fulfil its commitments. Where there are problems and disputes, the PO// CDG/ SHG Federation can request assistance from the DPMU.

**7.8 Conflict of interest** Enterprises owned by the PO/ CDG/ SHG Federation members and their immediate relatives are allowed to participate only under the NCB but not under the quotations based method or shopping. Direct purchase method may be accepted from such sources if it is the only efficient and economical source.

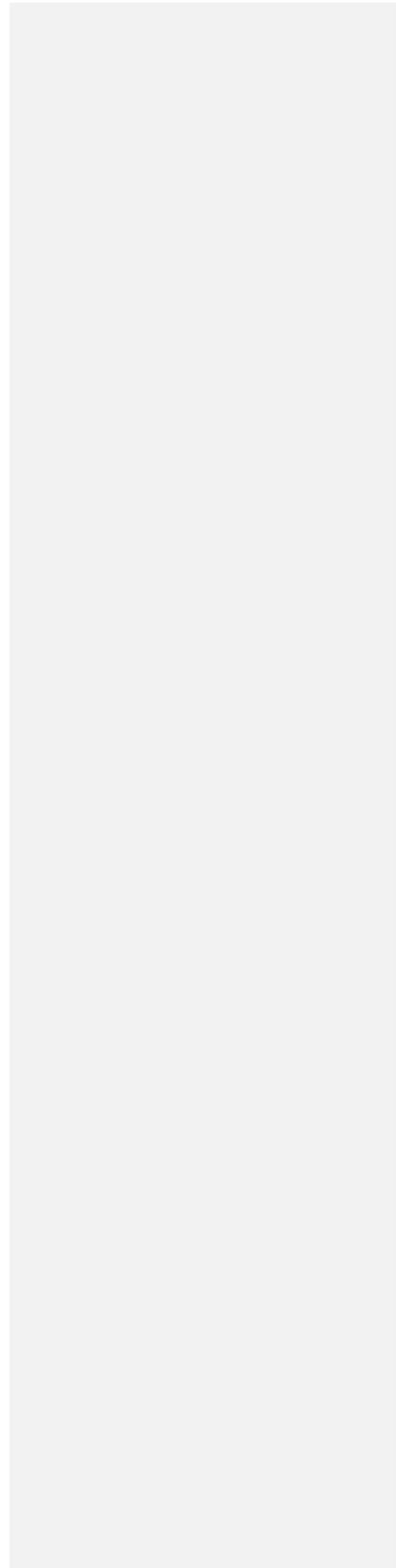
**7.9 Monitoring and Record Keeping** Producer organizations must keep procurement documents in proper order, which includes:

- Procurement plan;
- Proof of advertisement;
- Copies of contracts signed/ Purchase Order;
- All receipts;
- Payment record (voucher);
- Record of items in storage.

Representative of the DPMU from time to time and at times from RPMU, will check records to ensure that the procedures described in this manual are followed and records are kept in proper order as part of the normal process of ensuring that program funds are used appropriately. The representatives may also ask the organizations Purchase Committee to show where a purchased good or service has been used.

**7.10 Post Review by the World Bank** Procurement post review under Community Participation in Procurement cannot be handled following standard post review procedures as per Guidance Note 2009. Thus the Bank's supervision of such projects may consist of reviewing reports of procurement post review carried out by the Borrower according to procedures acceptable to the Bank and verifying that they meet the Bank's

principles of economy, efficiency, transparency and fair competition.



**SECTION 4:  
PROCUREMENT MANAGEMENT AND  
ADMINISTRATION**

## CHAPTER 8

# ADMINISTRATION AND MANAGEMENT

8.1 This chapter describes the administrative and managerial tasks involved in conducting procurement related activities by the project management at the Regional, District and Block level including the procurement by PFTs /CDGs/ SHG Federation and Producer Organisations.

8.2 Some of the key roles and responsibilities, along with officer in charge are detailed below:

### Roles and Responsibilities

Management Office: Key Officer	Role of Management Office	Key Responsibilities
<b>Regional Project Management Unit: Project Manager</b> (Administration and Procurement) (Should have one exclusive staff for Procurement)	Responsible for overall procurement plan and project's compliance with procurement method's/procedures as per guidelines and procedures mentioned and agreed upon with the World Bank.	<ul style="list-style-type: none"> <li>• Prepare the annual procurement plan based on need assessment and project design.</li> <li>• Preparation and updating of procurement manual based on World Bank guidelines for implementation of the project at Regional, District, PFT and Producer Organizations.</li> <li>• Procure the goods, services and works at the Regional level and beyond certain ceilings at the district/PFT level with due diligence.</li> <li>• Recruit, Orient and train project staff at the RPMU and DPMU level.</li> <li>• Train DPMU, PFT and Producer Organizations in procurement with due diligence</li> <li>• Build the procurement capacity of District, PFT Staff and Producer Organizations.</li> <li>• Guide and monitor the process of procurement at various levels.</li> <li>• Prior review and clear from Bank after verification of r bid documents and bid evaluation reports for all goods and works procurement planned by DPMUs valued above\$30,000 per transaction within 14 days of receipt from DPMU.</li> <li>• Prior review and clear from Bank after verification of short lists, RFPs and technical and commercial evaluation reports of all services planned by DPMUs, valued upto above \$ 30,000 per transaction within 14 days of receipt from DPMU.</li> <li>• Prepare Unit Cost data Base and Item banks detailing names of respected manufacturers, indicative range of machinery / equipment etc. and be a part of the MIS software to be procured by the Project.</li> <li>• Undertake or commission and manage yearly post review of at least 20% of contracts issued by CDG/SHG Federation/POs and community procurement carried out by beneficiary institutions</li> <li>• Maintain a Procurement Management Information System (MIS) on all key indicators to be agreed with the Bank and generate and share reports with all stakeholders.</li> <li>• Maintain a Contract Register and Grievance and Redressal Register and update periodically</li> </ul>

