

Procurement Manual [Part I]

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**Bihar Panchayat
Strengthening Project**

**Bihar Gram Swaraj Yojana Society
Department of Panchayati Raj
Government of Bihar**

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List of Abbreviations

ADRI	Asian Development and Research Institute
BOD	Board Of Directors
BOQ	Bill Of Quantities
BSBCCL	Bihar State Bridge Construction Corporation Limited
CDD	Community Driven Development
CN	Consultant Qualification
CW	Civil Works
DC	Direct Contracting
DEC	District Engineering Cell
DGS&D	Directorate General Of Supplies & Disposals
DPMU	District Project Management Unit
FBS	Fixed Budget Selection
FM	Financial Management
GOI	Government Of India
GOB	Government Of Bihar
GPN	General Procurement Notice
IC	Individual Consultants
ICB	International Competitive Bidding
IDA	International Development Association
IFB	Invitation For Bid
INR	Indian Rupee
ITB	Instruction to Bidders
ITC	Information To Consultants

LCS	Least Cost Selection
LOI	Letter Of Invitation
MOU	Memorandum Of Understanding
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act.
NCB	National Competitive Bidding
NGO	Non Government Organisation
PIP	Project Implementation Plan
PO	Program officer / Purchase order
PRI	Panchayat Raj Institution
BCD	Building Construction Department
QBS	Quality Based Selection
QCBS	Quality And Cost Based Selection
RFP	Request For Proposal
BPSP	Bihar Panchayat strengthening Project
SPMU	State Project Management Unit
SSS	Single Source Selection
TOR	Terms Of Reference
UNDB	United Nations Development Business
UT	Union Territory
WB	World Bank
WBR NO.	World Bank Reference Number

References:

1. Guidelines Procurement under IBRD Loans and IDA Credits, May 2004, Revised October 1, 2006
2. Guidelines Selection and Employment of Consultants by World Bank Borrowers, May 2004, Revised October 1, 2006

SECTION-1

Introduction and Procurement Process

CHAPTER-1

INTRODUCTION

Objective of the Procurement Manual:

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

In BPS the procurement of goods, works and services will be handled by a variety of players—the State Project Management Unit, District Project Management Unit, Block Project Management Unit (BPMU) and other Implementing Agencies like BCD, , . To this effect the Procurement Manual sets forth the procedures, methods, reporting requirements and guidelines for procurement of goods, works and consultancy services. This manual does not cover the procurement process to be followed by Panchayati Raj Institutions for procurement of goods, works and services from their own resources. The applicability of this manual on procurement undertaken by PRIs is limited to the use of Performance Grants given from the proceeds from BPS.

In case of any ambiguity between this manual and the Bank Procurement Guidelines-Procurement under IBRD Loans and IDA Credits (May 2004) revised October 2006 and May 2010 for Works and Goods and Selection and Employment of Consultants by World Bank Borrower, (May 2004) revised October 2006 and May 2010, the Bank Guidelines shall prevail for all procurement under the project.

The manual is a live document and may be amended as and when required (after seeking approval of competent authorities, as the case may be) as experience and learning accumulate with the evolution of the project. All participants in the BGSYS are encouraged to share their learning from their experiences of the project implementation so as to improve the arrangements defined in this manual(similarly in other manuals) envisaged for implementation of BPS to attain its project mission and objectives.

Assumption 1 US \$ = 45 INR (to revisit at the time of signing loan agreement)

