

PROCUREMENT CAPACITY ASSESSMENT OF EXECUTING AND IMPLEMENTING AGENCIES OF THE PROPOSED HIMACHAL PRADESH SKILLS DEVELOPMENT PROJECT

SUMMARY OF FINDINGS

1. The Himachal Pradesh Skills Development Project (HPSDP) will support the Government of Himachal Pradesh (GOHP) in providing vocational training and livelihood development opportunities to around 65,000 needy youth over the period 2017–2022. It will expand the state’s annual technical and vocational education and training (TVET) capacity by 13,000 and extend the reach of quality training facilities and counselling services to underserved parts of the state.

2. The Department of Planning (DOP), Government of Himachal Pradesh, will be the executing agency. The Himachal Pradesh Kaushal Vikas Nigam (HPKVN); Department of Higher Education (DOHE); Department of Technical Education, Vocational and Industrial Training (DOTE); and the Public Works Department (PWD) will be the four implementing agencies. All vocational training activities to be funded through private sector training service providers (TSP) will be managed by HPKVN. PWD will be fully responsible for the procurement and supervision of all civil works including construction of the training facilities. DOTE will procure the upgraded training equipment, aligned to National Council for Vocational Training Guidelines 2014, for the selected industrial training institutes (ITIs) of Himachal Pradesh. To facilitate coordination, the procurement and management of all the consulting firms and TSPs (for handling different types of vocational training and livelihood development programs) will be managed by HPKVN.¹

3. A detailed procurement capacity assessment was carried out in 2016 of the implementing agencies.² It included a review of the state government’s procurement systems and practices, and the capacity of the implementing agencies to follow these. The assessment followed the standard methodology, questionnaires, and tools prescribed in the Asian Development Bank (ADB)’s Procurement Capacity Assessment (PCA). Broadly, it is found that GOHP has a good public procurement system. There are comprehensive guidelines for procurement of civil works, goods, and equipment, and guidelines on selection of consultants which are in line with sound procurement principles of open competition, economy and efficiency, transparency, and fairness.

4. Two ADB-funded procurement consultants have been assisting HPKVN and the other implementing agencies since mid-2015. They have familiarized the counterpart staff with ADB’s Guidelines on the Use of Consultants (2013, as amended from time to time) and ADB’s Procurement Guidelines (2015, as amended from time to time). They have been working closely with them for undertaking advance procurement action.

5. Brief departmental findings of the PCA are provided below.

- (i) **Department of Planning.** DOP is the executing agency for the proposed HPSDP. It does not undertake any direct procurement of goods, works, and

¹ For details regarding the institutional arrangement, please refer to the Project Administration Manual (accessible from the list of linked documents in Appendix 2 of the main text).

² The analysis presented here is updated as of 5 March 2017.

consulting services. It allocates budget for development spending across all the various departments that constitute the state government. For the proposed HPSPD too, DOP will provide overall strategic direction, facilitate coordination across relevant departments, and decide on the budget allocations for each implementing agency. It will not be involved in procurement.

- (ii) **HPKVN.** HPKVN was formally established in September 2015 as a 100% government-owned company under the DOP. It therefore, follows the Himachal Pradesh financial rules and is subject to external audit. The project management unit (PMU) has been established at HPKVN. The overall project director of HPSPD is the managing director of HPKVN. As of 1 February 2017, HPKVN already has 27 staff include general managers and relevant officers overseeing key functions such as finance and administration; coordination with other implementing agencies; managing accounts; audit; procurement; engagement and supervision of training service providers, assessment agencies, and consulting firms; managing the bills of all vendors; project reporting through the management information system; mobilization of trainees; industry engagement; internships; and placements. The two procurement staff engaged by HPKVN have relevant experience and have been managing procurement-related work well with the help of an ADB-funded procurement consultant.
- a. For example, HPKVN launched a pilot vocational training program on 20 October 2016 in eight sectors involving 1,080 youth. This program is funded by the state government, but follows ADB's procurement guidelines. The contract agreements have been signed with the successful TSPs, which have already started to impart training. The experience gained by HPKVN in handling this procurement cycle will be invaluable going forward.
 - b. Further, advance contracting for consultancy assignments to be funded under HPSPD are also being done by HPKVN after due clearances from DOP. The bidding document (including TORs) for the project management consulting (PMC) firm and the monitoring and evaluation (M&E) firm were reviewed and cleared by ADB around mid-December 2016. The tender for the PMC firm was issued by HPKVN on 28 December 2016 while that for the M&E firm was issued on 10 January 2017. HPKVN is currently shortlisting the expressions of interest (EOIs) received for these two consultancy contracts. Submission 1 for the PMC selection has been reviewed and cleared by ADB. The first set of bidding documents for engaging private TSPs was submitted by HPKVN on 25 February 2016 for ADB's review. It is therefore, clear that owing to more than a year of capacity building support provided by ADB-funded procurement consultants, HPKVN in general, and its procurement staff in particular, have become adept in terms of following ADB's procurement policies and processes.
- (iii) **NOTE.** This department has previous experience of implementing the Himachal Pradesh component of two national projects funded by the World Bank for upgrading of industrial training institutes (ITIs) and polytechnic colleges.³ DOTE

³ These include World Bank. 2007. *Vocational Training Improvement – I Project*. Washington, DC (\$280 million, approved 2007); World Bank. 2010. *Technical Engineering Educational Quality Improvement Project II*. Washington, DC (\$300 million, approved 2010).

follows the Government of Himachal Pradesh's e-procurement system for procuring goods and works, and the stores make manual purchases. It also has ample experience in undertaking civil works for upgrading its buildings and ITIs.

The bidding document for goods, prepared by DOTE and HPKVN for the purchase of training equipment for industrial training institutes (ITIs), was reviewed and cleared by ADB in December 2016. Six packages of training equipment amounting to \$6.18 million was tendered out by DOTE on 24 February 2017. This shows that owing to more than a year of capacity building support provided by ADB-funded procurement consultants, DOTE staff have gained good familiarity with ADB's procurement policies and processes.

- (iv) **DOHE.** This department has been implementing the centrally (i.e., Government of India) sponsored scheme for vocational education in schools since 2012. As part of this scheme, DOHE has been engaging training service providers, undertaking minor civil works to upgrade its schools, and purchasing goods and equipment following the Ministry of Human Resources Development's policies and procedures.

Under HPSPDP, DOHE will be assisted by HPKVN in engaging TSPs for imparting training in vocational and soft skills for undergraduate college students so that their overall employability is enhanced by the time they graduate. The first set of bidding documents for engaging TSPs (including for college level training programs to be supervised by DOHE) was submitted by HPKVN on 25 February 2016 for ADB's review.

- (v) **PWD.** Like in all other states of India, the Public Works Department (PWD) of Himachal Pradesh is responsible for the design, construction supervision, and maintenance of all government buildings in Himachal Pradesh. While PWD does not have a separate procurement department per se, most of its officers are engineers with significant experience in handling procurement of civil works and goods following the state government's norms and processes. The overall head of PWD in the state is the engineer-in-chief. Himachal Pradesh has 12 districts, but it is divided into four PWD zones. Each PWD zone is headed by a chief engineer. The procurement function is decentralized to the chief engineers heading these four PWD zones. All the civil works contracts under HPSPDP (for construction of training facilities) will be packaged zone-wise. The PWD chief engineers and their staff usually have around 15 years' or more of direct procurement experience.

The civil works bidding document prepared by PWD for the construction of various training facilities was reviewed and cleared by ADB in December 2016. The first civil works contract for \$600,000 is expected to be tendered out by PWD around 7 March 2017. Another three packages amounting to around \$4.3 million is being finalized for tendering in April 2017. This shows that owing to more than a year of capacity building support provided by ADB-funded procurement consultants, PWD staff have gained good familiarity with ADB's procurement policies and processes.

- 6. While HPKVN and the implementing agencies may not have separate procurement units, they do have staff who have experience in handling procurement of civil works and goods

in lines with the rules and procedures of GOHP. As noted above, owing to nearly 1.5 years of support provided by ADB in the form of two individual procurement consultants, HPKVN and other implementing agencies have gained familiarity with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time) and ADB's Procurement Guidelines (2015, as amended from time to time). Good progress has been made in terms of advance contracting.

7. The support of these two procurement consultants will be continued. GOHP staff have also started attending the procurement and financial management capacity building workshops organized by the ADB India Resident Mission periodically.

8. Further, it should be noted that consultants with experience in procurement, project management, and financial management will be fielded by the project management consulting (PMC) firm to be engaged under the loan. The tender for the PMC was issued on 28 December 2016. The shortlisting of the EOIs has been completed. Submission 1 has been submitted for ADB's review. It is expected that the PMC will be mobilized by early July 2017. Owing to the above capacity building measures and advance actions, it can be justifiable said that the initial procurement risk rating of "moderate" will be mitigated effectively during project implementation.

PROCUREMENT CAPACITY ASSESSMENT QUESTIONNAIRE
Assessment as of 1 February 2017

Name of the Program/Project: Himachal Pradesh Skills Development Project (HPSDP)
State/County: Himachal Pradesh, India
Executing Agency: Department of Planning, Government of Himachal Pradesh
Program Implementation Unit: Himachal Pradesh Kaushal Vikas Nigam (HPKVN)
ADB Loan/TA: Loan

I. SPECIFIC ASSESSMENT AND RATINGS: HIMACHAL PRADESH KAUSHAL VIKAS NIGAM

Risk Ratings	Extremely High	High	Average	Low
Question	Answer/Finding			Risk
A. ORGANIZATIONAL AND STAFF CAPACITY				
A.1. How many years' experience does the head of the procurement department or unit have in a direct procurement role?	<p>Himachal Pradesh Kaushal Vikas Nigam (HPKVN) was formally established in September 2015 as a 100% government-owned company under the Department of Planning, Government of Himachal Pradesh (GOHP). It therefore follows the Himachal Pradesh financial rules and is subject to external audit. While basic financial management and accounting systems have already been set up, these need to become more comprehensive.</p> <p>The managing director of HPKVN is a senior officer of the Indian Forest Service. As the head of the Project Management Unit, he will be the competent authority for inviting tenders and award of contracts as per the Himachal Pradesh Financial Rules (HPFR), 2009.^a</p> <p>HPKVN launched a pilot vocational training program in November 2016 in eight sectors involving 1,080 youth. This program is funded by GOHP, but follows ADB's procurement guidelines. The contract agreements have been signed, and the successful training service providers (TSPs) have started the training programs.</p> <p>Other advance contracting (such as issue of expressions of interest [EOIs] and request for proposals [RFPs] for the project management consulting firm and the monitoring and evaluation firm, to be funded under HPSDP), are also being done by HPKVN after due clearances from the Department of Planning.</p>			Low
A.2. How many staff in the procurement				Average

