

**PROJECT COORDINATION UNIT (PCU)
ASSAM AGRICULTURAL COMPETITIVENESS
PROJECT (AAP)
IDA Cr. 4013**



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**ASSAM AGRICULTURAL
COMPETITIVENESS PROJECT
IDA CR 4013
ADDITIONAL FINANCING**

**PROCUREMENT MANUAL
*December 2011***

Project Coordination Unit (PCU), Agriculture Campus, GS Road, Guwahati - 781022

Visit us at : www.arias.in and download this manual

Note: For any clarification on this Manual please contact the PCU refer to ARIAS Society's web-site: www.arias.in .

PROCUREMENT MANUAL

1. **Background:**

- 1.1. AACP is a multi-Sectoral project, monitored & coordinated by a State level Project Coordination Unit (PCU) and implemented by eight line Government departments/agencies viz. departments of Agriculture, Animal Husbandry & Veterinary, Dairy Development, Fisheries, Public Works and Forest with their Project Implementation Units (PIU) at their HQs at Guwahati and agencies like Assam Agriculture University with HQ at Jorhat, Assam Livestock Development Agency, and also by 11 ATMA Societies in the districts of Kamrup, Nagaon, Barpeta, Sonitpur, Jorhat, Hailakandi, Dhubri, Dibrugarh, Dhemaji, Nalbari and Karbi Anglong.
- 1.2. The provisions in the Legal Agreements to be signed with the World Bank for the additional credit for the project, shall precede the provisions in this manual.
- 1.3. The Cost Table and Procurement Plan: Items to be procured under Additional Financing period of AACP are in the Cost Table. However, all procurements are to be done as per the World Bank approved Procurement Plan. This Plan along with the Cost Table is available in the PCU and also in the ARIAS Society's website (www.arias.in). The approved Procurement Plan is also available in the World Bank's external web site (www.worldbank.org). As far as thresholds for procurement and procurement methods are concerned, the provisions as laid down in the Procurement Plan shall prevail.

2. **Purpose:**

- 2.1. The purpose of this manual is to enlighten all stake holders including the officials of the line departments associated with AACP, about the norms that shall govern procurement of goods, works and services under the Project. This manual intends to ensure transparency, economy and efficiency in procurements.
- 2.2. Any deviation from this Procurement Manual is not permitted except with prior approval of PCU/ World Bank. For any violation or exception to these guidelines, the matter will be forwarded to the appropriate authority in the Govt. for necessary disciplinary action against officers/ staff responsible for the violation/ exception.
- 2.3. This Manual will continue to be improved/ updated with Bank's approval to keep it relevant and useful. Any constructive views on this manual will be welcome.

3. **Mandatory World Bank Guidelines applicable for Procurements under AACP:**

- 3.1. **Goods & Works:** Provisions in the "**Guidelines for Procurement under IBRD Loans and IDA Credits**" published by the Bank in January 2011 shall be applicable (*hereinafter called briefly as 'Procurement Guidelines'*).
- 3.2. **Services/ consultants:** Provisions in the "*Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency, published by the Bank in January 2011*" shall be applicable (*hereinafter called as 'Consultant Guidelines'*).
- 3.3. The provisions in the '*Procurement Guidelines*' and the '*Consultant Guidelines*' shall precede the provisions in this manual, to the extent provided in the legal agreements and the procurement plan.
- 3.4. The above two guidelines are available in the PCU, web sites of the World Bank (www.worldbank.org) and the ARIAS Society (www.arias.in).
- 3.5. All expenditures under the project for procurement of goods, works and consultants' shall become eligible for reimbursement by the World Bank only if they are procured as per laid down procedures of the World Bank.
- 3.6. The World Bank may declare mis-procurement if goods/ works & consultants' are not procured as per agreed norms. If any procurement is declared as 'mis-procurement' by the World Bank, this would result in non-reimbursement of the related expenditures by the Bank and this may also lead to deletion of the related amount from the Bank's Credit for the Project. Therefore, all officials will be responsible for adhering to the Bank's Guidelines, as any lapse in procurement procedure will result in financial loss to the State Government.