CHAPTER-2

PROCUREMENT PROCESS

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

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

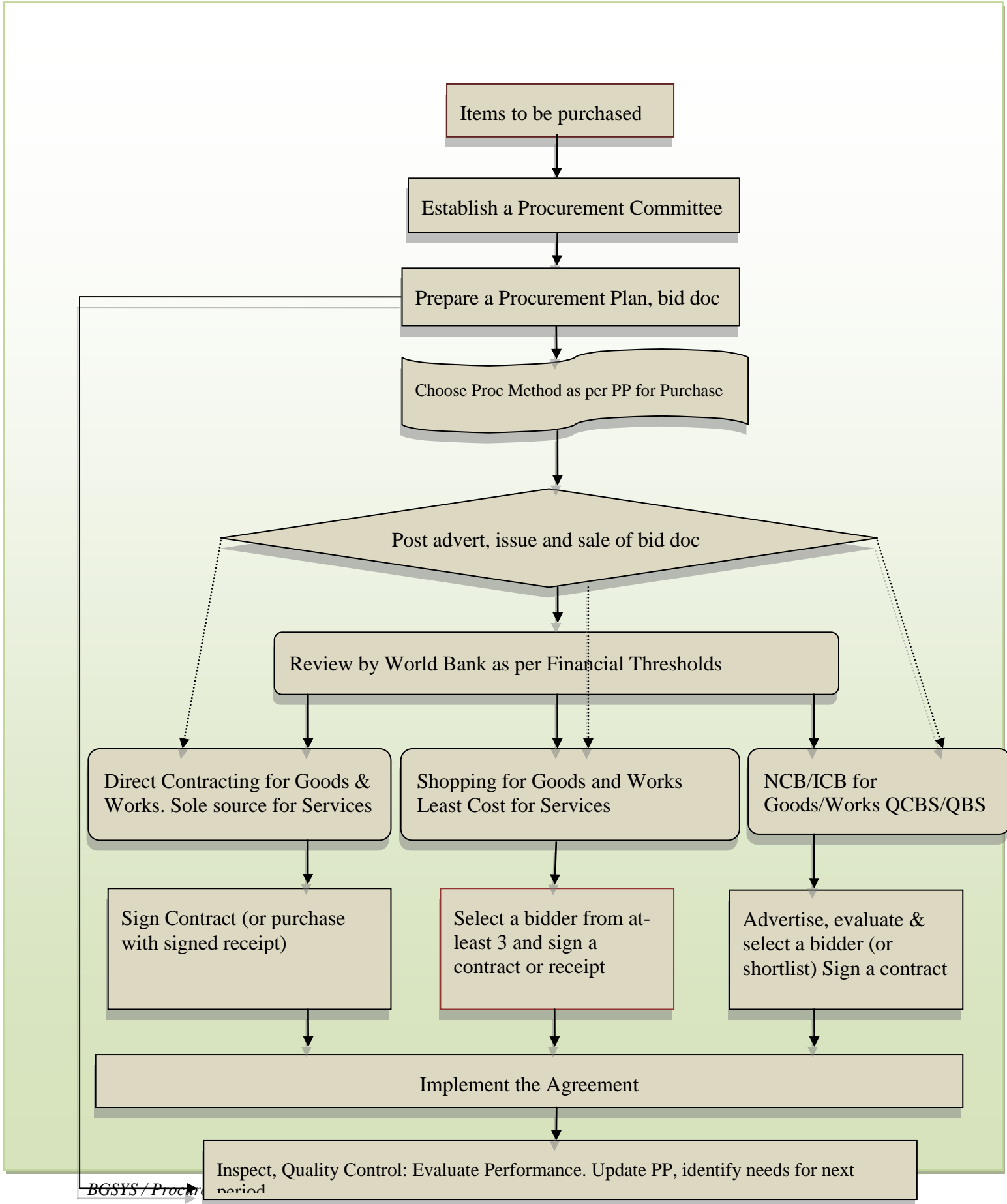
- i. The particular contracts for the goods, works and/or services required to carry out the project during the financial year.
- ii. The proposed methods for procurement of such contracts with their estimated costs, procurement schedule in accordance with the procedures agreed in the financing agreement,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

The Procurement Plan for the project shall be furnished to the Bank for its review and agreement. Any changes in the planned items /quantity/method/procedures will be agreed with the World Bank.

2.3 Roles and Responsibilities for preparing the Procurement Plan: State Project Management Unit will be responsible for the overall procurement plan and ensuring the project's compliance with procurement method's/procedures as per the guidelines. The State unit shall be staffed with a Procurement Manager who will be responsible for ensuring the proper implementation of the World Bank guidelines and procedures mentioned and agreed upon with the World Bank. At the District level, DPM and the District Finance Manager or the Accounts Officer shall be responsible for compiling and overseeing the procurement plan. Detailed Roles and Responsibilities are listed in Section 3 , Chapter 8.

2.4 Procurement readiness: At the Project office level this is defined by the volume, numbers of items to be procured and the separation of functions envisaged in the procurement process.

Figure 2.1: Procurement Process



SECTION-2
PROCUREMENT AT PROJECT OFFICE

CHAPTER-3

VALUE THRESHOLDS FOR PROCUREMENT OF GOODS, CIVIL WORKS AND SERVICES

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

3.2 Threshold for Civil Works

Expenditure Category	Value (threshold) per contract	Procurement Method	Review Procedure by World Bank**
Civil Works	(a) Civil works estimated to cost more than US\$ 5 million [> INR 225 million] equivalent	International Competitive Bidding (ICB)	<i>Prior review</i> by the Bank- first two contracts regardless of value and all subsequent contracts valued above US\$ 500,000
	b) Civil works estimated to cost more than US\$ 50,000 [> INR 22,50,000.00] and less than or equal to US\$ 5.0 million [<= INR 225 million] equivalent	National Competitive Bidding (NCB)	First two works contract under NCB regardless of value and all subsequent contracts costing more than US\$ 500,000 equivalent each will be <i>prior reviewed</i> by the World Bank All other contracts by post reviewed by the World Bank.
	c) Civil works estimated to cost the equivalent of US\$ 50,000 or less (<= INR 22,50,000.00)	Shopping (at least three quotations from qualified contractors)	<i>Post review only</i>

3.3 Threshold for Goods & Equipments

Expenditure Category	Value (threshold) per contract	Procurement Method	Review Procedure by World Bank**
Goods/ Equipment/ Machines/Furniture/ Vehicles/Proprietary software	Contracts estimated to cost more than US\$ 300,000(>INR 13.5 million)	International Competitive Bidding (ICB)	<i>Prior review</i> by the World Bank
	Contracts estimated to cost more than US\$ 50,000 and <= US\$ 300,000 equivalent (>INR 2.25 million but < INR 13.5 million)	National Competitive Bidding (NCB)	First 2 contracts under NCB regardless of value and all subsequent contracts costing more than US\$ 300,000 equivalent each will be <i>prior reviewed</i> by the World Bank All other contracts will be post reviewed by the World Bank.
	Contracts estimated to cost less than or equal to US\$ 50,000 equivalent (<= INR 2.25 million)	Shopping (includes issue of supply orders under DGS&D rate contracts. However, State Rate Contracts are not to be considered as alternative to DGS &D Rate Contracts. State Rate Contracts can be considered as one of the 3 quotations for shopping procedure) Direct Contracting , if the conditions of direct contracting are met.	<i>Post Review only</i>
Proprietary Items		Direct Contracting if the conditions of direct contracting as per the World Bank Guidelines are met.	<i>Prior Review</i>

