

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 07th – 18th February, 2011 at Administrative Staff College of India (ASCI), Hyderabad

The Government of Orissa in Works Department had deputed the following two 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 07th – 18th February, 2011 at Administrative Staff College of India (ASCI), Hyderabad vide Works Department Letter No. 874/W Dtd. 27.01.2011.

1. Sri Gati Krushna Prasad, E.E., PM Unit, OSRP
2. Sri Pradeep Kumar Misra, J.E(Civil), P M Unit, OSRP

As a part of its numerous training programmes, ASCI had organised this programme which was attended by delegates from different states from India as well as Pakistan, Afghanistan, Sri Lanka, Bangladesh, Kenya and Zambia.

The course contents of this training course are listed below.

- i. The World Bank- Objectives, Organization
- ii. Evaluation and General Principles of the Procurement and Consultant Guidelines
- iii. Procurement Policy of the World Bank
- iv. Methods of Procurement for Goods and Works
- v. Procurement Processes- Procurement Planning, Advertisement, Pre and Post Qualification, Tender Document- Instructions, Important Clauses (Pricing, Currencies, Responsiveness, Evaluation)
- vi. Tender Documents for Procurement of Works and Goods- Contract Clauses and Important Provisions; SBDs- ICB, NCB etc.
- vii. Hiring and Employment of Consultant Services
- viii. E-procurement Experiences of Government of Andhra Pradesh
- ix. Works Contract- Types, Merits and Advantages- An Experience
- x. Government Accountability Action Plan (GAAP)

The topics were covered by Prof B S Chetty, Programme Coordinator and CEO (Div), GPCL, Mumbai & Prof Raj Ponnaluri, Programme Coordinator and DoMP, ASCI., Mr. N Raman, Ex-Principal Procurement Specialist and now Consultant with South Asia Procurement Hub, World Bank, By Mr. K Bikshapathi, General Manager (Projects), National Institute of Smart Government, Hyderabad, Mr. D Chakrapani, IAS, Principal Secretary, Govt of Andhra Pradesh, Mr. V Murahari Reddy, Retired Engineer-in-Chief (R&B) and Former Commissioner, Tender Board, Govt of Andhra Pradesh, Ms. Rajni Khanna, World Bank, New Delhi.

Brief narration of session

The World Bank- Objectives, Organization

- a.) The World Bank Group
 - (i) International Bank for Reconstruction and Development (IBRD) for loans.
 - (ii) International Development Association (IDA) for credits and grants,
 - (iii) International Finance Corporation (IFC)
 - (iv) Multilateral Investment Guarantee Agency (MIGA)
 - (v) International Centre for Settlement of Investment Disputes (ICSID)

- b.) 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.
- c.) 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.
- d.) Bank's Role
 - Identify project/program
 - Appraise project/program and assess risk
 - Share knowledge and information
 - Supervise project/program
 - Monitor Compliance with Agreements
- e.) 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
- f.) 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)
- g.) 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)
- h.) 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 Market
- (iii) National newspapers having wide circulation in all regions of country in minimum of 5 nos of metros or in 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 for Bids
- (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 it's 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
	Total Points	100	100

- 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
	Total Points	100

g.) Evaluation of Financial Proposals (QCBS)

- a. Notifying the Consultants results of evaluation of Technical Proposals.
- b. Public Opening

- c. Evaluation of Financial Proposals
 - Completeness
 - Computational Errors
 - Conversion to single currency
 - Combined Evaluation-Weights 80/20 normally

h.) Final Steps

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

i.) Contract Negotiations

- a. Negotiations shall include discussions of the TOR, the methodology, staffing, Borrower's inputs, and special conditions of contract
- b. 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 specifies 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 Ingenious Consils. 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

Guidelines for selection and Employment of Consultants under IBRD loans and IDA credits and Grants for World Bank Borrowers revised in January 2011 was also covered during the programme which is indicated in brief .

General Considerations of a Loan Agreement are as below.

