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INTEGRATED FIDUCIARY SYSTEMS ASSESSMENT

Gujarat: Outcomes for Accelerated Learning (Goal) Project

February, xxx 2021

**GUJARAT: OUTCOMES FOR ACCELERATED LEARNING (GOAL)
INTEGRATED FIDUCIARY SYSTEMS ASSESSMENT**

1. The **Financial Management** and **Procurement Systems** for the proposed GOAL Project were assessed to determine the degree to which the financial planning, procurement planning and budgeting, fund flow arrangements, bidding, evaluation, contract award, and contract administration arrangements and practices, accounting, financial reporting, internal control and auditing arrangements provide a reasonable assurance that the program funds will be utilized for the intended purposes with due regard to economy and efficiency. The assessment focused on the above-mentioned aspects of the ongoing Samagra Shiksha Program, the overarching Program under which GOAL has been taken up. The assessment analyses past performance data, identifies strengths and weaknesses and document mitigation measures agreed with implementing entity GCSE to address the weaknesses identified.

2. Based on the assessment as detailed below, both Financial Management and Procurement risks are considered 'Substantial. The Program fiduciary arrangements together with the agreed mitigation measures will be adequate to ensure that program funds are utilized for the intended purposes with due consideration of efficiency and economy.

3. **The main implementing entity** for the Program is the Gujarat Council of School Education (GCSE), a State Implementation Society (SIS) set up under the Societies Registration Act under the administrative control of the State Education Department. GCSE was set up in 2018 for implementation of Samagra Shiksha by amalgamation of erstwhile Gujarat Council of Elementary Education and Gujarat Council of Secondary Education. GCSE has prior experience of implementing large Programs like SSA and RMSA partnering with multilateral and bi-lateral donors including the Bank. The agency has an established program implementation structure at the State, District and Block levels .

4. **GCSE is accountable** to the Governing Council headed by the Chief Minister/State Education Minister, and its Executive Committee, chaired by the Chief Secretary/Commissioner/Education Secretary of the State. Representation of Finance and Planning Departments on the Governing Council and Executive Committee resolves issues of coordination and convergence and facilitates better decision-making. GCSE is underpinned by a high degree of interdepartmental convergence, including coordination with the Department of Finance, Department of Public Works, Department for Women and Child Development, and others. GCSE, through its State Project Office and State Project Director, establishes linkages with district and sub-district level structures, NGOs, state government, national bureau of school education, and other concerned stakeholders, and is also responsible for effective monitoring and training and capacity building of personnel. Other state-level bodies that compose the administrative structure and provide technical and academic input at the state level are the Gujarat Council of Educational Research and Training (GCERT) along with its District outfits- District District Institute of Education and Training (DIETs) and Gujarat School Quality Accreditation Council (GSQAC)

5. **At the District level**, the District Project Office is responsible for implementing and reviewing the progress of the program. It is chaired by the District Collector/Magistrate/Chief Executive Officer of the Zilla Parishad¹. GOAL will support the District Project Office headed by the District Education Officer

¹ Zilla Parishad is the third tier of the governance system. *Zila Parishads* are elected bodies constituted through local body elections.

(DEO), comprising of representatives from the district education departments, NGOs, as well as technical specialists. The DEO, who also performs the duties of the District Project Coordinator, is responsible for preparing Annual Work Plans and Budgets (AWP&B), liaising with the District Institute of Education and Training (DIETs) to jointly oversee the function of the Block Resource Centers (BRCs) and Cluster Resource Centers (CRCs), monitoring progress and status of project implementation, and ensuring regular trainings of teachers/school heads, members of the School Management Committee (SMC)/School Management and Development Committee (SMDC), and BRCs and CRCs. At the block level the administrative structure is headed by the Block Education Officer (BEO), who is responsible for facilitating the creation of a School Development Plan in coordination with the block/cluster resource persons, SMCs/SMDCs, headmasters, teachers, etc. Additionally, the BEO is responsible for capacity building, academic supervision, and onsite support to field-level cadre, and monitoring and implementation of school education programs at the grassroots level. BRCs and CRCs provide academic support at the block and cluster levels, respectively, and SMCs/SMDCs, comprising of members from the local authority, parents, and teachers, assist with school-level monitoring and implementation through community mobilization, preparing school development plans, conducting Social Audits, and monitoring students' and teachers' attendance.

6. **Budget and Expenditure:** A snapshot of the overall budget/actual expenditure for school education in Gujarat for the last three years is provided in the table below. About 91% of the budget is provided against Teachers and other Services and about 7.5% is against Samagra Shiksha². Civil Works budget is included under Samagra Shiksha.

Gujarat School Education Budget		In INR Crores/(USD Million)	
Budget Provision for School Education in Education Department (Demand No 9), and Social Justice and Empowerment Department (Demand No 95) and Tribal Development Department (Demand No 96)	FY 18-19 (Actuals)	FY 19-20 (Revised Estimate)	FY20-21 (Budget Estimate)
Elementary Education	14368.99 (1958)	15318.01 (2087)	15688.18 (2137)
Secondary Education	5553.08 (757)	6205.18 (845)	6669.87 (909)
Total	17206.07 (2714)	18590.19 (2932)	19291.05 (3046)
Overall Expenditure Budget (Revenue Exp budget +Capital Outlay budget)	160852 (21914)	175871 (23961)	195029 (26571)
Percentage of overall Budget	12%	12%	11%

Exchange Rate : 1 USD = INR 73.4

7. **Program Expenditure Framework:** The Government of Gujarat's education program is a wide programmatic approach that includes support through Samagra Shiksha and several other centrally

² Samagra Shiksha is a Centrally Sponsored Scheme

sponsored schemes with convergent financing and matching State contribution. Samagra Shiksha is one of the flag-ship Programs of the Government of India which is run across all the States in India. It is a Centrally sponsored scheme with 60% funds coming from the Centre and 40% from the State Government. IBRD funding of USD 500 Million will support the GOAL Program which is housed under the overarching Samagra Shiksha Program. The overall PforR Program cost of GOAL is \$ 714.3 million (P) out of which \$ 500 million is financed by IBRD loan and USD \$ 214.3 is the GOG contribution to the PforR Program. The two broad categories of expenditure under the Program are (i) Infrastructure and IT non-recurring interventions (ii) Interventions to enhance quality education, Vocational Education and Program Management.

Program Expenditure Framework of GOAL

	IBRD		GoG		Total	
	INR Crores	USD Million	INR Crores	USD Million	INR Crores	USD Million
GOAL – Civil Infrastructure + IT Infrastructure (Non-recurring)	223.2	301.6	982.2	132.7	3214.2	434.4
GOAL- Quality Education Interventions; Vocational Education and Program Management	146.8	198.4	603.5	81.6	2071.5	279.9
GOAL Total (P)	370.0	500	1585.7	214.3	5285.7	714.3
Samagra Shiksha- Civil Infrastructure + IT Infrastructure (Non-recurring)	0	0	7359.2	994.5	7359.2	994.5
Samagra Shiksha- Quality Education Interventions; Vocational Education and Program Management	0	0	2664.1	360	2664.1	360
Samagra Shiksha Total	0	0	10023.3	1354.5	10023.3	1354.5
Grand Total (p)	370.0	500	11609	1568.8	15309.0	2068.8

The details of the Program Expenditure Framework are given in Annexure 2.

8. **Budgeting:** Although GCSE leads preparation of budget for Gujarat Samagra Shiksha Program. it is a bottom exercise where information is collated from the level of SMDCs/CRCs/BRCS and collated at the District level and then at State level. However, the planning process as it is currently implemented and capacity at the ground level leaves plenty of room for improvements. Under this Program an assessment of Governance and Public Finance bottlenecks (with an emphasis on Planning and Budgeting) for improved service delivery at school level will be undertaken in the first year of implementation (FY 21-22). This is one of the DLRs under the first DLI.

9. The Budget Estimate, Revised Estimate and Actual expenditures of the Samagra Shiksha Program for the last three years is enumerated in Table below. The Budget out-turn in Samagra Shiksha is often affected by late releases by the Centre. However, such risks do not exist for GOAL as government funding for GOAL is by the State Govt only which has a reasonable track record of timely fund releases as is evident from the data on fund releases from the Treasury in Annexure 3. Past data of the last 2 years (FY 2019-20) and FY 2020-21 shows that the time taken between submitting bill in the treasury for release of funds to GCSE and actual release ranges between 5-20 days.

Budget Out-turn in Samagra Shiksha			In INR lacs
Financial Year	B.E.	Actual Expenses.	Budget Out-turn
(a)	(b)	(d)	$e=d/b*100$
2017-18	179097.14	129484.70	72.30
2018-19	191528.84	131693.45	68.76
2019-20	217329.28	168035.58	77.32
Average Budget Out-turn			72,79

10. The Program proposes to enable systems and processes for strengthening decentralized district and sub-district level planning. The Program also has a DLI for conducting GOAL envisages to establish under the Program a system for planning and processes for concurrent, participatory and bottoms-up planning at all levels. District and sub-district level teams will be constituted with representation from different stakeholder groups including sectoral representatives from related sectors, professionals, panchayat members, education sector/ school staff, {such as teachers of different stages of education, Cluster Resource Center Coordinators, (CRCCs), Block Resource Center Coordinators (BRCCs)} parents and civil society representatives and others. Training of the planning teams in preparing district plans (Annual Work Plan and Budget- AWPB) will be undertaken potentially through an expert national or state educational planning and management institution. A state-level planning unit will be supported by the Program to oversee and coordinate the district level planning and appraisal process.

