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Central Water Commission
Government of India

Procedures & Guidelines
for
Procurement of Goods/Equipment,
Works and Consulting Services

under
Dam Rehabilitation & Improvement Project

Funded by World Bank

Central Project Management Unit
Dam Safety (Rehabilitation) Directorate
New Delhi

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ABBREVIATIONS AND ACRONYMS

<i>Abbreviations</i>	<i>Acronyms</i>
BANK	International Development Bank
DRIP	Dam Rehabilitation and Improvement Project
ICB	International Competitive Bidding
NCB	National Competitive Bidding
TTL	Task Team Leader
PS	Procurement Specialist
PAS	Procurement Accredited Staff
IBRD	International Bank for Reconstruction and Development
QCBS	Quality and Cost Based Selection
QBS	Quality Based Selection
FBS	Selection under Fixed Budget
SIC	Selection of Individual Consultant
LCS	Least Cost Selection
CQS	Selection Based on Consultants' Qualification
SSS	Single Source Selection
DGS&D	Directorate General of Supplies & Disposal
PIP	Project Implementation Plan
IFB	Invitation for Bids
UNDB	United Nations Development Business
REOI	Request for Expression of Interest
RFP	Request for Proposal
TOR	Terms of Reference
LOI	Letter of Invitation

<i>Abbreviations</i>	<i>Acronyms</i>
ITC	Instructions to Consultants
CGL	Consultancy Guidelines
ITB	Instructions to Bidder
GCC	General Conditions of Contract
sec	Special Conditions of Contract
BDS	Bid Data Sheet
SBD	Standard Bidding Document
BG	Bank Guarantee

CHAPTER I

General Introduction

The Government of India has received credit US\$175 million equivalent and a loan US\$175 million (the loan) from the World Bank toward the cost of the Dam Rehabilitation and Improvement Project (DRIP) and it intends to apply the proceeds of this loan to payments for goods, works, related services and consulting services to be procured under this project. The project will include dam safety and rehabilitation works and institutional strengthening in 4 states (Madhya Pradesh, Tamil Nadu, Kerala, and Orissa) and strengthening of national level dam safety institutional setup in Central Water Commission (CWC).

The project development objectives of Dam Rehabilitation and Improvement Project are: (i) to improve the safety and performance of selected existing dams and associated appurtenances in a sustainable manner, and (ii) to strengthen the dam safety institutional setup in participating states as well as at central level. The above two-fold objective of DRIP is proposed to be achieved through investments targeted towards physical and technical dam improvements, and managerial upgrading of dam operations, management and maintenance, with accompanying institutional reforms and strengthening of legislative and regulatory measures pertaining to safe and financially-sustainable dam operations. DRIP would thus aim at restoring the capacity of project dams, achieve effective utilization of the stored water, and monitor and manage the long-term performance of the dams.

Sound public procurement is vital for ensuring success of a project through promoting good governance and better fiscal management with economy and efficiency. Under the World Bank financed Projects, the Procurement procedures of the World Bank are required to be followed. This is essential to make the expenditure eligible for reimbursement. The introduction to procurement policies is as under:-

1. The Articles of Agreement require the Bank to ensure that the proceeds of Loan/ Credit are used for the purposes intended with due attention to economy and efficiency and without regard to political or other non-economic influences or considerations.
2. Accordingly, Bank has developed Guidelines for procurement of Goods, Works and Consultancy, which represent:
 - Accumulated experience of the Bank/ ; and
 - Good public procurement practices on a global scale.
3. Impartial administration of procurement among all eligible bidders is essential to maintain Bank's ability to raise financial resources from its member countries and in the capital markets.
4. Procurement is an important aspect of Bank's operations. It is a critical element in project implementation and unless it is carried out efficiently and promptly, the full benefits of the Project cannot be realized. Bank loans/ credits are normally disbursed as expenditures are incurred. Since delays in procurement, delays disbursements, every effort should be made to ensure prompt handling of procurement.
5. Good procurement practices alone cannot ensure that the Bank assisted Projects will achieve their developmental goals, but these will definitely enhance the developmental effectiveness. However, poor procurement practices virtually guarantee that these development goals will not be fully achieved.
6. The responsibility for the execution of the Project and therefore for the award and administration of the contracts under the Project rests with the Borrower.

7. Role of procurement is critical for:
- Ensuring satisfactory implementation;
 - Ensuring speedy transfer of resources by way of disbursement;
 - Achieving economy and efficiency; and
 - Ensuring success of the Project.
8. While in practice, the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the particular case, following four considerations generally guide the Bank's requirements:
- The need for economy and efficiency in the implementation of the project including the procurement of the goods and works involved;
 - Bank's interest as a co-operative institution in giving all eligible bidders from developed and developing countries an opportunity to compete in providing goods, works and services financed by the Bank;
 - Bank's interest as a development institution in encouraging the development of domestic contracting and manufacturing industries in the borrower's country; and
 - The importance of transparency in the procurement process.
- The Bank has found that, in most cases, the above needs and interests can be best realized through International Competitive Bidding (ICB), properly administered and with suitable allowance for preferences for domestically manufactured goods and, where appropriate, for domestic contractors for works under prescribed conditions.
9. Thrust of Bank's current procurement policy are:
- Strong focus on the development function and on increased borrower accountability;
 - Emphasis on upfront project work, stressing better procurement planning and client capacity analysis to ensure good quality at entry; and
 - An integral approach to supervision of procurement that strengthens post review of contracts and sets prior review thresholds on the basis of borrower's procurement capacity and past performance.
10. Features of Bank's Model procurement documents are:
- Sharing of risks between the parties to the contract;
 - Incorporation of suitable qualification criteria;
 - Incorporation of precise and fair evaluation criteria;
 - Incorporation of non-discriminatory/ broad technical specifications;
 - Ensuring transparency by public bid opening; pre-disclosure of qualification and evaluation criteria; and absence of negotiations;
 - Award to the lowest evaluated responsive bidder; and
 - Incorporation of a suitable dispute resolution mechanism and market oriented payment terms.
11. Methods of Procurement:
- Method of Procurement that a Borrower chooses to use for a particular project depends on -
1. the nature and size of the project
 2. it's procurement content
 3. urgency

Commonly used methods are-

1. International Competitive Bidding (ICB)
2. National Competitive Bidding (NCB)
3. Shopping
4. Direct Contracting
5. Force Account

12. Salient features of the Bank's policies and procedures for selection, contracting and monitoring of consultants for projects financed by loan from World Bank are :-

- > Need for high quality services
- > Need for economy and efficiency
- > Opportunity to all qualified consultants
- > Transparency in the selection process

Whereas Quality and Cost-Based Selection (QCBS) is the most commonly recommended method, other methods such as Quality Based Selection (QBS), selection under a Fixed Budget (FBS), least cost Selection (LCS), selection based on Consultants Qualifications (CQS) and Single Source Selection (SSS) may be adopted depending upon the size of the assignment, continuation of the previous work, urgency of selection and where the number of qualified firms for the particular assignment is limited.

CHAPTER II
Procurement provisions in the Project Agreement
Procurement and Consultants' Services

Section I : General

- A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of "Guidelines: Procurement under IBRD Loans and BANK Credits" dated October 2006 (the Procurement Guidelines).
- B. All consultants' services shall be procured in accordance with provisions of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated October 2006 (the Consultant Guidelines).

**Section II : Particular Methods of Procurement of Goods, Works and Services
(other than Consultants' Services)**

- A. **International Competitive Bidding** : Except as otherwise provided in Part B of this Section, goods estimated to the cost US \$ 10 million and above shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines. Domestic Preference will be available in accordance with the provisions of the Guidelines.
- B. **Other Procurement Procedures**
 - 1. **National Competitive bidding** : Goods estimated to cost less than US\$300,000 equivalent per contract and works estimated to cost less than US\$10 million may be procured under contracts awarded on the basis of National Competitive Bidding procedures as per paragraph 3.3 and 3.4 of the Procurement Guidelines.
 - 2. **Shopping** : Goods and works estimated to cost less than US\$ 30,000 equivalent per contract may be procured under contracts awarded on the basis of shopping procedures in accordance with the provision of paragraph 3.5 of the Procurement Guidelines. Rate contracts of Director General Supplies & Disposal (DGS&D) are acceptable as substitute to shopping procedures.
 - 3. **Direct Contracting** : Goods which are proprietary in nature may be procured in accordance with the provision of paragraphs 3.6 and 3.7 of the Guidelines but only with prior agreement from the Bank.
 - 4. **Force Accounts** : Works which meet the requirements of paragraph 3.8 of the Guidelines, may be carried out by force account in accordance with the provisions of the said paragraph of the Guidelines but only with prior approval from the Bank.

Section III: Particular methods of procurement of Consultants' Services

- A. **Quality and Cost-based Selection** : Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost Based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than US\$ 500,000 equivalent per contract may comprise entirely national consultants.
- B. **Other Procedures**
 - 1. **Selection under a Fixed Budget**: Services for assignments which the Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.
 - 2. **Least-cost Selection** : Services for assignments which the Bank agrees

meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

3. **Selection Based on Consultants' Qualifications** : Services estimated to cost less than US\$ 200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.
4. **Single Source Selection** : Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.
5. **Individual Consultants**: Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultant in accordance with the provisions of paragraph 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

The procurement Plan shall specify the method of selection to be used for each type of the consultancies included in the said plan

Section IV: Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts, which shall be subject to the Bank's Prior Review.

CHAPTER- III

METHODS OF PROCUREMENT - SALIENT FEATURES

A. Procurement of Goods & Works

1.0 International Competitive Bidding (ICB)

ICB is the preferred method of procurement, Provisions of Section II of the Guidelines shall apply.

The objective of ICB as described in the Guidelines is to provide all eligible prospective bidders with timely and adequate notification of a Borrower's requirements and an equal opportunity to bid for the required goods.

To be adopted where :

- (a) Goods, IT equipment, and non-consultant services estimated to cost more than US\$300,000 equivalent per contract and works estimated to cost more than US\$10 million are required.
- (b) Irrespective of value, where supplies need import and entail payment in foreign currency;
- (c) Generally for all contracts in which foreign firms can be expected to participate.

Requirement:

- > Publication of General Procurement Notice, followed by specific Invitation for Bids (IFB) in United Nations Development Business online (UNDB online) and in the Development Gateway's dgMarket Bank will arrange for its publication.
- > Transmission of IFB to embassies and trade representatives of countries of likely suppliers/ contractors of the equipment and materials required and also to those who have expressed interest in response to the General Procurement Notice;
- > Publication of IFB in at least one national newspaper having wide circulation in all regions of country;
- > Publication of IFB in the departmental website
- > Use of Bank's standard bidding document;
- > Sale of bidding document to start only after publication of IFB in UNDB and national newspaper(s);
- > Bidding period 45 to 90 days from date of start of sale of bidding documents.