<p><b>District Project Management Unit:</b> District Accounts Officer overall in-charge under the District Project Management Unit.</p>	<p>At the district level, the role of DPMU in the procurement is limited to the procurement of goods, services and works within the certain specified ceilings (as specified by the RPMU from time to time).</p>	<ul style="list-style-type: none"> <li>• Responsible for the overall procurement plan at the District level and projects compliance with procurement methods/procedures as per the guidelines at the District level.</li> <li>• District level officers will act as procurement trainers for the PFTs and Producer Organizations in their respective districts.</li> <li>• Maintain procurement related documentation including complaint and grievance redressal register</li> </ul>
<p><b>Project Facilitation Team Coordinator</b></p>	<p>The role of PFT in the procurement is limited to the procurement of goods, services and works within the certain specified ceilings (as specified by the Regional project management unit from time to time).</p>	<ul style="list-style-type: none"> <li>• Responsible for the overall procurement plan at the PFT level and projects compliance with procurement methods/procedures as per the guidelines</li> <li>• Prepare the annual procurement plan based on need assessment and inputs received from concerned sections for the district, for incorporation in the overall project's Annual procurement plans.</li> <li>• Provide inputs to District Accounts Officer to facilitate Procurement of goods, services and works within the specified ceilings at the district/PFT level with due diligence.</li> <li>• Train the procurement related capacity building to the Community Institutions especially Producer Organizations.</li> <li>• Guide and monitor the progress of procurement at the community level including helping with market linkages.</li> <li>• Support CDG in developing annual livelihood plan, budget and Procurement Plan.</li> <li>• Maintenance of MIS and complaint redressal system</li> </ul>
<p><b>Producer Organizations.</b></p>	<p>Each community institution will undertake all procurements required at their respective organizations. The District Accounts Officer will guide these Community Institutions at respective levels</p>	<ul style="list-style-type: none"> <li>• Preparation of business plan</li> <li>• Preparation of consolidated value chain plan</li> <li>• Preparation of annual procurement plan</li> <li>• Procure the goods, services and works within the specified thresholds limit with due diligence</li> <li>• Collect the demand note from the community for the procurement of Dealership/Agency</li> <li>• Maintain a panel of suppliers and service providers who are reliable and approachable an item</li> <li>• Publish and periodically update a rate bank consisting of the prices of all items to be procured</li> <li>• Collect market information on various items needed for implementing the business plan like rates, brands/suppliers etc. and ensure incorporation of these details in the business proposals and assist in procurement.</li> <li>• Display all procurement on the notice board and make available procurement records for verification by the community members</li> </ul>
<p><b>Community Development Group</b> President. In addition the secretary would be</p>	<p>Each CDG will undertake all procurements required at their respective organizations for completion of subprojects. The</p>	<ul style="list-style-type: none"> <li>• Preparation of subproject plan based on need identification and need prioritisation</li> <li>• Preparation of procurement plan</li> <li>• Procure the goods, services and works within the specified thresholds limit with due diligence</li> </ul>

responsible for record keeping with the help of the bookkeeper.	PFT/District Accounts Officer will guide these Community Institutions at respective levels	<ul style="list-style-type: none"> <li>Collect market information on various items needed for implementing the plan like rates, brands/suppliers etc. and ensure incorporation of these details in the final award and management of procurement.</li> <li>Display all procurement on the notice board and make available procurement records for verification by the community members</li> </ul>
<b>SHG Federation</b> President/Secretary . In addition the secretary would be responsible for record keeping with the help of the bookkeeper.	Each SHG Federation will undertake all procurements required at their respective organizations for completion of subprojects. The PFT/District Accounts Officer will guide these Community Institutions at respective levels	<ul style="list-style-type: none"> <li>Preparation of subproject plan based on need identification and need prioritisation</li> <li>Preparation of procurement plan</li> <li>Procure the goods, services and works within the specified thresholds limit with due diligence</li> <li>Collect market information on various items needed for implementing the plan like rates, brands/suppliers etc. and ensure incorporation of these details in the final award and management of procurement.</li> <li>Display all procurement on the notice board and make available procurement records for verification by the community members</li> </ul>

8.3 In addition the Management Offices will also undertake and be responsible for the following **Administrative Tasks:**

8.3.1 **Payments on delivery of goods or completion of services** The payment shall be made for goods /services as per the terms of agreement by the concerned officer.

8.3.2 **Audit of accounts** Procurement officer shall be overall responsible for the audit. However at district level District Accounts Officer and at PFT level PFT coordinator shall be responsible for making all arrangements of the procurement audit.

8.3.3 **Store Keeping** Items purchased or supplied to an office and relevant documents are the responsibility of the Officer In charge. The Officer In charge should undertake appropriate measures in storing items, such as allocating a secure room or storage area under lock and key; If needed, an insurance be done to safeguard the stored supplies; The Office In charge should designate a person (storekeeper) who is responsible for the storage;

8.3.4 **Record Keeping** concerned officers should maintain all the records of issue, receipt, opening, evaluation of tenders, award of contracts i.e. all pre-order and post-order records in chronological order and store the files in an identified place such that it be retrievable for scrutiny whenever needed without wastage of time. The records of complaint handling, correspondence with clients, consultants, World Bank vendors etc. also should be kept separately and should be retrievable. Procurements documents like Purchase order file, open and close order file, vendor record file, rate contract and purchase reports shall be maintained up to the period defined in financial manuals.

8.4 The officer in charge at each level is the key Procurement Personnel, however when making any purchase a Purchase Committee or a Procurement Committee needs to be set up. This **Purchase Committee** has to be constituted to comprise of at least three members, including a representative of accounts and finance and a technical member if required.

**Figure 8.: Composition of Purchase Committee**

Level	Composition
<b>RPMU</b>	Purchase committee may comprise of the (a) Project Director, NERLP (b) Project Manager(Procurement) (c) Project Manager(Finance & Accounts) and/or (d) one subject matter specialist /technical or any other officer nominated by the Project Director and/or Project Manager (Administration) (depending on requirement).

<b>DPMU</b>	Purchase committee may comprise of the (a) District Project Manager (b) District Accounts Officer (c) Co-ordinator (M&E) and/or (d) one subject matter specialist and/or any other officer nominated by the District Project Manager.
<b>PO</b>	Purchase Committee should have a member who has sufficient skills in managing financial matters. These skills include: maintenance of cash in/out registers, recording quotations, checking market prices etc. Purchase committee may comprise of the (a) President (b) Secretary (c) officer nominated by the District Project Manager (d) One or two members from PO to provide relevant technical advice.
<b>CDG/SHG Federation</b>	Purchase committee may comprise of the (a) President (b) Secretary (c) One / two members from CDG/SHG Federation.

8.4.1 The Committee will be responsible for: Approving what to buy and when to buy and how the payment would be made, Group similar expenditure items into relevant/ convenient package(s), Finalize technical specifications and terms of references for goods & equipments, Carrying out the procurement and record keeping as defined in this manual, Verification of the items, goods & equipments supplied (The procurement committee may hire services of the technical person/agencies if required under the provisions of the hiring of consultancies)