Question	Answer/Finding	Risk
department or unit are		
(i) Full-Time?	2	
(ii) Part-Time?	Nil	
(iii) Seconded?	Nil	
A.3. Does the procurement staff have English language proficiency?	Yes	Low
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	<p>Yes. The procurement staff engaged by HPKVN are well experienced in handling different types of procurement.</p> <p>Two ADB-funded procurement consultants have been working closely with HPKVN and other implementing agencies since July 2015. They have been assisting in terms of preparation of bid documents and other tasks pertaining to advance contracting.</p> <p>In addition, a procurement consultant and a Financial Management consultant will be fielded by the project management consulting (PMC) firm that will be engaged under the loan. These consultants will be able to support HPKVN's procurement staff.</p> <p>It should be noted that as of 1 February 2017, HPKVN already has 27 full-time staff including a managing director, two general managers, and other staff responsible for critical functions such as financial management, accounts, administration, training, mobilization, and industry outreach.</p> <p>A full-time chartered accountant was appointed by HPKVN effective June 2016. A part-time company secretary was also hired in January 2017 to attend to compliance issues of HPKVN. HPKVN has already engaged an internal auditor and a statutory auditor. The statutory audit for FY2016 has been completed and the audit report was approved by the Board on 31 December 2016. The internal audit report for FY2016 has also been prepared, without major findings.</p> <p>Significant effort has already been made during project design to establish a strong institutional foundation, lay down the required business processes and familiarize the implementing agencies with ADBs financial management procedures.</p>	Average
A.5. Does the unit have adequate facilities, such as personal computers, internet connections, photocopy facilities, printers,	Yes	Low

Question	Answer/Finding	Risk
etc., to undertake the planned procurement?		
A.6. Does the agency have a procurement training program?	No	Average
A.7. Does the agency have a procurement committee that is independent of the head of the agency?	Yes. HPKVN has a formal procurement committee to oversee activities related to consultancy services. The committee makes recommendations to the GOHP through its managing director.	Low
A.8. Does the agency have a procurement department or unit, including a permanent office that performs the function of a secretariat, and which serves as the main support unit of the procurement committee?	Given its relatively small size, there is no separate procurement department in HPKVN. However, there are two full-time procurement officers in HPKVN staff in the training department assisting the procurement staff in drafting TORs, preparing budgets, and shortlisting the TSPs.	Average
A.9. If yes, what type of procurement does it undertake?	To date, HPKVN has undertaken procurement of consultants, TSPs, and office furniture etc., using GOHP's rules and procedures.	
A.10. At what level does the department or unit report (to the head of agency, deputy etc.)?	The managing director of HPKVN reports to the additional chief secretary, Department of Planning and Finance; and the advisor, Department of Planning	Low
A.11. Do the procurement positions in the agency have job descriptions that outline specific roles, minimum technical requirements, and career routes?	<p>The procurement roles and responsibilities of the managing director, as head of HPKVN, are cited in HPFR, 2009 (paras. 85 and 91).</p> <p>The procurement officer in HPKVN has job descriptions that outline his roles and responsibilities.</p>	Low
A.12. Is there a procurement process manual for goods and works?	<p>Yes. Guidelines for procurement of goods and works are available in the following GOHP manuals:</p> <ul style="list-style-type: none"> • HPFR, 2009 • Stores Purchase Manual, 2013 • PWD code and manual 	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	Low
A.14. Is there a procurement process manual for consulting services?	Yes. The HPFR, 2009 has a section focusing on procurement of consulting services (para. 122).	Low
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	Low
A.16. Are there standard documents in use, such as standard procurement documents or forms, and have they been approved for use on ADB-funded projects?	No. However, Himachal Pradesh has received assistance under several ADB, World Bank, and other donor-funded projects. Standard procurement bidding documents as cleared by the World Bank have been used by DOTE in the past. There	Low

Question	Answer/Finding	Risk
	<p>have been no procurement-related complications in Himachal Pradesh's projects.</p> <p>ADB projects:</p> <ul style="list-style-type: none"> • Himachal Pradesh Clean Energy Transmission Investment Program^b • Infrastructure Development Investment Program for Tourism^c <p>Other donor-funded projects:</p> <ul style="list-style-type: none"> • Himachal Pradesh State Roads Project (World Bank) • Himachal Pradesh Watershed Management Project (World Bank) • Himachal Pradesh Mid-Himalayan Watershed Development Project (World Bank) • Himachal Pradesh Crop Diversification Promotion Project (Japan International Cooperation Agency) • Himachal Pradesh Forest Sector Reform Project (DFID) • Micro-planning at Panchayat Level (GTZ) 	
A.17. Do the terms of reference (TOR) follow a standard format such as background, tasks, inputs, objectives, and outputs?	Yes	Low
A.18. Who drafts the procurement specifications?	<p>The "Common Norms for Skill Development Schemes," notified by the Ministry of Skill Development and Entrepreneurship (MSDE), Government of India, on 15 July 2015, lay down the benchmarks that have to be followed by all government funded vocational training programs in terms of duration, outcomes, per hour cost of training (trade wise), boarding and travel expenses etc. The first revision of these Common Norms was issued by MSDE on 20 May 2016.</p> <p>Since these norms have to be followed by all government or donor-funded training programs, the fixed budget selection method has to be used while engaging private sector training service providers.</p> <p>HPKVN's mandate is to function as the nodal agency for the Himachal Pradesh State Skill Development Mission. Hence, it has prepared Himachal Pradesh's Common Norms for selecting TSPs by tailoring (only</p>	Low

Question	Answer/Finding	Risk
	marginally) the Common Norms issued by MSDE to the needs of Himachal Pradesh. The staff of the training department of HPKVN prepares the TORs for the TSPs, and calculates the budget based on the common norms.	
A.19. Who approves the procurement specifications?	Managing director, HPKVN, approves the specifications.	Low
A.20. Who drafts the bidding documents?	First set of bidding documents for selection of training services providers have been prepared using ADB's SRFP. Procurement officer in consultation with training department prepares bidding documents.	Low
A.21. Who manages the sale of the bidding documents?	Bidding documents are uploaded on the HPKVN website free of cost.	Low
A.22. Who identifies the need for consulting services requirements?	Managing director, HPKVN	Low
A.23. Who drafts the TOR?	Training department, HPKVN	Low
A.24. Who prepares the request for proposals (RFPs)?	Procurement officer in consultation with training department preparing the RFP	Low
B. INFORMATION MANAGEMENT		
B.1. Is there a referencing system for procurement files?	Yes	Low
B.2. Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment, and personnel to administer the procurement records management functions within the agency?	Yes	Low
B.3. How long are records kept?	15 years	Low
B.4. Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5. Are copies of the original advertisements retained with the precontract papers?	Yes	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Yes	Low
C. PROCUREMENT PRACTICES		
Goods and Works		
C.1. Has the agency undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? If yes, please indicate the names of the development partner(s) and the project(s).	HPKVN has not been initiated procurement of works and goods as yet. The Public Works Department, which has been executing civil works for the GOHP, will implement all civil works under this project.	
C.2. If the above answer is yes, what were the major challenges?	Not applicable	
C.3. Is there a systematic process to	Not applicable	

Question	Answer/Finding	Risk
identify procurement requirements (for a period of 1 year or more)		
C.4. Is there a minimum period for preparation of bids, and if yes how long?	Not applicable	
C.5. Are all queries from bidders replied to in writing?	Not applicable	
C.6. Does the bidding document state the date and time of bid opening?	Not applicable	
C.7. Is the opening of bids done in public?	Not applicable	
C.8. Can late bids be accepted?	Not applicable	
C.9. Can bids be rejected at bid opening?	Not applicable	
C.10. Are minutes of the bid opening taken?	Not applicable	
C.11. Who may have a copy of the minutes?	Not applicable	
C.12. Are the minutes free of charge?	Not applicable	
C.13. Who undertakes the evaluation of bids (individual, permanent committee, ad hoc committee)?	Not applicable	
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Not applicable	
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Not applicable	
C.16. Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contract effectiveness?	Not applicable	
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	Not applicable	
C.18. Are there established goods receiving procedures?	Not applicable	
C.19. Are all goods that are received recorded as assets or inventory in a register?	Not applicable	
C.20. Is the agency or procurement department familiar with letters of credit?	Not applicable	
C.21. Does the procurement department register and track warranty and latent defects liability periods?	Not applicable	
Consulting Services		
C.22. Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? If yes, please indicate the names of the development partner(s) and the project(s).	No	Average
C.23. If the above answer is yes, what were the major challenges?	Not applicable	

Question	Answer/Finding	Risk												
C.24. Are assignments and requests for expressions of interest (EOIs) advertised?	Yes	Low												
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Yes. It comprises the following officers <table border="1" data-bbox="732 369 1263 548"> <thead> <tr> <th>Department</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Himachal Pradesh Kaushal Vikas Nigam</td> <td>Managing Director</td> </tr> <tr> <td>Department of Law</td> <td>Deputy Secretary</td> </tr> <tr> <td>Department of Planning</td> <td>Deputy Director</td> </tr> <tr> <td>DOHE</td> <td>Joint Director</td> </tr> <tr> <td>DOTE</td> <td>Deputy. Director</td> </tr> </tbody> </table>	Department	Designation	Himachal Pradesh Kaushal Vikas Nigam	Managing Director	Department of Law	Deputy Secretary	Department of Planning	Deputy Director	DOHE	Joint Director	DOTE	Deputy. Director	Low
Department	Designation													
Himachal Pradesh Kaushal Vikas Nigam	Managing Director													
Department of Law	Deputy Secretary													
Department of Planning	Deputy Director													
DOHE	Joint Director													
DOTE	Deputy. Director													
C.26. What criteria is used to evaluate EOIs?	Technical, geographical and management competence	Low												
C.27. Historically, what is the most common method used (quality- and cost-based selection, quality-based selection, etc.) to select consultants?	<p>The "Common Norms for Skill Development Schemes," notified by the Ministry of Skill Development and Entrepreneurship (MSDE), Government of India, on 15 July 2015, laid the benchmarks that have to be followed by all government-funded vocational training programs in terms of duration, outcomes, per hour cost of training (per trade), boarding and travel expenses, etc. The first revision of these Common Norms was issued by MSDE on 20 May 2016.</p> <p>These norms have to be followed by all government or donor-funded training programs for engaging TSPs at the national and state levels with some margin given to state governments to tailor the norms to their needs.</p> <p>Accordingly, HPKVN has made some minor modifications to these national Common Norms to tailor the benchmarks to Himachal Pradesh's own needs. It issued the Himachal norms in August 2016.</p> <p>Since these norms have to be followed for HPSDP, the fixed budget selection method (and not QCBS or QBS) has to be used while engaging private sector training service providers.</p>	Low												
C.28. Do firms have to pay for the RFP document?	No	Low												
C.29. Does the proposal evaluation criteria follow a predetermined structure and is it detailed in the RFP?	Yes	Low												
C.30. Are preproposal visits and meetings arranged?	Yes	Low												
C.31. Are minutes prepared and circulated after preproposal meetings?	Yes													
C.32. To whom are the minutes distributed?	To all shortlisted consulting firms													