Steps:

- > Notification/Advertising;
- > issue of Bidding Document;
- > submission of Bids;
- > public opening of bids;
- > evaluation;
- > selection of lowest evaluated responsive bid based on post qualification > Contract Award; and
- > Contract performance

2.0 Other Methods of Procurement

To be adopted where:

- > Where ICB would not be most economic and efficient method of procurement and where other methods are deemed more appropriate; and/ or
- > As provided in the Legal Agreement

2.1 National Competitive Bidding (NCB)

Provisions of paragraphs 3.3 and 3.4 of the Guidelines shall apply for NCB contracts. National Competitive Bidding is a competitive bidding advertised nationally for procuring goods/ works, which by their nature or scope are unlikely to attract foreign competition. Currency specified shall be Indian Rupees for bidding as well as payment. However, foreign bidders are not to be precluded from participation, if they wish to bid, but they are also to be paid only in Indian Rupees. Domestic preference will not be applicable.

Requirement

- > Publication of IFB in newspapers having wide circulation in the country;
- > Publication of IFB in the departmental website
- > Use of Bank's standard bidding documents;
- > Sale of bidding documents to start only after publication of IFB in newspapers
- > Bidding period 30 to 90 days from date of start of sale of bidding documents;
- > Bid amount and payment in local currency; and
- > If foreign firms wish to participate, they shall be allowed to do so.
- > The agreed procedure for National Competitive Bidding (NCB) as annex to Project Appraisal Document is as under :-
 - (i) 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;
 - (ii) 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;
 - (iii) 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;
 - (iv) Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, not even with the lowest evaluated bidder;
 - (v) Extension of bid validity shall not be allowed without the prior concurrence of the Bank (i) for the first request for extension, if it is longer than eight weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/ Employer);
 - (vi) 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;
 - (vii) Rate contracts entered into by Directorate General of Supplies & Disposal, will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however, for any procurement under Shopping procedures;
 - (viii) Two or three envelope systems will not be used.

Steps

- > Same as in ICB

2.2 Shopping

Provisions of paragraphs 3.5 of the Guidelines shall apply for procurement under Shopping; Shopping is a procurement method based on comparing price quotations obtained from several suppliers, (in case of goods) or from several contractors (in the case of civil works), with a minimum of three, to assure competitive prices. It is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities of small value or simple civil works of small value. Requests for quotations shall indicate the description and quantity of the goods or specifications of works, as well as desired delivery (or completion) time and place.

Quotations may be submitted by telex or facsimile. The evaluation of quotations shall follow the same principles as of open bidding. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

Steps

- > Issue of requests for quotations;
- > Evaluation of quotations by preparation of comparative statement;
- > Selection of the lowest responsive offer; and
- > Issue of purchase order.

Note: Rate contracts of Directorate General Supplies & Disposal (DGS&D) are acceptable as a substitute to shopping procedures. DGS&D rate contracts are available on their website <http://dgsnd.gov.in>

2.3 Direct Contracting

Provisions under paragraph 3.6 of the Guidelines shall apply for procurement under Direct Contracting. Direct contracting without competition (single source) may be an appropriate method under the following circumstances and shall be used with prior agreement of the Bank:-

- > Extension of existing contracts for Works or Goods awarded with procedures acceptable to the Bank, justifiable on economic grounds;
- > Standardization of equipment or spare parts to be compatible with existing equipment;
- > Proprietary equipment obtainable only from one source;
- > Process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee, and
- > In exceptional urgent cases such as in response to natural disasters
- > Direct contracting may be followed for procurement of items, if so specified in the Procurement Plans cleared with the bank.

Steps

- > Invite quotation proposal; and
- > Issue purchase order

2.4 Force Account

Provision under paragraphs 3.8 of the Guidelines shall apply for procurement under Force Account. Force Account that is construction by the use of borrower's own personnel and equipment, may be the only practical method for constructing some kinds of works. The use of force account may be justified where;

- > Quantities of work involved cannot be defined in advance;

- > Works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices;
- > Work is required to be carried out without disrupting ongoing operations;
- > Risks of unavailability work interruption are better borne by the borrower than by a contractor; and
- > There are emergencies needing prompt attention.

This method shall be used with prior agreement of the Bank.

3.0 Misprocurement (Refer paragraph 1.12 of Guidelines)

The Bank does not finance expenditures for goods and works which have not been procured in accordance with the agreed provisions in the Loan Agreement and as further elaborated in the Procurement Plan. In such cases, the Bank will declare misprocurement, and it is the policy of the Bank to cancel that portion of the loan allocated to the goods and works that have been misprocured. The Bank may, in addition, exercise other remedies provided for under the Loan Agreement. Even once the contract is awarded after obtaining a “no objection” from the Bank, the Bank may still declare misprocurement if it concludes that the “no objection” was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower or the terms and conditions of the contract had been modified without Bank’s approval.

4.0 Important aspects for consideration in Procurement of Goods

For procurement of goods, the following points may be kept in view:

- 4.1 Specifications:** The specifications of the required goods/ equipment should be clearly stated without any ambiguity, so that the prospective bidders can send meaningful bids. In order to attract sufficient number of bids, the specifications should be broad-based to the extent feasible. A technical committee may be constituted to review and finalize the specifications. Finalization of specifications should also be preferably based on a market survey of available models and their specifications.
- 4.2 Warranty:** Warranty and Annual Maintenance Contract (AMC) for the duration of the life of the equipment are desirable but we have to be careful in deciding the period for which they are to be provided. Laboratory equipment may get obsolete with time and there is a need to replace them. Providing a very long warranty with AMC coverage may therefore add to the cost without being fruitfully utilized as the length of commitment does have an effect on price. A Warranty with AMC coverage of around 5 years (2+3 years or 3+2 years, respectively) may be preferred to begin with. The AMC can be extended beyond this period if the equipment remains serviceable and is to be continued. The World Bank suggests that the Warranty period of 24/36 months should be provided, only if it is an accepted industry standard for the equipment being procured. Otherwise, this may result in reduced competition and increased cost. The period should therefore, be stipulated after ascertaining the normal industry standards. Bank Guarantee (BG) coverage for AMC should invariably be obtained so that the supplier or his agent has continued interest in maintaining

the equipment.

- 4.3 Qualification Criteria:** It may be desirable to buy a standard model befitting the laid down specifications rather than equipment tailor-made for the purpose. This is likely to give more trouble-free service; as such equipment has stood the test of time. In the qualification criteria therefore, we may include that the bidder or his principal should have been manufacturing and supplying the particular equipment for say two or three years prior to bid opening. Qualification criteria like years of experience and extent of sales in the past have a bearing on quality as also on competitiveness. It is better to base them on a market survey. In case an Indian agent is to provide substantial incidental services it may be desirable to prescribe qualification criteria for the agent, in addition to the qualification criteria for the manufacturer/ supplier.
- 4.4 Training:** Training for use of critical equipment is necessary and should form part of the incidental services. However, free training at the manufacturers' end if located in a foreign country, will add to the cost and should be asked for only when it is considered essential. Otherwise non utilization of this provision will only mean payment of a hidden cost remaining unused. Further the break-up of the cost of training must be obtained at the time of bidding itself. Also, the nature and scope of trainings should be clearly defined in the bid documents.
- 4.5 On-site Service:** Unless onsite service is provided for both warranty and AMC, there may be problems, wherein the bidder may agree to provide replacement of parts but the work involved with documentation, import, customs clearance, insurance, etc. for replacement of parts may fall on the purchaser.
- 4.6 Consumer Certificates:** Bidders are usually required to furnish certificates from their client/ consignee for satisfactory performance of the equipment supplied. If complete details are not given by the bidder, the purchaser is not able to verify. It is desirable to ask the bidder to provide the names of contact persons and their telephone numbers with a confirmation that the bidder has no objection to the purchaser verifying with the users.
- 4.7 Bid Evaluation Committees:** It is better to constitute standing bid evaluation committees for major items of purchase, to avoid delays in approvals for constituting such committees each time. The Committee normally comprises of three members, i.e. one each from finance, user and technical wings.
- 4.8 Indian Laws:** The Bidding Document should indicate that the relevant contract would be interpreted as per Indian Laws.
- 4.9 Successful Bidder:** Names and addresses of the successful bidders should be mentioned on the notice board of the Department/ Organization or in the Bulletin and the Website.
- 4.10 Payment Schedule:** The payment schedule should generally be: (i) ten percent as advance, (ii) seventy percent on shipment (in case of imported items), or proof of delivery in case of indigenous supply; and (iii) twenty percent on final acceptance.

B. Procurement of Consulting Services

1. Methods for selection of Consultants

1.1 Quality and Cost based Selection (QCBS)

QCBS uses a competitive process for selection among short listed firms. Provision of Section-II of the Guidelines: Selection and Employment of Consultant's by World Bank Borrowers – October 2006 describes in detail the procedures for QCBS.

To be **adopted** where:-

- (a) Selection process takes into account the quality of the proposal and the cost of services in the selection of the successful firm.

Requirement:-

- > Publication of General Procurement Notice followed by specific Request for Expression of Interest (REOI) in United Nations Development Business online (UNDB online) and in the Development Gateway's dgMarket. Bank will arrange for its' publication.
- > Transmission of Request for Expression of Interest (REOI) to embassies and trade representatives of countries of likely consulting firms and also to those who have expressed interest in response to the General Procurement Notice;
- > Publication of REOI in at least one national newspaper having wide circulation in all regions of country;
- > Publication of REOI in the departmental website
- > Use of the Bank's standard Request for Proposal (RFP);
- > Not less than 14 days from the date of posting on UNDB online shall be provided for responses, before preparation of the shortlist

2.0 Other methods of procurement

2.1 Quality Based Selection (QBS)

Provisions of paragraph 3.1 to 3.4 of the Guidelines shall apply.

To be adopted where:-

QBS is appropriate for the following type of assignments:-

- (a) Complex or highly specialised assignments for which it is difficult to define precise TOR.
- (b) Assignments that have a high downstream impact
- (c) Assignments that can be carried out in substantially different ways.

Steps

- (i) All the relevant provisions of Section - II (QCBS) shall apply whenever competition is used.

2.2 Selection under a Fixed Budget System (FBS):

Provisions of paragraph 3.5 of the Guidelines shall apply

Where to be adopted

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

Steps

- (i) All the relevant provisions of Section - II (QCBS) shall apply whenever competition is used.

2.3 Least Cost Selection (LCS)

Provision of paragraph 3.6 of the guidelines shall apply.

To be **adopted** where:

This method is only appropriate for selecting consultants for assignments for a standard or routine nature.

Steps

- (i) All the relevant provisions of Section - II (QCBS) shall apply whenever competition is used.

2.4 Selection based on the Consultant's Qualification (CQS)

Provision of paragraph 3.7 & 3.8 of the guidelines shall apply.

To be **adopted** where:

This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified.

Steps

Same as in QCBS except that the short listed firm with the most appropriate qualifications and references shall be selected and asked to submit a combined technical and financial proposal and shall then be invited to negotiate the contract.

2.5 Single Source Selection (SSS)

Provision of paragraph 3.9 to 3.13 of the guidelines shall apply.