### Examples of Goods, Services and Civil Works to be Purchased by Management Offices

Examples of what can be bought?	What should be taken into consideration?
<b>RPMU/DPMU/PFT/POs</b>	
<ul style="list-style-type: none"> <li>• Office supplies (consumables stores including stationary like paper, pens, files, registers etc Spare Parts, fuel oil and lubricants, items for repair and maintenance)</li> <li>• Furniture and Fixtures</li> <li>• Office Equipment &amp; Electronic items (like Computers, printers, scanners, UPS, photocopiers, fax machines, LAN, WAN, ACs,)</li> <li>• Communication aids such as multimedia projectors, Audio visual equipment, digital and video cameras, mobile units and peripherals and other electronic items</li> <li>• Vehicles</li> <li>• Miscellaneous field equipment and apparatus</li> <li>• Proprietary Software, Journals, Publications, Training Manuals</li> </ul>	<ul style="list-style-type: none"> <li>• <b>GOODS.</b> Whenever a purchase under this category is to be undertaken, the following should be considered:               <ul style="list-style-type: none"> <li>• Properties or characteristics of the item that is to be purchased;</li> <li>• Quantity required with the unit of measurement;</li> <li>• Approximate date when the item is required;</li> <li>• How the payment will be made, in lump sum or in instalments? (All payments above INR by cheque only)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Hiring of persons or organizations to provide technical support for the preparation of community proposals, or in implementing activity, including services of an office boy, accountant, bookkeeper, procurement consultant, and other specialists or resource persons.</li> <li>• Hiring of services for various studies, monitoring and evaluation, impact assessments, and post review of procurement activities at community level, MIS package, development, and maintenance etc.</li> <li>• Hiring of Vehicles.</li> <li>• Hiring of Office support and maintenance.</li> <li>• Hiring of Courier/Photocopier Services or other such services.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>SERVICES.</b> When the services of a person or agency are to be acquired, following must be considered:               <ul style="list-style-type: none"> <li>• What qualifications are required for the individuals?</li> <li>• For how many days would the service be required?</li> <li>• How much will be paid for the service? In how many instalments? (All payments to consultants by cheque or demand draft)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Materials and labour related to renovation or construction</li> </ul>	<ul style="list-style-type: none"> <li>• <b>CIVIL WORKS</b></li> <li>• Size and location of land/area for construction, or the location of existing shelter/room for renovation, alteration, refurbishing;</li> <li>• Design/sketch of shelter/room and specifications of work</li> <li>• How the payment will be made (cash/cheque), lumpsum or in instalments?</li> </ul>

8.5 While procuring the **financial limits for the Project Office** at each Management Office needs to be kept in mind, the table below indicates the delegated financial limits at the level of the RPMU, DPMU and PFT.

### Delegated Financial Limits (Goods and Equipments)

S. No	Value and Procurement Method	RPMU	DPMU
1	Above US\$ 300,000 (ICB)	As per WB procedures and SBD.	NA
2.	US\$ 30,000 to US\$ 300,000 (NCB)	Open Advertisement. (Newspaper & Project Website)	NA
3.	Upto US\$ 30,000 (Shopping)	Obtain Minimum 3 quotations from reputed dealers/suppliers*/DGS&D	Obtain minimum 3 quotations/Valid DGS&D rate contracts from authorised dealer/suppliers can be used.
5	Below US\$ 200 (Shopping)	Direct Billing up to US\$ 200 ( Without quotations)	Direct Billing up to US\$ 100 ( Without quotations)

\*In case of non availability of 3reputed suppliers the office may issue an advertisement in local newspapers. It may be noted shopping method requires that a minimum of 3 quotations from known suppliers are received and compared.

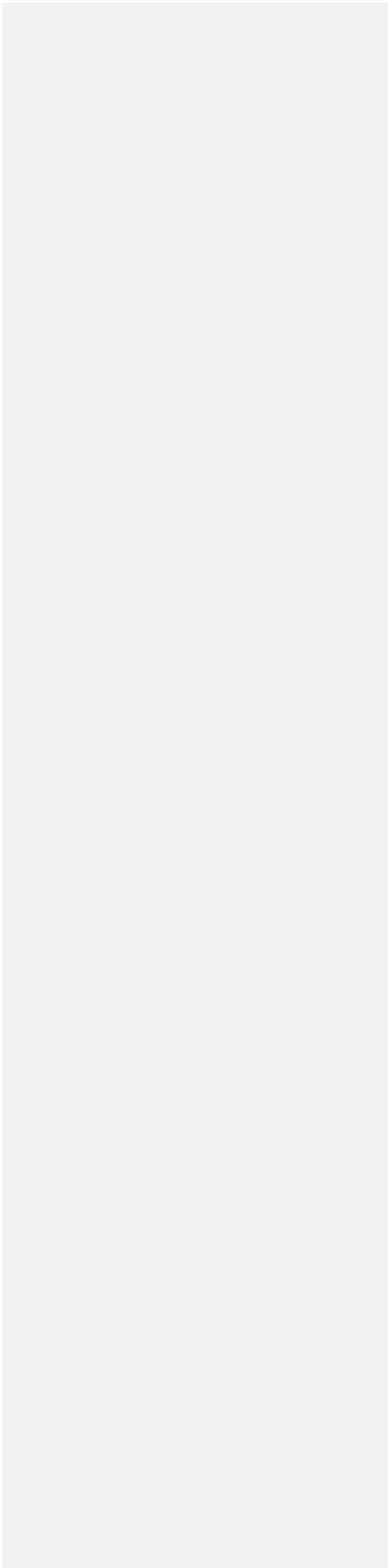
### Delegated Financial Limits (Civil Works)

S. No	Value and Procurement Method	RPMU	DPMU
1	Above US\$ 10,000,000 (ICB)	As per WB procedures and SBD.	NA
2.	US\$ 30,000 to US\$ 10,000,000 (NCB)	Open Advertisement. (Newspaper & Project Website)	NA
3.	UptoUS\$ 30,000 (Shopping)	Obtain Minimum 3 quotations from reputed dealers/suppliers*/DGS&D	Obtain Minimum 3 quotations from reputed dealers/suppliers*/DGS&D

\*In case of non availability of 3 reputed suppliers the office may issue an advertisement in local newspapers. It may be noted shopping method requires that a minimum of 3 quotations from known suppliers are received and compared.

### Delegated Financial Limits (Consultants/Services)

S. No.	Procurement Method	RPMU	DPMU
1	QCBS	As per WB Guidelines	NA
2.	QBS	As per WB Guidelines	NA
3.	FBS	As per WB Guidelines	NA
4.	LCS	As per WB Guidelines.	NA
5.	CQS	As per WB Guidelines.	NA
6	SSS	As per WB Guidelines.	NA
7.	Individuals	As per WB Guidelines.	Upto US\$ 500\$



## CHAPTER 9

# LEGAL PROVISIONS FOR PROJECT PROCUREMENT

9.1 The principal criteria followed in the World Bank procurement procedures are based on the principles of transparency, economy and efficiency, which will be followed by NERLP. The Project Agreement and Financial Agreement govern the legal relationship between the Borrower and the Bank and the Guidelines are made applicable to procurement of goods, works and consultant's services for the project as provided in the Project Agreement. The rights and obligations of the Borrower and the provider of goods, works and consultant's services for the project are governed by the bidding documents, Request for Proposals and by the contracts signed by the Borrower with the provider of goods, works and services **and not** by Project Agreement or Financial Agreement.

