Project Procurement Administration Manual

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Project ID - P166865

INTEGRATED WATERSHED & WATER RESOURCES MANAGEMENT PROJECT

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Ministry of Irrigation

Project Procurement Administration Manual (PPAM)

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Integrated Watershed and Water Resources Management Project

Ministry of Irrigation

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Abbreviations

BOQ	Bill of Quantities
CPCP	Project Consultans Procurement Committee
CQS	Selection Based on Consultants' Qualifications
DC	Direct Contracting
DD	Deputy Director
DDG (TS)	Deputy Director General (Technical Services)
DG	Director General
DOM	Department of Meteorology
EIC	Engineer In Charge
EOI	Expression of Interest
FBS	Fixed Budget Selection
GOSL	Government of Sri Lanka
GPN	General Procurement Notice
HAO&M	Headworks Administration, Operation & Maintenance
ICB	International Competitive Bidding
ICTAD	Institute of Construction Training and Development
ID	Irrigation Department
IDA	International Development Agency
IFB	Invitation for Bids
LCS	Least Cost Selection
LOI	Letter of Invitation
MASL	Mahaweli Authority of Sri Lanka
MIS	Management Information System
NCB	National Competitive Bidding
O&M	Operation & Maintenance
PD	Project Director
PIP	Project Implementation Plan
PMU	Project Management Unit
PPC	Project Procurement Committee
SPS (P & C)	Senior Project Specialist (Procurement & Contract)
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
RDA	Road Development Authority
RFP	Request for Proposal
SBD	Standard Bidding Document
SCADA	Supervisory Control and Data Acquisition System
SEA	Strategic Environmental Assessment
LKR	Sri Lanka Rupees
SPN	Specific Procurement Notice
SSS	Single Source Selection
TEC	Technical Evaluation Committee
TOR	Terms of Reference
UNDB	United Nations' Development Business
WB	World Bank

1.0 Project Overview

Country:	Sri Lanka
Full Project Name:	Integrated Watershed and Water Resources Management Project
Total Finance (US $):	US$ 69.53 million (WB) and US$ 5.50 million (GoSL)
Project Number:	P166865
Summary of Project Development Objectives	The Project Development Objective (PDO) is to improve watershed and water resources planning and enhance the functionality of water resources infrastructure. Functionality refers to improve safety of dams and improve water distribution networks for irrigation. PDO Level Indicators: • Watershed management plan developed for Upper Mahaweli Watershed • Number of dams at risks (Number) • Area provided with new/improved irrigation or drainage services (CRI, Hectare [ha])

2.0 General

The project mainly focuses on restoration and protection of selected watersheds and rehabilitation or modernization of tanks and downstream improvement in view of minimization of the inefficiencies in selected irrigation systems belongs to the Mahaweli Authority of Sri Lanka, Department of Irrigation, Northern Provincial Council and Eastern Provincial Council. The project approach is expected to be undertaken as the tasks of priorities through a climate change adaptation with enhanced resilience to adverse shocks. The project has four components.

Component 1: Watershed and Water Resources Planning (US$13.7 million of which US$8.7 million IDA concessional and US$ 5 million Government funds)

Component 1 is consisting of three subcomponents as follows; Watershed Management Planning, Watershed restoration, and Multi-Sector Water Resources Planning.

The objectives of subcomponent 1.1 and 1.2 are to improve the productive potentials of the Upper Mahaweli Watershed through sustainable watershed management while improving the livelihood of the inhabitants. This should achieve through technically sound inclusive method, consideringsocial, institutional and environmental aspects.

The objectives of subcomponent 1.3 is to strengthen the bulk water allocation expansion and enhancing the existing bulk water allocation model of the Water Management Secretariet in the MASL, strengthening the Water Resources Board as a leading agency in Ground Water Management, and establishment of policy and institutional arrangements for dam safety

Component 2: Infrastructure Improvements (US$57.8 million, of which US$ 32.1 million IDA concessional and US$25.7 million IDA transitional).

Main objectives of this component are to improve the productivity, durability and safety of selected water asset of the country and establishment of operational and management arrangement for safety of those.

Provision has been made for rehabilitation of civil and electro-mechanical works of dams belonging to Mahaweli Authority of Sri Lanka (MASL), Irrigation Department (ID), Eastern Provincial Council (EPC) and Northern Provincial Council (NPC) and also rehabilitation damaged canal system in selected irrigation schemes. Environmental and social screening was schedule to be conduct in identified possible social and environmental impact during the rehabilitation programme. Community awareness programme would be available for educate the communities on the possible social impact during the rehabilitation period. Gender quality enhancement also would be available under each category of the contract in order to upgrade the living condition of the communities.

Component 3: Contingent Emergency Response Component (USD 0 million)**:**

This component will allow for rapid reallocation of project proceeds in the event of a natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact. To trigger this component, the GoSL would need to declare an emergency or a state of a disaster or provide a statement of fact justifying the request for the activation of the use of emergency funding. Examples of such crises might include drought, floods, earthquakes / Tsunami. Funds can be reallocated to this component following a joint decision by the GoSL and the World Bank. This component will finance expenses on a positive list of goods, works, services, and emergency operation costs required for emergency recovery which will be detailed out in the Project Implementation Manual.

Component 4: Project Management (US$2.5 million, of which US$2 million IDA concessional and US$ 0.5 million from Government funds).

This component helps to ensure smooth implementation of project activities such as Project Management, Monitoring and Evaluation through the Project Management Unit (PMU) established in MI. PMU will Support to ensure the quality of the project management, monitoring and evaluation through smooth coordination of activity implementation by various implementing agencies.

2.0 Procurement

The procurement under the Project should achieve an open and fair competition among all suppliers of goods, civil work contractors, and consultants providing services of the highest quality and with minimal price. Towards this end, the Project adopts the following fundamental principles in procurement.

1. Use of funds only for intended purposes;
2. The most advantages bid which brings maximum benefit to the Government;
3. Adherence to prescribed standards, specifications, rules and regulations;
4. Optimum economic advantage to the nation;
5. Maximum income in the disposal of assets or in granting of rights, concessions or exclusive benefits;
6. Equal opportunity for interested parties (irrespective of domestic or foreign) and persons to participate and compete on identical terms and conditions and emergence of competence and efficiency;
7. Expeditious execution of works and delivery of goods and supplies;
8. Compliance with local laws and international obligations;
9. Transparency and uniformity of evaluation procedures;
10. Confidentiality of information provided by bidders/consultants; and
11. Competence and capability of contractors/ suppliers/ consultants.

2.1 Procurement Regulations and Rules

Procurement for the project would be carried out in accordance with the World Bank "Procurement Regulations for IPF Borrowers" dated July 2016 and Revised November 2017 and August 2018 and the provisions stipulated in the Financing Agreement. Items to be procured under different expenditure categories, methods of procurement for goods and works and for selection of consultants, need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Government of Sri Lanka and the World Bank and included in the Procurement Plan. The Procurement Plan will be updated six month or earlier if required to reflect the actual project implementation needs and improvements in institutional capacity. The updated procurement plan shall also be reviewed and cleared by the World Bank. Workd Bank and the project use the common online flatform to track procument activities. Systematic Tracking of Exchanges in Procurement (STEP), web based application enables auto publication of approved procurement plan, publication notices and contract award information in the Bank's external website and UNDB online.

The main features of World Bank's policies and procedures for procurement of goods, works and selection of consultants for projects financed by credits from IDA are:

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

2.2 Responsibilities for Procurement

As the coordinator for procurement actions, the Project Director will in the overall be responsible for:

- Preparation and periodic updating of Procurement Plan for the project as a whole;
- Selection of consultants;
- Procurement of goods, equipment and civil works (except to the extent delegated to the implementing agencies);
- Execution of contract agreements for works, goods and services (except to the extent delegated);
- Overseeing and assisting implementing agencies in supervision of the contracts for civil works, equipment installation etc; and
- Publication of award of contract along with relevant details as per World Bank procurement regulation in UNDB/ dgMarket and project website.

While the Project Director shall assume overall responsibility in coordinating all procurement activities, the Project Procurement Specialist will assist with:

- Updating detailed procurement plan and planning procurement action in general;
- Finalizing the Bidding Documents and RFPs for procurement carried out by PMU in coordination with others and making arrangements for sale/ issue of Bidding Documents and RFPs to interested bidders /consultants;
- Preparing and sending clarifications on issues relating to Bidding Documents, resulting from bidder's queries and organize pre-bid meetings when required;
- Submitting procurement documents to WB for concurrence (Prior Review Contracts);
- Coordinating the bid evaluation process;
- Assisting the designated technical staff in implementing agencies in inspection and receipt of goods & equipment and in quality assurance of works;
- Arranging for advertising General Procurement Notice, Specific Procurement Notice, Request for Expression of Interest etc.;
- Organizing public bid opening;

- Managing all procurement information using the Project's Management Information System (MIS);
- Reviewing contracts and amendments;
- Verifying and ensuring that all procurement procedures are in strict conformity with the procurement guidelines agreed for the project; and
- Submitting periodic procurement reports to World Bank.

The implementing agencies responsible for each procurement activity will prepare and submit documents such as bill of quantities, drawings, technical specifications and terms of references (TORs) for consultancies to the Senioir Procurement Specialist (Procurement & Contracts) of the PMU. The Senioir Procurement Specialist (Procurement & Contracts) will use the information provided and decide the procurement method to use in accordance with the agreed procurement plan, to carry out the administrative process along with the procurement processes.

2.3 Procurement Methods

It is essential to follow an appropriate procurement method for every procurement. Depending on the nature and size of the project and the procurement to be done, PMU shall select one of the methods described below to procure goods, works and services. The choice of procurement method depends on:

- the nature of the goods and services to be procured;
- the value of procurement;
- urgency of demand;
- local availability and cost of goods and services;
- critical dates for delivery;
- agreement with the funding agency; and
- transparency of procedures proposed.

Procurement methods for procuring goods and works are:

- International Competitive Bidding (ICB)
- National Competitive Bidding (NCB)
- Shopping (S)
- Direct Contracting (DC)
- Force Account
- Community-based Contracting

Procurement Methods for Selection of Consultants

- Quality and Cost Based Selection (QCBS)
- Quality Based Selection (QBS)
- Least Cost Selection (LCS)
- Fixed Budget Selection (FBS)
- Consultant's Qualification based Selection (CQS)
- Direct Selection
- Hiring of Individual Consultants

2.4 Monetary Thresholds for Methods of Procurement

The above methods of procurement of goods, works and services shall be followed in accordance with the monetary limits as laid down in the table below. Lower thresholds may be made applicable by the PD for specific implementing agencies, depending on their assessed capacity. For any deviations, World Bank clearance shall be obtained.

Table 1: Procurement Thresholds

	Procurement Method	Threshold (USD)
1	ICB (Goods)	≥ 1,000,000
2	ICB (Works)	≥ 10,000,000
3	NCB (Goods)	< 1,000,000
4	NCB (Works)	< 10,000,000
5	National Shopping (Goods / Works)	≤ 50,000
6	Direct Contracting (Goods)	≤ 50,000
7	Direct Contracting (Works)	≤ 30,000
8	Force Account (Works)	≤ 50,000
9	Community-based Contracting	< 30,000
10	Consultancy services – QCBS - Internationally QCBS - Nationally	> 500,000 ≤ 500,000
11	Consultancy services - CQS, FBS, LCS, QBS (as applicable as per guidelines and as agreed in the procurement plan)	< 300,000
12	Consultancy services – Individual Consultants (IC)	< 50,000

3.0 Procurement under the Project

Procurements under this project involve supply of goods and equipment, provision of consultancy services for two major components, civil and electro-mechanical works for dams and canals rehabilitation works and direct goods contracts for HMIS etc.

3.1 Procurement of Goods

Goods and equipment are to be procured, to assist in the implementation of project activities. Additionally, goods for operational and administrative work such as office equipment and supplies, photocopiers, computers, printers, UPS, communication equipment and computer software, office furniture and vehicles would also be procured. The procurement would be done using Bank's SBDs for all ICB and National SBDs agreed with (or satisfactory to) the Bank for all NCB and Shopping. very small value procurements (up to USD 50,000 or equivalent) may be done following Direct Contracting. All procurement of goods and equipment would be carried out by the PMU.

3.2 Procurement of Works

Works procured under this project, would include the rehabilitation works of approximately 36 dam infrastructure systems and 19 canals infrastructure systems managed by the Irrigation

Department, Mahaweli Authority of Sri Lanka, Northern Provincial Council and Eastern Provincial Council. These works will be mostly procured following NCB and may involve Shopping in some cases. The procurement of civil works is unlikely to involve any ICB. Civil works of HMIS stations will be carried out under Shopping methods.