To be adopted where:

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

Single Source Selection may be appropriate only, if it presents a clear advantage over competition:-

- (a) for tasks that represent a natural continuation of previous work carried out by the firm.
- (b) in emergency
- (c) for very small assignments
- (d) when only one firm is qualified or has experience of exceptional worth for the assignment.

2.6 Selection of Individual Consultants (SIC)

Provisions of paragraph 5.1 to 5.4 of the guidelines shall apply. To be **adopted** where:

- (a) the experience and qualifications of the individual are the paramount requirement.
- (b) teams of personnel are not required
- (c) no additional outside (home office) professional support is required.

Steps

- Individual consultants are selected on the basis of their qualifications for the assignment
- Advertisement is not required
- Consultants do not need to submit proposals
- Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Borrower.
- Individual consultants may be selected on a sole source basis with due justification in exceptional cases such as
 - (a) continuation of previous work that the consultant had carried out and for which the consultant was selected competitively
 - (b) total expected duration of less than six months
 - (c) emergency situations resulting from natural disasters; and
 - (d) when the individual is the only consultant qualified for the

assignment.

3.0 Salient features for Procurement of Consultants

3.1 General Considerations

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

Steps for Hiring Consultants

- Preparation of the Terms of Reference (ToR);
- Preparation of the cost estimate and the budget;
- Advertising;
- Preparation of the shortlist of consultants;
- Preparation and issue of the Requests for Proposal (RFP);
- Receipt of Proposals;
- Evaluation of Technical Proposals: Consideration of quality;
- Evaluation of Financial Proposals;
- Final Evaluation of Quality and Cost; and
- Negotiations and Award of Contract to the Selected Firm.

3.2 Preparation of the Terms of Reference of the Consultant

It should include the following points:

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

3.3 Cost Estimates or Budget

The cost estimates or budget should be based on the client's assessment of the resources needed to carry out the assignment: staff time, logistic support, and physical inputs (for example, vehicles and laboratory equipment). Costs shall be divided into two broad categories; (a) fee or remuneration, and (b) reimbursable and further divided into foreign and local costs.

3.4 Advertising (Seeking Expression of Interest) for Short-listing

The advertisement is mandatory for all consultancies valued at US\$ 200,000 equivalent and above in the following media:

- UNDB online;
- National Newspapers;

3.5 Short listing of Consultants

Borrowers are responsible for preparation of the shortlist and shall give first consideration to those firms expressing interest, which possess the relevant qualifications. The shortlists shall comprise six firms with a wide geographic spread; with no more than two firms from any one country and at least one firm from a developing country, unless qualified firms from developing countries are not identifiable.

The shortlist can comprise entirely national consultants if the value of assignment is less than equivalent of US \$ 500, 000. However, if foreign firms have expressed interest, they shall not be excluded from consideration (in these cases payment can be in the country's currency).

3.6 Other Considerations

Government-owned enterprises in the Borrower's country may participate only if they can establish that they:

- Are legally and financially autonomous, and
- Operate under prevalent commercial law.

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

4.0 Lump Sum Contracts

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

Lump Sum contracts are widely used for:

- a) Feasibility studies.
- b) Environmental studies.
- c) Detailed design of a standard structure.

5.0 Time-based Contracts

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

Time-based contracts are widely used for :

- Preparation of data.
- Complex studies.
- Supervision of construction.
- Training assignments.
- Advisory services.

6.0 Misprocurement

The Consulting Services not procured/ contracted in accordance with the agreed provisions of Loan Agreement and approved procurement plan, shall be declared by the Bank, as misprocurement. The Bank does not finance such expenditure and may cancel that portion of the loan allocated to the services that have been misprocured.

Chapter IV

Detailed Procurement Procedures of International Competitive Bidding (ICB)

1. International Competitive Bidding (ICB) procedures prescribed in the Bank Guidelines have the purpose of providing all eligible prospective bidders with timely and adequate notification of borrower's requirements and an equal opportunity to bid for the required goods and works.

Provisions of section II of the Guidelines and paragraph 5 of Appendix I there to shall apply

2. **Eligibility Requirements: (Refer paragraphs 1.6, 1.7 and 1.8 of Procurement Guidelines)**

“1.6 To foster competition the Bank permits firms and individuals from all countries to offer goods, works, and services for Bank-financed projects. Any conditions for participation shall be limited to those that are essential to ensure the firms capability to fulfill the contract in question.

“1.7 In connection with any contract to be financed in whole or in part from a Bank loan, the Bank does not permit a Borrower to deny pre- or post-qualification to a firm for reasons unrelated to its capability and resources to successfully perform the contract; nor does it permit a Borrower to disqualify any bidder for such reasons. Consequently, Borrowers should carry out due diligence on the technical and financial qualifications of bidders to be assured of their capabilities in relation to the specific contract.

“1.8 As exceptions to the foregoing:

(a) Firms of a country or goods manufactured in a country may be excluded if, (i) as a matter of law or official regulation, the Borrowers country prohibits commercial relations with that country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the supply of goods or works required, or (ii) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrowers country prohibits any import of goods from, or payments to, a particular country, person, or entity. Where the Borrowers country prohibits payments to a particular firm or for particular goods by such an act of compliance, that firm may be excluded.

(b) A firm which has been engaged by the Borrower to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods, works, or services resulting from or directly related to the firms consulting services for such preparation or implementation. This provision does not apply to the various firms (consultants, contractors, or suppliers) which together are performing the contractors obligations under a turnkey or design and build contract.

(c) Government-owned enterprises in the Borrowers country may participate only if they can establish that they (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Borrower or Sub-Borrower.

(d) A firm declared ineligible by the Bank in accordance with subparagraph (d) of paragraph 1.14 of these Guidelines or in accordance with the World Bank Group Anti-Corruption policies shall be ineligible to be awarded a Bank-financed contract during the period of time determined by the Bank.

3. **Joint Ventures: (Refer paragraph 1.10 of Procurement Guidelines)**

Any firm may bid independently or in joint venture confirming joint and several liability, either with domestic firms, and/or with foreign firms, but the Bank does not accept conditions of bidding which require mandatory joint ventures or other forms of mandatory Bank between firms.

4. **Notification and Advertising: (Refer paragraphs 2.7 and 2.8 of Procurement Guidelines)**

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

“2.8 Invitations to prequalify or to bid, as the case may be, shall be advertised as Specific Procurement Notices in at least one newspaper of national circulation in the Borrowers country (or in the official gazette, or in an electronic portal with free access). Such invitations shall also be published in UNDB online and in dgMarket. Notification shall be given in sufficient time to enable prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses.

5. **Bidding Documents: (Refer [paragraph 2.11 to 2.43 of Procurement Guidelines)**

(a) **General:** The bidding documents shall furnish all information necessary for prospective bidder to prepare a bid for the goods to be provided. While the detail and complexity of these documents may vary with the size and nature of the proposed bid package and contract, they generally include:

- Invitation to bid
- Instructions to bidders;
- Form of bid;
- Conditions of Contracts, both general and special;
- Specifications and drawings;
- List of good or bill of quantities;
- Delivery time or schedule of completion;
- Price schedule;
- Bid Security Form;
- Contract From;
- Performance security form;
- Advance security Form etc.

Bidding documents under Instructions to Bidders should clearly give the basis for bid evaluation and specify the:

- Methods of evaluation, where bids are invited for a number of items of equipment (whether evaluation would be for all the equipment

- together or for each equipment separately);
- Relevant factors in addition to price which will be taken into account and how such factors will be quantified or to otherwise evaluated for the purpose of determining the lowest evaluated bid;
- Conditions of acceptability and method of evaluation; if bids based on alternative completion schedules, payment terms are permitted.

The sale/issue price of the bidding documents should be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders.

(b) Standard Bidding Documents (SBDs) issued by the Bank: should be used with minimum changes, acceptable to the Bank as necessary to address country-and project specific issues. Government of India in consultation with the Bank has finalized and issued India specific Standard Bidding Documents for Goods, and Supply, Erect and Installation contracts. Project specific changes shall be introduced only through bid contract data sheets or through special conditions of contract and not by introducing changes in the standard wording of the Instructions to the Bidders, General Conditions of Contract of the SBDs. New Delhi office (NDO) of the Bank has formulated additional SBDs suitable for specific procurements. Thus the bidding documents available for use in NDO of Bank are:

- (a) ICB bidding document for supply of goods and equipment;
- (b) ICB document for procurement of computers;

For procurement of other specialized equipment, appropriate modifications are to be made in the Standard Bidding Document. Where no relevant standard bidding documents have been issued, the Borrower shall use other internationally recognized standard conditions of contract and contract forms acceptable to the Bank.

Guidance on critical components of the bidding document is given in Paragraphs 2.13 to 2.43 of the Guidelines. Some of these points with reference to goods procurement are highlighted hereunder:

(c) Validity of Bids and Bid Security (Refer paragraph 2.13 and 2.14 of Procurement Guidelines)

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

- (i) Except for supply and installation contracts, bid validity period of 90 days should be specified in the bidding document. Period may reduce to 60 or 45 days in the case of procurement of computers where there is reduction in the rates over a period of time;
- (ii) The requirement of bid security should be reviewed on a case to case basis. For small value purchases and in specific cases where bid security is not considered essential (for e.g. vehicles it could be dispensed with. Bid security may be required to afford the Borrower reasonable protection against irresponsible bids, but it shall not be set so high as to discourage bidders. It should be in the range of 2 to 5 percent of the estimated cost in case of Goods and 2 percent of the estimated cost in case of Civil Works. The

amount of bid security should be computed based on the estimated cost and specified to the nearest thousands of Rupees;

- (iii) Bid security shall be denominated in the currency of the bid or another freely convertible currency (US Dollars) or Indian Rupees;
 - (iv) Bid security could be in any form acceptable to the Purchaser but Bank Guarantee should be one of the acceptable forms. Forms acceptable should be specific in the bidding document; Conditional Bank Guarantee are not acceptable. Phrases such as "unless a suit is filed against us " or a case is filed against us" may render the BG conditional.
 - (v) Bid security should be valid for 45 days beyond the bid validity period;
 - (vi) No exemption of bid security should be permitted to any bidder or class of bidders; and
 - (vii) Any bid not secured in accordance with the requirements of the bidding documents shall be rejected as non-responsive.
 - (viii) Bid security shall be released to unsuccessful bidders once the contract has been signed with the winning bidder.
- (d) Clarity of Bidding Documents (Refer paragraph 2.16, 2.17 and 2.18 of Procurement Guideline)**
- (i) Bidding documents in the case of goods shall specify what inspection and tests the purchaser requires, where and who will conduct the tests. The purchaser shall notify the suppliers in writing the identify of the inspection agency retained along with the supply order;
 - (ii) 'Bidding documents should generally avoid submission of samples along with the bid by bidders as this requirement discourages competition and increase the bid prices. Alternately bidders should be requested to confirm that their product meets with the required specifications and in support attach appropriate test certificates from recognized testing laboratories;
 - (iii) All prospective bidders shall be provided the same information, and shall be assured of equal opportunities to obtain additional information on a timely basis;
 - (iii) The bidding documents shall specify any factors, in addition to price, which will be taken into account in evaluating bids, and how such factors will be qualified or otherwise evaluated.
 - (iv) For works and complex supply contracts, pre-bid meeting should be provided and should be convened early in the bidding process but should allow sufficient time for bidders to study the bidding documents and prepare questions. The meeting should be scheduled at about the middle of bidding time. The purpose of the meeting will be to clarify issues and to answer questions on any matter that may be raised at this stage. Minimum post qualification criteria to be met (if a pre-qualification procedure was not used prior to bidding), as well as the important provisions of the bidding document, schedule of requirements, special conditions of contract and the special features of the specifications should be explained to the prospective bidders. Minutes of the meeting, indicating the responses given in the meeting (including an explanation of the query but without identifying the source of the inquiry) should be furnished expeditiously to all those attending the meeting (and subsequently to all purchasers of the bidding documents) after getting the same cleared with the Bank. Any modification of the bidding documents which may become necessary as a result of the prebid meeting shall be made exclusively through issue of a corrigendum (after getting the same cleared

with the Bank) and not through the minutes of the prebid meeting. Any additional information, clarification, correction of errors, or modification of bidding document shall be sent to each recipient of the original bidding document in sufficient time before the deadline for receipt of bids to enable bidders to take appropriate actions. If necessary, the deadline shall be extended.

