

International Programme on  
**Procurement Procedures For The World Bank Aided Projects**  
**(In association with the World Bank and the Department of Economic Affairs, Ministry of Finance, Government of India)**

From 14<sup>th</sup> – 25<sup>th</sup> June, 2010 at Administrative Staff College of India (ASCI), Hyderabad

The Government of Orissa in Works Department had deputed the following three officers from the Project Management Unit of Orissa State Roads Project to attend the International Programme on Procurement Procedures For The World Bank Aided Projects From 14<sup>th</sup> – 25<sup>th</sup> June, 2010 at Administrative Staff College of India (ASCI), Hyderabad

1. Sri Jaydev Mishra, Sr. DAO, PM Unit, OSRP
2. Sri Bidhan Chandra Majhi, A.E(Civil), P M Unit, OSRP
3. Sri Kashinath Patra, J.E(Civil), P M Unit, OSRP

**BRIEF NOTE by Delegates**

The World Bank and other international agencies are providing loans and grants for various developmental projects in countries all over the world. The deployment plans for procurement functions of implementing agencies are often confronted with problems and delays due to lack of trained personnel. The trained officials can cope with and perform national and international procurement operations at every stage of the project in accordance of the guidelines and procedures of the funding agencies. This has been identified as one of the major reasons for the delay in award of contracts and consequential time and cost overruns in many projects all over the world.

In order to assist borrower to improve and speed up procurement operations, the Administrative Staff College of India (ASCI) has been conducting the above programme on self sustaining basis in association with the World Bank and the Department of Economic Affairs, Ministry of Finance, Government of India over the last 15 years in their Bella Vista Campus, Hyderabad. The aim of the programmes is to build capacities for better understanding of the underlying principles of the World Bank procurement guidelines as applicable to various stages of the project from the planning to final completion and acceptance. The programme provides principles and procedures to be followed by the World Bank funded projects based on the guidelines of the Bank by the experienced professionals.

As a part of its numerous training programmes, ASCI had organised this programmes from 14<sup>th</sup> – 25<sup>th</sup> June, 2010 at Hyderabad, which was attended by 71 delegates from different fields belonging to six countries like India, Afghanistan, Sri Lanka, Mongolia, Uganda and Papua New Guinea.

The course contents of this training course is listed below.

**Day – 1 : 14<sup>th</sup> June, 2010**

- |   |   |   |
|---|---|---|
| 1 | Welcome Address, Introduction to ASCI & GPCL and Introduction of Participants | By <b>Prof B S Chetty</b> ,<br>Programme Coordinator and<br>CEO (Div), GPCL, Mumbai<br><br>&<br><b>Prof Raj Ponnaluri</b> ,<br>Programme Coordinator and<br>DoMP, ASCI. |
| 2 | The World Bank- Objectives, Organization                                      | By <b>Prof B S Chetty</b> ,<br>Programme Coordinator and<br>CEO (Div), GPCL, Mumbai   |
| 3 | Project Cycle in the World Bank Aided Projects                                | By <b>Prof B S Chetty</b> ,<br>Programme Coordinator and<br>CEO (Div), GPCL, Mumbai   |