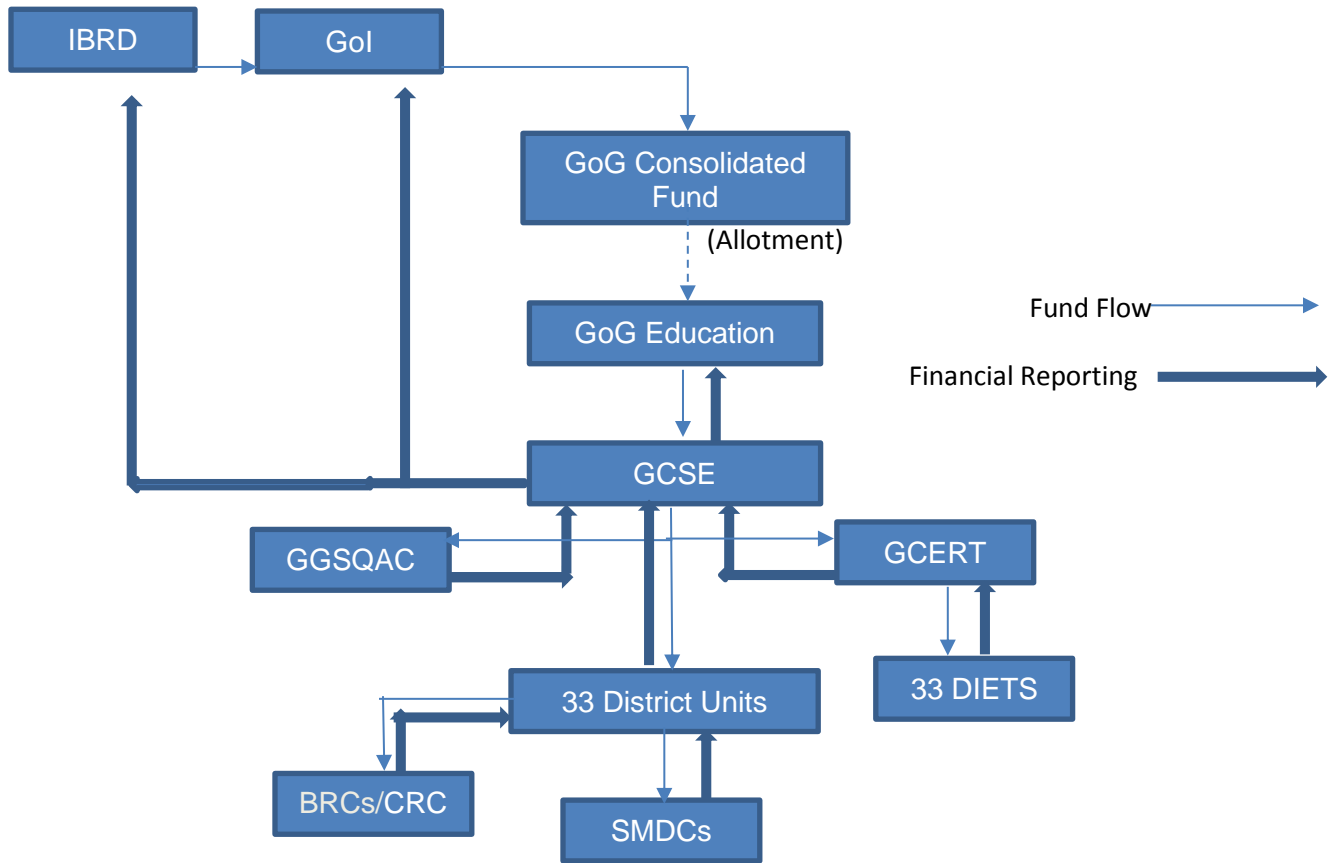
11. A Separate budget line for GOAL has been created for the Bank financed operation (nomenclature: Schools of Excellence under Externally Aided Projects (EAP); Budget Code: 4202-01-201-13) in the budget document of FY 20-21 with a token provision of INR 10 Million (INR 1 crore).

12. The sustainability of the Program given the COVID-19 situation was discussed with the Secretary, Education Department. The Bank team was informed that the Department does not anticipate any significant budget issues due to COVID-19 in FY 21-22 when the project will take off. The team was informed that there has been a 10% budget cut in FY 21-22.

13. **Fund Flow Arrangements:** Program budget will be allotted by the State Education Department to GCSE based on which GCSE will draw funds from the treasury into its bank account. GCSE operates through program/scheme-specific commercial bank accounts. Program funds will flow from GCSE to 33 District Project Offices manned by a District Education Officer along with contractual staff of GCSE, Block and Cluster Resource Centres (BRCs/CRCs), SMDCs (schools), GCERT along-with its District level outfits (33 DIETs) and to GSQAC. All procurements will be made by the State Unit of GCSE. Fund flow to all other implementing units will be for operational costs. The fund flow and financial reporting flow-chart is provided in the following page. Funds at all levels will flow through Public Financial Management System (PFMS)³. In Samagra Shiksha Program all implementing units are registered with PFMS. Most schools are registered with PFMS with some exceptions.

³ PFMS is a software designed by the Controller General of Accounts, GoI, facilitating flow of funds and primary book-keeping. It is mandatory for Centrally sponsored and Central Sector Projects.

Diagram 1: Flow Chart: Fund Flow and Financial Reporting Structure.



PROCUREMENT

14. The procurement activities under the Program will be governed by procurement rules at various levels of implementation. The key governing document for the Program is the Financial Management and Procurement (**FMP**) Manual issued in August 2018 by the Ministry of Human Resources Development (Government of India), now re-named as Ministry of Education. The Manual itself is subject to overriding provisions as contained in the General Financial Rules (GFR) 2017 and Manual for Procurement of Goods and works 2017 and Manual for Procurement of Consultancy and Other Services 2017, issued by the Ministry of Finance, Government of India. The Manual is comprehensive and provides details of implementation arrangements and items to be procured at various levels of implementation.

15. FMP Manual provides that entire procurement for the Samagra Shiksha will be done through Single Implementing Society Gujarat Council of School Education, Samagra Shiksha (GCSE-SS) which is the Single Implementing Society and it shall have the responsibility for entire procurement of goods, works and services for the Program under Gujarat SEEP.

16. All major procurement of Goods, Works and Services under the Samagra Shiksha is undertaken by the GCSE-SS at the State level. Main procurable items at the State level are grouped into three categories as under:

i. **GOODS:**

IT & Non-IT equipment, Sports equipment, Furniture, STEM (Science, Technology, and Engineering and Mathematics) lab equipment, materials for LBD (Learning by Doing) Centres in Upper primary Schools, Pragna printing material (used in activity-based learning), etc.

Goods are generally procured following the GFR procedures on the GeM portal. In case the required goods / services are not available on GeM portal, then efforts are made by co-ordinating with GeM authorities (Industries Commissionerate, Government of Gujarat) for making the required goods / services available on GeM portal. Under exceptional circumstances, if the required goods / services are not made available on GeM, then GCSE-SS proceeds to publish the tender over eProcurement portal i.e. www.nprocure.com for procurement outside the GeM portal.

Procurement Cycle for Goods

Procurement Cycle followed by GCSE-SS, for Goods, comprises of the following steps:

- (a) Procurement planning (requirement gathered from field level (Schools, Clusters, Blocks, Districts) & need assessment)
- (b) Preparation of the specifications with detailed and clear scope and functionality
- (c) Preparation of cost estimate and budget
- (d) Procurement through GeM Portal – for items which are available on GeM
- (e) Drafting & publishing tender document for items which cannot be procured on GeM.

As per Government of Gujarat's policy, availability of goods / services to be procured is checked on GeM portal. The Government eMarketplace (GeM) platform is an online, end to end solution set up by the Government of India for procurement of commonly used goods and services for all Central Government and State Government Ministries, Departments, Public Sector Units (PSUs) and affiliated bodies. GCSE-SS also follows Rule 149 of General Financial Rules 2017, Ministry of

Finance (Department of Expenditure) which lays down the policy for procurement on GeM.

In terms of Rule 149 of GFR 2017, Procurement of Goods and Services by Ministries or Departments is mandatory for all Goods or Services which are available on GeM. It is the responsibility of the procuring authorities to certify the reasonability of rates. If the required goods / services are available on GeM portal, then GCSE-SS proceeds to prepare the tender on GeM portal & publishes it over GeM portal, following the procedure laid down in Rule 149 of the GFR 2017.

Financial Limit	Details
Up to Rs.25,000/-	Through any of the available suppliers on the GeM, meeting the requisite quality specification and delivery period.
Above Rs.25,000/- and up to Rs. 5lakh	Seller having lowest price amongst the available seller of at least three different manufacturers on GeM, meeting the requisite quality specification and delivery period. The tools for online bidding and online reverse auction available on GeM are used.
Above Rs. 5 to 30 Lakh	Through the supplier having lowest price meeting the requisite quality specification and delivery period after mandatorily obtaining bids using online bidding or reverse auction tool available on GeM.
Above Rs. 30 Lakh	Online bidding on GEM

ii. WORKS:

Civil Construction of schools, Repairs and remodelling including Electrical Works, etc.

Civil works are procured following the procurement procedures of Building and Roads Department. Broadly, two-envelope system is followed. For contracts valued below Rs. 10 crores, bids are invited on percentage basis and for contracts valued above Rs. 10 crores on item-rate basis.