9.2 The RPMU, DPMU and PFT shall have their agreements with the consultants/Service providers as per the formats approved by the World Bank. The disputes if any between Project and the agency shall be governed by Arbitration and Conciliation Act, 1996, wherein the ITB/RFP will suggest Project Director as the Arbitrator. However the jurisdiction of court in case of any dispute shall be the Project district where the office is located, in case of RPMU it shall be Guwahati

9.3 **Adjudicator:** The settlement of disputes or differences of any kind, between the purchaser and the supplier are resolved amicably by mutual consultations. In case of failure to resolve within 30 days, a notice will be given by either party indicating its intention to resolve through adjudicator. In case of contracts above value of Rs.50.00 lakhs, the provision of an Adjudicator shall be included. The Adjudicator shall give a decision in writing within 28 days of receipt of a notification of a dispute.

The Adjudicator shall be paid daily at the rate specified in the Contract Data which should not be less than Rs. 3000/ per day together with reimbursable expenses of the types specified in the Contract Data and the cost shall be divided equally between the Employer and the Contractor, whatever decision is reached by the Adjudicator. Upon dissatisfaction on the decision of the Adjudicator, either party may refer a decision of the Adjudicator to an Arbitrator within 28 days of the Adjudicator's written decision. If neither party refers the dispute to arbitration within the above 28 days, the Adjudicator's decision will be final and binding. Arbitration proceedings shall be initiated as per provisions in the special conditions of contract and in accordance with the Arbitration and Reconciliation Act, 1996. In case of disagreement on a procedure for appointing Arbitrators, each party shall appoint one Arbitrator and the two appointed Arbitrators shall appoint the third Arbitrator who shall act as the presiding Arbitrator. If the appointing procedures as explained does not work and party fail to appoint Arbitrators, the appointment shall be made, upon request of a party, by any person or institution designated by him.

9.4 **Resolution of Disputes:** There can be a number of possible causes of dispute during the execution of contract and may involve:

- Interpretation of the terms and conditions of the contract.
- 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 construct
- Condition of the items on arrival at consignee site and after delivery.
- Design and specification issues.

9.4.1 As far as possible, dispute may be resolved with mutual agreement between the Employer and contractor to avoid going through arbitration and litigation stages. In case a service provider does not fulfil the terms and conditions of the agreement, the following actions can be taken:

- Legal action to recover money lost in case of misrepresentation of facts or misuse of funds;
- Suspend or terminate the agreement and undertake legal actions against the service provider.

9.5 **Extension of Contract:** Normally contract once awarded should not be extended. Under exceptional circumstances, extension of existing contracts up to 15 percent of the original contract value may be considered; it is justifiable on grounds, subject to approval of the competent authority as per delegation of powers and with the prior approval of the Bank.

**SOME IMPORTANT ASPECTS TO BE KEPT IN MIND WHILE USING VARIOUS PROCUREMENT METHODS**

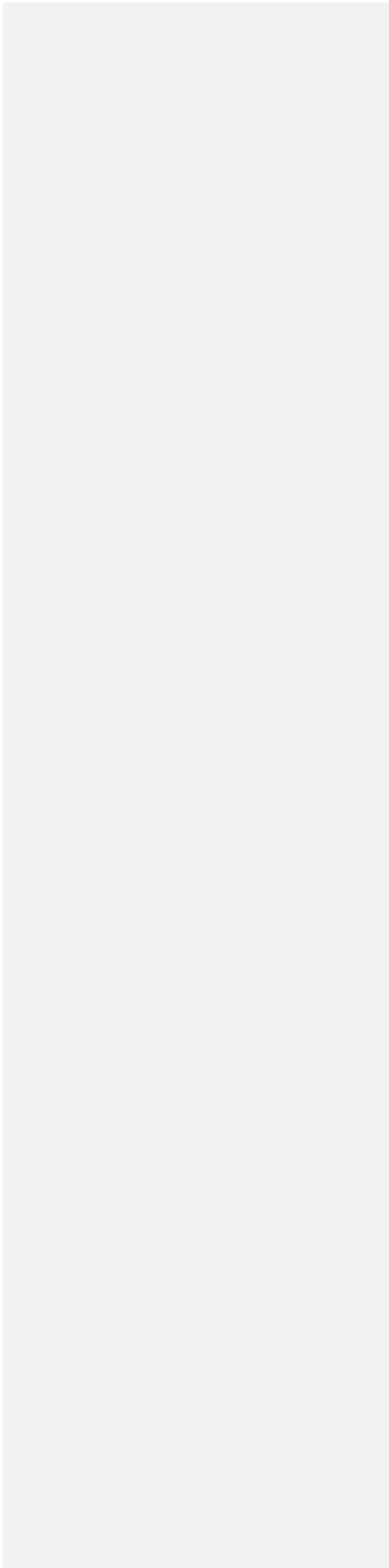
Aspect	Things to Remember
<b>Advertisement</b>	<ol style="list-style-type: none"> <li>1. Invitations shall be published in at least in one national English and one regional language daily (except for local bidding under Community Procurement Methods, where local newspapers can be used).</li> <li>2. In case of ICBs, also publish in the 'United Nation's Business Development' (UNDB) The advertisement should also be placed at the project website.</li> <li>3. No need for advertisement in case of National Shopping.</li> </ol>
<b>Bid Document</b>	<ul style="list-style-type: none"> <li>• No filtration in the sale of bidding document. It will be sold and made available by mail as well, to all whosoever pays the required fee and requests for it.</li> <li>• Bidding documents will be made available for sale till a day prior to the last date of receipt of bids. The time for the public bid opening will be the same for the deadline for receipt of bids or promptly thereafter (to allow only sufficient time to take the bids to the place announced for public bid opening).</li> <li>• Bank approved model bidding documents for procurement of Works and Equipment (ICB/NCB) will be used fixing appropriate qualification &amp; evaluation criteria and ensuring filling of all blanks</li> <li>• Bidding documents should generally avoid submission of samples along with bids by bidders as this requirement discourages competition and increases the bid prices. Alternatively bidders will be requested to confirm that their product meets with the required specifications</li> <li>• Where Bidders are not pre-qualified, minimum post-qualification criteria will be clearly specified in the bidding document and enforced.</li> <li>• Single bids should also be considered for award if it is determined that publicity was adequate, bid specifications/conditions were not restrictive or unclear and bid prices are considered reasonable.</li> </ul>
<b>Time for submission of Bids</b>	<ol style="list-style-type: none"> <li>1. Not less than 2 weeks for Shopping.</li> <li>2. Not less than 4 weeks for NCB.</li> <li>3. Not less than 6 to 8 weeks for ICB.</li> <li>4. Two or three envelope system is un-acceptable unless it is specified.</li> </ol>
<b>Bid Opening</b>	<ol style="list-style-type: none"> <li>1. Bidders could submit their bids either by post or in person on any day during the bidding period. Bids will be received only at one place and will be kept in safe custody till the stipulated time of opening.</li> <li>2. A fixed amount usually 2 to 5% for Goods and 1 to 3% for works will be taken as Bid Security. Bank guarantees submitted by bidders/contractors/suppliers should be unconditional and be in the specified formats.</li> <li>3. No preference to any bidders or class of bidders, either for price or for other items and conditions will be given.</li> <li>4. Bid Opening shall be on the same day, immediately after closing submission of bids.</li> <li>5. All bids shall be opened publicly in the presence of representatives of bidders.</li> <li>6. Only single venue for submission and opening of Bids.</li> <li>7. Late Bids to be returned unopened.</li> <li>8. 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.</li> </ol>