Rehabilitation works will include, but not restricted to rehabilitation of downstream and upstream dam faces, dam crests, repairs to spillways, renovation of monitoring facilities etc, together with associated services primarily consisting of access roads. The civil works for a given dam or canal site will be packaged together to the extent possible. The electro-mechanical works for dams shall also be included to the civil works package so that contractor could hire expert for the electro-mechanical works whenever necessary.

The NCB Standard Bidding documents of the Bank as agreed with GoSL will be used for procurement of all NCB civil works. A limited number of small works may be procured following Force Account and Community Based Procurement with clearance from World Bank. Procurement of such works shall be guided by the provisions applicable to them as laid down in the corresponding paragraphs of Procurement regulations as well as in the Procurement Administration Manual of the project. Very small value procurements may be carried out following Direct Contracting.

Procurement for works under the purview of ID and MASL will be handled by respective Implementing Agencies. All procurement of rehabilitation works of dams and canals of Northern Provincial Council and Eastern Provincial Council shall be the responsibility of PMU. Procurement Guideline of GoSL may be followed for repairs of vehicles of implementing agencies used for project activities.

3.3 Selection of Consultants

Major consultancy services to be procured would include: Consultancy service for preparation of Watershed management plan for selected area, strengthening the groundwater management system for the component 1, and study and recommendation for back erosion of Rantambe dam spillway tail canal, LB erosion of Victoria dam spillway tail canal, Back Analysis for Victoria dam and Kotmale Dam grouting gallery inspection for MASL dams, study and recommendation for Poonary tank and rehabilitation related and Study and recommendation for Senannayaka Samudraya sluice tower of ID under the component 2. In addition, individual consultants or firms would be hired to fill in staff gaps of the PMU and the IAs if required. Further, some small consultancies are there for Environmental and Social Screening Report preparation, risk assessment preparation, etc.

Selection of consulting services to be procured will be carried out by PMU.

Procurement of consultancy services shall follow the World Bank procurement regulation for selection of consultants and standard documents of the Bank shall be used. Short lists of consultants for services estimated to cost less than $300,000 or equivalent per contract may be composed entirely of national consultants. The Bank’s Standard RFP (April 2021) will be used as a base for all procurement of consultancy services under the Project. The following methods will be applicable for selection of consultants, consistent with the relevant sections of the Bank's procurement regulations:

1) Quality and Cost Based Selection (QCBS)
2) Quality-Based Selection (QBS)
3) Least Cost Selection (LCS)
4) Fixed Budget Selection (FBS)
5) Selection based on Consultant's Qualifications (CQS): for services estimated to cost less than USD300,000 equivalents per contract, in accordance with the provisions of paragraph 7.11 & 7.12 of the section VII of WB Procurement Regulations for IPF Borrowers published in July 2016 revised in November 2017 and August 2018.
6) Direct Selection
7) Hiring of Individual Consultants in accordance with the provisions of paragraph 7.34 & 7.35 of the section VII of WB Procurement Regulations for IPF Borrowers published in July 2016 revised in November 2017 and August 2018.

Incremental Operating Costs: Incremental operating costs will include any reasonable costs incurred in the management and supervision of respective project components including costs of office utilities and supplies, communication, printing services, bank charges, advertising expenses, vehicle rental, operation and maintenance of vehicles, office equipment and facilities, travel, lodging and per-diem expenses, but excluding salaries and allowances of the Recipient's civil servants or other regular government staff. The Incremental Operating Costs would be incurred solely to support the project implementation.

3.4 Eligibility Provisions

Eligibility provisions laid down in paras 3.21 to 3.23 of section III of WB Procurement Regulations for IPF Borrowers published in July 2016 revised in November 2017 and August 2018 shall be strictly adhered to, and if an exception is required to be made, it will only be done with prior approval of the Bank. Provisions relating to government owned enterprises and government officials are reproduced below for ready reference;

"Para 3.23 (b) of WB procurement regulation - State-owned enterprises or institutions of the Borrower's country may be eligible to compete and be awarded contracts in the Borrower's country only if they can establish, in a manner acceptable to the Bank, that they: (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not under supervision by the agency contracting them."

"Para 3.23 (d) –Section III of WB procurement regulations - Government officials and civil servants may only be hired under consulting contracts, either as individuals or as members of a team of experts proposed by a consulting firm, if they (i) are unique and exceptional nature or their participation is critical to project; (ii) their hiring would not create a conflict of Interest and (iii) their hiring would not create a conflict with laws, regulations, or policies of the country."

3.5 Size and Scope of Contracts

The size and scope of individual contracts will depend on the magnitude, nature, and location of the project. For projects requiring a variety of goods and works, separate contracts generally are awarded for the supply and/or installation of different items of equipment and plant and for the works.

For a project requiring similar but separate items of equipment or works, bids may be invited under alternative contract options that would attract the interest of both small and large firms, which could be allowed, at their option, to bid for individual contracts (slices) or for a group of similar contracts (package). All bids and combinations of bids shall be received by the same deadline and opened and evaluated simultaneously so as to determine the bid or combination of bids offering the lowest evaluated cost. Conversely, total requirement shall not be broken into smaller lots/ packages to suit a particular method of procurement or to remain within the powers of purchase at a particular level.

3.6 Main Items to be procured

Table 2 shows the main items to be procured under the project.

Table 2: Main Items to be Procured and Responsibility

Project Component	Item	Procurement Responsibility
Component 1	Consultancy packages related to subcompoents1.1 and 1.3.	PMU handle the Procurement process with the WRB, WMS and other relevant staff
	Goods under subcomponets 1.2 & 1.3	PMU
	Implementation of the identified mitigation measures (after finalizing the procurement activities of subcomponet 1.2)	PMU and Relevent IAs
Component 2	Civil Works	by ID, MASL and by PMU for NPC, EPC
	Goods	PMU
	Consultancy	PMU

Procurement unit of PMU will coordinate all procurement activities of the project.

3.7 Procurement Arrangements

The procurement arrangements of the implementing agencies are given in following table.

Table 3: Procurement Arrangements of Implementing Agencies for Component 1, 2 & 4 activities

Activity	Irrigation Department	Mahaweli Authority	Northern Provincial Council	Eastern Provincial Council	Water Resource Board
Investigation, design and estimation	Director of Irrigation (District)	Deputy Director General (Technical Services) Director) Major Dams) DRPM(TS)	Director of Irrigation (NPC)	Director of Irrigation (EPC) with coordination of ID	AGM (R&D)
Preparation of Bidding Document	Director of Irrigation (Asset Management)	Director) Contracts) Director)Major Dams)	Deputy Directors (/NPC)	Deputy Directors (EPC) with coordination of ID	DGM (R&D /) AGM (R&D)
Inviting bids	Director General of Irrigation	Director General of MASL	PMU	PMU	PMU
Appointing Technical Evaluation Committee	Appropriate Procurement Committee with recommendations of DG – Irrigation by ID	Appropriate Procurement Committee with recommendations of DG – MASL By MASL	Appropriate Procurement Committee with recommendations of Director, ID/NPC by PMU	Appropriate Procurement Committee with recommendations of Director, ID/EPC by PMU	Appropriate Procurement Committee with recommendations of GM, WRB by PMU
Selection of Contractor	Procurement Committee	Procurement Committee	Procurement Committee	Procurement Committee	Procurement Committee
Supervision	Divisional Irrigation Engineer SPS(P&C)	Engineer in Charge of Dam/ DRPM) TS) SPS (P&C)	Deputy Director (ID-NPC) SPS(P&C)	Deputy Director (ID-NPC) SPS(P&C)	AGM (R&D) SPS(P&C)

Activity	Irrigation Department	Mahaweli Authority	Northern Provincial Council	Eastern Provincial Council	Water Resource Board
Payment Certification /Recommendation	Divisional Irrigation Engineer and Director of Irrigation	EIC /DRPM(TS) /Director (DMDRO)	Director ID-NPC	Director ID-EPC	GM/ DGM R&D
Payment Approval	Director General of Irrigation	Director General of MASL	PD	PD	PD
Making Payments	PMU	PMU	PMU	PMU	PMU

Table 3-1: Procurement Arrangements of Implementing Agencies for Repurposing activities

Activity	Irrigation Department	Mahaweli Authority	Northern Provincial Council	Eastern Provincial Council
Investigation, design and estimation	Director of Irrigation (District)	Deputy Director General (Technical Services) Director (DMDRO) DRPM(TS)	Director of Irrigation (NPC)	Director of Irrigation (EPC)
Preparation of Bidding Document	Director of Irrigation (Asset Management)	Director (Contracts) Director - DMDRO	Deputy Directors (/NPC)	Deputy Directors (EPC)
Inviting bids/selecting CBOs	Director General of Irrigation	Director General	Director of Irrigation (NPC)	Director of Irrigation (EPC)
Appointing Technical Evaluation Committee	Appropriate Procurement Committee with recommendations of DG – Irrigation by ID	Appropriate Procurement Committee with recommendations of DG –MASL By MASL	Appropriate Procurement Committee with recommendations of Director, ID/NPC by NPC	Appropriate Procurement Committee with recommendations of Director, ID/EPC by EPC

Activity	Irrigation Department	Mahaweli Authority	Northern Provincial Council	Eastern Provincial Council
Selection of Contractor	Procurement Committee	Procurement Committee	Procurement Committee	Procurement Committee
Contract signing	DGI, ID	DG, MASL	DI, ID-NPC	DI, ID-EPC
Supervision	Divisional Irrigation Engineer SPS(P&C)	Engineer in Charge of Dam/ DRPM (TS) SPS (P&C)	Deputy Director (ID-NPC) SPS(P&C)	Deputy Director (ID-NPC) SPS(P&C)
Payment Certification /Recommendation	Divisional Irrigation Engineer and Director of Irrigation	EIC /DRPM(TS) /Director (DMDRO)	Deputy Diectors ID-NPC	Deputy Directors ID-EPC
Payment Approval	Director General of Irrigation	Deputy Director General(TS)	Director of Irrigation (NPC)	Director of Irrigation (EPC)
Making Payments	DGI	DG - MASL	PD - NPC	PD - EPC

3.8 Procurement Plan

Procurement Plan (PP) for project implementation has been developed. It provides the basis for all procurements under the project. The PP is to be updated in consultation with the Project Team six month or as required to reflect the actual project implementation needs. Initial procurement plan for 18 months is placed in Annex I with the implementation programmes agreed with all the implementing agencies. Initial procurement plan as also all modifications of the procurement plan shall require clearance of the World Bank.

Table 4 & 4-1 shows the responsibilities at each step of procurement under the project.

Table 4: Responsibilities during Procurement Activities under component 1, 2 & 4

Activity	Responsibility
Investigation, design and estimation for all works	ID : Deputy Director (Dam Safety) & Director of Irrigation (district) with the assistance of Consultants if any MASL : DDG (Technical Services), Director (DMDRO) & DRPM(TS) with the assistance of Consultants if any

	NPC : Director (ID/NPC) with the assistance of Consultants if any EPC : Director (ID/EPC) with the coordination of ID WRB : DGM (R& D) with the assistance of Consultants if any
Preparation of Bidding Documents for all works	Director of Irrigation (Asset Management) for ID Director (Contracts) & Director (Major Dams) for MASL Deputy Director (ID/NPC) for NPC Deputy Director) ID/EPC)for EPC with the coordination of ID and DGM(R&D)/(AGM (R&D)for WRB
Preparation of specifications for supply & Installation contract, goods and equipment, preparation of TOR for consultants	Relevant Implementing Agencies
Preparation of Bidding Documents for supply & Installation contract, goods and equipment and selection of consultants	PMU
Inviting bids / proposals	Works of ID & MASL: by Implementing Agencies Works of NPC, EPC, WRB and all others: by PMU
Appointing Technical Evaluation Committees	Appropriate Procurement Committee with recommendations of Implementing Agencies.
Selection of Contractor/ Consultant	Appropriate Procurement Committee
Awarding Contract	Works Works related to ID under Coimponent 2: Secretary /Director General of Irrigation Works related to MASL under Coimponent 2: Secretary /Director General of Mahaweli Authority of Sri Lanka Others : PD
Publication of the award	PMU
Supervision	Works : Implementing Agency Consulting Services: Team (Technial Review Committee) appointed by Project Director Supply of Goods and Equipments : Relevant Implementing Agency

Payment Certification / Recommendations	Works: ID - DGI, ID MASL – DDG (TS), MASL NPC - Deputy Director of Irrigation (ID/NPC) EPC - Deputy Director of Irrigation (ID/EPC) WRB - GM/AGM(R&D) Others - PD Consulting Services: Project Coordinator / Technical Review Panel (TRC) comprising specialists of Implementing Agencies
Making Payments	PMU