- I. The responsibilities for the implementation of the project, and therefore for the award and administration of the contracts under the project, rests with the borrower. (In some cases, the borrower acts only as an intermediary, and the project is carried out by another agency or entity. References in these guidelines to the Borrower include such agencies and entities, as well as Sub-Borrowers under on-lending arrangements.)
- II. The Bank for its part, is required by its articles of Agreement to ensure that the proceeds of any loan considerations of economy and efficiency and without regard to political or other non-economic influences and considerations, and it has established detailed procedures for this purpose.

While in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the particular case, four considerations generally guide the Bank's requirements.

- a. The need for economy and efficiency in the implementation of the project, including the procurement of the goods, works and non-consulting services involved;
- b. The Bank's interest in giving all eligible bidders from developed and developing countries the same information and equal opportunity to compete in providing goods, works and non-consulting services financed by the Bank;
- c. The Bank's interest in encouraging the development of domestic contracting and manufacturing industries in the borrowing country; and
- d. The importance of transparency in the procurement process

Open competition is the basis for efficient public procurement. Borrowers shall select. Borrowers shall select the most appropriate method for the specific procurement.

- Sections II and III of these Guidelines describe the different methods of selection of consultants accepted by the Bank and the circumstances in which they are appropriate. Since Quality –and Cost Based Selection(QCBS) is the most commonly recommended method, Section-II of these Guidelines describes in detail the procedures for QCBS. However, QCBS is not the most appropriate method of selection for all cases; therefore, Section-III describes other methods of selection and the circumstances in which they are most appropriate.
- The particular method to be followed by a specific project is provided for in the Loan Agreement. The specific contracts to be financed under the project, and their method of selection, consistent with the provisions of the Loan Agreement, shall be specified in the Procurement Plan as indicated in paragraph 1.5 of these guidelines.

Conflict of Interest

- Bank Policy requires that a firm participating in a procurement process under Bank-financed projects shall not have a conflict of interest. Any firm found to have a conflict of interest shall be ineligible for award of contract.
- A firm shall be considered to have a conflict of interest in a procurement process if:
 - a. Such firm providing goods, works, or non-consulting services resulting from or directly related to consulting services for the preparation or implementation of a project that it provided or were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm shall be disqualified from providing consulting services resulting from or directly related to those goods, works or non-consulting services. This provision does not apply to the various firms (consultants, contractors, or suppliers) which together are performing the contractor's obligations under a turn key or design and built contract; or
 - b. Such firm submits more than one bid, either individually or as a joint venture partner in another bid, except for permitted alternative bids. This will result in the disqualification of all bids in which the bidder is involved. However, this does not limit the inclusion of a firm as a sub-contractor in more than one bid. Only for certain types of procurement, the participation of a Bidder as a sub contractor in another bid may be permitted subject to the Bank's no objection and as allowed by the Bank's Standard Bidding Documents applicable to such types of procurement; or
 - c. Such firm (including its personnel) has a close business or family relationship with a professional staff of the Borrower (or of the project implementing agency, or of a recipient of a part of the loan) who: (i) are directly or indirectly involved in the preparation of the bidding process of such contract; or (ii) would be involved in the implementation of supervision of such contract unless the conflict stemming from such relationship has been resolved in a manner acceptable to the Bank throughout the procurement process and execution of the contract; or
 - d. Such firm does not comply with any other conflict of interest situation as specified in the Bank's Standard Bidding Documents relevant to the specific procurement process.

Unfair Competitive Advantage

- The Borrower shall make available to all the short listed consultants together with the request for proposals, all information that would in that respect give a consultant a competitive advantage. This will ascertain fairness and transparency in the selection process that requires consultants or their affiliates competing for a specific assignment do not derive a competitive advantage from having provided consulting services related to the assignment in question.