4. **Methods of Procurement & Related Thresholds for Post / Prior Review contracts** shall be as per the Procurement Plan-Ver 27.1.2012 for the Additional Financing of AACP, approved by the World Bank.
5. **Key Requirements of World Bank's procurement procedure include:**
- 5.1. Minimum Bidding period:- 45 days for ICB; 30 days for NCB.
 - 5.2. Invitations to bid (ICB/ NCB) 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.
 - 5.3. Standard Bidding Documents/ Request for Proposals documents as finalized by the Government of India's Task Force and amended from time to time, should be adopted for bidding. (Refer to the Procurement Guidelines for details).
 - 5.4. If extension of bid validity is required it should be sought from all the bidders (*Note:- for bids which had the required initial bid validity and accompanied by required bid security at the time of opening*) before stipulated expiration date. (Refer to paraof the Procurement Guidelines for details).
 - 5.5. Extension of bid validity shall not be sought without the prior concurrence of the Project Coordination Unit of ARIAS Society (for ICB/ NCB & Prior review contracts):- (a) for the first request for extension if it is longer than eight weeks; and (b) for all subsequent requests for extension irrespective of the period. However, such concurrence may consider by PCU/ World Bank only in cases of Force Majeure and established circumstances beyond the control of the Purchasing Agency.
 - 5.6. No special preference is to be accorded to any class of bidder either for price or for other terms & conditions when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State.
 - 5.7. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used, i.e. Any procedure under which bids above or below a pre-determined assessment of bid values are automatically disqualified, is not acceptable to the World Bank.
 - 5.8. In case of civil works (NCB/ Shopping), if the bid from the successful bidder is seriously unbalanced in relation to the departmental estimate for the work, the stipulated Performance Security should be increased to a level sufficient to protect the Department against financial loss in the event of subsequent default of the successful bidder. Appropriate clause should be inserted in the letter requesting quotations for Shopping (Works).
 - 5.9. Under Shopping procedure
 - 5.10. Bids should not be rejected solely on account of non-submission of historical information. Bidders should be given one written opportunity to furnish the necessary information by giving a reasonable time.
 - 5.11. Sub-contracting for certain specialized elements of the work is not unusual and acceptable for carrying out the works more effectively; but vertical splitting of the works for sub-contracting is not acceptable. Bidders are expected to indicate in the bid the proposed sub-contracting elements amounting to more than 20 percent of the Bid Price. For each such sub-contracting, the qualification and experience of the identified sub-contractor in the relevant field is also to be furnished by the bidder along with the bid, to enable the purchaser to satisfy about their qualifications before agreeing for such sub-contracting and include it in the contract.
 - 5.12. Single Bids: Where only one bid is received, efforts should be made to ascertain the reasons. If it is determined that publicity was not adequate, bid specifications or any of the terms & conditions were restrictive or unclear, the bid should be cancelled and invited afresh after amending the specifications/ terms. If however, it is determined that bid specifications are not restrictive and the prices quoted are reasonable and bid is technically & commercially responsive, the single bid should be considered for award.
 - 5.13. Rejection of bids due to submission of collusive (unreasonably high) prices will attract provisions of para 1.14 of Procurement Guidelines and Clause 37.1 of ITB (NCB works). In such cases, bidders must be requested to furnish breakdown of unit rates in terms of clause 25.1 of ITB (NCB works) 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, the bidders should be declared as ineligible from bidding in the re-bid for that contract as specified in the ITB of the bidding document (for NCB works).

- 5.14. Re-bidding for prior review contracts shall not be decided without prior concurrence of the World Bank, through PCU.
- 5.15. Bid Evaluation Report (BER) shall be prepared strictly based on the provisions in the bidding document without any subjective decision.
- 5.16. Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder.
- 5.17. Rate contracts entered into by Directorate General of Supplies & Disposals (DGS&D) will NOT be acceptable as a substitute for NCB procedures.
- 5.18. Two or three envelop system will not be used

