

Procurement Plan
For
Integrated Development for Source
Sustainability and Climate Resilient
Rain-fed Agriculture Project

A World Bank Financed Project

Project ID: P165129

**[Procurement Plan Period: First 18 months
of the Project]**

**Covering the Period: January 2020 to June
2021**

Submitted By



**Himachal Pradesh
Forest Department**

Project Management Unit [PMU]
Himachal Pradesh Forest Department
Government of Himachal Pradesh
India

PROCUREMENT PLAN

Country: INDIA

Borrower: Government of India on behalf of Government of Himachal Pradesh

Project Name: Integrated Development for Source Sustainability and Climate Resilient Rain-fed Agriculture Project

Project Implementation Agency: Project Management Unit [PMU], Himachal Pradesh Forestry Department [HPFD], Government of Himachal Pradesh

Date of General Procurement Notice: December 18, 2019

Bank's Approval Date of the Procurement Plan:

Original ...

Revision 1:

Revision 2:

Date of the Procurement Plan: December 2019

Period covered by this Procurement Plan: January 2020 to June 2021

Applicable Procurement Rules. The Procurement of goods, works, consulting and non-consulting services to be financed by the Loan will be carried out in accordance with the *World Bank's Procurement Regulations for IPF Borrowers [dated July 2016; revised November 2017 and August 2018]*, and the provisions of the *Loan Agreement*. If there is conflict between government decrees, rules, and regulations and the Bank Procurement Regulations, then Bank's Procurement Regulations shall prevail. The project will be subject to *World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants ["Anti-Corruption Guidelines"]*, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

The project will use the online tool *Systematic Tracking of Exchanges in Procurement [STEP]* to prepare, clear, and update its procurement plan, for monitoring procurement activities and for communication between the Borrower and the Bank. This textual part along with the Procurement Plan tables in STEP constitute the Procurement Plan for the Project. The following conditions apply to all procurement activities in the Procurement Plan. The other elements of the Procurement Plan as required under Paragraph 4.4 of the Procurement Regulations are set forth in STEP.

Unless otherwise agreed with the World Bank, the World Bank's Standard Procurement Documents [SPD], Requests for Proposals, and Forms of Consultant Contract will be used. Procurement under national procedures will be carried out based on National Procurement Procedures [NPP] conditions agreed with the Government of India.

Procurement estimated at Indian Rupees [INR] 5 Lakhs and above will be submitted through government eProcurement systems provided by NIC

www.hptender.gov.in which have been assessed and deemed acceptable by the Bank against Multilateral Development Bank [MDB] requirements.

Financial Management [FM] Manual. The FM Manual prepared for the project shall have a separate chapter on Procurement which will provide clear guidance on applicable procurement arrangement, procedures and thresholds, and shall be made available on the project website.

Community Operations Manual [COM]. The COM prepared for the project will have clear directives for the community [GPs/individual beneficiaries] with regard to eligible procurement expenditures and agreed procurement arrangements, procedures and thresholds, and shall be made available on the project website. This will serve as a guidebook for procurement, with a view to providing operating instructions and bring in greater transparency and predictability in procurement procedures under the Project.

Procurement Arrangements and Profile. Procurement under the Project will be carried out at the central level by the Project Management Unit [PMU] headed by the Chief Project Director [CPD] established for the Project, at the District level by the District Project Officers assisted by the Accounts Assistant at the District Level in each of the 10 District Project Offices [DPOs] located in the Districts covered under the Project [Shimla, Solan, Sirmour, Bilaspur, Hamirpur, Mandi, Kullu, Chamba, Kangra and Una], and by beneficiary GPs [supported by DPOs] at the GP level, in accordance with their approved Gram Panchayat Resource Management Plans [GP-RMP]/MG/OMIF. Officials of the PMU have prior experience of implementing a World Bank financed project and have also undergone training in STEP. GPs will need to be capacitated and provided basic procurement training on applicable procurement procedures and procurement documentation requirements outlined in COM, before initiating their procurements. To meet the readiness requirements of the Department of Economic Affairs [DEA] of the Government of India, the Project has already initiated and awarded contract for critical consultancy package for Environmental and Social Assessment to be retroactively financed by the Bank.

