Procurement Management

1.1 INTRODUCTION

Procurement is a critical element in project implementation and unless carried out efficiently and promptly, the full benefits of the project cannot be realized. Poor procurement leads to project delays, cost overruns, complaints by bidders, and affects creditability of the associated institutions. To enable uniform and effective procurement, this chapter provides general guidelines to all concerned. The responsibility for the execution of the project and for the awards and administration of the Contracts under the project rests with the PIU. These guidelines pertain to procurement, utilizing GEF/WB funds. Implementing Agency [IA] shall be responsible for procurement of goods, works and services in accordance with the provisions of the Loan Agreement, including the provisions of prior review by MoUD/PMU and the World Bank, if required, at various stages of procurement. All procurements using GEF/WB funds under the project, would be carried out as per the "Guidelines, Procurement under IBRD Loans and IDA Credits, May 2004, revised October 2006" including latest modifications if any and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers, May 2004, revised October 2006" as also the latest modifications if any (together termed as "The Procurement Guidelines").

In the event of any inconsistency/lack of clarity, IAs would be required to contact Bank for clarifications. The provisions of “The Procurement Guidelines” shall prevail upon the provisions of the manual.

It is the Bank’s policy to require that Borrowers (including beneficiaries of Bank loans), as well as bidders suppliers and contractors observe the highest standards of ethics during the procurement and execution of contracts. In pursuance of this policy, the Bank has defined various aspects of unethical practices and consequent sanctions by the Bank under the heading “Fraud and Corruption” in para 1.14 of the Procurement Guidelines and para 1.22 of the Consultant Guidelines. The IAs should carefully go through these for implementation while arranging procurements of Goods, Works and Consultants with Bank’s financing. The guidelines for checking fraud and corruption and handling of complaints have also been elaborated in chapter 8 of the Operations Manual.

1.2 MISPROCUREMENT

As per para 1.12 of Procurement Guidelines and 1.17 of the Consultant Guidelines for procurement of Goods/works and Services respectively the Bank does not finance expenditures for procurements not undertaken with full compliance of the agreed provisions of the Loan Agreement and as elaborated in the Procurement Plan. In such cases, the Bank will declare misprocurement, and it is he policy of the Bank to cancel that portion of the loan allocated to the procurement of either goods/works or services that have been misprocured.
The Bank, may in addition, exercise other remedies provided under the Loan Agreement. Even once the contract is awarded after obtaining a “no objection” from the Bank, it 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.

1.3 PROCUREMENT PLAN

A Procurement Plan (PP), in the prescribed format, (Appendix 1.1) will include estimated cost of each package, the method of procurement/selection, the prior review requirements and other bidding details. It shall be prepared by implementing agency and the same shall be finalized in consultation with the Bank. It shall be prepared only for first 18 months of project implementation and shall be revised annually or earlier. The PP will be updated in agreement with the Bank to reflect the actual project implementation needs.

1.4 STANDARD BIDDING DOCUMENT AND RFP

Procurement of Works, Goods or Services other than consulting services shall be made using Bank’s Standard Bidding Documents (SBD) and as agreed with the Bank. All consulting services shall be procured following Standard Request for proposal (RFP). The Standard documents have been shared with the cities and may be downloaded from the website http://worldbank.org/procure. For National Competitive Bidding (NCB), the model bidding documents agreed with the GOI TaskForce will be used for bidding.

1.5 PROCUREMENT OF GOODS AND WORKS

1.5.1. Methods of Procurement

A) International Competitive Bidding

The ICB (the most preferred method) is to be to be adopted in situation where the following conditions hold true:

- For packages costing more than the equivalent of US $200,000 (Goods)/US $ 10,000,000 (Works), US $500,000 (IT Systems) or as provided in the loan agreement; and
- Irrespective of value, where supplies need import and entail payment in foreign currency.

