

PROCUREMENT CAPACITY ASSESSMENT

1. The investment program will initiate holistic water resources management in various water scarce river basins in the State of Karnataka. It will develop institutional capacities to meet the long-term competing demands of water resources in a rapidly urbanizing and water-scarce state. Based on the principles of integrated water resources management, it will also increase water productivity through irrigation service delivery improvements in selected irrigation subprojects.¹

2. The SGOK, acting through the Karnataka Neervari Nigam Limited (KNNL and other relevant nigams), will be the executing agency (EA) for the facility. The project management unit (PMU) for the investment program will be within KNNL headquarters (located in Bangalore). The Managing Director of KNNL will be designated as the Program Director. The PMU will provide overarching coordination, implementation, and monitoring assistance for the entire facility. There will be two implementing agencies, one will be for output 1 of the program which focuses on institutional strengthening for IWRM. This will be implemented by the Advanced Centre for IWRM (AC-IWRM) and will be based in the State headquarters at Bangalore. For irrigation system modernization, the implementing agency will be the divisional project implementation offices (PIO) to be established in accordance with each subproject location. The PIO will comprise existing sub-divisional technical and administrative staff of KNNL and command area development agency (CADA) staff.² The PIO will be provided with technical guidance and field implementation support by project support consulting services.

A. Procurement system overview

3. India has a federal constitution, with the responsibility for governance divided between the central and state governments. The Union List, the State List, and the Concurrent List in the Indian Constitution govern the legislative functions of the central, union and state governments. Procurement does not feature in any of the lists as a distinct subject. Under such circumstances the Union Parliament has the exclusive power to make any laws on the subject of procurement. The Union Parliament has not enacted any specific legislation on the subject. Hence Public Procurement is performed through Government policies. The subject is primarily covered by: the General Financial Rules 2005 (GFR) framed by the Ministry of Finance by executive order. Further the Central Vigilance Commission (CVC) Guidelines prescribe the procurement procedure to be followed by all central ministries. In addition to these Rules, in August 2006 the Central Government, through the Ministry of Finance carried out a detailed exercise and issued three manuals for procurement of goods, works and services. These manuals are detailed guidelines for government ministries, departments and public sector undertakings. The rules and guidelines closely match ADB procurement guidelines.

4. There is no single procurement law which is applicable across India. Various laws, letters, orders, CVC directions and certain court judgments outline the procurement process requirements of Government of India (GOI). Highlights of these are;

- (i) Tendering process or public auction is a basic requirement for the award of contract by any government agency.

¹ The Asian Development Bank (ADB) provided project preparatory technical assistance. ADB. 2012. *Technical Assistance to India for Preparing the Karnataka Integrated Water Resources Management Investment Program*. Manila.

² CADA comprises staff on deputation from various line departments, specifically Assistant Registrar, Department of Cooperatives, Assistant Agriculture Officer, Department of Agriculture Extension and Assistant Engineer for command area development.

- (ii) The award of government contracts through public-auction or public tender is to ensure transparency in the public procurement, to maximize efficiency, to promote a competitive process, to provide for fair and equitable consideration of all bidders, and to eliminate irregularities, interference and corrupt practices.
- (iii) Bids to be widely advertised
- (iv) Sufficient time for bidding i.e., 4-6 weeks time is to be given; sale of bid documents allowed till a day prior to bid opening
- (v) Important clauses relating to earnest money, delivery schedule, payment terms, performance warrantee, bank guarantee, pre-dispatch inspection, arbitration, liquidated damages, penalty for delayed supplies and risk purchase clauses to be incorporated in the bid documents to protect employers interest
- (vi) As post tender negotiations could often be a source of corruption there should be no post-tender negotiations, except in certain exceptional situations
- (vii) In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalized within their validity period
- (viii) Single bids to be accepted only with detailed justification.