- 4 Evaluation and General Principles of the Procurement and Consultant Guidelines By **Prof B S Chetty**, Programme Coordinator and CEO (Div), GPCL, Mumbai
- 5 Visit to the College Library By **Dr. N G Satish**, Librarian, ASCI
- Day – 2: 15<sup>th</sup> June, 2010**
- 1 Procurement Policy of the World Bank By **Prof B S Chetty**, Programme Coordinator and CEO (Div), GPCL, Mumbai
- 2 Methods of Procurement for Goods and Works By **Prof B S Chetty**, Programme Coordinator and CEO (Div), GPCL, Mumbai
- Day – 3: 16<sup>th</sup> June, 2010**
- 1 Procurement Processes- Procurement Planning, Advertisement, Pre and Post Qualification, Tender Document- Instructions, Important Clauses (Pricing, Currencies, Responsiveness, Evaluation) By **Mr. N Raman**, Ex-Principal Procurement Specialist and now Consultant with South Asia Procurement Hub, World Bank
- 2 Group Photograph By ASCI Management
- 3 Visit to Golkonda Fort for Sound and Light Programme By ASCI Management
- Day – 4: 17<sup>th</sup> June, 2010**
- 1 Tender Documents for Procurement of Works and Goods- Contract Clauses and Important Provisions; SBDs- ICB, NCB etc. By **Mr. N Raman**, Ex-Principal Procurement Specialist and now Consultant with South Asia Procurement Hub, World Bank
- Day – 5: 18<sup>th</sup> June, 2010**
- 1 Tender Documents for Procurement of Works and Goods- Contract Clauses and Important Provisions; SBDs- ICB, NCB etc. By **Mr. N Raman**, Ex-Principal Procurement Specialist and now Consultant with South Asia Procurement Hub, World Bank
- Day – 6: 19<sup>th</sup> June, 2010**
- 1 Hiring and Employment of Consultant Services By **Mr. N Raman**, Ex-Principal Procurement Specialist and now Consultant with South Asia Procurement Hub, World Bank
- Day – 7: 20<sup>th</sup> June, 2010**
- 1 Excursion to Ramoji Film City & Salar Jung Museum By ASCI Management
- Day – 8: 21<sup>st</sup> June, 2010**
- 1 QA Session By **Mr. N Raman & Prof B S Chetty**
- 2 Exercises and Case Studies By **Prof B S Chetty**
- Day – 9: 22<sup>nd</sup> June, 2010**
- 1 The Impact of Decision- Making Structures of Government on Externally Funded Projects- An Experience By **Mr. D Chakrapani, IAS**, Principal Secretary, Govt of Andhra Pradesh
- 2 Important Procurement points to be noted in the Bank funded projects By **Prof B S Chetty**
- 3 Classical Dance Programme By ASCI Management
- Day – 10: 23<sup>rd</sup> June, 2010**



- 1 E-procurement Experiences of Government of Andhra Pradesh By **Mr. K Bikshapathi**, General Manager (Projects), National Institute of Smart Government, Hyderabad
- 2 Project Life Cycle By **Prof Raj Ponnaluri**, Programme Coordinator and DoMP, ASCI.

**Day – 11: 24<sup>th</sup> June, 2010**

- 1 Exercises/ Case Studies By **Prof B S Chetty**
- 2 Government Accountability Action Plan (GAAP) By **Ms. Rajni Khanna**, World Bank, New Delhi
- 3 Works Contract- Types, Merits and Advantages- An Experience By **Mr. V Murahari Reddy**, Retired Engineer-in-Chief (R&B) and Former Commissioner, Tender Board, Govt of Andhra Pradesh

**Day – 12: 25<sup>th</sup> June, 2010**

- 1 Important points to be noted in the World Bank Aided Projects By **Prof B S Chetty**
- 2 Exercises/ Case Studies By **Prof B S Chetty**
- 3 Feedback and Summing Up By **Prof B S Chetty & Prof Raj Ponnaluri**