The steps for undertaking these types of procurement are:

- Publication of General Procurement Notice followed by specific Invitation for Bid (IFB) in United Nations’ Development Business (UNDB) online and dg Market publication;
- Transmission of IFB to those who have expressed interest in response to the General Procurement Notice;
- Publication of IFB in at least one widely circulated national daily newspaper at least 45 days prior to the deadlines for submission of bids.
- Use of standard bidding document;
- Sale of bidding document to start only after publication of IFB in UNDB and national newspapers; and
• Bidding period 45 to 90 days from date of start of sale of bidding documents.
• Issue of Bidding Documents;
• Submission of Bids;
• Public opening of bids;-- Bids to be opened at the venue, time and date (as published/notified) by a committee nominated by the competent authority in the presence of Bidders or their authorized agents. All prices and other commercial terms are read out during the opening.
• Evaluation using standard bid evaluation forms prepared by the world bank in accordance with the provisions of the bank guidelines;
• Selection of lowest evaluated responsive bid - based on post qualification;
• Contract Award;
• Award to be published in UNDB online/web; and
• Debriefing of bidders
• Contract Performance;

B) National Competitive Bidding (NCB)

NCB is also competitive bidding advertised nationally for procuring Goods or Works. However, foreign bidders are not to be precluded from participation, and Domestic preference will not be applicable.

To be adopted where:
• For packages costing less than US $200,000* (Goods)/US $ 10,000,000 (Works)/US$ 500,000(IT Systems);
• Works are scattered geographically or spread over time;
• Works are labour intensive;
• The Goods and Works are available at prices below international market and the advantages of ICB are clearly outweighed by the administrative or financial burden involved.

Requirement:

NCB procedures will be in accordance with the requirement of Paragraph 3.3 and 3.4 of the World Bank procurement guidelines and with the following additional conditions:
• Only the model bidding documents for NCB agreed with the GOI Task Force (and as amended from time to time) shall be used for bidding;
• Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids;
• No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State;
• Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, not even with the lowest evaluated bidder;
• 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 four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by the Bank only in cases of force majeure and circumstances beyond the control of the
Purchaser/Employer);

- Re-bidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or “bracket” of prices shall not be used in the project;
- Rate contracts entered into by Directorate General of Supplies & Disposal, (DGS&D) will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however, for procurement under Shopping procedures;
- Two or three envelope systems shall not be used in which the bidders simultaneously submit Technical and Financial proposals that are opened at different times.
- Bank’s right to audit clause shall be included in the NCB document.

C) Shopping:

Shopping procedures shall be in accordance with the requirements of paragraph 3.5 of the World Bank procurement guidelines.

Shopping is a procurement method based on comparing price quotations obtained from several national/international suppliers (in case of goods and) or from several contractors (in case of civil works), with a minimum of three to assure ensure competitive prices. It is an appropriate method for procuring readily available off-the-shelf goods or standard specifications commodities of small value and is ordinarily available from more than one source. Limited Competitive Bidding/ Shopping shall be allowed for contracts maximum up to US $ 10,000 for goods.

The following considerations shall be kept in view while adopting this procedure:

- Approval of competent authority should be obtained for items of goods to be purchased along with specifications, estimated costs and agencies from which quotations should be invited.
- The requests for quotations shall contain the description, specifications, quantity of the goods, terms of delivery of goods as well as desired completion period.
- If the quotations are called for more than one item it should also be indicated whether the evaluation would be for each item separately or as a package of all items together.
- Quotations can also be obtained by e-mail or facsimile. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.
- Rate Contracts finalized by the Directorate General of Supplies & Disposals (DGS&D) will be acceptable for any procurement under applicable shopping thresholds.

Following points should always be mentioned in the letter of inviting quotations.

- Give description, specifications and quantity.
- Specify that the contract shall be for the full quantity of each item.
- All duties, taxes and other levies payable on the raw material and components shall be included in the total prices.
- Sales tax/other applicable Taxes in connection with the sale shall be shown separately.
- The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
- The Prices shall be quoted in Indian Rupees only.
- Each bidder shall submit one quotation.
D) Direct Contracting

- Goods which meet the requirements of paragraph 3.6 of the World Bank procurement guidelines may be procured following Direct Contracting procedures.

- Direct Contracting, proprietary items, such as spare parts, software, up to US $ 1,000 equivalent per contract meeting requirements stated in the Procurement Guidelines of the Bank and petty items costing up to US $ 200 per contract may be procured through Direct Contracting.