(e) **Price Adjustment: (Refer paragraphs 2.24 and 2.25 of the Procurement Guidelines)**

- (i) Price adjustment clause should invariably be provided when the stipulated period of completion of works or supply of goods is more than 18 months.
- (ii) Where the stipulated period of competition of supply of goods is less than 18 months, normally prices quoted by the bidder shall be fixed during the bidder's performance of the contract and not subject to variation on any account. In such cases a bid submitted with an adjustable price quotation shall be treated as non-responsive and rejected.
- (iii) Where however stipulated period of completion of works or supply of goods is more than 18 months, price adjustment clause should be provided. In that case a bid submitted with a fixed price quotation will not be rejected, but the price adjustment would be treated as zero.

(f) **Currency of Bid: (Refer paragraph 2.28, 2.29 and 2.30 of Procurement Guidelines)**

Bidding documents shall state the currency or currencies in which bidders are to state their prices, the procedure for conversion of prices expressed in different currencies into a single currency for the purpose of comparing bids, and the currencies in which the contract price will be paid. Further, a bidder wishes to pay in a combination of amounts in different currencies may quote its price accordingly, but use not more than three foreign currencies.

(g) **Currency Conversion for Bid Comparison: (Refer paragraph 2.31 of Procurement Guidelines)**

The Bid price is the sum of all payments in various currencies required by the bidder. For the purpose of comparing prices, bid prices in various currencies shall be converted to Indian Rupees at the B.C. selling (exchange) rates for similar transactions published by any Scheduled Bank in India as per procedure stipulated in the bidding document. The reference date shall not be earlier than four weeks prior to the deadline for the receipt of bids, not later than the original date for the expiry of the period of bid validity. Generally bid opening date is the date taken for exchange rate for currency conversion.

(h) **Currency of Payment: (Refer paragraph 2.32 and 2.33 of Procurement Guidelines)**

- (i) Payment of the contract price shall be made in the currency or currencies in which the bid price is expressed in the bid of the successful bidder; and
- (ii) when the bid price is required to be stated in the local currency but the bidder has requested payment in foreign currencies expressed as a percentage of the bid price, the exchange rates to be used for purpose of payments shall be those specified by the bidder in the bid, so as to ensure that the value of the foreign currency portions of the bid is maintained without any loss or gain.

(i) **Performance Security: (Refer paragraph 2.39 and 2.40 of Guidelines)**

1. The need for performance security depends on the market conditions and commercial practice for the particular kind of goods.
 2. Performance security should be obtained for the prescribed amount and in an acceptable form in the currency of the contract in accordance with the conditions of contract. It should remain valid as stipulated in the bidding document. Such security in an appropriate amount shall also cover warranty obligation.
 3. Failure of the successful bidder to sign the contract or furnish performance security within the specified period shall constitute sufficient grounds for the annulment of the award and forfeiture of the bid security in which event the purchaser may make the award to the next lowest evaluated bidder or call for new bids.
- (j) **LiquBankted Damages: (Refer paragraph 2.41 of Guidelines)**
LiquBankted damages @ 0.5% per week of the value of the delayed goods and services or delay in completion of works subject to a maximum of 10% of the contract value are normally to be specified. Once the maximum limit is reached, the purchaser may consider for termination of the contract pursuant to provisions of the contract.
6. **Sale of Bidding Documents, Receipt and Opening of Bids: (Refer paragraphs 2.44 and 2.45)**
- (a) Bidding documents should be made available for sale, to all those who intended to participate in the bidding, for a minimum period 6 weeks. It should range from 6 to 12 weeks depending on the value and nature of contract.
 - (b) Bidders should be permitted to deposit their bids on any day during the bidding period. Receipt of bids should not be restricted to few days or last day only. Bidders should be permitted to send their bids either by post or hand or in person on any day during the bidding period.
 - (c) Last date of receipt of bids and opening of bids should be next day, following the close of the sale of bidding documents. If the day happens to be holBanky, the last date for receipt and opening of bids shall be the next working day. The time of bid opening should be the same as for the deadline for receipt of bids or promptly thereafter (15 to 30minutes later to allow sufficient time to take the bids to the venue announced for public bid opening). All bids received should be opened in the presence of bidders' representatives who choose to attend and shall sign a register evidencing their attendance.
 - (d) The bidders' names, bid modifications or withdrawals, bid prices, discounts, and the presence or absence of the requisite bid security and such other details as considered appropriate by the purchaser shall be announced during the opening of bids in the meeting and recorded and a copy of this record shall be promptly sent to the bank and all bidders who submitted bids intime. No bid shall be rejected at the bid opening. Bid received after the time stipulated as well as those not opened and read out at bid opening shall not be considered.
7. **Evaluation of Bids: (Refer paragraphs 2.48 to 2.54 of Guidelines)**
- (a) Before proceeding for evaluation, it should be ascertained whether the bids:

- Meet the eligibility requirements specified in paragraph 1.6, 1.7, 1.8 of Procurement Guidelines.
- Have been properly signed;
- Are accompanied with the required securities;
- Are substantially responsive to the requirements of the bidding documents;
- Require any clarifications and/or substantiation to determine responsiveness; and
- Are otherwise generally in order.

If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions and specifications in the bidding documents, it should not be considered further. The bidder must not be permitted to correct or withdraw material deviations or reservations once bids have been opened.

- (b) The purchaser may waive any minor informality or nonconformity or irregularity in a bid, which does not constitute a material deviation, provided such waiver does not prejudice or affect the relative ranking of any bidder. In those cases for the purpose of evaluation, adjustments should be made for the costs to the purchaser of any quantifiable non-material deviations or reservations. The evaluation will exclude and not take into account any allowance for price adjustment during the period of execution of the contract.
- (c) A substantially responsive bid is one which conforms to all the terms and conditions of bidding document without material deviation. The determination of bid' responsiveness is to be based on the contents of the bid itself without recourse to extrinsic evidence. Deviations from or objections or reservations to critical provisions such as those concerning Bid Security under ITB Clause, Applicable Law, and Taxes and duties under GCC Clauses will deem to be a material deviation. In addition, Deemed Export Benefit under ITB Clause, Performance Security, Warranty, Force Majeure under GCC Clauses are also to be treated as critical provisions for the above purpose.-(Clause references are of SBD Goods).
- (d) Bidder should not be requested or permitted to alter their bid after the deadline for receipt of bids. The purchaser shall ask bidders for clarification needed to evaluate the bids but shall not ask or permit bidders to change the substance or price of their bids after the bid opening. Requests for clarifications and the bidders' responses shall be made in writing.
- (e) No preferential treatment should be given to any bidder or class of bidders either for price or for conditions unless specifically cleared with the Bank.
- (f) Any procedure under which bids above or below a pre-determined assessment of bid values are automatically disqualified is not acceptable.
- (g) The evaluation of a bid will exclude and not take into account:
 - In case of goods manufactured in India or goods of foreign origin already located in India., sales and other similar taxes which will be payable on the goods if contract is awarded to the bidder;
 - in case of goods of foreign origin offered from aboard, custom duties and other similar import taxes which will be payable on the goods if the contract is awarded to the bidder; and
 - any allowance for price adjustment during the period of execution of the contract if provided in the bid.
- (h) The comparison shall be EXW price of the goods offered from within India, such price to include all costs as well as duties and taxes paid or payable on

components and raw material incorporated or to be incorporated in the goods, and the CIF or CIP price of the goods offered from outside India.

- (i) Evaluation of the bids should take into account, in addition to the bid price and the price of incidental services, the following factors in a manner and to extent specified in the bidding documents:
- Costs of inland transportation, insurance and other costs within India incidental to delivery of the goods to their final destination.
 - Delivery schedule offered in the bid;
 - Cost of components, mandatory spare parts and service;
 - The availability in India of spare parts and after sales service of the equipment offered;
 - Projected operating and maintenance costs during life of the equipment;
 - Performance and productivity of the equipment offered; and
 - Other specific criteria indicated in the Bidding Data.
- (j) Bids should be loaded appropriately as per bidding documents for any deviations from the specified requirements.
- (k) Bonus or additional credits for bid evaluation should not be given for offered features that exceed the required standards or specifications i.e. additional horse power or capacity unless there is a specific provision for this in the bidding document.
- (l) Bids often omit a particular component or options or accessories or an minor attachment (i.e. tool kit or spare wheel in a vehicle). If an item offered for supply is otherwise functional and if the omissions are minor and these parts can be procured separately, the bid may be loaded for parts not included in the scope of supply and evaluated. In other cases the bids should be treated as non-responsive.
- (m) Bidders offering goods from within India must ascertain themselves availability of deemed export benefits, which they have considered in their offer and purchaser will not compensate the bidder in case of failure to receive such benefits for any reason, whatsoever. Any such duties & taxes additionally payable during the performance of the contract will be to the bidder's account and no separate claims on this behalf shall be entertained by the purchaser. Where the bidder has quoted taking into account the Deemed export benefits, he must provide all information required for issue of Project Authority Certificate in terms of the Import Export Policy along with his bid. This certificate will be issued on this basis only and no subsequent change will be permitted. Where the purchaser issues such certificate, Excise Duty will not be reimbursed separately.
- Such a provision should be made in the bidding documents and bids of bidder who do not accept this provision should be declared non-responsive and rejected.
- (n) All substantially responsive bids should be evaluated in detail as per procedure stipulated in the bidding documents.
- (o) Discounts if any offered along with the bid itself or before the last date and time for the receipt of bids shall be taken into account for evaluation. Discounts if any offered after the last date and time for the receipt of bids shall not be taken into account for evaluation. However if the bidder who has offered the discount after the last date and time for receipt of bids happens to be the lowest evaluated bid

(without the discount being taken into consideration), the discount could be availed of at the time of award of contract and placement of supply order.