5. Main features of GOI procurement procedures (based on GFR) are summarized below;

- (i) Bidding processes for goods, services and works separately set out.
- (ii) Procurement guidelines are overall similar to ADB / World Bank's procurement guidelines
- (iii) Disclosure of evaluation criteria is a mandatory
- (iv) Encourages two-envelope system
- (v) No preference to domestic goods over imported goods.
- (vi) Purchase preference to Central Public Sector Undertakings for purchase between \$1-20 million.
- (vii) CVC requires at least 20 percent of goods to be purchased from the lowest bidder.
- (viii) For procurement of goods there are reservations for textiles from khadi and handloom industries and for some products from small scale industries
- (ix) Selection of consultants procedure is similar to ADB's System

6. Karnataka enacted the Karnataka Transparency in Public Procurements Act (KTPPA), 1999 which governs all public procurement in the state. The Act aims to ensure transparency in public procurement of goods and services by streamlining the procedure in inviting, processing and acceptance of tenders by procurement entities. The Act is clear and is closely aligned with ADB's procurement guidelines. The provisions of this Act in so far as they are inconsistent with the procedure specified in respect of projects funded by international financial agencies or projects covered under international agreements, shall not apply to procurement of goods or services. Hence in case of inconsistencies, ADB procurement guidelines will prevail. The Act is to be read with the Karnataka Procurement Rules which amplify and detail the provisions in the Act.

7. Discussions were held with Karnataka Neervari Nigam Limited (KNNL), Water Resources Department and Centre for e-governance officers. The standard bidding documents of the state government of Karnataka (SGOK) for goods, works and consultants were reviewed. The procurement capacity assessment questionnaire completed for KNNL is attached at the end of this assessment as an annex.

8. Standard bid documents for works, goods and consultants have been standardized by GOK, Ministry of Finance, Procurement Cell and are used by GOK departments including WRD and KNNL. However they are not yet mandatory since the Public Works Department code which prescribes bidding formats is yet to be modified.

9. Overall, procurement is undertaken with the same SBD whether it is national or international bidding. Process of procurement of consultants is similar to that of works / goods and requires consultants to provide bid document fee and bid guarantee. The SBD and the GOK circulars governing procurement are available on Department of Finance, GOK website www.finance.kar.nic.in/trans/tender.htm The GOK SBD are substantially aligned with ADB SBD except for few key differences which are presented in Table 1.

10. The Advanced Centre for Integrated Water Resources Management is a registered society which was established by SGOK in 2012 through government order. It will be a think tank for IWRM related activities including preparation of river basin plans, review and guidance on water policy etc. The main procurement activities associated with AC-IWRM will be the recruitment of international and national consultants (individuals and firms) and minor goods packages for office equipments etc. As a nascent organization with limited procurement experience, it is recommended that initial recruitments of consultants is undertaken by KNNL and gradually this activity may be taken over by AC-IWRM. For shopping packages, these may be undertaken by AC-IWRM since it has prior experience.

**Table 1: Summary of Features and Variations
—Karnataka and ADB Standard Bid Documents**

Procurement type	Karnataka Standard Bid Document	ADB Standard Bid Document	Variations
Goods	KG-1, for estimated cost less than \$20,000	Compatible with single stage two envelope goods SBD	K-SBD clause references; Section II Instruction to tenderers Clause 1.1 Tenderers not blacklisted by GOK Clause 4.1 tender language Kannada (local language) Clause 11.3 bid guarantee from nationalized / scheduled banks Clause 19.3 in case of words / figures discrepancy, lower value prevails Clause 23.1 can vary purchase quantities during contract signing up to 25% Dispute resolution departmental.
	KG-2, for estimated cost more than \$20,000 up to \$100,000	Compatible with single stage two envelope goods SBD	Variations as for KG-1 except that the tender language is English. Dispute resolution is with the department undertaking procurement.
	KG-3, for computer systems estimated cost less than \$100,000	Compatible with single stage single envelope goods SBD	Differences same as for KG-1 except that the tender language is English. Additional clauses and price of annual maintenance contract and service centre requirements re included.
	KQ-1 for shopping of goods all items together less than \$2,000	No equivalent (previously known as shopping)	For low value goods. Quotation validity of 30 days.
	KQ-2 for shopping of	No equivalent	For low value goods. Quotation validity