## **Brief narration of each session**

### **The World Bank- Objectives, Organization**

- a.) What is World Bank
- b.) The World Bank Group
  - (i) International Bank for Reconstruction and Development (IBRD)
  - (ii) International Development Association (IDA)
  - (iii) International Finance Corporation (IFC)
  - (iv) Multilateral Investment Guarantee Agency (MIGA)
  - (v) International Centre for Settlement of Investment Disputes (ICSID)
- c.) Countries associated with the World Bank- 185
- d.) Board Members of the World Bank
- e.) Accumulation of Funds in the World Bank
- f.) Sanction of Loans/ Aids to different Countries
- g.) The main objective to help developing countries and their people reach the Millennium Development Goals by working with our partners to alleviate poverty.
- h.) First loan sanctioned to France and Japan after World War-II
- i.) Today the Bank lends to the developing countries of Africa, Asia, Central Europe, Latin America, the Middle East and the former Soviet Union.
- j.) The Articles of agreement require the Bank to ensure that the proceeds of Loan/Credit are used for the purposes intended with due attention to economy and efficiency.
- k.) Bank has developed Guidelines for procurement of Goods, Works, and Consultancy. Bank Guidelines explain the various procedures acceptable and these are applicable only to the extent provided in the Legal Agreements for specific projects.
- l.) Procurement is an important aspect of Bank's operation. It is a critical element in Project Implementation and unless it is carried out efficiently and promptly, the full benefits of the Project cannot be realized. Bank loans/credits are normally disbursed as expenditures are incurred.
- m.) Sound public procurement is a valid arm for promoting good governance and better fiscal management of projects. Bank supports clients developing capacity for the above.
- n.) The Bank firmly believes that corruption is a major factor impeding development. The World Bank President has observed, "Corruption hampers economic growth, burdens the poor disproportionately, and undermines the effectiveness of investment and aid. Anti-corruption strategies need to be an integral part of a development framework designed to help countries eradicate poverty." The Bank supports all steps in the above direction.
- o.) Bank's Role
  - Identify project/program
  - Appraise project/program and assess risk
  - Share knowledge and information
  - Supervise project/program
  - Monitor Compliance with Agreements
- p.) Borrower's Role
  - Identify project/program
  - Design, prepare and plan the project/program

- Apply for the loan/credit
- Implement project/program
- Monitor Compliance with Agreements

q.) Bank's Role in Procurement

- Assess country system, project's procurement capacity and potential risks
- Assist borrower in procurement planning
- Provide procurement training/ knowledge sharing
- Monitor compliance with loan/credit agreement and procurement plan (Prior review, Post review, Independent review)

r.) Borrower's Role in Procurement

- Formulate procurement plans
- Prepare and issue bidding documents
- Invite bids
- Receive and evaluate bids/proposals
- Award contracts
- Implement/ contract payment
- Monitor compliance with loan/credit agreement and procurement plan (Audit)

s.) Joint Role of Borrower and the Bank

- Project Identification
- Negotiations
- Signing and Loan Effectiveness
- Project Evaluation

**Methods of Procurement for Goods, Works and Consultancy Services**

a.) Procurement of Goods (PGL)

Methods	Type of Contract
ICB (> 200,000 USD)	Units
LIB	Lump Sum
NCB	Cost Plus
LCB	
Shopping	
Direct Contract	
Force A/C	
UN Agents/ NGOs	

b.) Procurement of Works (PGL)

Methods	Type of Contract
ICB (> 10 Million USD)	AD Measurement
NCB	Lump Sum
LCB	Cost Plus
Shopping	
Direct Contract	
Force A/C	
UN Agents/ NGOs	

c.) Procurement of Consultants (CGL)

Methods	Type of Contract
QCBS	Time Based
QBS	Lump Sum
CQ	Retainership
Fixed Budget	Percentage
LCS	
SSS	
UN Agents/ NGOs	



## **Procurement Processes**

- a.) Preparation and Approval of Procurement Plan
- b.) General Procurement Notice shall contain
- (i) Information about the Borrower
  - (ii) Amount and Purpose of Loan
  - (iii) Scope of Procurement under ICB
  - (iv) Name, Telephone/ Fax No and the Address of the Borrower
  - (v) Address of the website
  - (vi) Schedule date of availability of PQ or Bidding Document if known.
- c.) Advertising for Specific Procurement Notice:
- (i) UNDB Online
  - (ii) Development Gateways dgMarket
  - (iii) National newspapers having wide circulation in all regions of country or in a national electronic portal with free access
- d.) Bank's Procurement Policy
- The World Bank has five basic concerns that govern its procurement policies
- to ensure that the goods and services needed to carry out the project are procured with due attention to economy and efficiency
  - to ensure that the loan is used to buy only those goods and services needed to carry out the project
  - to give all qualified eligible bidders from developed and developing countries, same information and equal opportunity to compete for Bank-financed contracts
  - to encourage development of local contractors and manufacturers in borrowing countries; and
  - to ensure that the procurement process is transparent
- e.) Procurement Steps

GOODS	WORKS	SERVICES
Prepare Preliminary equipment list and cost estimates	Prepare Preliminary design and cost estimate	Develop TA program for consultant services
Prepare final equipment list and cost estimates	Prepare final design and cost estimate	Finalize consultant program and budget
Prepare bidding documents ICB	Request prequalification information & Pre qualify	Develop short list – TOR and RFP got approved
Advertise (Specific Procurement Notice)	Prepare bidding documents	Send out request for proposals.
Issue bidding documents	Select qualified firms and issue SBDs	Select best proposal
Receive and evaluate bids and select the Lowest Evaluated Bidder	Evaluate bids and select lowest evaluated bidder	Negotiate with the selected consultant firm
Award contract	Award contract	Issue contract
Delivery at port or at site specified in bidding document	Give access to site	Give access to site
Install and Commission	Begin construction and complete the work	Begin assignment and complete the assignment
Training at site in O&M	Conduct Project evaluation of work after completion	Assessment after completion
Conduct project evaluation of goods and acceptance	Acceptance	

## **Bidding Documents for Procurement of Works & Goods**

### Bidding Document Shall Contain

- (i) Invitation to Bid
- (ii) Instruction to Bidder
- (iii) Form of Bid
- (iv) Form of Contract
- (v) Conditions of Contract (General & Special)
- (vi) Specifications
- (vii) Drawings
- (viii) Technical Data (Geographical & Environmental)
- (ix) List of Goods or Bill of Quantities
- (x) Delivery Time or Schedule of Completion
- (xi) Formats for Securities
- (xii) For all the Bids both NCB & ICB, the Bank's latest version of SBD shall be followed. No change in the GCC of the SBD shall be made. In case any change required, the same may be incorporated in the PCC/ SCC.
- (xiii) Sale of bidding document to start only after publication of IFB in UNDB and national newspapers
- (xiv) Bidding Period for ICB and NCB shall be 6 to 12 weeks and 4 to 6 weeks respectively from date of start of sale of bidding documents

## **Hiring and Employment of Consultant Services**

### a.) General Considerations

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

### b.) Selection Steps

- a. Preparation of the Terms of Reference (TOR)
- b. Preparation of cost estimate and the budget
- c. Advertising for EOIs
- d. Preparation of the shortlist of consultants
- e. Preparation and issue of the Request for Proposal (RFP);
  - Letter of Invitation
  - Information to Consultants (ITC)
  - Formats for submission/Terms of reference
  - Proposed Contract
  - Pre-proposal Conference where necessary
- f. Receipt of Proposals
- g. Opening & Evaluation of Technical Proposals: consideration of quality
- h. Public Opening of Financial Proposals
- i. Evaluation of Financial Proposals
- j. Final Evaluation of quality and costs
- k. Negotiations and award of the contract to the selected firm
- l. Publication of Award in UNDB/Web
- m. Debriefing of unsuccessful consultant

### c.) The Terms of Reference shall include

- a. A precise statement of objectives.
- b. An out line of the tasks to be carried out.
- c. A schedule for completion of tasks.
- d. Phasing of Assignments.

- e. Training and Skills Transfer.
- f. The support/ inputs provided by the client
- g. The final outputs that will be required of the Consultant
- h. Decision Points
- i. Reporting and Appraisal Procedures
- j. Composition of Review Committee (not more than three members) to monitor the Consultant's works and procedures for
  - Mid term review and Progress Reports required from Consultant
  - Review of the final draft report
- k. List of key positions whose CV and experience would be evaluated. 1 to 6 people, exceptionally 8
- l. The Terms of Reference should not include (1) Man months per staff, (2) Methodology and (3) Detail Program of work

d.) Short listing of Firms (QCBS)

- (i) Advertising for EOI
  - General Procurement Notice
  - UNDB – online, Development gateway (>\$200,000/-)
  - National Newspapers -all cases
- (ii) Contents of the Advertisement
  - Request information on firm's experience and capability
  - Keep it very simple
  - Do not ask for "Tailored" responses
  - Give a minimum of 14 days for response
  - Late receipt of EOIs may be considered for short listing
- (iii) Evaluation for Shortlist
  - Borrower is responsible for preparation of the shortlist
  - Give first consideration to those firms expressing interest which possess the relevant qualifications
  - The shortlists shall comprise of six firms (no more) with a wide geographic spread, with no more than two firms from any one country and at least one firm from a developing country, unless qualified firms from developing countries are not identifiable.
  - In the case of JV the nationality of the lead firm representing the JV will be taken
  - The shortlist can comprise of entirely national consultants if the value of assignment is less than US\$ 200,000 and there are qualified local firms. However, if foreign firms have expressed interest, they shall not be excluded from consideration

e.) Request For Proposals

The RFP shall include

- A Letter of Invitation (LOI)
- Information to Consultants and Data Sheet
- Formats for submission
- The TOR
- The proposed contract [General and Special]
- Appendices
- Borrower shall use the standard RFPs issued by the Bank

f.) Evaluation of Technical Proposals (QCBS)

- The evaluation shall be done by a committee comprising of minimum 3 members
- Quality is to be judged
- Transparent Criteria and Weights
  - (i) Consultants relevant experience for the assignment
  - (ii) Responsiveness to TOR Quality of the Methodology
  - (iii) Qualifications of Key Personnel
  - (iv) Transfer of Knowledge
  - (v) Extent of National participation

- Minimum Qualifying mark should be 75
- Evaluation Report Format
- Clearance by Bank
- The number of points to be given under each of the evaluation criteria are:

		Bank Guidelines	India Specific
(i)	Specific experience of the Consultants related to the assignment	0 to 10	5
(ii)	Adequacy of the proposed work plan and methodology in responding to TOR (Sub-criteria not more than 3)	20 to 25	20 to 25
(iii)	Qualifications and Competence of the key staff for the assignment (Weightage for various key staff)	30 to 60	60
(iv)	Suitability of the transfer of knowledge programme (Training) (Sub-criteria not more than 3)	0 to 10	5
(v)	Local Participation (As reflected by nationals among key staff presented by foreign and local firms)	0 to 10	10
	<b>Total Points</b>	<b>100</b>	<b>100</b>

- The number of points to be given under each of the evaluation sub-criteria for qualifications of staff are:

(i)	General Qualifications: General Education and Training, length of experience, position held, time with the consulting firm as staff, experience in developing countries and so forth ( Specify 3 Sub-criteria)	30
(ii)	Adequacy for the Assignment: Education, training and experience in the specific sector, field, subject and so forth, relevant to particular assignment ( Specify 3 Sub-criteria)	60
(iii)	Experience in the Region: Knowledge in the local language, Culture, administrative system, government organization and so forth ( Specify 3 Sub-criteria)	10
	<b>Total Points</b>	<b>100</b>

g.) Evaluation of Financial Proposals (QCBS)

- Notifying the Consultants results of evaluation of Technical Proposals.
- Public Opening
- Evaluation of Financial Proposals
  - Completeness
  - Computational Errors
  - Conversion to single currency
  - Combined Evaluation-Weights 80/20 normally

h.) Final Steps

- Combined Evaluation
- Final Evaluation Report
- Advice Bank Results of evaluation
- Limited negotiations and Finalization of Draft Contract
- Clearance of Bank and Award
- Cases of rejection of all proposals received need to be referred to the Bank for no objection and clearance
- Confidentiality

i.) Contract Negotiations

- Negotiations shall include discussions of the TOR, the methodology, staffing, Borrower's 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

- c. Financial negotiations shall include clarification of the consultants' tax liability in the Borrower's own country (if any)
  - d. All direct taxes are to be included in financial proposal
  - e. In the case of LS contract, price should not be negotiated
  - f. in case of Time Based contracts proposed unit rates for staff months shall not be negotiated
  - g. Reimbursable is paid on actual upon presentation of receipts and hence not subject to negotiations
- i.) Cost of Services Related to Project Cost

	Phase	% of Project Cost
1	Project Identification	0.5-2
2	Feasibility	2-4
3	Detailed Design and Procurement	3-6
4	Supervision of Works	5-8
	Total Cost	10.5-20%

- j.) Prior Review is necessary for the following
- Contracts for Consultancy Services valued
    - (i) US\$ 100,000 and above for Consulting Firms
    - (ii) US\$ 50,000 and above for Individuals – at all stages
    - (iii) Single Source Contracts, as specified in Procurement Plan and Legal Agreement
    - (iv) All Consultant Contracts for assignment of a critical nature regardless of value
    - (v) Contract amendments valued at more than the equivalent of US\$ 100,000 and US\$ 50,000 for Firms and Individuals, respectively, or those that raise the total contract value above these thresholds
    - (vi) Any standard document that the Borrower intends to develop and use repeatedly
    - (vii) First few contracts (say three), irrespective of value in the case of all new projects as specified in Procurement Plan
  - Prior Review would be at every stage as follows:
    - (i) Terms of Reference
    - (ii) Short List
    - (iii) RFP Documents containing Letter of Invitation, Information to Consultants and Conditions of Contract
    - (iv) Minutes of Pre-proposal Conference
    - (v) Evaluation Report of the Technical Proposals
    - (vi) Report after financial/combined Evaluation
    - (vii) Negotiated Draft Contract
    - (viii) Final Contract (to be accompanied by Checklist).
- k.) Post Review
- Post Review is required for all other cases.
  - 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 will be reviewed in all cases, regardless of value.)
- l.) Types of Contracts for Consultancy Services
- (i) Lump Sum Contract
    - 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
    - Lump Sum contracts include Feasibility Studies, Environment Studies, Detailed design of a standard structure

- (ii) Time Based Contract
  - Time based contracts are used for assignments in which it is difficult to define the scope and the duration of the work to be performed
  - Payment is based 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.
  - Time Based contracts include Preparation of data, Complex Studies, Supervision of Construction, Training Assignments, Advisory Services etc.
- (iii) Retainer and/or Contingency Fee Contract
  - Retainer and/or Contingency-fee contracts are used to remunerate consultants or banks on performance
  - Retainer and/or Contingency Fee contracts include Privatization (sale of publicly-owned assets)
- (iv) Percentage Contract
  - Percentage contracts relate to the fee paid to the consultant based upon the estimated or actual project construction cost or the cost of the goods to be procured or inspected
  - Percent is established based upon market norm or standard practice in the industry
  - Percentage contracts include Architectural Services, Engineering Services, Procurement agencies, Inspection Agents etc.
- (v) Indefinite Delivery Contract
  - Indefinite-delivery contracts are used for on-call specialized services
  - The Borrower and the firm agree upon the unit rates to be paid to the experts, and payments are made on the basis of the time actually used
  - Indefinite-delivery contracts include Advisors for complex projects e.g., dam panel, Expert adjudicators, Technical Troubleshooting etc.

## **E-procurement**

- a.) Categories of Procurement
  - Works & Turnkey Contracts
  - Goods & Products
  - Services (consultancy, facility, security services etc)
- b.) Procurement Practices
  - Centralised Procurement ( Corporate)
  - Distributed Procurement ( Delegation of powers)
- c.) Common Procurement Mechanisms
  - Tenders – Open, Limited, Single
  - Rate contracts
  - Reverse Auctions/ Auctions
- d.) Scope of competition
  - International Competitive Bidding
  - National Competitive Bidding
  - Local Competitive Bidding
- e.) Evaluation Methodology
  - Two stage (Technical & Price Bids)
  - Single stage ( Only Price bids)
- f.) Mode of tender process
  - Paper Mode – Conventional
  - Electronic Mode – New