	<p>9. Evaluation of bids should be made strictly in terms of the provisions and criteria disclosed in the bidding document.</p> <p>10. On the spot Comparative statement should be prepared and signed by all present.</p>
<b>Bid validity</b>	<p>1. Generally 30 to 45 days for Shopping.</p> <p>2. Generally 90 days for NCB/ICB.</p>
<b>Non responsive Bids which will be rejected</b>	<p>1. Unsigned bids.</p> <p>2. Not accompanying Bid Security as per value and valid duration in days, if required as per bid documents.</p> <p>3. Not meeting eligibility criteria, if any mentioned in the bid documents.</p> <p>4. Bids that have not quoted for the entire schedule/packing (if so required by Bid documents) and are not in the required currency as indicated in the bid documents.</p> <p>5. Not meeting the technical and financial capability as per specified tender evaluation criteria to successfully execute the contract.</p>
<b>No Negotiations</b>	<i>There should not be any negotiations either for price or terms and conditions of the tender submitted.</i>
<b>Securities and Penalties in Bid Documents and Contracts</b>	<p>1. Performance Security is generally taken in NCBs and ICBs.</p> <p>2. Retention Money is generally taken in civil works contracts.</p> <p>3. Liquidated Damages should be included in all contracts.</p> <p>4. All the above should be included in Bid documents.</p>
<b>Aspect</b>	<b>Things to Remember</b>
<b>Repeat Orders applicable for ICBs and NCBs</b>	<p>1. Quantities in contracts awarded may be increased as per the prevailing State procedure up to 15% of the quantity originally ordered by repeat orders.</p> <p>2. No Objection needed from Bank for more than 15%.</p>
<b>Uploading of data on Web Site</b>	A Website ( <a href="http://www.....">http://www.....</a> ) has been launched and all information related to project strategies, activities, implementation status, procurement processes and status etc. will be updated periodically. In line with World Bank guidelines to give maximum publicity to the Tenders and related procurement activities, all General Procurement notices, Expression of Interest (EOI) notices, Bid Documents, Contract award notices will be uploaded on the website .
<b>Transparency</b>	<p>NERLP will ensure good governance, better fiscal management with efficiency and economy and sound procurement policies and procedures which are transparent. Some of the requisites which will be followed in the procurement are</p> <ul style="list-style-type: none"> <li>▪ Equal opportunities to all eligible bidders</li> <li>▪ Wide Publicity of Procurement Notices including in UNDB (on-line).</li> <li>▪ Pre-disclosure of qualification and evaluation criteria</li> <li>▪ To avoid restricted participation, Specification of requirements to be broad and performance based, and not branded or specific to a particular bidder.</li> <li>▪ Redressal of clarifications of the Bidders</li> <li>▪ Public opening of Bids</li> <li>▪ Notify the proceeding of bid opening/technical score of proposal to all the participants.</li> <li>▪ Absence of negotiation except in exceptional circumstances</li> <li>▪ Publication of details of contract awarded in UNDB ( in case of ICB)</li> <li>▪ Provision of debriefing</li> </ul>
<b>Fraud and Corruption</b>	<p>1. NERLP will follow highest standards of ethics during procurement of Goods, Works and Services and execution of contracts.</p>

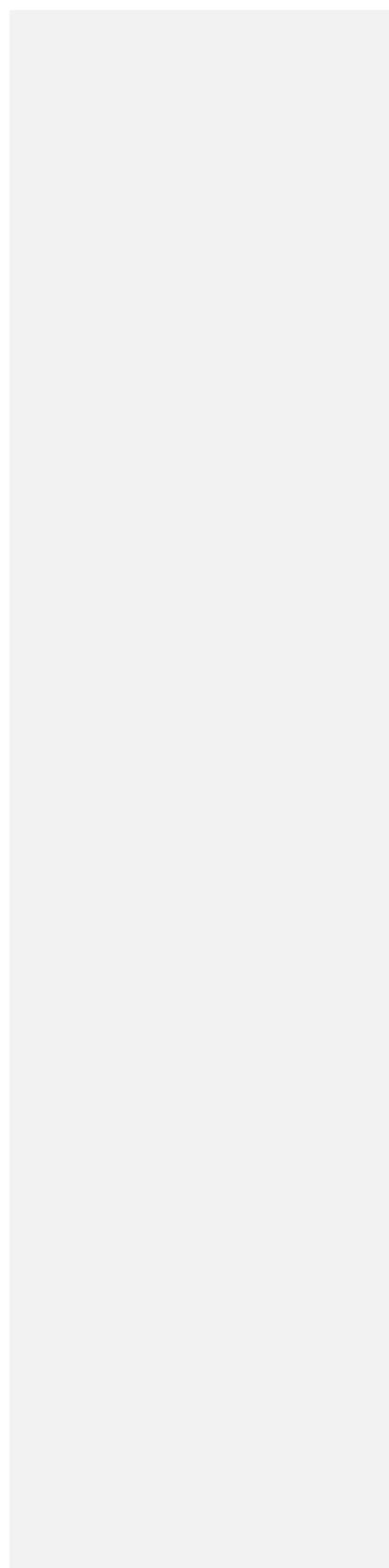
	<ol style="list-style-type: none"> <li>2. World Bank has the right to reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question.</li> <li>3. World Bank 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.</li> <li>4. World Bank 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.</li> <li>5. 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. (Please refer to World Bank Guidelines for detailed clause)</li> </ol>
<b>Procurement Review</b>	<p>World Bank will carry out prior review of bid documents, advertisements, evaluation reports and award recommendations as per the value thresholds mentioned in Chapter 3. However, Terms of Reference and Consultants contracts for assignments of critical nature will be reviewed in all cases, regardless of values</p> <ol style="list-style-type: none"> <li>1. World Bank will carry out post review either by themselves or by Consultants of selected at least 10% of all contracts issued by all entities RPMU/DPMU</li> <li>2. If the World 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 misprocurement as established in the procurement guidelines.</li> </ol>
<b>Warranty</b>	<p>Warranty and AMC for the duration and life of the equipment are desirable. NERLP will be careful in deciding the period for which they are to be provided. Items with short life may require shorter warranty period and AMC.</p>
<b>Filing and Record Keeping</b>	<ol style="list-style-type: none"> <li>1. Should follow the established Government procedures for filing of records.</li> <li>2. Should keep all information in one single file per contract issued like copy of procurement plan with details of the item procured, bidding details like letters sent, advertisements issued, record of public opening of bids, all signed original bids with signatures of members opening the bid, bid evaluation report, minutes of meeting of Procurement committee, letter of indent, signed Purchase Order/Contract, Delivery challan/receipt, Inspection/Acceptance report, Invoice, Payment details, etc.</li> <li>3. Maintain a purchase order log which is a brief record for all purchase orders issued containing supplier's name, brief description of purchase, total value of order, status of PO (open/ closed etc.)</li> <li>4. Vendor Record file which contains the names, addresses of suppliers, materials that a vendor can supply, delivery and quality records</li> <li>5. Rate contract file containing the purchase records of items under a term contract</li> <li>6. Summary purchase reports (could be monthly/ quarterly/ half yearly/ annually) available to management for ease of reference. Could have the total value of purchase, allocation of purchase value against major items, budget for purchase for next year, proposal for revision of budget in current year.</li> </ol>
<b>Misprocurement</b>	<p>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 agreed with the Bank. In such cases, the Bank will declare misprocurement, and it is the policy of the Bank to cancel that portion of credit/ loan 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"</p>