Table 4-1: Responsibilities during Procurement Activities under repurposing task

Activity	Responsibility
Investigation, design and estimation for all works	ID : Director (Dam Safety) & Director of Irrigation (District) MASL : DDG (Technical Services), Director (DMDRO) & DRPM(TS) NPC : Deputy Director of Irrigation (ID/NPC) with the assistance of PMU EPC : Deputy Director of Irrigation (ID/EPC) with the the assistance of PMU
Preparation of Bidding Documents for all works	Director of Irrigation (Asset Management) for ID Director (Contracts) & Director (Major Dams) for MASL Deputy Director of Irrigation (ID/NPC) for NPC Deputy Director of Irrigation (ID/EPC)for EPC
Inviting bids / proposals	All works by relevant Implementing Agencies
Appointing Technical Evaluation Committees	relevant Implementing Agencies
Selection of Contractor/ Consultant	Appropriate Procurement Committee
Awarding Contract	ID – Director General of Irrigation MASL – Director General NPC – Director of Irigation, NPC EPC – Director of Irigation, EPC
Publication of the award	PMU
Supervision	Relevant Implementing Agencies

Payment Certification / Recommendations	ID - Director of Irrigation (District) MASL - EICs/DRPM (TS)s NPC - Deputy Director of Irrigation (ID/NPC) EPC - Deputy Director of Irrigation (ID/EPC)
Making Payments	Payment will be on the installment basis. First Installment will be released as Advance payment to the respective IAs'account as follows and rest of the payment till final payment will be released on the settlement basis of preceding payment wilth relavant payment certificate. Ultimtely the payment mechanism on measure and pay. ID - DGI, ID MASL - DG, MASL NPC - Director of Irrigation (ID/NPC) EPC - Director of Irrigation (ID/EPC) Maximum five installment fixed as milestone for the payment.

3.9 Procurement Steps and Duration: Works and Goods

The procurement steps and expected time required for completion of each step for goods and works have been summarized in the table below for benefit of all implementing agencies who are also expected to adhere to these time lines.

Table 5: Procurement Steps and Duration

No	Steps	Duration in Weeks	
		ICB	NCB
1	Publish General Procurement Notice)GPN (in UNDB/dgMarket	at start of the project	-
2	Preparation of Bidding Documents	2	2
3	World Bank 'No Objection / "Clearance of PMU for the Bidding Documents – for Prior Revew Contracts	2	2
4	Publish Specific Procurement Notice)SPN (in UNDB/dgMarket and advertising in national newspapers and project website	1 -2	1 -2
5	Sale of Bidding Documents to interested Bidders	(6)minimum	(4)minimum
6	Pre-bid conference	4th week	3rd week
7	Clarification of Bidding Document.	Up to end of 5th week	Up to end of 3rd week

No	Steps	Duration (Weeks)	
		ICB	NCB
8	Receiving /Opening of the bids	Closing /Opening time & date	Closing / Opening time & date
9	Forwarding Bid opening minutes to World Bank	1	1
10	Evaluation of bids by TEC	4	4
11	Procurement Committee Approval	2	2
12	World Bank's 'No Objection 'for contract award - – for Prior Revew Contracts	2	2
13	Award of Contract	2	2
14	Obtain performance security	1	1
15	Inform unsuccessful bidders and release the bid security	1	1
16	Preparation of Draft Contract between Project /IAs and Contractor	2	2
17	Obtain World Bank concurrence for draft contract document	2	2
18	Sign Contract	4	4
19	Submit conformed copy of the Final Contract to World Bank & publish the award	2	2

TEC= Technical Evaluation Committee PD = Project Director SPS (P & C) = Senior Project Specialist (Procurement & Contract)

4.0 Procurement Methods for Goods and Works

4.1 International Competitive Bidding (ICB)

ICB is generally used where the supplies need to be imported and/ or foreign firms are expected to participate irrespective of the value of contract. In this project, ICB is adopted for works estimated to cost more than USD 10,000,000 or equivalent and for goods estimated to cost more than USD 1,000,000 or equivalent.

The objective of International Competitive Bidding (ICB) is to provide all eligible prospective bidders with timely and adequate notification of a Borrower's requirements and an equal opportunity to bid for the required goods and works.

Key requirements of the Open Competitive Bidding Internationally Method are:

- Invitation for Bids (IFB) shall be forwarded to those who have expressed interest in response to general procurement notice, apart from wide publicity nationally. IFB may also be forwarded to foreign missions and trade representatives of countries of likely suppliers/ contractors of the goods and works.
- IFB shall be published in UNDB/ dgMarket and on project website.
- Standard Bidding Documents of the World Bank are used.
- Sale of Bidding Documents shall start only after publication of IFB in newspapers and UNDB/ dgMarket.
- Bidding period shall be minimum 6 weeks from the start date of sale of Bidding Documents.
- Bids shall be opened publicly at one location.
- Preference may be allowed to domestic contractors as agreed with the Bank and as provided in the Bidding Documents.
- Review of the bids received by TEC and Procurement Committee.
- Obtaining the Bank's 'no objection' at various stages in the procurement cycle as per Bank's procurement regulation.
- Payment of the contract price in the currency in which the bid price is expressed in the bid of the successful bidder.
- Language used shall be English.

Other procedures in respect to opening of bids, bid evaluation, notification & publishing of award of contract, complaint redressal, etc. will broadly be as discussed subsequently in this chapter.

4.2 National Competitive Bidding (NCB)

National Competitive Bidding (NCB) is a competitive bidding procedure normally used for public procurement in the country, and may be the most efficient and economical way of procuring goods or works which, by their nature or scope, are unlikely to attract foreign competition.

NCB may be the preferred method of procurement where foreign bidders are not expected to be interested because: (i) the contract values are small, (ii) works are scattered geographically or spread over time, (iii) works are labour intensive, or (iv) goods or works are available locally at prices below the international market. NCB procedures may also be used where the advantages of NCB are clearly outweighed by the administrative or financial burden involved.

In this project, NCB method shall be used for works estimated to cost upto USD 10,000,000 or equivalent and for goods estimated to cost upto USD1,000,000 or equivalent.

Key requirements of the Open Competitive Bidding Nationally Method are:

- Publication of IFB in a national newspapers having wide circulation in the country and on the Project website.
- Sale/ issue of Bidding Documents to start only after publication of IFB in newspapers.
- Bid amount and payments in local currency i.e. in Sri Lanka Rupees.
- If foreign firms wish to participate, they shall be allowed to do so under the above mentioned conditions.
- Other requirements same as for ICB.

Key issues that shall be considered for procurement through NCB are as follows:

- Only Sri Lanka specific model Bidding Documents as agreed with IDA (and as amended from time to time and agreed with) will be used for NCB & shopping.
- Invitations to bids will be advertised in at least one widely circulated national daily newspaper. Bidding Documents will be made available at least twenty-one (21) days prior to deadline for the submission of the bids.
- Bidding Documents will be issued by mail or in person to all who are willing to pay the required fee.
- Qualification criteria will be stated in the Bidding Document (in both pre and post qualification cases), and if a registration process is required, a foreign firm declared as the lowest evaluated responsive bidder shall be given a reasonable time for registering, without let or hindrance.
- There will not be any restriction on the means of delivery of the bids, which shall be either through post or hand delivered. Electronic submissions will not be permitted.
- Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders (including state-owned enterprises or small-scale enterprises) in the bidding process. No special preferences will be accorded to any enterprises or bodies.
- Bids will be opened in public in one location, immediately after the deadline for the submission of bids, as stipulated in the bidding documents [the bidding documents will indicate the date, time and place of bid opening].
- Evaluation of bids will be made in strict adherence to the criteria disclosed in the bidding document, in a format and within the specified period agreed with the World Bank and within the bid validity period specified in the bidding documents.
- Contracts will be awarded to the lowest evaluated responsive bidder.
- Bids will not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of IDA.

- Except with the prior concurrence of IDA, there will be no negotiation of price with the bidders, not even with the lowest evaluated bidder.
- Re-invitation of bids will not be carried out without the prior concurrence of IDA.
- Except in cases of force majeure and/ or exceptional situations beyond the control of the implementing agency, extension of bid validity shall not be allowed without the prior concurrence of IDA:
  (i) for the first request for extension, if it is longer than eight weeks; and
  (ii) for all subsequent requests for extension irrespective of the period.
- All bidders /contractors shall provide bid / performance security as required in the bidding / contract documents.
- A bidder's bid security will apply only to the specific bid, and a contractor's performance security will apply only to the specific contract under which it was furnished.
- Bids will not be invited on the basis of percentage premium or discount over the estimated cost, unless agreed with IDA.
- Two or three envelope systems in which bidders simultaneously submit technical and price bids that are opened at different times will not be used.

4.3 Shopping (S)

Shopping is a procurement method based on comparing price quotations obtained from several suppliers, usually at least three, to ensure competitive prices, and is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities or works that are small in value. Under international shopping, quotations should be solicited from atleast three suppliers in two different countries.

Approval of competent authority should be obtained for the items of goods to be purchased along with their specifications (or works to be constructed/ renovated/ repaired along with their specifications), the estimated costs and the agencies from whom quotations should be invited.

Requests for quotations shall indicate the description, specifications, warranties required, quantity of goods, as well as desired delivery time and place or description of works as well as desired completion period. If the quotations are called for more than one item/ work, it should also be indicated whether the evaluation would be for each item or for each work or as a package of all items/ works together. Standard Bidding Documents of ICTAD shall be used.

Quotations may be submitted by hand, telex or facsimile. Evaluation of quotations shall follow sound public procurement practices. The terms of the accepted offer shall be incorporated in a purchase order.

Shopping procedure may be adopted where the estimated value of procurement is less than **USD 50,000** or equivalent. The procurements may be confined to limits and authority specified under Procurement Guidelines of GoSL.

Quotations may be invited from suppliers, registered with the implementing agencies, reputed vendors appearing in ’Yellow Pages’ and ’Rainbow Pages’ and others considered suitable for the purpose.

4.4 Direct Contracting (DC)

Direct contracting is procurement of goods or services or works from a single source without competition and should be used only under exceptional circumstances. The value of each procurement under DC shall normally not exceed **USD 30,000** or equivalent.

This method is appropriate:

(i) When the prices or rates are fixed pursuant to legislation by regulatory bodies;
(ii) An existing contract for goods or works, awarded in accordance with procurement guidelines may be extended for additional goods or works of a similar nature provided no advantage could be obtained by further competition, and that the prices on the extended contract are reasonable. Provisions for such an extension, if considered likely in advance, should be included in the original contract;
(iii) Standardization of equipment or spare parts to be compatible with existing equipment, may justify additional purchases (repeat order) from the original supplier. For such purchases to be justified, the number of such items in the new procurement shall generally not be more than 50% of the original purchase, the price shall be same or less (where no benefit can be gained from competition), and the advantages of another make or source of equipment shall have been considered;
(iv) The required equipment is proprietary and obtainable only from one source (such as proprietary software, manuals, spare parts) and no alternative equipment or products with equivalent performance characteristics are available;
(v) The process design requires the purchase of critical components or materials from a particular supplier as a condition of a performance guarantee.
(vi) For small value purchases
(vii) In case of extreme emergency or natural disaster
(viii) Need for early delivery to avoid costly delays

When DC is used for any of the above reasons, the value of the procurement shall be subject to the upper limits given in Procurement Guidelines of GoSL. When repeat orders are used, it should be under the authority level of the Procurement Committee that was involved in the original procurement or the level of the Procurement Committee that is required as per the total value including the repeat order whichever is higher.

The contractors or suppliers hired by direct contracting must be qualified to perform the works or supply of goods on time, as per required specifications and fulfilling the special requirements of the sole source contract. They should also be required to meet any laid down performance security and warranty conditions.

Prior approval of the World Bank would be obtained for all procurements exceeding **USD 30,000** under DC.

4.5 Force Account

Force account which refers to work such as construction by the use of purchaser's own personnel and equipment, may be adopted in special circumstances as per Para 6.54 & 6.55 of section VII of World Bank procurement regulation for IPF borrowers and with prior approval of the Bank.

Force account is allowed under exceptional circumstances. The use of this method may be justified;

- When quantities are difficult to define in advance.
- Contractors are unlikely to bid at reasonable prices.
- Works should be carried out without interrupting on going works and,
- Emergency situations that need urgent attention.

The contract value under force account should not exceed USD 50,000 and materials should be purchased following procedure for procurement of goods.

Further, the aggregate amount of activities procured through force account method shall not be exceeded 15% of the total project cost.