Summary of the Method of Procurement

<table>
<thead>
<tr>
<th>Category</th>
<th>Method of Procurement</th>
<th>Threshold (US$ Equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Works and Supply &amp; Installation of Plants</td>
<td>ICB</td>
<td>&gt; 10 Million</td>
</tr>
<tr>
<td></td>
<td>NCB</td>
<td>Up to 10 Million</td>
</tr>
<tr>
<td></td>
<td>Shopping</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>NA</td>
</tr>
<tr>
<td>Goods (also applicable for non-intellectual services and the services contracted on the basis of performance of measurable physical outputs)</td>
<td>ICB</td>
<td>&gt; US $ 200,000</td>
</tr>
<tr>
<td></td>
<td>NCB</td>
<td>&gt; US $ 20,000 but &lt; US$ 200,000</td>
</tr>
<tr>
<td></td>
<td>Shopping</td>
<td>&lt; US$ 10,000</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>NA</td>
</tr>
<tr>
<td>IT Systems;</td>
<td>ICB</td>
<td>&gt; US$ 500,000</td>
</tr>
<tr>
<td></td>
<td>NCB</td>
<td>&lt;US $ 500,000</td>
</tr>
</tbody>
</table>

1.5.2. Review of Procurement

Procurement Decisions shall be subject to Prior Review by the Bank as stated in Appendix 1 to the Procurement Guidelines. For Prior review by the Bank, PMU will carry out quality check on all procurement documents to be prepared by the IAs and then forward the same with its recommendations to the Bank. PMU shall be responsible for prior review of all procurement cases up to the threshold in the table below for which each IA shall forward the complete procurement documents to PMU.

Table 1: Prior Review Threshold for Procurement of Goods and Works [to be finalized after receipt of details]

<table>
<thead>
<tr>
<th>Procurement Method</th>
<th>Prior Review Threshold by the Bank</th>
<th>Prior Review by PMU at MoUD</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICB (Goods)</td>
<td>&gt; US $ 200,000</td>
<td>NIL</td>
<td>All ICB Contracts subject to prior review irrespective of value</td>
</tr>
<tr>
<td>NCB (Goods)</td>
<td>&gt; US $ 100,000</td>
<td>&gt; US $ 50,000 and &lt;US $ 100,000</td>
<td></td>
</tr>
<tr>
<td>ICB (Works)</td>
<td>All</td>
<td>NIL</td>
<td>All ICB Contracts subject to prior review irrespective of value</td>
</tr>
<tr>
<td>NCB (Works)</td>
<td>&gt; US $ 500,000</td>
<td>&gt; US $ 250,000</td>
<td></td>
</tr>
<tr>
<td>Procurement Method</td>
<td>Prior Review Threshold by the Bank</td>
<td>Prior Review by PMU at MoUD</td>
<td>Remarks</td>
</tr>
<tr>
<td>--------------------</td>
<td>-----------------------------------</td>
<td>----------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Direct Contracting</td>
<td>All</td>
<td>NIL</td>
<td>All contracts irrespective of value</td>
</tr>
<tr>
<td>IT System</td>
<td>&gt; US$ 100,000</td>
<td>&gt; US$ 50,000 and &lt;US $ 100,000</td>
<td></td>
</tr>
</tbody>
</table>

### A) Prior Review

Prior Review will consist of review of:
- invitation for bids;
- bidding documents;
- minutes of pre-bid conference; and amendments to the bidding document
- request for extension of bid validity for a period longer than 4 weeks, if it is a first extension and for all subsequent extension irrespective of the period
- bid evaluation report (suggested format included in the Procurement Procedures brochures); and
- final contract(s) with checklist (format of checklist included in the Procurement Procedures brochure) for obtaining WBR number from the WB

### B) Post Review by Bank (as per Para 5 of appendix-1 of procurement guidelines)

Post Review by Bank (as per Para 5 of appendix-1 of procurement guidelines) of contracts other than prior review cases will consist of review of final concluded Contract(s) with checklist and supporting documents. For all other cases, PMU shall prior review. PMU shall maintain complete files of all documents to be available for yearly reviews by the Bank.