	was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower or the terms and conditions of the contract had been modified without Bank's prior approval.
<b>Complaint Redressal</b>	<p>In order to deal with the complaints from the contractors / suppliers and public effectively, a complaint handling mechanism shall be set up at the Regional level as well as at district level, and immediate action shall be initiated on receipt of complaints to redress the grievances. 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 find correct, appropriate remedial measures shall be taken by the appropriate authorities. There will be a nodal person at each level for lodging the grievance. A register of the complaint redressal shall be prepared at each level and shall contain the following information</p> <ul style="list-style-type: none"> <li>○ S.No of the complaints</li> <li>○ Date on which the complaint was made</li> <li>○ Particular of the person making the complaint</li> <li>○ Nature of the complaint</li> <li>○ Complaint against whom if against a person</li> <li>○ Detail of action taken and subsequent follow ups specifying on which date the action was taken</li> <li>○ Whether the complaint has been satisfied if not why.</li> <li>○ Action taken against the guilty</li> <li>○ General remarks</li> </ul> <p>Subsequently an on line data base will be created which will be regularly updated and which would be capable of creating on line reports for the purpose of the monitoring. If there will be delay or pending in commission of the online system, adoption of manual system for registering, tracking and monitoring of complaints will be done.</p> <p>All complaints receive a preliminary inquiry and a priority attached. If sufficient evidence is identified to substantiate the report, every effort is made to conduct a formal investigation. During the course of an investigation, the NERLP strives to protect the privacy and rights of all parties involved.</p> <p>In case any individual officer/staff is found responsible, suitable disciplinary proceedings shall be initiated against such officer/staff .This register shall also be subject to concurrent audit by the chartered accountants engaged as concurrent auditors.</p>
<b>Termination of Contract</b>	<p>The Bank's standard forms of contract all include provisions dealing with the termination of a contract before its term. Most (but not all) the forms also include detailed provisions stipulating how the contractor will be paid following termination of a contract. Contracts can be terminated as a result of the employer's/purchaser's default, convenience, force majeure, suspension of works/services, suspension of the loan, contractor's or supplier's default.</p> <ul style="list-style-type: none"> <li>• Employer's default includes failure to pay within a certain period of time (usually non-payment, but also in the smaller works fundamental breach of contract); termination for Employer's/Purchaser's convenience, i.e., the Employer's/ Supplier's discretionary decision to terminate the contract, amounts to the same as termination for Employer's/Purchaser's default. The contractor or supplier is entitled to be compensated for all of the expenses incurred and for the reasonable cost associated with the early termination of the contract.</li> <li>• Contractor's default usually includes failure to commence or proceed with the work and to comply with the notice requesting to proceed, failure to complete the work/deliver the goods within the agreed period of time, etc. Insolvency, voluntary or involuntary bankruptcy, liquidation or dissolution amount to the same as Contractor's/Supplier's default. In such cases, the Contractor is responsible for the additional cost incurred by the Employer in relation to the completion of the works/supply (except in the case of the Standard Bidding Document for Small works (SBDSW) which stipulates that the employer's compensation will be in the form of a percentage of the value of the work not completed).</li> </ul>

	<p>Termination may also occur as a result of:</p> <ul style="list-style-type: none"><li>• Suspension of the works when not followed by resumption of the works within a certain period of time.</li><li>• Suspension of the Loan, when not followed by resumption of payments.</li><li>• Force majeure, outbreak of war and release from performance</li></ul>
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## **ANNEXES**



**FORMAT FOR INVITATION OF QUOTATIONS FOR SUPPLY OF GOODS/  
MACHINES/EQUIPMENT/MATERIALS**

**UNDER SHOPPING PROCEDURES**

Ref. No. \_\_\_\_\_

Dated \_\_\_\_\_

To

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Sir/Madam,

**Sub.: INVITATION FOR QUOTATIONS FOR SUPPLY OF:**

\_\_\_\_\_

1. You are invited to submit your most competitive quotation for the following goods:-

Brief Description Specifications\*

Quantity	Delivery/ Place of Installation of the goods	Period Delivery Requirement, if any

\* Where ISI certification marked goods are available in market, procurement should generally be limited to goods with those or equivalent markings only.

2. Government of India has received a credit from the International Development Association (IDA) i.e. World Bank .

Towards the cost of the above procurement, the Project intends to apply a part of the proceeds of this credit/loan to eligible payments under the contract for which this invitation for quotations is issued.

### **3. BID PRICE**

- a) The contract shall be for the full quantity as described above. Corrections, if any, shall be made by crossing out, initialling, dating and rewriting.
- b) All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price.
- c) The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
- d) The prices shall be quoted in Indian Rupees only.

4. Each bidder shall submit only one quotation.

### **5. VALIDITY OF QUOTATION**

Quotation shall remain valid for a period of not less than 30 days after the deadline date specified for submission.

### **6. EVALUATION OF QUOTATIONS**

The purchaser shall evaluate and compare the quotations determined to be substantially responsive i.e. which are properly signed; and confirm to the terms and conditions and specifications.

The quotations would be evaluated for all the items together / would be evaluated separately for each item. [Select one of the options].

### **7. AWARD OF CONTRACT**

The purchaser will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price.

7.1 Notwithstanding the above, the purchaser reserves the right to accept or reject any quotation and to cancel the bidding process and reject all quotations at any time prior to the award of the contract.

7.2 The bidder whose bid is accepted will be notified of the award of the contract by the Purchaser prior to the expiration of the quotation validity period. The terms of the accepted offer shall be incorporated in the purchase order.