3.4 Threshold for Consultancies/Services

Expenditure Category	Value (threshold) per contract	Procurement Method	Review Procedure by World Bank
Research and evaluation contracts, professional services, training, workshops & fellowships etc.	(a) More than US\$ 200,000 equivalent [$>$ INR 9.0 million]	Quality and Cost Based Selection (QCBS)- International Shortlist	<i>Prior Review</i> by the World Bank of all contracts valued above US\$ 200,000.
	(b) Contracts estimated to cost less than or equal to US\$ 200,000 equivalent (\leq INR 9.0 million)	Quality- and Cost-Based Selection (QCBS)/ /Least Cost Selection (LCS). Short list may comprise entirely of national consultants Single source / Least Cost selection of firms/Hiring of individuals	<i>Post Review</i> by the World Bank.
	(c) Contracts estimated to cost less than or equal to US\$ 100,000 equivalent (\leq INR 4.5 million)	Consultant Qualification (CQS)	<i>Post Review</i> by the World Bank

** If a transaction comprises several packages, lots or slices, the aggregate, estimated value of contracts determines the applicable threshold amount

3.5 Threshold for Community Based Procurement by GPs for the use of Performance Grant

Procurement	Organisation	Methods
1. WORKS		
Cost Up to US\$ 30,000 (INR 13,50,000) per contract	GP	(i) By GPs themselves (force account) or (ii) by a local contractor selected through shopping after inviting minimum three quotations in response to written invitation with a minimum of 15 days notice period. If GP carries out construction activities on its own, a Beneficiary Committee shall be established for management of construction and funds. Engagement of labour shall be from within the village and following the muster roll process, as done in case of MGNREGA and other Government Schemes. The construction (carried out on its own or through contractors) and detailed accounts shall follow normal audit process as well as the Social Audit process
2.GOODS		
Cost Up to US\$ 30000 (INR 13,50,000) per contract	GP	Through shopping (after inviting at least three quotations in response to written invitation), DGS&D rate contracts.
Cost Up to US\$ 1000 (INR 45000) per contract	GP	In exceptional situations, where (i) an adequate market to seek 3 quotations is not available in the location where the GP is located and (ii) costs of transportation etc. outweigh the benefits of seeking quotations from district head quarters and other cities, Direct Contracting method should be adopted. There should be adequate justification in the documentation that the above situation persists and the Project/World World Bank retains right to terminate the contracts issued and recover the sums from the GPs, if the justification is found invalid. To ensure that the single source is not charging excessive prices, unit rate should be verified as reasonable and comparable with BPMU/DPMU.
3. SERVICES		
Cost below US\$ 10,000 (INR 450,000) per contract	GP	In case of individuals selection of consultants by reviewing 3 CVs and/or through single source method for technical service provider. Maximum ceiling for a single contract will be INR 50,000. For Individual Consultants, advertisement is not required and Consultants do not need to submit proposals. Consultants shall be selected through comparisons of qualification of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the borrower. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications and those selected to be employed by the borrower shall be the best qualified and shall be fully qualified for carrying the assignment .Capability is judged on the basis of background, experience and appropriate knowledge of local conditions If any service provider is hired through single source, the same should be justified and approved by Procurement Committee of the DPMU It may also be useful for the SPMU to prepare a roster of qualified consultants and NGOs, and even to enter into indefinite delivery contracts with them; communities can then contact the consultant or NGO of their choice from such lists.

CHAPTER-4

PROCUREMENT FOR GOODS & CIVIL WORKS

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

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

4.1.1 International Competitive Bidding (ICB) This method is generally adopted where supplies cannot be met from indigenous sources and need import; and / or foreign firms are expected to participate (irrespective of the value) and bring more competition. In case of BPSP procurement, this method is to be adopted where the estimated cost of the procurement is more than US\$ 3,00,000 equivalent for goods and for works above value \$5 Million. For details of procedures to be followed for ICB method and formats to be used, please Refer Guidelines Procurement under IBRD Loans and IDA Credits, May 2004, Revised October1, 2006 and May 1, 2010 (Guidelines 1)

4.1.2 National Competitive Bidding (NCB) NCB is the competitive bidding procedure normally used for public procurement of goods and civil works within the country. The procedures shall provide for adequate competition in order to ensure reasonable prices. The criteria to be used in the evaluation of tenders and the award of contracts shall be made known to all bidders and not be applied arbitrarily.