### 1.5.2 Important points to be observed in Procurement Process

General considerations are transparency, economy and efficiency, equal opportunity to all eligible bidders and encouraging development of domestic contracting and manufacturing industries.

**Bidding Documents:**
- The Standard Bidding Documents/ Model bidding documents for procurement of Works and Equipment (ICB/NCB respectively) shall be used.
- Appropriate qualification & evaluation criteria shall be fixed.
- Detailed design and engineering, including soil investigation, acquisition of land for works and preparation of technical specification for equipment, shall be completed before invitation of bids.
- Schedule of rates (based on which estimates are prepared) should be updated regularly taking into account realistic data based on the construction methodology to be used, current market prices for materials and labour, and reasonable contractor’s profit.
- Bill of Quantities should have a separate schedule for those general items, which are not covered in analysis of rates adopted for estimation.
- Bidders may quote speculative/non-competitive prices for items with zero quantity in BOQ, as this will not affect the bid evaluation. Hence no item with nil quantity should be included.
• Bidding documents should generally avoid submission of samples along with bids by bidders as this requirement discourages competition and increases the bid prices. Alternatively bidders should be requested to confirm that their product meets with the required specifications and in support attach appropriate test certificates from recognized testing laboratories.

• No filtration in the sale of bidding document. It should be sold and made available by mail as well, to all whosoever pays the required fee and requests for it.

• Where Bidders are not pre-qualified, minimum post qualification criteria should be clearly specified in the bidding document and enforced.

• Contractors should be made responsible to provide all materials including Cement and Steel etc.

• Minimum bidding period for NCB -30 days and ICB -45 days (from the date of publication of IFB in press /UNDB or the date the documents are made ready for sale, whichever is later).

• Bidding documents should be made available for sale till a day prior to the last date of receipt of bids. The time for the public bid opening should be the same for the deadline for receipt of bids or promptly thereafter (to allow only sufficient time to take the bids to the place announced for public bid opening).

• Two or three envelop system will not be used.

Bid Security:

• A fixed amount usually 2 to 5% for Goods and 1 to 3 % for Works [For small value purchases and in some specific cases, where bid security is considered not essential, for example in vehicles it could be dispensed with] [a system of self declaration by bidders under which a winning bidder who does not sign the contract becomes ineligible for bidding for a specified period is provided in the new Guidelines as acceptable alternative].

Bid security should be valid for a period of 4 weeks beyond the validity period of the Bids.

Performance Security:

<table>
<thead>
<tr>
<th>Works</th>
<th>Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% of contract price</td>
<td>5 to 10% of contract price</td>
</tr>
</tbody>
</table>

Retention Money:

<table>
<thead>
<tr>
<th>Works</th>
<th>Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% of contract price</td>
<td>Nil</td>
</tr>
<tr>
<td>(50% to be retained till completion of the whole of the works and 50% to be retained till the end of defects liability period)</td>
<td></td>
</tr>
</tbody>
</table>

• Bank guarantees submitted by bidders/contractors/suppliers should be unconditional and be in the specified formats. Bid and performance securities of Joint Ventures should be in the name of all partners in the Joint Venture submitting the bid.

Publicity of Bid Notices

<table>
<thead>
<tr>
<th>ICB</th>
<th>NCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDB online and dg Market publication</td>
<td>--</td>
</tr>
<tr>
<td>Copies to bidders who have expressed interest in response</td>
<td>Copies to bidders who have expressed interest.</td>
</tr>
</tbody>
</table>
Receipt and Opening of Bids

*Bidders could submit their bids either by post or in person on any day during the bidding period. Bids should be received only at one place and should be kept in safe custody till the stipulated time of opening.

*All bids received should be opened and read out at the time of bid opening which should be immediately after the dead line for submission of bids. **No bid should be rejected at bid opening except for late bids, which shall be returned unopened to the Bidder.** Minutes of bid opening must be prepared and signed by the bid opening committee and by the representatives of the bidders. A copy of bid opening statement for all prior review cases shall be forwarded to the Bank.

Bid Evaluation and Award of Contract

• Evaluation of bids should be made strictly in terms of the provisions and criteria disclosed in the bidding document. Evaluation report should be drafted on the standard bid evaluation forms prescribed by the Bank.