8. Payment shall be made within --- days after delivery, installation and/or training, if applicable, of the goods.

9. Normal commercial warranty / guarantee shall be applicable to the supplied goods.

10. You are requested to provide your offer latest by \_\_\_\_\_hrs. on \_\_\_\_\_(date).

11. Quotations will be opened in the presence of the Bidders or their representatives who choose to attend at \_\_\_\_\_AM/PM on \_\_\_\_\_in the office of the \_\_\_\_\_

12. We look forward to receiving your quotations and thank you for your interest in this project.

(Purchasing Authority)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tel. No. : \_\_\_\_\_

Fax No. : \_\_\_\_\_

Annex 2

**FORMAT OF QUOTATION\***

**(In letterhead of the supplier with seal)**

**To:**

Date \_\_\_\_\_

Sl. No	Description of Item	Unit Quoted	Rate Quoted in INR	Numbers Quoted	Total Price	Delivery within days

Gross Total cost : Rs. \_\_\_\_\_

We agree to supply the above goods in accordance with the technical specifications for a total contract price of Rs. \_\_\_\_\_ (Amount in figures) (Rupees \_\_\_\_\_ amount in words) as per the delivery schedule given in Quotation above.

We also confirm that the normal commercial warranty/ guarantee of \_\_\_\_\_ months shall apply to the offered goods.

We confirm that the above offer is valid for ---- days.

We hereby certify that we have taken steps to ensure that no person acting for us or on our behalf will engage in fraudulent or corrupt practices.

Signature of Supplier

Name: \_\_\_\_\_

Contact No: \_\_\_\_\_

(Seal)

Annex 3

### FORMAT FOR OPENING OF BIDS/QUOTATION

File No. ----- Date & Time of quotation opening -----

Bid issued for \_\_\_\_\_

Bid issued on \_\_\_\_\_

Sl. No	Name and address of the Bidder	Total Price in Rupees


It is certified that the above details were called out publicly in our presence:

Sl. No	Name of the representative	Agency	Signature

Signatures of Bid Opening Committee Members

Sl. No	Name of the Officer	Designation	Signature

Minutes of the meeting (questions / clarification sought by the agency and the clarification given)

Signature  
(Chairperson Name)  
Date:

Signature  
(Member Name)  
Date:

Signature  
(Member Name)  
Date:

Annex 4

**QUOTATIONS COMPARISON FORM  
(FOR SHOPPING)**

Name of firm	Quotation No. & Date	Name of Item/s and (Price quoted) Rate		Remark (Additional Information)	Decision (Selected/Rejected with Reason)
1	2	3	4	5	6
		Item A	Item B		A seller can be rejected based on several reasons. Some of them are given below:

North East Rural Livelihoods Project

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- The information provided in the quotation is incomplete;
- The supplier cannot deliver the supplies in the time required;
- The supplier does not have the capacity to deliver;
- The quoted price is high;
- The guarantees are not available (if applicable);



<i>Total</i>				

Goods have been certified as correct receipts.

Name of receiving officer ..... Signature ..... Date ....

Certified by ..... Signature ..... Date .....

Annex 6

**Procurement Plan Formats (For Goods – Materials, Equipments)**

**FOR PROCUREMENT AT COMMUNITY LEVEL**

<b>Item description (What to buy?)</b>	<b>Period for which needed</b>	<b>Quantity (How many to buy?)</b>	<b>From where to buy?</b>	<b>Estimated Cost</b>	<b>Which procurement method will be used?</b>

Pick individual items OR do packaging of similar items and write them in this column.  
North East Rural Livelihoods Project

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Identify, from where this package or item is most likely to be bought and write them in this column.

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Write the procurement method planned to be used and write them in this column.




Annex 8 (a)

**Detailed Procurement Planning- Selection Methods and Time Schedules (TO REPLACE THESE PROCUREEMENT PLAN FORMATS WITH SAMPLE FORMAT)THESE WILL BE FOLLOWED FOR PROCUREMENT AT RPMU & DPMU**

**GOODS**

<b>REGIONAL PROJECT MANAGEMENT UNIT (RPMU):</b>								
<b>Ref No.</b>	<b>Contract (Description)</b>	<b>Estimated Cost</b>	<b>Procurement Method</b>	<b>Prequalification (yes/no)</b>	<b>Domestic Preference (yes/no)</b>	<b>Review by World Bank (Prior / Post)</b>	<b>Expected Bid-Opening Date /Purchase Date</b>	<b>Comments</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
1	IT/MIS Equipments (Computers - desktop/laptop ,Printers, servers, software, GIS Packages, Photocopiers, Fax, EPBX UPS, LAN,							

	WAN etc.)							
2	Furniture and Fixtures (Office Chairs, Tables, Almirahs, office cabinets, curtains etc.)							
3	Vehicles							
4	Electronic Equipments (TV/DVD, Air conditioners, LCD, Digital Camera, Handy cam, Water coolers and others)							

Annex 8(b)

GOODS

<b>DISTRICT PROJECT MANAGEMENT UNIT (DPMU):</b>								
<b>Ref No.</b>	<b>Contract (Description)</b>	<b>Estimated Cost</b>	<b>Procurement Method</b>	<b>Prequalification (yes/no)</b>	<b>Domestic Preference (yes/no)</b>	<b>Review by World Bank (Prior / Post)</b>	<b>Expected Bid-Opening Date /Purchase Date</b>	<b>Comments</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
1	IT/MIS Equipments Computers- Desktop/laptop, Printers, software, Photocopiers, Fax, Inverters UPS, LAN)							
2	Furniture and Fixtures (Office Chairs, Tables, Almirahs, cabinets )							

3	Electronic Equipments (LCD, Digital Camera, Handy cam, Water coolers, Fax machine etc.)							
---	---	--	--	--	--	--	--	--

Annex 8(c)

GOODS

<b>PFT LEVEL:</b>								
<b>Ref No.</b>	<b>Contract (Description)</b>	<b>Estimated Cost</b>	<b>Procurement Method</b>	<b>Prequalification (yes/no)</b>	<b>Domestic Preference (yes/no)</b>	<b>Review by World Bank (Prior / Post)</b>	<b>Expected Bid-Opening Date /Purchase Date</b>	<b>Comments</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
1	IT/MIS Equipments (Desktop/ Laptop, Printers, software,)							
2	Furniture and Fixtures (Office Chairs, Tables, Almirahs, cabinets )							
3	Electronic and Electrical items Equipments and other office goods (Digital Camera, coolers, fans, etc.)							
4	Books and Other Misc.							