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

- Only the model bidding documents for NCB agreed with the GOI Task Force (and as amended for time to time), shall be used for bidding;
- Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at **least 30 days** prior to the deadline for the submission of bids;
- No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small scale enterprises or enterprises from any given State;
- Extension of bid validity shall not be allowed without the prior concurrence of the World Bank (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by the Bank only in cases of Force Measure and circumstances beyond the control of the Purchaser/Employer);

- Re-bidding shall not be carried out without the prior concurrence of the Association. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used in the project;
- Rate contracts entered into by Directorate General of Supplies and Disposals will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however for any procurement under the Shopping procedures;
- Two or three envelope system will not be used;
- No Negotiations are allowed even with the lowest evaluated responsive bidders.
- Within two weeks of receiving the Bank's "no objection" to the recommendation of contract award, the client shall publish in the BPSP web site the results identifying the bids and lot numbers and the following information: Name of the winning bidder, and price it at which contract awarded, as well as the duration and summary scope of the contract awarded.
- If after publication of results of evaluation SPMU receives protests /complaints from the bidders, and if as a result of analysis of such protests SPMU changes its contract award recommendation and the Bank accepts such changes, then the revised contract recommendations containing all the above details shall be published within 2 weeks in the BPSP website

S. No	What has to be done?	Who should do it?	Description
1	2	3	4
1	Identify the item or the package of items to be purchased from the procurement plan.	Procurement Committee.	1. Understand the specifications of the item(s) to be purchased. 2. Lay down terms & conditions and specifications. 3. State Government rate contracts, if any, shall be treated as one of the three quotations in the shopping process. 4. DGS&D rate contracts shall be acceptable for procurement under shopping. (Not applicable for NCB)
2	Shop around or call for at least 3 quotations in writing with signature of supplier. Quotations could also be obtained by fax. Requests for quotes should be addressed to more than 3 firms that are reputable, well established and are suppliers of the goods or services being purchased, as part of their normal business (after verifying whether those being invited will make an offer or not) to ensure at least 3 quotations are received; In case unsolicited quotations are received, they may be accepted after carrying out a	Procurement Committee or its nominees.	The requests for quotations shall contain: <ol style="list-style-type: none"> 1. The description, specification and quantity of the goods as well as the required delivery time and place for the goods or services, including any installation requirements as appropriate 2. The request shall indicate the date by which the quotations are needed with a minimum of 14 days from the date of the issue for request 3. Terms of delivery of goods or description of works 4. Desired completion period 5. Place of works. 6. The price shall be quoted in INR. No bid or performance

	similar due diligence exercise to verify the nature and reputation of firm.		<p>securities are required.</p> <p>7. Each bidder shall submit only one quotation</p> <p>8. Quotation shall remain valid for period not less than 15 days.</p> <p>9. Terms of payment.</p> <p>10. Warranty Conditions</p>
3	Open quotations and prepare a comparison sheet to select the most appropriate supplier. If the Purchaser has not received at least three quotations within the time set, it should be verified prior to opening of the quotations received, with the suppliers who have not submitted quotation, whether they intend to do so and how soon. Unless there is extreme urgency or there are already three or more quotations available, reasonable amount of additional time, say three more days, could be given to submit quotation.	Procurement Committee.	<p>The following steps shall be followed.</p> <ol style="list-style-type: none"> 1. Evaluate and compare the quotations determined to be substantially responsive to the conditions 2. Write information from the quotations on a comparison form. 3. Select among the responsive quotations, who has offered the lowest price, which also commensurate with market price. 4. Sales Tax / VAT in connection of goods shall be taken in account for the purposes of evaluation only. 5. The procurement committee members should sign on the comparison sheet. 6. Award decision and its rationale should be documented/ and kept for review by audit by the Bank (or by the Bank's auditors) as needed. The record should contain the list of firms invited, and the list and value of quotations received, comparative statements etc. The documents should clearly show that the award is based on sound technical and commercial criteria. 7. Purchase order shall incorporate the terms of accepted offer including description, specification and quantity along with price.

For details of procedures to be followed for NCB method and formats to be used, please For details of procedures to be followed for ICB method and formats to be used, please Refer Guidelines Procurement under IBRD Loans and IDA Credits, May 2004, Revised October1, 2006 and May 2010 (Guidelines 1)

4.1.3 **Shopping** involves comparing price quotations obtained from several national suppliers, usually at least three to ensure competitive prices. Shopping is intended to be a simple and rapid procurement method and is one of the least competitive procurement methods and may be abused unless it is carried out in compliance with legal agreements and observing a minimum formality in the process and with appropriate record keeping for verification and audit. Shopping should not be used as an expedient to by-pass more competitive methods or fraction large procurement into smaller ones solely to allow the use of Shopping.

Packages of goods, equipments (including vehicles) and civil works estimated to cost less than US\$ 50,000 equivalent per contract would be procured following Shopping procedures in accordance with provisions of para 3.5 of the procurement guidelines. It can be used to procure small amounts of off-the-Shelf goods or Standard Specification Commodities or simple civil works for which more competitive methods are not justified on the basis of cost or efficiency.

State Government Rate Contracts or direct procurement through Super Bazar / Janatha Bazar are not acceptable as a suitable alternative to Shopping. It is one of the simplest and fastest procurement methods involving five basic steps-

- 1 Issue request for quotation.
- 2 Receive and open quotations.
- 3 Evaluate quotations and preparing comparative statement, ensuring a minimum three quotation.
- 4 Select the lowest responsive offer
- 5 Issue purchase order

Figure 4.1: Shopping Procedure Explained

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

- Extension of existing contracts for works or goods awarded with the prescribed procedures, justifiable on economic grounds and within reasonable time, say two months;
- Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier;
- The required item is proprietary and obtainable only from one source, and

Works are small and scattered or are situated in remote locations where mobilization costs for contractors would be unreasonably high.

After the contract is signed the SPMU shall share it with world bank which shall publish it in UNDB online and in dg market the name of the contractor, price duration and summary scope of the contract.