(p) **Domestic Preference**

Preference for Domestically Manufactured Goods

1. Bidding documents shall clearly indicate preference to be granted to domestic manufactured goods and the information required to establish the eligibility of a bid for such preference. The nationality of the manufacturer or Supplier is not a condition for such eligibility. The methods and stages set forth hereunder shall be followed in the evaluation and comparison of bids.
2. For comparison, responsive bids shall be classified in one of the following three groups:
 - (a) Group A : Bids exclusively offering goods manufactured in the country of the Borrower if the bidder establishes to the satisfaction of the Borrower and the Bank that (i) labor, raw material, and components from within the country of the Borrower will account for 30 percent or more of the EXW price of the product offered, and (ii) the production facility in which those goods will be manufactured or assembled has been engaged in manufacturing/assembling such goods at least since the time of bid submission.
 - (b) Group B: all other bids offering goods manufactured in the country of the Borrower.
 - (c) Group C Equipments: bids offering goods manufactured abroad that have been already imported or that will be directly imported.
3. The price quoted for goods in bids of Groups A and B shall include all duties and taxes paid or payable on the basic materials or components purchased in the domestic market or imported, but shall exclude the sales and similar taxes on the finished product. The price quoted for goods in bids of Group C shall be on CIP (place of destination), which is exclusive of customs duties and other import taxes already paid or to be paid.
4. In the first step, all evaluated bids in each group shall be compared to determine the lowest bid in each group. Such lowest evaluated bids shall be compared with each other and if, as a result of this comparison, a bid from Group A or Group B is the lowest, it shall be selected for the award.
5. If as a result of the comparison under paragraph four above, the lowest evaluated bid is a bid from Group C, the lowest evaluated bid from Group C shall be further compared with the lowest evaluated bid from Group A after adding to the evaluated price of goods offered in the bid from Group C, for the purpose of this further comparison only, an amount equal to 15 percent of the CIP bid price. The lowest evaluated bid determined from this last comparison shall be selected.

8. **Single Bids:**

Where only one bid is received, efforts should be made to ascertain the reason. If it is determined that publicity was not adequate, bid specification or any of terms were restrictive or unclear, bid should be cancelled and invited afresh after amending the specifications/terms.

If however, it is determined that bid specifications are not restrictive and the prices quoted are reasonable and bid is technically and commercially responsive, the single bid should be considered for award.

9. **Post qualification of Bidders: (Refer paragraph 2.58 of Guidelines)**
If bidders have not been pre-qualified, the Purchaser shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cost meets the minimum qualification criteria set out in the bidding document in the same name and style. If the bidder does not meet them, the bid shall be rejected. In such an event, the Purchaser shall make a similar determination for the next lowest evaluated bidder, the process continued if necessary.
10. **Rejection of all Bids: (Refer paragraphs 2.61 to 2.64 of Guidelines)**
Regardless of value, if all bids are proposed to be rejected and bid are to re-invited, the Bank should be consulted before such action. **Bank does not favour negotiations even with the lowest evaluated responsive bidder.**
11. **Extension of validity of Bids: (Refer paragraph 2.57 of Guidelines)**
Purchaser shall complete evaluation of bids and award of contract within the initial period of bid validity so that extensions are not necessary. An extension of bid validity, if justified by exceptional circumstances, shall be requested in writing from all bidders before the expiration date. The extension for the minimum period required to complete the evaluation, obtain the necessary approvals, and award the contract. In the case of fixed price contracts, requests for second and subsequent extension will be permissible only if the request for extension provides for an appropriate adjustment mechanism of the quoted price to reflect changes in the cost of inputs for the contract over the period of extension. Whenever an extension of bid validity period is requested, bidders shall not be requested or be permitted to change the quoted (base) price or other conditions of their bid. Bidders shall have the right to refuse to grant such an extension. If the bidding documents require a bid security, bidders may exercise their right to refuse to grant such an extension without forfeiting their bid security, but those who are willing to extend the validity of their bid shall be required to provide a suitable extension of bid security. Borrower should seek the Bank's prior approval for the first request for extension, if it is longer than four weeks, and for all subsequent requests for extensions, irrespective of the period.
12. **Award of Contract: (Refer paragraph 2.59 of Guidelines)**
(i) The purchaser shall award the contract, within the period of validity of bids, to the bidder whose bid has been determined to be substantially responsive to the bidding documents and who has offered the lowest evaluated bid price provided further that the bidder is determined to perform the contract satisfactorily and meets the specified qualification criteria.
(ii) A bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise or modify the bid as originally submitted.
13. **Publication of the Award of contract: (Refer paragraph 2.60 of Guidelines)**
Within two weeks of receiving the Bank's "no objection" to the recommendation of contract award, the Borrower shall publish in *UNDB online* and in *dg Market* the results identifying the bid and lot numbers and the following information: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated prices of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the

contract awarded.

In the publication of Contract Award, the borrower shall specify that any bidder who wishes to ascertain the grounds, on which its bid was not selected, should request an explanation from the borrower. The Borrower shall promptly provide an explanation of why such bid was not selected, either in writing and/or in a debriefing meeting, at the option of the Borrower. The requesting bidder shall bear all the costs of attending such a debriefing.

CHAPTER V

Detailed Procurement Procedures and formats for National Competitive Bidding (NCB)

1. **National Competitive Bidding (NCB)** is the competitive bidding procedure normally used for public procurement in the country of the Borrower, and may be the most efficient and economical way of procuring goods or works which, by their nature or scope are unlikely to attract foreign competition. **Provisions of Section III, Para 3.3 and 3.4 of the Guidelines shall apply.**

2. **Eligibility Requirements: (Refer paragraphs 1.6, 1.7 and 1.8 of Guidelines)**

Same as in ICB procedure.

3. **Joint Ventures: (Refer paragraph 1.10 of Guidelines)**

Same as in ICB procedure.

4. **Notification and Advertising: (Refer paragraph 2.7 and 2.8 of Guidelines)**

Notification of Specific Procurement Notice (SPN) or Invitation for Bid (IFB): SPN/IFB shall be advertised in at least one national newspaper having wide coverage in all the parts of the country and in the official website.

Bidding period: Notification shall be given in sufficient time to enable prospective bidders to obtain bidding documents and prepare and submit their responses. Sale of the documents should start only after publication of SPN/IFB in national newspapers. The time allowed for the preparation and submission of bids shall be determined with due consideration of the particular circumstances of the project and magnitude and complexity of the contract. Generally, not less than 30 days from the date of publication of the invitation for the Bid in national newspaper or the date of making available the documents for sale, whichever is later shall be allowed.

5. **Bidding Documents: (Refer paragraphs 2.11 to 2.43 of Guidelines)**

(a) Please refer to Para 6 of chapter IV, which is also applicable for NCB Procurement.

Notwithstanding registration requirements of the state; bids should be invited from all eligible bidders as defined under paras 1.6 to 1.8 of Guidelines. Foreign firms should not be precluded from completing. Explicit post qualifications criteria for physical outturn and financial turnover should be clearly set out in case of civil works.

(b) **Bidding documents issued by the Bank** should be used with minimum changes, acceptable to the Bank as necessary to address project specific issues. Government of India in consultation with the Bank has finalized and issued India specific bidding documents for Works, Goods, and contracts. Project specific changes shall be introduced only through bid for contract data sheets or through special conditions of contract and not introducing changes in the standard wordings

of the instructions to the Bidders, General Conditions of Contract of the Bank's Bidding Documents. New Delhi office of the Bank has formulated the additional bidding documents suitable for specific procurements. Thus the bidding documents available for use in NDO of Bank are:

- (a) NCB bidding document for supply of Goods and equipment.
- (b) NCB bidding document for Civil Works costing less than the equivalent of US\$100,000;
- (c) NCB bidding document for Civil Works costing more than equivalent of US\$100,000;
- (d) NCB bidding document for supply of computers; and
- (e) NCB bidding document for supply of vehicles.

For procurement of other specialized equipment, appropriate modifications are to be made in the above referred NCB Bidding Document for Goods & Equipment.

Guidance on critical components of the bidding documents is given in Paragraphs 2.13 to 2.43 of the Guidelines. Some of these points with reference to goods and works procurement are highlighted hereunder:

(c) **Validity of Bids and Bid Security (Refer paragraphs 2.13 and 2.14 of Guidelines);**

- (i) Bid validity period of 90 days should be specified in the bidding documents. It may be reduced to 60 or 45 days in case of procurement of computers where there is high fluctuation in the rates;
- (ii) The requirement of bid security in respect of goods should be reviewed on a case by case basis. For small value purchases and in specific cases where bid security is not considered essential (for e.g. vehicles) it could be dispensed with. Bid security may be required to afford the Borrower reasonable protection against irresponsible bids, but it shall not be set so high as to discourage bidders. It should be in the range of 2 to 5 percent of the estimated cost of item put to tender. Bid security should normally be about 2% of the cost of civil work put to tender, but could range between 1% for large contracts and 3% for small contracts. The amount of bid security should be computed based on estimated cost and specified to the nearest thousands of rupees; it should be fixed amount and not specified as a percentage.
- (iii) Bid security could be in any forms acceptable to the purchaser but Bank Guarantee should be one of the acceptable forms. Forms acceptable should be specified in the bidding document; Conditional Bank Guarantees are not acceptable. Phrases such as "unless a suit is filed against us" or "a case is filed against us" may render the BG conditional.
- (iv) Bid security should be valid for 45 days beyond the bid validity period;
- (v) No exemption of bid security should be permitted to any bidder or class of bidders; and
- (vi) Any bid not secured in accordance with the requirements of the bidding documents shall be rejected as non-responsive.

(d) **Clarity of Bidding Documents (Refer paragraphs 2.16 to 2.18 of Guidelines)**

Please refer Para 6 (d) of Chapter IV.

(e) Price Adjustment: (Refer paragraphs 2.24 and 2.25 of the Procurement Guidelines)

Please refer Para 6 (e) of Chapter IV.

(f) Currency of Bid and Currency of payment:

The currency of the bid and currency of payment should be India Rupees with no obligations to convert to any other currency.

(g) Schedule of Quantities:

Detailed design, engineering, all investigations (including soil investigations) and land acquisition for the work should be completed before invitation of bids. Based on these, Bill of quantities and specifications should be properly prepared and checked. Schedule of quantities for each slice and package should be incorporated separately in bidding document. For goods and equipment minimum functional specifications to ensure procurement of proper equipment should be finalized before invitation of bid. Bill of quantities should have a separate schedule for those general items, which are not covered in analysis of rates adopted for estimation.

(h) Performance Security: (Refer paragraphs 2.39 and 2.40 of Guidelines)

Please see Para 6(i) of Chapter IV

(j) Liquefied damages: (Refer paragraph 2.41 of Guidelines)

Liquefied damages not exceeding 0.5% per week (for goods) and 0.05% per day (civil works) of the value of the delayed goods, services or works subject to a maximum of 10% of the contract value are normally to be specified for delays in completion of works or supply of goods. Once the maximum limit is reached, the purchaser may consider for termination of the contract pursuant to provisions in the contract.