**Summary of Expenditure for Goods:**

S. No	Unit	Nos.	Unit Cost	Total Cost
1	RPMU			
2	DPMU			
3	PFT			
	<b>Total of Goods</b>			

Annex 9

### Consultancy Assignments with Selection Methods and Time Schedule

Ref. No.	Description of Assignment	Estimated Cost	Selection Method	Review by World Bank (Prior / Post)	Expected Proposals Submission Date	Comments
1	2	3	4	5	6	7
1	Hiring of services Capacity Building					
2	Hiring of services of agency for MIS consultancy & networking					
3	Hiring the services of the agency to conduct Baseline Study					
4	Hiring the services of consultants for conducting Internal Audit.					
5	Hiring of External Auditors					
6	Hiring of the services of the financial specialist					
7	Hiring of the services of agency					

	for web development & management					
8	Capacity Building					
9	Skill upgrading and training for communities					

Annex 11

### ILLUSTRATIVE LIST OF PACKAGES

S.No	Package	Unit			Remark
		PFT	DPMU	RPMU	
1	2	3	4	5	6
	Furniture	Office Tables (5), Chairs (10), Computer Table(1), Almira (1), Sign Board (1), White Board (1), Notice Board (1), Stools (2), Stationary Rack (1).	Office Tables (15), Chairs (20), Computer Table(5), Almira (6), Sign Board (1), White Board (1), Notice Board (1), Stools (2), Stationary Rack (5).	Office Tables (15), Chairs (20), Computer Table(10), Almira (20), Sign Board (1), White Board (1), Notice Board (1), Stools (2), Stationary Rack (5).	
2	Electronic Items	Camera, Inverter	Camera, Video camera, LCD, Fax Machine, Inverter, Photocopier Machine.	Camera, Video camera, LCD, Fax Machine, Inverter, Photocopier Machine. Air Conditioners	
3.	Electric Items	Fans, Cooler, Tube-lights, Bulbs, Electric Fittings.	Fans, Cooler, Tube-lights, Bulbs, Electric Fittings.	Fans, Cooler, Tube-lights, Bulbs, Electric Fittings.	
4.	Stationary	Files, Folders, Papers, Card Boards, Pens, Pencils, colours, Chart papers, Diary, Calendars, Clips, Stapler, pins etc.	Files, Folders, Papers, Card Boards, Pens, Pencils, colours, Chart papers, Diary, Calendars, Clips, Stapler, pins etc	Files, Folders, Papers, Card Boards, Pens, Pencils, colours, Chart papers, Diary, Calendars, Clips, Stapler, pins etc	The list is not limited to what is mentioned may include other stationary items.
5.	Consultants/Services	Trainers, subject matter specialists Vehicle hiring, office	Trainers, subject matter specialists Vehicle hiring,	Trainers, subject matter specialists Vehicle hiring, office	

		support.	office support.	support.	
6	Works	Office Repairs and maintenance.	Office Repairs and maintenance.	Office Repairs and maintenance.	

Annex 12

## ILLUSTRATIVE LIST OF COMMON SERVICES SPECIFICATIONS & PROCEDURES

### **A. Procedure for hiring agency to provide vehicle by RPMU and DPMU**

1. Float an advertisement in the local newspaper.
2. Shortlist the best 6 agency that should conform to the following norms
  - a. Agency should be registered as a *Taxi* with relevant authority.
  - b. It should have at least 3 years of experience in providing services.
  - c. It should have at least two vehicles in good condition (model not more than 3 years of make)
  - d. It will provide vehicle with driver having valid driving license and is insured.
  - e. The agency shall bear all expenses related to repair and maintenance
3. The Purchase committee at the DPMU/RPMU will open the financial bids and the agency with the lowest quote shall be awarded contract.
4. The DPMU shall sign an agreement with the agency for providing services for one year extendable up to 2 years. It will be mandatory to float a new advertisement after expiry of the extended period.

**Note:** However in the event that 6 qualified agencies are not found or responded to the advertisement the DPMU/RPMU should explore from yellow pages (local directory) or panel maintained by other government departments/agencies etc., include them in shortlist and take the final decision as per norms.

### **B. Procedure for hiring agency to provide vehicle by PFT:**

The PFTs shall hire vehicle by inviting rates from at least 3 authorised owners, compare and approved by purchase committee and finally agreed by the DPMU.

### **C. Procedure for Hiring Office Support Agency by RPMU and DPMU**

1. Float an advertisement in the local newspaper.
2. Shortlist the best 6 agencies that should conform to the following norms:
  - a. Agency should be registered as with relevant authority.
  - b. It should have at least 5 years of experience in providing services.
  - c. The agency should have been registered with service tax authorities.
  - d. The agency will provide office assistant cum computer operator with prescribed qualifications.
  - e. The agency shall bear all expenses related insurance and other funds.
  - f. The so called assistant shall not have any claim whatsoever for permanent job in the project or the Government of Madhya P.

3. The Purchase committee at the DPMU will open the financial bids and the agency with the lowest quote shall be awarded contract.
4. The DPMU/RPMU shall sign an agreement with the agency for providing services for one year extendable up to 2 years. It will be mandatory to float a new advertisement after expiry of the extended period.
5. The DPMU/RPMU shall sign an agreement with the agency for providing services for one year extendable up to 2 years with mutually agreed price revisions. It will be mandatory to float a new advertisement after expiry of the extended period.

**Note:** However in the event that 6 qualified agencies are not found or responded to the advertisement the DPMU/RPMU should explore from yellow pages (local directory) or panel maintained by other government departments/agencies etc., include them in shortlist and take the final decision as per norms.

**D. Procedure for Hiring Office Support Agency by PFT**

The PFTs may hire services of office support by inviting rates from all available registered contractors and rates duly approved by DPMU.

**E. Procedure for Hiring Photocopier Machine and Courier Agency by DPMU and RPMU**

1. The DPMU/RPMU will call at least 3 quotations in writing from the registered photocopiers agency/Courier Agency in the District headquarters.
2. The purchase committee will compare and ensure that the agencies have good quality machines.
3. The agency with lowest rate shall be awarded contract.
4. The DPMU shall sign an agreement with the agency for providing services for one year extendable up to 2 years.

**Note:** However if the district/s has adopted the above process earlier in the respective services and it is found acceptable to the RPMU they can continue with existing agencies The agreement should not be more than the period as specified in 4 above

**F. Procedure for Hiring Photocopier Machine and Courier Agency PFT**

Looking at the low quantity of work at the PFT the may use the rates as agreed by the DPMU following the procedure mentioned in 'E' above.

## ANNEX FOR MIS REPORT

( To be finalised in course of MIS Development)

### Contracts Monitoring Report

( Quarterly Reporting)

Sl No	Contract/ Reference No. and Date	Brief Description of Procurement	Category Goods/ Works/ Services/ Consultants/ Other <sup>1</sup>	Method of Procurement <sup>2</sup>	Estimated Cost (INR)	Date of Issuing EoIs	Date of Issuing Invitation	Date of Receiving Quotations/Bids/proposals	No of Bidders Responded	No of Bidders Found Fully Responsive	Contract Award Date	Contract Value		Completion	Name of Contractor/ Consultant	Remarks	
												Rs	As per contract				Actual

<sup>1</sup> Please use the abbreviations: W=Works, G=Goods, Services=S, Consulting Firms=CF, Individual Consultants=IC, Other=OT (and please specify);

<sup>2</sup> Please use the abbreviations: ICB, NCB, IS (for International Shopping), NS (for National Shopping), SS (for Single Source), DC, QCBS, QBS, LCS, FBS, CQS, OT (for others & please specify)