Question	Answer/Finding	Risk
C.33. Are all queries from consultants answered or addressed in writing?	Yes	Low
C.34. Are the technical and financial proposals required to be in separate envelopes?	Yes	Low
C.35. Are proposal securities required?	No	Low
C.36. Are technical proposals opened in public?	Yes	Low
C.37. Are minutes of the technical opening distributed?	Yes	
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes	Low
C.39. Who determines the final technical ranking and how?	The Consultant Selection Committee, constituted by GOHP for this project, evaluates the technical proposals and determines the final ranking based on the evaluation criteria set out in the RFP, with the consensus of all members. Scores are given to each proposal with explanations on strengths, weaknesses, and commercial deviations, if any.	
C.40. Are the technical scores sent to all firms?	Technical scores are read out during the financial opening.	
C.41. Are the financial proposal opened in public?	Yes	Low
C.42. Are minutes of the financial opening distributed?	Yes	
C.43. How is the financial evaluation completed?	As explained in the response to C.27, the fixed budget selection method is being used while selecting training service providers. There will be public opening of financial bids. Any bid exceeding the specified budget will be rejected. HPKVN will then negotiate with the TSP that is ranked the highest in terms of the technical score.	Low
C.44. Are face-to-face contract negotiations held?	Yes	
C.45. How long after financial evaluation is negotiation held with the selected firm?	10 days	
C.46. What is the usual basis for negotiation?	Depending on the selection method and type of contract, negotiated items include scope of work, approach and methodology, work plan, activity schedule, staffing, deliverables, counterpart staff and facilities, and contract conditions. Unit rates for person-months and reimbursable expenses are not negotiated, as these are considered in the evaluation of the proposals.	
C.47. Are minutes of negotiation taken and signed?	Yes	
C.48. How long after negotiation is the contract signed?	10 days	Low

Question	Answer/Finding	Risk
C.49. Is there an evaluation system for measuring the outputs of consultants?	Yes	Low
Payments		
C.50. Are advance payments made?	Yes	Low
C.51. What is the standard period for payment included in contracts?	Performance-based milestone payment.	Low
C.52. On average, how long is it between receiving a firm's invoice and making payment?	Normally, less than 15 days.	Low
C.53. When late payment is made, are the beneficiaries paid interest?	No interest paid so far. No reference in the terms and conditions of the contract payment. The Stores Purchase Manual indicates that the payment should not be delayed unless there is a valid reason.	Low
D. EFFECTIVENESS		
D.1. Is contractual performance systematically monitored and reported?	Yes	Low
D.2. Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Low
D.4. Is there a formal nonjudicial mechanism for dealing with complaints?	Yes	Low
D.5. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, and notices of default or withheld payment?	Yes	Low
E. ACCOUNTABILITY MEASURES		
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes	Low
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3. Is the commencement of procurement dependent on external approvals (formal or de facto) that are outside of the budgeting process?	Yes	Low
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	Managing director, HPKVN	Low
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?	Managing director, HPKVN	Low

Question	Answer/Finding	Risk
(i) Bidding document, invitation to prequalify, or RFP	Yes	Low
(ii) Advertisement of an invitation for bids, prequalification, or call for EOIs	Yes	Low
(iii) Evaluation reports	Yes	Low
(iv) Notice of award	Yes	Low
(v) Invitation to consultants to negotiate	Yes	Low
(vi) Contracts	Yes	Low
E.6. Is the same official responsible for (i) authorizing procurement transactions, procurement invitations, documents, evaluations, and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	Yes	Low
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

^a Under HPSPD, the HPKVN managing director will invite tenders and award contracts for all consultancy services and training service providers. The relevant chief engineers of the Public Works Department will be responsible for inviting tenders for civil contracts within their own zones. The director of the Department of Technical Education, Vocational and Industrial Training will be responsible for inviting tenders for the purchase of training equipment pertaining to industrial training institutes and polytechnics.

^b ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranchise Financing Facility and Technical Assistance Grant to India for Himachal Pradesh Clean Energy Transmission Investment Program*. Manila.

^c ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranchise Financing Facility to India for Infrastructure Development Investment Program for Tourism*. Manila.

Source: Asian Development Bank.

A. Overall General Ratings

Criteria	Risk
A. Organizational and Staff Capacity	Average
B. Information Management	Low
C. Procurement Practices	Low
D. Effectiveness	Low
E. Accountability Measures	Low
OVERALL RISK RATING	Average

Source: Asian Development Bank.

B. Overall Comments on the Assessment

1. The Government of Himachal Pradesh has a good public procurement system. There are comprehensive guidelines for procurement of civil works, goods, and equipment, and guidelines on selection of consultants that are in line with sound procurement principles of open competition, economy and efficiency, transparency, and fairness.

2. HPKVN was formally established in September 2015 as a 100% government-owned company under the DOP. It therefore, follows the Himachal Pradesh financial rules and is subject to external audit. The project management unit (PMU) has been established at HPKVN. The overall project director of HPSPD is the managing director of HPKVN.

3. As of 1 February 2017, HPKVN already has 27 staff include general managers and relevant officers overseeing key functions such as finance and administration; coordination with other implementing agencies; managing accounts; audit; procurement; engagement and supervision of training service providers, assessment agencies, and consulting firms; managing the bills of all vendors; project reporting through the management information system; mobilization of trainees; industry engagement; internships; and placements.

4. While HPKVN may not have a separate procurement unit, it has two good staff who have experience of handling procurement of civil works and goods in lines with the rules and procedures of the Government of Himachal Pradesh. As noted above, owing to nearly 1.5 years of support provided by ADB in the form of two individual procurement consultants, HPKVN and other implementing agencies have gained familiarity with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time) and ADB's Procurement Guidelines (2015, as amended from time to time).

5. Advance contracting for consultancy assignments to be funded under HPSPD are also being done by HPKVN after due clearances from the Department of Planning. The bidding document (including TORs) for the project management consulting (PMC) firm and the M&E firm were reviewed and cleared by ADB around mid-December 2016. The tender for the PMC firm was issued by HPKVN on 28 December 2016 while that for the M&E firm was issued on 10 January 2017. HPKVN is currently shortlisting the EOIs for these two consultancy contracts. Submission 1 for the PMC selection has been reviewed and cleared by ADB. The first set of bidding documents for engaging private TSPs was submitted by HPKVN on 25 February 2016 for ADB's review.

C. Capacity Building and Mitigation Measures

6. Owing to more than 1.5 years of capacity building support provided by ADB-funded procurement consultants, HPKVN in general, and its procurement staff in particular, have become adept in terms of following ADB's procurement policies and processes. Support of these two consultants will be continued.

7. HPKVN staff have also started attending the procurement and financial management capacity building workshops that are organized periodically by the ADB India Resident Mission.

8. Further, it should be noted that consultants with experience in procurement, project management, and financial management will be fielded by the project management consulting (PMC) firm that will be engaged under the loan. The tender for the PMC was issued on 28 December 2016. The shortlisting of the EOIs has been completed. Submission 1 has been submitted for ADB's review. It is expected that the PMC will be mobilized by early July 2017. This will provide a further boost to the procurement capacity of HPKVN and other implementing agencies.

PROCUREMENT CAPACITY ASSESSMENT QUESTIONNAIRE
Assessment as of 1 February 2017

Name of the Program/Project: Himachal Pradesh Skills Development Project (HPSDP)
State/County: Himachal Pradesh, India
Executing Agency: Department of Planning, Government of Himachal Pradesh
Program Implementation Unit: Department of Technical Education, Vocational and Industrial Training (DOTE)
ADB Loan/TA: Loan

**II. SPECIFIC ASSESSMENT AND RATINGS: DEPARTMENT OF TECHNICAL
EDUCATION, VOCATIONAL AND INDUSTRIAL TRAINING**

Risk Ratings	Extremely High	High	Average	Low
Question	Answer/Finding			Risk
A. ORGANIZATIONAL AND STAFF CAPACITY				
A.1. How many years' experience does the head of the procurement department or unit have in a direct procurement role?	The director of the Department of Technical Education, Vocational and Industrial Training (DOTE) has more than 15 years' experience in a direct procurement role. He is in charge of procurement-related activities and is supported by assistant directors, subject experts, and principals of the industrial training institutes (ITIs) and polytechnics that fall under DOTE. He is the competent authority for inviting tenders and award of contracts per the Himachal Pradesh Financial Rules (HPFR), 2009. He has good background knowledge in handling procurement activities through the e-procurement system of the Government of Himachal Pradesh (GOHP).			Low
A.2. How many staff in the procurement department or unit are	Five (handling procurement in addition to other functions)			Average
(iv) Full-Time?	Nil			
(v) Part-Time?	Nil			
(vi) Seconded?	Nil			
A.3. Does the procurement staff have English language proficiency?	Yes			Low
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes			Low
A.5. Does the unit have adequate facilities, such as personal computers, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Yes			Low
A.6. Does the agency have a procurement training program?	No			Average
A.7. Does the agency have a procurement committee that is independent of the head of the agency?	Yes. DOTE's procurement committee oversees activities related to purchase of goods and equipment. This committee			Low

Question	Answer/Finding	Risk
	makes recommendations to GOHP through the director.	
A.8. Does the agency have a procurement department or unit, including a permanent office that performs the function of a secretariat, and which serves as the main support unit of the procurement committee?	<p>There is no separate procurement division within DOTE.</p> <p>However, as noted above, some DOTE staff have been given additional responsibility for handling procurement. The five officers interviewed for this assessment have experience in handling procurement (civil works and purchase of training equipment) for projects of the Government of India and for the World Bank's Vocational Training Improvement Project-1, under which 11 ITIs of Himachal Pradesh were covered.</p>	Average
A.9. If yes, what type of procurement does it undertake?	<p>Procurement of ITI equipment.</p> <p>Major civil works procurement is carried out with external support from the Public Works Department (PWD).</p>	
A.10. At what level does the department or unit report (to the head of agency, deputy etc.)?	The director of DOTE reports to the principal secretary, DOTE.	Low
A.11. Do the procurement positions in the agency have job descriptions that outline specific roles, minimum technical requirements, and career routes?	The procurement roles and responsibilities of the DOTE director, as head of DOTE, are cited in HPFR, 2009 (paras. 85 and 91). DOTE follows the Government's e-procurement system to procure equipment.	Low
A.12. Is there a procurement process manual for goods and works?	<p>Yes. Guidelines for procurement of goods and works are available in the following GOHP manuals:</p> <ul style="list-style-type: none"> • HPFR, 2009 • Stores Purchase Manual, 2013 • PWD code and manual 	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	Low
A.14. Is there a procurement process manual for consulting services?	Yes. The HPFR, 2009 has a section focusing on procurement of consulting services (para. 122).	Low
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	Low
A.16. Are there standard documents in use, such as standard procurement documents or forms, and have they been approved for use on ADB-funded projects?	<p>No. Himachal Pradesh has received assistance under several ADB, World Bank, and other donor-funded projects. Standard procurement bidding documents as cleared by the World Bank have been used by DOTE in the past.^a There have been no procurement-related complications in Himachal Pradesh's projects.</p> <p>ADB projects:</p> <ul style="list-style-type: none"> • Himachal Pradesh Clean Energy Transmission Investment Program^b • Infrastructure Development Investment 	Low

Question	Answer/Finding	Risk
	<p>Program for Tourism^c</p> <p>Other donor-funded projects:</p> <ul style="list-style-type: none"> • Himachal Pradesh State Roads Project (World Bank) • Himachal Pradesh Watershed Management Project (World Bank) • Himachal Pradesh Mid-Himalayan Watershed Development Project (World Bank) • Himachal Pradesh Crop Diversification Promotion Project (Japan International Cooperation Agency) • Himachal Pradesh Forest Sector Reform project (DFID) • Micro-planning at Panchayat Level (GTZ) 	
A.17. Do the terms of reference (TOR) follow a standard format such as background, tasks, inputs, objectives, and outputs?	Yes	Low
A.18. Who drafts the procurement specifications?	<p>Goods: Subject experts (principal, faculty, training instructors) in ITIs, together with DOTE, draft the specifications based on standard guidelines established by the Ministry of Labour and Employment and Ministry of Skill Development and Entrepreneurship.</p> <p>Works: DOTE, in conformity with state PWD specifications.</p>	Low
A.19. Who approves the procurement specifications?	Director, DOTE, approves the specifications.	Low
A.20. Who drafts the bidding documents?	Standard formats and guidelines for preparation of bidding documents related to procurement of goods and works are available. The purchase committee constituted for the procurement drafts the bidding document.	Low
A.21. Who manages the sale of the bidding documents?	Purchase committee	Low
A.22. Who identifies the need for consulting services requirements?	Director, DOTE	Low
A.23. Who drafts the TOR?	Subject experts (principal, faculty, and training instructors) in ITIs, together with DOTE, draft the TORs based on standard guidelines established by the Ministry of Labour and Employment and Ministry of Skill Development and Entrepreneurship	Low
A.24. Who prepares the request for proposals (RFPs)?	Subject experts (principal, faculty, and training instructors) in ITIs and DOTE draft the RFPs based on the scope of work.	Low

Question	Answer/Finding	Risk
B. INFORMATION MANAGEMENT		
B.1. Is there a referencing system for procurement files?	Yes	Low
B.2. Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment, and personnel to administer the procurement records management functions within the agency?	Yes	Low
B.3. How long are records kept?	15 years	Low
B.4. Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5. Are copies of the original advertisements retained with the precontract papers?	No. The bids are advertised through GOHP's e-procurement system.	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Yes	Low
C. PROCUREMENT PRACTICES		
Goods and Works		
C.1. Has the agency undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? If yes, please indicate the names of the development partner(s) and the project(s).	Yes (funding received until 2010) <ul style="list-style-type: none"> Vocational Training Improvement Project, assisted by the World Bank (for ITIs) Technical Education Quality Improvement Program (TEQIP)-II, assisted by the World Bank (for polytechnic colleges) 	Low
C.2. If the above answer is yes, what were the major challenges?	No procurement challenges	Low
C.3. Is there a systematic process to identify procurement requirements (for a period of 1 year or more)	Yes	Low
C.4. Is there a minimum period for preparation of bids, and if yes how long?	No minimum period has been specified for preparation of bids. It normally takes 2–4 weeks from the initiation of request from tender approval to actual advertisement on the e-portal.	Low
C.5. Are all queries from bidders replied to in writing?	Yes. DOTE follows the e-procurement system for tendering of works and goods. Bidders' queries are received and replied through the e-procurement portal.	Low
C.6. Does the bidding document state the date and time of bid opening?	Yes	Low
C.7. Is the opening of bids done in public?	Yes. The bid opening is done through the e-procurement portal. The bidders can view this bid opening process online. The status of the bid opening is updated on the portal. The bidders get updates via short message service on their registered mobile numbers.	Low

Question	Answer/Finding	Risk
C.8. Can late bids be accepted?	The e-procurement system does not accept late bids.	Low
C.9. Can bids be rejected at bid opening?	No. The bids can be rejected for noncompliance only during the evaluation committee meetings. The rejected bids for noncompliance may not be considered for further evaluation.	Low
C.10. Are minutes of the bid opening taken?	<p>DOTe follows the GOHP e-procurement system.</p> <p>The bid opening status and purchaser's observations and/or comments, if any, for each bid proposal are recorded and stored digitally in the e-procurement system and the same can be viewed by the bidders.</p>	Low
C.11. Who may have a copy of the minutes?	Not applicable	
C.12. Are the minutes free of charge?	Not applicable	
C.13. Who undertakes the evaluation of bids (individual, permanent committee, ad hoc committee)?	Purchase committee	Low
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	<p>Members bring considerable experience and expertise from various domains—technical and vocational education and training, finance, and general administration.</p> <p>No separate qualification criteria have been laid down for the evaluators and/or members of the procurement committee.</p>	Low
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Evaluators make recommendations based on the qualification criteria set in the bid document. The evaluation report is submitted for review of the government through the director. Approval levels are guided by the financial authority of the departments (paras. 92–93, and 97–98 of HPFR, 2009).	Low
C.16. Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contract effectiveness?	<p>3 months</p> <p>Electrical trade equipment procurement in ITI</p> <p>Mechanical trade equipment procurement in ITI</p> <p>IT trade equipment procurement in ITI</p>	Low
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	HPFR, 2009 provides guidelines for importing goods. However, import of goods is not envisaged under the proposed	Low

Question	Answer/Finding	Risk
	project.	
C.18. Are there established goods receiving procedures?	Yes	Low
C.19. Are all goods that are received recorded as assets or inventory in a register?	Yes	Low
C.20. Is the agency or procurement department familiar with letters of credit?	Yes	Low
C.21. Does the procurement department register and track warranty and latent defects liability periods?	Yes	Low
Consulting Services		
C.22. Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? If yes, please indicate the names of the development partner(s) and the project(s).	No	Average
C.23. If the above answer is yes, what were the major challenges?	Not applicable	
C.24. Are assignments and requests for expressions of interest (EOIs) advertised?	Procurement of consulting services has not been initiated as yet. However, the selection of consulting services is guided by the HPFR, 2009 (paras. 122–133).	
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Not applicable	
C.26. What criteria is used to evaluate EOIs?	Not applicable	
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	Not applicable	
C.28. Do firms have to pay for the RFP document?	Not applicable	
C.29. Does the proposal evaluation criteria follow a predetermined structure and is it detailed in the RFP?	Not applicable	
C.30. Are preproposal visits and meetings arranged?	Not applicable	
C.31. Are minutes prepared and circulated after preproposal meetings?	Not applicable	
C.32. To whom are the minutes distributed?	Not applicable	
C.33. Are all queries from consultants answered or addressed in writing?	Not applicable	
C.34. Are the technical and financial proposals required to be in separate envelopes?	Not applicable	
C.35. Are proposal securities required?	Not applicable	
C.36. Are technical proposals opened in public?	Not applicable	

Question	Answer/Finding	Risk
C.37. Are minutes of the technical opening distributed?	Not applicable	
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Not applicable	
C.39. Who determines the final technical ranking and how?	Not applicable	
C.40. Are the technical scores sent to all firms?	Not applicable	
C.41. Are the financial proposal opened in public?	Not applicable	
C.42. Are minutes of the financial opening distributed?	Not applicable	
C.43. How is the financial evaluation completed?	Not applicable	
C.44. Are face-to-face contract negotiations held?	Not applicable	
C.45. How long after financial evaluation is negotiation held with the selected firm?	Not applicable	
C.46. What is the usual basis for negotiation?	Not applicable	
C.47. Are minutes of negotiation taken and signed?	Not applicable	
C.48. How long after negotiation is the contract signed?	Not applicable	
C.49. Is there an evaluation system for measuring the outputs of consultants?	Not applicable	
Payments		
C.50. Are advance payments made?	No	Average
C.51. What is the standard period for payment included in contracts?	<p>100% payment is made within 21 days against physical delivery of inspected and/or accepted stores duly supported by a satisfactory inspection note, and after receipt of correct goods at consignee's site and/or destination.</p> <p>In some cases, percentage payment is limited to 90%. For example, in the case of machinery where its satisfactory working has to be examined, a 10% balance is withheld. This is released when the quality and performance of the machines have been checked and cleared.</p> <p>In works contracts, the payment is made against invoice after sectional completion as indicated in the contract.</p>	Low
C.52. On average, how long is it between receiving a firm's invoice and making payment?	Normally, 10–15 days.	Low
C.53. When late payment is made, are the beneficiaries paid interest?	No interest paid so far.	Low

Question	Answer/Finding	Risk
	<p>No reference in the terms and conditions of the contract payment.</p> <p>The Stores Purchase Manual indicates that the payment should not be delayed unless there is a valid reason.</p>	
D. EFFECTIVENESS		
D.1. Is contractual performance systematically monitored and reported?	Yes	Low
D.2. Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Low
D.4. Is there a formal nonjudicial mechanism for dealing with complaints?	Yes	Low
D.5. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, and notices of default or withheld payment?	Yes	Low
E. ACCOUNTABILITY MEASURES		
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes	Low
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3. Is the commencement of procurement dependent on external approvals (formal or de facto) that are outside of the budgeting process?	Yes	Low
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	Director, DOTE	Low
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?	Director, DOTE	Low
(i) Bidding document, invitation to prequalify, or RFP	Yes	Low
(ii) Advertisement of an invitation for bids, prequalification, or call for EOIs	Yes	Low
(iii) Evaluation reports	Yes	Low
(iv) Notice of award	Yes	Low
(v) Invitation to consultants to negotiate	Yes	Low
(vi) Contracts	Yes	Low
E.6. Is the same official responsible for (i) authorizing procurement transactions, procurement invitations, documents, evaluations, and contracts; (ii) authorizing	Yes	Low

Question	Answer/Finding	Risk
payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?		
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

^a The two World Bank funded projects in which DOTE played a direct role are the Vocational Training Improvement Project (2007 to 2017) focusing on ITIs, and the Technical Education Quality Improvement Program (2010-2016)-II, focusing on polytechnics.

^b ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility and Technical Assistance Grant to India for Himachal Pradesh Clean Energy Transmission Investment Program*. Manila.

^c ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to India for Infrastructure Development Investment Program for Tourism*. Manila.

Source: Asian Development Bank.

A. Overall General Ratings

Criteria	Risk
A. Organizational and Staff Capacity	Average
B. Information Management	Low
C. Procurement Practices	Low
D. Effectiveness	Low
E. Accountability Measures	Low
OVERALL RISK RATING	Average

Source: Asian Development Bank.

B. Overall Comments on the Assessment

1. A detailed procurement assessment of DOTE was carried out in 2016. It included a review of procurement systems and practices of the Government of Himachal Pradesh (GOHP), and the capacity of the Department of Technical Education, Vocational and Industrial Training (DOTE). The assessment followed the standard methodology, questionnaires, and tools prescribed in the Asian Development Bank (ADB)'s Procurement Capacity Assessment.

2. The state government has a good public procurement system. There are comprehensive guidelines for procurement of civil works, goods, and equipment, and guidelines on selection of consultants that are in line with sound procurement principles of open competition, economy and efficiency, transparency, and fairness.

3. DOTE follows GOHP's e-procurement system for procuring goods and works. The Department of Industries is responsible for managing the e-procurement system. The GOHP Stores Purchase Manual clearly defines the guidelines for procurement of goods and equipment.

4. While DOTE does not have a separate procurement department per se, most of its officers are engineers with significant experience of handling procurement of goods (i.e., training equipment) and civil works following the state government's norms and processes. For example, DOTE has previous experience in handling externally assisted projects. It was the implementing agency for the World Bank-funded Vocational Training Improvement Project (VTIP)-1 and the Technical Education Quality Improvement Program - II (TEQIP). These

projects involved procurement of civil works for upgrading industrial training institutes (ITIs) and polytechnics, purchase of training equipment, and engagement of consulting services.

C. Capacity Building and Mitigation Measures

5. The bidding document for goods, prepared by DOTE and HPKVN for the purchase of training equipment for industrial training institutes (ITIs), was reviewed and cleared by ADB in December 2016. Six packages of training equipment amounting to \$6.18 million was tendered out by DOTE on 24 February 2017. Owing to more than 1.5 years of capacity building support provided by ADB-funded procurement consultants, DOTE staff have become adept in terms of following ADB's procurement policies and processes. Support of these two consultants will be continued.

6. DOTE staff will be nominated for attending the procurement and financial management capacity building workshops that are organized by the ADB India Resident Mission periodically. Further, it should be noted that consultants with experience in procurement, project management, and financial management will be fielded by the project management consulting (PMC) to be engaged under the loan. The tender for the PMC was issued on 28 December 2016. The shortlisting of the EOIs has been completed. Submission 1 has been submitted for ADB's review. It is expected that the PMC will be mobilized by early July 2017. This will provide a further boost to the procurement capacity of DOTE and other implementing agencies.

PROCUREMENT CAPACITY ASSESSMENT QUESTIONNAIRE
Assessment as of 1 February 2017

Name of the Programme/Project: Himachal Pradesh Skills Development Project (HPSDP)
State/County: Himachal Pradesh, India
Executing Agency: Department of Planning, Government of Himachal Pradesh
Program Implementation Unit: Department of Higher Education (DOHE)
ADB Loan: Loan

III. SPECIFIC ASSESSMENT AND RATINGS: DEPARTMENT OF HIGHER EDUCATION

Risk Ratings	Extremely High	High	Average	Low
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Question	Answer/Finding	Risk
A. ORGANIZATIONAL AND STAFF CAPACITY		
A.1. How many years' experience does the head of the procurement department or unit have in a direct procurement role?	The director of the Department of Higher Education (DOHE) is in charge of procurement-related activities. He has more than 10 years' experience in handling procurement pertaining to programs funded by the Ministry of Human Resources Development and/or the Government of Himachal Pradesh (GOHP). He is supported by assistant directors and subject experts. He is a competent authority on inviting tenders and awarding of contracts per the Himachal Pradesh Financial Rules (HPFR), 2009. He has good background knowledge in handling procurement activities through the e-procurement system of GOHP.	Low
A.2. How many staff in the procurement department or unit are	04 (these staff handle procurement in addition to other functions)	High
(i) Full-Time?	Nil	
(ii) Part-Time?	Nil	
(iii) Seconded?	Nil	
A.3. Does the procurement staff have English language proficiency?	Yes	Low
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes	Low
A.5. Does the unit have adequate facilities, such as personal computers, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Yes	Low
A.6. Does the agency have a procurement training program?	No	Average
A.7. Does the agency have a procurement committee that is independent of the head of the agency?	Yes. DOHE has a procurement committee to oversee activities related to purchasing goods and equipment. The committee makes recommendations to the government through the director.	Low

Question	Answer/Finding	Risk
A.8. Does the agency have a procurement department or unit, including a permanent office that performs the function of a secretariat, and which serves as the main support unit of the procurement committee?	<p>There is no separate procurement division within DOHE.</p> <p>However, as noted above, some DOHE staff have been given additional responsibilities to follow GOHP's e-procurement system to procure goods and equipment.</p>	Average
A.9. If yes, what type of procurement does it undertake?	Goods (laboratory equipment and text book). Major works procurement is carried out with external support from the Public Works Department (PWD).	Average
A.10. At what level does the department or unit report (to the head of agency, deputy etc.)?	Director, DOHE, reports to the principal secretary, DOHE.	Low
A.11. Do the procurement positions in the agency have job descriptions that outline specific roles, minimum technical requirements, and career routes?	The procurement role and responsibilities of the director, DOHE as head of the department, are cited in HPFR, 2009 (paras. 85 and 91). DOHE follows GOHP's e-procurement system to procure goods and equipment.	Low
A.12. Is there a procurement process manual for goods and works?	<p>Yes. Guidelines governing procurement of goods and works are available in the following GOHP manuals:</p> <ul style="list-style-type: none"> • HPFR, 2009 • Stores Purchase Manual, 2013 • PWD Code and manual 	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	Low
A.14. Is there a procurement process manual for consulting services?	Yes. HPFR, 2009 has a section focusing on procurement of consulting services (para. 122).	Low
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	Low
A.16. Are there standard documents in use, such as standard procurement documents or forms, and have they been approved for use on ADB-funded projects?	<p>No. Himachal Pradesh has received assistance under several ADB, World Bank, and other donor-funded projects. Standard procurement bidding documents, cleared by the World Bank for skill development projects, has been used by DOHE in the past. There have been no procurement-related complications in Himachal Pradesh's projects.</p> <p>ADB projects:</p> <ul style="list-style-type: none"> (i) Himachal Pradesh Clean Energy Transmission Investment Program^a (ii) Infrastructure Development Investment Program for Tourism^b <p>Other donor-funded projects:</p> <ul style="list-style-type: none"> (i) Himachal Pradesh State Roads Project (World Bank) 	Low

Question	Answer/Finding	Risk
	(ii) Himachal Pradesh Watershed Management Project (World Bank) (iii) Himachal Pradesh Mid-Himalayan Watershed Development Project (World Bank) (iv) Himachal Pradesh Crop Diversification Promotion Project (Japan International Cooperation Agency) (v) Himachal Pradesh Forest Sector Reform Project (DFID) (vi) Micro-Planning at Panchayat Level (GTZ)	
A.17. Do the terms of reference (TOR) follow a standard format such as background, tasks, inputs, objectives, and outputs?	Yes	Low
A.18. Who drafts the procurement specifications?	Goods: Standard guidelines and specifications for buildings and training equipment and tools are available in the University Grant's Commission and other relevant Government of India funding programs. Works: DOHE, following state PWD specifications.	Low
A.19. Who approves the procurement specifications?	Director, DOHE, approves the specifications.	Low
A.20. Who drafts the bidding documents?	Standard formats and guidelines for preparation of bidding documents related to procurement of goods and works are available. The purchase committee constituted for the procurement drafts the bidding document.	Low
A.21. Who manages the sale of the bidding documents?	Purchase committee	Low
A.22. Who identifies the need for consulting services requirements?	Director, DOHE	Low
A.23. Who drafts the TOR?	The purchase committee consists of an additional director, assistant director, and finance officer.	Low
A.24. Who prepares the request for proposals (RFPs)?	Purchase committee	Low
B. INFORMATION MANAGEMENT		
B.1. Is there a referencing system for procurement files?	Yes	Low
B.2. Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment, and personnel to administer the procurement records management functions within the agency?	Yes	Low
B.3. How long are records kept?	15 years	Low
B.4. Are copies of bids or proposals retained with the evaluation?	Yes	Low

Question	Answer/Finding	Risk
B.5. Are copies of the original advertisements retained with the precontract papers?	No. The bids are advertised through the GOHP e-procurement system.	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7. Are copies of invoices included with the contract papers?	Yes	Low
C. PROCUREMENT PRACTICES		
Goods and Works		
C.1. Has the agency undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? If yes, please indicate the names of the development partner(s) and the project(s).	No	Low
C.2. If the above answer is yes, what were the major challenges?	Not applicable	
C.3. Is there a systematic process to identify procurement requirements (for a period of 1 year or more)	Yes	Low
C.4. Is there a minimum period for preparation of bids, and if yes how long?	No minimum period has been specified for preparation of bids. It normally takes 2–4 weeks from the initiation of request for the tender approval to actual advertisement on the e-procurement portal.	Low
C.5. Are all queries from bidders replied to in writing?	Yes. DOHE follows the e-procurement system for tendering of works and goods. Bidders' queries are received and replied through the e-procurement portal.	Low
C.6. Does the bidding document state the date and time of bid opening?	Yes	Low
C.7. Is the opening of bids done in public?	Yes. The bid opening is done through the e-procurement portal. The bidders can view this bid opening process online. The status of the bid opening is updated on the portal. The bidders get updates via short message message on their registered mobile numbers.	Low
C.8. Can late bids be accepted?	The e-procurement system does not accept late bids.	Low
C.9. Can bids be rejected at bid opening?	No. The bids can be rejected for noncompliance only during the evaluation committee meetings. The rejected bids for noncompliance may not be considered for further evaluation.	Low
C.10. Are minutes of the bid opening taken?	DOHE follows GOHP's e-procurement system. The bid opening status and purchaser's	Low

Question	Answer/Finding	Risk
	observations and comments, if any, for each bid proposal are recorded and stored digitally in the e-procurement portal and the same can be viewed by the bidders.	
C.11. Who may have a copy of the minutes?	Not applicable	
C.12. Are the minutes free of charge?	Not applicable	
C.13. Who undertakes the evaluation of bids (individual, permanent committee, ad hoc committee)?	Purchase committee	Low
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	<p>Members bring considerable experience and expertise from various domains—technical and vocational education and training, finance, and general administration.</p> <p>No separate qualification criteria have been established for the evaluators and/or members of the procurement committee.</p>	Low
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	The evaluators make recommendations based on the qualification criteria set in the bid document. The evaluation report is submitted for the review of the government by the director. The approval levels are guided by HPFR, 2009 (paras. 92–93, 97–98).	Low
C.16. Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contract effectiveness?	<p>3 months</p> <p>Procurement of computer lab equipment for training</p> <p>Procurement of hospitality lab equipment for training</p> <p>Procurement of mechanical lab equipment for training</p>	Low
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	HPFR, 2009 provides guidelines for importing goods. However, import of goods is not envisaged under the proposed project.	Low
C.18. Are there established goods receiving procedures?	Yes	Low
C.19. Are all goods that are received recorded as assets or inventory in a register?	Yes	Low
C.20. Is the agency or procurement department familiar with letters of credit?	Yes	Low
C.21. Does the procurement department register and track warranty and latent defects liability periods?	Yes	Low
Consulting Services		
C.22. Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? If yes, please indicate the names of the development partner(s) and the project(s).	No	Average