The project envisages procurement of low-risk, low-value goods, works and services as below:

a. **Goods and Non-Consulting Services** to be procured under the project are likely to include the following. At State/PMU level, purchase of IT Equipment such laptops, computers, printer, etc., procurement of printing services for IEC, office vehicles, office furniture, etc. are envisaged. At District and GP level, procurement activities will include procurement of Barbed Wire, U/Staple, Tools, Gunny Bags, Vermicompost/ Farm yard Manure, Sand, Seeds, Wooden posts/ poles, Seedlings, Grass tufts, Sign boards/hand prints, seed testing instrument, Seed, Fertilizer, Pesticide, Livestock - Small and Large Ruminants, Agricultural Tools and Implements, equipment, Farm machinery, e.g., power tiller, chaff cutters, pipes, tarpaulins, Medicines, supplements, sprinklers, seedlings, etc.

b. **Procurement of Minor Civil Works** is likely to include the following. At State/ PMU level, procurement of minor civil works will include extension, refurbishment and repair of office buildings, etc. At District and GP level, procurement activities will include procurement of works for construction of Water storage tanks, water channels, vermicompost pits, livestock Mangers, foot bridges, water lifting pumps, GI pipes, accessories, installation of ropeways, Ponds, Check Dams, Subsurface Dykes, Sump Wells etc. and labor contracts for preparing land

for nursery, preparing nursery beds, water tank, works of filling gunny bags, sowing of seeds, preparing temporary nursery sheds, watering, hoeing, weeding, , fencing, bush cutting, pit digging, planting seedlings, preparing contour trenches, planting grass tufts, drainage line treatment works, fire management works, allowances and incentives for fire management, Spring development, eradication of exotic weed- lantana, etc. It may be noted that civil works at GP level are demand driven. There are no major civil works contracts envisaged in the project.

c. **Consultancy Services** to be procured under the project are likely to include services for developing a web-based portal for Integrated Financial Management Information System [IFMS], Water Monitoring and Modelling, Value Chain Scoping Studies, Technical Support Study for addressing the needs of Transhumant, M and E, MIS, Baseline Survey, External and Internal Audit, Third Party Verification agent to verify achievement of Disbursement Related Results [DLR]s, need based assessments and studies, individual experts, etc. No consultancy services contracts envisaged at the District/Sub-district levels.

The project includes several features of a decentralized, demand-driven project, and activities to be taken up at the community level by selected beneficiaries shall be as per the GP-RMP approved by the PMU of the HP Forestry Department/MG/OMIF. The threshold of procurement activities at community level is expected not to exceed Request for Quotation [RFQ] threshold. Community-level procurement shall follow Community-Driven Development [CDD] arrangements as per the Bank's Procurement Regulations and as outlined in the Community Operations Manual [COM] currently under preparation. Given other on-going government programs, the activities to be funded following COM shall be identified upfront to avoid double-dipping and will require very close monitoring and oversight.

Project Procurement Strategy for Development [PPSD] and Procurement Plan. According to the requirement of the Regulations, a Project Procurement Strategy for Development [PPSD] has been developed, based on which the Procurement Plan for the first 18 months has been prepared. The PPSD describes how procurement in this project will support the Project Development Objective [PDO] and deliver value for money under a risk-based approach. It provides adequate supporting market analysis for the selection methods detailed in the procurement plan. The procurement plan specifies for each contract: [i] a description of the activities/contracts; [ii] selection methods to be applied; [iii] estimated cost; [iv] time schedules; [v] World Bank review requirements; and [vi] any other relevant procurement information. PMU shall submit to the World Bank, for its review and approval, any updates of the procurement plan approved by the World Bank. The project will use Systematic Tracking of Exchanges in Procurement [STEP] system for all its procurement activities carried out at the PMU [Centre] and District levels.

Summary from PPSD. The project is preparing its Procurement Strategy document. As per the draft document, the project's total value is US \$100 million of which procurement spend is approximately 80 %. Extensive market analysis has been carried out for procurement packages and decisions on packages are made to ensure adequate participation of bidders. Consultancy contracts are framed based on market research and packaging decided in terms of scope of services and period. Based on the need assessment, the project has decided to

use Government e Marketplace [GeM]¹ for procurement of Goods up to US \$100,000 and as mentioned under the paragraph in the Procurement Plan on National Procurement Procedures.