4.6 Community-based Contracting

To achieve certain social objectives such as creating employment opportunities in the area or some other reason, it is desirable to call for the participation in the construction activities of beneficiaries' organizations (Community Based Organizations) that have legal power to handle contracts.

The following CBOs allowed to participate to the contracting.

1. Samurdhi Community Based Organizations / Samurdhi Regional Organizations
2. Multi Purpose Co-operative Societies
3. Co-operative Labour Societies (Labour Service only)
4. Rural Development Societies
5. School Development Societies (The area of authority is the relevant school premises only)
6. Registered Farmers' Organizations
7. Community Development socities (socities registered under the local government commissioners which contribute to the development activities in the local overnment sector)
8. Gemidiriya People's companies
9. Condominium Management corporations which are registered under the condominium Management Authoities
10. Temple Development Performance Socities (operated in their own temples and religious school premises)
11. Temple Donors' Committees (operative in their own temples and religious school premises)
12. Rural Elder's Committees / socities registered under the National Secretariat for Elders which is functioning under the ministry of social services.

13. Community organizations are identified by the ministries, Head of Department, and socities registered under the said Divisional Secretariat to the Satisfaction of the Divisional Secretary.

Procurement at the community level shall be guided by Community-driven Development (Para 6.52 of section VII of World Bank procurement regulation for IPF borrowers). The works to be carried out by community participation shall be as in the project implementation document and cleared in the procurement plan with the Bank.

The contract value under Community based procurement shall not be exceeding USD 30,000 and either 10% labour contribution or 10 % Monetary contribution shall be included to the contract agreement as Community contribution.

Procurement procedure for CBOs shall be as metioned below

I. CBOs shall be nominated by the relevant Divisional secretary of the region or Head of the Department (Purview of the Authority).
II. Selection shall be based on the evaluation of eligiblity criterias as follows (stated in the Circular No. PFD/PMD/Cir 2021/01 dated 29.09.2021).
    a. The following qualifications to be verified by a committee appointed by the Head of the Department / Divisional secretary of the area.
        i. Documents proving the availability of the bank accounts and credit facilities
        ii. Similar work experience or satisfactory evidence of the work done as well as their standards
        iii. Statement issued by the relevant societies regarding the Works in hand and uncompleted works
        iv. Statement issued by the relevant societies that the work will not be subcontracted.
    b. Maximum aggregate value of the balance portion of the contracts already awarded and the value of the proposed contract is Rs. 5.00 Million
    c. The maximum number of contracts executed by the society at a given time is three (3). In special condition by confirming the following factors this number can be increased with the relevant authority approvals.
        - ✓ Financial Capacity
        - ✓ Labour Capacity
        - ✓ Entrepreneurial Capacity
III. Responsibility of technical supervision during the entire construction implementation period is relevant authorities' head of the department. At the same time relevant head of the departments has to ensure that the contract works of these CBOs are carried out according to the propoer standards.

4.7 Awarding Contracts to State Owned Enterprises

There are several state owned enterprises undertaking contracts of works in the country. Awarding contracts to state owned enterprises without participating bidding process is not allowed. They can participate in the bidding process only if they are established that they

(i) are legally and financially autonomous,
(ii) operate under commercial law, and
(iii) are not dependent agencies of the Borrower or Sub-Borrower."

Otherwise they are not allowed even to participate in bidding process.

However, any organization belongs to Ministries of which agencies are involved in implementation of the project is not permitted to participate in any bidding process as it will lead to conflict of interest.

4.8 Procurement Procedures

4.8.1 Prequalification

Bidders shall be pre-qualified (where required) in accordance with the provisions of paragraphs 6.23 and 6.24 – Section VI of the WB Procurement regulations.

4.8.2 Preparation of Bidding Document

The Bidding Documents should furnish all necessary information required by a prospective bidder to prepare a bid for the goods and/ or works to be provided. Bidding Documents should be made available to all those who request for them regardless of registration status and they should be allowed to bid. However, the request should be made in writing along with the requisite fee for the Bidding Documents, if any.

The Bidding Documents should invariably contain the following clauses/ sections (except in cases of Shopping and DC) to make them self-explanatory:

- Invitation for bids (IFB)
- Instructions to bidders (ITB)
- General terms & conditions
- Contract data including bill / schedule of quantities (BOQ)
- Award criteria
- Notification of award
- Execution of contract
- Quality control
- Payment terms
- Taxes and duties
- Completion certificate
- Warranty / defect liability period
- Drawings
- Dispute resolution
- Arbitration
- Force majeure

4.8.3 Invitation for Bids (IFB)

At the start of the project, a General Procurement Notice (GPN) will be issued in national newspapers and in UNDB/ dgMarket indicating the information about the GoSL, amount and purpose of the loan, scope of procurement and the name, telephone, fax number and address of the implementing agency, website where procurement notices shall be posted and that the prospective bidders should be on look out for specific invitation for bids.

An IFB for a specific purchase should provide a brief description of goods/ works/ services, important contract conditions, sources of financing of the project, eligibility requirements, time and place, complete office address along with telephone/ fax number (including country and area codes) and email address, if any, for submission of applications/ bids and where from Bidding Documents can be obtained. Format of IFB to be adopted is given in the ICB/ NCB Bidding Documents.

4.8.4 Instructions to Bidders (ITB)

Biding Documents shall furnish clearly and precisely, the details of the work to be carried out, the location of the work, the goods to be supplied, the place of delivery or installation, the schedule of delivery or completion, specifications, minimum performance requirements, the warranty and maintenance requirements, if any, and the method of evaluation. The basis for bid evaluation and the fact that the selection would be done for the lowest technically suitable and evaluated bid, shall be clearly outlined in the instructions to biders and/ or specifications.

Broadly, the ITB should include information under following heads:

- Scope of work – to be performed by the supplier/ service provider
- Sources of funds
- Eligibility criteria for bidding by the supplier/ service provider
- Pre-bid conference (if proposed) - to provide clarifications on the issues on the Bidding Documents raised by the bidders
- Qualification of bidders – eligibility criteria to participate in the bidding
- Earnest Money/ Bid Security – required to be deposited with the bid
- Bid price – providing the bid price format, as desired
- Submission of bids – date, time, place, etc. for submission of bids
- Validity of bids – upto the period during which the bids submitted by the bidders would be valid
- Opening of bids- date, time, place, etc. for opening of bids
- Evaluation of bids – criteria for evaluation of bids
- Post qualification – to be set out in Bidding Documents
- Award of contract – containing prices, terms of delivery, scope of works, terms and conditions, etc.
- Performance security – an amount sufficient to protect the purchaser in case of breach of contract by the Contractor. This should be provided in the Bidding Documents
- Fraud and Corruption – to handle cases of fraud and corruption by either party to the contract

4.8.5 Clarifications on Bidding Documents

Any clarifications asked by the bidders should be replied promptly, in any case well in advance of bid opening date, giving sufficient time to bidders to submit their bids.

Bidding Documents should state clearly whether the bid prices will be fixed, or price adjustment will be allowed to reflect any changes in major cost components of the goods/ works.

4.8.6 Standards and Technical Specifications

The Bidding Documents shall include generally accepted standards or technical specifications. Unbiased technical specifications shall be prepared with no mention of brand names and catalogue numbers by a committee of experts associating the trade representative, if required. The functional performance, design, quality, packaging and additional requirements should be clearly spelt out in the specifications. The specifications should be generic and should not appear to favor a particular brand or supplier.

Preparation of technical specifications, bill of quantities and engineering drawings must be completed before bidding. Specifications for the items to be procured should be drawn up with clarity in every case. No deviations from the specifications should be allowed after opening of the bids.

The major objectives of the specifications are:

- To let the procurement wing/specialists understand exactly the features required in the item,
- To let the supplier, know exactly, what the buyer wants,
- To permit quick and accurate verification of items upon receipt.

4.8.7 Validity of Bids

Bidders shall be required to submit bids with a validity period specified in the Bidding Documents. Normally, the bid validity period shall be 90 days after the date of bid opening.

4.8.8 Bid Security

Bid security to be deposited by the bidders shall be for a specified amount for each package/ schedule/ item as indicated in the Bidding Documents. It shall normally be 1 to 2% of the estimated cost of goods/works rounded off to the nearest figure in hundreds/ thousands of rupees. The bid security shall be in the form of a bank guarantee (in the prescribed format) and should be valid for 28 days beyond the validity period of the bid.

In a package, the bid security should be indicated taking into account all items forming the package. This cannot be changed later on. Once it is decided that the contract shall be for a package, the bid security for that package shall be indicated and the same cannot be changed according to each item.

The bis security of unsuccessful bidders shall be released soon after the final acceptance of the bids. The bid security shall be forfeited in the event of withdrawal of the bid within the original validity period, in the event of non-acceptance of arithmetical corrections as per provisions of the Bidding Documents, in case a successful bidder fails to execute the necessary agreement within the period specified, or in case a bidder has submitted false, incorrect or misleading information. This will be in addition to the other remedies available to the purchaser through provision of the appropriate clauses in the bid document to deal with such cases.

A bidder's bid security shall apply only to the specific bid.

4.8.9 Pre-bid Conference

A pre-bid conference (date / time / venue to be indicated in the IFB published in newspapers and Bidding Document) may be arranged, if considered necessary, wherein potential bidders may meet the representatives of the implementing authority to seek clarifications on the Bidding Documents. Copy of minutes of the pre-bid conference should be furnished to the bidders who had already purchased the Bidding Documents and should also be attached with the Bidding Documents sold to the parties purchasing the documents subsequent to the pre-bid conference. Pre-bid conference should be arranged only in cases where it is considered necessary. It should not be called by the implementing agency as a matter of routine. Non-attendance of pre-bid conference will not lead to which action of effect.

A copy of minutes of the Pre-bid meeting should be forwarded to PMU for clearance before issuing to the Bidders.

4.8.10 Post Qualification of Bidders

If bidders have not been pre-qualified, the purchaser shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the capability and resources to effectively carry out the contract as offered in the bid. The criteria to be met in this regard shall be set out in the Bidding Documents, and if the bidder does not meet them, the bid shall be rejected. In such an event, the purchaser shall make a similar determination for the next-lowest evaluated bidder and so on.

4.8.11 Terms and Mode of Payment

Bidding Documents should specify the mode of payment, terms of payment applicable and the type and number of documents required to be submitted by the supplier or contractor for claiming the payments. For consultancy RFP shall disclose the terms and mode of payment.

4.8.12 Conditions of Contract

The Bidding Document shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of the implementing agency and of the supplier or contractor, and the functions and authority of the engineer, architect, or construction manager (if one is employed by the implementing agency) in the supervision and administration of the contract. Special conditions relating to specific item to be procured including the technical, production and financial requirement should also be clearly specified in the Bidding Documents.

4.8.13 Quality Assurance

The inspection authority and procedure for sampling and testing should be clearly specified in the Bidding Document. The purchaser will also decide whether 100% pre-dispatch inspection may be required at the manufacturer's premises, depending on the items to be purchased and as decided by the procuring committee. When a consignment is ready for dispatch, the supplier will inform the purchaser that the consignment is ready for the testing. Purchaser will then instruct the inspection agency to carry out the inspection. In other cases, goods will be inspected on arrival at purchaser's premises for any possible damage / defect either in manufacture or in transit.

4.8.14 Bill of Quantities (BOQ) or Schedule of Requirement

The Bidding Document should provide Bill of Quantities (BOQ) or Schedule of Requirement containing the description of items/ works to be provided along with quantities and the phases (if necessary) in which the goods/ works are required to be delivered or constructed.

4.8.15 Contract Packaging

The size and scope of individual contract will depend on the magnitude, nature and location. For goods and works, separate contracts are generally awarded for the supply or installation of different items of equipment and plant and for the works. Works of same nature and same location should be in one package disregard to the value of work. It is a joint responsibility of Implementing Agency and PMU to choose the correct method of procurement as given in the guidelines for selection of contractor to award the contract.

Slicing of packages to reduce the value of work (Thershold Limit related to the selection process) in any case is not allowed.

4.8.16 Advertising

Specific Procurement Notices (SPNs) for all ICB contracts and consultancy assignments exceeding **USD 300,000** or equivalent will be published in the UNDB online and dgMarket.

All IFBs for ICB and NCB procurement shall be advertised atleast in one national newspaper with wide circulation. Where appropriate, such advertisement will also be published in national language newspapers in addition to English. The advertisement should also be placed on the project website.
A minimum period of six weeks will be given for bidders to prepare and submit bids under international competition. The minimum period of four weeks will be given for national competitive bidding. It may also be forwarded to embassies and trade representatives of countries of likely suppliers. The bidders shall be allowed the option to submit the bids for any one or more items/ schedules specified in the 'Schedule of Requirements' and to offer discounts for combined schedules/ items of similar nature.