CHAPTER-5

PROCUREMENT OF CONSULTANTS/ SERVICES

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

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

5.2 It is envisaged that BPSP will involve substantial efforts for capacity building at the level of the GPs and their federations, such that they are enabled to be efficient, accountable, transparent and self-managed institutions.

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

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

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

5.6 The methods for selection of Consultants include:

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

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

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

Steps involved in QCBS
Establish the need for the assignment and outsourcing the services
Preparation of the Terms of Reference (TOR)
Preparation of cost estimate and the budget
Agreeing on the Contracting Strategy
Advertising (for short listing of the firms when the purchaser has no knowledge about the firms who could take up the assignment)
Preparation of the shortlist of consultants
Preparation and issue of Request for Proposal (RFP) to shortlisted consultants containing
<ul style="list-style-type: none"> ○ Letter of Invitation (LOI) ○ Information to Consultants (ITC) Standard form of Technical and Financial proposals.

<ul style="list-style-type: none"> ○ Terms of Reference (TOR) ○ Standard Form of contract
Receipt of proposals
Opening and Evaluation of technical proposals`
Combined evaluation of quality and cost
Negotiations and award of the contract to the firm selected with the highest combined score.

5.6.1.1 QCBS is appropriate for assignments such as:

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

5.6.1.2 **Detailed explanation for some of the key processes in QCBS**

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

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

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

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

DECIDING CONTRACTING STRATEGY: Before starting the tendering exercise, it is essential to agree on contract strategy viz. going for lump-sum or time based contract, individual vs. firm, advertising vs. internal short listing for shopping, terms of payment etc. Various selection methods along with the thresholds applicable to each of them are mentioned in chapter 2 of this manual.

ADVERTISING: Advertisement is issued asking the potential service providers to indicate their interest in the assignment and provide abridged CVs of the proposed team members, their previous experience in similar type of assignment and the financial statement of the organisation through last 3 years balance sheets. The advertising may be issued in at least one largely circulated English language National Newspaper and one Vernacular Newspaper. In addition, Contracts expected to cost more than US \$ 200,000 shall be advertisement in UNDB online and Dg Market.

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

CONTRACT: Various types of contracts used are as under:

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

EVALUATION: Under QCBS the technical and financial proposals are submitted simultaneously in separate sealed envelopes (two-envelope systems). Evaluation of proposals is carried out in two stages: (1) quality; and (2) cost. The technical envelopes are opened by a Committee of officials of Client immediately after closing time for submission of proposal; the financial proposals remain sealed and shall be deposited with senior officer until the technical evaluation and the evaluation report are completed and approved by the Bank and technical scores are disclosed publicly.

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

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

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

NEGOTIATIONS: Negotiations are not an essential part of the selection process. In many cases, however, it may be necessary to conduct negotiations with the selected consultant on the TOR, the methodology, staffing, Department's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected.

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

Various formats to be used for issuing EOI, ToR, RFP, Bid Evaluation Report etc. for details please Refer Guidelines Selection and Employment of Consultants by World Bank Borrowers, May 2004, Revised October1, 2006 (Guidelines 2)

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

- the downstream impact of the assignment is so large that the quality of services becomes of overriding importance for the outcome of the project;

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

5.6.2.1 QBS should be adopted for assignment such as:

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

For detailed processes and conditions please refer to Guidelines Selection and Employment of Consultants by World Bank Borrowers, May 2004, Revised October1, 2006 and May 2010 (Guidelines 2)

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

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

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

For detailed processes and conditions please refer to Guidelines Selection and Employment of Consultants by World Bank Borrowers, May 2004, Revised October1, 2006 and May 2010 (Guidelines 2)

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

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

5.6.4.1 Typical assignments awarded under FBS are:

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

For detailed processes and conditions please refer to Guidelines Selection and Employment of Consultants by World Bank Borrowers, May 2004, Revised October1, 2006 and May 2010 (Guidelines 2)

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

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

5.6.5.1 Under CQ the Clients first prepare the TOR, then requests for Expression of Interest and qualification information on the consultant's experience and competence relevant to the assignment. The Client establishes a short list and selects the firm with the best qualifications and references. The selected firm is asked to submit a combined technical and financial proposal and is then invited to negotiate the contract if the technical proposal proves acceptable.

For detailed processes and conditions please refer to Guidelines Selection and Employment of Consultants by World Bank Borrowers, May 2004, Revised October1, 2006 and May 2010 (Guidelines 2)

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

- the assignment represents a natural or direct continuation of a previous one awarded competitively, and performance of the incumbent consultant has been satisfactory.
- a quick selection of consultant is essential e.g. in emergency operation and financial crisis;

- the contract is very small in value;
- only one consulting organization has the qualification or experience of exceptional worth to carry out the assignment.

For detailed processes and conditions please refer to Guidelines Selection and Employment of Consultants by World Bank Borrowers, May 2004, Revised October1, 2006 and May 2010 (Guidelines 2)

5.6.7 Selection of Individual Consultant At the project office level individual consultants can be hired at the State, District and Project Block Team level to provide expertise in income tax related work, water, sanitation, nutrition related work or to provide trainings to GPs.

5.6.7.1 Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Client. Individuals considered for comparison of the qualifications shall meet the minimum relevant qualifications and those selected to be employed by the Client shall be the best qualified and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience, and, as appropriate, knowledge of local conditions such as local language, culture and administrative system and government organization.