Procurement Capacity Building. Though project staff has past experience of implementing World Bank financed HP Mid-Himalayan Watershed Development Project [HPMHWDP] governed by the Bank's Procurement Guidelines, however, they need to be exposed to the Procurement Regulations applicable to the Project. HP Forestry Department will be sending key procurement staff of PMU and DPOs to the Indian Institute of Management [IIM], Lucknow or the Administrative Staff College of India [ASCI], Hyderabad from time to time to attend procurement training on World Bank Procurement Framework [PF] applicable to the project. Presently, project staff from PMU and two DPOs will be attending the two-week residential training program on World Bank Procurement Regulations conducted at ASCI, Hyderabad in February 2020. These officials will subsequently provide training to other project staffs prior to implementation of the procurement activities in the project. The PMU/DPOs/APOs will also provide basic procurement training to GPs/Beneficiaries once the Gram Panchayat Resource Management Plan [GP-RMP] is approved by DPO/PMU, and before commencing implementation of GP-RMP. The project officials can also avail of the free Massive Open Online Course on public procurement www.procurementlearning.org offered by the Bank to build their capacity. The Bank had already conducted one training on STEP for PMU officials and will organize STEP training again on need basis for the concerned DPOs staff in near future.

Procurement Planning. For each contract to be financed by the Loan, the different procurement methods or consultant selection methods to be used, the need for pre-qualification, estimated costs, prior review requirements, and time frame will be reflected in the Procurement Plan to be agreed between the Borrower and the Bank team. The Procurement Plan will be uploaded in STEP by PMU/DPOs and the approved procurement plan will be disclosed on the project website and Bank's external website. The procurement plan for the first 18 months of project implementation and all its updates will be submitted to the Bank through STEP, and will lay out the appropriate, fit for purpose market approach and selection methods for procurement of goods, works, non-consulting and consulting services financed by the Bank. It will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

eProcurement. Currently, the Himachal Pradesh Forestry Department of the Government of Himachal Pradesh is using e-procurement system for its procurement. However, PMU housed in the Forestry Department will be carrying out procurement using eProcurement for the first time in the project, therefore, their capacity building needs to be done for eProcurement. The project will make use of Government of India's National Informatics Centre [NIC] platform assessed by the Bank against Multilateral Development Bank [MDB] requirements for procurements estimated at INR 5 Lakhs and above.

Advance Contracting with Retroactive Financing. For effective project implementation and start-up, the project has initiated advance contracting of critical consultancies for Preparation of Environmental and Social Framework [ESF] and Project Implementation Plan [PIP], and procurement of small value goods such

¹ <https://gem.gov.in/>

as tools, gunny bags, seeds, IT equipment and accessories, vehicles, etc.] and works [very small value labor contracts for Development of Nurseries [52 nos.] in 26 clusters in 10 Districts covering 428 GPs. The total value of this spend is approximately 1.2 % of the Bank loan. Payment made by PMU/HPFD for these contracts following World Bank procurement procedures during the 12 months prior to the tentative Loan signing date shall be eligible for retroactive financing.]

Record Keeping. All records pertaining to award of tenders/selection of consultants, including tender notification/advertisement, register pertaining to sale and receipt of bids, bid/proposal opening minutes, bid/technical and financial evaluation reports, comparative statements, Goods, Receipt Note [GRN] and all correspondence pertaining to bid evaluation, communication sent to/with the Bank in the process, bid securities, and approval of invitation/evaluation of bids/proposals would be maintained by the PMU and at DPO/GP level.

Contract Management. The PMU, HPFD will be responsible for overall procurement and contract management under the project. At the Centre, procurement staff will be responsible for contract monitoring and supervision of contracts awarded by PMU. At DPO level, contract monitoring and supervision will be done by technical staff at DPOs/APOs level [Agriculture, Animal Husbandry/Engineering staff of technical wing of DPO level and Forest Extension and Social Extension staff at APO level] to ensure timely delivery of quality outputs from the procurement contracts in the project areas. All payments will be made by DPOs for district and sub-district level procurements after receipt of Goods receipt Note [GRN]. Work Completion Certificates, etc. The Integrated Financial Management Information System [IFMIS] being developed under the Project will facilitate monitoring of various procurement activities in terms of physical and financial achievements on a monthly basis. The day to day monitoring of procurement activities will be done by APOs/DPOs at field level which will be updated in the online web-based system at district level and will be reviewed by PMU at the Centre.