When following Shopping procedure for goods, the invitation will be open to those who have responded to an annual advertisement for registration of suppliers under MoI or project, suppliers advertised in "Yellow Pages" and "Rainbow Pages" and others considered suitable. When following National Shopping Procedure for works the invitation shall be limited to a minimum of five contractors who have registered with ICTAD under the National Registration System. Bids shall be opened publicly.

If it is a condition in the invitation for bids that bid security is to be deposited by the supplier/ contractor, the bid of a supplier/ contractor not complying with this requirement shall be out rightly rejected. Any mistakes, miscalculations, etc. (in case of bank guarantees) or submission of copies of instrument of bid security instead of the original will result in rejection of the bids.

The last date for receipt of bid shall be the day following the date for closure of the sale of Bidding Documents. The last date and time of sale and receipt of Bidding Documents should be clearly indicated in the notification/ advertisement.

Bidding Documents may be sold from different places, but they must be received at one place only, to avoid problems arising out of late / delayed bid submission. Bids should normally be opened immediately after the deadline for their submission.

The advertisement shall clearly state the name, address, telephone/ fax number (including country & area code) and e-mail address of the contact person for seeking clarifications if any, and the date, time and place of submission of bids. The advertisement shall also indicate clearly the sources of funds.

The key bidding dates should not be falling on government/ public holidays. If the date of opening of bids is declared a government / public holiday, the next working day shall be the date of bid opening at the appointed time and avenue.

Bids will not be invited on the basis of percentage premium or discount over the estimated cost, unless agreed to by the World Bank.

4.8.17 Issue of Bid / RFP Documents

There will not be any restrictions on the means of delivery of the bids, which shall be either through post or hand delivered. Electronic submissions will not be permitted. Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders (including state-owned enterprises or small-scale enterprises) in the bidding process. No special preferences will be accorded to any enterprises or bodies.

Bidding Documents shall be made available by mail or in person, to all who are willing to pay the required fees, if prescribed, until the deadline for bid submission.

4.8.18 Receiving and Opening of Bids/Proposals

The bids will be received by the officer designated in the Invitation for Bids, up to the deadline for bid submission and the bids will be opened by the committee consisting of at least three Staff Officers appointed by appropriate Procurement Committee. In case of bids handled by the Cabinet Appointed Procurement Committees, the Bid Opening Committee is appointed by the Secretary, MoI.

The bids will be received at the location, and at the dates and times specified in the bidding documents. Bids will be opened in public at one location, immediately after the deadline for the submission of bids, as stipulated in the Bidding Documents.The Bidding Documents will indicate the date, time and place of bid opening.

Any bid received after the deadline specified for receipt will be returned unopened. A log sheet will be kept, listing the names of the bidders and the date and time of submission. Confirmation of receipt shall be provided at the time of submission. The Bid Opening Committee will open the bids immediately after the deadline for submission in the presence of representatives of bidders who choose to attend. The names, signatures of the representatives present will be recorded. The Committee will not reject any bid at the time of opening. It shall open each bid received before the deadline for submission and shall announce the following:

- Name of the bidder and the total amount of each bid along with important conditions like taxes, delivery terms, delivery period, special conditions, if any and bid security submitted. Details of alternative bid if any have been requested or permitted; and

- If the discounts are declared in the bid form, the amount of discount.

The committee will prepare the list of attendees and minutes of the meeting together with a summary sheet of the bid amounts. A copy of this report shall be promptly sent to the WB. Late bids shall be returned to the bidders unopened.

4.8.19 Confidentiality

After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the successful bidder is notified of the award of the contract.

4.8.20 Examination of Bids

The purchaser shall ascertain whether the bids;

- Meet the eligibility requirements specified;
- Have been properly signed by authorized signatory;
- Have the bid validity as specified in the Bidding Documents;
- Are accompanied by the required Bid Security valid for the period specified in the Bidding Documents;
- Have quoted for the entire schedule / package and are in the required currency as indicated in the Bidding Document;
- Are generally substantially responsive commercially and technically;
- Have the necessary technical, production and financial capability to successfully execute the contract. For ensuring financial capacity a minimum turnover requirement may be indicated in Bidding Documents; and
- Are otherwise generally in order.

If the bidder meets the above stipulations indicated in the Bidding Documents, it is determined as substantially responsive and is considered further for evaluation.

If a bid is not substantially responsive i.e. it contains material deviations (e.g. if the bid does not provide the required evidence / specific information as specified, is not in the required format, or has reservations to the terms, conditions and specifications specified in the Bidding Documents etc, it shall be considered as non-responsive and shall not be considered further. The bidder shall neither be permitted to correct nor withdraw material deviations or reservations once bids have been opened. The purchaser should not make any reference to a bidder to get the infirmity in the bid corrected.

Historical data in relation to the bid, if not received along with the bid, can be requested from the bidder after opening of bids and should be submitted by the bidder within a reasonable time span (say 7-10 working days).

4.8.21 Bid Evaluation and Comparison

The purpose of bid evaluation is to determine the lowest evaluated substantially responsive bid out of the bids received. The bid with the lowest evaluated cost, but not necessarily with the lowest submitted price, shall be selected or awarded the contract.

Evaluation of bids will be made in strict adherence to the criteria disclosed in the Bidding Document, in a format and within the specified period and within the bid validity period specified in the Bidding Documents.

Only the substantial responsive bids will be considered for detailed bid evaluation. In accordance with specified criteria in the Bidding Document, the bid price read out at bid opening will be adjusted to correct any arithmetical errors and also, adjustments will be made for any quantifiable nonmaterial deviations or reservations. Evaluation of bids should be made strictly in terms of the provisions of the Bidding Documents to ensure compliance with the commercial and technical aspects. Conditional discounts offered by the bidders shall not be taken into account for evaluation except for cross discounts offered for multiple lots/ schedules.

Qualification criteria for evaluation is stated in the Bidding Document (in both pre- and post-qualification cases), and if a registration process is required, a foreign firm declared as the lowest evaluated responsive bidder shall be given a reasonable time for registering, without let or hindrance.

After the evaluation of bids, a detailed report will be prepared on evaluation and comparison of bid setting forth the specific reasons on which the recommendation is based for the award of the contact. Contract will be awarded to the lowest evaluated responsive bidder.

Bids will not be rejected merely on the basis of a comparison with an official estimate and re-invitation of bids will not be carried out without the prior concurrence of World Bank

4.8.22 Negotiations

There should not be any negotiations either for price or terms and conditions of the bid submitted, not even with the lowest evaluated responsive bidder.

4.8.23 Award of Contracts

Contracts will be awarded to the substantially responsive lowest evaluated bidder within the period of bid validity.

Followings are the stages in awarding a contract.

a) After receiving the relevant Procurement Committee approval, Secretary to the Ministry of Irrigation approval and World Bank concurrence (where necessary), Ministry of Irrigation (MoI)/DGI-ID/DG-MASL/Project Director will notify the successful bidder with a "Letter of Acceptance'' by registered mail of the award.

b) MoI/DGI-ID/DG-MASL/PD will complete the contract with the successful bidder.

c) MoI/DGI-ID/DG-MASL/PD shall sign the contract with the successful bidder.

Single bids shall also be considered for award, if it is determined that publicity was adequate, bid specifications/ conditions were not restrictive or unclear, and bid prices are considered reasonable.

Director General of Irrigation and Director General - MASL can award contracts for the works under their organization. Contracts of NPC, EPC, WRB & other will be awarded by PD.

4.8.24 Extension of Validity of Bids

As far as possible, contract should be finalized within the original validity period of the Bids, mentioned in the Bidding Documents. An extension of bid validity, if justified by exceptional circumstances with the approval of the next higher authority, shall be requested in writing from all bidders (of valid bids only) before the expiry date. Bidders shall have the right to refuse to grant such an extension without forfeiting their bid security, but those who are willing to extend the validity of their bid shall also be required to provide an extension of bid security as specified in the Bidding Documents.

Except in cases of force majeure and/ or exceptional situations beyond the control of the implementing agency, extension of bid validity shall not be allowed without the prior concurrence of IDA: (i) for the first request for extension, if it is longer than eight weeks; and (ii) for all subsequent requests for extension irrespective of the period. Such concurrence will be considered by the World Bank only in cases of Force Majeure and circumstances beyond the control of the purchaser.

4.8.25 Rejection of all Bids

Bidding Documents usually provide that implementing agency may reject all bids. Rejection of all bids is justified when none of the bids are substantially responsive. However, the lack of competition shall not be determined solely on the basis of number of bids received. If all bids are rejected, the implementing agency shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design & specifications, scope of the contract, wider advertising or a combination of these, before inviting fresh bids.

If the rejection is due to most or all of the bids being non-responsive, fresh bids may be invited.

Rejection of all bids and re-inviting new bids, irrespective of value shall be referred to the next higher authority for approval than the authority that approved the issue of bid or to the head of the unit. Before re-inviting bids the specifications may be reviewed for revision, if any.

Rejection of all bids, irrespective of value, will require World Bank's approval.

4.8.26 Performance Security

Bidding Documents for works and supply of goods shall require performance security in an amount sufficient to protect the interest of the implementing agency in case of breach of contract by the contractor/ supplier. In addition to performance security, for risk contracts Environmental, Social, Health & Safety (ESHS) Performance security is also required. The both performance securities shall be in the form of a bank guarantee or any other instrument acceptable to the purchaser and the amount should be specified in the Bidding Document. The amount of performance security is 7% of the contract price and the amount of ESHS performance security is 3% of the contract price and those should be valid till 28 days after the date of expiry of defect liability period or the guarantee/ warranty period, as applicable.

The performance security deposit shall be refunded within one month after the expiry of guarantee/ warranty period or the defect liability period (as mentioned above).

The performance security shall be forfeited in case any terms and conditions of the contract are infringed or the bidder fails to make complete supply satisfactorily or complete the work within the delivery / completion period agreed in the contract without prejudice to the purchaser's right to take further remedial actions in terms of the contract and Bidding Documents which formed part of the contract.

Contractor's performance security will apply only to the specific contract under which it was furnished.

4.8.27 Advance Payment

Advance payment for works is normally 20% of the total initial contract price, payable within 14 days after furnishing of guarantee for advance payment. This guarantee should remain valid till the advance payment is completely repaid.

The advance payment is to be recovered by deducting proportionate amounts from payments otherwise due to the contractor. The advance payment shall be repaid in full, when the total certified value of work reaches 90%.

4.8.28 Retention Money

In case of contracts for works, the retention money of each payment shall be 10% of the certified workdone. The limit of retention shall be 5% of the initial contract price. 50% of the retention money shall be returned to the contractor after the completion of the whole of the works and balance 50% shall be returned to the contractor after the expiry of the defects liability period (specified in the contract) along with the performance security. Defect liability period of one year would normally be provided.

4.8.29 Liquidated Damages

Provisions for liquidated damages shall be included in the conditions of contract for the delay in the delivery of goods or completion of works. In the case of goods, the liquidated damages shall be calculated at the rate of 2 % per month of delay or part thereof. In the case of works, the liquidated damages will be calculated at 0.05% of the contract price per day. In both the cases liquidated damages will be subject to a ceiling of 10% of the contract price and shall be levied by way of pre-estimated damages and not by way of penalty.

4.8.30 Fraud and Corruption

It is the World Bank's policy to require that GoSL (including beneficiaries of Bank loans), as well as Bidders, Suppliers, Contractors and their subcontractors, and Consultants under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank:

(a) defines for the purposes of this provision, the terms set forth below as follows:

  (i) "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

  (ii) "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

  (iii) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

  (iv) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

  (v) "obstructive practice" is:

    (aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and

(bb) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under sub-paragraph (e) below.

(b) will reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive or obstructive practices in competing for the contract in question;

(c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the GoSL or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement or the execution of that contract, without the GoSL having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur;

(d) will sanction a firm or individual, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that the firm has, directly or through an agent, engaged, in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for, or in executing, a Bank-financed contract; and

(e) will have the right to require that a provision be included in Bidding Documents and in contracts financed by a Bank loan, a provision be included requiring bidders, suppliers, contractors and consultants to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

4.8.31 Laws Governing the Contract

- The contract shall be governed by the laws of Sri Lanka in force.
- The courts of the place, from where the acceptance of bid has been issued, shall alone have jurisdiction to decide any dispute arising out of or in respect of the contract.
- Irrespective of the place of delivery, the place of performance or place of payment under the contract or the place of issue of advance intimation of acceptance of bid, the contract shall be deemed to have been made at the place from where the acceptance of the bid has been issued.