Eligibility

- To foster competition the Bank permits firms and individuals from all countries to offer goods, works and non-consulting services for Bank financed services for Bank-financed projects. Any conditions for participation shall be limited to those that are essential to ensure the firm's capability to fulfil the contract in question. (The Bank permits firms and individuals from Taiwan, China, to offer goods, works, and non-consulting services for Bank-financed projects.)
- In connection with any contract to be financed in whole or in part from a Bank loan, the Bank does not permit a Borrower to deny participation in a short listing or selection process or award to a consultant for reasons unrelated to i) its capability and resources to successfully perform the contract; or (ii) the conflict of interest situations covered under paragraphs 1.6 and 1.7 above.
- As exceptions to the foregoing paragraphs:
 - a. Firms of a country or goods manufactures in a country may be excluded if, (i) as a matter of law or official regulation, the Borrower's country prohibits commercial relations with that country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the supply of goods, works and non-consulting services required, or(ii) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Chapter of the United Nations, the Borrower's country, person, or entity. Where the Borrower's country prohibits payments to a particular firm or for particular goods by such an act of compliance, that firm may be excluded.
 - b. Government-owned enterprisiers or institutions of the Borrower's country's may participate in the Borrower's country only if they can establish that they are legally and financially autonomous, (ii) operate under commercial laws, and (iii) are not dependant agencies of the Borrower or sub-Borrower.
 - c. As an exception to (b), when the services of government owned universities or research centres or other institutions in the borrower's country are of unique and exceptional nature including because of the absence of a suitable private sector alternative, and their participation is critical to project implementation, the Bank may agree on the hiring of those institutions on a case-by-case basis. On the same basis, university professors or scientists from research institutes can be contracted individually under Bank financing.
 - d. Government officials and civil servants of the Borrower's country may only be hired under consulting contracts in the Borrower's country, either as individuals or as members of the team of experts proposed by a consulting firm provided that such hiring does not conflict with any employment or other laws or regulations or policies of borrower's country and if they (i) are on leave of absence without pay, resigning or retiring; and (iii) their hiring would not create a conflict of interest.
 - e. A firm sanctioned by the Bank in accordance with sub-paragraph (d) of paragraph 1.23 of these Guidelines, or the World Bank Group Anticorruption policies and sanctions procedures, shall be ineligible to be awarded a Bank-financed contract or to benefit from a Bank-financed contract, financially or in any other manner, during the period of time determined by the Bank.

Advance Contracting and Retroactive Financing

- The Borrower may wish to proceed with the initial steps of procurement before signing the related Bank Loan Agreement. In such cases, the procurement procedures, including advertising, shall be in accordance with the Guidelines in order for the eventual contracts to be eligible for Bank with the Guidelines in order for the eventual contracts to be eligible for Bank financing, and the Bank shall review the process used by the Borrower. A Borrower undertakes such advance contracting at its own risk, and any concurrence by the Bank to

make a loan for the project in question. If the contract is signed, reimbursement by the Bank of any payments made by the Borrower under the contract prior to loan signing is referred to retroactive financing and is only permitted within the limits specified in the Loan Agreement.

Association between Consultants

- Consultants may associate with each other in the form of a joint venture or of a sub-consultancy agreement to complement their respective areas of expertise. Such an association may be for a long term (independent of any particular assignment) or for a specific assignment. If the Borrower employs an association in the form of a joint venture, the association shall appoint one of the firms to represent the association; all members of the joint venture, or their representative with a power of attorney, shall sign the contract. All members of the joint venture shall be jointly and severally liable for the entire assignment. Once the short list is finalised, and RFPs are issued, any association in the form of joint venture or sub-consultancy among short listed firms shall be permissible only with the approval of the Borrower. Borrowers shall not require consultants to form associations with any specific firm or group of firms or include any particular individual in their proposals, but may encourage association with qualified national firms.

Bank

Joint Venture

- 1.6** Any firm may bid independently or in joint venture either with domestic firms and/or with foreign firms. A joint venture may be for the long term (independent of any particular bid) or for a specific bid. The Joint venture shall appoint one of the firms to represent it, and all its members shall sign the contract and be jointly and severally liable for the entire contract. The Bank does not accept conditions of bidding or contracting which require mandatory joint ventures or other forms of mandatory association between firms.