• Single bids should also be considered for award if it is determined that publicity was adequate, bid specifications/conditions were not restrictive or unclear and bid prices are considered reasonable.

• Award should be in favour of the lowest evaluated responsive bidder, who is determined to be qualified to perform the contract satisfactorily.

• No preference to any bidder or class of bidders, either for price or for other terms and conditions.

• Evaluation and award decision of bids including the World Bank’s review should be completed within the initial period of bid validity. An extension of bid validity, if justified by exceptional circumstances shall be requested in writing from all bidders (of valid bids only) before the expiration date. The extension shall be for the minimum period required to complete evaluation, obtain necessary approvals and award of contract. In the case of fixed price contracts the bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. In the case of prior review contracts, WB’s prior approval will be required for (i) a first extension of the bid validity period if the period of extension exceeds 4 weeks; and (ii) any subsequent extension of bid validity period.

• If there is undue delay in awarding the contract, the Bank may consider declaring the same as mis-procurement.
For works valued Rupees ten million and above the construction method(s)/program and quality control details submitted by the bidders should be examined for acceptability before finalizing award recommendation; this should be attached to the contract agreement for facilitating monitoring during implementation.

The system of rejecting bids outside a predetermined margin or bracket of prices will not be used. Rejection of all bids on this account, irrespective of value, should be referred to the Bank for review and issue of no objection [Rejection is permitted only if the lowest bid is much higher than available budget resources].

In the case of rejection of bids due to submission of collusive (unreasonably high) prices, bidders must be requested to furnish breakdown of unit rates providing justification for higher bid prices. If this justification, after review, is determined rational, contract should be awarded to the lowest evaluated responsive bidder. If not, these bidders must be declared as ineligible in the rebid for that contract.

Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;

In the case of civil works splitting in award of contracts shall not be carried out. When two or more bidders quote the prices which indicate evidence of collusion, an investigation should be made to determine any evidence of collusion, following which:

i) if collusion is determined, the parties involved should be disqualified and the award should then be made to the next lowest evaluated and qualified bidder; and

ii) if no evidence of collusion can be confirmed, then fresh bids should be invited after receiving the concurrence of the W.B.

Under ICB/NCB bids should not be invited on the basis of bidders quoting a percentage premium or discount over the estimated cost of the employer.

During execution of contracts, all material modification or waiver of the terms and conditions of contract or material extension of stipulated time or change order which would increase the contract cost by over 15% should be reported to the Bank in the prescribed format and the same shall be subject to prior review by the Bank in case of contracts subject to prior review by the Bank.

Repeat order system is not acceptable.

In all contracts for works (civil as well as supply / erection), the adjudicator / technical expert or Dispute Review Board should be in position / constituted immediately on signing of the Contract Agreement.

Results of award should be published in Development Business and Gateway for ICB/LIB and Direct Contracting and unsuccessful bidders, who seek, should be debriefed.

1.6 PROCUREMENT OF CONSULTANTS

1.6.1. Methods of Procurement

The hiring of consultants will be undertaken through competition among qualified short-listed firms in which the selection is based both on the quality of the proposal and on the cost of the services to be provided (Quality and cost-Based Selection [QCBS]). However, there are some cases when QCBS is not the most appropriate method of selection.

The other acceptable selection procedures in addition to QCBS are as under:
- Quality Based Selection (QBS)
- Fixed Budget Selection (FBS)
- Least Cost Selection (LCS)
- Selection based on Consultant’s Qualification (CQS)
- Single Source Selection (SSS)
- Selection of individual consultants

A) Quality and cost-Based Selection

Steps for hiring under QCBS method
- preparation of the Terms of Reference (TOR);
- preparation of cost estimate and the budget;
- advertising;
- preparation of the shortlist of consultants;
- preparation and issue of the Request for Proposal (RFP);
- receipt of proposals;
- evaluation of technical proposals: consideration of quality;
- evaluation of financial proposal;
- final evaluation of quality and cost incorporating the weightage assigned to quality of the proposal and the cost as quoted; and
- negotiations and award of the contract to the selected firm.
- publication of award in web and debriefing of unsuccessful consultants.