Procurement Cycle for Civil Works

Procurement Cycle followed by GCSE-SS, for Civil Works, comprises of the following steps:

- (a) Procurement planning (requirement gathered from field level (Schools, Clusters, Blocks, Districts) & need assessment)
- (b) Preparation of the DPR/Drawings followed by Bill of Quantities (BOQ) with detailed and clear scope and specifications
- (c) Identification of procurement model
- (d) Preparation of cost estimate and budget
- (e) Conducting Bid Process Management
 - (i) Notification / Advertising,
 - (ii) Issue of tender documents,
 - (iii) Submission of tender,

- (iv) Public opening of tender,
- (v) Evaluation
- (vi) Selection of lowest / best evaluated responsive tender
- (f) Contract award, and
- (g) Contract Management
- (i) Inspection / testing / verification & Implementation Monitoring
- (ii) Monitoring Operations & Maintenance phase

iii. CONSULTING SERVICES:

Presently, only one consultancy contract for IVA is anticipated which is being done following the EOI procedure.

iv. NON-CONSULTING SERVICES (NCS):

NCS covers procurements such as housekeeping, transportation, maintenance, etc. Procurement Procedure is the same as that for Goods.

17. Procurement Exclusions:

It was confirmed by GCSE that though there may be a large number of small contracts of various value, no contract is expected to cross the threshold of USD 40M for civil works and 30 M for goods and non-consulting services under the Project.

18. Gujarat Council of School Education, Samagra Shiksha (GCSE-SS) arranges procurement of small value contract packages (usually within Rs. 5 lakhs) at the **District and SMC/SMDC levels** as under:

- a) Procurement by District Primary Education Officer (DPEO) & ex-officio District Project Coordinator (Samagra Shiksha)
Items procured: Civil works for classrooms, transportation, stationery, etc.
- b) Procurement by School Management Committee (SMC)/School Management and Development Committee (SMDC)
Items procured: Minor Civil works, Housekeeping, Stationeries, etc.

However, GCSE confirmed that the procurement at District level will not form a part of the procurement under Project.

19. ICT Procurement: Government of Gujarat has designated Gujarat Informatics Limited (**GIL**) as an IT nodal agency for the State, established under Department of Science & Technology. GIL acts as a nodal agency for providing IT related consultancy to all government organizations of the State. GCSE-SS also consults GIL for all its IT related procurement. Based on the requirement, GIL conducts IT related procurement on behalf of GCSE-SS by conducting following:

- Preparing & publishing tender / RFP
- Bid Process Management including Pre-bid conferences & issuance of corrigendum
- Vendor selection & its onboarding
- Inspection / verification of Goods / services

After bids for IT procurement are finalized by GIL, contracts are awarded/signed by GCSE and

payments to the Supplier too are arranged by GCSE.

20. Approval Committees for ICT Procurement

Following Committees have been constituted for approval of ICT Procurement.

a) Departmental IT Committee:

- Value of procurement up to Rs. 1 crore: Committee members are Head of Department, SPD (GCSE-SS), DST representative, FD representative, GIL representative, and Subject experts
- Value of procurement more than Rs. 1 crore: Committee members are Secretary (ED), SPD (GCSE-SS), Secretary (DST), Secretary (Expenditure-FD), MD/GIL, and Subject experts. This Committee approves the procurement process for value more than Rs 1 crore and makes recommendations for final approval of SPC (IT) for awarding the work.

b) Secretaries Purchase Committee (SPC) IT: Committee members: Additional Chief Secretary (IMD), Secretary (ED), Secretary (DST), Secretary (Expenditure-FD), SPD (GCSESS), MD GIL, Subject Experts

21. **Time allowed to Bidders for Bid Submission:** As per existing procedure, GCSE-SS allows 10 to 21 days to bidders for bid submission depending upon the requirement. However, the FMP Manual issued by the Ministry of Education stipulates in para 7.17.4 (e) that the tendering period shall usually not be less than 30 days from the date of start of sale of tender documents. Since GCSE-SS is required to follow the FMP Manual, it should revisit the procedure being followed, correct the deviation and align its procedure with the FMP Manual.

22. **E-Procurement:** The Government of Gujarat introduced E-Procurement System in all Government Departments, Boards, Corporations of the State Government, Nigams and Societies under the administrative control of the State Government with effect from June 1, 2006 for procurements valued more than Rs. 10 lakhs. E-procurement covered procurement of goods, plants, equipment, machinery, civil construction works, computer systems and services. M/s. (n)Code Solutions, a Division of GNFC Ltd. (which is again a division of Gujarat Narmada Valley Fertilizer Co. Ltd.) was appointed the Service Provider for all e-Procurements. **(n)Procure portal** has been created by (n)Code Solutions which offers a complete web-based e-Procurement solution. E-bidding is the default method of procurement followed by GCSE-SS.

23. The eProcurement System presently being used by the Ministries/Department of the Government of Gujarat (on nProcure Portal) was reviewed by the World Bank in January 2020 to confirm if the system complies with Electronic Procurement Requirements for MDB Financed Operations, July 2019. Following recommendations were made by the World Bank team based on initial exposure to the system and information provided during the assessment as well as presentations and demonstrations made by (n)Code Solutions.

Recommendations for Compliance to MDB Guidelines:

24. The system is cleared for use under National competitive procedures (NCB) for Goods, Works and non-Consultancy services under World Bank financed Projects subject to compliance of the following:

- a. We note that your e-procurement system allows for bidders to view each other's bids. We also understand that the same is enabled to conform to the RTI Act. However, the Bank Regulations (under Section V para 5.19) require the Borrower not to disclose confidential and sensitive information provided by bidders. We therefore request that the

feature enabling bidders to view each other's bids be disabled under Bank international tenders. However, if this arrangement is continued, this may increase the number of complaints from bidders, which have to be resolved as per Bank Regulations.

- b. The system has a gap between bid submission and opening. As per Section V para 5.40 of the Bank Regulations, bids shall be opened immediately after close of bidding. Allowing a gap is therefore not consistent with the above provision. Bids should be opened on the same day as that of bid submission deadline within half an hour for world Bank funded procurements. The physical copy of bank guarantee for bid security shall be obtained before the bid submission deadline.

GCSE confirmed that the requirements listed above for compliance with the MDB Guidelines shall be met by ensuring that the bids invited through nProcure shall be opened within half an hour of the submission deadline for all world Bank funded procurements, and that no international procurements shall be undertaken under the Project.

25. Inspection of quality of Goods, Works and Services: GCSE-SS conducts inspection of Goods, Works and Services procured by it at different stages and levels as specified in the bidding documents/RFP. **Pre-dispatch** testing and inspection of goods is carried out by the state level officers or agency designated by GCSE-SS. **Post-dispatch** inspection of goods, and inspection of Works and services procured are carried out at field offices by the field level staff at district / block / cluster levels or any other agency designated by GCSE-SS.

26. Accounting and Financial Reporting: Uniform accounting procedures are followed at all levels using the Tally Software and based on a double entry modified cash-based system of accounting. Each District Unit consolidates accounts of all SMDCs within a District with the respective District Unit's accounts and GCSE consolidates its accounts with 33 Districts using consolidation function in Tally. Financial Reporting follows the hierarchy as shown in the Flow Chart in Diagram 1.

27. Internal Control Framework: The Financial Management Framework of the Program will be based on the existing State Financial Rules, Financial Rules of GCSE and the financial management arrangements of Samagra Shiksha as documented in the Financial Management and Procurement Manual (FMP Manual) issued in August 2018 by the Ministry of Education (Government of India), to the extent applicable, as this Manual has been drafted keeping in mind Government of India requirements for a Centrally Sponsored Scheme.

28. With regards to Procurement, apart from the Financial Management and Procurement (**FMP**) Manual, GCSE follows various guidelines, rules and policies for carrying out procurement processes which are listed below.

- (i) Government Resolution issued by Industries & Mines Department (IMD), Government of Gujarat for utilization of Government eMarket (GeM) Portal (Government Resolution No. SPO-102015—691093-CH dated 04/10/2017 referring to Rule 149 of General Financial Rules 2017)
- (ii) State Government Purchase Policy issued by Industries & Mines Department (IMD), Government of Gujarat (GR No. SPO/102015/691093/CH dated 03/06/2016)
- (iii) General Financial Rules (GFR) 2017, issued by Ministry of Finance (Department of Expenditure), Government of India
- (iv) Manual of Procurement of Goods 2017, issued by Ministry of Finance (Department of

- Expenditure), Government of India
- (v) Manual of Office Procedure for Purchase of Stores by the Govt. Departments issued by Industries & Mines Department (IMD), Government of Gujarat vide Resolution No. SPO/102000/2491/CH, dated 20-02-2004
 - (vi) Central Vigilance Commission's Circular No. No. 12-02-1-CTE-6 dated 17/12/2002 for Guidelines on fixing the qualification criteria for procurement of Goods and Civil/ Electrical Works
 - (vii) Circular on E-Procurement System issued by the Industries and Mines Department as per Resolution No: SPO-102005-1407-CH dated November 22, 2006

Procurement Manual

29. In view of multiplicity of circulars and instructions laid down by several Agencies of the Government of Gujarat, which are applicable to Procurement under the Program, GCSE shall prepare a Procurement Manual for use of all Implementing Agencies/Procuring Entities.

30. The Procurement Manual shall be copied from the Procurement section of FMP Manual with additions agreed with the Bank, e.g. Anti-corruption Guidelines and Grievance mechanism, and would cover the procedure to be followed for procurement of entire range of Goods, Works, Non-Consulting Services and Consulting Services to be procured under the Program. **The Procurement Manual shall be finalized and agreed with the Bank within 3 months of the effectiveness of the Project.**

31. At GCSE-SS, an Internal Tender Committee has been formed for conducting the procurement for goods & services, as required, and this Tender Committee comprises of the following members:

- State Project Director, GCSE-SS Chairman
- Addl. State Project Director, GCSE-SS Member
- Secretary, GCSE-SS Member
- State Project Engineer, GCSE-SS Member
- Officer in-Charge of respective branch, GCSE-SS Member
- Finance & Accounts Officer, GCSE-SS Member Secretary

32. The Internal Tender Committee finalizes terms of reference, bill of quantities, technical specifications, service levels & penalties, other terms & conditions, etc. based on goods / services considered under procurement.

33. *Delegation of Powers:* For procurement of goods / services amounting up to Rs. 2.5 crores, the procurement is approved by Tender Evaluation Committee comprising of following members:

- State Project Director, GCSE-SS Chairman
- Financial Advisor, Edu. Dept. Member
- Deputy Secretary, Edu. Dept. Member
- Director, Primary Education Member
- Addl. State Project Director, GCSE-SS Member
- Representative from R & B Dept. (For Civil Works) Member
- Technical Expert (Invited as required) Member
- Finance & Accounts Officer Member
- Secretary / Officer in-Charge of respective branch Member Secretary

34. For procurement of Goods, Works and Services valued above Rs. 2.5 crores per Contract, approval is provided by Executive Committee headed by Secretary (Primary & Secondary Education), Education Department.

35. 60% of the Program Cost is allocated towards civil and IT infrastructure (non-recurring) in schools and Teacher training Institutions. In this context it is pertinent to mention that the GCSE has a separate civil wing which handles procurement and management of civil works contracts. GCSE has a real-time school infrastructure monitoring and inventory management system through web and mobile application which covers Whole School Development Plan, Budget Requirement and Allotment System, Contract Management System and Inventory Management System (civil, general and infra). External evaluation of civil works is done by third party consultants. The State has also adopted the practice of on-going evaluation of civil construction and issue of completion certificate by independent consultants. For IT related expenditure GIL provides technical advice and manages procurements.

36. **Internal Audit:** GCSE has a system of half-yearly internal audits. The Bank Fiduciary Team reviewed the Internal Audit Reports for last three years. Samir M. Shah & Associates, a firm of Chartered Accounts carried out the Internal Audit of State Project Office (Sarva Shiksha Abhiyan Mission) for the three years, 2016-17, 2017-18 and 2018-19. The quality of the Audit Report is sub-optimal, and issues are identical for each of the three years. Neither does the audit report bring out any significant control weaknesses some of which are reported in the statutory audit reports nor do they provide specific cases of control lapses. In reference to 'Guidelines for verification of procurement' – I & II, the Reports simply state, "verified and found correct". No details or significant observation regarding the procurement transactions actually audited has been made. These checks mostly require quantitative assessment. But instead of providing such assessment, the Audit Reports for each of the three years simply mention "verified and found correct". These indicate that there is plenty of room for improvements in Internal Audit.

For ensuring an effective internal audit, Implementing Agency should conduct an independent detailed Procurement Post Review of Contracts as part of Internal Audit to review contracts awarded during the year on a sample basis. The outcome of post review of contracts shall be included in the Auditor's report. TOR of the Auditor or a Specialist Agency hired for the purpose of Procurement Post Review shall be agreed with the Bank.

37. **Statutory/External Audit:** The annual financial statements of Samagra Shiksha is audited annually by a Private Firm of Chartered accountants. The external audit reports disclosed in the public domain by GCSE are available at <http://gujarat-education.gov.in/ssa/information/audit-reports.htm>. The Audit for each of the years was conducted by Dhirubhai Shah & Doshi a partnership firm of Chartered Accountants. A perusal of the annual audited financial statements of the last three years (FY 2016-17 to FY 2018-19) show that the auditors have issued a qualified opinion. Although there are no major accountability issues reported, the auditor has reported that internal control weaknesses like transfer of funds by district /sub-district levels treated as expenditures, cash payments at BRC/CRC/SMDC levels, multiple bank accounts for the same program, TDS not deducted at mandated rates at school level etc. Each Audit Report includes nearly identical 'Procurement Audit Certificate'. Such Certificate included in the report for the year 2016-17 is reproduced below.

"This is to certify that we have gone through the procurement procedure used by Project Implementing Agency – Gujarat Council of Primary Education, Gandhinagar, for the Sarva Shiksha Abhiyan Mission, Gujarat State and based on the random and test check of audit of the records of State and District offices for the year 2016-17 produced before us and subject to our management letter we are generally satisfied that the procurement procedure as prescribed in the Manual of

Financial Management and Procurement under SSA has been followed.”

38. The qualifications in the Audit Reports are generic. They neither quantify qualifications nor give further specifics of the qualifications. The audit reports do not report specific procurements/contracts which were subjected to checks, and which specific areas were checked for compliance with the procedure laid down in the Manual of Financial Management and Procurement.

39. Perusal of Audit Reports for the last five years (fy 2015-16 to FY 2018-19) show that they have been mostly signed within 9 months from the end of the financial year. So, risk of delay in submission of Program Audit reports to the Bank is not perceived. Audit of FY 2019-20 is delayed due to COVID -19 pandemic and is expected by end of February 2021.

40. Remedial actions have been agreed with GCSE to address the internal control weaknesses reported and to strengthen the external and internal audits through agreed terms of reference and selection criteria for future appointment of auditors.

41. GCSE will prepare a consolidated Program Financial Statement covering transactions of all implementing agencies and get it audited annually. The Terms of Reference of the audit will be agreed with the Bank. The Bank’s FM system will track the following audit report

Name of Implementing Agency	Particulars	Due date
GCSE	Consolidated Annual Program Financial Statements	December 31

42. **Implementation Capacity of Implementing Agencies:** The current level of expenditures of GCSE is about INR 1680 crores⁴ under Samagra Shiksha. The additionality in expenditure that this Program would entail is about 63% of the current level of annual consolidated expenditure of GCSE. This would require substantial strengthening of implementation capacity of GCSE including financial management and procurement staffing. GCSE has agreed to a Project Management Unit (PMU) for technical and administrative support and to bring in additional deputed/contractual staff to support project implementation.

43. **FM staffing:** Currently, the staffing structure for handling accounts and finance functions are as follows:

⁴ Unaudited expenditures for FY 2019-20

Particulars	Designation	Number of personnel	Current status	Approver of expenditures by Designation	Signatories to Bank Accounts by Designation
State Project Office (SPO)					
	STATE PROJECT DIRECTOR	1	Filled up	YES	YES
	ADDL. STATE PROJECT DIRECTOR	1	Filled up		YES
	FINANCE & ACCOUNTS OFFICER	1	Filled up		YES
	SECRETARY	1	Filled up		YES
	STATE PROJECT ENGINEER	1	Filled up		YES
SPO-ACCOUNT STAFF					
	ACCOUNT OFFICER (Class-2) Deputation from Finance Dept.		Filled up		
	ACCOUNT OFFICER (Contractual)		Filled up		
	ACCOUNT OFFICER (Contractual)		Filled up		
	ACCOUNTANT		Filled up		
	DY. ACCOUNTANT		Post Vacant		
	ACCOUNT ASSIATANT		Filled up		
	ACCOUNT ASSIATANT		Filled up		
District Project Office					
	DISTRICT PROJECT CO. ORDINATOR	1		YES	YES
	DISTRICT ACCOUNT OFFICER	1			YES
BRC					
	BRC CO ORDINATOR	1			YES
	BLOCK MIS	1			YES
CRC					
	CRC CO ORDINATOR (SINGLE)	1			YES
SMDCs					
	PRINCIPAL	1			YES
	ASSISTANT TEACHER	1			YES
GCERT					
	Account Officer	1	Filled up	Account Officer	Director & Secretary, GCERT
DIETS					
	Principal	1		Principal	Principal
GSQAC					
	Administrative Officer	1	Filled up	Administrative Officer	Director & Secretary, GCERT

The accounting function at the Block/cluster and School levels are outsourced to CA firms.

44. **Procurement Staffing:** GCSE confirmed that apart from GCSE, Gujarat Informatics Ltd (GIL) will function as the Procuring Entity. Following details of the key staff who handle procurement of the two

Entities were shared by GCSE.

Procurement at State Level

(i) By GCSE

SN	Project Component	Samagra Shiksha Department/Branch	Staff entrusted with Procurement	
			Designation	Name
1	STEM Lab, Science Labs, Environmental Labs, Library, Capacity Building for Teachers	Quality Education Monitoring (QEM); Establishment	Secretary	Shri Prakashbhai K Trivedi
2	Overall Finance & Accounts	Finance & Accounts	Finance & Accounts Officer	Shri Vijaysinh Solanki
3	Computer Labs, Smart Classrooms (ICT)	MIS & Planning	Officer-in-Charge	Shri Vishalbhai Soni
4	-do-	ICT & Digital Initiatives	Assistant Director (IT)	Shri Kalpesh A Mehta
5	Building Infrastructure - Class Rooms, Labs, Library Space, etc.	Civil Infrastructure	State Project Engineer	Shri Nipurn Chokshi
6	-do-	Civil Infrastructure	Addl. State Project Engineer	Shri H I Bhatt
7	-do-	Civil Infrastructure	Addl. State Project Engineer	Smt. Shruti Patel
8	Vocational & Transportation	Access Retention & Vocational Education	Officer-in-Charge	Shri Hitendrabhai P Joshi
9	Gender Related	Gender & Social Inclusion	Officer-in-Charge	Smt. Darshanaben K Suthar
10	In Schools Resource Room for Children with Special Needs	Inclusive Education	Officer-in-Charge	Shri Jayasingbhai Kharadi

(ii) Procurement by Gujarat Informatics Limited (GIL) (To be provided)

SN	Project Component	Staff entrusted with Procurement	
		Designation	Name

45. It is noted that the GCSE and GIL departments are staffed with officials who are technical experts and as there are no dedicated Procurement staff, the technical experts handle Procurement as well. In view of insufficiency of requisite qualifications and experience in Procurement, Procurement capacity of staff is not considered satisfactory. Hence suitable measures are needed to mitigate the risk on this account.

46. Fraud and Corruption: Procurement documents in use presently as shared by GCSE-SS were reviewed by the Bank’s Assessing Team and it was noted that these documents do not have identical clauses on fraud and corruption. Generally, the Procurement Documents stipulate that the Bidder should not be under a declaration of ineligibility for corrupt or fraudulent practices issued by Government of India or by Government of any other State in India or by Government of Gujarat or any of the PSU in the state of Gujarat at the time of bidding. ***The scope of this requirement needs to be revised to comply with the Bank’s Anti-Corruption Guidelines discussed below, to ensure that any person or entity debarred or suspended by the Bank is not awarded a contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension.***

47. The Bank’s Policy on Program-for-Results Financing provides that the fiduciary assessment should also consider how PforR Program Systems handle the risks of fraud and corruption, including by providing complaint mechanisms, and **how** such risks are managed and/or mitigated. Procurement under the PforR Financing shall be subject to ‘Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing’ dated February 1, 2012 and revised July 10, 2015. These Guidelines are subsequently referred to herein as the Anti-Corruption Guidelines or **ACGs**. Hence the Borrower/Implementing Agency is responsible, among other things, for taking appropriate measures to prevent, detect, and respond to fraud and corruption or allegations of fraud and corruption in the PforR Program. The Bank shall have the right to investigate allegations of fraud and corruption in the PforR Program and to sanction parties that engage in sanctionable practices under the PforR Program.

48. The Borrower/Implementing Agency shall agree and commit to undertaking the actions set out in the Anti-Corruption Guidelines (ACGs) referred to above for the purpose of preventing and combating Fraud and Corruption in connection with the Program.

49. GCSE-SS shall in accordance with the ACGs ensure that it
- (a) takes all appropriate measures to ensure that the Program is carried out in accordance with these Guidelines;
 - (b) takes all appropriate measures to prevent Fraud and Corruption in connection with the Program, including (but not limited to) adopting and implementing appropriate fiduciary and administrative practices and institutional arrangements;
 - (c) promptly informs the Bank of all credible and material allegations or other indications of Fraud and Corruption in connection with the Program that come to its attention, together with the investigative and other actions that the Borrower proposes to take with respect thereto;

- (d) unless otherwise agreed by the Borrower and the Bank with respect to a particular case, takes timely and appropriate action to investigate such allegations and indications; reports to the Bank on the actions taken in any such investigation, at such intervals as may be agreed between the Borrower and the Bank; and, promptly upon the completion of any such investigation, reports to the Bank the findings thereof;
- (e) if the Borrower or the Bank determines that any person or entity has engaged in Fraud and Corruption in connection with the Program, takes timely and appropriate action, satisfactory to the Bank, to remedy or otherwise address the situation and prevent its recurrence; provided that nothing in this sub-paragraph (e) or in sub-paragraph (d) above obligates the Borrower to take action in direct contradiction of the applicable law of the Member Country;
- (f) cooperates fully with representatives of the Bank in any inquiry conducted by the Bank into allegations or other indications of Fraud and Corruption in connection with the Program, and takes all appropriate measures to ensure the full cooperation of relevant persons and entities subject to the Borrower's jurisdiction in such inquiry; and
- (g) ensures that any person or entity debarred or suspended by the Bank is not awarded a contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension. A list of debarred firms and individuals is available on the Bank's external website: <http://www.worldbank.org/debarr>.

50. While the responsibility for due diligence to ensure compliance with the Bank's Anti-Corruption Guidelines devolves on the Implementing Agency, it is advised that in every bidding opportunity under the Program, each participating bidder shall be required to submit (as part of the bidding process) a self-declaration that the firm is not subject to debarment or suspension or has not been sanctioned under the World Bank system of debarment and cross-debarment.

51. GCSE-SS shall ensure that all Implementing Agencies familiarize themselves with the Anti-Corruption Guidelines and comply with the specified requirements. Implementing Agencies are also advised to refer to the FMP Manual which lays down (Ref: Para 7.16.3) the **Code of Integrity** under Rule 175 of GFR 2017, which must be strictly followed. No official of a procuring entity or a bidder shall act in contravention of the provisions of this Code.

52. **In order to operationalize implementation of various areas covered in the ACGs**, GCSE shall take following actions:

- (a) Ensure that that a bi-annual report is shared with the World Bank in a prescribed/agreed format covering all cases of Fraud and Corruption which come to GCSE's notice and any other complaints which have been received, related investigations and actions taken.
- (b) Include in the Bidding Documents and Contract documents a reference to applicability of Bank's Anti-corruption Guidelines.
- (c) When conducting the evaluation of Bids/Proposals, GCSE and other Implementing Agency(ies) like GIL, shall check the eligibility of Bidders/Consultants from the lists of firms and individuals debarred and suspended by the Bank that are posted on the Bank's external website. Contract shall not be awarded to the firms/individuals debarred and suspended by the Bank. The list may be found in the following website: <https://www.worldbank.org/en/projects-operations/procurement/debarred-firms>.
- (d) GCSE shall add to scope of Auditor/Specialist Agency, engaged for Procurement Post Review of Contracts awarded each year, (i) to validate compliance with ACG and (ii) that under Program Expenditure Framework, no contract has been awarded to the World Bank

debarred/suspended firms and individuals.

- (e) GCSE would set-up a centralized procurement & FM complaint redressal system which shall have a web interface to receive complaints and provide clearly defined rules and authorities to resolve/process the complaint/suggestions. Furthermore, this system shall be designed to ensure compliance with the requirements of various applicable acts and rules.

53. If the Borrower and/or the Implementing Agency or the World Bank determines that fraud and corruption have occurred in connection with the Program, the Borrower and/or the Implementing Agency will take timely and appropriate action, satisfactory to the World Bank, to remedy or otherwise address the situation and prevent its recurrence. The Implementing Agency will share incidences related to fraud and corruption with World Bank. If the World Bank determines to conduct an administrative review into allegations or other indications of fraud and corruption in the Program, GCSE/Implementing Agencies will cooperate fully with representatives of the World Bank for carrying out review.

54. In view of the importance attached to the implementation of Anti-Corruption Guidelines, a protocol on these lines shall be agreed to at the time of Loan negotiations.

55. A workshop to sensitize the Implementing Agencies on applicability of anti-corruption guidelines and protocol to be followed will be organized as part of the Project launch.

Procurement Related Complaints & Disclosure of Awards

56. The Assessing Team was advised that the State Project Director, GCSE-SS remains the final authority for addressing the procurement related complaints. However, a review of the Bidding Documents and RFPs for a few packages used recently for procurement at the State level shows that these do not contain any reference to procurement complaint or the complaint handling mechanism. ***This indicates the need for establishing a formal Procurement complaint handling and redressal system which is known and can be easily accessed by the stake holders.*** The Complaint Redressal System, should take into account the requirement of the FMP Manual, as indicated in the following paragraph, that all procurement complaints should be dealt with at a level higher than that of the level at which the procurement process is undertaken.

57. FMP Manual issued by the Ministry of Education also requires (reference Para 7.30) that a Procurement complaint handling mechanism be set up by the States in order to deal with complaints received from contractors / suppliers effectively and immediate action be initiated on receipt of complaints to redress the grievances. Further, it requires that *all procurement complaints should be dealt with at a level higher than that of the level at which the procurement process is undertaken* and the allegations made in the complaints should be thoroughly enquired into. If found correct, appropriate remedial measures should be taken by appropriate authorities. The system to be established should be supported with an internal mechanism for unbiased review and redressal of complaints. Such a system is the backbone of a transparent public procurement system. For the system to be effective it is essential that the information on contract award is also publicly disclosed.

58. **Disclosure of Awards:** It is noted that details of the Contract award are accessible only to the participating bidders on the Procurement Portal. These are not available to the general public. Nor are the bid award details disclosed at the Implementing Agency's own website or any other media. The Bidding Documents and RFPs reviewed by the Assessing Team have no provisions for disclosure of the Awards. The Bank encourages publishing of award of contracts in the Project's website.

59. The e-Procurement system laid down by the Industries and Mines Department of the Government

of Gujarat in **November** 2006, pursuant to the Resolution No: SPO-102005-1407-CH, lists out Award of LOI (Letter of Intent/Notification of Award) as one of the features of e-Procurement. Implementation of this feature shall be pursued by GCSE and till this is done, award details shall be published by GCSE on the Project website.