6. National Shopping (refer section 3.5 of the Procurement Guidelines):

- 6.1. **Provision in World Bank's Procurement Guidelines:** Shopping is a procurement method based on comparing price quotations obtained from several suppliers (in the case of goods), from several contractors (in the case of civil works), or service providers (in the case of non-consulting services) with a minimum of three, to assure competitive prices, and is an appropriate method for procuring limited quantities of readily available off-the-shelf goods or standard specification commodities of small value, or simple civil works of small value¹ when more competitive methods are not justified on the basis of cost and efficiency. If the Borrower has been unable to obtain at least three quotations, it shall provide the Bank with the reasons and justification why no other competitive method could be considered and obtain a no objection before proceeding on the basis of the only responses already received. Requests for quotations shall indicate the description and quantity of the goods or specifications of works, as well as desired delivery (or completion) time and place. Quotations may be submitted by letter, facsimile, or by electronic means. The evaluation of quotations shall follow the same principles as of open bidding. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.
- 6.2. Shopping is intended to be a simple and for rapid procurements. Shopping being one of the least competitive procurement methods, HODs should remain vigilant for any abuse in collection of quotations.
- 6.3. Minimum three (3) quotations shall invariably obtained from three different shops for comparison of rates and in case three (3) quotations from three different shops can not be obtained, for whatsoever reason, prior concurrence of the World Bank through the PCU with detailed justification shall be obtained.
- 6.4. Rate contracts entered into by DGS&D may be accepted as a substitute for any procurement under shopping procedure. In such cases collection of three quotations shall not be necessary, if the item is procured from the manufacturer or their authorized dealer/ agent as per DGS&D's rate contract/ rate contract price plus as admissible in the DGS&D's rate contract for transportation etc.
- 6.5. Concurrence of the PCU: No proposal seeking prior approval of PCU shall be submitted for contracts under shopping procedure for contracts upto Rs. 13.50 lakhs. The HODs are to maintain all records for audit by World Bank and PCU.

7. Community Driven Procurement (refer section 3.19 of the Procurement Guidelines):-

- a) AACP includes community involvement with decentralized decision-making, resource control, implementation, and monitoring in sub-projects related to fisheries, dairy, agriculture, forestry, watershed management etc. This is to promote security, opportunity and empowerment by: (i) strengthening accountability; (ii) supporting broad-based

¹ For the purpose of Shopping, and procurement from UN agencies under paragraph 3.10(c) of these Guidelines, a small value contract should normally not exceed US\$100,000 for off-the-shelf goods and commodities and US\$200,000 for simple civil works. Thresholds applicable to each project are defined in the Procurement Plan.

participation by community in the strategies and decisions that affect them; (iii) facilitating access to information.

- b) **Community Participation.** Goods, works and services consisting of investments in (i) drainage schemes; (ii) pond, tank and beel fisheries; and (iii) drilling tube-wells; (iv) pumping equipment; (v) tractors; and (vi) power tillers, and accessories may be procured on the basis of community participation as per the following procedures:-
- i) **Fish production inputs:** FOE procedure, i.e. procurement by community groups as per their choice from the approved reference price list along with local outlet/ or authorized dealer for fish inputs, to be published by the Director of Fisheries/ DACC following a floating of enquiry process.
 - ii) **Pump-sets and farm machinery:-** FOE procedure (i.e. procurement by community groups as per their choice from the approved brands/ models from the manufacturer's local outlet/ or authorized dealer out of an approved list of manufacturers, including the prices, to be published by the Director of Agriculture, Assam for irrigation pump-sets and farm machinery following a floating of enquiry process); and
 - iii) **Civil Works:** Soliciting at least three bids from qualified contractors or by the community on its own for civil works contracts/ boring works of pumpsets.