Bank Review, Assistance, and Monitoring

- The Bank reviews the Borrower's procurement procedures, documents, bid evaluations, and recommendations, and contracts to ensure that the procurement process is carried out in accordance with the agreed procedures. These review procedures are described in Appendix-I.
- The Borrower is responsible for supervising the consultant's performance and ensuring that they carry out the assignment in accordance with the contract. Without assuming the responsibilities of the Borrower or the consultants, Bank staff shall monitor the quality of the consultants' work as necessary to satisfy themselves that it is being carried out according to appropriate standards and is based on reliable data. As appropriate, the Bank may take part in discussions between the Borrower and consultants and, if necessary, may help the Borrower in addressing issues related to the assignment. If a significant portion of the assignment is carried out in the consultant's home offices, the Bank may, The Procurement Plan approved by the Bank shall specify the extent to which these review procedures shall apply in respect of the different categories of goods, works and non-consulting services to be financed, in whole or in part, from the Bank Loan.

Misprocurement

- The Bank does not finance expenditures under a contract for goods, works or non-consulting services if the Bank concludes that such contract; (a) has not been awarded in accordance with the agreed provisions of the Loan Agreement and further elaborated in the Procurement Plan to which the Bank provided no objection; (b) could not be awarded to the bidder otherwise determined successful due to wilful dilatory conduct or other actions of the Borrower resulting in unjustifiable delay, the success bid being no longer available, or the wrongful rejection of any bid; or (c) involves the engagement of a representative of the Borrower, or a recipient of any part of the Loan proceeds, in fraud and corruption as per paragraph 1.23(c). In such cases, whether under prior or post review, the Bank will declare misprocurement, and it is the Bank's policy to cancel that portion of the loan allocated to the services that have been misprocured. The Bank may, in addition, exercise other remedies provided for under the Loan Agreement. Even once the contract is awarded after obtaining a no objection from the Bank, the Bank may still declare misprocurement and apply in full its policies and remedies regardless of whether of the Loan has closed or not, if it concludes that 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 substantially modified without the Bank's no objection.

Reference to Bank

- The Borrower shall use the following text when referring to the Bank in procurement documents:
“*[name of Borrower]* has received *[or "has applied for"]* a [loan] from the [International Bank for Reconstruction and Development] (the Bank”) in an amount equivalent to US\$____, toward the cost of *[name of project]*, and intends to apply a portion of the proceeds of this [loan] to eligible payments under this contract. Payments by the Bank will be made only at the request of *[name of Borrower or designate]* and upon approval by the Bank, and will be subject, in all respects, to the term and conditions of the Loan Agreement. The [Loan] Agreement prohibits a withdrawal from the [Loan] Account for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations. No party other than *[name of Borrower]* shall derive any rights from the Loan Agreement or have any claim to the proceeds of the [Loan].”

Fraud and Corruption

- It is the Ban's policy to require that Borrower's (including the beneficiaries of Bank Loans) bidders, suppliers, contractors and their agents(whether declared or not), sub-contractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of Bank-financed contracts. I this context, any action to influence the procurement process or contract execution for undue advantage is improper.
- a. Defines, for the purposes of this provision, the terms set forth below as follows:
 - i. "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party; For the purpose of this sub-paragraph, "another party" refers to a public official acting in relation to the procurement process or contract execution. In this context, "public official" includes World Bank staff and employees of other organization taking or reviewing procurement decisions.
 - ii. "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, party to obtain a financial or other benefit or to avoid an obligation; For the purpose of this sub-paragraph, "party" refers to a public official"; the term "benefit" and "obligation" relates to the procurement process or contract execution; and the "act of omission" is intended to influence the procurement process or contract execution.
 - iii. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; For the purpose of this sub-paragraph, "party" refers to participants in the procurement process (including public officials) attempting either themselves, or through another person or entity not participating in the procurement or selection process, to simulate competition or establish bid prices at artificial, non competitive levels, or are privy to each other's bid prices or other conditions.
 - iv. "Coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; For the purpose of this sub-paragraph, "party" refers to a participant in the procurement process or contract execution.
 - v. "obstructive practice" is