	goods all items evaluated separately, total cost less than \$2,000	(previously known as shopping)	of 30 days.
	KSO for shopping, ready to use items, cost less than \$2,000	No equivalent	
Works	KW-1, for item rate works less than \$40,000	Item rate small works, single stage single envelope	Tenders from JV not accepted. Bid validity 90 days. Value of work declared in notice inviting tender. Bid security varies as follows; 2.5% for cost up to INR 20 lakhs 2% for cost INR 20 lakhs – INR 100 lakhs 1.5% for cost INR 100lakhs – INR 1,000 lakhs and 1% for cost more than INR 1,000 lakhs. Dispute resolution is with the department undertaking procurement.
	KW-2, for estimated cost more than \$20,000 up to \$100,000	Item rate small works, single stage single envelope	Same as KW-1
	KW-3 for estimated cost more than \$100,000 up to \$200,000	Item rate small works, single stage two envelope	Bid security of 1.5% of estimated cost. Dispute resolution is with the department undertaking procurement.
	KW-4 estimated cost more than \$200,000 up to \$2,000,000	Item rate large works, single stage two envelope	Bid security of 1.5% of estimated cost. Arbitration clause in GOK SBD provided.
	KW-5 estimated cost more than \$2,000,000. Prequalification required, JV not permitted	Prequalification followed by single stage single envelope	Bid security of 1% of estimated cost. Arbitration clause in GOK SBD provided.
	KW-6 estimated cost more than \$2,000,000. Prequalification required, JV permitted	Prequalification followed by single stage single envelope	Bid security of 1% of estimated cost. Arbitration clause in GOK SBD provided.
Consultants			
	KC-1 time based, less than \$20,000, for firms/ NGOs/org QCBS, 75% : 25%	QCBS FTP	The consultant selection process substantially similar to ADB QCBS process.
	KC-2 time based, more than \$20,000, for firms/ NGOs/org QCBS, 75% : 25%	QCBS FTP	
	KC-3 lump sum less than \$20,000, for firms/ NGOs/org QCBS, 75% : 25%	QCBS FTP	
	KC-4 lump sum more than \$20,000, for firms/ NGOs/org QCBS, 75% : 25%	QCBS FTP	
	KC-5 time based, less	LCS	The consultant selection process

	than \$20,000, for firms/NGOs/org LCS		substantially similar to ADB LCS process.
	KC-6 time based, more than \$20,000, for firms/NGOs/org LCS	LCS	
	KC-7 LCS lump sum less than \$20,000	LCS	
	KC-8 LCS lump sum more than \$20,000	LCS	
	KC-9 SSS time based, less than \$10,000	SSS	The consultant selection process substantially similar to ADB LCS process.
	KC-10 SSS lump sum, less than \$10,000	SSS	
	KC-11, Individual, less than \$2,000, time based	QCBS BTP	The consultant selection process substantially similar to ADB QCBS BTP process
	KC-12, Individual, less than \$2,000, lump sum	QCBS BTP	

NB: USD = 50 INR assumed.

B. Karnataka WRD

11. State level organizations such as Water Resources Department and KNNL have a system of registration of contractors in various classes (Super Class, Class I, Class II etc.) based on bidders previous experience and financial capacity. The limits for each class are:

- (i) Super class - > INR 50 lakhs
- (ii) Class I - INR 25 to 50 lakhs
- (iii) Class II - INR 10 to 25 lakhs
- (iv) Class III - INR 5 to 10 lakhs
- (v) Class IV less than INR 5 lakhs

12. The registration is validated once in 2-3 years and the list updated. WRD which is bound by the KTPPA, uses the SBD of the state for procurement. This is using e-procurement except for contracts below US\$4,000. Under Project-1 of the MFF, all procurement is expected to be carried out by KNNL except some minor procurement (office equipment, computers and individual consultants) which could also be carried out by KNNL on behalf of WRD and/or AC-IWRM depending on the size of the package and required mode of procurement.