4.8.32 Force Majeure

There could be circumstances/ events where the supplier/ contractor may not be in a position, in spite of his best efforts, to meet the delivery/ completion schedule due to events beyond their control and not foreseeable such as wars, or revolutions, fires, floods, epidemics, natural calamities, quarantine restrictions and freight embargo etc. In such cases suitable delivery extension based on merit of the case may be granted for arranging the delivery of goods or completion of works. Also, the supplier shall not be made liable for forfeiture of performance security, liquidated damages or termination of contract as per provisions made in the contract elsewhere. A suitable clause may be provided in the contract to this effect.

The PMU will define procedures including analytical work, inspections and verifications required to assess additional work, if any required to be carried out due to these conditions.

4.8.33 Arbitration

In cases of ICB / NCB, the Bidding Documents specify the procedure for appointment of arbitrator and his replacement etc. and provisions laid down therein should be followed. In other cases, following information should be suitably incorporated in the request inviting the quotations to obtain the consent of the bidder to accept the arbitration clause.

(i) In the event of any question, dispute or difference arising under the contract conditions or any special conditions of contract, or in connection with the contract (except as to any matters the decision of which is specially provided for by these or the special conditions) the same shall be referred to the sole arbitration of an officer, from the government department other than the department which decided the contract, having sufficient knowledge of law, appointed to be the arbitrator by the purchaser. The decision of the arbitrator shall be final and binding on both the parties to this contract.

(ii) In the event of the arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, it shall be lawful for the purchaser to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid,

(iii) It is further a term of the contract that no person other than the person appointed by the purchaser as aforesaid should act as arbitrator and if for any reason that is not possible, the matter is not to be referred to arbitration at all.

(iv) Arbitrator may, from time to time, with the consent of all parties to the contract enlarge the time for making the award.

(v) In pursuance of a reference, the assessment of the costs incidental to the reference and award respectively shall be at the discretion of the arbitrator.

(vi) Subject to as aforesaid, the Arbitration Act (of Sri Lanka) amended up to date and the rules there under and any statutory modification thereof for the time being in force shall be deemed to apply to the Arbitration proceedings under this clause.

(vii) The arbitrator shall be requested to give reasoned award.

(viii) The venue of arbitration shall be the place from which formal Acceptance of Bid is issued or such other place as the purchaser at his discretion may determine.

4.8.34 Disclosure

Procurements, information on pre-qualification of the contractors and award of contracts would be posted on the project website maintained by PMU. In case of contracts entered into by the implementing agencies, the information shall also be posted on the website of these agencies, in addition to posting on the project website. In general, the following information should be put on the project website:

- Making publicly available, all annual procurement schedules promptly after finalization.
- Posting all Bidding Documents and requests for proposals.
- Making available to any member of the public, promptly upon request all shortlist of consultants and in case of pre-qualification, list of pre-qualified contractors and suppliers.
- The information on pre-qualified applicants and award of contracts.
- Posting annual progress and mid-term review reports of the project.

4.8.35 Inspection of Goods and Supervision of Works

Inspection of goods and supervision of works are responsibility of relevant stake holder agency. Head of the agency should appoint competent officers for inspection of goods and equipment procured for their agency. Installation and commissioning of such items also are the responsibility of the relevant agency. Quality of all goods, equipment and works should be assured by the agency officials.

If the stores supplied do not meet the specifications and/ or the performance requirement, these should not be accepted. If there are any disputes or doubts about the quality of the products, a procedure of resolution of dispute may be followed as per the terms of the contract.

4.8.36 Notification of Delivery or Dispatch

Notification of delivery or dispatch in regard to each and every consignment shall be made by the supplier to the purchaser. The supplier shall further supply to the consignee a packing account quoting reference number and date of the contract/ supply order and the date of dispatch of the items. All packages, containers, bundles and loose material part of each and every consignment shall be fully described in the packing account and full details of the contents of the packages and quantities of material(s) shall be given to enable the consignee to check the stores on arrival at destination.

4.8.37 Receipt of Goods

At the time of delivery of the stores, the consignee should accept the stores on “said to contain” basis and should issue a provisional receipt certificate in the standard format. After opening the packages and detailed examination of the stores, the consignee will issue the final acceptance certificate if he is satisfied with the quality of the goods. Notwithstanding the pre-dispatch inspection of the goods/ services by the inspection agency, consignee has the right to further inspect and test the goods but within a reasonable time. If the goods fail to meet the specifications given in the contract, the same should be rejected and the supplier should be asked to replace the goods or rectify the defects. Supplier shall not be allowed to remove rejected goods until the supplier has deposited the payment received together with other incidental charges such as freight, insurance, loading/ unloading charges etc. or they have replaced rejected goods with serviceable goods.

4.8.38 Resolution of Disputes

The dispute resolution methodology should be very clearly indicated in the contract document. As far as possible, disputes may be resolved with mutual agreement between the purchaser and supplier/ contractor through alternate dispute resolution methods to avoid going through arbitration and litigation stages.

There are a number of causes of disputes during the execution of contract. These may involve for example:

- Interpretation of the terms and conditions of the contract
- Delay in delivery/ completion of the works
- Delay in release of payments
- Independent test results
- Condition of the item on arrival at consignee' end after delivery
- Fixation of rate of the items, on account of variation in quantity of the items of BOQ in civil works contract etc.
- Design/ specification issues

It is also possible for a manufacturer to dispute a decision made by the inspection agency regarding product packing or appearance or testing/ inspection result. In most cases, manufacturers accept the results of independent laboratories and replace the rejected stores. Procedures for dealing with such disputes should be indicated in the contract.

4.8.39 Insurance

The goods under supply must be fully insured against any loss or damage during transit or storage or during construction. Insurance shall be taken for 110% of value of the contract.

For works, the contractor has to provide, in the joint names of the employer and the contractor, insurance cover from the start date to the end of the defects liability period. Details of coverage will be as given in the Bidding Document.

4.8.40 Patent Rights

The supplier/ contractor should have proper and valid license/ right to the use of and/ or supply the product/ services for their design, material or manufacturing and its patent, trademark or industrial design rights in the purchaser's country. The supplier/ contractor should safeguard the interest of the purchaser from any third-party claim towards the infringement of same and indemnify the purchaser. Provision should be kept for the same in the contract.

4.8.41 Complaint Handling (also applicable to selection of consultants)

The Project will enforce a complaint handling mechanism to deal with the complaints received from the contractors/ suppliers effectively. In principle, the PMU will take all measures to take immediate action on all complaints received. The first step of the process is that all complaints received will be entered in a complaint register maintained by the PMU. For all complaints received by the PMU during bid / proposal evaluation process, the PMU will take action to discuss the complaint and mentioned the action taken in the evaluation report within two weeks from the receipt of the complaint.

All complaints should be handled at a level higher than that of the level at which the procurement process is being undertaken and the allegations made in the complaints should be enquired into. If a complaint is received after award of any contract, appropriate action will be taken by the PMU with appropriate authority for inquiry, investigation and recommendations to be able to take remedial action. If the complaint is related with alleged corruption or fraudulent practice in the procurement process, the PMU may request the special investigation unit or internal audit unit of the relevant ministry or if necessary, appoint a special committee depending on the nature of the complaint, to carry out necessary inquiries and investigations and submit a report with recommended action to the Secretary of the concerned ministry with copy to the PMU for necessary action. The PMU will prepare semiannual schedules of complaints received and action taken and submit to the Bank as a part of semi-annual progress reports.

If an individual staff is found responsible, suitable disciplinary proceedings should be initiated, against such staff under the applicable rules of conduct of the Government. The existing provisions under the GOSL law will be followed in this regard.

An appropriate response should be sent to the complainant.

4.8.42 Procurement Audit (also applicable to selection of consultants)

Post review of all the contracts under the Project shall be conducted by the government auditors as per laid down procedure. All documents related to procurement should be filed and kept systematically and safely. In addition, the World Bank will also have the right to conduct post review of the contracts. The concerned authorities will be required to make all relevant documentation available to the World Bank, as and when required.

To establish that the procurement procedures are in compliance with the Bank’s procurement procedures, MoIwill carry out a review using the services of an external consultant. In addition to a sample on prior review contracts, such review (ex-post and audit) will constitute a sample of about 20% of the post review contracts. This audit will be conducted at least once a year. Review of the procurement procedures adopted for civil works, goods and consultancy services will be carried out by the consultant. Further with the same audit it will be ensured that records of all procurement arrangements, works, purchase orders, invoices, receipts, stock registers etc. are properly maintained, duly linked and retained. The audit will be carried out as necessary, either by site visits or by desk reviews of documentation.

Discrepancies noticed by the audit will be reported to the Project Director for taking necessary remedial measures. The reports of the external consultant will also be made available to the World Bank.

5.0 Procurement Methods for Selection of Consultants

The particular method to be followed for the selection of consultants shall be in accordance with the criteria outlined in the procurement regulation issued by the World Bank. The method of selection of consultants would normally be Quality and Cost Based Selection (QCBS), which has been described in detail in the following paragraphs.

The selection process should be fair and transparent, and normally all requests calling for Expression of Interest (EOI) should be advertised in at least one national newspaper. Simultaneously, the copy of advertisement and other relevant details essential for bidders to submit 'Expression of Interest' may be posted on the project website, reference of which should be available in the advertisement in the newspaper. For contracts estimated to cost more than or equal to USD 500,000 or equivalent, a copy of request for Expression of Interest shall be advertised in UNDB and dgMarket and may also be forwarded to foreign missions and trade representatives of countries likely to provide the required services.

Low value (≤ LKR 1 million) contracts where cost of advertising outweighs the benefits likely to accrue due to open competition may be procured through a pre-determined shortlist of consultants.

Para 7.34 & 7.35 Section VII of the Bank's procurement regulations will be followed for hiring individual consultants, including the contracting of key staff for the Project Management Unit. PMU will be required to document its process of selecting individuals to ensure that they are hired on the basis of their qualifications and competency for the assignment. The Bank will review the selection process for all key personnel appointed to staff the project monitoring cells.

5.1 Quality and Cost Based Selection (QCBS*)*

QCBS uses a competitive process among short-listed firms finalized on the basis of their response to request for "Expression of Interest". This Selection process takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.

The main aspects relating to the selection of consultants through QCBS are as discussed in the following paragraphs:

5.1.1 Terms of Reference (TOR)

The concerned project Implementing Agencies shall be responsible for preparing the TOR for the assignment. Scope of the services described in the TOR shall be compatible with the available budget. TOR shall define clearly the objectives, goals, and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the consultants' preparation of their proposals. TOR shall list the services and surveys necessary to carry out the assignment and the expected outputs. However, TOR should not be too detailed

and inflexible, so that competing consultants may propose their own methodology and staffing. Firms shall be encouraged to comment on the TOR in their proposals. The responsibilities of the client and consultants should be clearly defined in the TOR.
If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained to enable consultants to estimate the required resources.

The Terms of Reference should include/ provide for the following:

- A precise statement of objectives
- An outline of the tasks to be carried out
- A schedule for completion of tasks
- The support/ inputs provided by the client
- The final outputs that will be required from the consultant
- Composition of review committee (not more than three members) to monitor the Consultant's work
- Review of the progress reports required from the consultant
- Review of the final draft report
- List of key positions whose Curriculum Vitae (CV) and experience that would be evaluated.

5.1.2 Preparation of Cost Estimate and the Budget

The cost estimates or budget should be based on the assessment of the resources needed to carry out the assignment, staff time, logistical support, and physical inputs (for example, vehicles, office space and equipment, electricity charges, telephone/ fax/ photocopying etc.). Costs shall be divided into three broad categories;

- Fee or remuneration to the staff;
- Reimbursable costs; and
- Miscellaneous expenses, if any (nature of expenses to be provided)

5.1.3 Contracting Strategy

Before starting the process of hiring of services, it is essential to agree on contract strategy viz. going for lump-sum or time based contract, individual vs. firm, advertising vs. internal shortlisting, terms of payment etc. The normal procedure for hiring of services would be Quality and Cost Based Selection (QCBS) following the World Bank's procurement guideline.

5.1.4 Advertising

EOIs for selection of consultants shall be advertised in at least one national newspaper and on project website. In additional EOIs for contracts estimated to cost more than USD 500,000 or equivalent shall also be advertised in UNDB and dgMarket. In case, it is considered necessary, advertisement may also be published in an international newspaper or a technical journal. The request for EOI shall ask for sufficient information for evaluating the consultant's capabilities and eligibility to undertake the assignment, and shall include the following:

- Core Business and years in business
- Qualifications in the field of the assignment
- Technical and Managerial organisation of the firm
- General qualifications and number of key staff

The request for EOI shall not include the TOR, nor shall it ask for any legal documents or the consultant's approach to the services or to submit the CV's. These shall be dealt with at the RFP stage.