- (aa) Deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive practice; and / threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or pursuing the investigation, or
- (bb) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 1.16(e) below.
- b) Will reject a proposal for award if it determines that the bidder recommended for award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, services providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;
 - c) will declare misprocurement and cancel the portion of the loan allotted to a contract if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds during the procurement or the collusive, coercive or obstructive practices during the procurement or the
- b. Will reject a proposal for award if it determines that the consultant recommended for award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers, and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
 - c. Will declare misprocurement and cancel the portion of the Loan allocated to a contract if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the Loan were engaged in corrupt, fraudulent, collusive, coercive or obstructive practices during the selection process or the implementation of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
 - d. Will sanction a firm or an individual, at any time, in accordance with prevailing Bank's sanctions procedures, including by publicly such firm or individual ineligible, either indefinitely or for a stated period of time (i) to be awarded a Bank financed contract; and (ii) to be a nominated sub-consultant, supplier or service provider of an otherwise eligible firm being awarded a Bank-financed contract;
 - e. Will require that a clause be included in the RFP and in contracts financed by a Bank loan requiring consultants, and other agents, personnel, sub-consultants, sub-contractors, service providers or suppliers, to permit the Bank to inspect all accounts, records and other documents relating to the submission of proposals and contract performances, and to have them audited by auditors appointed by the Bank; and
 - f. Will require that, when a Borrower selects a United Nation(UN) agency to provide technical assistance services in accordance with paragraph 3.15 under an agreement signed between the Borrower and the UN agency, the above provisions of this paragraph 1.23 regarding sanctions on fraud or corruption shall apply in their entirety to consultants and their employees, that signed contracts with the UN agency. As an exception to the foregoing, subparagraph 1.23(d) and (e) will not apply to the contents between the UN agencies will apply their own rules and regulations for investigating allegations of fraud or corruption subject to such terms and conditions as the Bank and the UN agencies shall consult the Bank's list of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the Bank, the Bank will not finance the related expenditures and will apply other remedies as appropriate.
 - With the specific agreement of the Bank, a Borrower may introduce, into the RFP for contracts financed by the Bank, a requirement that the consultant include in the proposal an undertaking of the consultant to observe, in competing for and executing a contract, the countries laws against fraud and corruption (including bribery), as listed in the RFP. The Bank

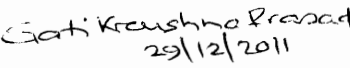
will accept the introduction of such a requirement at the request of the Borrowing country, provided the arrangements governing such undertaking are satisfactory to the Bank.

Procurement Plan

- The preparation of a realistic Procurement Plan for a project is for its successful monitoring and implementation. As part of the project preparation, the Borrower shall prepare a preliminary procurement plan, however tentative, for the entire scope of the project. At a minimum, the Borrower shall prepare a detailed and comprehensive procurement plan including all contracts for which the selection of firms and individuals is to take place in the first 18(eighteen) months of the project implementation. An agreement with the Bank shall be reached at the latest during loan negotiations. The Borrower shall update procurement plans through out the duration of the project at least annually by including contracts previously awarded and to be procured in the next 12(twelve) months. All procurement plans, their updates or modifications shall be subject to Bank's prior review and no objection before implementation. The Bank shall arrange loan negotiations the publication on the Bank's external website of the agreed initial procurement plan and all subsequent updates once it has provided no objection.

The experience in the above programme was quite interesting for all of us. The lectures delivered by eminent professionals and interactions with participants of different states and different countries helped us to know about the procurement procedures under World Bank guidelines and the contract management of the World Bank Projects.


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