(k) Mobilization Advances:

Provision of mobilization advance for the labour and equipment should be incorporated in all civil works contracts. However the Bank will have no objection if this provision is deleted in case of civil works estimated to cost less than US\$100,000 equivalent.

(l) Schedule of Rates:

Schedule of rates, which forms the basis for preparation of civil works estimates, should be updated regularly taking into account realistic data based on construction methodology to be used, specifications to be followed, current market rates for materials and labour and reasonable contractor's profit.

6. Sale of Bidding Documents, Receipt and Opening of Bids: (Refer paragraphs 2.44 and 2.45)

Please refer Para 6 of Chapter V

7. Evaluation of Bids: (Refer paragraphs 2.48 to 2.54 of Guidelines)

Please refer Para 7 of Chapter V

8. Single Bids:

Please refer Para 8 of Chapter V

9. **Post qualification of Bidders: (Refer paragraph 2.58 of Guidelines)**

Please refer Para 9 of Chapter V

10. **Rejection of all Bids: (Refer paragraphs 2.61 to 2.64 of Guidelines)**

Please refer Para 10 of Chapter V

11. **Extension of validity of Bids: (Refer paragraph 2.57 of Guidelines)**

Please refer Para 11 of Chapter V

12. **Award of Contract: (Refer paragraph 2.59 of Guidelines)**

Please refer Para 12 of Chapter V

13. **Publication of the Award of contract: (Refer paragraph 2.60 of Guidelines)**

Please refer Para 13 of Chapter V

CHAPTER VI
Detailed Procurement Procedures for Shopping

Provisions of paragraphs 3.5 of the Procurement Guidelines shall apply for procurement under Shopping.

1. Shopping is a procurement method based on comparing price quotations obtained from several Suppliers (in case of goods) or from several contractors (in the case of civil works), with a minimum of three, to assure competitive prices. It is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities of small value or simple civil works of small value. Requests for quotations could be either from a list of recognized and proven Suppliers or by advertisement in a local newspaper. The requests should indicate the description and quantity of the goods, or specifications of works as well as desired delivery (or completion), time and place. Bid security is not stipulated. Evaluation of quotations shall follow the same principles as of open bidding.
2. Quotations shall be opened after the stipulated time and date of submission of the quotations. Comparative statement is prepared. Evaluation should be done as per stipulations in the letter of invitation of quotations. Award should be made to the lowest bidder whose bid is considered substantially responsive.
3. The terms of the accepted offer shall be incorporated in a purchase order.
4. **Rate contracts entered into by DGS&D are acceptable as a substitute for national shopping.** In such cases direct order can be placed (by all Direct Demanding officers) on the Manufacturer on the DGS&D Format as per the stipulated terms and conditions.
5. **Rate contracts of state governments, Janatha Bazar, Super Bazar are not acceptable as a substitute for national shopping procedures, but they can be considered as one quotation.**

CHAPTER VII
Detailed Procurement Procedures for Direct Contracting (DC)

Provisions under paragraph 3.6 and 3.7 of the Guidelines shall apply for procurement under Direct Contracting:

1. In respect of books and periodicals, direct order could be placed with the publisher at the published rate list. Discounts as given by the publisher himself (for example in book Exhibitions) could be availed of. However if it is intended to procure the books or periodicals through an agent or dealer, quotations as per national shopping procedures should be invited requesting for the competitive discounts which the agents would offer on the published rate list of books and periodicals, prepare comparative statement and place order with the lowest offer.
2. Designing, preparation of extension and publicity material (for example poster design, preparation of publicity material, slogans, street shows, demonstration etc. are works of art and are not amenable to competition. Hence such contracts should be awarded on direct contracting after obtaining an offer from the selected artist. However printing of the extension and publicity material in required quantities and making copies of the posters etc. is simple works and should be procured through national shopping procedures after obtaining quotations or through NCB procedures depending on the estimated value of the contract.
3. Procurement of software from the developer himself or from an authorized reseller will come under the category of Direct Contracting. However if it is intended to procure the original and Authorized Version of software through an agent or dealer, national shopping procedures or NCB procedures depending on the estimated value of the contract, should be followed. Bank strongly recommends procurement of software from the developer or authorized reseller to avoid possible piracy.
4. Procurement of an item of equipment of a particular brand is erroneously treated as proprietary equipment. This is not correct. Proprietary equipment is one, which is obtainable from one source only. It is very difficult to certify such procurement. Hence it would be advisable to procure such equipment through national shopping by specifying the minimum functional specifications. However spares for equipment already available with the purchaser (if such spares are not available in the market at competitive prices and further the procurement of such spares from the market would bring down the efficiency of the equipment) could be procured on direct contracting basis.

Chapter - VIII

Procurement procedures for Selection of Consultants

1. MAIN CONSIDERATIONS IN SELECTION OF CONSULTANTS

Bank policy on the selection of consultants is guided by the following principles:

- > high quality of services;
- > economy and efficiency;
- > competition among qualified consultants from all eligible countries;
- > participation of national consultants; and
- > transparency.

2. ELIGIBILITY

To foster competition the Bank permits firms and individuals from all countries to offer consulting services for Bank-financed projects. Any conditions for participation shall be limited to those that are essential to ensure the firm's capability to fulfill the contract in question. However,

(a) Consultants may be excluded if (i) as a matter of law or official regulations, the Borrower's country prohibits commercial relations with the consultant's country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the procurement of the consulting services required, or (ii) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrower's country prohibits any payments to any country, person, or entity. Where the Borrower's country prohibits payments to a particular firm or for particular goods by such an act of compliance, that firm may be excluded.

(b) Government-owned enterprises or institutions in the Borrower's country may participate only if they can establish that they (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Borrower or Sub-Borrower.

(c) As an exception to (b), when the services of government-owned universities or research centers in the Borrower's country are of unique and exceptional nature, and their participation is critical to project implementation, the Bank may agree on the hiring of those institutions on a case-by-case basis. On the same basis, university professors or scientists from research institutes can be contracted individually under Bank financing.

(d) Government officials and civil servants may only be hired under consulting contracts, either as individuals or as members of a team of a consulting firm, if they (i) are on leave of absence without pay; (ii) are not being hired by the agency they were working for immediately before going on leave; and (iii) their employment would not create a conflict of interest.

(e) A firm declared ineligible by the Bank in accordance with subparagraph (d) of paragraph 1.22 of the Consultant Guidelines or in accordance with the World Bank Group anti-corruption policies shall be ineligible to be awarded a Bank-financed contract during such period of time as the Bank shall determine.

3. ASSOCIATION BETWEEN CONSULTANTS

Consultants may associate with each other in the form of a joint venture or of a sub-consultancy agreement to complement their respective areas of expertise, strengthen the technical responsiveness of their proposals and make available bigger pools of experts, provide better approaches and methodologies, and, in some cases, to offer lower prices. Such an Bank may be for the long term (independent of any particular assignment) or for a specific assignment. If the Borrower employs an Bank in the form of a joint venture, the Bank should appoint one of the firms to represent the Bank; all members of the joint venture shall sign the contract and shall be jointly and severally liable for the entire assignment. Once the short list is finalized, and Requests for Proposals (RFP) are issued, any Bank in the form of joint venture or sub-consultancy among short-listed firms shall be permissible only with the approval of the Borrower. Borrowers shall not require consultants to form Banks with any specific firm or group of firms, but may encourage Bank with qualified national firms.

4. SELECTION OF CONSULTANT

The method of selection of consultant would normally be Quality and Cost Based Selection (QCBS), which has been described in detail in this chapter.

The selection process should be fair and transparent and normally all requests calling for Expression of Interest should be advertised in at least one National Newspaper. **Simultaneously, the copy of advertisement and other relevant details essential for bidders to submit ' Expression of Interest' may be posted on the departmental website, reference of that should be available in the advertisement in the newspaper.** For contracts estimated to cost more than **US\$ 200,000** a copy of request for Expression of Interest (EOI) shall be advertised in UNDB online and dg/Market.

5. METHOD FOR SELECTION OF CONSULTANT

5.1 Quality and Cost-Based Selection (QCBS) [Refer Section II of Consultant Guide Lines]

The Selection Process: {refer paragraph 2.1 and 2.2 of Consultant Guidelines)

QCBS uses a competitive process among short-listed firms arrived at against response to request for "Expression of Interest". This Selection process takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment

The selection process shall include the following steps:

preparation of Terms of Reference (TOR);

preparation of cost estimate and the budget;

advertising;

preparation of the short list of consultants;

preparation and issuance of the Request for Proposals (RFP);

(i) Letter of Invitation (LOI);

(ii) Information to consultants (ITC);

(iii) TOR and proposed draft contract;

receipt of proposals;
evaluation of technical proposals: consideration of quality;
(h) public opening of financial proposals;
(i) evaluation of financial proposal;
(j) final evaluation of quality and cost; and
(k) negotiations, and award of the contract to the selected firm.

5.1.1 Terms of Reference (TOR) {refer paragraph 2.3 of Consultant Guidelines}

The Employer shall be responsible for preparing the TOR for the assignment. TOR shall be prepared by person(s) or a firm specialized in the area of the assignment. The scope of the services described in the TOR shall be compatible with the available budget. TOR shall define clearly the objectives, goals, and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the consultants' preparation of their proposals. If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, and so forth, to enable consultants to estimate the required resources. TOR shall list the services and surveys necessary to carry out the assignment and the expected outputs (for example, reports, data, maps, surveys). However, TOR should not be too detailed and inflexible, so that competing consultants may propose their own methodology and staffing. Firms shall be encouraged to comment on the TOR in their proposals. The Employer's and consultants' respective responsibilities should be clearly defined in the TOR.

5.1.2 Cost Estimate (Budget) {refer paragraph 2.4 of Consultant Guidelines}

Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. The cost estimate shall be based on the Employer's assessment of the resources needed to carry out the assignment: staff time, logistical support, and physical inputs (for example, vehicles, laboratory equipment). Costs shall be divided into two broad categories: (a) fee or remuneration (according to the type of contract used) and (b) reimbursable, and further divided into foreign and local costs. The cost of staff time shall be estimated on a realistic basis for foreign and national personnel as applicable in respective cases.

5.1.3 Advertising {refer paragraph 2.5 of Consultant Guidelines}

For all projects the Borrower is required to prepare and submit to the Bank a draft General Procurement Notice. The Bank will arrange for its publication in US Development Business only (UNDB online) and in the Development Gateway's dgMarket. To obtain expressions of interest, the Borrower shall include a list of expected consulting assignments in the General Procurement Notice, and shall advertise a request for expressions of interest for each contract for consulting firms in the national gazette or a national newspaper or in an electronic portal of free access. In addition, contracts expected to cost more than US\$ 200,000 shall be advertised in UNDB online and in dgMarket. The information requested shall be the minimum required to make a judgement on the firm's suitability and not be so complex as to discourage consultants from expressing interest. Not less than 14 days from the date of posting on UNDB online shall be provided for responses.