C. KNNL

13. Based on discussions with KNNL officers and conditions included in invitation to bids, details of procurement process of KNNL are given below.

- (i) KNNL does not have any recent experience with multi-lateral development organizations however has procured and implemented large contract packages through state financing.
- (ii) The largest contract awarded by KNNL is INR 10,320 million (US\$200 million, about 18% above the estimated cost) using NCB for a turnkey contract for the upper Bhadra irrigation project. This is a new project for which time taken from bid invitation to contract award is about 22 months³. In case of modernization

³ The three works of upper Bhadra project entrusted on EPC turn key contract basis are: Package 1- Lifting 15 TMC water from Tunga river to Bhadra reservoir (awarded to M/s SEW-Jyoti (JV), India, for Rs. 3240 million at 17%

project, the largest contract package awarded is for about INR 1060 million (about US\$21 million) for Bhadra project canal lining. All contracts of KNNL are procured using NCB. KNNL is following the Act 1999 for all procurements. As per act e-procurement is mandatory for all procurements above INR 2.0 lakhs but KNNL is using e-procurement for packages of any value.

- (iii) KNNL does not have any separate procurement unit. Bidding process is initiated in the field by the executive engineer (EE). The finance unit of KNNL with the support of the technical section (engineers) oversee the bidding process at KNNL central office.
- (iv) Bidding process
 - EE prepares the draft tender papers and submits to Technical Sub-Committee (TSC) for approval through concerned (field) superintending engineer (SE) and (field) chief engineer (CE). Once approved, bids are invited by the field EE. Bids are invited either on unit rate or turnkey basis.
 - EE completes the technical evaluation and submits technical bid evaluation report (TBER) to CE through SE for approval. CE approves TBER and authorizes opening of financial bids.
- (v) Financial bids are opened, evaluated and submitted to the CE for approval for bids up to \$0.5 million. Bids between \$0.5 million to 1.0 million are submitted to technical sub committee through SE and CE for examination and recommendation for approval by the managing director KNNL. Bids above \$1.0 million are sent by MD for decision to the KNNL Board. KNNL is generally inviting percentage rate tenders and bidders quote above/below the estimated cost which is updated based on latest schedule of rates (SOR) for financial bid evaluation purpose.
- (vi) As per KTPP tenders above 10% of the estimated cost are generally considered as high which may go for rebidding. However in case of KNNL, (TSC) of KNNL fixes the range of percent variation which is acceptable for accepting the bids. Time taken from bid invitation to bid award is about 4-6 months in normal cases. Exceptionally, bids up to 20% above estimated cost have been awarded. Due to high competition resulting from adoption of e-procurement, it is rare that lowest bids exceed 10% above estimated cost. The bid prices depend on location and access to work site, among other factors.
- (vii) Single stage single envelope procedure is followed for procurement of works below \$100,000 and all goods packages. Single stage two envelope procedure is used for works between \$100,000 to \$2 million. Works costing above \$2 million require prequalification of contractors. Technical bid is evaluated on the basis of pre-qualification criteria (turnover, similar experience, availability of man and machinery, cash flow, etc.).
- (viii) KNNL specifies class of contractor who can submit the bid in the bid invitation. (Super Class/Class I /II /III registered with KNNL or other specified organisations) Super Class contractor is eligible for bidding for any contract size.
- (ix) As per e-procurement procedure, earnest money deposited (EMD) or bid deposit upto Rs. 1.0 Lakh is being submitted online through credit/debit card, bank

above the estimated cost- 2007-08 SOR), Package 2-Lifting 21.5 TMC water from Bhadra reservoir to Ajjampura tunnel (awarded to M/s RNSIL (JV), Bangalore for Rs. 10320 million at 17.74% above estimated cost) and Package 3- Ajjampura tunnel (awarded to M/s SNC Power,Bangalore for Rs. 2240 million at 19.76% above estimated cost). Bids for all the packages were invited on 22 Dec 2006 and works awarded by 15/16 Oct 2008.