In addition to the steps to be followed for the tendering process, while short listing SO additional criteria should be kept in mind, this is refer to Guidelines Selection and Employment of Consultants by World Bank Borrowers, May 2004, Revised October1, 2006 and May 2010 (Guidelines 2)

CHAPTER-6

PROCUREMENT REVIEW

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

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

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

6.3 Procurement Review will be undertaken by internal auditors, statutory auditors and the World Bank under BPSP

6.3.1 **Internal Auditors:** Internal auditor's (firm of chartered accountants) will be appointed by SPMU for conducting the Financial Audit at the Department level. The TOR of financial audit

will include adequate requirement to cover review of procurement activities. The auditor will carry out the review of procurement procedures adopted for works, goods and consultancy services.

6.3.2 Statutory Auditors: The statutory audit of the Program will be conducted by the Chartered Accountant Firms, who will also review the procurement procedures adopted and give a report accordingly.

6.3.3 World Bank: World Bank will have the right to carry out the Prior and Post review¹ of the contracts by State, District and Block. Banks prior clearance shall be obtained in all contracts where contract value exceeds the original contract value beyond 15% as well as for granting extension in stipulated time period for performance of the Contract.

6.4 The Project shall retain all documentation with respect to each contract during project implementation and up to two years after the closing date of the Loan Agreement. This documentation would include, but not be limited to, the signed original of the contract, the analysis of the respective proposals, and recommendations for award, for examination by the Bank or by Consultants. The Borrower shall also furnish such documentations to the Bank on request.

Prior Review consists of review of Procurement plan, Invitation of bids, Bidding document, Sending of Pre-bid meeting for information and Addendums for clearance, Bid Evaluation Report; and Final contract (s) with check list

Post Review covers the final contract along with appendices and copy of evaluation note/award recommendations, which should be submitted along with the checklist.

Copies of agreements of the Contracts subject to post review (disbursement claimed as SOEs) are not to be forwarded to the Bank. However, the information shall be compiled at the State level/Division level and Bank will seek whenever information is required for post review as per the guidelines. These will be reviewed selectively by visiting Bank's Supervision Mission.

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

**SECTION 3:
PROCUREMENT MANAGEMENT AND
ADMINISTRATION**

CHAPTER-7

LEGAL PROVISIONS

FOR PROJECT PROCUREMENT

7.1 The SPMU, DPMU and BPMU shall have their agreements with the consultants/Service providers as per the formats approved by the World Bank. The disputes if any between Project and the agency shall be governed by Arbitration Act 1996, wherein the ITB/RFP will nominate an Arbitrator. However the jurisdiction of court in case of any dispute shall be the Project district where the office is located, in case of SPMU it shall be Patna.

7.2 **Adjudicator** In case of contracts above value of Rs.50.00 lakhs, the provision of an Adjudicator shall be included. The Adjudicator shall give a decision in writing within 28 days of receipt of a notification of a dispute. The Adjudicator shall be paid daily at the rate specified in the Contract Data which should not be less than Rs. 2000/ per day together with reimbursable expenses of the types specified in the Contract Data and the cost shall be divided equally between the Employer and the Contractor, whatever decision is reached by the Adjudicator. Either party may refer a decision of the Adjudicator to an Arbitrator within 28 days of the Adjudicator's written decision. If neither party refers the dispute to arbitration within the above 28 days, the Adjudicator's decision will be final and binding. Details on draft letter are refer to Guidelines Procurement under IBRD Loans and IDA Credits, May 2004, Revised October1, 2006 (Guidelines 1)

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

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

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

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

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

CHAPTER-8

ROLES AND RESPONSIBILITIES

8.1 This chapter describes the administrative and managerial tasks involved in conducting procurement related activities by the project management at the State, District and Block level

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

Roles and Responsibilities

Management Office: Key Officer	Role of Management Office	Key Responsibilities
<p>State Project Management Unit: Procurement Specialist (SPM)</p>	<p>Responsible for overall procurement plan and project's compliance with procurement methods/procedures as per guidelines and procedures mentioned and agreed upon with the World Bank.</p>	<p>Prepare the annual procurement plan based on need assessment and project design. Facilitate development of Procurement Plan in other implementing agencies like BCD/.</p> <p>Preparation and updating of procurement manual based on World Bank guidelines for implementation of the project at State, District, BPMU level</p> <p>Procure the goods, services and works at the State level and beyond certain ceilings at the district/BPMU level with due diligence.</p> <p>Train the DPMU, BPMU and other implementing agencies like BCD in procurement with due diligence</p> <p>Build the procurement capacity of District, and BPMU Staff.</p> <p>Guide and monitor the process of procurement at various levels.</p> <p>Prepare Unit Cost data Base and Item banks detailing names of respected manufacturers, indicative range of machinery / equipment etc.</p> <p>Maintain a Procurement Management Information System (MIS) on all key indicators to be agreed with the Bank and generate and share reports with all stakeholders.</p> <p>Maintain a Contract Register and update periodically</p>
<p>District Project Management Unit: District Finance Manager overall in-charge under the District Project Manager.</p>	<p>At the district level, the role of DPMU in the procurement is limited to the procurement of goods, services and works within the certain specified ceilings (as specified by the SPMU from time to time).</p>	<p>Responsible for the overall procurement plan at the District level and projects compliance with procurement methods/procedures as per the guideline issued by SPMU.</p>

BPMU	The role of BPMU in the procurement is limited to the procurement of goods, services and works within the certain specified ceilings (as specified by the state project management unit from time to time).	Responsible for the overall procurement plan at the BPMU level and projects compliance with procurement methods/procedures as per the guidelines Prepare the annual procurement plan based on need assessment and inputs received from concerned sections for the district, for incorporation in the overall project's Annual procurement plans. Procure the goods, services and works within the specified ceilings at the BPMU level with due diligence.
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8.3 In addition the Management Offices will also undertake and be responsible for the following **Administrative Tasks:**

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

8.3.2 **Audit of accounts** Procurement officer shall be overall responsible for the audit. However at district level district finance manager and at BPMU level BPMU manager shall be responsible for making all arrangements of the procurement audit.