For consultancy contracts that are advertised in UNDB, a minimum period of 3 weeks for EOI and of 6 weeks for the short listed firms to submit their proposals will be given. For all other consultancy assignments for firms, a minimum period of 2 weeks for EOI and 4 weeks for preparation and submission of proposal will be allowed.

5.1.5 Shortlisting

Subsequent to the issue of advertisement calling for the Expressions of Interest, responses received shall be evaluated to arrive at the shortlist of the consultants. In preparation of the shortlist, first consideration shall be given to those firms expressing interest, who possess the relevant qualifications. The shortlist shall comprise five (5) to eight (8) firms with the similar experience and staff capacity. World Bank black listed companies will be removed from the evaluation. In contracts below USD 300,000 or equivalent, shortlist may comprise of national consultants only.

Once the Bank has issued a "no objection" to a short list, no name shall be added to or delete from the short list without the Bank's approval. Firms that expressed interest, as well as any other firm that specifically so requests, shall be provided the final short list of firms.

Government owned enterprises are generally not to be considered for award of consultancy assignment. No fee shall be paid to them under the project. If there is a fee to be paid to them, it will be paid from the Governments' own funds.

5.1.6 Types of Contracts

Under QCBS method for selection of consultants, different types of contracts that may be executed are:

- Lump Sum – These contracts are used for assignments in which, the contents and the duration of the work are clearly defined. Payment is made upon delivery of outputs. The main advantage of this type of contract is that it is easy to administer. Examples of lump sum contracts include feasibility studies, environmental studies, detailed design of a standard structure etc.

- Time Based - These contracts are used for assignments in which it is difficult to define the scope and the duration of the work to be performed. Payment is based upon an hourly, daily, or monthly rate, plus reimbursable expenses using actual expenses or agreed unit rates. This type of contract provides for a maximum total payable amount that includes a contingency for unforeseen work and duration, price adjustments etc. Examples of time based contracts include preparation of data, complex studies, supervision of construction of civil works, training assignments, advisory services etc.

- Percent contracts - relate to the fee paid to the consultant based upon the estimated or actual project construction cost or the cost of the goods to be procured or inspected. Percentage is established based upon market norm or standard practice in the industry. Examples of percent contracts include architectural services, engineering services, procurement services, inspection services etc.

5.1.7 Request for Proposals (RFFs)

The RFP shall include:

- A Letter of Invitation (LOI), which will include the evaluation criteria
- Instructions to Consultants
- Formats for Technical and Financial Proposal
- Terms of Reference
- Draft of the proposed contract

Proposals shall be received in two envelopes – one envelope containing the technical proposal and the other envelope containing the financial proposal.

5.1.8 Opening and Evaluation of Proposals

First the technical proposals shall be opened publicly and evaluated based on the evaluation criteria given in the RFP. The financial proposals of only those consultants who secure equal to or more than the minimum qualifying marks should be opened.

5.1.9 Negotiations and Signing of Contract

If required, negotiations on technical and commercial aspects may be held with the consultants who scored highest marks in combined evaluation (technical and financial evaluation) and on conclusion of the same, the contract should be signed.

Further performance evaluation should be conducted on completion of each assignment by the consultant and keep the same in view while short-listing them for any future assignment.

5.1.10 Steps to be followed

The steps to be followed are summarized in the table 6:

Table 6: Procurement Steps for Quality and Cost Based Selection

Steps	In-charge
1. General Procurement Notice for the Project	PD/SPS (P & C)
2. Advertise REOI in UNDB/ dgMarket (contracts > USD 500,000)	PD/SPS (P & C)
3 Advertise REOI in national newspapers	PD/SPS (P & C)
4. Prepare a shortlist from firms who responded	CPC

Steps	In-charge
5. Prepare Request for Proposals (RFP)	PD/SPS (P & C)
6. Review	CPC
7. Submit the RFP including shortlist, TOR, cost estimate and draft contract to the WB for clearance and “No Objection” – For Prior Review Contracts	PD/SPS (P & C)
8. Send the RFP document to the shortlisted firms	SPS (P & C)
9. Issue clarification, hold pre-proposal meeting where necessary	PD/SPS (P & C)
10. Receive Technical and Financial Proposals	PD/SPS (P & C)
11. Seal financial proposals and deposit at a secure place.	PD
12. Open the Technical Proposals and evaluate	SPS (P & C)
13. Evaluate the Technical Proposals	CPC
14. Obtain Consultants Procurement Committee approval	PD/SPS (P & C)
15. Obtain WB’s “No Objection” for Technical Proposal – For Prior Review Contracts	PD/SPS (P & C)
16. Notify the firms that pass the minimum score and advise the date, time and address for opening of the financial proposals.	PD/SPS (P & C)
17. Open the financial proposals in the presence of the representatives of qualified firms	SPS (P & C)
18. Evaluate the financial proposals	CPC
19. Combined evaluation for technical and financial score	CPC
20. Obtain Consultant Procurement Committee approval and negotiate with highest ranked firm	PD/SPS (P & C) jointly with CPC
21. Prepare the minutes of negotiations and include in the draft contract	PD/SPS (P & C)
22. Obtain WB’s concurrence – For Prior Review Contracts	SPS (P & C)
23. Sign the contract	PD
24. Send a copy of the final confirmed copy of the contract to the WB and other relevant authorities and publish the award	SPS (P & C)

PD=Project Director SPS (P & C) = Procurement Specialist, CPC = Consultans Procurement Committee

5.2 Quality Based Selection (QBS)

QBS is appropriate for the following types of assignments:

(a) Complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sectoral feasibility studies, design of hazardous waste remediation plant or of an urban master plan, financial sector reforms etc.);

(b) Assignments that have a high down stream impact and in which the objective is to have the best experts (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and

(c) Assignments that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies).

In QBS, the RFP will request submission of a technical proposal only (without the financial proposal), or submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP will provide either the estimated budget or the estimated number of key staff time, specifying that this information is given as an indication only and that consultants shall be free to propose their own estimates.

If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the GoSL shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal.

The PMU and the consultant shall then negotiate the financial proposal and the contract. All other aspects of the selection process shall be identical to those of QCBS, including the publication of the Award of Contract as described except that only the price of the winning firm is published. If consultants were requested to provide financial proposals initially together with the technical proposals, safeguards shall be built in as in QCBS to ensure that the price proposal of only the selected firm is opened and the rest returned unopened, after the negotiations are successfully concluded**.**

5.3 Selection Based on Fixed Budget (FBS)

The FBS procedure is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The available budget should be indicated in the RFP and the best technical and financial proposals of the consultants invited in separate envelopes, within the budget**.** In order to make sure that the budget is sufficient for the consultants to perform the expected tasks, the TOR should be well prepared, and evaluation of all technical proposals shall be carried out as in the QCBS method first. Financial proposals should be opened publicly and the proposals that exceed the budget shall be rejected. The consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

5.4 Least Cost Selection (LCS)

The LCS procedure will be used for assignments of a standard or routine nature, where well established practices and standards exist, and are estimated to cost less than USD100,000 or equivalent. Under this method, a “minimum” qualifying mark for the “quality” is established. Proposals to be submitted in two envelopes are invited from a shortlist following EOI. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest price shall then be selected. Under this method, the minimum qualifying mark shall be established and stated in the RFP with the understanding that all proposals above the minimum marks would compete only on “cost.”

5.5 Direct Selection (DS)

The DS procedure will be used for assignments where the services of a particular firm or agency are of paramount importance for the proposed services, following Para 7.13 & 7.14 Section VII of the WB Procurement Regulation. All cases of Direct selection of firms shall require clearance of the World Bank.

Direct selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, Direct selection shall be used only in exceptional cases. The justification for Direct selection shall be examined in the context of the overall interests of the client and the project, and the World Bank's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants.

Direct selection may be appropriate only if it presents a clear advantage over competition and on account of the following reasons:

- For tasks that represent a natural continuation of previous work (next para refers) carried out by the firm.
- In emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency.
- For very small assignments, or
- When only one firm is qualified or has experience of exceptional worth for the assignment.

When continuity for downstream work is essential, the initial RFP shall outline this prospect, and if practical, the factors used for the selection of the consultant shall take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition subject to satisfactory performance in the initial assignment. For such downstream assignments, the initially selected consultant may be asked to prepare technical and financial proposals on the basis of TOR, which shall then be negotiated.

If the initial assignment was not awarded on a competitive basis or if the downstream assignment is substantially larger in value, a competitive process shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest.

5.6 Selection Based on Consultant's Qualifications (CQS)

This method may be used for small assignments estimated to cost less than USD 300,000 and for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Employer shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, prepare a shortlist, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

In case negotiations fail with this firm, the next best-qualified firm may be asked to submit proposal and invited to negotiate the contract.

The name of the consultant to whom the contract was awarded, and the price, duration, and scope of the contract shall be published in UNDB online and in dgMarket. This publication may be done quarterly and in the format of a summarized table covering the previous period.

Outline the general steps involved in Selection Based on Consultants Qualification are given in the table below:

Table 7: Procurement Steps: Selection Based on Consultants' Qualifications

Steps	In-charge
1. Prepare TOR and cost estimates	Head of relavant IAs/ Client
2. Obtain WB concurrence for TOR and cost estimates - For Prior Review Contracts	PD/ SPS (P & C)
3. Obtain Expression of Interest	PD/ SPS (P & C)
4. Select one firm most qualified based on their relevant experience and qualifications and send LOI and TORs requesting combined technical and financial proposal.	PD/ SPS (P & C)
5. Evaluate both Technical and Financial Proposals.	CPC
6. Obtain Procurement Committee approval	PD/ SPS (P & C)
7 Send for WB concurrence if falling under prior review thresholds	SPS (P & C)
8. Negotiate and sign the contract	PD
9. Send a copy of the final conformed copy of the contract to WB if falling under prior review and publish the award.	SPS (P & C)

PD=Project Director SPS (P & C) = Senior Project Specialist (Procurement & Contracts), CPC= Consultans Procurement Committee

5.7 Selection of Individual Consultants

Each contract for individual consultants is expected to cost below USD 50,000 or equivalent only and provisions of Para 7.34 & 7.35 section VII of the WB procurement regulation shall apply. For hiring of individuals, it will be necessary to finalise the job description, minimum qualifications, experience required and terms of contract. Thereafter, an advertisement may be (if necessary) carried in the national newspapers indicating the above details. The applications received shall be scrutinized and ranking prepared. The top-ranked individual shall be invited for interview/ discussions for final selection.

5.8 Proposals for Consultancy Assignments

Procurement Entity (PE) shall ensure the following on receipt of proposals:

- Technical and financial proposals are received in separate sealed envelopes if invited together;
- Envelopes are marked "original" and "copy" as appropriate;
- Both envelopes are sealed in an outer envelope and marked "DO NOT OPEN EXCEPT IN THE PRESENCE OF THE OPENING COMMITTEE";
- The PE shall mark the time and date of receipt of the proposals; and
- For QCBS and LCS the financial proposals will be opened in the presence of the representatives of the firms who qualified in the technical evaluation.

6.0 Procurement Monitoring Reports

At the end of each quarter, each implementing agency shall prepare the procurement monitoring reports. The basic source for preparing these reports shall be bid / proposal register (manual / computerized) and the contract register.

6.1 Monitoring and Reporting of Procurement

The various stages of procurement should be closely monitored for all contracts and in particular for the contracts above the threshold limit (monetary limit of the contracts above which each contract shall be subject to the prior review by the Bank).

Head of each implementing agency are required to develop a mechanism to send details of each award of contract to Project Director within one week of the procurement committee decision.

6.2 Documents for Procurement Information

The PMU will have an effective Procurement Information System to monitor each contract in respect of pre-award and post-award stages. This will also be interacting with the Management Information System to be established in PMU. As part of this, computerized registers shall be maintained for recording the details relating to pre-award and post-award stages. The registers shall be maintained manually until the computerized systems are made available.

Bid / Proposal register has to be maintained to monitor the various stages of the bid prior to the award of the contract. The register shall have a separate folio for each bid / proposal and shall contain the estimated and actual dates of performing various stages of the bid / proposal.

Separate registers shall be maintained for different types of procurements as given below:

- Bid / Proposal register (goods and works)
- Bid / Proposal register (consultants)

Contract Registers are required to be maintained to monitor the status of each contract with respect to the progress achieved and amount paid till the completion of the contract. Separate contract registers shall be maintained as given below:

- Contract Register - for goods and works
- Contract Register - for consultants

The contract details shall be captured from the bid / proposal register and actual payment details shall be captured from the financial management system. Details of invoices received and approved will be entered. In case payment is delayed, reasons for the same shall be provided.

These registers shall form the basis for preparation of Procurement Monitoring Reports.

6.3 Documents to be submitted by IAs

For all contracts handled by the Implementation Agencies, the cost estimates for rehabilitation works for each dam & canals should be submitted to PMU along with the layout plan indicating main structures for review and prior approval.

When the necessary clearances are obtained, bidding process could commence by appointing Technical Evaluation. The paper notice and the schedule of procurement activities with dates and time are to be forwarded to the PMU before advertising. PMU will take steps (P & C) to publish the notice in the Project website.

A hard copy of final bidding document should be submitted to PMU for filing purposes. Opening minutes also to be submitted to PMU.

Before awarding the contract a copy of the Technical Evaluation Report should also be submitted to PMU to review and for clearance.

In addition, copies of following documents are requested to be submitted to PMU immediately after they are available.

(i) Complaints received with regard to the procurement process or the particular contract
(ii) Awarding Letter (Letter of Acceptance)
(iii) Signed Agreement
(iv) Minutes of each progress review meeting had with the contractors
(v) Request for extra work / variation beyond the limit of Engineer of the contract
(vi) Approval for extra work / variations
(vii) Original paid documents and paid bill summary
(viii) Completion certificate of the contract
(ix) Maintenance certificate issued when retention is released.

Other than these documents, data required by Management Information System (MIS) should be furnished to the MIS when they are available.

7.0 Thresholds for Prior and Post Review of Contracts by World Bank

7.1 Prior Review of Contracts by World Bank

GoSLs as well as bidders, suppliers, and contractors, under the World Bank financed contracts are required to observe the highest standard of ethics during the procurement and execution of contracts. In pursuance of this policy, the World Bank requires that a provision be included in the Bidding Documents and in the contracts financed by the World Bank, that bidders, suppliers, and contractors shall permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

Contracts which are not subject to prior review by the World Bank, and which are awarded following the World Bank's procurement regulation will be post reviewed by the World Bank.

The concerned purchaser shall retain all documentation with respect to each contract (including contracts subject to prior review by the World Bank) during project implementation and up to at least two years after the closing date of the Loan Agreement. This documentation would include, but not be limited to Bidding Documents, bids submitted by the bidders, the original signed contracts, the analysis of the respective proposals, and recommendations for award, for examination by the World Bank or its Consultants, and shall be furnished to the Bank upon request.

If the World Bank determines that the goods, work, services or consultants were not procured in accordance with the agreed procedures, as reflected in the Loan Agreement and also detailed in the procurement plan approved by the World Bank or that the contract itself is not consistent with such procedures, it may declare mis-procurement as established in procurement regulations. The World Bank shall promptly inform the GoSL the reasons for such determination.

The World Bank's procedure for the prior review and post review of the contracts are provided under the following heads:

- Scheduling of procurement
- Prior Review
- Modifications
- Post Review

7.2 Scheduling of Procurement

The World Bank shall review the procurement arrangements proposed by the purchaser, including contract packaging, applicable procedures, and the scheduling of the procurement process, for its conformity with the procedures laid down in this chapter and the proposed implementation program and the disbursement schedule. The purchaser shall promptly inform the World Bank of any delay, or other changes in the scheduling of the procurement process, which could significantly affect the timely and successful implementation of the project contracts, and agree with the World Bank on corrective measures.

7.3 Prior Review

The steps that would be followed with respect to the contracts which are made subject to the World Bank's prior review are as given below:

- In cases where prequalification is used, the purchaser shall, before prequalification submissions are invited, furnish the World Bank with the draft documents to be used, including the text of the invitation to prequalify, the prequalification questionnaire, and the evaluation methodology, together with a description of the advertising procedures to be followed, and shall introduce such modifications in said procedure and documents, as the World Bank shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications and reasons for the exclusion of any applicant for prequalification, shall be furnished by the purchaser to the World Bank for its comments before the applicants are notified of the purchaser's decision, and the purchaser shall make such additions to, deletions from, or modifications in the said list as the World Bank shall reasonably request.

- Before bids are invited, the purchaser shall furnish to the World Bank for its comments, draft Bidding Documents, including the invitation to bid; instructions to bidders, including the basis of bid evaluation and contract award; and the conditions of contract and specifications for works, supply of goods, or installation of equipment, etc., as the case may be, together with a description of the advertising procedures to be followed for the bidding (if prequalification has not been used), and shall make such modifications in the said documents as the World Bank shall reasonably request. Any further modification shall require the World Bank's concurrence before it is issued to the prospective bidders.

- After bids have been received and evaluated, the purchaser shall, before a final decision on the award is made, furnish to the World Bank, in sufficient time for its review, a detailed report (prepared, if the World Bank shall so request, by experts acceptable to the World Bank), on the evaluation and comparison of the bids received, together with the recommendations for award and such other information as the World Bank shall reasonably request. The World Bank shall, if it determines that the intended award would be inconsistent with the Loan Agreement, promptly inform the purchaser and state the reasons for such determination.

- If the purchaser requires an extension of bid validity to complete the process of evaluation, obtaining necessary approvals and clearances, and awarding the contract, it should seek the World Bank's prior concurrence for the first request for extension, if it is longer than eight weeks, and for all subsequent requests for extension, irrespective of the period.

- The terms and conditions of a contract shall not, without the World Bank's concurrence, materially differ from those on which bids were asked or prequalification of contractors, if any, was invited.

- One conformed copy of the contract shall be furnished to the World Bank promptly after its execution, and prior to delivery to the World Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract. Where payments for the contract are to be made out of a Special Account (SA), a copy of the contract shall be furnished to the World Bank prior to the making of the first payment out of the SA in respect of such contract.

- All evaluation reports shall be accompanied with a summary of the procurement on a form provided by the World Bank. The description and amount of the contract, together with the name and address of the successful bidder, shall be subject to release by the World Bank upon confirmation by the purchaser of contract award.

7.4 Modifications

In the case of contracts subject to prior review, before granting a material extension of the stipulated time for performance of a contract, agreeing to any modification or waiver of the conditions of such contract, including issuing any change order or orders under such contract (except in cases of extreme urgency) which would in aggregate increase the original amount of the contract by more than 15 percent of the original price, the purchaser shall inform the World Bank of the proposed extension, modification, or change order and the reasons thereof. If the World Bank determines that the proposal would be inconsistent with the provisions of the Loan Agreement, it shall promptly inform the purchaser and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to the World Bank for its record.

7.5 Post Review

Contracts below the prior review threshold for goods, works and consultancy shall be subject to post review by the World Bank as per procedure set forth in Annex II of Procurement regulation. With respect to each contract not governed by prior review, the purchaser shall furnish to the World Bank, promptly after its signing and prior to delivery to the World Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract, one conformed copy of such contract, together with the analysis of the respective bids, recommendations for award, and such other information as the World Bank shall reasonably request. Where payments for the contract are to be made out of a Special Account, a copy of the contract, together with the other information required to be furnished to the World Bank, shall be furnished prior to delivery of the first replenishment application in respect of such contract to the World Bank. The World Bank shall, if it determines that the award of the contract or the contract itself is not consistent with the Loan Agreement, promptly inform the GoSL and state the reasons for such determination.

7.6 Monetary Thresholds for Review by World Bank

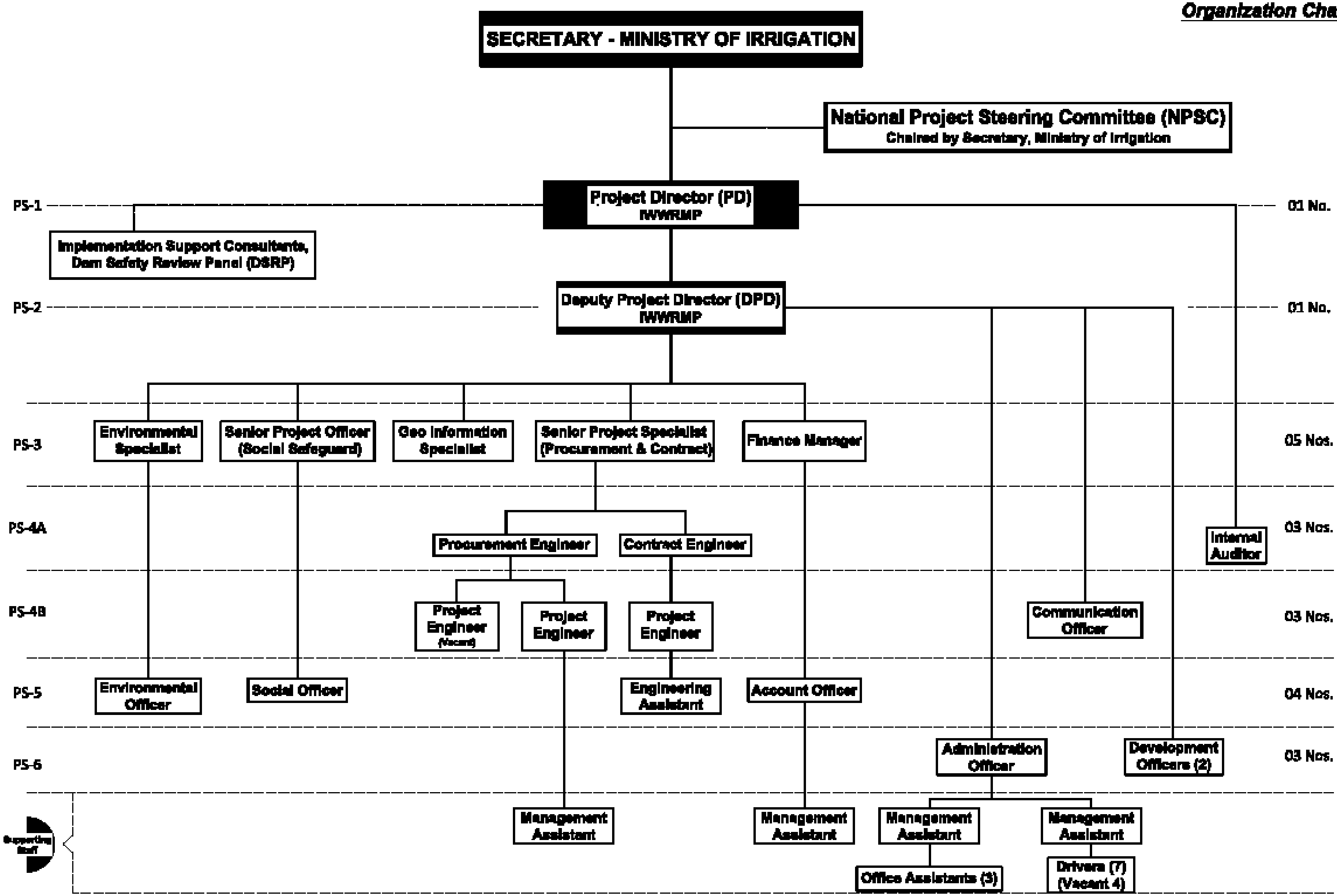
The monetary thresholds for prior review of contracts by the World Bank under the project are as given in the table below:

Table 8: Prior Review Thresholds

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts/Processes Subject to Prior Review
Works	≥ USD10,000,000	ICB	All contracts above US$ 15 million subject to prior review
	< USD10,000,000	NCB	All contracts subject to post review
	≤USD 50,000	Shopping	All contracts subject to post review
	≤USD 30,000	Direct Contracting	All contracts subject to post review
	≤USD 50,000	Force Account	All contracts subject to post review
	≤USD 30,000	Community Based Contracting	All contracts subject to post review
Goods and non-consulting services	≥USD1,000, 000	ICB	All contracts over US$ 4 million subject to prior review
	<USD1,000,000	NCB	All contracts subject to post review
	≤USD50,000	Shopping	All contracts subject to post review
	≤ USD 30,000	DC	All contracts costing more than USD 100,000 equivalent
Consultant Services (firms)	≥USD500,000	All competitive methods; advertise internationally	All contracts over US$ 1 million equivalent subject to prior review
	<USD500,000	All competitive methods; advertise locally	All contracts subject to post review
	<USD300,000	CQS	
	–	Direct Contract	All contracts costing more than USD 100,000 equivalent
Individual Consultants	–	IC	All contracts over USD300,000* equivalent
	–	IC- Direct Contract	All contracts costing more than USD 100,000 equivalent

* To be undertaken only after clearance by the Bank for the specific works to be undertaken following these procedures.

Organization Chart



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