- transfer etc. and the remaining EMD (in case EMD is more than INR 1.0 lakh) through demand draft/bankers cheque/bank guarantee.
- (x) The bidder has to upload the scanned copy of the necessary certificates/documents included in support of eligibility criteria including proof for remaining EMD. The original certificates/documents are required to be produced before opening of tender containing technical bid for verification.
 - (xi) Dispute resolution is at two levels at present - Initial resolution at CE or MD level failing which contractor can move the court for redress.

1. Recommendations

- (i) There is an opportunity for a separate procurement unit with sufficient human resources for centralized procurement above a certain threshold value, say INR. 25 crores (approximately US\$ 4.0 million). Even with this limit number the number of bids per year may be more than 100.
- (ii) There is a need for advancing capacity development of KNNL staff in ADB procurement procedures, especially at division office (EE) level. Advance actions will be taken with procurement training by ADB prior to loan approval and on-going procurement clinics to facilitate capacity building. The first training has already been conducted for WRD and KNNL in December 2012 and will be followed up.
- (iii) Bidding documents will need adjustments in line with ADB's standard bidding documents to be used for procurement of goods and works by NCB. For ICB, ADBs SBD may be adopted. This is currently under review by ADB.
- (iv) Existing system of procurement in KNNL and WRD is robust and may be adopted for the project. The e-procurement capacity assessment is on-going and expected to be complete by end July 2013.
- (v) Consultant selection process and request for proposal are substantially similar to that of ADB. The state has a range of SBDs (KC-1 to KC 12) which are suitable for different size and complexity of consulting requirements. For consultant selection GOK SBD may be used with minor adjustments to meet ADB requirements. The adjustments required are listed below (for KC-2 & KC-4, for other KCs similar adjustments after reviewing the documents need to be made:
 - Evaluation of proposals; Tech proposal 100 points total for which criteria are consultant experience (5 points), methodology (20-25 points), personnel (55-65 points), training (10 points). Experts CVs are evaluated for general qualification (30 points), relevant work experience (60 points) and training ability (10 points). For relevant work experience, work done during past 5 years is considered.
 - Default Q:C ratio is 75:25, can be varied only with approval of competent authority.
 - Payment shall be in Indian rupees.
 - Arbitration; domestic procedure as specified in SCC clause 7.2.1
- (vi) Karnataka has implemented ADB financed projects particularly in the urban sector. The understanding and appreciation of ADB's procurement system is there in the higher levels of government and some specific departments / entities implementing such projects. It would be helpful if officers who have experience with externally aided projects are posted to EA and PIO which would improve procurement capacity. In addition, a tailor made training and capacity building

program during project implementation would strengthen the program procurement system.

- (vii) It would be necessary to agree with the state (may be through a loan covenant) that ADBs procurement guidelines would be applicable to the proposed program. This would avoid conflicting interpretation of individual state / departments procedures and practices and ADB guidelines during procurement and provide clarity to EAs.