- g.) Situation before e-Procurement
- Discrimination in issue of tender schedules
  - Physical threats to bidders
  - Cartel formation - suppresses competition
  - Pressures on dept officials
  - Inordinate delays in tender finalisation
  - Human interface – Manipulations, tampering
  - Inadequate transparency
  - Adverse Press coverage on Tender fracas
- h.) What is e-Procurement
- Doing procurement activities electronically over Internet with vendors/ suppliers
- i.) Benefits of e-Procurement
- Institutional compliance
  - Institutional Memory
  - Single Stop Shop
  - Increased price transparency
  - Human touch points decreased
  - Increases internal efficiency
  - Best value for money
  - Equal opportunity ushers economic development
  - Huge savings from big advertisements in print media
- j.) Transparency
- Automatic e-mail to Bidders on tender publication
  - Bid documents available on Net in public domain
  - Corrigendum in public domain
  - No interface with departments up to tender opening
  - Support documents are open to competitive bidders soon after tender opening
  - Tender evaluation status automatically notified to bidders
  - Procurement status in Public domain
  - Effective tool for RTI Act
- k.) e-Procurement for World Bank funded projects
- The World Bank at present is not in favour of e-procurement because of non-implementation of the process by most of the states of India as well as most countries in the World.

### **Contract Management**

- a.) What is A Contract
- Contract is a legal document between the two parties for carrying out the described work or supplies
  - It specifies clearly the obligations to be performed by both the parties
  - It also species the compensation to be paid by the defaulting party to the other affected party
- b.) Having entered Contract one should know
- How to administer it?
  - Which Contract Management frame work will best suite?
  - Resources needed like Human resources, Material, Machinery etc.
- c.) General Ailments in Projects
- Time over run
  - Cost over run
  - Quality of works are not as expected
  - Inconvenience during construction
  - Inadequate Safety measures

d.) Major Causes for the Ailments

- (i) Changes during Execution - Due to defective project preparation leading to:-
  - Variations- involve time and cost
  - Design Change- time loss
  - Scope itself is changed
  - Due to time lag between project preparation and implementation
- (ii) Unrealistic estimates based on unrealistic SSRs
- (iii) Incompetent Contractors- actually carrying out the work
- (iv) Improper Plant and Equipment or its output is low
- (v) Litigation
- (vi) Slack in Supervision resulting in serious problems
- (vii) Slow decision making
- (viii) Delay in providing GFC drawings and approval of working drawings
- (ix) Absence of required funds flow- in few cases
- (x) Abnormal delay in LA
- (xi) Delay in shifting of utilities
- (xii) Local law & problems

e.) Issues in Contracts

- (i) Pre-Bidding/ tender issues
  - Bid document
  - Site Inspection and arriving the competitive rates
  - Bid submission
- (ii) Contract implementation issues
  - Contract Management
  - Quality Management
  - Monitoring and evaluation
  - Dispute resolution etc
- (iii) Post Construction Issues
  - As Built Drawings
  - Handing over processes- Statement of completion
  - Final bill preparation
  - Inspection during DLP
  - Rectification of defects if any
  - Obtaining the DLP certificate
  - Expediting the dispute resolution
  - Obtaining the Discharge certificate

f.) FIDIC Based Contract

Acronym of FIDIC in French language is Federation Internationale Des Ingenieurs Conscils. Types of FIDIC Documents- Civil works are

- Construction Contracts
- EPC-Turnkey Contracts
- Plant and Design Build Contract
- Short form: of Contract- for small works

g.) FIDIC Documents

FIDIC Rainbow

- White Book - Consultants Contracts
- Red Book -Construction Contracts
- Yellow Book -Electrical and Mechanical
- Silver Book - EPC turnkey Contracts
- Orange Book -Design and Build Contracts
- Green Book -Small Contracts
- Blue Book - Tendering Procedures- Procurement Strategy



h.) Advantages of FIDIC document

- As the package size is large many of the international contractors will participate, leading to good competition
- Favourable Tenders will be received
- Equal opportunity to both the parties
- Problems to the Employer will be less


i.) Disadvantages of FIDIC document


- Takes longer time to ground the work
- Local Construction Industry will not be able to participate in view of package size
- Engineer and Employer need to be prompt in replying to the contractors correspondence
- May lead to huge claims, if prompt action is not taken on the contractor's correspondence

**Experience & Lesson Learnt:**

The experience in the above programme was quite exiting for all of us. The lecture delivered by eminent professionals through inter actions with participants of different states and different countries helped us to know about the procurement procedures under World Bank guidelines as explained above and the contract management of the World Bank Projects.

  
12/07/10  
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12/7/10  
**Jayadev Mishra**  
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