Contract Performance Data

60. GCSE was requested to furnish analysed data of the last 3 years which will indicate year-wise and under each category (Goods, Works & Services) – (i) volume of purchases, (ii) average time taken in awarding contracts, and (iii) statistics of contracts completed within the original delivery period/completion time. Analysed data is as under:

1. Category-wise Procurement Value

SN	Procurement Category	Procurement during the year (In INR millions)		
		Year 2017-18	Year 2018-19	Year 2019-20
1	(a) Goods – through GeM	0	39.07	218.53
	(b) Goods – through e-Procurement	358.514	49.33	1530.14
	Goods – Total (a) + (b)	358.514	88.4	1748.67
2	(a) Works – through GeM	0	0	0
	(b) Works – through e-Procurement	8088.78	5937.19	5544.88
	Works – Total (a) + (b)	8088.78	5937.19	5544.88
3	Services	280.22	216.47	89.90
Total Procurement for the year		8727.52	6242.06	7383.45

2. Time taken for Procurement through GeM & e-Procurement

SN	Procurement Category	Average time (number of days) taken in issuance of Contract from the date of opening of Tender (Bid)		
		Year 2017-18	Year 2018-19	Year 2019-20
1	Goods (GeM & e-Proc)	76	-	77
2	Works	-	110.75	134.27
3.	Services	-	-	-

3. Contract Management

SN	Procurement Category	Statistics of contracts completed within Original Delivery Period/Completion Time		
		Year 2017-18	Year 2018-19	Year 2019-20
1	Goods (GeM & e-Proc)	1/1		10/11
2	Works	-	180/180	70/71
3	Services	-	-	-

61. Past Purchase data shows that the yearly total procurement in the last 3 years ranged from INR 6242 million to INR 8727 million. Based on the past performance, it is expected that GCSE will be able to use the Bank loan funds appropriately.

62. GFR 2017 issued by the Ministry of Finance (Government of India) which is being followed by the Government of Gujarat, lays down (in Rule 149) that the Procurement of Goods and Services by Ministries or Departments will be mandatory for Goods or Services available on GeM, i.e., Government e-Marketplace. Data furnished by GCSE shows that procurement of Goods on GeM platform started in the year 2018-19, i.e., soon after the GFR 2017 came into force and the value of purchases went up sharply in 2019-20.

63. Procurement on GeM Portal is expected to lead to competitive procurement of Goods and also bring transparency in purchases.

64. Details given in Table 2 show that the time taken in award of contract averaged to 77 days for Goods, and 111 days to 134 days for Works. Time taken in finalizing Works tenders is unusually high. It is noted that in some of the tenders, time taken is goes up to 345 days. There is a need to streamline the bidding process so as to ensure award of Contracts generally within 60 days both for Goods and Works.

65. Performance of the Contracts as given in Table 3 is excellent and in fact it is very unusual. Almost 100% of Contracts were completed within the original delivery period/completion time. This reflects on the quality of bidders selected for award.

Review of Bidding Documents & RFPs

66. GCSE-SS does not have any Model Bidding Documents for procurement of Goods, Works and Services. Therefore, the Assessing Team reviewed a few bidding documents/RFPs which were being used by different departments of GCSE-SS and GIL for procurement of various items. The outcome of review is detailed in **Annexure 1**, which shows that even the important clauses are not uniform across different documents. ***To ensure uniformity, it is agreed that GCSE-SS shall have in place Revised/Model Procurement Documents for Goods, Works, Non-Consulting & Consulting Services, within 3 months of the Loan Negotiations, for use by all departments of GCSE and all Procuring entities.***

Revised/Model Bidding Documents/RFPs shall, inter alia, address the following:

- (a) Incorporation of reference to and compliance with Anti-Corruption Guidelines (ACGs);
- (b) Revision of Fraud and Corruption clause to align it with the ACGs;
- (c) Revision of Eligibility requirements *to align these with the Bank's Anti-Corruption Guidelines, which require the Borrower to ensure that any person or entity debarred or suspended by the Bank is not awarded a contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension;*
- (d) Proper use of terminology: Avoidance of use of the term "bidder" throughout the bidding document even in clauses which stipulate obligations to be performed by the Selected Bidder or Supplier/Contractor;
- (e) Deadline for bid submission shall allow bidders *minimum period of 30 days as laid down in the FMP Manual* for preparation and submission of bids from the date of publication of Tender Notice or Invitation for Bid;
- (f) *Stipulations like Bid validity to be counted from the date of Financial bid opening in two/three envelope process should be dropped. Period of validity of bids shall always be counted from the Deadline for Bid submission so as to ensure that there is no ambiguity in the validity of Bids;*
- (g) Bids invited through e-Procurement shall not require the bidders to submit the bid and/or any other documents in physical form;
- (h) Deletion of unusual clauses given in the bidding documents in use – like 'bidder's

representative witnessing the bid opening will be held responsible for all commitments made on behalf of the bidder'; and

(i) Stipulating public opening of Technical and Financial Bids in case of multi-stage bidding process.

Oversight by Vigilance

67. Vigilance Commission in Gujarat was established in 1964 based on the Santhanam Committee's Report submitted to the Government of India. Vigilance Commission is an apex integrity institution in the State, which endeavours to promote integrity and transparency and governance through rule of law. A review of the booklet published by the Gujarat Vigilance Commission on 'Role of Administration on Combating Corruption' shows that check lists have been laid down for the Departments for various types of Works and Tenders. As this is a P4R project, it is understood that oversight for all procurement under the Project shall be done by Vigilance Commission.

68. **44. Risk Rating and Risk Mitigation:** Based on the above assessment both Financial Management and Procurement risks are considered 'Substantial'

The Table below provides the key Financial Management and Procurement risks identified during the assessment and proposed mitigation measures.

Key Fiduciary Risks and Mitigation Measures

69. The Bank Fiduciary Team concludes that subject proper implementation of the risk mitigation measures proposed/agreed and documented the table below the program fiduciary arrangements will be adequate to provide a reasonable assurance that the program funds will be utilized for the intended purposes with due regard to economy and efficiency.

SN	Risk	Mitigation Measure
	The additionality in expenditure that this Program would entail is about 63% of the current level of annual consolidated expenditure of GCSE. Program management at current level of implementation capacity could be at risk	A PMU will be part of the Project that will provide constant technical and implementation support. GCSE will bring in additional deputed/contractual staff to strengthen Financial Management and Procurement functions. (PAP)
	Internal control weaknesses reported by the statutory Auditor in Audit reports of FY 2016-17, FY 2017-18 and FY 2018-19. The specific weaknesses reported pose risk of overstatement of expenditure, mis-use of funds	All Program Bank accounts to be registered with PFMS to ensure flow of funds through PFMS. Accounting policy to be adopted and made operational for GOAL to account for transfers as advances and not expenditures at all levels of implementation. An FM Training Program will be conducted by GCSE for all implementing agencies before Program funds start flowing. Compliance with the above actions will be monitored through PAP. (PAP)
	Standards of Internal and External audits are not up to the mark.	Internal and external audits will be strengthened through Audit Terms of References and selection criteria for selection of auditors agreed with the Bank. Orientation of auditors with the new terms of

		<p>references will be supported by the Bank. GCSE to include Procurement Post Review Audit of Contracts in the TOR of the Internal Auditor who shall be required to review contracts awarded during the year on a sample basis.</p> <p>Considering that most of the Program Expenditures are expected to involve procurements, an independent Annual Procurement Audit will be conducted to ensure oversight.</p>
1	There is multiplicity of circulars and instructions laid down by several Agencies, which are applicable to Procurement under the Program.	GCSE-SS shall prepare a Procurement Manual based on the Procurement section of the FMP for use of all Implementing Agencies and Procuring Entities which shall be agreed with the Bank before procurement is commenced.
2	Variations in important provisions in the Procurement Documents on account of absence of Model or Standard Bidding Documents/ RFPs with the Implementing Agencies.	Implementing Agency shall revise the Bidding Documents presently in use for Goods, Works, Non-Consulting & Consulting Services, within 3 months of the Loan negotiations which shall be used for all procurements to be made thereafter.
3	The Staff handling Procurement does not have the experience of Public Procurement and there is a need to build procurement capacity.	<p>Implementing Agency at the State level and the District & SDC/SMDC should have one or more officials, (depending upon the volume of purchases handled) trained in public procurement processes and procedures relevant to their operations. <i>Till procurement capacity is properly built, the Implementing Agency should hire a Procurement Agent, or expand the role of the PMU for handling procurement.</i></p> <p>In addition, GCSE-SS shall arrange training of all staff involved in Procurement before procurement in project is commenced.</p>
4	Non-disclosure of Contract Award information on the Procurement Portal, websites of Implementing Agencies and/or other media.	GCSE-SS shall ensure that Contract Award information is disclosed by the Implementing Agencies on the Procurement Portal, their respective websites, and/or other media.
5	Absence of formal procurement complaint handling and redressal mechanism.	An online system should be set up to allow registration of complaints on the websites of the Implementing Agencies. The system should have the

		<p>mechanism for acknowledging the complaint and for its tracking by the Complainant as also by the nominated officials, reviewing the redressal periodically, escalation to higher levels in case of delays beyond a specified time period, ultimate disposal of complaints and communication of the outcome to the complainant within an agreed timeframe.</p> <p>Further, in line with Para 7.30 of FMP Manual, all complaints should be dealt with at a level higher than that of the level at which the procurement process is undertaken.</p>
6	<p>Non-inclusion of provisions of ineligibility in the Procurement Documents for bidders to participate in the Program and for award of Contract to any person or entity debarred or suspended by the Bank during the period of such debarment or suspension.</p>	<p>GCSE-SS shall revise the Procurement Documents and align the relevant provisions with the Bank's Anti-Corruption Guidelines.</p> <p>In addition, GCSE-SS shall specify for every bidding opportunity under the Program, that each participating bidder shall submit (as part of the bidding process) a self-declaration that the firm is not subject to debarment or suspension or has not been sanctioned under the World Bank system of debarment and cross-debarment. This would augment the process of due diligence to be conducted by the Implementing Agency.</p>
7	<p>Presently the time allowed to Bidders for Bid Submission is 10 to 21 days. This is considered insufficient for preparation and submission of Bids. FMP Manual stipulates that this period should not be less than 30 days from the date of start of sale of tender documents.</p>	<p>Bidding documents and RFPs to be used for high value contracts (contract exceeding USD 100,000) should be reviewed/revised so as to allow minimum 30 days to the Bidders for Bid Submission, in line with the provisions of FMP Manual.</p>