5.1.4 Short List of Consultants (refer paragraph 2.6 to 2.8 of Consultant Guidelines)

The Borrower is responsible for preparation of the short list. The Borrower shall give first consideration to these firms expressing interest that possess the relevant qualifications. Short lists shall comprise six firms with a wide geographic spread, with no more than two firms from any one country and at least one firm from a developing country unless qualified firms from developing countries are not identified. The Bank may agree to shortlist comprising a smaller number of firms in special circumstances, for example, when only a few qualified firms have expressed interest for the specific assignment or when the size of the contract does not justify wider competition. For the purpose of establishing the short list, the nationality of a firm is that of the country in which it is registered or incorporated and in the case of Joint Venture, the nationality of the firm appointed to represent the Joint Venture. The Bank may agree with the Borrower to expand or reduce a short list, however, once the Bank has issued a "no objection" to a short list, the Borrower shall not add or delete names without the Bank's approval.

The short list may comprise entirely national consultants (firms registered or incorporated in the country), if the assignment is below **US\$ 500,000**. However, if foreign firms express interest, they shall be considered.

5.1.5 Preparation and Issuance of the Request for Proposals (RFP) {refer paragraph 2.9 of Consultant Guidelines}

The RFP shall include (a) a Letter of Invitation, (b) Information to Consultants, (c) the TOR, and (d) the proposed draft contract. Employer shall use the applicable standard RFPs issued by the Bank with minimal changes acceptable to the Bank as necessary to address project-specific issues. Any such changes shall be introduced only through the RFP data sheet. Employer shall list all the documents included in the RFP. The Employer may use an electronic system to distribute the RFP. If the RFP is distributed electronically, the electronic system shall be secure to avoid modifications to the RFP and shall not restrict the access of short listed consultants to the RFP.

5.1.6 Letter of Invitation (LOI) {refer paragraph 2.10 of Consultant Guidelines}

The LOI shall state the intention of the Employer to enter into a contract for the provision of consulting services, the details of the client and the date, time, and address for submission of proposals.

5.1.7 Information to Consultants (ITC) {refer paragraph 2.11 of Consultant Guidelines}

The ITC shall contain all necessary information that would help consultants prepare responsive proposals, and shall bring as much transparency as possible to the selection procedure by providing information on the evaluation process and by indicating the evaluation criteria and factors and their respective weights and the minimum passing quality score. The ITC shall not indicate the budget (since cost is a selection criterion), but shall indicate the expected input of key professionals (staff time). Consultants, however, shall be free to prepare their own estimates of staff time necessary to carry out the assignment. The ITC shall specify the proposal validity period (normally 90 days).

5.1.8 Contract {refer paragraph 2.12 of Consultant Guidelines}

The Employers shall use the appropriate Standard Form of Contract with minimum changes, acceptable to the Bank, as necessary to address any specific project issues. Any such changes shall be introduced only through ITC Data Sheets or through Special Conditions of Contract and not by introducing changes in the wording of the ITC or General Conditions of Contract included in the Standard Form. When these forms are not appropriate for the services being contracted, Project shall use other contract forms, acceptable to the Bank, depending on the requirement of the project.

5.1.9 Receipt of Proposals {refer paragraph 2.13 of Consultant Guidelines}

The Project should allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment, but normally shall not be less than four weeks and more than three months. During this interval, the firms may request clarifications about the information provided in the RFP. The Project shall provide these clarifications in writing and copy them to all firms on the short list (who intend to submit proposals). **In all cases of large value or complex assignments, pre-proposal conference may be prescribed in the RFP. The time, which normally should be after 15 to 20 days of issue of RFP, should be specified in the RFP itself. During this meeting, the scope of assignment, responsibilities of either parties or other details should be clearly explained to the prospective consultant so that there is no ambiguity later on at the time of submission of technical/financial bids. Where some significant changes are made in the terms/scope of RFP as a result of pre proposal meeting or otherwise considered necessary by the Borrower, a formal Corrigendum to RFP after clearance with the Bank may be issued, to all shortlisted consultants. In such cases, it should be ensured that after issue of Corrigendum, reasonable time (not less than 15 days) is available to the consultants to prepare/submit their proposal. If required, the time for preparation & submission of proposal may be extended, suitably.**

The technical and financial proposals shall be submitted at the same time. No amendments to the technical or financial proposal shall be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes. The technical envelopes shall be opened publicly immediately after closing of receipt of technical bids by a committee of officials drawn from the relevant departments (technical, finance, personnel etc., as considered appropriate), after the closing time for submission of proposals. The financial proposals shall remain sealed and shall be kept in safe custody until they are opened publicly. Any proposal received after the closing time for submission of proposals shall be returned unopened.

5.1.10 Evaluation of Proposals: Consideration of Quality and Cost {refer paragraph 2.14 of Consultant Guidelines}

The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation, including any Bank reviews and no objections, is concluded. Financial proposals shall be opened only thereafter. The

evaluation shall be carried out in full conformity with the provisions of the RFP.

5.1.10.1 Evaluation of the Quality {refer paragraph 2.15 to 2.19 of Consultant Guidelines)

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

- (a) the consultant's relevant experience for the assignment,
- (b) the quality of the methodology proposed,
- (c) the qualifications of the key staff proposed,
- (d) transfer of knowledge, and
- (e) the extent of participation by Nationals among key staff in the performance of the assignment. Each criterion shall be allotted marks so as to make total maximum technical score as 100. The criteria and weightage to each criteria or sub-criteria would depend on the requirements of each case and may be fixed objectively.

The Borrower shall normally divide these criteria into subcriteria. For example, subcriteria under methodology might be *innovation* and *level of detail*. However, the number of subcriteria should be kept to the minimum that is considered essential. The weight given to experience can be relatively modest, since this criterion has already been taken into account when short-listing the consultant. More weight shall be given to the methodology in the case of more complex assignments (for example, multidisciplinary feasibility or management studies).

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

- (a) **general qualifications:** General education and training, length of experience, positions held etc.
- (b) **adequacy for the assignment:** education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and
- (c) **experience in the region:** knowledge of the local language, culture, administrative system, government organization, and so forth.

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

At the end of the process, the Borrower shall prepare a technical evaluation report of the "quality" of the proposals and in case of contracts subject to prior review, submit it to the Bank for its review and "No objections". The report shall substantiate the results of the evaluation and describe the relative strengths and

weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the project and its audit.

5.1.10.2 Evaluation of Cost {refer paragraph 2.20 to 2.22 of Consultant Guidelines}

After the evaluation of quality is completed, and the Bank has issued its no objection (if this is prior-review case) the Borrower shall inform the consultants who have submitted proposals the technical points assigned to each consultant shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and/or TOR, indicating that their financial proposals will be returned unopened after completing the selection process. The Borrower shall simultaneously notify the consultants that have secured the minimum qualifying mark, and indicate the date and time set for opening the financial proposals. In such a case, the opening date shall not be sooner than two weeks after the notification date. The financial proposals shall be opened publicly in the presence of representatives of the technically qualified 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 Borrower shall prepare the minutes of the public opening and copy of this record shall be sent to all consultants who submitted proposals.

The Borrower shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For the purpose of comparing proposals, the costs shall be converted to a single currency preferably Indian Rupees, as stated in the RFP. The Borrower shall make this conversion by using the BC selling exchange rates for those currencies as per exchange rate quoted by an official source e.g. State Bank of India. The RFP shall specify the source of the exchange rate to be used and the date of exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of proposals, nor later than the original date of expiration of the period of validity of the proposal.

For the purpose of evaluation, "cost" shall exclude Local identifiable indirect taxes on the contract and income tax payable on the remuneration of services rendered by non-resident staff of the Consultant. The cost shall include all consultant's remuneration and other reimbursable expenses, such as travel, translation, report printing, or secretarial expenses. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, other methodology as considered appropriate might be used in allocating the marks for the cost. The methodology should however be described in the RFP.

5.1.10.3 Combined Quality and Cost Evaluation (refer paragraph 2.23 of Consultant Guidelines)

The total score shall be obtained by weighting the quality and cost scores and adding them. As an illustration, in a case where technical score weightage is 80% and cost weightage is 20%, a firm scoring 80% marks in technical score and 70% marks in financial score, the total weighted score would be $80 \times 0.8 + 70 \times 0.2 = 78\%$. The weight for the "cost" shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The proposed weightages for quality and cost shall be specified in the RFP. The firm obtaining the highest total

weighted score shall be invited for negotiations.

5.1.11 Rejection of All Proposals, and re -invitation (refer paragraph 2.30 of Consultant Guidelines)

The Borrower shall be justified in rejecting all proposals only if all proposals are non-responsive because they present major deficiencies in complying with the TOR or if they involve costs substantially higher than the original estimate. In the latter case, the feasibility of increasing the budget, or scaling down the scope of services with the firm should be investigated in consultation with the Bank. Before all the proposals are rejected and new proposals are invited, the Borrower shall notify the Bank, indicating the reasons for rejection of all proposals, and shall obtain the Bank's "no objection" before proceeding with the rejection and the new process. The new process may include revising the RFP (including the short list) and the budget. These revisions shall be agreed upon with the Bank.

5.1.12 Negotiations and Award of Contract (refer paragraph 2.24 to 2.27 of Consultant Guidelines)

Negotiations shall include discussions of the TOR, the methodology, staffing, Employer inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract.

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

Financial negotiations shall include clarification of the consultants' tax liability in India (if any) and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.).

Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursables) and the offered price shall include staff rates and an estimation of the amount of reimbursables. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, like for example, staff rates offered are much higher than typically charges rates by consultants for similar contract. Consequently, the prohibition of negotiation does not preclude the right of the client to ask for clarifications, and, if fee are very high, to ask for change of fees, after due consultation with the Bank. Reimbursables are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to

negotiations. However, if the client was to define ceilings for unit prices of certain reimbursables (like travel or hotel rates), they should indicate the maximum levels of those rates in the RFP or define as per diem in the RFP.

If the negotiations fail to result in an acceptable contract, the Borrower shall terminate the negotiations and invite the next ranked firm for negotiations. The borrower shall consult with the Bank prior to taking this step. The consultant shall be informed of the reasons for terminations of negotiations. Once the negotiations commenced with the next ranked firm, the borrower shall not re-open the earlier negotiations. After the negotiations are successfully completed and the bank has issued 'No Objection' to the initialed negotiated contract, the Borrower shall promptly notify other firms on the short list that they were unsuccessful.

5.1.13 PUBLICATION OF THE AWARD OF CONTRACT (Refer paragraph 2.28 of Consultant Guidelines)

After the award of contract, the borrower shall publish in UNDB online and in dgMarket the following information :-

- a) the names of all consultants who submitted proposals;
- b) the technical points assigned to each consultant;
- c) the evaluated price of each consultant;
- d) the final point ranking of the consultants;
- e) the name of the winning consultant and the price, duration, and summary scope of the contract. The same information shall be sent to all consultants who have submitted proposals.

Any consultant whose proposal was not selected, may request the Borrower for explanation of grounds for not qualifying his proposals.

5.1.14 Confidentiality (Refer paragraph 2.31 of Consultant Guidelines)

Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the award of contract is notified to the successful firm, except as provided in paragraph 2.20 and 2.27.