a) The Terms of Reference should include:
- Background
- 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;
- Mid term review and Progress Reports required from Consultant;
- Outlining of training needs if any;
- List of key positions whose CV and experience would be evaluated.

b) Cost estimate and the budget

The Cost Estimates or Budget should be based on the PIU’s assessment of the resources needed to carry out the assignment; staff time, logistical 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.

c) Advertisement

PIU to prepare and submit to the Bank a Draft general procurement notice for advertisement in UNDP & dg market. Contracts expected to cost more then US
$200,000 shall be advertised in UNDB online and dg market and National/International newspapers and technical magazines.

d) Short listing

PIUs 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 of at least six firms with a wide geographic spread as per Guidelines for Selection of Consultants. The shortlist can comprise of entirely national consultants if the value of assignment is less than US$#. However, if foreign firms have expressed interest, they shall not be excluded from consideration. [In these cases payment can be in the country of the PIU].

e) Request for Proposals (RFPs)

The RFP shall include:
- a Letter of Invitation (LOI);
- Information to Consultants;
- the TOR; and
- the proposed contract

PIUs shall use the appropriate standard RFPs issued by the Bank.

f) Evaluation:

Evaluation of technical proposals shall be done first before opening the Financial Proposal. The Evaluation criteria shall be as specified in the information to the consultants. The Technical Evaluation report shall be completed in the format prescribed by the Bank. For all prior review cases the Technical evaluation report shall be forwarded to PMU for “no objection” of the Bank. On receipt of no objection, the Financial proposal shall be opened publicly followed by their evaluation. Thereafter the combined Technical and Financial evaluation shall be done for final section of the consultant and the selected firm shall be invited for negotiation.

The factors given in Table 2 are generally taken into account for evaluation:

<table>
<thead>
<tr>
<th>Evaluation Factors</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality (Each should have a sub-criteria not exceeding three)</td>
<td>Experience</td>
</tr>
<tr>
<td></td>
<td>Methodology</td>
</tr>
<tr>
<td></td>
<td>Key Personnel *</td>
</tr>
<tr>
<td></td>
<td>Transfer of Knowledge</td>
</tr>
<tr>
<td></td>
<td>Nationals in key staff</td>
</tr>
<tr>
<td>Price (cost)</td>
<td>Exclusive of taxes</td>
</tr>
<tr>
<td>Combined</td>
<td>Quality</td>
</tr>
<tr>
<td></td>
<td>Cost</td>
</tr>
</tbody>
</table>

* The individuals shall be rated in the following three sub-criteria, as relevant to the task

- General qualifications: General education and training, length of experience, positions held, time with the consulting firm as staff, experience in developing countries and so forth;
- Adequacy for the assignment: Education, training, and experience in the specific sector,
field, subject, and so forth, relevant to the particular assignment; and

- Experience in the region: Knowledge of the local language, culture, administrative system, government organization, and so forth.

**g) Negotiations**

Negotiations shall include discussions of the TOR, the methodology, staffing, PIUs inputs, and special conditions of contract.

The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. Financial negotiations shall include clarification of the consultants' tax liability in the PIU's own country (if any), and how this tax liability has been or would be reflected in the contract.

**i) Publication of Award**

The award should be published in UNDB/online and in dg/Market as indicated above.

**j) Debriefing**

Consultants desirous of knowing why they were not selected should be debriefed.

**B) Other Methods for selection of Consultants**

Methods of selection, other than QCBS are to be used in the following circumstances:

**a) Quality-Based Selection (QBS)**

For complex or highly specialized assignments or those, which invite innovations, high downstream impact etc., selection based on the quality of the proposal (Quality-Based Selection [QBS]), would be more appropriate. RFP may request submission of technical proposal only or both technical and financial proposals in separate envelopes. RFP shall provide either the estimated budget or the estimated number of key staff time as indicative only. The financial proposal and the contract shall then be negotiated.

**b) Fixed Budget selection (FBS)**

This method is appropriate only when the assignment is simple and can be precisely defined. RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals. Consultant who submitted the highest ranked technical proposal shall be invited to negotiate.