Annexure 1

Gujarat School Education Budget		In Crores	
Education Department	FY 18-19 (Actuals)	FY 19-20 (Revised Estimate)	FY20-21 (Budget Estimate)
Elementary Education			
Direction and Administration	13.95	15.71	33.67
Maintenance & Building	15.20	15.20	15.20
Inspection	24.17	25.59	25.69
Teachers and Other Services	13884.15	14614.72	13805.79
Teacher's Training	22.30	27.98	20.50
Sarva Shiksha Abhiyan	4.00	4.00	4.00
Samagra Shiksha			1132.84
Other Expenditures	0.00	.01	.01
Sub-total	0.0	0.01	15037.7
Secondary Education			
Direction and Administration	52.35	140.14	259.07
Teacher's Training	2.63	1.05	0.65
Textbooks	61.10	61.10	50.00
Government Secondary Schools	307.95	289.38	347.85
Assistance to Non-Government Secondary Schools	4694.73	5245.38	5508.00
Assistance to Municipal Corporations	161.35	180.00	200.47
Other Expenditure	18.66	20.60	22.18
Sub-total	5298.77	5937.65	6388.22
Tribal Department			
Elementary Education	285.84	429.07	456.67
Secondary Education	173.40	188.32	207.57
Sub-total	459.24	617.39	664.24
Social Justice and Empowerment Department			
Elementary Education	119.34	185.73	193.81
Secondary Education	80.91	79.21	74.08
Sub-total	200.25	264.94	267.89
Grand Total	400.5	529.88	535.78

GOAL Program Expenditure Framework with detailed break-up.

Annexure 2

Particulars	In INR Crores	In Million USD	Percentage of total costs	Nature of Activities
Building Infrastructure (Class Rooms, Labs, Library Space, Garden, Playground)	2215.08	299.3		Additional Classrooms and Boundary Wall construction, Green Concepts, Library, Repairs.
Computer Labs, Smart Classrooms (ICT)	999.12	135.0		Smart Classroom, Computer labs for schools
Total Physical + IT Non-recurring	3214.20	434.4	60%	
Quality Education Interventions; Vocational Education and Program Management				
STEM Lab	323.60	43.7		Devices, Equipment and Learning Material to promote learning by doing for STEM related quality components including astronomy and AR&VR
Science Labs	23.60	3.2		Integrated laboratory for Science subject which includes Physics, Chemistry, Biology and Math
Sporting Facilities	137.70	18.6		Provide Sports equipment, campus development and capacity building
In Schools Resource Room for Children with Special Needs	99.44	13.4		Each In-SRR will be equipped with the following resources 1) Digital ICT like Computer, Printer, Pen drive, ICT Assistive Devices, Digital Content for interactive learning, etc. , 2) Special Resource Materials like Disability-wise TLM kits, Therapy Equipment, Sports, & Stationery, etc. ,
Teaching Learning Material for Learning Enhancement	224.50	30.3		Teaching learning material, Kits, Worksheets, Workbooks etc.
Environmental Lab	97.08	13.1		Setup environment friendly facilities i.e. Kitchen garden, Ayurvedic garden etc.
Library	11.80	1.6		Physical and digital library setup which includes Books, Devices and Furniture

Continuous Capacity Building and Assessment for Improved learning environment in schools and teacher education institutions	301.49	40.7		Continuous Capacity Building and Assessment. Developing robust school accreditation and assessment system.
Project Management	250.00	33.8		Up to 5% of total proposed budget which covers PMU, Office Exp., Monitoring & Evaluation etc.
Vocational	236.00	31.9		Tools, Equipment & Furniture, Financial Support for Vocational Teacher/ Trainer + Placement officer, Cost of providing Hands on Skill Training to Students, Financial Support for Resource Persons, Induction training of Teachers VE - Teachers (10 Days), Office Expenses / Contingencies for New School, Raw material Grant, Internship etc.
Transportation	366.31	49.5		Transportation proposed as per norms @Rs.6000/- per child per annum
Total Quality Education Component	2071.51	279.9	40%	
GRAND TOTAL	5285.71	714.3		

Note: Associated costs relating to COVID-19 Resilience component has been considered while costing individual components like IT infrastructure, Teacher's training, Continuous Capacity Building for improved learning & Children with Special Needs line items.

SAMAGRA SHIKSHA ABHIYAN-GUJARAT**Details of Grant release by GOI and GOG**

INR lacs

No	Grant Release by Education Department (State) order No & Date	GOG-Grant Release (GSWAN)		Grant Total	BILL DATE GOI+GOG	Grant received Date	
		GOI-CSS	GOG-STATE				
	(RMSA) AD-HOC GRANT RELEASE 2019-20						
1	GENERAL HEAD	CSS/2019-20/SSA/122/(1)V Dt.04/06/2019	1596.94	1064.63	2661.57	17.06.2019	20.06.2019
		CSS/2019-20/SSA/122/(1)V Dt.04/06/2019	155.86	103.90	259.76	17.06.2019	20.06.2019
		CSS/2019-20/SSA/122/(1)V Dt.04/06/2019	276.61	184.41	461.02	17.06.2019	20.06.2019
		2029.41	1352.94	3382.35			
	Balance of 1st Installment GRANT RELEASE 2019-20						
2	GENERAL HEAD	CSS/2019-20/SSA/122(5)/V DT.10/10/2019	43865.92	29243.94	73109.86	05.10.2019	15.10.2019
		CSS/2019-20/SSA/122(5)/V DT.10/10/2019	3965.08	2643.39	6608.47	05.10.2019	15.10.2019
		CSS/2019-20/SSA/122(5)/V DT.10/10/2019	10308.06	6872.04	17180.10	10.10.2019	15.10.2019
			58139.06	38759.37	96898.43		
	CAPITAL HEAD	CSS/CAP/2019-20/122(1)/V DT.04/10/2019	2601.48	1734.32	4335.80	05.10.2019	20.11.2019

		CSS/CAP/2019-20/122(1)/V Dt.04/10/2019	235.15	156.77	391.92	05.10.2019	20.11.2019
		CSS/CAP/2019-20/SSA/122(20)/V Dt.09/10/2019	611.32	407.54	1018.86	10.10.2019	20.11.2019
			3447.95	2298.63	5746.58		
		CSS/2019-20/SSA/122(2)/V Dt.04/10/2019 (SAP)	877.16	584.77	1461.93		
			64493.58	42995.71	107489.29		
	Balance of 2nd Installment GRANT RELEASE 2019-20						
3	GENERAL HEAD	BJT/2020-21/SSA/23(1)/V Dt.22/01/2020	14842.57	9895.05	24737.62	22.01.2020	27.01.2020
		BJT/2020-21/SSA/23(1)/V Dt.22/01/2020	1341.64	894.43	2236.07	22.01.2020	27.01.2020
		BJT/2020-21/SSA/23(1)/V Dt.22/01/2020	3487.80	2325.24	5813.04	22.01.2020	27.01.2020
			19672.01	13114.72	32786.73		
	CAPITAL HEAD	BJT/2020-21/SSA/23(1)/V Dt.22/01/2020	4460.25	2973.50	7433.75	22.01.2020	27.01.2020
		BJT/2020-21/SSA/23(1)/V Dt.22/01/2020	403.17	268.78	671.95	22.01.2020	27.01.2020
		BJT/2020-21/SSA/23(1)/V Dt.22/01/2020	1048.11	698.74	1746.85	22.01.2020	27.01.2020
		5911.53	3941.02	9852.55			
		25583.54	17055.74	42639.28			
	(RMSA) 2nd Installment GRANT RELEASE 2019-20						

4	GENERAL HEAD	BJT/2020-21/SSA/23/V Dt.01/02/2020	91.52	61.02	152.54	07.02.2020	15.02.2020
		BJT/2020-21/SSA/23/V Dt.01/02/2020	8.93	5.96	14.89	07.02.2020	15.02.2020
		BJT/2020-21/SSA/23/V Dt.01/02/2020	15.85	10.57	26.42	07.02.2020	15.02.2020
			116.30	77.55	193.85		
	CAPITAL HEAD	BJT/2020-21/SSA/23/V Dt.01/02/2020	2950.17	1966.78	4916.95	07.02.2020	15.02.2020
		BJT/2020-21/SSA/23/V Dt.01/02/2020	287.93	191.95	479.88	07.02.2020	15.02.2020
BJT/2020-21/SSA/23/V Dt.01/02/2020		511.00	340.67	851.67	07.02.2020	15.02.2020	
		3749.10	2499.40	6248.50			
		3865.40	2576.95	6442.35			
		93942.52	62628.40	156570.92			
	GRANT RELEASE 2020-21 (Transit Fund)						
1	GENERAL HEAD	CSS/2020-21/SSA/V Dt.23/04/2020	14191.71	9463.14	23654.85	23.04.2020	29.04.2020
		CSS/2020-21/SSA/V Dt.23/04/2020	1072.92	715.28	1788.20	23.04.2020	29.04.2020
		CSS/2020-21/SSA/V Dt.23/04/2020	464.37	309.58	773.95	23.04.2020	29.04.2020
			15729.00	10488.00	26217.00		
	CAPITAL HEAD	CSS/2020-21/SSA/V Dt.23/04/2020	2263.50	1509.00	3772.50	23.04.2020	29.04.2020
		CSS/2020-21/SSA/V Dt.23/04/2020	204.60	136.40	341.00	23.04.2020	29.04.2020
CSS/2020-21/SSA/V		531.90	354.00	885.90	23.04.2020	29.04.2020	

		Dt.23/04/2020					
			3000.00	1999.40	4999.40		
			18729.00	12487.40	31216.40		
			112671.52	75115.80	187787.32		

Review of Bidding Documents & Requests for Proposals

The Assessing Team reviewed the Bidding Documents and RFPs presently being used by GCSE-SS for procurement of Goods, Works and Services. Some of the important observations on each of the reviewed documents are presented below.

(i) Request for Proposal used by Gujarat Informatics Limited (GIL), a Government of Gujarat Company for Implementation of Gyankunj was reviewed. This procurement was for 12000 class rooms of Government Elementary School for providing Short Throw Projector OR Ultra Short Throw Projector with inbuilt interactivity features of Projector + Laptop + Whiteboard +Speakers, with a few other options. The bids were invited through E-tendering route, using the website <https://gil.nprocure.com>.

The RFP involves multi-stage process. Eligibility and qualification criteria are required to be checked first and Technical Bids of only such Bidders which meet the specified criteria are opened and evaluated. Further the Commercial Bids of Bidders which qualify in technical evaluation are opened and evaluated.

The RFP provides that a Bidder that is under a declaration of ineligibility by Government of Gujarat at the date of submission of the Proposal or thereafter shall be disqualified. *The scope of this requirement needs to be revised and extended to comply with the Bank's Anti-Corruption Guidelines, which require the Borrower to ensure that any person or entity debarred or suspended by the Bank is not awarded a contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension.*

The Clause relating to corrupt and fraudulent practices also needs to be revised and aligned with the Bank's Anti-Corruption Guidelines.

RFP has important provisions of Fraud & Corruption, public opening of bids, requirements of Earnest Money and Performance Security. However, *there is no provision for publishing/ disclosing the Notification of Award (issued to the successful bidder) either on the Tender Portal or in the media. The RFP also does not have any provision of complaints from the bidders at any stage or the Complaint Handling Mechanism.*

Contract conditions included in Volume 2 of the RFP indicate need for review/improvement, to ensure consistency in the text and the terms used. These Conditions refer to the successful bidder as the Service Provider just in a few places; in all other places the term 'bidder' is used for the Service Provider.

(ii) Bidding Document for Selection of Agency for Supply, Installation and Maintenance of Tools & Equipment for STEM Laboratories of Govt. Secondary Schools of Gujarat was reviewed. The Bidding document uses online Reverse Auction procedure, following electronic submission of Bids. However, the Bidding Document specifies that "all bids (Technical & Financial) must be submitted both in Physical and Online on <https://www.nprocure.com> website". There is a provision that "in case of any discrepancy observed between Bid Documents submitted in Hard Copies physically and Soft Copies online, the bid evaluation will be done based on the sanctity of the Hard Copies only". *Requirement of submission of hard copies in electronic bidding is unnecessary and not conducive to confidentiality in bid submission. Such requirement should be completely dropped.*

The Bidding Document indicates that the deadline for bid submission allowed bidders a total of 23 days for preparation and submission of bids from the date of publication of notice. *This period is short of the minimum period of 30 days laid down in the FMP Manual.*

Eligibility Conditions specify that the Bidder should not be under a declaration of ineligibility for corrupt or fraudulent practices issued by Government of India or by Government of any other State in India or by

Government of Gujarat or any of the PSU in the state of Gujarat at the time of bidding. *As brought out above in the comments on review of the RFP issued by Gujarat Informatics Limited, the scope of ineligibility shall be extended so as to ensure that any person or entity debarred or suspended by the Bank is not awarded a contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension.*

The Clause relating to corrupt or fraudulent practices is not comprehensive, as it does not include collusive, coercive and obstructive practices. Hence this clause should be revised and aligned with the Bank's Anti-Corruption Guidelines.

(iii) Bidding Document for Civil Works, i.e. Construction of Model School, Boys & Girls Hostel in Tapi district was reviewed.

The Bidding Document indicates that it allowed bidders a total of 21 days for preparation and submission of bids from the date the bidding document was available for downloading. *This period is short of the minimum period of 30 days laid down in the FMP Manual.*

The bidding document is based on an old version of the Bank's NCB document for Works issued as per Bank's Procurement Guidelines of 2004. This document is generally acceptable, except that *the Clause relating to Corrupt and Fraudulent Practices is not comprehensive, as it does not include collusive, coercive and obstructive practices. Hence this clause should be revised and aligned with the Bank's Anti-Corruption Guidelines.*

(iv) RFP for Selection of Consultants for providing Advisory Services to SSA was reviewed.

The RFP was issued for hiring Consultants to assist SSA in accomplishing various e-governance initiatives and in framing policies with a broad aim of improving learning outcomes and bringing in efficiency and transparency in administrative operations of the SSA. QCBS method was adopted for selection of the Consulting firm. In this RFP too, *the Clause relating to Corrupt and Fraudulent Practices is not comprehensive, as it does not include collusive, coercive and obstructive practices. Hence this clause needs to be revised and aligned with the Bank's Anti-Corruption Guidelines.*

(v) RFP for consultancy services for undertaking Third Party supervision, monitoring & quality assurance in financial year 2019-20, of Civil Works in Navsari & Dang districts was reviewed. Lowest Cost Selection (LCS) method was adopted for selection of the Consulting firm. This RFP does not have any clause relating to Corrupt and Fraudulent Practices. Only an undertaking is proposed to be taken from the Consultants that in competing for (and, if the award is made to us, in executing) the contract, they will strictly observe the laws against fraud and corruption in force in India namely "Prevention of Corruption Act 1988

(vi) Bidding Document for Selection of Agency for Supply, Installation and Maintenance of Tools & Equipment and Lab under Vocational Education Programme in Secondary Schools of Gujarat was reviewed. Bids were invited through e-Procurement Portal (www.nprocure.com) requiring bidders to submit online Technical and Financial Bids separately.

The **bidding document** is generally acceptable except for certain clauses which are unusual and unacceptable. One of the clauses requires that GCSE reserves the right to ask the bidders to submit the bid and/or any other documents/ clarifications in physical form. While documents or clarifications may be sought in physical form, submission of hard copies of the bids in case of e-procurement is *unnecessary and not conducive to confidentiality in bid submission. Such requirement should be dropped.*

Another unusual clause requires that the bidder's *representative witnessing the bid opening will be held responsible for all commitments made on behalf of the bidder* and that will be considered valid for all further dealings related to this tender process. The Bids should normally be opened without requiring any commitments from the bidder's representatives.

Bidding Document stipulates that the *Bid validity will be of 120 days after the date of Financial bid opening*. But the date of opening of bids is it is uncertain, as the financial bids of only the technically qualified bidders are to be opened. Besides, public opening of Financial Bids is not specified. Hence the requirement of period of validity of the bid counted from the Deadline for Bid submission is undefined.

The clause relating to corrupt or fraudulent practices is not comprehensive. It refers only to “Corrupt practice” and “fraudulent practice. Collusive, coercive and obstructive practices are not referred to in the Bidding Document. *Hence this clause needs to be revised and aligned with the Bank’s Anti-Corruption Guidelines*.

The Bidding Document uses the term “bidder” throughout even in such clauses where the obligations are to be performed by the Supplier/Contractor.

(vii) RFP for Empanelment of Agencies for providing Design, Estimate & Supervision (DES) services for Civil Infrastructure was reviewed. Bids were invited through e-Procurement Portal (www.nprocure.com) requiring bidders to submit online Technical and Financial Bids separately.

The RFP stipulates provision of conflict of interest, which requires that the agency empaneled for providing services related to Civil Infrastructure shall not be considered for implementation of civil works for the GCSE-SS, Education Department.

RFP mentions that the Eligibility / Technical documents shall be submitted both in Physical & Online forms. Further, GCSE-SS reserves the right to ask the bidders to submit the bid and/or any other documents/ clarifications in physical form. As mentioned in the review of another bidding document, submission of hard copies of the bids in case of e-procurement is *unnecessary and such requirement should be dropped*.

The clause relating to Fraud & Corruption is not comprehensive. *Hence this clause needs to be revised and aligned with the Bank’s Anti-Corruption Guidelines*.

Financial Bid Schedule specifies that the bidder shall quote for Total Service charges in ‘Percentage (%)’ – i.e., as a % of estimated cost of project.

RFP prescribes the following procedure for empanelment. This appears acceptable.

- ❖ The qualified bidder with lowest financial bid (L1) in terms of percentage (%) quoted will be considered for empanelment in the respective zones.
- ❖ Other Eligible bidders in their respective zone, who agree & formally submit their consent to provide required services at finalized L1 rate will be considered for empanelment in the respective zones.
- ❖ Subsequently, when the limited tenders for actual work are issued to empanelled Agencies in a particular zone, the finalized L1 Percentage fees rate for respective zones will act as ceiling of service charges. Based on the respective tender inquiry for actual work, the agency may offer optimized design with best competitive rate for further qualification.

The RFP is intended to lead to Framework Agreements with a number of firms on the lines of Procurement Regulations ‘Annex XV - Framework Agreements’ and is considered acceptable, except for the stipulation of asking the bidders to submit the bid in physical form.