5.2 Other Methods of Selection

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

5.2.1 Quality Based Selection (QBS) (refer paragraph 3.2 to 3.4 of Consultant Guidelines)

QBS is appropriate for the following types of assignments :-

- (a) complex or highly specialised assignments for which it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multisectoral feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms).
- (b) Assignments that have a high downstream impact and in which the objective is to have the best experts (for example, feasibility and structural engineering design of such major

infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and

(d) Assignments that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).

In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP shall provide either the estimated budget or the estimated number of key staff time, specifying that this information is given as an indication only and that consultants shall be free to propose their own estimates.

If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the Borrower shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The Borrower and the consultant shall then negotiate the financial proposal and the contract. All other aspects of the selection process shall be identical to those of QCBS, including the publication of the Award of Contract as described in paragraph 5.1.13 except that only the price of the winning firm is published. If consultants were requested to provide financial proposals initially together with the technical proposal, safeguards shall be built in as in QCBS to ensure that the price proposal of only the selected firm is opened and the rest returned unopened after the negotiations are successfully concluded.

5.2.2 Selection under a Fixed Budget (FBS) (refer paragraph 3.5 of Consultant Guidelines)

This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract. The publication of the Award of contract shall be as described in paragraph 5.1.13

5.2.3 Least-Cost Selection (LCS) (refer paragraph 3.6 of Consultant Guidelines)

This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of non-complex works, and so forth) where well-established practices and standards exist. Under this method, a "minimum" qualifying mark for the "quality" is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest prices shall then be selected and the publication of the Award of contract shall be as described in paragraph 5.1.13.. Under this method, the minimum

qualifying mark shall be established understanding that all proposals above the minimum compete only on "cost". The minimum qualifying mark shall be stated in the RFP.

5.2.4 Selection Based on Consultants' Qualifications (CQS) (refer paragraph 3.7 and 3.8 of Consultant Guidelines)

This method may be used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Employer shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract. In case negotiations fail with this firm, the next best-qualified firm may be asked to submit proposal and invited to negotiate the contract. The Borrower shall publish in UNDB online and in dgMarket the name of the consultant to which the contract was awarded and the price, duration, and scope of the contract. This publication may be done quarterly and in the format of a summarized table covering the previous period.

5.2.5 Single-Source Selection (refer paragraph 3.9 to 3.13 of Consultant Guidelines)

Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases. The justification for single-source selection shall be examined in the context of the overall interests of the client and the project, and the Bank's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants.

Single-source selection may be appropriate only if it presents a clear advantage over competition: (a) for tasks that represent a natural continuation of previous work carried out by the firm (see next paragraph), (b) where a rapid selection is essential (for example, in an emergency operation), (c) for very small assignments, or (d) when only one firm is qualified or has experience of exceptional worth for the assignment.

When continuity for downstream work is essential, the initial RFP shall outline this prospect, and, if practical, the factors used for the selection of the consultant should take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition subject to satisfactory performance in the initial assignment. For such downstream assignments, the Employer shall ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the Employer, which shall then be negotiated.

If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or reserved procurement or if the downstream assignment is substantially larger in value, a competitive process shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest. The Bank will considered exceptions to the rule only under

special circumstances and only when a new competitive process is not practicable.

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

5.2.6 Selection of Individual Consultants (refer paragraph 5.1 to 5.4 of Consultant Guidelines)

Individual consultants are normally employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

Individual consultants are selected on the basis of their qualifications for the assignment. They 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 Employer. Individuals employed by Employers shall meet all relevant qualifications 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 the local conditions, such as local language, culture, administrative system, and government organization.

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

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

6. Types of Contracts

6.1 *Lump Sum (Firm Fixed Price) Contract* : Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. They are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents, and software programs. Lump sum contracts are easy to administer because payments are due on clearly specified outputs.

6.2 *Time-Based Contract*: This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related

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

7. Important Provisions

- 7.1** *Currency.* RFPs shall clearly state that firms may express the price for their services, in the currency specified in RFP. If RFP allows proposals in more than one currencies, the date & the exchange rate for converting all the bid prices to Indian Rs. shall be indicated in RFP.
- 7.2** *Price Adjustment.* To adjust the remuneration for foreign and/or local inflation, a price adjustment provision may be included if its duration is expected to exceed 18 months. Exceptionally, contracts of shorter duration may include a provision for price adjustment only in exceptional cases when local or foreign inflation is expected to be high and unpredictable.
- 7.3** *Payment Provisions.* Payment provisions, including amounts to be paid, schedule of payments, and payment procedures, shall be agreed upon during negotiations. Payments may be made at regular intervals (as under time-based contracts) or for agreed outputs (as under lump sum contracts). Payments for advances if any should normally be backed by advance payment securities.
- 7.4** *Bid and Performance Securities.* Bid and performance securities may be dispensed with for consultants' services. Their enforcement is often subject to judgment calls, they can be easily abused, and they tend to increase the costs to the consulting industry without evident benefits.
- 7.5** *Conflict of Interest.* The consultant shall not receive any remuneration in connection with the assignment except as provided in the contract. The consultant and its affiliates shall not engage in consulting or other activities that conflict with the interest of the client under the contract and shall be excluded from downstream supply of goods or construction of works or purchase of any asset or provision of any other service related to the assignment other than a continuation of the "Services" under the ongoing contract.
- 7.6** *Professional Liability.* The consultant is expected to carry out its assignment with due diligence and in accordance with prevailing standards of the profession. As the consultant's liability to the Borrower will be governed by the applicable law, the contract need not deal with this matter unless the parties

wish to limit this liability. If they do so, they should ensure that (a) there must be no such limitation in case of the consultant's gross negligence or willful misconduct; (b) the consultant's liability to the Borrower may in no case be limited to less than a multiplier of the total value of the contract to be indicated in the CFP and in the special conditions of contract and (c) any such limitation may deal only with the consultant's liability toward the client and not with the consultant's liability toward third parties.

7.7 *Staff Substitution.* During an assignment, if substitution is necessary (for example, because of ill health or because a staff member proves to be unsuitable), the consultant shall propose other staff of at least the same level of qualifications for approval by the Borrower.

7.8 *Applicable Law and Settlement of Disputes.* The contract shall include provisions dealing with the applicable law, which should be the law applicable in India and the forum for the settlement of disputes.

CHAPTER XI

Review procedures

1. Review Procedures :

Prior to the issuance of any invitations to pre qualify proposal for bidding short list or to bid for contracts, the proposed procurement plan for the project shall be furnished to the Bank for their review and approval in accordance with the provisions of paragraph 1 of Appendix to the Consultant Guidelines.

The size and scope of the individual packages will depend on the magnitude, nature and location of the project in the case of Civil works and quantity/ number and nature in case of goods, keeping in view that works and goods are to be procured economically and efficiently consistent with quality.

The Bank shall review the procurement arrangements proposed by the borrower, including contract packaging, applicable procedures, and scheduling of the procurement process, for its conformity with Consultant Guidelines and proposed implementation program and disbursement schedule.

Procurement of all goods, works and consultancy service shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank. The Borrower shall promptly inform the Bank of any delay, or other changes in the scheduling of the procurement process, which could significantly affect the timely and successful implementation the project contracts, and agree with the Bank on corrective measures.

2. Prior Review by the Bank :--

Prior review, in respect of *procurement of Goods & Works*, consists review by the Bank of the following for issue of no-objection.

- > Invitation for bid (IFB)
- > Draft bidding documents consisting of Instructions to Bidders including the basis of bid evaluation and contract award; the conditions of contract; specifications for civil works, supply of goods, or installation of equipment, etc., as the case may be, together with a description of the advertising procedures to be followed for the bidding.
- > Draft minutes of the pre-bid conference along with draft corrigendum if any;
- > Bid evaluation report in the suggested format and recommendations for award.
- > First request for extension for bid validity, if it is longer than four weeks (say 28 days) and for all subsequent requests for extension, irrespective of the period;
- > In case of procurement through NCB, First request for extension for bid validity, if it is longer than eight weeks and for all subsequently request for extension, irrespective of the period.
- > One conformed copy of the contract along with the Prior Award Review Checklists (as per Annexure - 5) prior to the delivery to the Bank of the first application for withdrawal of funds from the Credit in respect of such contract for

- clearance and assignment of the World Bank Registration (WBR) number.
- > Modifications such as granting a material extension of the stipulated time for performance of a contract, including issuing any change order or orders(except in cases of extreme urgency) which would in the aggregate increase the original amount of the contract by more than 15% of the original price.

Prior Review Threshold for Procurement of Works, Goods and IT System

Procurement Method	Prior Review Threshold	Prior Review by CPMU at CWC	Remarks
Goods, IT Systems, and Non Consulting Services	>US\$500,000	US\$200,000<contracts<US\$500,000	In addition first contract respective of the value for both ICB and NCB for goods, IT Systems and Non consulting services will be subject o Prior review by the Bank for each implementing agency
Works, Supply & Installation	>US\$5,000,000	US\$1,000,000<contracts<US\$5,000,000	In addition first contract respective of the value for both ICB and NCB for Works and Supply & Installation will be subject o Prior review by the Bank for each implementing agency
Direct Contracting	All contracts irrespective of value	NIL	
Force Account	All contracts irrespective of value	NIL	

- Prior Review, in respect of *hiring of consultant*, would be at every stage as follows for issue of 'No objection':-
 - > Terms of Reference;
 - > Short-listing;
 - > RFP documents containing Letter of Invitation, Information to Consultants and Conditions of Contracts;
 - > Evaluation report of the technical proposals;
 - > Report after financial/combined evaluation (with a copy of the winning proposal the information only);
 - > Negotiated draft contract; and
 - > Final Contract
 - > Following contract signature, furnish to the Bank a copy of the final contract before submitting the first application for disbursement under the contract.
 - > In the case of contracts subject to prior review, before granting a substantial extension of the stipulated time for performance of a contract, agreeing to any substantial modification of the scope of the services, substituting key staff, waiving the conditions of a contract, or making any changes in the contract that would in aggregate increase the original amount of the contract by more than

15 percent.

Selection Method	Prior Review Threshold	Prior Review by CPMU in CWC	Remarks
Competitive Methods (Firms)	> US\$100,000	> US\$50,000 and <US\$100,000	In addition First contract irrespective of the value for each method of section [QCBS Time Based, QCBS-Lump sum, QBS, FBS and Least Cost to be prior reviewed by the Bank for each implementing agency.
Single Source (Firms)	All	NIL	All single source contracts shall be subject to prior review by the Bank irrespective of value
Individual Consultants	> US\$ 20,000	>US\$10,000 and <US\$20,000	

3. Post Review: The Borrower shall retain all documentation with respect to each contract not governed by paragraph two 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 its consultants. The Borrower shall also furnish such documentation to the Bank upon request. If the Bank determines that the goods, works or services were not procured in accordance with the agreed procedures, as reflected in the Loan Agreement and further detailed in the Procurement Plan approved by the Bank or that the contract itself is not consistent with such procedures, it may declare misprocurement as established in paragraph 1.12 of the Guidelines. The Bank shall promptly inform the Borrower the reasons for such determination.