Examples of what can be bought?	What should be taken into consideration?
SPMU/DPMU/BPMU	
<ul style="list-style-type: none"> • Office supplies (consumables stores including stationary like paper, pens, files, registers etc Spare Parts, fuel oil and lubricants, items for repair and maintenance) • Furniture and Fixtures • Office Equipment & Electronic items (like Computers, printers, scanners, UPS, photocopiers, fax machines, LAN, WAN, ACs,) • Communication aids such as multimedia projectors, Audio visual equipment, digital and video cameras, mobile units and peripherals and other electronic items • Vehicles • Miscellaneous field equipment and 	<p>1. GOODS. Whenever a purchase under this category is to be undertaken, the following should be considered:</p> <ul style="list-style-type: none"> • Properties or characteristics of the item that is to be purchased; • Quantity required with the unit of measurement; • Approximate date when the item is required; • How the payment will be made, in lump sum or in instalments? (All payments above INR Rs. 20000 should be made by cheque only)

apparatus <ul style="list-style-type: none"> Proprietary Software, Journals, Publications, Training Manuals 	
<ul style="list-style-type: none"> Hiring of persons or organizations to provide technical support for the preparation of community proposals, or in implementing activity, including services of an office boy, accountant, bookkeeper, procurement consultant, and other specialists or resource persons. Hiring of services for various studies, monitoring and evaluation, impact assessments, and post review of procurement activities at community level, MIS package, development, and maintenance etc. Hiring of Vehicles. Hiring of Office support and maintenance. Hiring of Courier/Photocopier Services or other such services. 	<p>2. SERVICES. When the services of a person or agency are to be acquired, following must be considered:</p> <ul style="list-style-type: none"> What qualifications are required for the individuals? For how many days would the service be required? How much will be paid for the service? In how many instalments? (All payments to consultants by cheque or demand draft)
<ul style="list-style-type: none"> Materials and labour related to renovation or construction 	<p>3. CIVIL WORKS</p> <ul style="list-style-type: none"> Size and location of land/area for construction, or the location of existing shelter/room for renovation, alteration, refurbishing; Design/sketch of shelter/room and specifications of work How the payment will be made (cash/cheque), lump sum or in instalments?

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

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

8.4 The officer in charge at each level is the key Procurement Personnel, however, when making any purchase, a Purchase Committee or a Procurement Committee needs to be set up. This **Purchase Committee/Procurement committee** has to be constituted to comprise of at least three members (but not Exceeding 5 Members), including a representative of accounts and finance and a technical member if required.

Composition of Purchase Committee

The Executive Committee of the Society shall constitute a Procurement Committee for the evaluation of tenders/ bids, negotiations & recommendation for award of contract. The constitution of procurement committees at SPMU, DPMUs and BPMUs and at any other level required in respect of different threshold values for civil works, goods and equipments and consultancies/ services will be provided in the financial and administrative rules.

The details of the procedures that such constituted procurement committees would follow, for example||: Approving what to buy and when to buy and how the payment would be made, Group similar expenditure items into relevant/ convenient package(s), Finalize technical specifications and terms of references for goods & **equipments**, Carrying out the procurement and record keeping as defined in this manual, Verification of the items, goods & equipments supplied, would also be provided in the above mentioned rules.

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

Aspect	Things to Remember
Advertisement	<ol style="list-style-type: none"> 1. Invitations shall be published in at least in one national English and one regional language daily. 2. In case of ICBs, also publish in the 'United Nation's Business Development' (UNDB) and Market online and forwarded to embassies and trade representatives of countries of likely suppliers of goods and also who have expressed interest in response to the General Procurement Notice (GPN). 3. The advertisement should also be placed at the project website. 4. No need for advertisement in case of National Shopping.
Time for submission of Bids	<ol style="list-style-type: none"> 1. Not less than 2 weeks for Shopping. 2. Not less than 4 weeks for NCB. 3. Not less than 6 to 8 weeks for ICB.
Bid Opening	<ol style="list-style-type: none"> 1. Bid Opening shall be on the same day, immediately after closing submission of bids. 2. All bids shall be opened publicly in the presence of representatives of bidders. 3. Only single venue for submission and opening of Bids. 4. Late Bids to be returned unopened. 5. The name of the bidder and total amount of each bid along with important conditions like excise duty, sales tax, delivery terms, delivery period, special conditions and discounts, if any, shall be read out at the time of bid opening. Withdrawal notices and modifications to the tender shall be read out first followed by the tender of the bidder.
Bid validity	<ol style="list-style-type: none"> 1. Generally 30 to 45 days for Shopping. 2. Generally 90 days for NCB/ICB.
Non responsive Bids which will be rejected	<ol style="list-style-type: none"> 1. Unsigned bids. 2. Not accompanying Bid Security as per value and valid duration in days, if required as per bid documents. 3. Not meeting eligibility criteria, if any mentioned in the bid documents. 4. Bids that have not quoted for the entire schedule/packing (if so required by Bid documents) and are not in the required currency as indicated in the bid documents. 5. Not meeting the technical and financial capability as per specified tender evaluation criteria to successfully execute the contract.
No Negotiations	<i>There should not be any negotiations either for price or terms and conditions of the tender submitted.</i>
Securities and Penalties in Bid Documents and Contracts	<ol style="list-style-type: none"> 1. Performance Security is generally taken in NCBs and ICBs. 2. Retention Money is generally taken in civil works contracts. 3. Liquidated Damages should be included in all contracts. 4. All the above should be included in Bid documents.