Complaint Handling Mechanism. A complaint handling mechanism to address procurement-related complaints under the Project will be developed and implemented by the PMU/DPOs to the satisfaction of the Bank. Upon receipt of complaints, immediate action would be initiated to acknowledge the complaint and to redress it within a reasonable timeframe. All complaints will be addressed at levels higher than the level at which the procurement process was undertaken, or the decision was taken. Any complaint received will also be forwarded to the Bank for information, and the Bank would be kept informed after the complaint is redressed.

Leased Assets: Not Applicable

Procurement of Secondhand Goods: Not Applicable

Domestic Preference: The provision of domestic preference will be applied in the evaluation of bids in accordance with Annex VI of the Regulations.

Procurement Thresholds and Prior Review Thresholds. The table below describes various procurement methods to be used for activities financed by the Loan.

Table 1: Procurement Thresholds

Procurement approach and method	Thresholds [US\$ equivalent]
Open International [Goods, IT, and Non-consulting services] - Request for Bids [RFB]	>10 million
Open National [Goods, IT, and Non-consulting services] - Request for Bids [RFB]	>100,000 and up to 10 million
National Request for Quotation [RFQ] - [Goods/Works/Non-consulting Services]	Up to 100,000
Open International [Works] - Request for Bids [RFB]	>40 million
Open National [Works] - Request for Bids [RFB]	>100,000 and up to 40 million
Direct Selection	With prior agreement, based on justification
Framework Agreement	For Goods/Works/Non-consulting services: According to paragraphs 6.57-6.59 of Section VI of the Regulations. For Consulting services: According to paragraph 7.33 of Section VII the Regulations.
Force Account	In accordance with paragraphs 6.54 and 6.55 of Section VI of the Procurement Regulations, and with prior agreement in Procurement plan with the Bank.
Consulting Services [Firms]	CQS: As per requirements of paragraphs 7.11 and 7.12 of Section VII of the Regulations. LCS, FBS: in justified cases QCBS, QBS: in all other packages
Shortlist of National Consultants	Up to 800,000

Procurement prior-review thresholds². Based on the current procurement risk rating of 'Moderate', the World Bank will prior review the following contracts:

- (a) Works [including turnkey, supply and installation of plant and equipment and PPP]: All contracts more than US \$15 million equivalent

² Determination of whether a contract meets the prior review threshold is based on : (i) the total value of the contract, including all taxes and duties payable under the contract; (ii) a contract whose cost estimate was below the Bank's prior review threshold is subject to prior review if the price of the lowest evaluated responsive bid (or, in the case of consulting services, the financial offer of the selected firm) exceeds such threshold at the bid evaluation stage; and (iii) in the case of a slice and package arrangement, the prior review threshold is determined based on the aggregate value of individual contracts to be awarded under such arrangement.

- (b) Goods and Information Technology: All contracts > US \$4 million equivalent
- (c) Non-consulting Services: All contracts > US \$4 million equivalent
- (d) Consulting Services: Firms: All contracts >US \$2 million equivalent
- (e) Consulting Services: Individuals: All contracts > US \$400,000 equivalent
- (f) Direct Selection: The justification of Direct Selection for all contracts

The above thresholds are for the initial 18-month implementation period. Based on the procurement performance of the project, these thresholds may be subsequently modified. Even for large-value post review cases, the inputs of the World Bank on technical specifications will be obtained by the project. Irrespective of the thresholds, Terms of Reference shall be prior reviewed by Bank. The prior review thresholds will also be indicated in the Procurement Plan. The Procurement Plan will be subsequently updated annually [or at any other time if required] and will reflect any change in the prior review thresholds. The details of National Procurement Procedures are outlined in the Procurement Plan.

Prior review contracts. In the case of contracts subject to prior review, PMU, HPFD/DPOs will seek the World Bank's no objection before granting/agreeing to: [a] an extension of the stipulated time for performance of a contract that either increases the contract price or has an impact on the planned completion of the project; [b] any substantial modification of the scope of Works, goods, IT system; non-consulting services, or consulting services and other significant changes to the terms and conditions of the contract; [c] any variation order or amendment [except in cases of extreme urgency] that, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; and [d] the proposed termination of the contract. Complaints received in all prior review cases shall be sent to Bank for review and the response to the complaint in such cases, shall be cleared with the Bank. Complaints with allegations of fraud and corruption, shall be shared with Bank, irrespective of the thresholds.