Question	Answer/Finding	Risk
C.23. If the above answer is yes, what were the major challenges?	Not applicable	
C.24. Are assignments and requests for expressions of interest (EOIs) advertised?	Procurement of consulting services has not been initiated as yet. However, the selection of consulting services is guided by the HPFR, 2009 (paras. 122–133).	
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Not applicable	
C.26. What criteria is used to evaluate EOIs?	Not applicable	
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	Not applicable	
C.28. Do firms have to pay for the RFP document?	Not applicable	
C.29. Does the proposal evaluation criteria follow a predetermined structure and is it detailed in the RFP?	Not applicable	
C.30. Are preproposal visits and meetings arranged?	Not applicable	
C.31. Are minutes prepared and circulated after preproposal meetings?	Not applicable	
C.32. To whom are the minutes distributed?	Not applicable	
C.33. Are all queries from consultants answered or addressed in writing?	Not applicable	
C.34. Are the technical and financial proposals required to be in separate envelopes?	Not applicable	
C.35. Are proposal securities required?	Not applicable	
C.36. Are technical proposals opened in public?	Not applicable	
C.37. Are minutes of the technical opening distributed?	Not applicable	
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Not applicable	
C.39. Who determines the final technical ranking and how?	Not applicable	
C.40. Are the technical scores sent to all firms?	Not applicable	
C.41. Are the financial proposal opened in public?	Not applicable	
C.42. Are minutes of the financial opening distributed?	Not applicable	
C.43. How is the financial evaluation completed?	Not applicable	
C.44. Are face-to-face contract negotiations held?	Not applicable	
C.45. How long after financial evaluation is negotiation held with the selected firm?	Not applicable	
C.46. What is the usual basis for negotiation?	Not applicable	
C.47. Are minutes of negotiation taken and	Not applicable	

Question	Answer/Finding	Risk
signed?		
C.48. How long after negotiation is the contract signed?	Not applicable	
C.49. Is there an evaluation system for measuring the outputs of consultants?	Not applicable	
Payments		
C.50. Are advance payments made?	No	Average
C.51. What is the standard period for payment included in contracts?	<p>100% payment is made within 21 days against physical delivery of inspected and/or accepted stores duly supported by a satisfactory inspection note, and after receipt of correct goods at consignee's site or destination.</p> <p>In some cases, percentage payment is limited to 90%. For example, in the case of machinery where its satisfactory working has to be examined, a 10% balance is withheld. This is released when the quality and performance of the machines have been checked and cleared.</p> <p>In works contracts, the payment is made against invoice after sectional completion as indicated in the contract.</p>	Low
C.52. On average, how long is it between receiving a firm's invoice and making payment?	Normally 10–15 days	Low
C.53. When late payment is made, are the beneficiaries paid interest?	<p>No interest paid so far.</p> <p>No reference in the terms and conditions of the contract payment.</p> <p>The Stores Purchase Manual indicates that the payment should be not be delayed unless there is a valid reason.</p>	Low
D. EFFECTIVENESS		
D.1. Is contractual performance systematically monitored and reported?	Yes	Low
D.2. Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	Low
D.4. Is there a formal nonjudicial mechanism for dealing with complaints?	Yes	Low
D.5. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, and notices of default or withheld payment?	Yes	Low
E. ACCOUNTABILITY MEASURES		
E.1. Is there a standard statement of ethics and are those involved in procurement	Yes	Low

Question	Answer/Finding	Risk
required to formally commit to it?		
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3. Is the commencement of procurement dependent on external approvals (formal or de facto) that are outside of the budgeting process?	Yes	Low
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	Director, DOHE	Low
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?	The director, depending on the powers as defined in the Himachal Pradesh Financial Rules.	Low
(i) Bidding document, invitation to prequalify, or RFP	Yes	
(ii) Advertisement of an invitation for bids, prequalification, or call for EOIs	Yes	
(iii) Evaluation reports	Yes	
(iv) Notice of award	Yes	
(v) Invitation to consultants to negotiate	Yes	
(vi) Contracts	Yes	
E.6. Is the same official responsible for (i) authorizing procurement transactions, procurement invitations, documents, evaluations, and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	Yes	Low
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

^a ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility and Technical Assistance Grant to India for Himachal Pradesh Clean Energy Transmission Investment Program*. Manila.

^b ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to India for Infrastructure Development Investment Program for Tourism*. Manila.

Source: Asian Development Bank.

A. Overall General Ratings

Criterion	Risk
A. Organizational and Staff Capacity	Average
B. Information Management	Low
C. Procurement Practices	Low
D. Effectiveness	Low
E. Accountability Measures	Low
OVERALL RISK RATING	Average

Source: Asian Development Bank.

B. Overall Comments on the Assessment

1. A detailed procurement assessment was carried out in 2016. It included a review of procurement systems and practices of the Government of Himachal Pradesh and the capacity of the Department of Higher Education (DOHE). The assessment followed the standard methodology, questionnaires, and tools prescribed in the Asian Development Bank (ADB)'s Procurement Capacity Assessment.
2. The state government has a good public procurement system. There are comprehensive state government procurement guidelines for civil works, goods, and equipment, and guidelines on selection of consultants which are in line with sound procurement principles of open competition, economy and efficiency, transparency, and fairness.
3. DOHE has experience in handling programs funded by the Ministry of Human Resource Development such as the Rashtriya Madhyamik Shiksha Abhiyan and Vocational Education in Secondary Schools. Projects to be assisted by Himachal Pradesh and the Government of India, and good capacity in handling the proposed project where upgrade/construction of skill development centers and imparting skill training courses are concerned, are proposed.
4. DOHE does not have a separate procurement unit. However, the directorate staff have been given additional responsibility to handle procurement of goods and works. DOHE follows GOHP's e-procurement system for procuring goods. The Department of Industries is responsible for managing the e-procurement system. The GOHP Stores Purchase Manual clearly defines the guidelines for procurement of goods and equipment.
5. DOHE has limited experience in procurement of consulting services. However, under HPSPDP, DOHE will be assisted by HPKVN in engaging TSPs for imparting training in vocational and soft skills for undergraduate college students so that their overall employability is enhanced by the time they graduate. The first set of bidding documents for engaging TSPs (including for college level training programs to be supervised by DOHE) was submitted by HPKVN on 25 February 2016 for ADB's review.

C. Capacity Building and Mitigation Measures

6. Owing to more than 1 year of capacity building support provided by ADB-funded procurement and vocational education consultants, DOHE staff have become adept in terms of following ADB's procurement policies and processes. Support of these procurement and other consultants will be continued.
7. Relevant DOHE staff will be nominated for the procurement and financial management capacity building workshops that are organized by the ADB India Resident Mission periodically.
8. The procurement and financial management consultants to be fielded by the project management consulting (PMC) engaged under the loan will provide a further boost to the procurement capacity of DOHE and other implementing agencies.

PROCUREMENT CAPACITY ASSESSMENT QUESTIONNAIRE
Assessment as of 1 February 2017

Name of the Programme/Project: Himachal Pradesh Skills Development Project
State/County: Himachal Pradesh, India
Executing Agency: Department of Planning, Government of Himachal Pradesh
Programme Implementation Unit: Public Works Department (PWD)
ADB Loan/TA: Loan

IV. SPECIFIC ASSESSMENT AND RATINGS: PUBLIC WORKS DEPARTMENT

Risk Ratings	Extremely High	High	Average	Low
Question	Answer/Finding	Risk		
A. ORGANIZATIONAL AND STAFF CAPACITY				
A.1. How many years' experience does the head of the procurement department or unit have in a direct procurement role?	<p>Like in all other states of India, the Public Works Department (PWD), Government of Himachal Pradesh (GOHP), is responsible for the design, construction supervision, and maintenance of all government buildings in Himachal Pradesh.</p> <p>While PWD does not have a separate procurement department per se, most of its officers are engineers with significant experience of handling procurement of civil works and goods following the state government's norms and processes. The overall head of PWD in the state is the engineer-in-chief.</p> <p>Himachal Pradesh has 12 districts, but it is divided into 4 PWD zones. Each PWD zone is headed by a chief engineer. The procurement function is decentralized to the chief engineers heading these four PWD zones. All the civil works contracts under HPSDP (for construction of training facilities) will be packaged zone-wise.</p> <p>The PWD chief engineers and their staff usually have around 15 years' plus of direct procurement experience.</p>	Low		
A.2. How many staff in the procurement department or unit are		Low		
(i) Full-Time?	<p>As discussed above, the procurement function is decentralized to the chief engineers heading the four PWD zones of Himachal Pradesh. The chief engineer of each zone is assisted by the following full-time staff to handle procurement:</p> <ul style="list-style-type: none"> • superintendent engineers, • executive engineers, • assistant executive engineers, 			

Question	Answer/Finding	Risk
	<ul style="list-style-type: none"> assistant engineers, and accounts officer and administrative staff 	
(ii) Part-Time?	Not required	
(iii) Seconded?	Not required	
A.3. Does the procurement staff have English language proficiency?	Yes	Low
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes	Low
A.5. Does the unit have adequate facilities, such as personal computers, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Yes	Low
A.6. Does the agency have a procurement training program?	Yes. PWD provides periodic procurement related training to relevant staff	Low
A.7. Does the agency have a procurement committee that is independent of the head of the agency?	<p>Yes. Each PWD zonal office has a procurement committee to oversee activities within its own jurisdiction.</p> <p>For large contracts, these committees make recommendations to the GOHP through the overall engineer-in-chief of PWD</p>	Low
A.8. Does the agency have a procurement department or unit, including a permanent office that performs the function of a secretariat, and which serves as the main support unit of the procurement committee?	As discussed above, there is no separate procurement department or unit in PWD. Procurement activities are decentralized to the four zonal offices.	Low
A.9. If yes, what type of procurement does it undertake?	Not applicable	
A.10. At what level does the department or unit report (to the head of agency, deputy etc.)?	The chief engineer reports to the engineer-in-chief, who in turn reports to GOHP	Low
A.11. Do the procurement positions in the agency have job descriptions that outline specific roles, minimum technical requirements, and career routes?	PWD has its own Manual on Works, which details out specific roles and responsibilities of each engineer.	Low
A.12. Is there a procurement process manual for goods and works?	Yes. PWD follows the Manual on Works (amended from time to time).	Low
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	Low
A.14. Is there a procurement process manual for consulting services?	Yes. The Himachal Pradesh Financial Rules (HFPR), 2009 has a section focusing on procurement of consulting services (para. 122).	Low
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	No. However, ADB procedures and guidelines shall be followed in this project.	Low