**c) Selection based on Consultant's qualifications (CQS)**

This method is 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 for EOI and consultant's 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 for negotiating the
contract.

d) Single Source Selection (SSS)
This method should be discouraged, it is 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) where a rapid selection is essential (emergency operation)
(c) for very small assignments; or
(d) When only one firm is qualified or has experience of exceptional worth for the
assignment.

These cases should be identified and agreed between the Borrower and the Bank
and should be specified in the Legal Agreement.

Selection of Individual Consultants is resorted to when teams of personnel are not
required or no additional outside (home office) professional support is required.

Selection Methods and Thresholds for Consultancy Services are summarised
as under:

<table>
<thead>
<tr>
<th>Category</th>
<th>Method of Procurement</th>
<th>Threshold (US$ Equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All types of selection</td>
<td>QCBS</td>
<td>All values</td>
</tr>
<tr>
<td>Routine nature like Audits</td>
<td>LCS</td>
<td>All values (with prior clearance of the Bank)</td>
</tr>
<tr>
<td>Small assignments</td>
<td>CQS</td>
<td>&lt;US$100,000</td>
</tr>
<tr>
<td>Simple assignments which can be</td>
<td>FBS</td>
<td>All values (with prior clearance of the Bank)</td>
</tr>
<tr>
<td>precisely defined and where budget is fixed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.6.2. Review of the Procurement Process

The review of the complete procurement process for hiring of consultants is a
necessity and will be carried out by the PMU/World Bank and the PIU will be
responsible for obtaining their “No Objection” at various stages of procurement.

A) Prior Review

Procurement Decisions shall be subject to Prior Review by the Bank as stated in
Appendix 1 to the Procurement Guidelines. For Prior review by the Bank PMU will
carry out quality check on all procurement documents to be prepared by the IAs and
then forward the same with its recommendations to the Bank for prior review. PMU
shall be responsible for prior review of all procurement cases up to the threshold in
the table below for which the IA shall forward the complete procurement documents
to PMU. Prior review is generally necessary in the following conditions but each
Project will be dealt with as per provisions in the Procurement Plan and Legal
Agreement:
<table>
<thead>
<tr>
<th>Selection Method</th>
<th>Prior Review Threshold by Bank</th>
<th>Prior Review by PMU at MoUD</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Methods (Firms)</td>
<td>&gt; US $ 100,000</td>
<td>&gt; US $ 50,000 and &lt;US $ 100,000</td>
<td>All single source contracts shall be subject to prior review by the Bank irrespective of value</td>
</tr>
<tr>
<td>Single Source (Firms)</td>
<td>All</td>
<td>NIL</td>
<td></td>
</tr>
<tr>
<td>Individual Consultants</td>
<td>&gt; US $ 20,000</td>
<td>&gt; US $ 10,000 and &lt;US $ 20,000</td>
<td></td>
</tr>
</tbody>
</table>

Prior review shall be carried out by the Bank at following stages during the process of procurement:

- Terms of Reference and cost estimates;
- Short List;
- RFP documents containing Letter of Invitation, Information to Consultants and Conditions of Contract;
- Evaluation report of the technical proposals;
- Report after financial / combined evaluation and recommendation of the winning firm (for information only);
- Initial Negotiated draft contract; and
- Final Contract (to be accompanied by Checklist) for obtaining WBR number from the WB.

**B) Post Review**

All cases of procurement which do not come under the ambit of Prior Review shall be post reviewed by the Bank.

Post review covers the final contract along with appendices and copy of evaluation note/award recommendations, which should be submitted along with the Checklist. However, Terms of Reference and Consultants contracts for assignments of critical nature, as decided by the Bank at the time of reviewing the procurement plans and signing the loan agreement, will be reviewed by the Bank in all cases, regardless of value.

**1.6.3 Types of Consulting Contracts**

**A) Lump Sum**

Lump Sum 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

**B) Time Based**

Time Based contracts are used for assignments in which it is difficult to define the scope and the duration of the service to be performed. Payment is based upon
agreed 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 amount for unforeseen work and duration, price adjustments etc. Examples of Time Based Contracts include:

- Complex Studies
- Supervision of construction
- Training assignments
- Advisory services