Aspect	Things to Remember
Repeat Orders applicable for ICBs and NCBs	<ol style="list-style-type: none"> 1. Quantities in contracts awarded may be increased as per the prevailing State procedure up to 15% of the quantity originally ordered by repeat orders. 2. No Objection needed from Bank for more than 15%.
Fraud and Corruption	<ol style="list-style-type: none"> 1. World Bank has the right to reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question. 2. World Bank will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive or coercive practices during the procurement or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation. 3. World Bank will sanction a firm or individual, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that they have, directly or through an agent, engaged, in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a Bank-financed contract. 4. Will have the right to require that a provision be included in Bidding Documents and in contracts financed by a Bank loan, requiring Bidders, Suppliers, Contractors and Consultants to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank. (Please refer to World Bank Guidelines for detailed clause)
Procurement Review	<p>World Bank will carry out prior review of bid documents, advertisements, evaluation reports and award recommendations as per the value thresholds mentioned in Chapter 2. However, Terms of Reference and Consultants contracts for assignments of critical nature will be reviewed in all cases, regardless of values</p> <ol style="list-style-type: none"> 1. World Bank will carry out post review either by themselves or by Consultants of selected at least 10% of all contracts issued by all entities SPMU/DPMU/BPMU. 2. If the World Bank determines that the goods, work or services were not procured in accordance with the agreed procedures, as reflected in the Loan Agreement and further detailed in the Procurement Plan approved by the Bank or that the contract itself is not consistent with such procedures, it may declare it to be mis-procurement as established in the procurement guidelines.
Filing and Record Keeping	<ol style="list-style-type: none"> 1. Should follow the established Government procedures for filing of records. 2. Should keep all information in one single file per contract issued like copy of procurement plan with details of the item procured, bidding details like letters sent, advertisements issued, record of public opening of bids, all signed original bids with signatures of members opening the bid, bid evaluation report, minutes of meeting of Procurement committee, letter of indent, signed Purchase Order/Contract, Delivery challan/receipt, Inspection/Acceptance report, Invoice, Payment details, etc. 3. Maintain a purchase order log which is a brief record for all purchase orders issued containing supplier's name, brief description of purchase, total value of order, status of PO (open / closed etc.) 4. Vendor Record file which contains the names, addresses of suppliers, materials that a vendor can supply, delivery and quality records 5. Rate contract file containing the purchase records of items under a term contract 6. Summary purchase reports (could be monthly/ quarterly/ half yearly/ annually) available to management for ease of reference. Could have the total value of purchase, allocation of purchase value against major items, budget for purchase for next year, proposal for revision of

	budget in current year.
Mis-procurement	The Bank does not finance expenditures for goods, works and consultancy services, which have not been procured/ contracted in accordance with the agreed provisions of the financing agreement and as further elaborated in Procurement Plan agreed with the Bank. In such cases, the Bank will declare mis-procurement, and it is the policy of the Bank to cancel that portion of credit/ loan allocated to the goods, works, and consultancy services that have been mis-procured. The Bank may, in addition, exercise other remedies provided for under the Financing Agreement. Even when the contract is awarded after obtaining “no objection” from the Bank, the Bank may still declare mis-procurement, 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 prior approval.
Complaint Redressal	<p>In order to deal with the complaints from the contractors / suppliers and public effectively, a complaint handling mechanism shall be set up at the State level as well as at district level, and immediate action shall be initiated on receipt of complaints to redress the grievances. All complaints shall be handled at a level higher than that of the level at which the procurement process is being undertaken and the allegation made in the complaints should be thoroughly enquired into, and if find correct, appropriate remedial measures shall be taken by the appropriate authorities. A register of the complaint redressal shall be prepared at each level and shall contain the following information</p> <ul style="list-style-type: none"> ○ S.No of the complaints ○ Date on which the complaint was made ○ Particular of the person making the complaint ○ Nature of the complaint ○ Complaint against whom if against a person ○ Detail of action taken and subsequent follow ups specifying on which date the action was taken ○ Whether the complaint has been satisfied if not why. ○ Action taken against the guilty ○ General remarks <p>Subsequently an on line database will be created which will be regularly updated and which would be capable of creating on line reports for the purpose of the monitoring. SPMU will announce on its web site about having in place a complaint redressal mechanism</p> <p>In case any individual officer/staff is found responsible, suitable disciplinary proceedings shall be initiated against such officer/staff. This register shall also be subject to concurrent audit by the chartered accountants engaged as concurrent auditors.</p>

ANNEXES

(Follows in Part II)