Question	Answer/Finding	Risk
A.16. Are there standard documents in use, such as standard procurement documents or forms, and have they been approved for use on ADB-funded projects?	<p>No. Himachal Pradesh has received assistance under several ADB, World Bank, and other donor-funded projects. Standard procurement bidding documents as cleared by the World Bank have been used by PWD in the past. There have been no procurement-related complications in Himachal Pradesh's projects. The list of past externally funded projects for Himachal Pradesh is given below.</p> <p>For the Himachal Pradesh Skills Development Project, the bidding documents (for works and goods) have already been reviewed and cleared by ADB. These bidding documents are being used for advance contracting.</p> <p>ADB projects:</p> <ul style="list-style-type: none"> (i) Himachal Pradesh Clean Energy Transmission Investment Program (ii) Infrastructure Development Investment Program for Tourism <p>Other donor-funded projects:</p> <ul style="list-style-type: none"> (i) Himachal Pradesh State Roads Project (World Bank) (ii) Himachal Pradesh Watershed Management Project (World Bank) (iii) Himachal Pradesh Mid-Himalayan Watershed Development Project (World Bank) (iv) Himachal Pradesh Crop Diversification Promotion Project (Japan International Cooperation Agency) (v) Himachal Pradesh Forest Sector Reform project (DFID) (vi) Micro-Planning at Panchayat Level (GTZ) 	Low
A.17. Do the terms of reference (TOR) follow a standard format such as background, tasks, inputs, objectives, and outputs?	Yes	
A.18. Who drafts the procurement specifications?	The executive engineers and staff of the respective departments (for which PWD supervises the construction work) prepare the procurement specifications.	Low
A.19. Who approves the procurement specifications?	Procurement specifications are approved by the chief engineers of each PWD zone.	Low
A.20. Who drafts the bidding documents?	The executive engineer and other relevant	Low

Question	Answer/Finding	Risk
	PWD staff draft the bidding documents. These are reviewed and cleared by the chief engineer of that specific zone.	
A.21. Who manages the sale of the bidding documents?	The executive engineer and other relevant PWD staff manage the sale of the bidding documents.	Low
A.22. Who identifies the need for consulting services requirements?	The consultancy services requirements for new projects are identified by the executive engineer.	Low
A.23. Who drafts the TOR?	The executive engineer and other relevant PWD staff of draft the TOR. Consultants are engaged to assist in drafting TORs for large and/or complex projects as required	Low
A.24. Who prepares the request for proposals (RFPs)?	The executive engineer and other relevant PWD staff draft the RFP.	Low
B. INFORMATION MANAGEMENT		
B.1. Is there a referencing system for procurement files?	Yes. There is a referencing system for procurement files in each zonal office and at the PWD headquarters (in Shimla) as well.	Low
B.2. Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment, and personnel to administer the procurement records management functions within the agency?	Yes	Low
B.3. How long are records kept?	The records are kept for 10 years in the zonal offices and at PWD headquarters.	Low
B.4. Are copies of bids or proposals retained with the evaluation?	Yes. Procurement files including copies of bids and proposals are kept and maintained in the zonal offices or PWD headquarters as relevant.	Low
B.5. Are copies of the original advertisements retained with the precontract papers?	Yes. Copies of the original advertisements are retained with the precontract papers in the relevant zonal office and PWD headquarters.	Low
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes. There is a single contract file with a copy of the contract and all subsequent contractual correspondences. These are kept in the relevant zonal offices.	Low
B.7. Are copies of invoices included with the contract papers?	Yes. Copies of invoices are included with the contract papers in the relevant zonal office.	Low
C. PROCUREMENT PRACTICES		
Goods and Works		
C.1. Has the agency undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? If yes, please indicate the names of the development partner(s) and	Yes. PWD has undertaken foreign-assisted procurement of works and goods in the last 36 months. Project: Himachal Pradesh State Roads	Low

Question	Answer/Finding	Risk
the project(s).	Project Funding Agency: World Bank	
C.2. If the above answer is yes, what were the major challenges?	There were some delays due to contractor issues.	Average
C.3. Is there a systematic process to identify procurement requirements (for a period of 1 year or more)	Yes	Low
C.4. Is there a minimum period for preparation of bids, and if yes how long?	Minimum period specified for preparation of bids is 4 weeks from the initiation of request from tender approval to actual advertisement on the e-procurement portal.	Low
C.5. Are all queries from bidders replied to in writing?	Yes. The PWD follows the e-procurement system for tendering of works and goods. Bidders' queries are received and replied through the e-procurement portal.	Low
C.6. Does the bidding document state the date and time of bid opening?	Yes	Low
C.7. Is the opening of bids done in public?	Yes. The bid opening is done through the e-procurement portal. The bidders can view the bid opening process online. The status of the bid opening is updated on the website and bidders get updates via short message service on their registered mobile numbers.	Low
C.8. Can late bids be accepted?	The e-procurement system does not accept late bids.	Low
C.9. Can bids be rejected at bid opening?	No. Bids can be rejected for noncompliance only during the evaluation committee meetings. The rejected bids for noncompliance may not be considered for further evaluation.	Low
C.10. Are minutes of the bid opening taken?	The bid opening status and contractor's observations and/or comments, if any, for each bid proposal are recorded and stored digitally in the e-procurement system and the same can be viewed by the bidders.	Low
C.11. Who may have a copy of the minutes?	Not applicable	
C.12. Are the minutes free of charge?	Not applicable	
C.13. Who undertakes the evaluation of bids (individual, permanent committee, ad hoc committee)?	Bid evaluation committee	Low
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Members bring considerable experience and expertise from various domains—technical, finance, and administration. No separate qualification criteria have been established for the evaluators and/or members of the procurement committee.	Low

Question	Answer/Finding	Risk
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	<p>The evaluators make recommendations based on the qualification criteria set in the bid document.</p> <p>The evaluation report is submitted for review of the government through the director. Approval levels are guided by HPFR, 2009 (paras. 92–93, and 97–98).</p>	Low
C.16. Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contract effectiveness?	<p>3 months</p> <p>Procurement of works in Shimla zone Procurement of works in Kangra zone Procurement of works in Mandi zone</p>	Low
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	HPFR, 2009 provides guidelines for importing goods. However, import of goods is not envisaged under the proposed HPSPD.	Low
C.18. Are there established goods receiving procedures?	Yes	Low
C.19. Are all goods that are received recorded as assets or inventory in a register?	Yes	Low
C.20. Is the agency or procurement department familiar with letters of credit?	Yes	Low
C.21. Does the procurement department register and track warranty and latent defects liability periods?	Yes	Low
Consulting Services		
C.22. Has the agency undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? If yes, please indicate the names of the development partner(s) and the project(s).	<p>Yes. PWD has undertaken foreign-assisted procurement of works and goods recently in the last 36 months.</p> <p>Project: Himachal Pradesh State Roads Project Funding Agency: World Bank</p>	Low
C.23. If the above answer is yes, what were the major challenges?	None	
C.24. Are assignments and requests for expressions of interest (EOIs) advertised?	Yes	Low
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Yes. The committee consists of the chief engineer, superintendent engineer, executive engineer, and finance officer.	Low
C.26. What criteria is used to evaluate EOIs?	<p>The following criteria are used to evaluate the EOIs:</p> <ul style="list-style-type: none"> (i) financial capacity and/or annual turnover; (ii) staff resources; (iii) specific information on methodology and achievements; (iv) project experience; (v) faculty competence; and (vi) availability of experts within the firm 	Low

Question	Answer/Finding	Risk
	to carry out the work.	
C.27. Historically, what is the most common method used (quality- and cost-based selection, quality-based selection, etc.) to select consultants?	The selection of consulting services is guided by the HPFR, 2009 (paras. 122–133). However, no specific method of selection is suggested.	Average
C.28. Do firms have to pay for the RFP document?	No	Low
C.29. Does the proposal evaluation criteria follow a predetermined structure and is it detailed in the RFP?	Yes	Low
C.30. Are preproposal visits and meetings arranged?	Yes	Low
C.31. Are minutes prepared and circulated after preproposal meetings?	Yes. Minutes of the prebid meeting are uploaded on the e-procurement portal.	Low
C.32. To whom are the minutes distributed?	Minutes of the prebid meeting are uploaded on the e-procurement portal.	Low
C.33. Are all queries from consultants answered or addressed in writing?	Yes. Bidders' queries are received and replies are uploaded on the e-procurement portal.	Low
C.34. Are the technical and financial proposals required to be in separate envelopes?	Yes. PWD follows two-cover system for technical and financial proposals.	Low
C.35. Are proposal securities required?	No. Only successful bidders need to remit the performance security deposit.	Low
C.36. Are technical proposals opened in public?	Yes. The proposals are opened online through the e-procurement portal.	Low
C.37. Are minutes of the technical opening distributed?	Yes. The purchase committee's observations and comments are registered online in the e-procurement portal.	Low
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes. Financial proposals remain unopened online (password-protected) until the technical evaluation is completed.	Low
C.39. Who determines the final technical ranking and how?	The committee evaluates the technical proposals and determines the final ranking based on the evaluation criteria set out in the RFP, with the consensus of all members. Scores are given to each proposal with explanations on strengths, weaknesses, and commercial deviations, if any.	Low
C.40. Are the technical scores sent to all firms?	Yes. The technical scores are uploaded on the e-procurement portal.	Low
C.41. Are the financial proposal opened in public?	Yes. Proposals are opened online through the e-procurement portal.	Low
C.42. Are minutes of the financial opening distributed?	Yes. The committee's observations and/or comments are registered online in the e-procurement portal.	Low
C.43. How is the financial evaluation completed?	HPFR, 2009 suggests that "financial bids only of the technically acceptable offers, shall be opened for further evaluation and ranking before awarding the contract."	Average

Question	Answer/Finding	Risk
	In QCBS, the bidder's price is noted and corrections are made in case there are errors in the arithmetic calculations. Thereafter, a combined evaluation is carried out to arrive at the overall score by assigning relevant weights to the technical and financial scores. The consultant with the highest overall score will be invited for contract negotiations.	
C.44. Are face-to-face contract negotiations held?	Yes	Low
C.45. How long after financial evaluation is negotiation held with the selected firm?	Within 2 weeks' time from the date of overall ranking is completed.	Low
C.46. What is the usual basis for negotiation?	Depending on the selection method and type of contract, negotiated items include scope of work, approach and methodology, work plan, activity schedule, staffing, deliverables, counterpart staff and facilities, and contract conditions. Unit rates for person-months and reimbursable expenses are not negotiated, as these are considered in the evaluation of the proposals.	Low
C.47. Are minutes of negotiation taken and signed?	Yes	Low
C.48. How long after negotiation is the contract signed?	The contract is signed within 2 weeks from the date of negotiation.	Low
C.49. Is there an evaluation system for measuring the outputs of consultants?	Yes. Outputs of consultants are monitored through an online project management system (PMS). The executive engineer of the respective division is authorized to log in and update the status of the consultant's outputs. PWD headquarters monitors the contractual performance through PMS.	Low
Payments		
C.50. Are advance payments made?	No	Average
C.51. What is the standard period for payment included in contracts?	15 days from the date of submission of invoice	Low
C.52. On average, how long is it between receiving a firm's invoice and making payment?	The payment is made within 15 days if the invoice and supporting documents are found in order. This may vary within the stated period of 28 days subject to availability of funds.	Low
C.53. When late payment is made, are the beneficiaries paid interest?	For projects funded by GOHP and/or Government of India, interest is not paid to the beneficiaries.	Low
D. EFFECTIVENESS		
D.1. Is contractual performance systematically monitored and reported?	Contractual performance after the award of contract is monitored through an online PMS. The executive engineer of the respective division is authorized to log in and update the status of the project	Low