D. Contractors capability for carrying out civil works

14. From discussions with the officers of WRD it is understood that contractors have sufficient capacity to carry out irrigation projects by using adequate level of technology such as lining by pavers, construction of structures, CD works etc. As an example, procurement process followed for a large project is briefly explained here. In case of Bhadra project for which modernization works estimated to cost Rs. 9510 million (\$211.3 million) are under progress, works were divided into twelve packages and bids invited. The bidders participated in 10 packages out of 12 packages and bids were finalized at 5% above the 2007-08 cost estimates. The balance two packages, for which there was no response from the bidders, works were sub divided into seven packages and bids re-invited but the bidders responded for only five packages. It is understood that the reason for no response from bidders for some initial reaches was mainly due to excessive seepage problem in the reaches. As a part of the contract, contractor is required to maintain the canals for a period of 2 years after completion of works and for this purpose 7.5% of the contract amount is retained as performance security.

15. The size of bid package for main canal varies from Rs. 532.8 million (\$11.8 million) to Rs. 1068.2 million (\$23.7 million) whereas size of package for distributaries varies from Rs. 29.1 million (\$0.65 million) to Rs. 68.2 million (\$1.5 million). The size of the packages indicate that local contractors have capacity to take works of more than Rs.1000 million (\$22.2 million) and some have capacity to do work with mechanized equipments and latest technology. It was informed that lining works of left bank main canal of the Tungabhadra irrigation project has been done by the contractors using mechanized pavers. Contractors generally have capacity to take up and complete large works.

E. e-Procurement

16. e-Procurement has become the default mode of procurement in Karnataka. Karnataka Unified End-to-End e-Procurement System is implemented by Centre for e-Governance (CEG), GOK. About 200+ government departments, parastatals, universities, few GOI agencies and some private sector clients are using the e-Procurement services.

17. e-Procurement started in 2007 with 9 clients and has quickly grown to be the dominant procurement mode of GOK. Cumulatively 25000+ bids worth US\$16+ billion have been processed so far. Two full fledged training units at Bangalore and Dharwad train client and contractor staff.

18. The technology used is enterprise level software designed and developed on open source platform. System is flexible enough to address unique process and functional requirements. The platform is hosted in State Data Centre of GOK.

19. There are 6 modules of e-Procurement which are chosen by the user agency as per its requirement;

- (i) e-indents / e-estimates
- (ii) e-Tendering
- (iii) e-Contract Management
- (iv) e-Catalogue Management
- (v) e-Auction
- (vi) e-Payment

20. Complete security of bids is ensured by asymmetric bid encryption / decryption using private key infrastructure. Transfer of data is through SSL tunnel. Documents are encrypted by bidder prior to uploading his bid. Bid can be decrypted only with the private key of the bid official after the scheduled time of bid opening. Confidentiality of identity of bidders is maintained and time stamping of all transactions and workflows is carried out. Digital signature certificates are used for bid submission and opening. Use of the system is free of charge for all government departments and parastatals. Options are available for electronic payment and refund of bid security.

21. The unified e-Procurement platform has been incorporated by an amendment (Section 18-A. E-Procurement) to the KPPP Act, 1999 to enable legal validity. The e-Procurement system has been instrumental in substantial increase in bidder participation, decrease in bid premium and steep reduction of time in bidding cycle.

22. The system has been set up and is run under PPP mode with GOK and Hewlett Packard as partners with transaction-based revenue model for sharing revenues. Centre for e-Governance is the implementing agency for e-Procurement. CEG Chairman is the Principal Secretary of Department of Personnel and Administrative Reforms, GOK and day to day operations are overseen by a CEO and Project Director.

23. **Recommendation:** Since it is mandatory for KNNL to use e-procurement and KNNL being well versed in the process, ADB may agree to e-procurement subject to assessment of e-procurement system in terms of safety, transparency and competitiveness. The assessment is currently in progress.

Procurement Capacity Assessment of KNNL

Risk Ratings	Extremely High	High	Average	Low
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A. Specific Assessment and Ratings

Question	Answer/Finding	Risk
A. ORGANIZATIONAL AND STAFF CAPACITY		
A.1. How many years experience does the head of the procurement department/unit have in a direct procurement role?	From 1999	L
A.2. How many staff in the procurement department/unit are:	Not Applicable Adequate Staff , Decentralised at Division level, All Full time staff	A
Full Time?		
Part Time?		
Seconded?		
A.3. Does the procurement staff have English language proficiency?	Yes	L
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Needs Augmentation of members at Division Level & Consolidated at Regional Office Bangalore	A
A.5. Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Yes	L
A.6. Does the agency have a procurement training program?	No. (Some have attended ADB Procurement Clinic)	L
A.7. Does the agency have a Procurement Committee that is independent from the head of the agency?	Yes	L
A.8. Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee??	No	L
A.9. If yes, what type of procurement does it undertake?	Not Applicable	L
A.10. At what level does the department/unit report (to the head of agency, deputy etc.)?	Not Applicable	L
A.11. Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Not Applicable	L
A.12. Is there a procurement process manual for goods and works?	PWD Codal Provisions, KTPP Act & e-portal, Standard Bid Documents available at:	L

	Kar.gov.in/egovernance/finance/sbd www.finance.kar.nic.in/trans/tender.html	
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	A
A.14. Is there a procurement process manual for consulting services?	No Manual, Standard Bid documents are available	L
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Not Applicable	A
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	No	A
A.17. Does the ToR follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	L
A.18. Who drafts the procurement specifications?	Executive Engineer	L
A.19. Who approves the procurement specifications?	Superintending Engineer/ Chief Engineer/ Technical Sub Committee / Board	L
A.20. Who drafts the bidding documents?	Executive Engineer	A
A.21. Who manages the sale of the bidding documents?	Executive Engineer	L
A.22. Who identifies the need for consulting services requirements?	Executive Engineer	A
A.23. Who drafts the terms of reference (ToR)?	Executive Engineer// Chief Engineer/ Technical Sub Committee	A
A.24. Who prepares the request for proposals (RFPs)?	Executive Engineer	L
B. INFORMATION MANAGEMENT		
B.1. Is there a referencing system for procurement files?	Yes	L
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	L
B.3. For what period are records kept?	10 years	L
B.4. Are copies of bids or proposals retained with the evaluation?	Yes	L
B.5. Are copies of the original advertisements retained with the pre-contract papers?	Yes	L
B.6. Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	L
B.7. Are copies of invoices included with the contract papers?	No	A
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	A
C.2. If the above answer is yes, what were the major challenges?	Not Applicable	A
C.3. Is there a systematic process to identify procurement requirements (for a period of one year or more)	No	L
C.4. Is there a minimum period for preparation of bids and if yes how long?	7 Days to 60 Days	L
C.5. Are all queries from bidders replied to in writing?	Yes. Pre-bid meeting compulsory	L
C.6. Does the bidding document state the date and time of bid opening?	Yes	L
C.7. Is the opening of bids done in public?	No. Electronic Bid	L
C.8. Can late bids be accepted?	No	L
C.9. Can bids be rejected at bid opening?	No	L
C.10. Are minutes of the bid opening taken?	Not Applicable , Electronic bid opening done	L
C.11. Who may have a copy of the minutes?	Not Applicable	L
C.12. Are the minutes free of charge?	Not Applicable	L
C.13. Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	Executive Engineer	A
C.14. What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Well qualified engineers and finance officers	A
C.15. Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Chief Engineer/ Managing Director/ Technical Sub Committee - Subject to Tender cost	A
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?	4 to 6 months. In case of high variation from estimated cost, it has taken 22 months in one case	H
C.17. Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes	L
C.18. Are there established goods receiving procedures?	Yes	L
C.19. Are all goods that are received recorded as assets or inventory in a register?	Yes	L
C.20. Is the agency/procurement department familiar with letters of credit?	Yes	L

C.21. Does the procurement department register and track warranty and latent defects liability periods?	Yes	L
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	H
C.23. If the above answer is yes, what were the major challenges?	Not Applicable	L
C.24. Are assignments and requests for expressions of interest (EOIs) advertised?	Yes	L
C.25. Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Yes, Chief Engineer/ Technical Sub Committee	A
C.26. What criteria is used to evaluate EOIs?	As per ToR	A
C.27. Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	LCS/SS	H
C.28. Do firms have to pay for the RFP document?	No (e-procurement)	L
C.29. Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Follows a pre-determined structure, is not detailed in the RFP	A
C.30. Are pre-proposal visits and meetings arranged?	Yes Based on Value	L
C.31. Are minutes prepared and circulated after pre-proposal meetings?	No	A
C.32. To whom are the minutes distributed?	To entities who have asked questions	A
C.33. Are all queries from consultants answered/addressed in writing?	Yes. Answers of queries of other firms not shared. Only questions of the firm asking queries answered.	H
C.34. Are the technical and financial proposals required to be in separate envelopes?	Yes	L
C.35. Are proposal securities required?	Yes	A
C.36. Are technical proposals opened in public?	Yes	
C.37. Are minutes of the technical opening distributed?	Not Applicable (Not Applicable)	L
C.38. Do the financial proposals remain sealed until technical evaluation is completed?	Yes	L
C.39. Who determines the final technical ranking and how?	Superintending Engineer/ Chief Engineer/ Technical Sub Committee. Recommendations of EE are either endorsed or modified at various levels.	A

C.40. Are the technical scores sent to all firms?	No	H
C.41. Are the financial proposal opened in public?	e-procurement	L
C.42. Are minutes of the financial opening distributed?	Not Applicable	L
C.43. How is the financial evaluation completed?	Qualified firms with least cost	A
C.44. Are face to face contract negotiations held?	No	L
C.45. How long after financial evaluation is negotiation held with the selected firm?	Variable (1-2 months)	L
C.46. What is the usual basis for negotiation?	Not Applicable	L
C.47. Are minutes of negotiation taken and signed?	Not Applicable	L
C.48. How long after negotiation is the contract signed?	Not Applicable	L
C.49. Is there an evaluation system for measuring the outputs of consultants?	Yes	A
Payments		
C.50. Are advance payments made?	Yes for Contracts and No for Consultancy	A
C.51. What is the standard period for payment included in contracts?	Not specified	A
C.52. On average, how long is it between receiving a firm's invoice and making payment?	One month	L
C.53. When late payment is made, are the beneficiaries paid interest?	No	A
D. EFFECTIVENESS		
D.1. Is contractual performance systematically monitored and reported?	Yes	L
D.2. Does the agency monitor and track its contractual payment obligations?	Yes	L
D.3. Is a complaints resolution mechanism described in national procurement documents?	Yes	L
D.4. Is there a formal non-judicial mechanism for dealing with complaints?	Yes	L
D.5. Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	A
E. ACCOUNTABILITY MEASURES		
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	No	A

E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	L
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	L
E.4. Who approves procurement and do they have procurement experience and qualifications?	Yes- Executive Engineer/Supdt Engineer/ Chief Engineer/Managing Director /Technical Sub Committee/ /Board	L
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?	Within KNNL	A
Bidding document, invitation to pre-qualify or RFP		
Advertisement of an invitation for bids, pre-qualification or call for EOs		
Evaluation reports		
Notice of award		
Invitation to consultants to negotiate		
Contracts		
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 Executive Engineer/ Chief Engineer/Managing Director /Technical Sub Committee Payment by Chief Accounts Officer-Cheque signing by CAO Each Division has 2 accounts maintained by EE & CAO for Establishment and Works respectively.	L
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes Internal, Statutory Comptroller & Auditor General (CAG)	L

B. General Ratings

Criterion	Risk
A. Organizational and Staff Capacity	L
B. Information Management	L
C. Procurement Practices	A
D. Effectiveness	L
E. Accountability Measures	L
OVERALL RISK RATING	A due to no prior experience with procurement process of externally financed projects