7.1. Community Procurement: Farm Equipments (Tractors and Pumpsets):

- a) Direct Contracting from the manufactures for Farm Equipments such as irrigation pump-sets, farm machinery and associated equipment. For this purpose, Floating of Enquiry (FOE) would be published by the Directorate of Agriculture seeking willingness from a range of equipment manufactures to sell to Agro Service Groups (ASG) (i.e. communities/ beneficiaries, FMCs, SHGs, WUAs etc) at predetermined prices.
- b) ASGs would be free to choose between brands and models and purchase directly from the approved list of manufacturers/ their authorized agents. Thus, farm equipment will be procured by ASGs as per their choice from the approved brands/ models from the manufacturer's local outlet/ or authorized dealer out of an approved list of manufacturers to be published by the Director of Agriculture, Assam.
- c) However, ASGs will also be free to select farm equipment from other manufacturers, which are outside the approved list, but this would be subject to prior concurrence from the Director of Agriculture, Assam, particularly in respect of technical specifications, quality and cost of the alternative proposed.
- d) Project Funding pattern for Tractors shall be: 70% contribution from ASGs (*with optional commercial Bank*) and 30% from AACP as Grant.
- e) Project funding for Pumpsets for Shallow Tube Well (STW): 50% contribution from ASGs (*with optional commercial Bank*) including the cost of boring and 50% from AACP as Grant.

7.2. Community Procurement: Fishery Activities: Procurement of Civil Works & Inputs:

- a) Directorate of Fisheries will prepare a bandwidth for the state on all inputs/ commodities to dispense with the collection of quotation system. Within the above bandwidth, each district will finalize its rates through a committee/ DACC/ Deputy Commissioner. The rates approved for the district by the above committee would be informed to the CIGs by the DFDO. CIGs/ CTG/ BDCs would be free to procure the inputs as per their choice from the nearest shop as per the approved rates under direct supervision of cluster/ CTG/Beel in-charge and Fishery Coordinator of NNGO.
- b) The norms for submission of Bills & vouchers along with utilization certificate etc by CIG/ CTG/ BDC and also the norms recording of MBs, maintaining accounts etc. should be done as provided in the Financial Management Manual of AACP.

8. Decentralization of Procurement/ Contract Approval authorities:

- 8.1. **Contracts below Rs. 13.5 Lakhs:** Contracts below Rs. 13.5 Lakhs and all National Shopping procurements would be finalized by respective Head of the Departments and by ATMA Societies for procurements under ATMAs. Bid Evaluation Reports (BER) / Abstract of CS for such cases need not come to the PCU for concurrence. However, the contract register incorporating such contracts shall be submitted to PCU on bi-monthly basis.

- 8.2. **Contracts above Rs. 13.5 Lakhs:** would be finalized by PCU: For such cases Bid Evaluation Reports (BER) / Abstract of CS should be forwarded to the PCU for concurrence. PCU will take concurrence of the World Bank for contracts for prior review contracts and also for other contracts as required.
- 8.3. Decision on the BERs shall be taken in a time bound manner and shall be finalized with 60 days from the date of bid opening in case of NCB/ ICB Procurement. Award of contract shall be completed within maximum 90 days from the date of bid opening.
- 8.4. BERs for NCB/ ICB contracts shall be finalized within the following time frame:- HOD level within 30 days from the date of opening of bids and at PCU level within 30 days from the date of receipt of BER from HOD.
- 8.5. In PCU, the BER/ contracts above Rs.225.00 lakhs shall be finalized by the Empowered Committee for Contract Finalization (ECCF) headed by APC and BER/ contract above Rs.13.50 lakhs & upto Rs.225.00 lakhs shall be finalized by the ECCF headed by SPD.

9. Post Award Audit:

- 9.1. All post review contract will be audited by PCU staff / World Bank officials/ consultants.
- 9.2. Full documentation relating to procurements should be retained safely for Audit. HODs/ ECs would ensure that all the original quotations/ bids, other documents leading to the award decision and its rationale is stored safely for review and audit, as and when needed.
- 9.3. All purchasers shall maintain a contract register in the following format.

Assam Agricultural Competitiveness Project												
Name of the Implementing Department/ Agency : Project Component:												
REGISTER OF CONTRACTS												
Sl.	Cost Table/ Proc Plan Ref.	Name of item with Quantity	Contract Type :Work/ Goods	Method of procurement	Date of IFB/ NIQ	Date of Opening of Bids/ Quotations	Date of Finalizat ion of BER/ CS	Approval authority / Date	Contract / Supply order No. with Date	Name of Contract or / Supplier	Contract Price	Payment made till date

10. The contract register incorporating, list of all Contracts is to be forwarded to the Bank on an Annual Basis or as requested by Bank.
11. **Assets Register:** All purchasers/ project-implementing agencies are to maintain an asset register.