Question	Answer/Finding	Risk
	<p>activities.</p> <p>PWD headquarters monitors the contractual performance through PMS.</p> <p>PWD has set up a project management unit to handle project works costing more than \$250 million. The project management unit is periodically monitoring the physical and financial progress of work.</p>	
D.2. Does the agency monitor and track its contractual payment obligations?	Yes, through the PMS.	Low
D.3. Is a complaints resolution mechanism described in national procurement documents?	<p>Yes. In case of failure to amicably resolve a dispute between PWD and contractor, either party may require such dispute to be referred to a three-member body consisting of (a) the chief secretary to the GOHP or his representative, as chairman; (b) the engineer-in-chief of the PWD; and (c) a nominee representative of the contractor for amicable settlement.</p> <p>If the dispute is not amicably settled within 30 days of such meeting between the parties, either party shall have the liberty to take further action in accordance with law.</p>	Low
D.4. Is there a formal nonjudicial mechanism for dealing with complaints?	Yes. A vigilance cell within PWD deals with complaints, headed by the chief vigilance officer. The chief vigilance officer is assisted by technical and financial officers.	Low
D.5. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, and notices of default or withheld payment?	Yes	Low
E. ACCOUNTABILITY MEASURES		
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	As discussed above, there is no stand-alone procurement unit in PWD. However, the service rules as prescribed under the Central Civil Service (Control) Rules, 1964 and by the Central Civil Service (Classification Control and Appeal) rules, 1965 shall apply, <i>mutates mutandis</i> , to every officer and employee of the PWD.	Low
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3. Is the commencement of procurement dependent on external	No	Low

Question	Answer/Finding	Risk																					
approvals (formal or de facto) that are outside of the budgeting process?																							
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	Procurement transactions are managed by the executive engineer and approved by the superintendent engineer and chief engineer. Yes, they have procurement experience and qualifications.	Low																					
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?	<p>The procurement process approvals are governed by cost of the proposed project and/or activities. The matrix below shows process thresholds for procurement of goods, works, and consultants:</p> <table border="1" data-bbox="735 657 1243 1598"> <thead> <tr> <th data-bbox="735 657 883 741">Authority</th> <th data-bbox="883 657 1062 741">Threshold (Rupees, million)</th> <th data-bbox="1062 657 1243 741">Responsibility</th> </tr> </thead> <tbody> <tr> <td data-bbox="735 741 883 793">Government</td> <td data-bbox="883 741 1062 793">>30</td> <td data-bbox="1062 741 1243 793">Absolute</td> </tr> <tr> <td data-bbox="735 793 883 961">Engineer – in-Chief</td> <td data-bbox="883 793 1062 961">>10 and ≤ 30</td> <td data-bbox="1062 793 1243 961">Estimates of expenditure and acceptance of tenders, negotiation</td> </tr> <tr> <td data-bbox="735 961 883 1098">Chief Engineer</td> <td data-bbox="883 961 1062 1098">>5 and ≤ 10</td> <td data-bbox="1062 961 1243 1098">Estimates of expenditure and acceptance of tenders</td> </tr> <tr> <td data-bbox="735 1098 883 1297">Superintendent Engineer</td> <td data-bbox="883 1098 1062 1297">>2.5 and ≤ 5</td> <td data-bbox="1062 1098 1243 1297">Estimates of expenditure and acceptance of tenders, full technical powers</td> </tr> <tr> <td data-bbox="735 1297 883 1486">Executive Engineer</td> <td data-bbox="883 1297 1062 1486">>1 and ≤ 2.5</td> <td data-bbox="1062 1297 1243 1486">Estimates of expenditure and acceptance of tenders, technical sanction</td> </tr> <tr> <td data-bbox="735 1486 883 1598">Assistant Accounts Officer</td> <td data-bbox="883 1486 1062 1598">≤1</td> <td data-bbox="1062 1486 1243 1598">Agreement in estimates and/or tenders cases</td> </tr> </tbody> </table>	Authority	Threshold (Rupees, million)	Responsibility	Government	>30	Absolute	Engineer – in-Chief	>10 and ≤ 30	Estimates of expenditure and acceptance of tenders, negotiation	Chief Engineer	>5 and ≤ 10	Estimates of expenditure and acceptance of tenders	Superintendent Engineer	>2.5 and ≤ 5	Estimates of expenditure and acceptance of tenders, full technical powers	Executive Engineer	>1 and ≤ 2.5	Estimates of expenditure and acceptance of tenders, technical sanction	Assistant Accounts Officer	≤1	Agreement in estimates and/or tenders cases	Low
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Assistant Accounts Officer	≤1	Agreement in estimates and/or tenders cases																					
(i) Bidding document, invitation to prequalify, or RFP	As shown in the matrix above, the chief engineer has full powers to sanction technical estimates including bidding document.																						
(ii) Advertisement of an invitation for bids, prequalification, or call for EOIs	As shown in the matrix above, the procurement process approvals are governed by cost of the proposed project and/or activities.																						
(iii) Evaluation reports	As shown in the matrix above, the																						

Question	Answer/Finding	Risk
	approval for evaluation reports is governed by cost of the proposed project and/or activities.	
(iv) Notice of award	Executive engineer	
(v) Invitation to consultants to negotiate	As shown in the table above, the negotiation with the lowest tenderer is governed by cost of the proposed project and/or activities.	
(vi) Contracts	As shown in the table above, approval for the contracts is governed by cost of the proposed project and/or activities. The executive engineer signs the contract document on behalf of PWD.	
E.6. Is the same official responsible for (i) authorizing procurement transactions, procurement invitations, documents, evaluations, and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	Yes, as shown in the matrix above. Except for the approval process, all procurement activities are carried out by the executive engineer of the respective PWD division.	Low
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes. The executive engineer prepares a note to the approving authority for approval. Decisions on procurement actions are recorded in the note and kept in the respective procurement files. Committee decisions are recorded in the form of minutes and kept in the respective procurement file.	Low

^a ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility and Technical Assistance Grant to India for Himachal Pradesh Clean Energy Transmission Investment Program*. Manila.

^b ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to India for Infrastructure Development Investment Program for Tourism*. Manila.

Source: Asian Development Bank.

A. Overall General Ratings

Criterion	Risk
A. Organizational and Staff Capacity	Low
B. Information Management	Low
C. Procurement Practices	Low
D. Effectiveness	Low
E. Accountability Measures	Low
OVERALL RISK RATING	Low

Source: Asian Development Bank.

B. Overall Comments on the Assessment

1. A detailed procurement assessment was carried out in 2016. It included a review of the procurement systems and practices of the Government of Himachal Pradesh (GOHP), and the capacity of the Public Works Department (PWD). The assessment followed the standard

methodology, questionnaires, and tools prescribed in the Asian Development Bank (ADB)'s Procurement Capacity Assessment.

2. GOHP has a good public procurement system. There are comprehensive government guidelines for procurement of civil works, goods, and equipment, and guidelines on selection of consultants which are in line with sound procurement principles of open competition, economy and efficiency, transparency, and fairness.

3. Like in all other states of India, the PWD in Himachal Pradesh is responsible for the design, construction supervision, and maintenance of all government buildings in Himachal Pradesh. While PWD does not have a separate procurement department per se, most of its officers are engineers with significant experience of handling procurement of civil works and goods following the state government's norms and processes. The overall head of PWD in the state is the engineer-in-chief.

4. Himachal Pradesh has 12 districts, but it is divided into four PWD zones. Each PWD zone is headed by a chief engineer. The procurement function is decentralized to the chief engineers heading these four PWD zones. All the civil works contracts under HPSPDP (for construction of training facilities) will be packaged zone-wise. The PWD chief engineers and their staff usually have around 15 years' plus of direct procurement experience.

5. PWD follows GOHP's e-procurement system for procurement of goods, works, and consulting firms. The Industries Department is responsible for managing the e-procurement system. The GOHP manual for stores purchase clearly defines the guidelines for procurement of goods and equipment.

C. Capacity Building and Mitigation Measures

6. Owing to more than 1 year of capacity building support provided by ADB-funded procurement and vocational education consultants, PWD staff have become adept in terms of following ADB's procurement policies and processes. The civil works bidding document prepared by PWD for the construction of various training facilities was reviewed and cleared by ADB in December 2016. The first civil works contract for \$600,000 was to be tendered by PWD during the week of 7 March 2017. Another 3 packages amounting to around \$4.3 million was being finalized for tendering in April 2017.

7. Support of these ADB-funded procurement consultants will be continued to ensure that majority of the civil works packages are bid out by June 2017.

8. Relevant PWD staff will be nominated for the procurement and financial management capacity building workshops that are organized by the ADB India Resident Mission periodically.

9. The procurement and financial management consultants to be fielded by the project management consulting (PMC) engaged under the loan will provide a further boost to the procurement capacity of PWD and other implementing agencies.

PROCUREMENT – RISK ASSESSMENT AND RISK MANAGEMENT PLAN (P-RAMP) FOR HIMACHAL PRADESH SKILLS DEVELOPMENT PROJECT

- Himachal Pradesh Kaushal Vikas Nigam (Implementing Agency and Project Management Unit)
- Department of Technical Education, Vocational and Industrial Training (Implementing Agency)
- Department of Higher Education (Implementing Agency)
- Public Works Department (Implementing Agency)

Risks Common to All Implementing Agencies	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
Procurement			
No separate procurement units in Himachal Pradesh Kaushal Vikas Nigam (HPKVN) and the other implementing agencies	Moderate	<p>While HPKVN and the implementing agencies may not have separate procurement units, they do have staff who have experience in handling procurement of civil works and goods in lines with the rules and procedures of the Government of Himachal Pradesh.^a</p> <p>Two full-time procurement staff have been recruited by HPKVN.</p> <p>The project management unit and all the project implementing units are fully staffed. They have made good progress in terms of getting the standard bidding documents for goods, works, and consultant selection reviewed and cleared by ADB, and initiating advance contracting.</p> <p>Consultants with experience in procurement, project management, and financial management will be fielded by the project management consulting (PMC) firm to be engaged under the loan. It is expected that the PMC will be mobilized by early July 2017. <u>Owing to these capacity building measures and advance actions, the initial procurement risk rating of “moderate” will be mitigated effectively during project implementation.</u></p>	Low

Risks Common to All Implementing Agencies	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
No formal procurement training program offered	Average	Relevant staff of the implementing agencies will attend the procurement and financial management capacity building workshops that are organized by the ADB India Resident Mission periodically	Low
Overall	Moderate		Low

^a Owing to nearly 1.5 years of support provided by ADB in the form of two individual procurement consultants, HPKVN and other implementing agencies have gained familiarity with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time) and ADB's Procurement Guidelines (2015, as amended from time to time). Support of these 2 consultants will be continued.

Source: Asian Development Bank.