Disclosure of procurement information. The following documents shall be disclosed on the project/state websites: [a] Procurement Plan and its updates; [b] an invitation for bids for procurement of Works, Goods, IT system procurement and non-consulting services; [c] request for expression of interest for selection/hiring of consulting services; [d] contract awards of Works, Goods, IT system procurement and non-consulting services procured following international and national procedures; [e] a list of contracts/purchase orders placed following RFQ [Request for Quotation] procedures on a quarterly basis; [f] a list of contracts following direct contracting [DC] on a quarterly basis; [g] an annual financial and physical progress report of all contracts; and [h] an action taken report on the complaints received on a quarterly basis.

The following details shall be sent to the World Bank for publishing on the United Nations Development Business and the World Bank external website: [a] Specific Procurement Notice [i.e., invitation for bids] for procurement of Works, Goods, IT system procurement and non-consulting services using open international procedures; [b] Requests for Expression of Interests above US \$800,000; [c] contract award details of all procurement of Works, Goods, IT system procurement and non-consulting services using open international procedure; and [d] a list of contracts/purchase orders placed following DC procedures on a quarterly basis. Further, the implementing agency will also publish on their websites any information required under the provisions of '*suo moto*' disclosure as specified by the Right to Information Act.

National Procurement Procedure Conditions. National competition for the procurement of Works, Goods, IT system procurement and non-consulting services according to the established thresholds will be conducted in accordance with paragraphs 5.3–5.5 of Section V of the Regulations and the following provisions:

- I. Only the model bidding documents for National Competitive Procurement [NCP] agreed with the GOI Task Force [and as amended for time to time], shall be used for bidding.
- II. Invitations to bid shall be advertised on a widely used website or electronic portal with free open access at least 30 days prior to the deadline for the submission of bids, unless otherwise agreed in the approved procurement plan.
- III. No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State.
- IV. Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder.
- V. Government e-Marketplace [GeM] set-up by Ministry of Commerce, Government of India will be acceptable for procurement under Request for Quotations [RFQ] method.
- VI. At the Borrower's request, the Bank may agree to the Borrower's use, in whole or in part, of its electronic procurement system, provided that the Bank is satisfied with the adequacy of such system.
- VII. Procurement will be open to eligible firms from any country. This eligibility shall be as defined under Section III of the Procurement Regulations. Accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section III of the Procurement Regulations.
- VIII. The request for bids/request for proposals document shall require that Bidders/Proposers submitting Bids/Proposals include a signed acceptance in the bid, to be incorporated in any resulting contracts, confirming application of, and compliance with, the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights.
- IX. The Borrower shall use an effective complaints mechanism for handling procurement related complaints in a timely manner.
- X. Procurement Documents will include provisions, as agreed with the Bank, intended to adequately mitigate against environmental, social [including sexual exploitation and abuse and gender-based violence], health and safety ["ESHS"] risks and impacts.

Oversight and Monitoring by the Bank. All contracts not covered under prior review by the Bank will be subject to post review during implementation support missions and/or special post review missions, including missions by consultants hired by the Bank. The Bank may conduct, at any time, Independent Procurement Reviews [IPRs] of all the contracts financed under the loan. High risk procurements, if any, will be identified for increased procurement and contract management support and indicated in the procurement plan. Bank team will provide additional due diligence and independent review of the contract performance of such identified procurements.

Procurement Review by the PMU, HPFD. Independent procurement post review [PPR] with reporting requirements and agreed with the Bank [As per Para 4 of Annex II of the Procurement Regulations] will be undertaken for the project for PMU's own internal due diligence. PMU will hire PPR consultants as per Terms of Reference and reporting requirements agreed with the Bank to conduct PPR of PMU and DPOs on a half yearly basis.

Other Special Selection Arrangements/Requirement

Procurement by communities will be governed by the procedures outlined in the Community Operations Manual [COM] currently under preparation and in accordance with Paras 6.52 and 6.53 of Section VI of the Regulations. COM will be disclosed on the Project website.

Procurement Plan as per STEP Tables:

