

**HIMACHAL PRADESH ROAD &  
OTHER INFRASTRUCTURE  
DEVELOPMENT CORPORATION  
LIMITED (HPRIDC)**

**PROJECT IMPLEMENTATION MANUAL**

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# PROJECT IMPLEMENTATION MANUAL

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## CHAPTER 1 – OBJECTIVES

### 1. OBJECTIVES

The Himachal Pradesh Road and other Infrastructure Development Corporation Ltd. (HPRIDC or Corporation), a wholly-owned Company of Government of Himachal Pradesh, was incorporated on 10.06.1999 under the Companies Act 1956 with the following main objectives: -

- i. To construct, erect, build, re-model, execute, repair, develop, improve, administer, manage, control, maintain, demolish, grade, curve, pave, macadamize, cement, Highways, Expressways, Roads, Paths, Streets, Bridges, Sideways, Bypasses, Tunnels, Pavements, Reclamation, Improvements, Road over Bridges, Road under Bridges, Underground Road, or any other structural or architectural work and also to do other similar construction, leveling or paving work at present being a part of the activity of the Himachal Pradesh Public Works Department on Build Operate and Transfer (BOT) or Build Own Operate and Transfer (BOOT) or Build Operate Lease and Transfer (BOLT) basis/ or any other schemes in a manner which facilitate to undertake the above-mentioned works.
- ii. To facilitate and or undertake to construct, erect, build, renovate, develop, improve, manage, control maintain other infrastructure projects including those related to Power, Telecom Information and Technology, Transmission of Electricity, Water Supply Projects, Irrigation Projects, Sanitation, and Sewerage System, Housing, Building, education, Hospitals, Tourism, Transport, Aviation, Ropeways, Rail System, Mining, etc. or any other notified public facilities of similar nature on Build Operate and Transfer (BOT), Build Own Operate Transfer (BOOT), Build Operate Lease and Transfer (BOLT) basis / or any other scheme in a manner which will facilitate to undertake the above-mentioned works in the State of Himachal Pradesh and other places.
- iii. To act as a special purpose vehicle for resource mobilization on behalf of the State Government for all infrastructure projects and also discharge obligations on this account on behalf of the State Government from revenue other receipts accruing to the State Government from such projects.

#### 1.1. Organizational Policy

HPRIDC is constituted as a corporate organization that has been mandated to act on business principles in the discharge of its functions. The organization is adopting (a) modern business processes in planning, budgeting, management functions and establishing a stable funding mechanism for core road network (b) ICT planning, management, and support functions and (c) enhanced human resource development and increased organizational efficiency.

#### 1.2. Road Sector Strategy

In a hilly State like Himachal Pradesh, roads are the key infrastructure for economic and social development of the state. In order to stimulate growth on a sustainable basis, acceleration of hydro-power generation, diversification of agriculture, promotion of investment in industry and tourism have been identified as key sectors. In the absence of

rail and air links and limited potential of development of these sectors in future, an efficient and reliable road network is necessary to achieve sustainable growth in these identified key sectors. The State has currently a network of about 36,623 km road length comprising of over 2592 km of National Highways and border roads financed by the Government of India, about 4481 km of core road network comprising of the Major District Roads and the balance 29950 km being the rural roads which also include 9872 km of un-metalled road. Despite having a dense road network, the quality and extent of the network are currently inadequate and need to be augmented.

The National Highways and Border Roads network is being adequately financed by the Government of India for maintenance and up-gradation works. The connectivity to unconnected habitations, for providing access to services and markets, remains an utmost priority of the State and is being adequately financed by the State Government through its own resources, through NABARD resources and under the Government of India program of Pradhan Mantri Gram Sadak Yojna. However, the core road network of the MDRs comprising of about 4481 km, which serves as the links between Rural Roads and National Highways, require substantial investment for up-gradation and timely upkeep.

Accordingly, the Government of Himachal Pradesh considered associating with external funding agencies through various Government of India programmes and implementing MDR projects to improve the quality and capacity of the existing core road network. Further, the State Government has decided to implement all such projects through HPRIDC. HPRIDC was entrusted with the responsibility of project preparation and implementation of the prestigious World Bank's "Himachal Pradesh State Road Project - I" that had an approximate project size of INR 1350 crores, mainly comprising of World Bank assistance of about INR 1000 crores.

The HPRIDC implemented Himachal Pradesh State Road Project – I between 2007 – 2017. Under this project, 435 km of Core Road Network has been upgraded to double/intermediate standards, 1485 km of CRN has been treated with periodic maintenance interventions and 347 km (out of 1485 km) of CRN has been considered under OPBMC contracts. Further, several other administrative reforms / IT indicatives have been implemented in the state PWD through this project. HPRIDC recorded successful completion of this project on 30 June 2017.

Post successful completion of the HPSRP – I, HPRIDC has been entrusted with the project preparation and implementation of the "Himachal Pradesh State Roads Transformation Program – II" (HPSRTP – II) project that has been aimed to enhance the outcomes of HPSRP – I and to strategically transform around 2000 km of core road network. Under this program, core road network of 650 km would be upgraded and 1350 km of road network would be subjected to periodic maintenance works besides other institutional and development activities. Upgradation of 650 km road length would be carried out in three tranches, i.e. Tranche I – 130 km, Tranche II – 220 km and Tranche III – 300 km. The outcomes of HPSRTP – II has primarily been divided under three major components namely, Institutional Strengthening/ Transformation Agenda, Upgradation of Priority Roads and Development of "Safe Corridor Initiative". The cost estimate for the project is equivalent of nearly USD 112 million of which the International Bank for Reconstruction and Development (IBRD) loan amount is around USD 82 million while GoHP's share will be USD 30 million.

### 1.3. Entrustment of Core Road Network

The State Government has decided to entrust HPRIDC with all those upgradation works, which shall be taken up under the State Roads Project. These road stretches shall be entrusted to the HPRIDC for the completion of works and HPRIDC would undertake the maintenance and upkeep of this network as well. There will be a gradual transition of entrustment of other core roads (including National Highways) which are not a part of the state road project. For this purpose, necessary regulatory amendments shall be made in HPRIDC.

### 1.4. Purpose and Need for the Project Implementation Manual

The Indian Roads Congress (IRC) has brought out a number of Specifications and Special Publications that provide technical guidance on various aspects of National Highways and State Highways development. As per the mandate of HPRIDC, it shall be responsible for the implementation of the externally aided and other domestic funded projects. This Manual will bring about clarity on various aspects of the road projects to be undertaken by the Corporation, ensuring their timely and successful implementation. The contents of this Manual will be reviewed time and again and shall be revised, if necessary, according to the experiences gained during the implementation of various mandated projects. However, any amendment to this Project Implementation Manual (PIM) shall follow the procedure defined in Section 1.5 below.

The adoption of this manual will be mandatory for all units of HPRIDC including its field units (Construction Management Units) set-up on a need basis. PIM will be available online and printed copy of this manual will be made available, as deemed necessary. HPPWD Manual shall be used only in the absence of requisite provisions in this PIM.

The provisions of this Project Implementation Manual (PIM) are applicable to all the activities financed with the assistance of the World Bank, Asian Development Bank or any other external as well as domestic funding agency. The provisions of this PIM, as amended from time to time and as agreed between the state government and the Lending Agency (in accordance with paragraph 1.5 below), shall be applied by HPRIDC and its PIUs, hereafter referred to as "implementing" or "executing agencies", that will receive financing. The PIM contains requirements necessary to:

- i. comply with the provisions of the World/Asian Development Bank's fiduciary, safeguard and other policies; and
- ii. introduce the concept of a total management approach.

### 1.5. Changes to the Project Implementation Manual

For any proposed amendment to the PIM, to come into effect shall require the concurrence of the State Government before approval by the Board. HPRIDC shall inform the external funding agency of any changes proposed to be made to the PIM and relevant to the program/ project(s) funded by that agency, (i) at least 30 days before issuing the change for any substantive revision and (ii) within 15 days of issuing the change for any other revision. Such changes shall take effect only upon written agreement of the respective agency.



## CHAPTER 2 – STAFFING

### 2. STAFFING

#### 2.1. Organizational Set up

The Corporation will function under the supervision of the Board of Directors within the overall directions and policy of the State Government, as it is wholly owned by the State Government. At present, the Secretary (PWD) is the Director of the Board of Directors and is also an ex-officio Managing Director. To reestablish HPRIDC as the Asset Manager for the selected state roads, HPRIDC has planned for various institutional reforms that would be effective after securing approval from HPRIDC Board of Directors and concurrence from State.

For smooth flow of commands within the corporation and to achieve the limited aims and objectives of undertaking various externally aided projects, HPRIDC would have separate technical and non-technical wings under the direct control of Managing Director. HPRIDC shall set up separate wings for Operational Planning, Project Design, Procurement, Construction Management, and Maintenance. In addition, HPRIDC shall have separate non-technical wings like Finance, Legal, Human Resource and IT.

#### 2.2. Reporting Structure

HPRIDC shall be headed by a Managing Director. The Managing Director would be supported by two technical Directors as Director (Design) and Director (Projects) and one non-technical Director i.e. Director (Finance & Admin). The Managing Director together with these three Directors shall be considered as members of the Board of Directors and would be full-time officers of HPRIDC.

Director (Finance & Admin) of HPRIDC shall be responsible for all in-house support and administrative functions of the corporation. Various support wings including Finance, HR and Admin, Legal and IT shall report to the Director (Finance & Admin) of HPRIDC. Non-technical/ support wings shall be headed by GM (Finance), GM (HRD), GM (Legal), and GM (IT).

Considering the revised mandate of the transport-related organizations, the Design Wing of HPPWD is recommended to be transferred to HPRIDC and re-established as the Centre of Excellence (CoE) of Design work for all linear and vertical infrastructure projects. This Design Wing/ CoE could undertake various design-related works for other departments on a commercial basis. This Centre of Excellence (or the Design Wing of HPRIDC) shall be headed by a Director (Design) who would be responsible for leading and supervising all the design-related activities undertaken by the officers of this wing.

Director (Projects) shall supervise the activities undertaken by the remaining technical wings of the corporation (i.e. Procurement, Construction Management and Maintenance wings). These technical wings shall be headed by their respective Executive Directors i.e. Executive Director (Procurement), Executive Director (Construction Management) and Executive Director (Maintenance) who would be reporting to the Director (Projects). Officers having substantial technical experience in the road sector shall be considered for these positions/designations. The construction management and maintenance wings would be responsible for ensuring effective communication with the contractor and proper supervision of construction activities. The Executive Director of construction management wing would oversee the activities performed by the Construction Management Units (CMUs).

As prescribed under the corporate governance requirements of the Companies Act 2013, HPRIDC would have a Company Secretary who would report to the Board of Directors and shall be aligned with the Managing Director for day-to-day work.

The organization chart is provided in the subsequent section.

## **2.3. Technical Wings of HPRIDC**

In order to develop a clear understanding about the core functions of the technical wings in the corporation, each wing has been explained briefly as follows –

### **2.3.1. Operational Planning**

With focus on improving the planning aspects of the corporation, it is proposed that the corporation would have separate units for Asset Management, Monitoring & Evaluation and Environment & Resilience under the Executive Director (Operational Planning) who will report to Director (Planning and Design). These units shall be headed by GM-level officers, who will be supported by respective AGMs/ Managers and the remaining operational planning group. The roles and responsibilities of these units/ cells are provided below –

#### **(i) Asset Management Unit**

The proposed Asset Management Unit for HPRIDC would assist the corporation in preparation of construction & maintenance plans and investment planning aspects. This unit would use analytical approach for assessing the need for asset development and prioritizing maintenance of road assets. The unit would also prepare an exhaustive inventory of assets owned by the corporation and prepare strategies for future development. Officers in this unit would include Transport Planners, Transport Economists, and Road Finance expert, among other relevant officers, as necessary.

#### **(ii) Environment and Social Resilience Unit**

The Environment and Social Resilience Unit would be responsible for reviewing the environment and social impact assessment study undertaken by the DPR consultant or in-house, during the project preparation phase. The unit would have officers having significant experience in performing environmental and social studies for road and other infrastructure development.

#### **(iii) Monitoring and Evaluation (M&E) Unit**

The Monitoring and Evaluation unit would be responsible for preparing project progress reports, assessing performance of the projects, and programmes assigned to the corporation and identifying interventions for improving the current and future management of outputs, outcomes and impact. This unit would also assist the corporation in preparing budgets for the upcoming year and undertaking the impact assessment analysis. This unit would include officers having significant experience of working in M&E units for various other road and infrastructure development agencies.

### **2.3.2. Project Preparation and Design**

HPRIDC shall undertake the review and oversight of the project design prepared for the development of the entire core road network, major road & bridge projects and other vertical infrastructure development works including buildings, etc. and other commercial projects. For this matter, HPRIDC will have a dedicated in-house Design cell that shall be placed in the Head office. This cell will have the capacity for the review and analysis of the project designs prepared for the development of tunnels and other transport infrastructure in the

state and would take up the preparation of detailed project reports and designs for all the works and services identified and prioritized by the operational planning wing.

The project preparation and design wing would review a feasibility study for the prioritized project conducted by a consultant/ in-house, selected in accordance with the procedure and criteria laid down in this manual. In case the feasibility study/ DPR preparation is undertaken through an external consultant, the officers of this wing would supervise and review the work done by the consultant, create project schedules and finally approve the designs and drawings submitted by the consultant. In the case the design activities are undertaken in-house, the team shall be responsible for undertaking all the requisite surveys for data collection, preparation of cost estimates and detailed design of the approved infrastructure. The design unit will have its own software and technology.

This wing shall be headed by an Executive Director (Design) who would be supported by officers having substantial technical experience in the road development sector (road design, bridge design, tunnel design, etc.) with a deeper understanding of the persistent issues prevailing in the region. It would be imperative to ensure that the engineers of higher qualification i.e. Post Graduates only shall be recruited.

Further, these design officers shall be non-transferable to other wings and will have a special/ separate compensation structure when compared with officers working under other wings. These officers would be guided by the valuable inputs of the external experts that shall be hired through lateral entry on short-term contracts. Further, the wing may consider deputing some officers dedicated to surveys and other field related activities to assist the in-house DPR preparation or oversight as the case may be and project design.

### **2.3.3. Quality Assurance**

While it is implicit that quality control and quality assurance are usually part of the construction management activities, the quality assurance activities for all the entrusted projects would be undertaken by HPRIDC. For embracing this responsibility, HPRIDC would have a separate wing for quality assurance that would work closely with the project preparation and design team under the supervision of Executive Director (Design).

Similar to the role of a NQM in PMGSY project, these officers would be responsible for the verification and review of quality control systems and procedures being adopted at first and second tier of Quality Monitoring. These officers would evaluate each part of the work for material and workmanship, indicate the tests carried out and the test results obtained. In addition, these officers would also analyze the results obtained during the inspections and report the same to the Executive Director (Design). In additions, these officers would also be responsible for the preparation of quality standard and quality assurance plan for the road, bridges and other infrastructure projects mandated to HPRIDC.

The quality assurance wing would be headed by a General Manager (QA) who would report to the Executive Director (Design). This wing would comprise of officers having experience in quality control work for the road and bridge projects. The roles of these officers would include visits to the project sites for regular inspection of the work done.

### **2.3.4. Procurement**

HPRIDC would have a separate wing responsible for procurement and contract management of goods, services and works for the projects (including the maintenance projects). The roles of this wing would generally involve preparation & review of bidding document, drafting

notice for inviting tenders for various works, issuing clarification for the queries raised by the consultant/ contractors and assessment of the bids (in coordination with Bid evaluation committee) received against the issued NIT. Further, this wing would also award the work to the contractor and carry out final negotiations for all the projects mandated to HPRIDC.

The procurement team would be responsible for ensuring the fulfillment of pre-conditions before the commencement of works, handling of contract variations/ rare events, resolve differences in the interpretation and dispute resolution. It would also resolve contract variation requests raised by the contractors for all the CRN road stretches and other infrastructure projects entrusted to HPRIDC. Further, this team would be responsible for the identification and quantification of actual and potential risks, identification of various constraints during the contract lifecycle, preparation of strategies to control, mitigate or eliminate risks, monitoring of critical tasks and timelines and formulation of processes to streamline variations and escalations.

The procurement wing would be headed by an Executive Director (Procurement) who would report to the Director (Projects) on a regular basis. Further, this wing would comprise of officers having experience in procurement and tendering processes.

### **2.3.5. Construction Management**

The construction management wing will comprise of officers that shall be primarily responsible for supervision of construction works. These officers will work under the supervision of the Executive Director (Construction Management) who shall be responsible for undertaking construction supervision works for development of entire core road network and other infrastructure projects entrusted to the HPRIDC.

For effective supervision of the construction and maintenance works and better coordination with the contractors, HPRIDC shall have Construction Management Units (CMUs). These project-specific CMUs would comprise of an engineering and finance groups. The finance group of a CMU shall be named as the Financial Management Unit (FMU). A CMU Head [equivalent to General Manager (Construction Management)] shall head the CMU and the FMU would have representatives from the in-house Finance Wing of HPRIDC. The primary responsibilities of the CMUs would include preparation of the construction management guidelines, measurement of the work done, handling the variations and timelines, monitoring and reporting the work to the Executive Director (Const.).

The construction management wing would work closely with the procurement and the finance wing for onboarding competent contractors for the construction works and release of payments to the contractors. Further, this wing will comprise of officers having experience in contract management, construction supervision and project management.

### **2.3.6. Maintenance**

Post-development of the road and bridges project the HPRIDC would be responsible for the maintenance of these roads and bridges as well. For this, HPRIDC would have a separate wing for maintenance of the constructed transport infrastructure. The officers working in this wing would be responsible for planning, budgeting, and monitoring of all maintenance works of entrusted CRN network under the overall guidance of the Executive Director (Maintenance). These officers would also review and approve the work done by the road maintenance agencies hired on output and performance-based maintenance contracts or any other method adopted by HPRIDC.

The maintenance wing would be headed by an Executive Director (Maintenance) who would report to the Director (Projects) and will have officers posted in the CMUs for effective supervision of the maintenance works. Further, this wing will comprise of officers having experience in overall supervision and project management.

## **2.4. Support functions**

Apart from the aforementioned technical wings, HPRIDC would have in-house dedicated wings for various other support functions such as Finance and accounts, Human Resource and Administration, Legal and Information Technology. These wings would provide regular assistance to the officers under technical wings and shall work under the supervision of the Director (Finance & Admin). A brief description of the roles and responsibilities of these wings are provided below –

### **2.4.1. Finance and Accounts**

Finance and accounts wing would be responsible for planning the borrowing limit for the corporation, management of the project-specific funds received from the state's finance department, from the World Bank or any other source and monitoring of all the expenses and payments. The finance and accounts wing would also review the salary statement for all the employees received from HR and forward it to the bank for processing the salaries. Further, it would be responsible for filing quarterly and annual direct and indirect tax compliances and returns and providing relevant data for the preparation of the annual financial statements.

### **2.4.2. Legal Division**

HPRIDC would have an in-house legal cell that would be responsible for rendering legal advice in respect of various matters of law and vetting of various legal documents, rules, regulations, bye-laws, notifications, etc. These officers would also provide assistance in the drafting of various proposals/ bills and tender advice on business matters. It would further assist in resolving all the arbitration cases filed against HPRIDC.

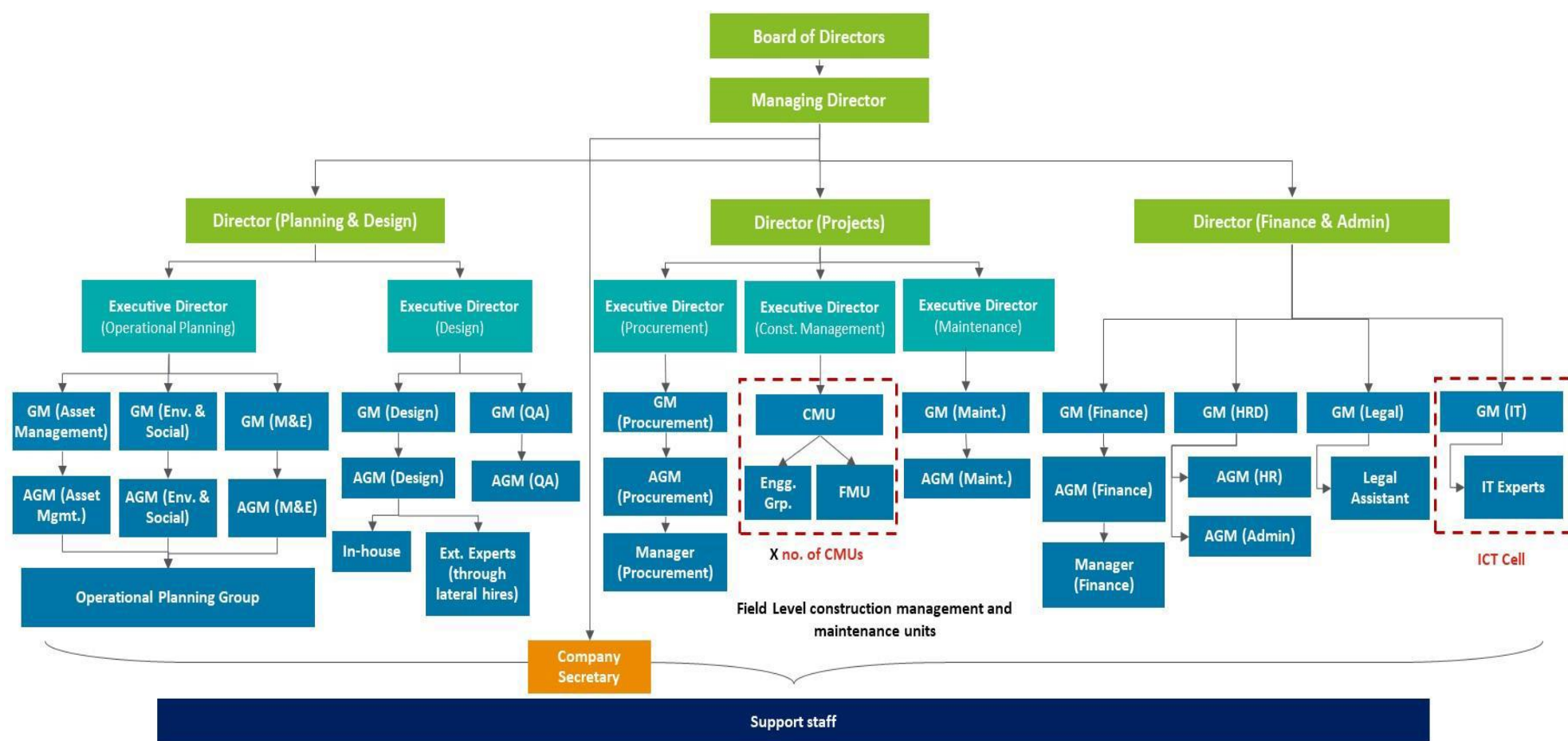
### **2.4.3. Human Resource and Administration**

The Human Resource and Administration (HRD) wing would primarily be responsible for the recruitment/ on-boarding, promotions, transfer, leave and other service matters for all the enlisted officers. The HRD wing would also be responsible for providing requisite training in a year to all the officials of HPRIDC. This training would cover the basic principles and methods of procurement of goods, services & works, contract administration & project management, etc. The HRD wing would also address all the matters like maintenance of corporation's vehicles, officer's contract, security, telephone, scrutiny, and passing of bills of staff benefits, bills for hired cars and allotment of staff quarters. Further, these officers would also handle matters related to public grievances, right to information under the RTI Act, 2005, etc.

### **2.4.4. Information Technology**

HPRIDC would have an in-house IT team that would be responsible for maintaining all the IT initiatives taken by HPRIDC and would offer consistent support to the technical officers in resolving their day-to-day IT related issues. The IT team would also be responsible for providing holistic support in the development of any IT related portal and would make strides in improving the existing portals. It would also attempt to integrate the existing portals reducing the duplication of efforts and streamlining the process flow.

## Organization Structure for HPRIDC<sup>1</sup>



<sup>1</sup> In case of deputation of staff from HPPWD/ other organizations, the following equivalence is envisaged to be assigned: JE – Manager Level; AE – DGM level; EE – GM level; SE – Executive Director level; and CE – Director Level.



## 2.5. Roles and responsibilities of officers

The roles and responsibilities of the various officers shall be derived based on the activities mentioned for their respective wings in the previous sections. Some of the key roles and responsibilities of key personnel are provided below –

### 2.5.1. Duties of Managing Director (MD)

The roles and responsibilities of the Managing Director shall inter-alia include:

- a) The Managing Director (MD) will be overall responsible to design, develop and implement the strategic plan for the road and other infrastructure projects in the most cost-effective and time-efficient manner.
- b) The MD will be responsible for both the day-to-day running of the Corporation and developing plans for the long-term future and sustainability.
- c) The MD will be accountable to the Board, State Government and the shareholders of Road Fund that may be set up under the HPRIDC.
- d) The MD will report to the Board of Directors and keep the Board informed of the affairs of HPRIDC, which require attention of the Board. MD will ensure implementation of observations/decisions of Board.
- e) The MD will be the executive head of the HPRIDC and all other officers of the Corporation shall be subordinate to him. Further, he/ she shall be the Appointing and Disciplinary Authority for the officers of HPRIDC.
- f) He/ she will also ensure that the contractors, the consultants, and the HPRIDC are partners in road development to ensure the quality and timely completion of the mandated projects.
- g) The MD is legally responsible for the HPRIDC's affairs, so he must comply with the appropriate rules and regulations set out in company law and carry out the statutory obligations imposed by the Companies Act and other legislation. These include following the proper audit procedure and not allowing the company to break any trade embargos or dealing in any illegal goods.
- h) He/ she would also propose a structure to the Board for progressive advancement so that a suitable number of employees are trained to develop capabilities to assume higher-level responsibilities.
- i) He/ she will organize and attend meetings for review of the progress of works and removal of bottlenecks if any.
- j) The MD, under his able leadership, will develop the corporate culture in the HPRIDC and will motivate the employees for their development in addition to office-based work.

### 2.5.2. Duties of Director (Projects)

The roles and responsibilities of the Director (Projects) shall inter-alia include:

- a) Director (Projects) will be in charge of the development of the mandated road and other infrastructure development projects of HPRIDC from concept to commissioning. He will be responsible to the Board and the State Government.
- b) He/ she will also recommend to the Board the positions/posts required (full-time or

part-time employment or deputation with basic duties and responsibilities) for successfully carrying out the HPRIDC's agenda and goals.

- c) He/ she will carry out all the duties and responsibilities assigned or delegated by the management of HPRIDC including exercise financial powers within the delegated powers as conferred by the Board.
- d) He/ she will coordinate and supervise the activities of various CMUs entrusted with the management of construction and maintenance of roads.
- e) He/ she will also supervise the overall procurement process and ensure that a highly capable contractor is on boarded for the construction of the mandated work.
- f) He/ she will liaise with other agencies and groups to ensure that all the local issues are satisfactorily dealt with. Further, he/ she will interact with the State Governments and other departments of the Central Government for resolving issues holding up the progress of the work.
- g) He/ she will also oversee the works of different road maintenance agencies onboarded through the OPBMC contract for maintenance works for the entrusted road stretches.
- h) He/ she would be responsible for project monitoring and undertaking an analysis of the delayed projects for timely rectification of the persistent issues. He/ she will organize and attend meetings for review of the progress of works and removal of bottlenecks if any.
- i) He will also monitor the progress both financial and physical of periodic maintenance work on the Core Road Network undertaken by road maintenance contractors.
- j) He/ she will be responsible for ensuring social, health and environmental management including implementation of EMP, bioengineering works and monitoring and reporting, safety and skills enhancement.
- k) He will execute any other duties assigned to him by the MD of HPRIDC from time to time.

### **2.5.3. Duties of Director (Design)**

The roles and responsibilities of Director (Design) shall inter-alia include:

- a) Director (Design) will be responsible to the Board and the State Government for efficient carrying out of all the planning and design activities including preparation of Feasibility/ DPR and take all steps to ensure approval of projects
- b) He/ she will also recommend to the Board the positions/posts required (full-time or part-time employment or deputation with basic duties and responsibilities) for successfully carrying out the HPRIDC's agenda and goals.
- c) He/ she shall interact regularly with the Planning Board and provide inputs in the preparation of the perspective plans for the development of transport infrastructure in the state.
- d) He/ she shall supervise and review the work undertaken by the Planning and Design wing of the corporation and suggest reforms for expediting the process and removal of persistent bottlenecks if any.
- e) He/ she will assist in the planning, project preparation, technical designs, and procurement & implementation of up-grading and asset management/ periodic



maintenance works, procurement & implementation of consultancy services and goods.

- f) He/ she will also associate himself in the preparation of the Feasibility Studies and Detailed Project Reports, besides, Codes and Manuals and amendments thereof from time to time.
- g) He/ she will also coordinate with various line departments for making available land free of all encumbrances. He/ she will ensure timely acquisition of land, shifting of utilities and removal of obstructions, obtaining environment clearances and permission for tree cutting and securing approval of the railways for construction of ROBs, if any.
- h) He/ she shall review the progress of the mandated works on a monthly basis and would analyze the data for the preparation of annual targets for the Corporation.
- i) He/ she shall connect with other departments of the states for undertaking the design works for other infrastructure projects.
- j) He/ she will liaise with various technical experts such as IIT/NIT etc to analyze the emerging technology in road and infrastructure development and its adoption by HPRIDC.
- k) He/ she will execute any other duties assigned to him by the MD of HPRIDC from time to time.

#### **2.5.4. Duties of Director (Finance & Admin)**

The Director (Finance and Admin) shall have the following duties, inter-alia:

- a) The Director (Finance & Admin) will directly reported to the Board and will be responsible to the Board and the State Government for the efficient discharging of his duties.
- b) He/ she will be overall responsible for all financial matters pertaining to all the projects of HPRIDC besides his other duties under the Indian Companies Act, 2013.
- c) Director (Finance & Admin) will be responsible for development, implementation and review of accounting system including timely processing of all invoices/ payments pertaining to the concerned work/ package so that project execution is completed as per schedule.
- d) He/ she will carry out periodic review and implementation of financial management within HPRIDC.
- e) He/ she will also propose a structure to the Board for progressive advancement so that a suitable number of employees are trained to develop capabilities to assume higher-level responsibilities.
- f) He/ she shall be responsible for undertaking the training need assessment of its officers and preparing a training calendar for building the capacity of the Corporation.
- g) He/ she will be responsible for general administrative and Personnel Management matters for the smooth functioning of the Finance Wing of HPRIDC.
- h) He/ she will be responsible for the resolving of all the legal matters in coordination with the Legal Wing of HPRIDC related to disputes and arbitrations in the ongoing projects.

- i) He/ she will execute any other duties assigned to him/ her by the MD of HPRIDC from time to time.

#### **2.5.5. Duties of Executive Director (Operational Planning)**

The Executive Director (Operational Planning) shall have the following duties, inter-alia:

- a) Executive Director (Operational Planning) will be aligned to the Director (Design) for the efficient discharging of duties.
- b) He/ she shall interact regularly with the Planning Board and provide inputs in the preparation of the perspective plans for the development of transport infrastructure in the state.
- c) He/ she shall assist in review the work undertaken by the Planning and Design wing of the corporation and suggest reforms for expediting the process and removal of persistent bottlenecks if any.
- d) He/ she will also associate himself in the preparation of the Feasibility Studies and Detailed Project Reports, besides, Codes and Manuals and amendments thereof from time to time.
- e) He/ she would seek approval for projects taking into account economic, social & environmental factors. He/ she will support the finance wing on the preparation of plans for attracting funding through various national and state-level schemes.
- f) He/ she will be responsible for obtaining various requisite clearances for the project, coordinate with state officials in getting land acquisition and shall be endowed with additional responsibility for undertaking the organizational performance monitoring.
- g) Any other duties assigned by the concerned Director from time to time.

#### **2.5.6. Duties of Executive Director (Design)**

The Executive Director (Design) shall have the following duties, inter-alia:

- a) Executive Director (Design) will be aligned to the Director (Design) for the efficient discharging of duties.
- b) He/ she will be responsible for the preparation and scrutiny of bid-documents for new construction, upgradation and periodic maintenance works.
- c) He/ she will also ensure that technical design, drawings, estimates and specifications for these works are strictly in accordance with relevant standards, codes, and specifications of MORTH/relevant standard making body.
- d) He/ she will be responsible for the review and oversight of the works undertaken by the DPR consultants and would review and approve the Detailed Project Reports prepared accordingly.
- e) He/ she will recommend to Director (Design) for the recruitment of specialized external experts on short-term contracts for the review of works submitted by the DPR consultants and development of such technical capability of HPRIDC officers.
- f) He/ she will ensure that the in-house officers have effective communication with the External experts while evaluating the activities undertaken by the consultants.
- g) He/ she will ensure that the dedicated design wing shall have the required capacity for the evaluation of other infrastructure projects as well.

- h) Any other duties assigned by the Director (Design) from time to time.

#### **2.5.7. Duties of Executive Director (Procurement)**

The Executive Director (Procurement) shall have the following duties, inter-alia:

- a) Executive Director (Procurement) will be aligned along the Director (Projects) for ensuring an efficient discharge of duties.
- b) He/ she will be responsible for the procurement of consultancy services and goods of all kinds and obtaining approvals of the competent authority.
- c) He/ she shall be responsible for the preparation of the bidding documents in association with other Executive Director/Director and publicity of the advertisement for the procurement of services and works.
- d) He/ she will be responsible for the preparation of procurement plans for construction, upgradation and other works including maintenance works.
- e) He/ she will also liaise with the Technical Examiner for periodic maintenance works and put up periodic maintenance proposals including an annual procurement plan for approval of the competent authority.
- f) He/ she would be responsible for the identification and quantification of actual and potential risks, identification of various constraints during the contract lifecycle, preparation of strategies to control, mitigate or eliminate risks, monitoring of critical tasks, timelines, and formulation of processes to streamline variations and escalations.
- g) Any other duties assigned by the concerned Director from time to time.

#### **2.5.8. Duties of Executive Director (Construction Management)**

The Executive Director (Construction Management) shall have the following duties, inter-alia:

- a) Executive Director (Construction Management) will be aligned along the Director (Projects) for ensuring an efficient discharge of duties.
- b) He/ she will hold progress-reviewing meetings with the CMUs. If need be, attend the meetings with different departments, organizations, utilities to expedite the planning of works.
- c) He/ she will regularly inspect works under the control of the CMUs and visit their offices at least once a year.
- d) He/ she will also keep close liaison with these offices regarding all the technical matters, and administrative matters concerning personnel of various categories in the CMUs.
- e) He/ she will examine the draft reply of claims received from CMUs and Executive Director (procurement) in case of disputes in design consultancies.
- f) He/ she will be responsible for contract management and structures/ utilities for upgrading works.
- g) He/ she will be responsible for the examination and put up of all cases including interim payment certificates, variation orders, time extension, contract disputes & claims, etc. for the approval of the competent authority.

- h) He/ she will be responsible for the supervision of the removal of structures and utilities for handing over the land free of all encumbrances to the Contractors.
- i) He/ she will be responsible for the supervision and coordination of the all activities of the CMUs including administrative and financial activity envisaged at CMU level.
- j) He/ she will assist the Director (Projects) in monitoring the progress both financial and physical of up-grading works.
- k) Any other duties assigned by the Director (Projects) from time to time.

#### **2.5.9. Duties of Executive Director (Maintenance)**

The Executive Director (Maintenance) shall have the following duties, inter-alia:

- a) Executive Director (Maintenance) will be aligned along the Director (Projects) for ensuring an efficient discharge of duties.
- b) He/ she will review the works undertaken by the road maintenance contractors onboarded through OPBMC contracts/ other maintenance works.
- c) He/ she will regularly inspect works undertaken by the CMUs and visit their offices at least once a year.
- d) He/ she will also keep close liaison with these offices regarding all the technical matters, and administrative matters concerning personnel of various categories in the CMUs.
- e) He/ she will be responsible for contract management and structures/ utilities for maintenance works.
- f) He/ she will be responsible for the examination and put up of all cases including interim payment certificates, variation orders, time extension, contract disputes & claims, etc. for the approval of the competent authority.
- g) He/ she will be responsible for the supervision and coordination of the all the maintenance related activities of the CMUs.
- h) He/ she will assist the Director (Projects) in ensuring the quality standards of the road constructed across the state.
- i) Any other duties assigned by the Director (Projects) from time to time.

#### **2.5.10. Duties of General Managers (CMU)**

The General Manager posted at CMU shall have the following duties, inter-alia:

- a) The General Manager of the CMUs would assist the Executive Director (Construction Management) and Executive Director (Maintenance) in discharging their duties and efficient management of works.
- b) The General Manager will examine and put up all cases including interim payment certificates, variation orders, contract disputes, claims, etc. to the Executive Director for arranging the approval of the competent authority.
- c) The General Manager shall review the works undertaken by the Road Maintenance Contractors and will ensure the quality standards of the constructed transport infrastructure.
- d) The General Manager will also act as Resettlement & Rehabilitation Officer and

responsible for the Social Development Officer for the implementation of R & R and land acquisition.

- e) He will also be responsible for coordinating activities of structure/ utility shifting and ensuring periodic maintenance of the constructed roads.
- f) Any other duties assigned by the management of HPRIDC from time to time.

#### **2.5.11. Duties of General Manager (Procurement)**

The General Manager (Procurement) shall have the following duties, inter-alia:

- a) General Manager (Procurement) will be responsible to the Executive Director (Procurement) for the efficient discharge of duties.
- b) He will be responsible for procurement of consultancy services and goods of all kinds and obtaining approvals of the competent authority.
- c) He will be responsible for preparation of procurement plans for construction/ up-gradation works.
- d) He will be responsible for preparation and scrutiny of feasibility reports and detailed project reports for construction/upgradation works and tunnels.
- e) He will liaise with the all the consultants on board for review and approval of the competent authority.
- f) He will be responsible for general administrative and establishment matters for smooth functioning of the Project Implementation Unit.
- g) He will also be responsible for developing and implementing/supervising the staff-training plan and human resource development of HPRIDC employees.
- h) He will be the Presenting Officer before the DRB/Arbitral tribunal in disputes. He will put up his recommendations to the Executive Director (Procurement) and other concerned officers.
- i) He will also act as Ethics Officer and will be responsible for addressing ethic issues.
- j) Any other duties assigned by the management of HPRIDC from time to time.

#### **2.5.12. Duties of General Manager (Finance)**

The General Manager (Finance) shall have the following duties, inter-alia:

- a) He will ensure establishment and implementation of internal control systems for the maintenance of accounts and records as required under the Companies Act and other Secretarial procedures;
- b) He will be responsible for implementing internal controls and checks for payment mechanism;
- c) He will verify compliance with financial statutory norms, internal processes, procedures and controls of the Government of Himachal Pradesh and Government of India;
- d) He will ensure compliance with all accounting and reporting requirements, prescribed by relevant regulatory bodies, at all levels of operation;
- e) He will report to the Audit Committee of the Board of Directors;

- f) He will monitor the status of bills under review/ dispute pending beyond the stipulated timeline;
- g) He will monitor the payments processed to the contractors and the salary distributed to the officers;
- h) He will coordinate with other wings/ departments of HPRIDC as and when needed;
- i) He will coordinate with the IT wing for conducting financial security related checks and scrutiny of the IT initiatives before operationalization.
- j) He will supervise the activities undertaken by the finance wing of HPRIDC and report the financial progress to the Director (F&A).
- k) Any other duties assigned by the management of HPRIDC from time to time.

#### **2.5.13. Duties of General Manager (Information Technology)**

The Information Officer shall have the following duties, inter-alia:

- a) The Information Technology Officer will be directly aligned to the Director (Finance and Admin) for the efficient discharging of duties.
- b) The IT Officer will also act as the Assistant Public Information Officer for the HPRIDC as prescribed under the Right to Information (RTI) Act 2005
- c) He/ she will be responsible for (i) ensuring that suo moto disclosure of key project documents takes place in accordance with the Board's disclosure policy attached at Appendix 1 (ii) putting in place a computerized document management system within a reasonable timeframe as now required by law and (iii) providing information within the stipulated timeframe that may be requested under the Act by any citizen seeking information on the project.
- d) He/ she will also be responsible for Information and Communications Technology (ICT) improvements proposed for HPRIDC under the State Roads project.
- e) He/ she will ensure that the requests of other officers of HPRIDC are catered with priority reducing the bottlenecks if any.
- f) Any other duties assigned by the management of HPRIDC from time to time.

#### **2.5.14. Duties of General Manager (Human Resource)**

The General Manager (HR) shall have the following duties, inter-alia:

- a) The General Manager (HR) will be directly aligned to the Director (F&A) for the efficient discharging of duties.
- b) He/ she will also be responsible for developing and implementing/ supervising the staff-training plan and human resource development of HPRIDC employees.
- c) He/ she will also act as Ethics Officer and will be responsible for addressing ethical issues.
- d) He/ she shall be responsible for maintaining a record of the salaries and the reimbursements made to the officers of HPRIDC.
- e) He/ she will prepare standard recruitment rules for the corporation and will revise them on a regular basis.

- f) He/ she will be responsible for the preliminary screening of the required officers and would conduct interviews before onboarding of any officer.
- g) He/ she will work closely with the legal team for the preparation of contracts and other legal documents that are required at the time for the onboarding of new talent.
- h) He/ she would facilitate various training activities and workshops of the officers on a regular basis for the capacity building of the corporation.
- i) He/ she will also monitor and review the performance of the officers and would provide inputs during the annual appraisals of the officers.
- j) Any other duties assigned by the management of HPRIDC from time to time.

#### **2.5.15. Duties of General Manager (Legal)**

- a) The General Manager (Legal) will be directly aligned to the Director (F&A) for the efficient discharging of duties.
- b) He/ she will be the presenting officer before the DRB/Arbitral tribunal in disputes of design consultancy. He will put up his recommendations to the Executive Director (Projects).
- c) Any other duties assigned by the management of HPRIDC from time to time.

#### **2.5.16. Duties of Deputy General Managers**

- a) The Deputy General Managers in the respective wings of the HQ will be assisting the General Managers in discharging their duties.
- b) The Deputy General Managers of the CMUs will be responsible to the concerned General Manager for efficient management of works.
- c) The Deputy General Managers will examine and put up of all cases including interim payment certificates, variation orders, contract disputes, claims etc. to the concerned General Manager for arranging the approval of the competent authority.
- d) The Deputy General Managers will also be responsible for ensuring compliance to environment management including implementation of Environmental Management Plan (EMP), monitoring & reporting, forest clearance, bioengineering etc.
- e) The Deputy General Managers of CMU will act as Resettlement & Rehabilitation Officer and responsible to the Social Development Officer for implementation of R & R and land acquisition. He will also be responsible for coordinating activities of structure/utility shifting.
- f) All the Deputy General Managers will be assisted by graduate or diploma holder Managers, Head Draughtsmen & other support staff in their respective wings.
- g) Any other duties assigned by the management of HPRIDC from time to time.

#### **2.5.17. Duties of other employees & support staff**

- a) The other employees and support staff of HPRIDC shall perform the duties as prescribed in the Office Manual of Himachal Pradesh Government.
- b) One employee shall be designated as Caretaker and one as Record Keeper.
- c) Any other duties assigned by the management of HPRIDC from time to time.

## **2.6. Staff Training**

A training plan for the staff shall be developed annually reflecting the true needs of the projects as well as the short and long term capacity building needs of HPRIDC with a minimum of 5 days of training in a year for each staff member. The plan consists of a number of training modules specific to various target groups. The training will cover the basic principles and methods of procurement of goods, services & works, contract administration & project management, data collection & RIS, financial & information management, ethics, social and environmental management (tools for environmental management, EMP implementation, bio-engineering techniques for assessment of slope failure causes and implementation, etc.), monitoring and reporting requirements and skill pertaining to bio-engineering techniques. Specific modules shall be designed to ensure proper implementation and transfer of skills to HPRIDC staff. An appropriate incentive for staff to attend the training will be developed along with mechanisms to evaluate the results of the training.



## CHAPTER 3 – DELEGATION OF POWER

### 3. DELEGATION OF POWER<sup>2</sup>

The Delegation of Power for HPRIDC has been finalized based on a detailed assessment of the Delegation of Powers followed in other comparator agencies and through multiple interactions with concerned stakeholders. In case, any designation/ position mentioned in the table below is not present in the corporation, the HPRIDC management shall re-assign these powers between their officers in accordance with the overall framework mentioned in this document.

#### 3.1. Approval for Pre-construction Activities

Post project approval, it would be the responsibility of the Director (Design)/Technical Wing being headed by the ED/SE and the concerned General Manager/EE (including review of project preparation work undertaken by the DPR consultants, in case this is outsourced) and provide final approvals on the cost estimates for undertaking all the pre-construction/ construction activities. The activities would include utility shifting estimates for public utilities, payment charges for obtaining statutory clearances, etc. While Managing Director would have full powers for granting such approvals, these powers could be delegated to Director (Projects) as well for accelerating the process within the prescribed limit for the projects.

The Delegation of Powers for granting these approvals is provided below –

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
1.1.	Approval of utility shifting estimates for public utilities only (including electrical, water and other public utilities)	Director (Projects)	Full Powers upto approved estimated cost	(i) The estimates shall be obtained immediately after finalization of alignment and shall form part of Project Appraisal.
		Managing Director	Full Powers beyond approved estimated cost	
1.2.	Approval of estimates for Tree Cutting/ Tree Plantation	Director (Projects)	Full powers upto approved estimated cost	Tree Cutting/ Tree Plantation shall be as prescribed in the statutory clearances, the

<sup>2</sup> In case of deputation of staff from HPPWD /other organizations, the following equivalence is envisaged to be assigned: JE – Manager Level; AE – DGM level; EE – GM level; SE – Executive Director level; and CE – Director Level.

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
		Managing Director	Full Powers beyond approved estimated cost	estimates shall be as per the extant guidelines/ rules of the concerned Government Departments and it shall not form part of the obligation of Contractor.
1.3.	Approval/ Payment of charges of various government departments for obtaining statutory clearances for the project/ project facilities	Executive Director (Design)	Upto INR 10 lakhs	(i) The charges shall be as per the extant rules of concerned government department, applicable to all Projects Authorities. Project Preparation Consultant shall recommend such charges. (ii) The payment of such charges is not the obligation of Concessionaire/ Contractor
		Director (Projects)	Full Powers upto approved estimated cost	

### 3.2. Powers during the Pre-Construction Stage –

The detailed project report prepared in-house or through consultants during the pre-construction stage would be scrutinized by the Director (Projects) under the supervision of the Managing Director. While the Managing Director would have the full powers for the providing final approvals on the work done by the DPR consultants, some of its power could still be delegated.

The Delegation of such powers is provided below –

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
2.1.	Power to grant technical sanction to detailed estimates for work/ projects	Director (Projects)	Full powers upto approved estimated cost	The Managing Director would have the final powers for approving the revised estimates in case of any unforeseen situations.
2.2.	Power to grant administrative approval of works/ projects/ business proposals on the basis of preliminary estimates	Director (Projects)	Full powers upto approved estimated cost subject to specific funds being provided by the funding agencies/EAPs	
		Managing Director	Full powers beyond approved estimated cost subject to specific funds being provided by the funding agencies/EAPs	
		Executive Director	Upto INR 10 Crores subject to specific funds being provided by the funding agencies/EAPs	
2.3.	Power to sanction work for preparation of DPR, feasibility report	Director (Projects)	Full powers	

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
2.4.	Power to approve excess expenditure over administrative approval and technical sanctions	Managing Director	Full powers specific funds being provided by the funding agencies/EAPs	
		Director (Projects)	Up to 50% of the administrative approval and technical sanction subject to specific funds being provided by the funding agencies/EAPs	
2.5.	Power to sanction new works/ schemes not included in Budget	Managing Director	Up to INR 1.0 Crore subject to fund required for the works/ scheme to be drawn from approved Budget for the year	
		Director (Projects)	Up to INR 0.50 Crore subject to fund required for the works/ scheme to be drawn from approved Budget for the year	

### 3.3. Procurement of Services/ Works/ Goods –

HPRIDC would have a well-defined procurement wing within the corporation for undertaking all the procurement related activities with experience of regular government contracts, contract management for international donor agencies funded projects, and public-private partnership projects. The wing would be responsible for procurement of civil work contractors and consultants. HPRIDC will follow the standard procurement procedures as approved by its board from time to time.

Once the project is approved, the procurement wing would be responsible for six stages of procurement viz. advertising the opportunity, receiving the bids, technical evaluation, financial bid opening, scrutiny of financial proposal of the short-listed bidder and Agreement signing. Post agreement signing, the procurement wing would transfer the project to concerned Executive Director (Construction Management)/SE for project implementation and supervision. Post compilation of the bid received; a technical evaluation committee would undertake the technical evaluation of these bids. HPRIDC could have two different set of Technical Evaluation Committee for expediting the process for evaluation of projects, these committees could be as mentioned in the table below –

Total Project Cost	Members of Technical Evaluation Committee
<ul style="list-style-type: none"> <li>• <b>Procurement of Consultants</b> - Value of project <b>upto INR 5 crore</b> in case of consultants</li> <li>• <b>Procurement of Contractors</b> – Value of works <b>upto INR 10 crore</b> in case of contractors</li> </ul>	Executive Director (Design), Executive Director (Projects), Executive Director (Procurement) and General Manager (F&A)
<ul style="list-style-type: none"> <li>• <b>Procurement of Consultants</b> – Full powers upto <b>approved estimated cost</b> in case of consultants</li> <li>• <b>Procurement of Contractors</b> – Full powers upto <b>approved estimated cost</b> in case of contractors</li> </ul>	Concerned Director for procurement of services and Director (Projects) for procurement of Construction Supervision Consultant/ Independent Engineer/ Contractors/ Concessionaires, Director (F&A)/ Joint Controller (Finance and Admin) and Executive Director (Procurement)

Subsequent to the technical evaluation, the recommendation of technical evaluation committee for works would be submitted to the concerned Director for his/ her Final Approval. To summarize, the delegation of powers within the procurement wing for recruitment of Consultants and Contractors is provided below –

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
<b>3.1. DPR CONSULTANTS</b>				
<b>3.1.1.</b>	Invitation of RFP, Response to Pre-bid Queries	Executive Director (Procurement)	Full Powers	RFP shall be strictly as per the standard format and evaluation shall be strictly as per the guidelines. In case of any requisite changes, concerned Director/ MD will have the full powers for approving deviations.
<b>3.1.2.</b>	Approval of technical qualification	Technical Evaluation Committee	Full Powers	HPRIDC shall have a Technical Evaluation Committee for Technical evaluations of bids.
<b>3.1.3.</b>	Technical Evaluation and Recommendation for award	Technical Evaluation Committee	Full Powers	HPRIDC shall have a Technical Evaluation Committee for Technical evaluations of bids.
<b>3.1.4.</b>	Award of Work	Director (Projects) on recommendation of Director (F&A) / Joint Controller (Finance and Admin) and Procurement wing	Full Powers upto approved estimated cost	(i) MD can delegate the powers to concerned Director for letter of award and signing of contract
		Managing Director	Full Powers beyond approved estimated cost	(ii) In case only a single bid is received, normally tender process may be cancelled and rebidding done by giving 4 weeks notice. (iii) If re-bidding also results in receipt of single bid then it should be opened and the bid amount being within 15% of the estimated cost, then acceptance of the bid may be considered with proper justification and reasons. (iv) If the justification given for the acceptance of bid is found reasonable then the consultancy proposal should be accepted

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
				by the next higher authority i.e., by the Managing Director.
3.1.5.	Grant of EOT (with or without levy of LD/ Penalty, but with no extra cost)	Managing Director	Full Powers in case extra cost is involved and for review & appeal	
		Director (Projects)	Full Powers in case of EOT with no extra cost, up to 6 months with extra cost	
3.1.6.	Change of Scope of Works	Managing Director	Full Powers	
		Director (Projects)	Upto 20% of Contract Value	
3.2. PROJECT SUPERVISION CONSULTANT/ INDEPENDENT ENGINEER/ AUTHORITY ENGINEER/OTHER CONSULTANTS/WORKS/GOODS				
3.2.1.	Invitation of RFP, Response to Pre-bid Queries	Executive Director (Procurement)	Full Powers	(i) RFP shall be strictly as per the standard format and evaluation shall be strictly as per the guidelines/ manual of HPRIDC. In case of any requisite changes, concerned Director/ MD will have the full powers for approving deviations.
3.2.2.	Approval of technical qualification	Technical Evaluation Committee	Full Powers	HPRIDC shall have a Technical Evaluation Committee for Technical evaluations of bids.
3.2.3.	Technical Evaluation and Recommendation for award	Technical Evaluation Committee	Full Powers	HPRIDC shall have a Technical Evaluation Committee for Technical evaluations of bids.

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
3.2.4.	Approval of Award	Director (Projects) in consultation with Director (F&A)/ Joint Controller (Finance and Admin) and Procurement wing	Full Powers upto approved estimated cost	(i) MD can delegate the powers to concerned Director for letter of award and signing of contract
		Managing Director	Full Powers beyond approved estimated cost	(ii) In case only a single bid is received, normally tender process may be cancelled and rebidding done by giving 4 weeks notice. (iii) If re-bidding also results in receipt of single bid then it should be opened and the bid amount being within 15% of the estimated cost, then acceptance of the bid may be considered with proper justification and reasons. (iv) If the justification given for the acceptance of bid is found reasonable then the consultancy proposal should be accepted by the next higher authority i.e., by the Managing Director.
3.2.5.	Grant of EOT (with or without levy of LD/ Penalty)	Managing Director	Full Powers in case extra cost is involved and for review & appeal	
		Director (Projects)	Full Powers in case of EOT with no extra cost, up to 12 months with extra cost.	
3.2.6.	Change of Scope of Works	Managing Director	Full Powers	



Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
		Director (Projects)	Upto 50% of contract value	
		Executive Director (Procurement)	Upto 20% of contract value	
<b>3.3. PROCUREMENT OF CONTRACTOR (EPC/BOT/OPBMC/OTHER CONTRACTOR)</b>				
<b>3.3.1.</b>	Invitation of RFP, Response to Pre-bid Queries	Executive Director (Procurement)	Full Powers	(i) RFP shall be strictly as per the standard format and evaluation shall be strictly as per the guidelines/manual of HPRIDC. In case of any requisite changes, concerned Director/ MD will have the full powers for approving deviations
<b>3.3.2.</b>	Approval of technical qualification	Technical Evaluation Committee	Full Powers	HPRIDC shall have a Technical Evaluation Committee for Technical evaluations of bids.
<b>3.3.3.</b>	Technical Evaluation and Recommendation for award	Technical Evaluation Committee	Full Powers	HPRIDC shall have a Technical Evaluation Committee for Technical evaluations of bids.
<b>3.3.4.</b>	Approval of Award: A quarterly statement of the projects awarded shall be placed before the Board of Directors for their review.			
	<b>A.</b> EPC Projects/ Other Projects	Director (Projects) in consultation with Director (F&A)/ Joint Controller (Finance and Admin) and Procurement wing	Full Powers upto approved estimated cost	(i) MD can delegate the powers to concerned Director for letter of award and signing of contract (ii) In the event of Single bid, Board of HPRIDC should make the decision. Board may accept single bid after examining the reasonable of the same.
		Managing Director	Full Powers beyond approved estimated cost	(iii) In case the amount quoted by the bidder is less than or equal to the estimated civil cost approved

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
				by the Competent Authority, the bids for award purpose will be approved by HPRIDC Board.
	<b>B. BOT Projects</b>	Board of Directors	Full Powers	(i) MD can delegate the powers to concerned Director for letter of award and signing of contract
		Managing Director	If the quote is less than or equal to approved civil work cost and response to bid is adequate (2 or more valid bids).	(ii) In the event of Single bid, Board of HPRIDC should make the decision. Board may accept single bid after examining the reasonable of the same.
	<b>C. OPBMC Project</b>	Board of Directors	Full Powers	(i) MD can delegate the powers to concerned Director for letter of award and signing of contract
		Managing Director	If the quote is less than or equal to approved civil work cost and response to bid is adequate (2 or more valid bids).	(ii) In case single bid is received, the tender process may be cancelled and rebidding done except in case where due to other reasons, like difficult conditions, law & order, etc., the response is expected to be poor. In case rebidding also results in receipt of single bid, the proposal maybe put up to Board for consideration, Board may accept single bid after examining the reasonableness of the same.
<b>3.3.5.</b>	Signing of Agreement and Declaration of Appointed Date/ Commencement Date for the project	Director (Projects)	Full Powers	If all conditions precedent are satisfied. In case parties agree for waiver of conditions precedent including waiver of damages, the case is to be submitted to Managing Director with full justification along with firm targets for satisfying the conditions precedent
<b>3.3.6.</b>	Declaration of Appointed Date	Executive Director (Const. Management)	Full powers	On recommendation of CMU Head.

### 3.4. Payments of Contractors in EPC Projects/ other contracts –

Post appointment of the contractors and appropriate construction supervision consultant, the HPRIDC would have a dedicated Construction Management Unit (CMU) for reviewing the construction works. These CMUs would be placed at the project location and would be formed specific to a concerned project. The CMU would work in close coordination with the Contractors and Supervision consultants/ independent engineers for tracking the progress of the project. The CMU would be headed by a CMU Head and would report the progress to the Executive Director (Construction Management) at the Head quarter. The CMU would envisage a member from the finance team that would be responsible for the keeping a track of the payments released to the contractors post completion of the pre-defined milestone.

The Delegation of Powers for the payments made to the contractors are as follows –

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
4.1.	Release of Mobilization Advance	Director (Projects)	Full Powers	
4.2.	(a) Payments in EPC Projects/ other contracts (Advances & Final Payment)	Director (Projects)	Full Powers for Approval	As per provisions in the Contract Agreement.
		GM (CMU Head)	Full Powers for release after approval	
	(b) Payments in EPC Projects/ other contracts (Stage Payments & Maintenance Payments)	Director (Projects)	Full Powers for Approval	As per provisions in the Contract Agreement.
		GM (CMU Head)	Full Powers for release after approval	
4.3.	Bonus in EPC Projects/ other contracts	Board of Directors	Full Powers for approval	
		GM (CMU Head)	Full Powers for release after approval	

### 3.5. Extension of Time for EPC Contractors/ other contractors

– In hilly states like Himachal Pradesh, the favorable duration for undertaking construction activities is reduced considerably due to adverse climatic conditions and unprecedented natural calamities including landslides, cloud burst, etc. Hence, the expected delays should ideally be considered into account while fixing the construction period for the project. However, in case of any rare events, the Extension of time should be provided to the contractors considering the severity of the scenario.

### 3.6. Change of Scope and Variations for EPC Contractors/ Other contractors –

One of the most critical issues raised by the contractors during the course of a project is the Change of Scope (CoS) in the works envisaged in the contract and the variations made in the BOQ items. These cases shall be reviewed by the concerned CMUs and could be referred to the Executive Director (Construction Management) in the HQ for approvals in case of minor variations. For major variations in the contract, the change of scope could be referred even upto the Board of Directors of HPRIDC for final approvals.

The Delegation of Powers for approving change of scope and variation requests is as follows –

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
6.1.	Approval of CoS	Executive Director (Construction Management)	Up to 3% of the awarded cost of the project	(i) The concerned CMU under the supervision of Executive Director (construction Management), after relevant field inspection, shall certify COS as essential/unavoidable in public interest.  (ii) A committee comprising of the following members at the HQ shall scrutinize the variation/EOT proposal and recommend the same for approval from the competent authority – <ul style="list-style-type: none"> <li>• Director (Projects) – Chairman</li> <li>• Executive Director (Construction Management) – Member</li> <li>• Director (Fin.)/ Jt. Controller – Member</li> </ul> (iii) In-principle approval for COS will be conveyed from HPRIDC, HQ to CMU Head, who in turn would issue COS Notice/ Order within the cost approved in-principle.
		Director (Projects)	Up to 7% of the awarded cost of the project	
		Managing Director	Up to 15% of the awarded cost of the project	
		HPRIDC Board	Full Powers	

### 3.7. Variation in Operation & Maintenance (O&M) Works –

While the OPBMC contractors would undertake the maintenance of roads, a dedicated Maintenance wing in HPRIDC would be responsible for reviewing the works undertaken by these contractors. The Maintenance wing would be headed by the Executive Director (Maintenance) and review the variation requests raised by the contractor.

The Delegation of Powers within the wing would be as follows –

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
<b>7.1.</b>	Variation in single BOQ Item (subjects to limit on total Variation)	Executive Director (Maintenance)	Full Powers upto <b>25%</b> of original quantity	
		Managing Director	Full Powers	
<b>7.2.</b>	New/ Non-BOQ Items (subject to limit on total variation)	Executive Director (Maintenance)	Full Powers upto <b>25%</b> of original Contract Value	
		Managing Director	Full Powers	
<b>7.3.</b>	Total Variation (BOQ + Non-BOQ)	Executive Director (Maintenance)	Full powers upto <b>25%</b> of original Contract Value	
		Managing Director	Full Powers	
<b>7.4.</b>	Extension of Time (EOT)	Executive Director (Maintenance)	Full Powers upto <b>50%</b> of original Contract Period	
		Managing Director	Full Powers	
<b>7.5.</b>	Sanction of Maintenance Estimate (O&M, Renewal, SR, etc.)	Executive Director (Maintenance)	Upto <b>INR 1 crore per year</b>	
		Managing Director	Full Powers	

### 3.8. Contractual Disputes

In the event that the dispute is not resolved by the decision of the Executive Director (Construction Management), the dispute would be further referred to the dedicated in-house Legal team posted at the Headquarter. On receiving written request for review of the dispute, the Legal Team would convene the hearings and thereafter, reach a majority decision and give notice to the parties of their decision. In order to expedite the overall dispute management process, HPRIDC may also set up a panel similar to the Independent Settlement Advisory Committee (ISAC) within the Corporation, which would work particularly for the disputes related to roads and highway projects. This panel would comprise of the GM (legal), Director (Projects) and a member from the Finance Team along with Independent Experts.

### 3.9. Additional powers delegated to Director (Projects)

Pursuant to the delegation of financial/ legal powers to the Managing Director, HPRIDC by the BoD HPRIDC vide item no. 1.14 in its 1<sup>st</sup> meeting held on 9<sup>th</sup> July 1999 delegated the following powers to **Director (Projects)** in the public interest –

Sr. No.	Nature of Power	Extent to which power is delegated
9.1.	Staff Welfare, hospitality expenses, hot and cold weather charges, Employer contribution to provident fund, group insurance, etc.	Upto INR 5 lakhs
9.2.	Consumable stores (Purchases), repair and maintenance of office equipment and fixed assets	Upto INR 5 lakhs
9.3.	Vehicle Maintenance fuel and lubricants, repair and maintenance, taxes and insurance, etc.	Upto INR 5 lakhs
9.4.	Postage telegrams and telephones, printing and stationery, Newspapers and periodicals, rent, filling fees, legal and professional expenses, insurance premium, miscellaneous expenses, subscription, rates and taxes, advertisements, office maintenance.	Upto INR 5 lakhs
9.5.	Telephone connection, hiring of office equipment, water and electricity expenses	Upto INR 5 lakhs
9.6.	Any other items not specified above – Recurring and Non-recurring	Upto INR 5 Lakhs
9.7.	Purchase of fixed assets – Furniture and fixture, office equipment like calculators, electrification library, etc.	Upto INR 5 Lakhs

### 3.10. Other Sub Delegations

Sr. No.	Nature of Power	To whom Delegated	Extent of Delegation for HPRIDC	Remarks/ Clarifications
<b>10.1.</b>	Power to further delegate all or any of the powers for the time being vested in Managing Director & Director (F&A) to any other officer or employee subject to retaining ultimate control and authority with himself.	Managing Director	Full powers subject to provisions of Section 179 of Companies Act, 2013	
		Director (F&A)	Full powers subject to provisions of Section 179 of Companies Act, 2013	
<b>10.2.</b>	Power to act in any emergency using his discretion in order to keep essential services functioning	Managing Director	Full powers subject to the condition that any action taken in pursuance of this power will be reported to the Board at its next meeting	
		Director (F&A)	Full powers subject to the condition that any action taken in pursuance of this power will be reported to Managing Director	



## CHAPTER 4 – PLANNING

### 4. PLANNING

#### 4.1. Classification of Works

Works shall be classified as follows:

- a) Upgrading/ Original Works
- b) Maintenance Works

#### 4.2. Upgrading/Original Works

These will comprise all works of developmental nature by way of up-gradation of existing assets, creating new assets such as Works of 2-Laning/4-Laning, Works of Improvement and Strengthening, Bridges, Expressways, tunnels, development of new highways, etc.

1. Upgrading of state roads comprising of State Highways and Major District Roads to either double or intermediate lane standard to be determined after feasibility including independent supervision consultants, land acquisition and application of environmental and social management measures including bioengineering and biodiversity preservation measures.
2. Improving surface drainage and constructing new cross-drainage works.
3. Improving the road pavement to standards required for the traffic, subject to a condition survey.
4. Improving road geometrics to prescribed standards and improving road safety.

##### 4.2.1. Preparation and Review of Detailed Project Reports (DPRs)

The Detailed Project Reports (DPRs) for up-gradation works shall be prepared on the basis of existing or future guidelines that have or may be issued by the HPRIDC for defining the procedures for reconnaissance surveys, soil and material investigations, traffic surveys, detailed engineering surveys, BBD, IRI, road/bridge condition surveys, preparation of drawings and formats for DPRs. These DPRs shall be scrutinized by HPRIDC to ensure that the relevant design guidelines and relevant provisions of the Environmental Management Plan/s and Re-settlement & Rehabilitation Policy (R&R) have been properly applied and cause them to be placed before Board of Directors (BoD) of HPRIDC who may recommend a clearance of the proposals.

#### 4.3. Maintenance Works

Maintenance Works will include all works of periodic renewals only.

Out of a total of 4000 km of the state roads, repair, major maintenance as well as periodic renewal and accident blackspot improvement shall be undertaken on prioritized sections. This would be implemented in annual maintenance programs to start in FY 2007-08.

Under the project, two kinds of maintenance of state roads are envisaged, namely:

- Maintenance of upgraded project roads taken up as per norms of five years after completion as per the Conditions of Contract; and
- Maintenance of other existing state roads prioritized from the core state roads network as per the availability of funds.

### 4.3.1. Planning of Maintenance

Long term maintenance planning should be required with priority order for periodic maintenance and rehabilitation. The Summary of road condition each year also may comprise traffic data, emergency maintenance requirements for different hazard spots and duration of road closure in the lack of emergency maintenance for each spot of the road section. A road register may be maintained for the book value of each section of road based on capital, maintenance and other investment each year.

State Roads for maintenance and periodic renewal shall be prioritized by computerized web-based GIS-enabled Road Maintenance Management System from FY 2007-08. The PWD has establish a road database, covering details such as terrain, rainfall, roadway width, carriageway width, shoulder width, pavement thickness/composition, year of construction, year and type of last renewal, cross-drainage structure, road drainage, problematic conditions (like water-logging, landslides, etc), and condition rating of the road. The computerized database shall allow for efficient querying and reporting.

The state road database shall be updated periodically, incorporating changes in the condition rating using the BBD/IRI/PCI results, renewal intervention and upgrading carried out. Each PWD Division shall prepare and make public by February 28 of each year, an annual core network condition report that provides information on:

- i) The condition of each link in the network using the program's PCI system or other suitable and consistently applied condition classification system;
- ii) A summary sheet that shows an aggregate condition in comparison with the previous year's aggregate condition; and
- iii) The value and nature of maintenance works that have been executed during the year.

An annual maintenance plan shall be drafted for each division by December 31 of each year covering as many maintainable roads within the core state road network as feasible. The aggregate funding requirement based on these plans shall be submitted for the budgetary provision by January 31 of each year. The divisional maintenance plans shall be revised in the light of funds made available by state governments in the States' Budget and distributed among the divisions and a summary of the final plan shall thereafter be made public in suitable local places and the HPRIDC website by June 30 of each year.

Maintenance of State Roads shall comprise of the following:

- Routine maintenance such as pot-hole repairs and patching, maintenance of shoulders, drainage, road furniture and markings, restoration of rain cuts, etc;
- Periodic renewal such as renewal of black-topped surface at specified intervals to restore the riding quality;
- Special repairs such as flood damage repairs and clearance of slips;
- Generic Environmental Management Plan shall be applied to all maintenance works.

The finalized Annual Maintenance Plan shall contain:

- Length of roads to be routinely and periodically maintained in the budgeted year;
- Implementation responsibilities and timetable for tendering or work instruction for gang labor as applicable; and
- Budgetary requirements and actual allocations.

### 4.3.2. Budget Requirements for Maintenance

Other budgetary resources may need to be clearly defined (toll tax, fuel levy, registration charges, environmental tax for old vehicles, the penalty for overloading, etc.)

The Norms as per the MORTH guidelines or Manual, if any, published by the Indian Roads Congress, or any other agreed Norms shall be used for determining the budgetary requirements for maintenance works. The norms shall be used after applying suitable cost escalation factors to reflect the current cost of materials and other inputs. The maintenance component shall be funded from the state's budgetary allocations and other sources of funding. Efforts at government level shall be made to ensure that adequate budgetary allocations are available to implementing agencies to execute the maintenance component promptly after the start of the financial year.

### 4.3.3. Preparation of Detailed Designs and Execution of Maintenance Works

- For the works identified in the final Annual Maintenance Plans, detailed designs shall be prepared in accordance with MORTH specifications and guidelines.
- The execution of the maintenance shall comply with the specifications for MORTH.
- Quality control tests as specified in the Quality Control Handbook/Manual, where applicable, shall be carried out.
- The physical and financial progress achieved shall be reported at the end of every quarter in the prescribed forms.

## 4.4. The procedure of commencement of Civil Works

The following procedure will be followed while undertaking the work of State Roads including bridge or tunnel projects.

### 4.4.1. Project Preparation and Approval

- a) Broadly, the following steps are involved in the preparation and approval of any road project.
  - i) Feasibility Study/ Preliminary Project Report
  - ii) Detailed Project Report containing detailed engineering and plan of construction
- b) In the first instance, a feasibility study for the project will be carried out, through a consultant, selected in accordance with the procedure and criteria laid down in Chapter 5. In some cases, especially for externally funded and BOT projects, it may be necessary to prepare a pre-feasibility report to enable a funding agency or private financier to appreciate the broad features of the project, the study of financial involvement and possible returns.
- c) The feasibility study will establish the scope of the work, bring out the requirement of land, prepare social and environmental assessments, carry out preliminary economic and financial analysis, examine different options, work out their merits and costs, and recommend the most suitable one.
- d) In case the project is already identified, or the alignment is well established, or an existing asset is to be improved/ upgraded, a feasibility study may be dispensed with. In another situation, it may be found more practical as well as expedient to combine a feasibility report with a detailed project report discussed below.

- e) The studies and recommendations of the feasibility study will form the Preliminary Project Report (PPR), as described in Para 3.8.3. On approval of PPR, if one has been commissioned, or otherwise if it has been dispensed with, a Detailed Project Report (DPR), as described in Para 3.8.4, will be prepared, again through a consultant who could be different from the one who had prepared the feasibility study report, but should preferably be the same. In this, standards, design parameters and specifications will be precisely laid down along with technology and quality standards to be followed. Detailed drawings, bill of quantities, a detailed cost estimate will also be prepared.
- f) The DPR shall be accepted as per the procedure prescribed in Para 3.12.
- g) A consolidated investment proposal may be approved by the HPRIDC. The proposal to be submitted to the HPRIDC shall contain the details of the sections, estimated cost, means of finance, the nature of construction (2/4 laning, flexible pavement, major structures, tunnels, etc), likely date of award and completion, etc. Public Consultation for alignment selection & finalization, Common Property Resources (CPRs), Land Acquisition and Environmental Impact shall be mandatory for all the works, where applicable, for any Road Project. After the approval of the investment proposal, the individual contract/package may be awarded the approval of the HPRIDC Board.
- h) The bid document will be finalized before the invitation of Bids. The bid documents will include the scope of the project and its description, standards and specifications, terms and conditions of the agreement, rights, and responsibilities of the parties, remedies, implementation schedule, amount of earnest money (bid security), and the period of validity of the bid, etc. The bid documents will be formally approved by the tender accepting authority before inviting tenders.
- i) Competitive tenders will be invited after giving them wide publicity. Eligible contractors who have been earlier pre-qualified or are to be post-qualified, or are registered with approved engineering organizations, depending on the size and nature of the project will be invited to bid.
- j) The bids received will be evaluated and the one offering the least cost and found to be responsive, as described in Para 5.20, will be approved. A letter of acceptance will be issued in favor of the successful bidder, specifying therein the formalities to be completed by the successful bidder for signing the agreement.
- k) In the meanwhile action will be taken in respect of:
  - i) Provision of land/ site for the Work in accordance with the schedules set out in the contract documents;
  - ii) Appointment of Construction Supervision Consultant to supervise the work;
  - iii) Appointment of Dispute Resolution Expert (DRE)/Dispute Resolution Board (DRB), depending on the size of the work for dispute resolution in the course of execution of the work.
- l) In the field, the work will generally be supervised by a supervision consultant, selected in accordance with the procedure described in Chapter 5. CMU Head (in-charge of CMU) will superintend the performance of the supervision consultant and project implementation on behalf of HPRIDC.

#### 4.4.2. Feasibility Study Report

1. The consultant shall carry out the feasibility study of the project in accordance with the accepted inception report. The feasibility study report shall broadly contain the following:
  - (a) Executive summary;
  - (b) Project financing and cost recovery mechanisms;
  - (c) Project description including possible alternative alignments/ bypass and technical/ engineering alternatives;
  - (d) The methodology adopted for the studies;
  - (e) Socio-economic profile of the project influence area;
  - (f) Indicative design standards, methodologies, and specification;
  - (g) Traffic surveys and analysis;
  - (h) Environmental screening and preliminary environmental assessment;
  - (i) Initial social assessment and preliminary land acquisition/ resettlement plan;
  - (j) Project cost estimates including Land Acquisition cost;
  - (k) Economic and financial analysis; and
  - (l) Conclusions and recommendations.
2. The consultant shall also submit the following documents:
  - (a) Details of the centerline of the proposed widened State Road along with the existing and proposed right-of-way limits to appreciate the requirements of land acquisition;
  - (b) The information concerning the ownership of land to be acquired for the implementation of the project shall be collected from the revenue and other concerned authorities and presented along with the strip plans;
  - (c) Strip plans showing the position of existing utilities and services indicating clearly the position of their relocation;
  - (d) Details for various clearances such as environment and forest clearances, tree cutting requirements;
  - (e) Separate strip plan showing shifting/relocation of each utility service in consultation with the concerned local authorities;
  - (f) The utility relocation plans should clearly show existing right-of-way and pertinent topographic details including buildings, major trees, fences and other installations such as water-mains, telephone, telegraph and electricity poles, and suggest relocation of the services along with their crossings the highway at designed locations as required and prepare necessary details for submission to the Service Department;
  - (g) Detail schedules for the acquisition of additional land and additional properties in consultation with the revenue authorities; and
  - (h) Land Acquisition Plan.

#### 4.4.3. Preliminary Project Report (PPR)

The PPR shall contain the following:

Volume I: Preliminary Design Report

- a) Executive summary
- b) Project description
- c) Summary of Environment Screening, EIA and EMP Framework
- d) Summary of the Resettlement Plan
- e) Updated cost estimates
- f) Updated economic and financial analyses
- g) Suggested methods of procurement and packaging
- h) Conclusions and recommendations

Volume II: Design Report

- a) Road and bridge inventory
- b) Summary of survey and investigations data
- c) Proposed design basis, standards, and specifications
- d) Proposed pavement design and preliminary bridge designs

Volume III: Drawings

- a) Location map
- b) Layout plans
- c) Typical cross-sections showing pavement details
- d) Drawings for cross-drainage and other structures
- e) Road junction designs
- f) Indicative land acquisition plans

Volume IV: Environment Impact Assessment or along with Environment Management Plan.

Volume V: Land Acquisition and Resettlement Action Plan.

#### 4.4.4. Detailed Project Report (DPR)

1. The detailed Engineering covers detailed alignment surveys, soil and materials surveys, pavement design studies, drainage studies, environment management plan based on environmental impact assessment studies, detailed drawings, estimates, and implementation schedules and documents.
2. The DPR should generally consist of the following parts:
  - (a) Main Report
  - (b) Design Report
  - (c) Materials Report
  - (d) Environmental Impact Assessment (EIA) Report, including the Environmental Management Plan (EMP)

- (e) Resettlement Action Plan (RAP)
  - (f) Technical Specifications
  - (g) Rate Analysis (based on Data Book of MORTH)
  - (h) Cost Estimates
  - (i) Bill of Quantities (Essentially including the provisions of the EMP)
  - (j) Drawings
  - (k) Project-specific changes in the Bid Documents
3. The main report should bring out the background of the project, its social analysis, details of survey and investigations carried out, analysis of survey and investigation data, traffic studies and demand forecast, rationale of design chosen, cost estimation, economic and financial analysis, sensitivity analysis, summary of key environmental issues, project clearances from various agencies for project implementation and avoidance/management measures incorporated in the project design etc.
  4. The Design Report and the Material Report should be detailed as per TOR and among other things, carry a certificate by the consultant that all ground survey, field tests, material tests, soil tests, sub-soil, and hydraulic investigations, etc. reported and relied upon, have been actually carried out with due diligence. Without this certificate, DPR should not be accepted.
  5. Cost should be worked out realistically based on correct physical inputs as per the data Book of MORTH and the prevailing market unit rates of materials and equipment, rates applicable to the site and as per Analysis of Rates based on Standard Data Book, as actually verified and so certified. DPR should not be accepted without a certificate to this effect by the consultant. (The rate analysis should also be based on transporting of materials from an approved source in the vicinity of the project sites.)
  6. As mentioned before, the estimate should bring out the quantities of principal materials like cement, steel, and bitumen, and give the percentage cost of each of them separately, along with that of other general materials, in relation to the total cost of the work. These percentages will be used in the Price Adjustment Formulae.
  7. During the entire period of services, the Consultant will continuously interact with the concerned officials of HPRIDC and provide any clarification as regards methods being followed and carry out any modifications as suggested by HPRIDC. A prior program of various activities will be sent to HPRIDC and a prior intimation is given regarding the start of any key activity such as boring, survey, etc. A monthly progress report, for monitoring purposes, will be sent by the consultant to the designated officer of HPRIDC.
  8. The Detailed Project Report (DPR) shall be scrutinized thoroughly for accuracy and soundness by the team leader of the consultant and cross-checked by other members of the team. Before final submission to the Employer, the Chief Executive Officer (CEO) of the consultancy firm will certify its correctness under his own signature.

#### **4.5. Responsibility for the accuracy of project documents**

1. The Consultant shall be responsible for the accuracy of the data collected, by him directly or procured from other agencies/ authorities, the designs, drawings, estimates and all other details prepared by him as part of these services. He shall indemnify the



RIDC against any inaccuracy in the work which might surface during the implementation of the project. The Consultant will also be responsible for correcting, at his own cost and risk, the drawings including any resurvey/ investigations and correcting layout, etc. if required during the execution of the Services.

2. The Consultant shall be fully responsible for the accuracy of design and drawings of the bridges, tunnels, and structures. The Consultant shall indemnify the Client against any inaccuracy/ deficiency in the designs and drawings of the bridges and structures noticed during the construction and even thereafter.

#### **4.6. Independent Environment Assessment Review**

1. For all widening and strengthening road projects, major/ special type of bridges/ structures and tunnels, the Environment related documents of Feasibility Study Report and DPR will be reviewed by an Independent Environment Assessment Review Consultant, to ensure that all the objectives of the project are covered and that the presentation is consistent with quality, cost and time. For major bridges and complex structures, proof consultants should be appointed. Each part of the report will be reviewed by the consultant including site interaction with concerned General Manager.
2. The panel of personnel at MORTH shall be used for the purpose.
3. In all the cases, the award including remuneration of the Review works shall be got approved by the Board.

##### **4.6.1. Scope of Environment Assessment Independent Review of Draft FS Report and Detailed Project Report (DPR)**

The broad scope of Environment Assessment Independent Review of the feasibility study report and detailed project report is at Enclosure-1 attached at the end of the Chapter.

##### **4.6.2. Procedure for scrutiny and acceptance of Feasibility Study Report (FS) and Detailed Project Report (DPR) by HPRIDC**

#### **1. Scrutiny**

- As mentioned earlier, the design consultant shall be fully responsible for the accuracy of the data, details, designs, and drawings, etc. as contained in FS and DPR and the Environment related documents are got reviewed from an Independent Review Consultant (wherever required). The FS and DPR shall, however, also be scrutinized in HPRIDC before their acceptance. The objective of scrutiny of the DPR etc in HPRIDC is to see that the DPR generally meets the requirements of the Terms of Reference, there is no glaring mistake with regard to design standards and the quality of the project preparation is maintained.
- Considering the lean and thin structure of the organization it may not be feasible to carry out an in-house detailed examination of the detailed project report (including feasibility study report, preliminary project report, and other details) prepared by the consultant. However important aspects of the DPR need to be taken into account during scrutiny in HPRIDC. An indicative checklist of these important aspects is prescribed below. During the presentation by the design consultant (as per Para 3.8.2 below), these aspects may specifically be raised for which the Design Consultant and/or the Independent Review Consultant shall have taken affirmative action. Random checking of important details may also be carried out if considered necessary. In case of



deficiency, the DPR shall be modified accordingly by the Design Consultant.

- (a) The consultant has furnished all the reports/documents as per the TOR.
- (b) The Consultant has collected, compiled and analyzed the available data on road & bridge inventory, bridge condition survey, past performance of road, right of way details, hydrological characteristics of the drainage system, terrain characteristics, socio-economic features of the project influence area.
- (c) Traffic Survey locations are fixed in such a manner that representative traffic data are obtained.
- (d) Indicative Design standards, methodologies, and specifications conform to relevant code provisions/guidelines.
- (e) Preliminary Widening Scheme, a proposal for bypass including suggested alternate alignments are based on thorough ground reconnaissance and meets the prescribed design standards.
- (f) Assessment of borrow areas/ quarries has been done after extensive surveys and careful considerations.
- (g) Environmental & Social screening data has been collected diligently to avoid hassles during implementation.
- (h) Cost estimates are realistic and based on market rates, PWD rates, rates of similar ongoing projects, etc.
- (i) Parameters of financial and economic analysis have been adopted conforming to the implementation strategy of the Project.
- (j) Hydraulic design parameters are based on correct data and field surveys. Sub-soil investigation for design of structures, sub-grade soil and material investigations for design of pavements should be accurate and reliable and in sufficient detail.
- (k) Correct details of all physical features and obstructions, structures, railway lines, canal/river crossing, water mains, sewers, pipes, trees, plantations, electric and telecommunication lines, etc. which affect the proposal are marked to an accuracy/tolerance consistent with their likely interference.
- (l) Utility relocation plans are prepared in consultation with the authorities concerned.
- (m) The drawings are capable of execution at the site without additional instructions or changes.
- (n) The pavement design takes into account the characteristics of the material to be used and the traffic forecast has been made appropriately.
- (o) Drawings for ROBs/RUBs are based on clearance by and approval of concerned Railway authorities.
- (p) In the case of bridges, the final design is based on approval of General Arrangement Drawing (GAD) and alignment plan by RIDC, to be given after consideration of alternatives bringing out their cost-effectiveness and ease of construction.
- (q) The description of items in the Bill of Quantities is consistent with the drawings and specifications, and all should lend themselves to harmonious and unambiguous

interpretation.

- (r) Besides the quantities of various items of work, BOQ also gives the quantities of major materials like cement, steel, and bitumen likely to be required for the work in order to arrive at their reliable percentages, required to be given in the Price Adjustment Formula.
- (s) The requirements of road safety have been taken care of.
- (t) The Consultant had local consultations to identify the needs/expectations of the people regarding, underpasses/realignment, etc. keeping in view the cordial requirements).
- (u) Drawings, BOQ and Technical Specifications are compatible.

## **2. Acceptance**

- In case no Independent Environmental Assessment Review of DPR is carried out. The DPR including the feasibility study report etc shall be scrutinized in HPRIDC as per the procedure prescribed above. If any deficiency is discovered, the proposal shall be returned to the consultants for necessary modification. A design consultant may be required to give a presentation about different aspects of the reports. A record of the discussion of the meeting will be prepared. The feasibility study report and DPR will accordingly be accepted in HPRIDC at the level of Review Committee.
- In the case of an Independent Environmental Assessment Review is carried out.
  - (a) The observations of the Independent Review Consultant on environment-related documents of the draft feasibility study report will be reviewed in HPRIDC and forwarded to the Design Consultant, with modification, if any. The Design Consultant will incorporate these modifications and submit the final feasibility report (FS) to HPRIDC. This report will be examined by the Independent Review Consultant and shall also be scrutinized in HPRIDC as per the procedure prescribed above. A joint meeting of the Design Consultant, Independent Review Consultant and HPRIDC will be held for discussion and finalization of the feasibility study report. Design Consultant may be required to give a presentation about different aspects of the report. A record of discussion of the meeting will be prepared and signed by the three parties. The feasibility study report will be accepted /approved accordingly in HPRIDC at the level of Review Committee and the Board.
  - (b) Based on the FS report approved, the Design Consultant will prepare and submit the PPR and draft DPR. The draft DPR will be examined by the Independent Review Consultant. The observations of the Independent Review Consultant will be looked into by HPRIDC and forwarded to Design Consultant, with modification, if any. The Design Consultant will modify the DPR in view of the comments of the Independent Review Consultant and submit the final DPR. The DPR shall be examined by the Independent Review Consultant and also scrutinized in HPRIDC as per the procedure prescribed above.
  - (c) The DPR may be discussed in a joint meeting of Independent Review Consultant, Design Consultant, and HPRIDC. The Design Consultant will give a presentation about different engineering aspects of the DPR. Any deficiency noted during the discussion will be compiled with by the Design consultant. A record of discussion of the meeting will be prepared and signed by the three parties. Based on the

discussion and compliance received, if any, the DPR shall be accepted in RIDC at the level of Review Committee and the Board.

- (d) In case of projects involving major Bridges and complex structures, where proof checking is resorted to, the acceptance procedure will be the same as in the case of Environment Assessment Independent Review.
- (e) It is emphasized that scrutiny of the DPR in HPRIDC is to see that the DPR broadly contains all the details/reports in the TOR and any glaring mistake/ omission etc. is avoided. However, the responsibility for the accuracy of the data/ details/ designs, etc in the DPR shall be of Design Consultant and formal acceptance of the DPR in HPRIDC will not absolve the Consultant of his responsibility.

#### **4.7. Custody of DPRs and other related Documents.**

The DPR and other related documents will remain in the custody of the concerned General Manager.

#### **4.8. Implementation, Supervision, and Evaluation**

1. The execution of the project will be done through a contractor who is competent, financially sound and offering to do the work at a reasonable price. To achieve this, the contractors shall be pre-qualified (or post-qualified) on the basis of detailed criteria, tailored to suit the needs of the project. The details of the process of bidding, evaluation of bids, and award of work are given in Chapter 6.
2. For supervising the work, HPRIDC will generally employ a competent construction supervision consultant. His appointment will be routed through a well-defined process of selection, based on a combined evaluation of technical and financial proposals. The procedure of selection of a consultant to be followed is given in Chapter 6 and the duties and functions of the supervision consultant are given in Chapter 7.
3. CMU (headed by a CMU Head) would oversee the progress made in the project on behalf of HPRIDC. Tasks and responsibilities of a GM are given in chapter 2 of this manual.
4. On completion of the project, an assessment report should be prepared. This will, inter alia, address problems in respect of cost overruns; delay in completion; new policies and procedures adopted; mistakes made; issues of dispute resolution; EMP Compliance and lessons for the future. Supervision consultants, where considered appropriate, may be asked to give a brief presentation.
5. During the life cycle of the project, six-monthly appraisal of the performance of the works against their expected behavior should be made by the GM and reasons for premature deterioration or fall in serviceability levels should be explored.

#### **4.9. Expenditure on 'Study and Project Preparation'**

The initial expenditure on FSR and DPR etc. shall be debited to a separate account head called 'Consultancy Services'. If they result in acceptance of the project, the expenditure so incurred shall form a part of the project cost and will be accounted for accordingly. But if the project is not accepted, and it is decided not to proceed further, the expenditure incurred on FSR/ DPR, etc. will remain debited to the 'Consultancy Services' head mentioned above.

#### 4.10. Advertisement/Publicity of Tenders

1. All notices inviting tenders with tender documents in downloadable format will be hosted on HPRIDC's website without any exception.
2. Tender notices will be published in newspapers only in "window" format. Advertisement(s) will be such that it displays only the most important/core information and for documents/details leads the prospective bidder(s) to the information hosted on the HPRIDC's website or kept at specified places.
3. The advertisements may be published in the newspapers as under:
  - (a) One leading English daily.
  - (b) One leading Hindi daily and/or one leading regional Hindi daily.
  - (c) In the case of Global tenders, advertisements in one international newspaper can be published in an abridged manner, with a full advertisement on the HPRIDC's website.
  - (d) In the case of externally funded projects, the guidelines of funding agency shall be followed, with a full advertisement on the HPRIDC's website.

##### **4.10.1. Procedure for release of (a) tender notices (b) display advertisements at the time of inauguration or foundation laying ceremony of HPRIDC contracts etc.**

The release of tender notices and display advertisements etc. shall be as per the guidelines to be issued by HPRIDC from time to time.

#### 4.11. Public-Private Partnership in Road and Tunnel Projects

1. These involve private investment, wholly or in part, and which may be domestic or foreign. They may use various routes such as BOT (Toll) (or BOOT, BOLT, DBFO) and BOT (Annuity), etc. These works may typically include works such as Bridges, Road/Rail-over-Bridges, Road/Rail-under-Bridges, inert-sections, Flyovers, Bypasses, Tunnels and Widening & Improvement of SHs/MDRs, and Facilities, etc.
2. To attract private investment the Government may provide tax concessions to the entrepreneurs, as well to the lenders and investors. HPRIDC may offer to carry out the preparatory work, arrange environmental and other clearances, and meet the cost of land, feasibility studies, relocation of utilities, resettlement & rehabilitation, etc.
3. In order to improve the viability of a private funded project, HPRIDC may, within defined limits, provide capital grants, participate in equity and offer bridge/gap loans, besides agreeing to levying & periodic revision of toll tax, fuel levy, registration charges, user fees, environmental tax for old vehicles, etc.
4. For preparation and procurement of works, Model Bidding Documents and Concession Agreements of MORTH and/or Planning Commission shall be followed. For legal and other frameworks, the umbrella Act of HP Infrastructure Development Board shall be followed in principle.

**ENCLOSURE – 1****Scope of Works - Independent Environmental Assessment Review Consultant**

The Independent Environmental Assessment Review of environment-related documents of the DPR including feasibility study report shall ensure that all aspects of the project are duly covered; that it is technically sound and that it is fit to form the basis of the contract. The following shall be particularly looked into:-

**1. Feasibility Report**

- Draft Feasibility report shall be examined to ascertain that the Report is prepared meeting the requirements of Terms of reference (TOR), is technically sound and following aspects, in particular, are duly covered.
- The consultants have a proper quality assurance system required to produce a technically sound DPR.
- Environmental screening/IEE data has been collected, compiled and analyzed diligently and correctly.
- The consultants have made sincere efforts to collect, compile and analyze the available EA data of the project influence area.
- Preliminary assessment of borrow areas, quarries and water sources has been done after an extensive survey, careful considerations and discussion with the concerned community.
- The preliminary widening scheme, a proposal for bypass including suggested alternate alignments are based on thorough ground reconnaissance. The objective is to select the alignment of the new carriageway that meets geometries requirements, causes minimum damages to the structures/ properties, is environment-friendly and cost are optimized.
- Based on the Independent Review of Draft Feasibility Report, suggestions/ recommendations/ action lists as appropriate are to be given for further improvement of the DPR.

**2. Detailed Project Report**

- DPR shall be examined to ensure that all environmental aspects of the Project are duly covered, that it is environmentally sound and that it is fit to form a part of the contract. The following shall be particularly looked into.
- The impact on trees and other floral species, fauna (if any), water resources, land environment, social environment (health and safety), road safety is correctly assessed and presented. The findings and feedback from stakeholder's consultation conducted by DPR Consultants (with a view to identifying the needs/expectations of the people regarding, underpasses, realignment, bypass, use of community resources or any other) shall be reviewed in detail.
- DPR should identify the potential sources of materials, like quarry sites, borrow areas, establish their quality and recommend their use on the basis of techno-economic principles. EA should identify any environmental issues and community concerns linked to this proposed use.
- The adequacy of EMP contents, provisions, drawings, specifications, budget (along

with overall report structure) with respect to identified issues.

- Inclusion of EMP along with Environmental Health and Safety regulations in the Bidding/ Contract Documents – this includes management measures, drawings, specifications and BoQs (as appropriate).

## CHAPTER 5 – DESIGN

### 5. DESIGN

All designs shall follow the relevant Indian Roads Congress Codes of Practice and specifications as revised from time to time. In case IRC Standards are not available the latest international standards such as ASTM, ASHTO, BS shall be followed failing which best international practices shall be adopted. The MORTH latest edition of “Specifications for Road and Bridgeworks” shall be followed. In preparation for Bill Of Quantities (BOQs), MORTH’s Standard Data book shall be followed.

HPRIDC shall apply the provisions of the Environmental Management Plan/s and Resettlement & Rehabilitation Policy (R&R) to ensure that such provisions are properly integrated into the planning and design of road project to help mitigate adverse impacts, enhance positive impacts and comply with GOI/ GoHP/ Lending Agency’s regulatory requirements.

#### 5.1. Environment Protection Measures

It shall be ensured that environment protection provisions are properly integrated into the planning and design of each sub-project to help mitigate adverse impacts, enhance positive impacts and comply with the Bank’s policies and GOI regulatory requirements. Adequate budgetary provision for any necessary remedial environmental measures identified in the planning/design process shall be ensured.

## CHAPTER 6 – PROCUREMENT

### 6. PROCUREMENT PROCEDURE AND DECISION MAKING

This chapter contains two parts- Part – I for procurement under State's own funding; and Part – II for procurement under External (The World Bank) funding.

The MD, HPRIDC shall be responsible to have prepared and submitted to the Board for its approval an annual procurement plan for the following fiscal year by each December 31. The procurement plan shall follow the format prescribed in Annex 1 and shall be made public after approval by the Board. In the case of external-aided projects procurements need to be reviewed by the lending agency/ Bank also.

For all externally aided projects, the HPRIDC shall undertake procurement of goods, works, non-consulting and consulting services in accordance with the World Bank's "Procurement in Investment Project Financing for Goods, Works, Non-Consulting and Consulting Services", 2018. The World Bank's standard bidding documents and standard requests for proposals, as amended from time to time, shall be used for all procurement as appropriate depending on the size of the contract.

#### 6.1. Part – I: Procurement Procedure under State's own funding

The following thresholds shall apply for all state's own funding works, goods and services contracts which shall be updated regularly based on the provisions issued by the state government –

S. No.	Value	Requirement
<b>(A) Works</b>		
1	>INR 50 Crore	ICB, with independent engineer under FIDIC
2	>INR 250 Crore	Pre-qualification
3	>INR 0.50 Crore <INR 50 Crore	NCB
4	<INR 0.50 Crore	NS
5	<INR 0.25 Crore	Direct contracting and force account
<b>(B) Goods</b>		
6	>INR 2.50 Crore	ICB
7	>INR 0.25 Crore < 2.50 Crore	NCB
8	<INR 0.25 Crore	NS and direct contract
<b>(C) Services</b>		
9	>INR 2.50 Crore	International shortlist
10	>INR 1.00 Crore	International advertisement (UNDB and dgmarket online)



S. No.	Value	Requirement
11	<INR 2.50 Crore	Shortlist should comprise of national consultants only
12	<INR 1.00 Crore	National advertisement
13	<INR 0.50 Crore	In exceptional circumstances sole source for firms
14	<INR 0.50 Crore	In exceptional circumstances sole source for individuals

All works contracts to be procured following National Competitive Bidding under domestic funding will adopt the following procedures:

- Only the model bidding documents for NCB as prescribed by the HPRIDC, and in the case of externally funded projects as agreed with the funding agency, shall be used for bidding.
- Invitations for bid (IFB) shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids. Bidding documents are sold for at least 30 days from the date of publication of IFB in the newspaper or the documents are made available for sale, whichever is later.
- No special preference will be accorded to any bidder when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State.
- Except with the prior concurrence of the Board and in the case of externally funded contracts the funding agency, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder.
- Except in cases of force majeure and/or situations beyond the control of the HPRIDC, extension of bid validity shall not be allowed without the prior concurrence of the MD, HPRIDC and in the case of externally funded contracts the funding agency (i) for the first request for extension if it is longer than eight weeks; and (ii) for all subsequent requests for the extension irrespective of the period.
- Re-bidding shall not be carried out without the prior concurrence of the MD, HPRIDC and in the case of externally funded contracts the funding agency. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used.
- Rate contracts entered into by Director General of Supplies & Disposals (DGS&D) can be accepted as a substitute for NCB procedures. Such contracts will be accepted for any procurement under national shopping procedures. State Government rate contract will not be accepted for any procurement under national shopping procedures in the case of externally funded contracts. However, the State Government rate contract can be considered as one of the three quotations.

The Competent Authority for invitation, evaluation, award and contract management is defined in the Delegation of Powers section of the manual.

The procurement documents and results shall be made public within 2 weeks of approval at each stage of the process in accordance with the disclosure policy given in Chapter 13. All procurement complaints shall be dealt with as prescribed in Chapter 14.

The HPRIDC shall develop and maintain a database of all firms who perform works or services or deliver goods to the HPRIDC. Such database shall include the basic data of the firm as well as prices at which contracts were awarded, indicators on the quality and timeliness of delivery of contracted products.

For GOHP funded projects, the HPRIDC may use the above procedures or shall develop, approve and utilize separate procurement arrangements based on those prescribed above.

#### **6.1.1. General**

All contracts in India are to be within the framework of the Indian Contract Act, 1872, which lays down the general principles relating to the formation, performance, and enforceability of contracts. HPRIDC officers responsible for drawing up the contract documents should keep these principles in mind.

#### **6.1.2. Definition**

When two or more persons have a common intention communicated to each other to create some obligation between them, there is said to be an "agreement." An agreement which is enforceable by law is a "Contract."

According to the Indian Contract Act, 1872 only those agreements are enforceable by law which are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void. This is subject to any special law according to which a contract should be in writing and attested by witnesses.

For the purpose of an agreement, there must be a communication of intention between the parties thereto. Hence in a Contract, there is:

- a) A proposal and its communications
- b) Communication of the acceptance of the proposal

#### **6.1.3. Types of Contract – based on the Method of Payment**

All Civil Works and Goods shall be procured in accordance with Procurement Guidelines and Standard Bidding Documents of the World Bank in case of externally funded projects. However, for domestic funded projects costing up to Rs. 10 crores Standard Bidding Document for "Procurement of Small Civil Works and Goods" duly approved by the Board of HPRIDC shall be used. For domestic funded projects more than Rs. 10 crore Standard Bidding Document for "Procurement of Large Civil Works and Goods" duly approved by the Board of HPRIDC shall be used. The most common types of contracts and their field of adoption are as under.

- i) *Lump-Sum Contracts*
- ii) *Item Rate (Unit Price) Contracts*
- iii) *Percentage Rate Contracts*

#### **6.1.4. Size of Contract**

The size of individual contracts will depend on the magnitude, nature, and location of the project, administrative convenience, and benefits.

### 6.1.5. Methods of Procurement

#### a) International Competitive Bidding (ICB) –

ICB will be used where the size of the package is very large (more than Rs 50 crore), or improved construction techniques and materials and modern management practices are sought, or where lower cost and time and better quality standards are expected to be achieved.

#### b) National Competitive Bidding (NCB) –

NCB may be preferred where goods and services are available locally at prices below the international market, or where the works are labor-intensive, or they are scattered geographically or are spread widely over time.

#### c) Direct Contracting (DC) –

Direct Contracting involves procurement from a single source without competition and may be resorted to with the approval of Board in very exceptional cases like:

- The required equipment is proprietary and obtainable only from one source;
- The contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee; and
- In emergency cases, such as in response to natural disasters.

### 6.1.6. Procurement for ICB/NCB

The following steps are involved in procurement.

- a) Preparation of Bid (Tender) Documents
- b) Approval of Bid Documents by the tender accepting authority
- c) Public invitation for Pre-qualification (where so specified)
- d) Issue of Instructions to Bidders, and Pre-qualification Criteria
- e) Receipt of Applications for Pre-qualification, and their Evaluation
- f) Approval of Pre-qualification
- g) Invitation for Bids
- h) Issue of Bid Documents to prospective bidders
- i) Pre-bid meeting (if specified), issue of minutes and clarifications, with the approval of the authority who originally approved the bid documents
- j) Receipt of Bids
- k) Scrutiny of Bids and their Evaluation
- l) Negotiation (where warranted)
- m) Acceptance of Bid (or Rejection of Bids)

#### 6.1.6.1. Format and Conditions of Bidding Documents

The format and conditions of the bidding documents shall be such as apportion the risks, responsibilities, and obligations between the Employer and the Contractor comprehensively.

### 6.1.6.2. Domestic Funded Projects

For domestic funded projects costing up to Rs 10 crore, HPRIDC will prepare a Standard Bidding Document for Procurement of Civil Works” duly approved by MD, HPRIDC may be used. For domestic funded projects costing more than Rs 10 crore, Standard Bidding Document for Procurement of Civil Works duly approved by BOD, HPRIDC may be used.

### 6.1.6.3. Externally Aided Projects

For externally aided projects International Competitive Bidding (ICB), a document of FIDIC 2005 (Federation Internationale des Ingenieurs Counsels i.e. The International Federation of Consulting Engineers) for Works of Civil Engineering Construction shall be followed, with suitable modifications, as per stipulation in the loan agreement in this regard.

### 6.1.7. Bid Documents

The Bid Documents will generally comprise the following: **Volume 1**

- Invitation for Bids (IFB)
- Section I Instructions to Bidders (ITB)
- Section II General Conditions of Contract – Part I
- Section III Conditions of Particular Application – Part II

Volume 2

- Section IV Technical Specifications

Volume 3

- Section V Forms of Bid and Appendix to Bid
- Section VI Bill of Quantities
- Section VII Form of Bid Security (BG), Form of Performance Security (BG), Form of Advance Payment Security (BG), Form of Agreement
- Section VIII Schedules for Supplementary Information

Volume 4

- Section X Drawings

Volume 5

- Section XI documents to be furnished by the Bidder

The Bid shall be submitted by the Bidder as Volume 5 of the Bid documents in two parts which comprise the following documents.

#### **6.1.8. Part I Technical Bid**

- a) Bid Security for an amount and information as specified in ITB.
- b) Power of Attorney.
- c) Qualification Information and supporting documents (if Pre-qualification has been done, original qualification will be updated).
- d) Evidence of access to a revolving line of credit (minimum 10% of the value of work.
- e) Undertaking for making available the required key equipment as specified.
- f) Undertaking for making available the required key personnel as specified.
- g) Annual audited turnover.
- h) Current contract commitments/ works in progress.
- i) Financial data.
- j) Additional information regarding litigation, debarment, arbitration, etc.
- k) Joint venture agreement in case the bidder is a joint venture.
- l) Proposed methodology and program for execution of work duly supported by equipment planning and quality assurance procedures proposed to be adopted by the bidder.
- m) Affidavit

#### **6.1.9. Part II Financial Bid**

- a) Form of Bid and Appendix to Bid – duly filled in and signed on each page
- b) Priced Bill of Quantities – duly filled in and signed on each page. Each part will be separately sealed and marked as per instructions. All the quoted rates and the amount in the BOQ shall be laminated. The bidder shall prepare and submit only one copy (original) of the bid.

The following documents are deemed to be part of the Bid. However, these are not required to be submitted:

##### Volume 1

- Invitation for Bids (IFB)
- Section I Instructions to Bidders (ITB)
- Section II General Conditions of Contract – Part I
- Section III Conditions of Particular Application – Part II

##### Volume 2

- Section IV Technical Specifications

##### Volume 4

- Section X Drawings

### 6.1.10. Guidelines regarding Bid Documents

The following guidelines shall be followed in the matter of procurement of Works –

- a) The bidding documents shall clearly define the scope of works to be performed, the goods to be supplied, the rights and obligations of the Supplier or Contractor, and the functions and authority of the Engineer (supervision consultant) employed by the Employer in the Supervision and administration of the contract.
- b) The bidding documents shall furnish all information necessary for a prospective bidder to prepare a bid for the goods and works to be provided. They shall be so worded as to encourage competition and shall set forth clearly and precisely the work to be carried out, the location of the work, the goods to be supplied, the place of delivery or installation, the schedule for delivery or completion, minimum performance requirements, and the warranty and maintenance requirements, as well as any other pertinent terms and conditions. In addition, the bidding documents shall define the tests, the standards, and methods that will be employed to judge the conformity of equipment as delivered or works as performed, with the specifications. Drawings shall be consistent with the text of the specifications.
- c) Any ambiguity, discrepancy or conflict between various documents forming the Contract will be settled by prescribing the priority of document, viz.
  - i) Contract Agreement
  - ii) Letter of Acceptance
  - iii) Contractor's accepted Bid
  - iv) Conditions of Particular Application
  - v) General Conditions of Contract
  - vi) Technical Specifications
  - vii) Drawings
  - viii) Priced Bill of Quantities
  - ix) Any other documents forming part of the Contract
- d) The basis for bid evaluation and selection of the lowest evaluated bid shall be clearly outlined. The bidding documents shall specify any factors, in addition to price, which will be taken into account in evaluating bids, and how such factors shall be quantified or otherwise evaluated. If bids based on alternative designs, materials, completion schedules payment terms, etc. are permitted, conditions for their acceptability and method of their evaluation shall be expressly stated.
- e) The fee to be charged for the bidding documents shall be nominal, to cover only printing and advertisement charges. It may be Rs 20,000/- for works costing more than Rs 50 crore and Rs 15,000/- for works costing up to Rs 50 crore or as may be specified by HPRIDC.
- f) Bidders shall be required to submit bids valid for a period specified in the bidding documents, which shall be sufficient to complete the comparison and evaluation of bids and obtain all the necessary approvals so that the contract can be awarded within that time. Normally, this period should be four months after the date specified for the opening of the bids.

- g) Bidders shall be assured of equal opportunity to obtain additional information. They shall be given access to project sites for visits, at their own cost. Where considered necessary, a pre-bid conference with the Employer's representatives, led by the Director (Projects), shall be arranged to enable potential bidders to seek clarifications. After the issue of minutes and of any clarifications or any addenda/ corrigenda, a sufficient period shall be given for the preparation and submission of bids.
- h) Standards and technical specifications shall be of those of the Ministry of Shipping, Road Transport & Highways, Indian Roads Congress, or Bureau of Indian Standards. Where these standards are not available or are found inadequate, those of internationally accepted organizations, with suitable adaptation to Indian conditions shall be accepted, subject to the Engineer's prior review and written approval of Director (Projects), a reference to brand names, catalog numbers, or similar classifications shall be avoided. Should this become inevitable, the words 'or approved equivalent' shall be added after such reference. All materials, plant and other supplies to be incorporated in the Works shall be new, preferably of the most recent current models, and incorporate all recent improvements.
- i) Bidders should be required to quote unit prices or lump sum prices for the performance of works, and such prices shall include all duties, taxes and other levies. Bids for goods shall be on the basis of CIF (cost, insurance, and freight to port of destination) / CIP (cost, insurance, place of destination) for imported goods and EXW (ex-works, ex-factory, or off the shelf) for locally available or manufactured or assembled materials, including those previously imported. Where inland transportation, installation, or commissioning are required to be performed by the bidder, he will be required to quote for these services, in addition.
- j) Bidding documents shall state how price adjustment shall be made to reflect any changes (upwards or downwards) in major cost components of the contract, such as labor, equipment, materials, and fuel. In the Price Adjustment formulae, the percentages to be assigned to labor, equipment, materials (cement, steel, bitumen and other general materials) and fuel (POL) should be realistic and appropriate to the type of work.
- k) The currency of bid and payment shall be Indian Rupees. Where payment in foreign currency is permitted (as may be the case in externally aided projects), the bidder should be called upon to indicate the percentage(s) of the bid price, (excluding provisional sums) needed by him for foreign currency requirements, which should be limited to only three currencies.
- l) Bidding documents shall clearly specify the following elements:
  - i) Amount and form of bid security and its validity period;
  - ii) Amount and form of performance security to be provided by the Contractor on the award of work, as also the period of its validity;
  - iii) Amount and terms of advances for mobilization, and equipment and materials;
  - iv) Method and periodicity of regular progress payments;
  - v) Retention amounts and their release;
  - vi) Liability and amount of liquidated damages;

- vii) Bonus, if any, with conditions of eligibility; and
  - viii) Circumstances, necessity and the consequences of suspension/ termination, and the procedure of final payment.
- m) There shall be provisions for the settlement of disputes.
- n) Provision shall be made that at all times, during the continuance of the Contract, the Contractor shall comply with all existing Acts, regulations, and bye-laws including statutory amendments and re-enactments of State and Central Governments and any other enactments, notifications, and Acts that may be passed in future by the State or the Central Government or local authority. Model Rules for Labour Welfare and Sanitary Rules shall also be added.
- o) Bid documents should call upon the bidder to, prior to submitting the bid, visit and examine the site of works and its surroundings at his own expense, and obtain and ascertain for himself, on his own responsibility, all information that might be necessary for preparing his bid and entering into a contract. This would, inter alia, include the actual conditions of the site and area, availability of materials, labor and probable sites for labor camps and stores, etc. He should take into consideration local conditions, traffic restrictions, any possible obstructions to work and allow in his Contract Price for all such extras likely to be incurred as a result thereof. It should further be added that a bidder is deemed to have knowledge of the site and area, whether he inspects it or not, and no extra charges consequent upon any misunderstanding or otherwise shall be allowed.
- p) A stipulation should also be made that the bidder shall bear all costs associated with the preparation and submission of bids and that the Employer will, in no case, be responsible for any such cost regardless of the conduct or outcome of the bidding process.

#### **6.1.11. Conditions of Contract**

##### **6.1.11.1. Standard Bidding Documents**

The standard bidding documents (whether of HPRIDC or FIDIC) contain two sets of conditions, viz. General Conditions of Contract, referred to as Part I and suggested Special Conditions of Contract (also called Conditions of Particular Application), referred to as Part II. General Conditions should be incorporated unaltered, to facilitate their reading and interpretation by the bidders and the lending institutions, if any. These Conditions have been prepared for a unit price or item contract and will require suitable modifications for other types of contracts.

##### **6.1.11.2. Additions, Deletions or Variations**

Any additions, deletions, or variations to the General Conditions felt necessary for a particular project shall be done by an appropriate entry in the Special Conditions. While drafting Special Conditions/Clauses, the circumstances warranting them shall be duly considered, including but not limited to the following.

- a) Where the wording in Part I specifically requires that further information is to be included in Part II and the conditions would not be complete without that information.
- b) Where the wording in Part I indicates that supplementary information may be included in Part II, but the conditions would still be complete without that information.
- c) Where the type, circumstances or locality of the works requires additional Clauses or



Sub-clauses.

- d) Where the laws of the country or exceptional circumstances necessitate alterations in Part I. Such alterations are effected by stating in Part II that a particular Clause, or part of a Clause in Part I, is deleted and giving the substitute Clause or part, as applicable.

#### **6.1.11.3. Conditions of Special Nature**

Conditions of special nature and project-specific conditions shall be rationally incorporated. Special Conditions shall be approved by the authority competent to accept the tender.

#### **6.1.12. Eligibility of Contractors**

##### **6.1.12.1. Eligibility criteria**

The following guidelines shall be followed except for externally funded works for which the guidelines of the funding agency shall be adopted.

- a) A firm that has been engaged by HPRIDC provides consulting services for the preparation or implementation of a project, and any of its affiliates (Associates, Subsidiary, JV Partner), shall not be eligible for subsequently providing goods or works (other than a continuation of the firm's earlier consulting services) for the same project.
- b) Government-owned enterprises may participate only if they can establish that they are legally and financially autonomous and that they operate under commercial law.
- c) A firm declared ineligible by HPRIDC for indulging in corrupt or fraudulent practices shall be ineligible to bid for the HPRIDC project during the period determined by HPRIDC.
- d) A firm determined non-performing by HPRIDC shall not be eligible to bid during the period so determined.

##### **6.1.12.2. Pre-qualification**

Pre-qualification shall be necessary for all works costing more than INR 250 crore and other complex or special works, irrespective of their value, to ensure that the prospective bidders can perform the particular contract satisfactorily, taking into account their (i) experience and past performance on similar and particular contracts (ii) capabilities with respect to personnel, equipment, and construction or manufacturing facilities, and (iii) financial position. In this, the two-stage bidding process will be followed. In the first stage, proposals will be invited from the bidders for their pre-qualification. Financial bids, in the second stage, will be invited from the pre-qualified bidders. In addition, other technical details, as specified in the bid documents, are also asked for.

##### **6.1.12.3. Post-qualification**

Generally for works costing between Rs. 5 crore and Rs. 50 crore, and for works under special circumstances, contractors shall be post-qualified. In that case, the procedure and criteria of qualifying a contractor will be much the same as that for pre-qualification. In this, bids will be received in two covers: one cover containing the Technical Proposal and the other containing the Financial bid. The Financial Bid of only those bidders who meet the minimum technical standards will be opened and considered for evaluation.

#### **6.1.12.4. Registered Contractors**

For works costing less than INR 5 crores, besides open bidding, the option of inviting bids from contractors registered with the HPPWD and CPWD may also be considered. The registered contractors would be eligible to tender for the class(es) of work(s) for which they are registered and up to the limits of their registration and area of operation.

#### **6.1.13. Pre-qualification Process**

The process will start with the short-listing of contractors by issuing an advertisement inviting applications for pre-qualification. Those who respond will be issued a letter of 'Instructions to Applicants', which shall contain, among other things, the following:

- a) scope of work (in physical as well as monetary terms);
- b) Pre-qualification criteria for single contractors and joint ventures;
- c) disqualification clause for misleading statements, or the applicant found to be ineligible on the basis of facts;
- d) various questionnaires and forms, required to be answered and filled by the prospective applicant, in support of pre-qualification;
- e) form of an affidavit by the applicant in the certification of the statements made and information given by him;
- f) indicative requirements of qualifications and experience of key personnel for the project;
- g) indicative requirements of annual production rates of key items of work;
- h) indicative requirements of major plant & equipment;
- i) indicative quantities of major items of work;
- j) description of the project area, its climate and language, site of work and means of access; and
- k) key plan of the project area along with the site plan.

#### **6.1.14. Pre-qualification Criteria**

##### **6.1.14.1. Standard Pre-qualification Document**

HPRIDC shall prepare and issue a standard pre-qualification document for the procurement of civil works. This document shall be followed uniformly.

To be qualified for the award of the Contract, bidders shall provide evidence to the Employer of their capabilities and resourcefulness to carry out the contract effectively. In addition, any requirement of the foreign lending institutions, like the World Bank, ADB, and JBIC that the bidders shall belong to the eligible member countries listed by them shall be met with.

Principal factors to be used for evaluation are General Construction Experience; Particular Construction Experience; Financial Capabilities; Personnel Capabilities; Equipment Capabilities; Performance in Past Projects, and Bid Capacity. Specific criteria of 'pass' for each attribute will be as specified in the Standard Pre-qualification document. The general description is:

**a) General Construction Experience**

The Applicant should have been actively engaged in the civil works construction business for similar work at least 5 years immediately prior to the date of submission of application.

**b) Turnover**

The Applicant should have generated the specified minimum average annual construction turnover during the above period.

**c) Particular Construction Experience**

- (i) The Applicant should have successfully completed or substantially completed, within the last 7 financial years, at least one contract of the specified percentage of the contract value in question and which is similar to the one now being proposed and
- (ii) The Applicant should also have achieved the minimum annual production rates of the key construction activities stipulated.

**d) Personnel Capabilities**

The Applicant's key personnel, as listed in the PQ document, should be suitably qualified and experienced, and meet the requirements of qualification and experience specified.

**e) Financial Capabilities**

- (i) The Applicant should have access to or possess available liquid assets and other financial means (independent of any contractual advance payments) sufficient to meet the construction cash flow requirements for the subject contract, of the certain minimum amount specified,
- (ii) The Applicant should have adequate sources of finance to meet the cash flow requirements of works currently in progress and for future contract commitments and
- (iii) The Applicant should possess financial soundness as established by audited balance sheets and/or financial statements.

**f) Equipment Capabilities**

The Applicant should own, or have assured access (through hire, lease, purchase agreement, other commercial means) to the specified key items of equipment, in full working order, and satisfy that, based on known commitments, the same will be available for timely use on the proposed contract.

**g) Litigation History & Past Performance**

A consistent history of unsuccessful or bad litigation or poor performance in past contracts, e.g. unsuccessful completion, or excessive delays cast a shadow on the contractor's capability, even if all other criteria are met with. A decision to disqualify has to be based on solid evidence (references) from the previous Employers to substantiate that non-performance resulted from a default by the applicant. The Employer should seek independent verification from the references in case of doubt.

**h) Bid Capacity**

The bidder should possess the bidding capacity as calculated by the specified formula. The formula generally used will be: Bid Capacity =  $A \times N \times 1.5 - B$ , where A = Maximum value of civil engineering works executed in any one year during the last 5 years (updated at the current price level), taking into account the completed as well as works in progress.

N = Number of years prescribed for completion of the work in question.

B = Value (updated at the current price level) of the existing commitments and ongoing works to be completed in the next 'N' years.

A bidder may be awarded more than one contract if he: (a) meets the pre-qualification criteria of each of them; (b) demonstrates having the resources in respect of financial, personnel and equipment capabilities to meet the aggregate of the specified capabilities for each contract, and (c) has bidding capacity at the time of bidding, as calculated by the above formula, more than the total estimated cost of these works.

**6.1.14.2. Pre-qualification Forms**

The basic information, to evaluate these various factors, shall be compiled on a uniform pattern in the Pre-qualification Forms given in the standard Pre-qualification Document. These forms generally will be:

- a) General Information (Name, Address, Ownership);
- b) Organization, History, Experience;
- c) Annual Turnover;
- d) Summary of Current Contract Liabilities and Commitments;
- e) Financial Data;
- f) Evidence of Access to Credit;
- g) Joint Venture Data;
- h) Experience in Contracts of Similar Nature;
- i) Experience in Contracts of Similar Site Conditions;
- j) Key Personnel Proposed for the project/Personnel Capabilities;
- k) Equipment Available/Proposed for the Project;
- l) Proposed Site Organisation;
- m) Proposed Subcontractors; and
- n) Litigation history/ Current Litigation.

The above forms are required to be filled by the applicant and sent to the concerned office of HPRIDC along with (a) an affidavit in authentication of the information given by him and (b) a forwarding letter stating among other things that the 'bids by pre-qualified applicants will be subject to verification of all information submitted for pre-qualification at the time of bidding'.

### 6.1.14.3. Joint Ventures

Joint Ventures may be permitted to bring together the resources (physical, financial, personnel) that may be deficient within the structure of one partner. However, Joint Ventures should be (i) permitted only if the size of the contract exceeds a certain specified value (INR 50 crores), and (ii) limited to only three partners. JV should not be in name only, with a view to enhancing the prospect of contract award.

When the pre-qualification application is made by the Joint Venture, the evidence of a clear mandate willing to form the Joint Venture shall be submitted along with. The Joint Venture agreement to be submitted by the applicants shall comprise, but not limited to, the following provisions:

- a) Name and style of Project-specific JV, with head office address;
- b) The management structure of JV with details;
- c) The extent of participation of each party in the JV;
- d) Name of Lead partner and empowerment to him by the JV to attend negotiations and incur liabilities on behalf of JV;
- e) The commitment of each party to furnish the Bid Security, Performance Security, Security for mobilization advance in proportion to their respective share;
- f) Responsibility of each partner of JV, including personnel, plant & equipment;
- g) Working Capital arrangement of JV;
- h) Opening of a separate bank account in the name of JV, to be operated at least by one foreign and one local partner (in case of JV between two local partners, both the partners are required to operate);
- i) Provision of remedy, in case of non-performance of responsibility by any party;
- j) Parties/firms committing themselves to the Employer (HPRIDC) for being jointly and severally responsible for the intended works; and
- k) Power of Attorney to be duly notarized from the country of origin of the foreign partner for his part.

Any change in the formation of a pre-qualified joint venture shall be subject to the written approval of HPRIDC prior to the deadline for the submission of bids. This approval shall be denied if: (i) the remaining partners do not meet the qualifying requirements or (ii) the new partners are not qualified, individually or as another joint venture or (iii) in the opinion of the Employer, a substantial reduction in competition may result.

### 6.1.14.4. Pre-qualification of Joint Venture

For pre-qualification, the joint Venture should fulfill the criteria specified in the Standard Pre-qualification Document. The attributes to be evaluated will be the same as for individual contractors; however, certain parameters up to the specified limits have to be essentially met by them collectively, some by the Lead Partner, and some by the other partner, as briefly described below.

- a) Qualifying Factors to be met collectively: (i) average annual turn over from construction; (ii) particular construction experience and key production rates; (iii) construction cash flow for the subject contract; (iv) personnel capabilities, and (v)

equipment capabilities.

- b) Qualifying Factors for Lead Partner: (i) general construction experience; (ii) particular construction experience, average annual turn over from construction,) financial capability to meet cash flow requirement of subject contract –in proportion to their partnership in JV but not less than of 50% of the respective limits prescribed for individual contractors may be accepted; (v) adequate sources to meet financial commitments on other contracts; (vi) financial soundness, and (vii) no adverse past performance litigation history.
- c) Qualifying Factors for Other Partner: same as for Lead Partner except that for the factors specified in (b) (iv) above, a lower limit of 25% may be accepted instead of 50%.

#### **6.1.14.5. Disqualification**

Even if an applicant meets the pre-qualification criteria, he shall be subject to disqualification if he or any of the constituent partners is found to have:

- a) made misleading or false representations in the forms,' statements and attachments submitted; or
- b) records of poor performance during the last 5 years, as on the date of application, such as abandoning the work, rescission of contract for reasons which are attributable to non-performance of the contractor, inordinate delays in completion, consistent history of litigation resulting in awards against the contractor or any of the constituents, or financial failure due to bankruptcy, etc. The rescission of a contract of joint venture on account of reasons other than non-performance, such as the Most Experienced Partner (Major Partner) of joint venture pulling out, court directions leading to break-up of joint venture before start of the work, which are not attributable to poor performance of the contractor, will, however, not affect the pre-qualification of the individual partner; or
- c) shown very poor performance in implementation of the works of HPRIDC and determined non-performing by HPRIDC; or
- d) been barred by HPRIDC as on the date of application; and
- e) in the case of a proprietary firm, partnership firm or a joint venture, the following are the disqualifications in case of failure to disclose information by partners or the proprietor.
  - i) if, any of the partners or the proprietor is debarred by HPRIDC or any other Agency of Government of India or the State Government;
  - ii) if, any of the partners or the proprietor has a criminal history or has been convicted by any court of law for any of the offenses under any Indian laws;
  - iii) if any criminal proceeding is pending in any court of law in Indian against any of the partners or a proprietor and if any such proceeding culminates into conviction in the last five years.

#### **6.1.14.6. Updation of Pre-qualification Information**

Bidders are required to update their financial (or any other) information at the time of submitting the bids, to confirm their continued compliance with the qualification criteria and

furnish verification of the information provided. A bid may be rejected if the Applicant's qualification thresholds are no longer met at the time of bidding.

#### **6.1.14.7. Evaluation of Pre-qualification Applications**

For the opening and evaluation of PQ Documents, a committee shall be constituted with the approval of the MD. It shall consist of three technical officers and one officer of the Finance wing. In the process of evaluation, the following safeguards shall be taken:

- a) contract and personnel experience shall be supported by past client references;
- b) applicant's bona fides, performance, and suitability shall be checked;
- c) emphasis shall be on performance and experience of the personnel, and not merely on their academic qualifications;
- d) data supplied by the applicants without supporting details shall not be accepted, until and unless substantiated;
- e) arrangement of sub-contracting shall conform to contract conditions, and their capability duly assessed; and
- f) The arrangement of the joint venture shall be examined in detail.

#### **6.1.15. Bid Security**

Each bidder shall furnish bid security as a part of his bid at the following rates: a) two percent of the estimated cost for all works.

The Bid security shall be in favor of HPRIDC and maybe in one of the following forms.

- a) Deposit-at-call Receipt from any scheduled Indian Bank or a foreign Bank located in India and approved by the Reserve Bank of India (RBI).
- b) Fixed Deposit Receipt, a certified cheque or an irrevocable letter of credit, issued by any Scheduled Indian Bank or a foreign Bank approved by the Reserve Bank of India.
- c) Bank Guarantee issued by the following banks.
  - i) State Bank of India or its subsidiaries,
  - ii) Any Indian nationalized Bank,
  - iii) IDBI or ICICI/ICICI Bank,
  - iv) Export-Import Bank of India,
  - v) A Foreign Bank (issued by a branch outside India) with a counter-guarantee from SBI or its subsidiaries or any Indian Nationalized Bank,
  - vi) Any Scheduled Commercial Bank approved by RBI having a net worth of not less than INR 500 crores as per the latest Annual Report of the Bank. In the case of a Foreign Bank (issued by a branch in India), the net worth in respect of the Indian operations shall only be taken into account.

The acceptance of the guarantee shall also be subject to the following conditions:

- a) The capital adequacy of the Bank shall not be less than the norms prescribed by RBI
- b) The bank guarantee issued by a Cooperative Bank shall not be accepted. The bank guarantee shall be got confirmed as per the procedure mentioned in the previous section.

All such BGs and bid security received in other forms shall be maintained by the concerned Finance wing at the Headquarter. It shall be the responsibility of the Finance wing to monitor the validity of the BGs (a register shall be maintained for this purpose) and ensure the extension of the validity of the BGs in terms of the contract. Such BGs shall be released strictly in terms of the contract with the approval of the MD.

Bank guarantees (and other instruments having fixed validity) issued as surety for the bid shall remain valid for 45 days beyond the validity of the bid.

The bid security may be forfeited:

- a) if the bidder withdraws his bid during the period of bid validity;
- b) if, the bidder does not accept the correction of his bid price,
- c) in the case of a successful bidder, if he fails, within the specified time limit to
  - i) furnish the required performance security or.
  - ii) sign the Agreement.

Bid security of the unsuccessful bidders should be discharged/returned without interest as promptly as possible. The bid security of the successful bidder shall be discharged when he has signed the Agreement and furnished the required performance security.

Any Bid not accompanied by requisite bid security shall be straight away rejected as non-responsive.

#### **6.1.16. Call of Tenders**

Detailed Project Report for the project should be accepted by the Board before Bids are invited. Before invitation of bids, the bid documents shall formally be got approved from Board. Before calling of bids for a project, approval of MD HPRIDC shall be taken in each case. While approving the Invitation for Bids (IFB), it will be ensured that:

- a) there is no ambiguity, contradiction, or duplication in the nomenclature of
- b) items, conditions of contract, specifications, and drawings;
- c) the specifications and drawings are capable of implementation at the site;
- d) the time stipulated to complete the job is adequate. Executive Director (Procurement) will check each page of bid document, see that the correction slips/modifications made are numbered and signed in token of approval, and give the certificate: 'Certified that I have personally checked each and every page of the bid document and that I am satisfied with the correctness and accuracy of the document.'

The period given for submission of Bids should be adequate to enable the bidder to make his investigations, visit the site, carry out his costing, and quite realistically. For domestic Bids, this period maybe 30 to 60 days. For ICB, this period will depend on the stipulations of the lending institution.

For urgent works, Short Term bids may be invited, with the approval of the MD. In such cases, the period for submission of bids maybe 15-20 days depending upon nature & urgency of work.



### **6.1.17. Publicity of Tenders**

Advertisements of tender notices shall be done as per provisions under Para 3.16 & 3.17 The tenders shall be invited in the name of the HPRIDC.

### **6.1.18. Sale of Tenders**

Tender documents should be prepared and kept ready for sale before the issue of IFB. Contractors desiring to tender should make a written application. It is the responsibility of the GM to see that tender documents are made available with a complete set of drawings to the contractors as soon as their applications are received. Their acknowledgment for receipt of tender documents shall be obtained on the requisition itself. The price of tender documents will be uniformly fixed on the slab basis of the cost of works.

Each tender document issued must contain the following information:

- a) name of work
- b) name of contractor
- c) date of receipt of the contractor's application
- d) date of issue of tender
- e) the serial number of tender
- f) scheduled date and time of opening the tenders

### **6.1.19. Pre-Bid Meeting**

For tenders of maintenance works or original works costing more than 500 lakhs or works of specialized nature, 'Instruction to Bidders' should contain a provision inviting the bidder or his official representative to attend a pre-bid meeting at a specified place and time. For the Employer to be able to answer questions on any matter that may be raised at that stage, the bidder should be requested to submit any question in writing by cable or fax so as to reach the Employer not later than one week before the meeting. The meeting should be chaired by the Director (Projects).

Minutes of the pre-bid meeting shall be prepared and got approved by MD. In case the MD feels that the minutes involve some policy decision or any departure from the Standard Bid Documents, he may show the minutes to the Board. Minutes of the meeting, including the text of the questions raised and the responses given, shall be transmitted without delay to all purchasers of the bidding documents. The Employer, through the issue of a separate addendum/ corrigendum, shall make any modification of the bidding documents, which may become necessary as a result of the pre-bid meeting. Non-attendance at the pre-bid meeting will not be a cause for disqualification.

After the issue of any clarifications/modifications consequent to the pre-bid meeting, at least two clear weeks should be given for submission of bids.

### **6.1.20. Preparation and Submission of Bids**

The gist of procedure for submission, safe custody and evaluation of technical and financial bids as well as other aspects of the open tender system is also described below.

The bidder should prepare the bid in the manner prescribed in the tender documents (Instructions to Bidders). It will be accompanied by all the supporting documents, certificates, clearances, and bid security as stipulated in ITB, and in the form prescribed therein. The bid

shall remain valid and open for acceptance for a period specified in ITB after the date of Bid opening prescribed. Each bidder will submit only one tender. No bidder shall be allowed to participate in the bid of another for the same contract in any relation whatsoever. The bid shall be sealed, marked as per instructions in ITB and submitted before the time and date (or extended date, if any) and at the place specified. If the Employer declares such a date (or extended date) as a public holiday in the receiving office, the next official working day would be deemed as the last day for the submission of bids. Any bid received after the deadline for submission of bids shall be returned unopened.

The bidder may modify or withdraw his bid through a written notice so as to reach the office of the Designated Officer of HPRIDC before the deadline of submission of a bid. No bid shall be withdrawn between the deadline for submission of bids and the expiry of the period of validity of bids specified. Withdrawal of bids in any form whatsoever during this interval may result in the forfeiture of Bid Security.

### **6.1.21. Opening of Bids and their Examination**

#### **6.1.21.1. Technical Committee**

A Technical Evaluation Committee, as per the Delegation of Power approved by the Board, HPRIDC will open and later evaluate the bids. The committee shall open the bids at the prescribed time, date and place, in the presence of such bidders who may wish to be present. If the prescribed date comes to be declared by the Employer as a public holiday, the next official working date would be deemed as the date of opening of bids. The bidder representatives who are present shall sign a register evidencing their attendance.

#### **6.1.21.2. Opening of Technical Bids**

The 'Technical Bids' of all bids received before the deadline for submission will be opened first. All the bids should be arranged in an order and assigned serial numbers like 1/5, 2/5, 3/5, the denominator indicating the total number of bids received. Envelopes marked 'withdrawal' will be opened and read. Bids for which acceptable notice of withdrawal has been submitted will not be opened.

Bidders names, 'withdrawals', 'modifications of technical bids', the presence (or absence) of bid security and such other details as the Employer may think appropriate, will be announced at the opening.

As the bids are to be submitted in hardbound form signing of covering letters and index page by all the committee members is sufficient. Minutes of the bid opening will be prepared including the information to those present.

In case the bids are received in "three bid system" comprising (i) other submissions (ii) technical bid (iii) financial bid, the "other submissions" will be opened first. Technical bids of those qualifying on the basis of other submissions will be opened. Opening and evaluation of technical and financial bids shall be carried out as per the procedure for "two bid system" as prescribed hereinafter.

#### **6.1.21.3. Examination of Technical Bids**

Technical bids accompanied by Bid security, and on getting its validity confirmed with the issuing bank, will be examined to determine whether each bid has been properly signed, meets the eligibility and qualifications criteria, is accompanied by the requisite certificates undertakings and other relevant information specified, and is substantially responsive to the requirements of the 'Bid documents'.

#### **6.1.21.4. Opening of Financial Bids**

The committee will open the 'Financial Bid' (including 'modifications of financial bids') of those bidders whose Technical Bid has been found to be substantially responsive, in the presence of bidders or their representative who choose to be present, on the date which will be intimated to such bidders, at least three days in advance.

The officer opening the bids shall mark all errors, over-writings, and cuttings, and number them serially in red ink on each page e.g. E/I, E/2, O/I, O/2, C/I, C/2, initial them and give their respective totals at each page. Each page should be signed by all of the members.

Bidders' names, the bid prices, the total amount of each bid, any discount, 'modifications of financial bids' and such other details as the committee may consider appropriate will be announced by the committee at the opening. The absence of reading of rates of items, especially when demanded, is likely to create apprehensions. The Bid Prices should also be displayed on a computer screen, where possible.

Any ambiguities in rates quoted by the bidders, in words or figures, shall be clearly indicated on each page of the schedule. In the case where the tendered rate is in rupees and no 'paise' is mentioned, the word 'only' shall be incorporated under dated initials of the officer opening the tenders. Where the bidder has omitted to quote the rates in figures or in words, such omission shall be recorded.

The committee will prepare minutes of the meeting including the 'spot' comparative statement and other information disclosed.

#### **6.1.21.5. Determination of Responsiveness**

The committee will examine the 'Financial Bids' to determine whether each bid has been properly signed and is substantially responsive. For this purpose, a substantively responsive bid is one that conforms to all the terms, conditions and specifications of the tender documents without material deviation and reservation. A material deviation or reservation is one:

- a) which affects in any substantial way the scope, quality, or performance of the works;  
or
- b) which limits in any substantial way the Employer's rights or the bidder's obligations;  
or
- c) whose rectification would affect unfairly the competitive position of other bidders which are substantially responsive.

If a bid is not substantially responsive to the requirements of the bid documents, it shall be rejected with the approval of the authority empowered to accept the bid in the first instance, and may not subsequently be made responsive by correction or withdrawal of the non-conforming stipulation.

#### **6.1.22. Correction of errors**

Substantially responsive financial bids will be checked for any arithmetic errors. Arithmetic errors will be rectified on the following basis.

- a) If there is a difference between the amount of rate in figure and in words of an item, and the total amount is worked out, then the rate which corresponds to the amount worked by the bidder shall be taken as correct.

- b) If the bidder has not worked out the amount of an item, or the same does not correspond with the rates written either in figures or in words, then the rate quoted by him in words shall be taken as correct.
- c) If the rate quoted by the bidder in figures and in words tallies, but the amount is not worked out correctly, the rate quoted by the contractor shall be taken as correct and not the amount.

#### **6.1.23. Clarification of Bids**

To assist the process of examination, evaluation, and comparison of bids, the Employer may ask the bidder individually for clarification, if any, of their bids, including a breakdown of unit rates and price. The request for clarification and the response shall be in writing, but no change in the price or substance of the bid will be sought, offered or permitted, except as required to confirm the correction of arithmetical errors discovered by the Employer in the course of scrutiny.

#### **6.1.24. Confidentiality of Process**

Information relating to the examination, clarification, evaluation, and comparison of bids, and recommendations for the award of a contract, shall not be disclosed to bidders or any other person not officially concerned with such process until the award to the successful bidder has been announced.

From the time of bid opening to the time contract award, no bidder shall contact the Employer on any matter related to the bid, except on request and prior written permission. Any effort by the Bidder to influence the Employer in bid evaluation, bid comparison or contract award decisions will result in the rejection of the Bidder's bid.

#### **6.1.25. Correction of Bids**

Bids determined to be substantially responsive will be checked for any arithmetical errors. This may preferably be done by on-the-spot arithmetical checking the rates quoted by the bidder by entering the computer (to be displayed on the screen through OHP/ Plasma Screen) which will automatically calculate the correct amount after multiplying with the pre-fed BOQ. One representative of HQ/PIU shall arrange the computer/ OHP/ Plasma screen etc required for this purpose and assist the Committee in the evaluation.

In case on-the-spot arithmetical checking is not possible in view of a large number of bids, this may be done manually subsequently. The quoted rates in the bids shall be protected with lamination by the Committee, if not done by the bidders.

The arithmetical corrections will be done by the representatives of the finance wing & concerned (technical) wing in the Committee, whose responsibilities in this behalf are as under:

- a) They are responsible for seeing that satisfactory and efficient arrangements are made for checking and computation of the bids;
- b) They should conduct personally a test check to a sufficient extent to satisfy himself reasonably that the checking work has been properly done;
- c) They should see that the comparative statement correctly incorporates the total as checked in the individual bids; and
- d) They shall record the following certificate on the comparative statement:

'Certified that I have personally conducted a test check of the bids including the three lowest bids and have satisfied myself that the checking work has been properly done. The comparative statement correctly incorporates the totals as checked on the individual bids'.

In accordance with the corrections as approved by the Tender Committee, the amount stated in the bid will be adjusted with the concurrence of the bidder, and the same shall be binding on him. If the bidder does not accept the corrected amount, the bid will be rejected and the bid security forfeited.

#### **6.1.26. Evaluation and Comparison of Bids**

The evaluated bid Prices will be adjusted after taking into account (i) correction for errors; (ii) adjustments for any acceptable variations, deviations and, (iii) adjustments to reflect any discounts or other modifications offered. Variations, deviations, or alternative offers and other factors which are in excess of the bidding documents or otherwise result in unsolicited benefits for the Contractor should not be taken into account in bid evaluation. Duties, taxes and other levies will not be considered in the evaluation of bids. If the bid of the successful bidder is seriously unbalanced in relation to the estimate of the cost of the work, the Employer may ask the bidder to produce detailed price analysis for any or all the items of Bill of Quantities, to demonstrate the internal consistency of those prices with the construction methods and schedule proposed. After evaluation of this analysis, the Employer may require that the amount of performance security be increased to a level sufficient to protect the Employer against financial loss in the event of default of the successful bidder under the Contract.

#### **6.1.27. Acceptance of Bids**

After the evaluation of the bids, the Tender Committee will give its recommendations in clear words indicating the name of the bidder whose bid is recommended by them along with the total bid amount recommended for acceptance/approval by the Competent Authority. Accordingly, the minutes of the Tender Committee shall be prepared wherein any doubt or discussions of the Committee Members inter-se must be highlighted in detail before giving final recommendations of the Committee as stated above.

The Competent Authority may accept bids on the recommendations of the Tender Committee. In the case of externally assisted projects, the concurrence of the lending institution shall be obtained before accepting the bid.

Well before the expiration of the validity period of the bid, the Employer shall notify the successful bidder by fax confirmed by a registered letter that his bid has been accepted. This letter (called the 'Letter of Acceptance') shall specify the sum that the Employer will pay to the Contractor in consideration of execution and completion of the work and remedying of any defects therein. This notification (Letter of Acceptance) will constitute the formation of the contract, subject only to the furnishing of performance security within the stipulated period.

After the receipt of the performance security and its verification, the Employer will direct the Contractor to attend the Employer's office on a date determined by the Employer for signing the Form of Agreement. In the event of the successful contractor failing to sign the Agreement or furnish performance security, the Employer shall be free to annul the award, forfeit the bid security and take any other remedy for breach of contract.

Upon furnishing by the successful bidder of the performance security the Employer will promptly notify the other bidder that their bids have been unsuccessful, and return their bid

security.

#### **6.1.28. Rejection of Bids**

The Employer shall reserve the right to accept or reject any bid or all bids, recall the tender and to annul the bidding process, at any time before the award of its work, without thereby incurring any liability to the affected bidder(s) or any obligation to inform the affected bidder(s) of the grounds for this action. However, clear, logical reasons for any such action for rejection/recall of tenders should be recorded on the file.

In the case of externally assisted projects, the stipulation in the loan agreement regarding acceptance or rejection of bids, if any, shall be kept in view.

#### **6.1.29. Negotiations**

As a general rule, negotiations should not be resorted to. However, they may become necessary in certain situations. CVC guidelines in this regard stipulate as under.

- a) There should not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. Counteroffers tantamount to negotiations and should be treated at par with negotiation.
- b) Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of reduction in rates and negotiations prove infructuous, satisfactory explanations are required to be recorded by the Committee who recommended the negotiations. The Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract.
- c) In case of L-1 backing out there should be re-tendering as per extant instructions.

The original terms and conditions of the bid should not be varied while negotiating. A record of the negotiations will be kept, which will form part of the agreement along with undertakings given by the contractor.

#### **6.1.30. Guidelines for acceptance and award of single tenders**

The acceptance of a single tender should not be encouraged. It shall be an exception and not a general rule. The following guidelines shall be followed in this regard.

- a) In case only a single bid is received by the due date of receipt, normally the tender process may be canceled and re-bidding did by giving 4 weeks notice except in cases where due to other reasons like difficult conditions, law, and order, etc., the tender response is expected to be poor.

- b) In the case of re-bidding, change from pre-qualification to postqualification may also be considered and resorted to if that would help increase the response of tender.
- c) In case re-bidding/change to post-qualification also results in the receipt of a single bid then it should be opened and the bid amount should be compared with the estimated project cost. In case the bid amount is within 15% of the estimated cost, then acceptance of the bid may be considered with proper justification and reasons.
- d) If the justification given for acceptance of the bid is found reasonable then tender for works estimated to cost up to Rs 5 crores can be accepted by the MD, HPRIDC, and tender for works estimated to cost more than Rs. 5 crores can be accepted with the approval of the BOD of HPRIDC.
- e) In cases where due to reasons like difficult conditions, law, and order, the likelihood of poor response, etc., it is decided to open the single bid without going for re-bidding, then for acceptance, above guidelines shall be applicable as are prescribed for acceptance of tenders where re-bidding is resorted to.

#### **6.1.31. Time schedule for bidding activity**

A strict time schedule should be followed for the evaluation of bids and award of contracts. The entire process from the date of receipt of bids to the award of contracts should generally be completed within 60 days. In the case of externally aided projects, this time schedule will depend upon the time for approval of the process at various stages by the aid agency.

#### **6.1.32. Time schedule for construction**

The following time schedule for completion of the projects may generally be aimed at.

- a) Road Project costing less than Rs.200 Crores: 1.5-2.5 years
- b) Road Project costing above Rs. 200 Crores: 2.5-3.0 years
- c) For projects in more hilly areas, heavy rainfall areas or in any other special geographical conditions, the above time limit may be extended by another 6-12 months
- d) For bridge projects, the time schedule may be prescribed depending upon the nature and complexity of the bridge.

#### **6.1.33. Performance Security**

The successful bidder shall be required to furnish to the Employer performance security within 28 days of the receipt of Letter of Acceptance, in an amount equivalent to 10 % (ten percent) of the contract price plus additional security for unbalanced bids. The Performance Security to be provided by the successful bidder in the form of a bank guarantee as per prescribed format shall be issued from any nationalized Indian bank/IDBI/ICICI/Export-Import bank/Foreign bank with counter-guarantee from any nationalized Indian Bank/any RBI approved scheduled commercial bank having net worth of more than Rs. 500 crore of Indian Operation and acceptable to Employer. In the case of Joint Venture (JV), the Bank Guarantee towards performance security shall be provided by all partners in proportion to their participation in the project.

The Bank Guarantee for performance security shall remain valid until a date 365 days (or as specified in the Contract) after the expiry of the Defects Liability Period.

The Bank Guarantee for performance security shall be submitted invariably in the format



given in the Standard Bidding Document.

#### **6.1.34. Retention Money**

Retention amounting to six (6) percent shall be deducted from each running bill (interim payment), the total retention being pegged at five (5) percent of the contract price. The Contractor may, at his option, replace the retention amount with an unconditional bank guarantee from the bank acceptable to the Employer at the following stages:

- a) After the amount reaches half the value of the limit of retention money
- b) After the amount reaches the maximum limit of retention money One-half of the retention money (or bank guarantee, which replaced retention money) shall be released on the issue of Taking- over- Certificate; if the Taking-over Certificates are issued in parts, then in such proportions as the Engineer may determine, having regard to the value of such part or section. The other half of the retention money (or bank guarantee, which replaced retention money) shall be released upon the expiration of 365 days after the Defects liability period of the Works or final payment whichever is earlier on certification by the Engineer. In the event of different Defect Liability Periods being applicable to different sections or parts, the expiration of the Defect Liability Period shall be the latest of such periods.

#### **6.1.35. Advance Payments**

An interest-bearing mobilization advance shall be paid to the contractor exclusively for the costs of mobilization at 5% of contract price on the provision by the contractor of an unconditional bank guarantee. Such bank guarantees shall remain effective until the advance payment has been fully repaid, but the amount thereof shall be progressively reduced by the amount repaid by the Contractor, as indicated in the Interim Payment Certificates.

The aforesaid advance of 5% shall be paid. The advance shall be paid on commencement of the work and provision by the Contractor of unconditional bank guarantee in respect of the advance.

Another interest bearing advance of five (5) percent of the contract price, depending on the merits of the case, shall be paid against the new key construction equipment purchased for the work and brought to the site, if so requested by the Contractor. This advance shall be subject to the conditions: (i) the Contractor shall produce satisfactory proof of payment; (ii) such equipment are considered necessary by the Engineer for the Works;

(ii) these types of equipment have been verified to have been brought to site; (iv) the Contractor gives an undertaking on stamp paper that the equipment will work only on that job and will not be removed from the site without obtaining written approval from the 'Engineer'; and (v) Contractor furnishes bank guarantee to cover the advance. No advance shall be admissible on equipment purchased under hire purchase scheme/financing arrangement or on hired equipment etc.

The rate of interest shall be 10% per annum or as may be notified by the HPRIDC from time to time. The repayment of advances shall be done through percentage deductions from interim payments. The time of commencement of repayment, rate of deductions from interim payments, and the time by which the advance should be fully repaid will be as specified in the Contract.

The advances shall be used by the Contractor exclusively for mobilization expenditures, including the acquisition of construction-related plant and equipment. Mobilization



expenditures mentioned herein shall not include the margin money and bank commission etc. paid by the contractor for procurement of BGs against performance security and mobilization advance etc. Should the Contractor misappropriate any portion of the advance, it shall become due and payable immediately, and no further advance will be made to the Contractor thereafter. In such cases, the contractor shall also be liable for appropriate action under the contract.

#### **6.1.36. Secured Advance**

Secured Advance for non-perishable materials brought to site and tested to satisfy the specification requirements but not yet incorporated in the Works will be made up to 75% of invoice value, or the 75% of the corresponding value of the materials determined on the basis of BOQ rates, whichever is less, subject to the condition that their quantities are not excessive and shall be used within a period of 90 days and subject to other stipulations in the Contract. The Contractor will be required to sign an indentured bond, hypothecating the goods to the HPRIDC, and also be responsible for their safe custody. It may be ensured that the contractor has not taken any loan/ limit from banks against the hypothecation of the materials against which the secured advance is claimed. An undertaking in this regard may also be taken from the contractor.

Generally, as per the provisions of the contracts, the contractors are required to submit proof of the cost of materials and the delivery of material at the site while claiming such advances. The stock register should be maintained from the commencement of the contract and unless otherwise prescribed in the contracts, the stock, so considered for advance should generally be only paid stock (and not brought on credit). Where the materials are supplied from a captive source of the contractor, the reasonableness of the valuation of such materials may be ensured.

The advance will be repaid from each succeeding monthly payments to the extent materials for which advance has been previously paid have been incorporated into the Works. In all cases, the repayment of the advance will be affected after the expiry of a period of 120 days since payment of the advance, whether the material is consumed in the work or not.

#### **6.1.37. Guidelines for acceptance of Bank Guarantees**

Bank Guarantees issued by the following Banks would be accepted under the contracts.

- a) State Bank of India or its subsidiaries,
- b) Any Indian nationalized Bank
- c) IDBI or ICICI/ICICI Bank/Export-Import Bank
- d) A Foreign Bank (issued by a branch outside India) with a counter-guarantee from SBI or its subsidiaries or any Indian Nationalized Bank.
- e) Any Scheduled Commercial Bank approved by RBI having a net worth of not less than INR 500 crores as per the latest Annual Report of the Bank. In the case of a Foreign Bank (issued by a branch in India), the net worth in respect of the Indian operations shall only be taken into account.

The acceptance of the guarantee shall also be subject to the following conditions:

- a) The capital adequacy of the Bank shall not be less than the norms prescribed by RBI (presently 9, with effect from 31<sup>st</sup> March 2003, 10)

- b) The bank guarantee issued by a Cooperative Bank shall not be accepted.

The bank guarantee(s) to be submitted by the contractors and consultants against performance security/advance payments and for various other purposes shall be as per the prescribed formats. Before acceptance of the bank guarantee(s), it shall be ensured;

- a) The bank guarantee(s) contains the name, designation and code number of the officer(s) signing the guarantee(s).
- b) The address and other details (including telephone no.) of the Controlling Officer of the Bank are obtained from the Branch of the Bank issuing the BG (This should be included in all the Bank Guarantees to be received by HPRIDC.)
- c) Before the opening of the financial proposals (in the case of bid security), signing of the contract (in the case of performance security), the release of payments (in case of BGs for mobilization advances/against retention money), etc., as the case may be:
  - i) the confirmation form the Issuing Branch of the Bank is obtained in writing through Registered Post/Speed Post/Courier. The Bank should be advised to confirm the issuance of the Bank Guarantee(s) specifically quoting the letter of HPRIDC the printed official letterhead of the Bank indicating address and other details (including telephone nos.) etc., of the Bank and the name, designation and code number of the officer(s) confirming the issuance of the Bank Guarantee.
  - ii) Confirmation is also obtained by the GM of Finance Wing of HPRIDC, who should personally obtain the confirmation from the Issuing Branch of the Bank.
- d) As a matter of abundant precaution, the confirmation from the Controlling Officer of the Bank may also be separately obtained by the concerned CMU in the manner prescribed in para (c) (i) above.

#### **6.1.38. Guidelines for maintenance and release of Bank Guarantees**

##### **6.1.38.1. BGs for mobilization & machinery advances and retention money**

- a) All such BGs shall be maintained by the Finance Wing of HPRIDC HQ.
- b) It shall be the responsibility of the Finance Wing to monitor the validity of the BGs (a register shall be maintained for this purpose) and ensure the extension of the validity of the BGs in terms of the contract.
- c) Such BGs shall be released by the Finance Wing strictly in terms of the contract.

##### **6.1.38.2. BGs for performance security**

- a) All the Bank Guarantees shall be maintained and monitored by the Finance Wing at Headquarters. A copy of such BGs shall also be forwarded to the concerned CMUs.
- b) It shall be the responsibility of the Finance Wing to monitor the validity of the BGs (a Register shall be maintained for this purpose) and ensure the extension of validity of the BGs in terms of the contract provisions, as and when required.
- c) For the release of the Bank Guarantees, the proposal shall be forwarded by the CMUs with their recommendations in accordance with the contract conditions, to the Headquarters.
- d) The release of BGs shall be approved by the MD.

### **6.1.38.3. BGs for Bid Security/other purposes**

All such BGs shall be maintained by the GM of Finance Wing at the Headquarter. It shall be the responsibility of the GM of Finance Wing to monitor the validity of the BGs (a register shall be maintained for this purpose) and ensure the extension of the validity of the BGs in terms of the contract. Such BGs shall be released strictly in terms of the contract with the approval of the MD.

### **6.1.39. Corrupt or Fraudulent Practices**

The Employer will reject a proposal for award if it determines that the Bidder recommended for the award has engaged in corrupt or fraudulent practices in competing for the contract in question. Further, the Employer will declare the firm ineligible, either indefinitely or for a stated period of time, for being awarded a contract with HPRIDC if it, at any time, determines that the firm has engaged in corrupt or fraudulent practices in competing for the contract, or in its execution.

## **6.2. Part – II: Procurement Procedures under External (World Bank) funding**

### **6.2.1. GENERAL**

The aim of procurement is to obtain right quality of works, goods or services at reasonable and competitive prices, giving equal opportunities to those individuals/ companies/ firms/ manufacturers/ builders who are capable of delivering the goods, works and services. Procurement policy also needs to provide incentive and encouragement for development of national institutions, consultancy firms, manufacturers, contractors etc. Following are the main principles universally accepted and followed:

- Need for economy and efficiency
- Need for high quality services
- Fair opportunity to all eligible bidders
- Development of domestic contracting, manufacturing and consulting firms
- Transparency in the procurement process

### **6.2.2. PROCUREMENT PLAN**

Procurement plan is essentially planning of what procurement of goods, works and services is to be carried out and at what time during the year. Thus preparation of a procurement plan is a necessary requirement. It is a tool for proper monitoring and execution of procurement activities.

Procurement plan covering civil works, supply of equipment, goods and services shall be prepared in the World Bank's format, every year by December 31 for the following fiscal year, and submitted to the Board for approval. Contracts expected to be awarded in the financial year, should only be mentioned in the procurement plan of that year.

During preparation of the procurement plans/ schedules, packaging should be appropriately done. Items of similar nature, which can be supplied by same set of firms, should be packaged together to achieve economies of scale. They should be evaluated on slice cum package basis after taking into account cross discounts offered. Aggregate value of total package will form the basis for determining the procurement method as well as the review requirement of the World Bank.

Methods of procurement shall be based on the total value of the tender, urgency of the demand, type of goods, works and services and availability of different sources of supply etc. Limit of value per contract applicable to a particular procurement method shall be strictly adhered too. It shall also be ensured that the procurement of goods and works is carried out strictly on the basis of actual need.

MD RIDC shall be responsible to have the procurement plans/ schedules prepared and submitted to the Board for approval as well as for clearance of the Bank. Procurement of all goods, works and services shall be undertaken in accordance with such procurement plans/ schedules.

### 6.2.3. PROCUREMENT ARRANGEMENTS

Goods and works shall be procured in accordance with the provisions of the World Bank's "Procurement in Investment Project Financing for Goods, Works, Non-Consulting and Consulting Services", 2018. The limits up to which a particular method of procurement can be applied for procurement of various goods, civil works and consultant services will be applicable as per the details contained in the legal agreements and reproduced in this manual in the Table given below for 'Thresholds for Procurement Methods and Prior Review'.

In case it is decided to utilize the services of the State PWD and/ or any other competent agency for civil works, the PWD and these agencies shall act as the procurement agent and shall procure the civil works under the project, following the procurement procedures outlined herein. Similarly any procurement agents hired under the project shall follow these guidelines. Agencies selected, as procurement agent including PWD, cannot simultaneously act as construction agencies i.e. cannot carry out the construction work by themselves. However, PWD could take up construction activities by themselves under "force account". Since PWD is a Government department, no fee can be paid to them under the project. If there is a fee to be paid to them, it will be paid from the State's own funds. This provision will also apply to other government undertakings under the administrative control of the same ministry/ department at Central/ State level under which project is being implemented.

The following thresholds shall apply for externally funded works, goods and services contracts. These thresholds shall be revised on a regular basis to incorporate the updates made by the World Bank and it shall be ensured that the latest guidelines are followed at all times –

#### 6.2.3.1. Civil Works

Expenditure Category	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
<b>Civil Works</b>	a) Civil works estimated to cost more than US\$ 10 million [> INR 460 million] equivalent	<b>International Competitive Bidding (ICB)</b>	Prior review by the World Bank (in accordance with the latest procurement guidelines of the World Bank.)
	b) Civil works estimated to cost more than US\$ 50,000 [> INR 2.3	<b>National Competitive Bidding (NCB)</b>	First works contract for periodic maintenance under NCB regardless of value from each zone

Expenditure Category	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
	million] and less than or equal to US\$ 10 million [ $\leq$ INR 460 million] equivalent		subject to 15% of the total kilometres of periodic maintenance and all contracts costing more than US\$ 3 million [INR 138 million equivalent] each will be prior reviewed by the Bank (in accordance with the latest procurement guidelines of the World Bank.)
	c) Civil works estimated to cost the equivalent of US\$ 50,000 or less ( $\leq$ INR 2.3 million equivalent)	<b>Shopping (at least three quotations from qualified contractors)</b>	Post review only
	d) Civil works estimated to cost the equivalent of US\$ 20,000 or less ( $\leq$ INR 0.92 million equivalent)	<b>Direct Contracting</b>	Post review only

#### 6.2.3.2. Goods

Expenditure Category	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
<b>Goods</b>	a) Contracts estimated to cost more than US\$ 500,000 ( $>$ INR 23 million equivalent)	<b>International Competitive Bidding (ICB)</b>	Prior review by the World Bank (in accordance with the latest procurement guidelines of the World Bank.)
	b) Contracts estimated to cost more than US\$	<b>National Competitive</b>	First contract under NCB regardless of value and all

Expenditure Category	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
	50,000 and ≤ US\$ 500,000 (>INR 2.3 million but ≤ INR 23 million)	<b>Bidding (NCB)</b>	contracts costing more than US\$ 500,000 (INR 23 million equivalent) each will be prior reviewed by the Bank (in accordance with the latest procurement guidelines of the World Bank.)
	c) Contracts estimated to cost less than or equal to US\$ 50,000 (≤ INR 2.3 million equivalent)	<b>Shopping</b> (includes issue of supply orders under DGS&D rate contracts)	Post review only
	d) Proprietary items estimated to cost less than or equal to US \$ 10,000 (≤ INR 460,000 equivalent)	<b>Direct Contracting</b>	Post review only

#### 6.2.3.3. Services

Expenditure Category	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
<b>Procurement agent, supervision contracts, professional &amp; technical services, training, workshops, etc.</b>	a) Contracts estimated to cost more than US\$ 500,000 (>INR 23 million equivalent)	<b>Quality and Cost Based Selection (QCBS), Fixed Budget (FB) or Least Cost Selection (LCS) – International Shortlist</b>	Prior Review of all consultant contracts estimated to cost more than US\$ 100,000 equivalent [INR 4.6 million] by the Bank (in accordance with the latest procurement guidelines of the World Bank.)

Expenditure Category	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
	b) Contracts estimated to cost Less than or equal to US\$ 500,000 [ $\leq$ INR 23 million equivalent]	<b>Quality and Cost Based Selection (QCBS), Fixed Budget (FB) or Least Cost Selection (LCS)</b> – Shortlist may entirely comprise of national consultants	Post review only
	c) Contracts estimated to cost Less than or equal to US\$ 200,000 [ $\leq$ INR 9.2 million equivalent]	<b>Consultants' Qualifications (CQS)</b>	Post review only
	d) Contracts estimated to cost Less than or equal to US\$ 100,000 [ $\leq$ INR 4.6 million equivalent]	<b>Single Source Selection (SSS)</b>	Post review only
<b>Contractual staff</b>	Less than or equal to US\$ 50,000 [ $\leq$ INR 2.3 million equivalent]	<b>Hiring of individuals</b>	Post review only

## 6.2.4. Roles and Responsibilities

### 6.2.4.1. Borrower

The Borrower is responsible for carrying out procurement activities financed by the Bank in accordance with these Procurement Regulations. This includes planning, strategizing, seeking and evaluating Applications/Quotations/Bids/Proposals, and awarding and managing contracts. The Borrower shall retain all Procurement Documents and records of procurements financed by the Bank, as required in the Legal Agreement.

The Borrower may engage independent Probity Assurance Providers to be present during different stages of the Procurement Process, including engagements/discussions with firms, Bid/Proposal opening, evaluation, negotiations, contract award decisions, and/or contract execution. Where the Bank requires the Borrower to appoint a Probity Assurance Provider, the Borrower shall obtain the Bank's agreement to the selection and appointment.

#### 6.2.4.2. Bank

To ensure that Bank funds are used only for the purposes for which the financing was granted, the Bank carries out its procurement functions, including implementation support, monitoring and procurement oversight, under a risk-based approach. For details see Annex II, Procurement Oversight.

##### **Prior and Post Review**

The Bank carries out prior reviews of procurement activities that are of high value and/or high risk to determine whether the procurement is carried out in accordance with the requirements of the Legal Agreement.

The Bank also carries out post reviews of procurement activities undertaken by the Borrower to determine whether they comply with the requirements of the Legal Agreement. The Bank may use a third party such as a supreme audit institution, acceptable to the Bank, to carry out post reviews. Any such third party shall carry out the reviews in accordance with the terms of reference (TOR) provided to it by the Bank.

Whether a procurement is subject to prior or post review is determined on the basis of the project and contract-specific procurement risks. These risks are assessed by the Bank during project preparation and reassessed and updated during project implementation. The requirement for a prior or post review shall be specified in the Procurement Plan. During project implementation, the Bank monitors and reassesses the risk and risk mitigation measures. If necessary and appropriate, as determined by the Bank, the Bank may require the Borrower to revise the prior and/or post review requirements in the Procurement Plan.

##### **Independent Procurement Reviews**

Independent procurement reviews are procurement audits performed by independent third parties appointed by the Bank when the Bank determines the need for such a review based on its assessment of risk. The Borrower shall cooperate with the third parties and provide all necessary access.

##### **Hands-on Expanded Implementation Support**

The Bank may agree to provide the Borrower with hands-on expanded implementation support for procurement where the Borrower/beneficiary or, as appropriate, the member country is deemed by the Bank to:

- a. be in urgent need of assistance because of a natural or man-made disaster or conflict; or
- b. experience capacity constraints because of fragility or specific vulnerabilities (including small states).

The scope and nature of such support is determined by the Bank on a case-by-case basis. Such support does not result in the Bank's executing procurement on behalf of the Borrower, and project execution remains the Borrower's responsibility.

#### 6.2.4.3. Firms and Individuals

The effective participation and performance of high-quality firms and individuals is critical to achieve effective competition and VfM throughout the whole Procurement Process. Firms and individuals participating in procurement in Bank IPF operations are responsible for complying with the requirements of the Procurement Documents and the contract which they may enter



with the Borrower.

#### **6.2.5. Conflict of Interest**

The Bank requires that firms or individuals involved in Bank IPF procurement shall not have a conflict of interest.

##### **6.2.5.1. Goods, Works, and Non-consulting Services**

A firm shall be considered to have a conflict of interest if the firm:

- a. is providing Goods, Works, or Non-consulting Services resulting from, or directly related to, Consulting Services that it provided for the preparation or implementation of a project, or where such services were provided by an affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and built contract;
- b. including its personnel, has a close business or family relationship with a professional staff of the Borrower, or of the project implementing agency, or of a recipient of a part of the Bank's financing, or any other party representing or acting on behalf of the Borrower who:
  - i. is directly or indirectly involved in the preparation of the Procurement Documents or contract specifications, and/or the evaluation process of such contract;
  - ii. would be involved in the execution or supervision of such contract, unless the conflict stemming from such relationship has been resolved in a manner acceptable to the Bank throughout the procurement process and execution of the contract; or
- c. does not comply with any other conflict of interest situation as specified in the Bank's Standard Procurement Documents relevant to the specific procurement process.

##### **6.2.5.2. Consulting Services**

The Bank requires that Consultants:

- a. provide professional, objective and impartial advice;
- b. at all times hold the Borrower's interests paramount, without any consideration of future work; and
- c. in providing advice they avoid conflicts with other assignments and their own corporate interests.

Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interests of the Borrower. Without limitation on the generality of the foregoing, Consultants shall not be hired under the circumstances set forth below:

- a. a firm that has been engaged by the Borrower to provide Goods, Works, or Non-consulting Services for a project (or an affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm), shall be disqualified from providing Consulting Services resulting from, or directly related to, those Goods, Works, or Non-consulting Services. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and build contract;

- b. a firm that has been engaged by the Borrower to provide Consulting Services for the preparation or implementation of a project (or an affiliate that directly or indirectly controls, is controlled by, or is under common control with that Consulting firm), shall be disqualified from subsequently providing Goods, Works, or Non-consulting Services resulting from, or directly related to those Consulting Services. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and build contract;
- c. neither a Consultant (including personnel and sub-consultants), nor an affiliate (that directly or indirectly controls, is controlled by, or is under common control with that Consultant), shall be hired for any assignment that, by its nature, creates a conflict of interest with another assignment of the Consultant;
- d. Consultants (including their experts and other personnel, and sub-consultants), that have a close business or family relationship with a professional staff of the Borrower, or of the project implementing agency, or of a recipient of a part of the Bank's financing, or any other party representing or acting on behalf of the Borrower, that is directly or indirectly involved in any part of:
  - i. the preparation of the TOR for the assignment;
  - ii. the selection process for the contract; or
  - iii. the supervision of the contract, may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Bank throughout the selection process and the execution of the contract.

#### **6.2.6. Unfair Competitive Advantage**

Fairness and transparency in the selection process require that Consultants or their affiliates, competing for a Consulting assignment do not derive a competitive advantage from having provided Consulting Services related to it. To that end, the Borrower shall make available to all short-listed Consultants, together with the request for proposals document, all information that would give a Consultant a competitive advantage.

#### **6.2.7. One Bid/Proposal per Bidder/Proposer/Consultant**

##### **6.2.7.1. Goods, Works, and Non-consulting Services**

A firm shall not submit more than one Bid/Proposal, either individually or as a joint venture partner in another Bid/Proposal, except for permitted alternative Bids/Proposals. Submitting or participating in more than one Bid/Proposal results in the disqualification of all Bids/Proposals in which the firm is involved. This does not limit the inclusion of a firm as a subcontractor in more than one Bid/Proposal. However, for certain types of procurement, the participation of a Bidder/Proposer as a subcontractor in another Bid/Proposal may be permitted as allowed by the Bank's Standard Procurement Documents applicable to such types of procurement.

##### **6.2.7.2. Consulting Services**

A Consultant shall not submit more than one Proposal, either individually or as a joint venture partner in another Proposal. If a Consultant, including a joint venture partner submits or participates in more than one Proposal, all such Proposals shall be disqualified. However, this does not preclude a firm's participation as a sub-consultant, or an individual's participation as a team member, in more than one Proposal when circumstances justify and if permitted by

the request for proposals document.

### 6.2.8. Eligibility

The Bank permits eligible firms and individuals from all countries to offer Goods, Works, Non-consulting Services, and Consulting Services for Bank-financed projects. In connection with any procurement to be financed in whole or in part by the Bank, the Borrower shall not deny participation of, or award to, an Applicant/ Bidder/Proposer/Consultant for reasons unrelated to: a. its capability and resources to successfully perform the contract; or b. conflict of interest situations covered under Conflict of Interest.

As exceptions to the above Paragraph:

- a. Firms or individuals from a country, or Goods manufactured in a country, may be excluded if:
  - i. as a matter of law or official regulation, the Borrower's country prohibits commercial relations with that country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the supply of Goods, Works, Non-consulting Services, or for the procurement of Consulting Services. When the procurement is implemented across jurisdictional boundaries (more than one country is involved in the procurement), exclusion of a firm or individual on this basis by one country may be applied to that procurement across other countries involved if the Bank, and all the Borrowers involved in that procurement, agree; or
  - ii. by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrower's country prohibits any import of Goods from, or payments to, a particular country, person, or entity. When the Borrower's country prohibits payments to a particular firm or for particular Goods by such an act of compliance, that firm may be excluded.
- b. State-owned enterprises (SOEs) or institutions of the Borrower's country may be eligible to compete and be awarded contracts in the Borrower's country only if they can establish, in a manner acceptable to the Bank, that they:
  - i. are legally and financially autonomous;
  - ii. operate under commercial law; and
  - iii. are not under supervision by the agency contracting them.
- c. As an exception to the above point, when the Goods, Works, Non-consulting Services, or Consulting Services provided by SOEs, state-owned universities, research centers, or institutions are of a unique and exceptional nature because of the absence of suitable private sector alternatives, or as a consequence of the regulatory framework, or because their participation is critical to project implementation, the Bank may agree to the contracting of these entities on a case-by-case basis.
- d. On a case-by-case basis, the Bank may agree to the hiring of government officials and civil servants of the Borrower's country under Consulting contracts in the Borrower's country, either as individuals or as members of the team of experts proposed by a Consulting firm, only when:
  - i. the services of the government officials and civil servants of the Borrower's country are of a unique and exceptional nature, or their participation is critical to project implementation;

- ii. their hiring would not create a conflict of interest; and
- iii. their hiring does not conflict with any laws, regulations, or policies of the Borrower.
- e. A firm or individual declared ineligible, sanctioned pursuant to the Bank's Anti Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework.
- f. If requested by the Borrower, the Bank may agree that in Bank-financed contracts, the request for bids/request for proposals document states that a firm or individual that is under a sanction of debarment from being awarded a contract by the proper judicial or administrative authorities in the Borrower's country and pursuant to its relevant laws is ineligible to be awarded a Bank-financed contract, provided that the Bank concludes to its satisfaction that the debarment relates to Fraud or Corruption and follows a judicial or administrative proceeding affording the firm or the individual adequate due process.

#### **6.2.9. Non compliance**

If the Bank determines that the Borrower has not complied with the procurement requirements set out in the Legal Agreement, the Bank may, in addition to exercising the legal remedies set out in the Legal Agreement, take other appropriate actions, including declaring mis-procurement (for example, due to the failure to address complaints in accordance with applicable requirements).

Even once the contract is awarded after obtaining a no objection from the Bank, the Bank may still take appropriate actions and exercise legal remedies, regardless of whether the project has closed or not, if it concludes that the no objection or the notice of satisfactory resolution was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower or the terms and conditions of the contract had been substantially modified without the Bank's no objection.

#### **6.2.10. Procurement-related Complaints**

Procurement-related complaints (Complaints) should be submitted to the Borrower in a timely manner, at the appropriate stage of the procurement process, and when so submitted, the Borrower shall address them promptly and fairly. Timeliness, in both the submission of Complaints and their resolution, is of critical importance in order to avoid undue delay and disruption in the project of which the procurement is a part.

All Complaints shall be recorded by the Borrower in the appropriate tracking and monitoring system, as agreed between the Bank and the Borrower. Those Complaints arising in connection with contracts for which the Bank's Standard Procurement Documents (SPDs) are required to be used, shall be administered and handled in accordance with Procurement-related Complaints. The contracts where the Borrower shall use the Bank's SPDs shall be specified in the Procurement Plan for the project. Whenever the Bank's SPDs are required to be used, a Standstill Period shall apply, unless otherwise provided under above paragraph.

Complaints, other than those covered under Procurement-Related Complaints, are to be handled by the Borrower in accordance with the applicable complaint review rules and procedures as agreed by the Bank. A Complaint that includes allegations of Fraud or Corruption may require special treatment. The Borrower and the Bank shall consult to determine any additional actions that may be necessary.

### **6.2.11. Fraud and Corruption**

The Bank requires 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.

### **6.2.12. Project Procurement Strategy for Development**

The Bank requires the Borrower to develop a Project Procurement Strategy for Development (PPSD) for each project financed under IPF. The PPCS shall address how procurement activities will support the development objectives of the project and deliver the best Value for Money (VfM) under a risk-based approach. It shall provide adequate justification for the selection methods in the Procurement Plan. The level of detail and analysis in the PPCS shall be proportional to the risk, value and complexity of the project procurement. The initial Procurement Plan shall normally cover at least the first eighteen (18) months of the project implementation.

The Borrower prepares the PPCS and Procurement Plan during project preparation, and the Bank reviews the PPCS and agrees to the Procurement Plan before the completion of loan negotiations. The Procurement Plan, approved by the Bank during loan negotiations, is incorporated by reference in the Legal Agreement, making it legally binding on the Borrower. The Borrower shall submit updates of the Procurement Plan to the Bank for its review and approval. Once it has provided its no-objection, the Bank arranges for the publication of the Procurement Plan and all its updates on its external website. For details, see Annex V, Project Procurement Strategy for Development.

The Borrower may prepare a high level, simplified PPCS in situations of urgent need of assistance because of a natural or man-made disaster or conflicts recognized by the Bank, provided that the simplified procurement arrangements in the PPCS are consistent with the Bank's Core Procurement Principles.

### **6.2.13. Procurement Plan**

The Procurement Plan, including its updates, shall include:

- a. a brief description of the activities/contracts;
- b. the selection methods to be applied;
- c. cost estimates;
- d. time schedules;
- e. the Bank's review requirements; and
- f. any other relevant procurement information.

For Emergency Situations, the simplified Procurement Plan may be completed during the implementation stage.

### **6.2.14. Advance Contracting and Retroactive Financing**

The Borrower may wish to proceed with the procurement process before signing the Legal Agreement. In such cases, if the eventual contracts are to be eligible for Bank IPF the procurement procedures, including advertising, shall be consistent with Sections I, II and III of these Procurement Regulations. A Borrower undertakes such advance procurement at its own risk, and any concurrence by the Bank on the procedures, documentation, or proposal for award of contract, does not commit the Bank to finance the project in question.

If the contract is signed, reimbursement by the Bank of any payments made by the Borrower under the contract prior to signing the Legal Agreement is referred to as retroactive financing, and is only permitted within the limits specified in the Legal Agreement.

#### **6.2.15. National Procurement Procedures**

When approaching the national market, as agreed in the Procurement Plan, the country's own procurement procedures may be used. These procurement procedures shall be consistent with the Bank's Core Procurement Principles and ensure that the Bank's Anti-Corruption Guidelines and Sanctions Framework and contractual remedies set out in its Legal Agreement apply.

For national open competitive procurement the following requirement apply:

- a. open advertising of the procurement opportunity at the national level;
- b. the procurement is open to eligible firms from any country;
- c. the request for bids/request for proposals document shall require that Bidders/Proposers submitting Bids/Proposals present a signed acceptance at the time of bidding, 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;
- d. Procurement Documents 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;
- e. contracts with an appropriate allocation of responsibilities, risks, and liabilities;
- f. publication of contract award information;
- g. rights for the Bank to review procurement documentation and activities;
- h. an effective complaints mechanism; and
- i. maintenance of records of the Procurement Process.

Other national procurement arrangements (other than national open competitive procurement), that may be applied by the Borrower (such as limited/restricted competitive bidding, request for quotations/shopping, direct contracting), shall be consistent with the requirements set out in earlier paragraphs. In all cases, the national procurement procedures to be used shall give due attention to quality aspects.

#### **6.2.16. Urgent Need of Assistance and Capacity Constraints**

The Bank may accept the use of the Borrowers' national procurement arrangements in accordance with the relevant provisions of these Procurement Regulations in situations where the Borrower/beneficiary or, as appropriate, the member country is deemed by the Bank to:

- a. be in urgent need of assistance because of a natural or man-made disaster or conflict (Emergency Situations); or
- b. experience capacity constraints because of fragility or specific vulnerabilities (including small states).

#### **6.2.17. Electronic Procurement Systems**

Borrowers may use electronic procurement systems (e-Procurement) for aspects of the

Procurement Process, including: issuing Procurement Documents, and addenda, receiving Applications/quotations/Bids/Proposals, and carrying out other procurement actions, provided the Bank is satisfied with the adequacy of the system, including its accessibility, security and integrity, confidentiality, and audit trail features.

#### **6.2.18. Procurement Planning and Tracking Tool**

Unless otherwise agreed with the Bank in the Legal Agreement, the Borrower shall use the Bank's online procurement planning and tracking tools to record all procurement actions under IPF operations, including preparing, updating and clearing its Procurement Plan, and seeking and receiving the Bank's review and No-objection to procurement actions as required.

#### **6.2.19. Leased Assets**

Leasing may be appropriate when there are economic and/or operational benefits to the Borrower (e.g., lower financing costs, tax benefits, assets used for a temporary period, reducing risks of obsolescence). Borrowers may use leasing if it is agreed with the Bank and specified in the Procurement Plan. Appropriate risk mitigation measures shall also be agreed with the Bank.

#### **6.2.20. Procurement of Second-hand Goods**

If agreed with the Bank and specified in the Procurement Plan, the Borrower may procure second-hand Goods if doing so would provide an economic and efficient means of achieving the project's development objectives. The following requirements shall apply:

- a. any risk mitigation measures that may be necessary shall be reflected in the PPSD;
- b. the procurement of second-hand Goods shall not be combined with the procurement of new Goods;
- c. the technical requirements/specifications shall describe the minimum characteristics of the second-hand Goods, including the age and condition; and
- d. appropriate warranty provisions shall be specified.

#### **6.2.21. Sustainable Procurement**

If agreed with the Bank, Borrowers may include additional sustainability requirements in the Procurement Process, including their own sustainable procurement policy requirements, if they are applied in ways that are consistent with the Bank's Core Procurement Principles.

#### **6.2.22. Value Engineering**

Value engineering is a systematic and organized approach to provide the necessary functions in a contract at the optimal cost. Value engineering promotes the reduction of time or the substitution of materials, methods, or less expensive alternatives, all without sacrificing needed functionality, longevity, or reliability. Value engineering should normally enhance performance, reliability, quality, safety, durability, effectiveness, or other desirable characteristics. Request for bids/request for proposals documents may allow the application of value engineering. The mechanism for application of value engineering during contract execution shall be as specified in the contract documents.

#### **6.2.23. Language**

For international competitive procurements, all Procurement Documents shall be in English, French, or Spanish, as the Borrower chooses. The Borrower may also issue translated versions of these documents in another language, which should be the National Language. The National



Language is, either:

- a. the national language of the Borrower; or
- b. the language used nationwide in the Borrower's country for commercial transactions, and the Bank is satisfied that this is the language used.

The Borrower shall take full responsibility for the correct translation of the documents into the National Language. In case of any discrepancy, the text in English, French, or Spanish prevails. If Procurement Documents are issued in two languages, potential Applicants/Bidders/Proposers/ Consultants may submit their Applications/Bids/Proposals in either of those two languages.

For international competitive procurement that is subject to prior review, the Borrower has the responsibility to furnish to the Bank an accurate translation of the evaluation report for Prequalification/Initial Selection/Shortlisting/Bid/Proposal, draft contract and the conformed copy of the contract in the internationally used language specified in the request for bids/request for proposals documents, that is, English, French, or Spanish. The Borrower shall also furnish to the Bank an accurate translation of any subsequent modifications of such contracts.

For national procurement, Procurement Documents may be in the National Language. When the Procurement Documents are in the National Language, the Bank may require the Borrower to provide, for its review, an accurate translation in English, French, or Spanish.

The contract signed with the winning Bidder/Proposer/Consultant shall always be written in the language in which the Bid/Proposal was submitted, which shall be the one that governs the contractual relations between the Borrower and the winning Bidder/ Proposer/Consultant. The contract shall not be signed in more than one language.

#### **6.2.24. Confidential Information**

Without prejudice to the principle of transparency and other obligations pursuant to these Procurement Regulations, in particular those relating to the publication of the Contract Award Notice and debriefing of unsuccessful Bidders/Proposers/Consultants, the Borrower shall not disclose information provided by Applicants/Bidders/Proposers/ Consultants in their Applications/Bids/Proposals, which they have marked as confidential. This may include proprietary information, trade secrets and commercial or financially sensitive information.

#### **6.2.25. Release of Evaluation Information**

The Borrower shall treat information relating to the examination, clarification, and evaluation of Applications/Bids/Proposals in such a way as to avoid disclosure of their contents to any other Applicant/Bidder/Proposer/Consultant participating in the selection process, or any other party not authorized to have access to this type of information, until the Borrower notifies the outcome of evaluation of Applications/Bids/Proposals, in accordance with the procedures in the applicable Procurement Documents.

#### **6.2.26. Communications**

Communications between the Borrower and Applicants/Bidders/Proposers/Consultants during the different stages of the Procurement Process shall be In Writing with proof of receipt. The Borrower shall keep a written record of meetings, such as: early market engagement, Competitive Dialogue, and exploratory/clarification meetings.



### 6.2.27. Publication of Procurement Opportunities

Timely notification of procurement opportunities is essential in competitive procurement. A General Procurement Notice (GPN) is required for all procurement financed by the Bank that is expected to involve open international competitive procurement (except for operations involving a program of imports). The Borrower is required to prepare and submit to the Bank a GPN before beginning any procurement activity under a project. The Bank arranges for the publication of the GPN in UN Development Business online (UNDB Online) and on the Bank's external website. The GPN contains the following information:

- a. the name of the Borrower (or prospective Borrower);
- b. the purpose and amount of the financing;
- c. the scope of procurement reflecting the Procurement Plan;
- d. the Borrower's contact point;
- e. if available, the address of a free-access website on which the subsequent Specific Procurement Notice/s (SPNs) will be posted; and
- f. if known, an indication of the scheduled dates for the specific procurement opportunities.

The Borrower shall advertise the SPN:

- a. on its free-access website, if available;
- b. in at least one newspaper of national circulation in the Borrower's country; or
- c. in the official gazette.

For open international competitive procurement:

- a. the Borrower shall also publish the SPN in UNDB online and, if possible, in an international newspaper of wide circulation; and
- b. the Bank arranges for the simultaneous publication of the SPN on its external website.

### 6.2.28. Standard Procurement Documents

For international competitive procurement, the Borrower shall use the Bank's Standard Procurement Documents (SPDs), available on its external website at [www.worldbank.org/procurement/standarddocuments](http://www.worldbank.org/procurement/standarddocuments). For Procurement involving national competitive Procurement, the Borrower may use its own Procurement Documents, acceptable to the Bank.

### 6.2.29. Standards and Technical Specifications

Standards and technical specifications in applicable Procurement Documents shall promote the broadest possible competition, while ensuring performance or other requirements for the procurement. To the extent possible, in international competitive procurement, the Borrower shall specify internationally accepted standards with which the equipment, materials or workmanship shall comply. When such international standards do not exist or are inappropriate, national standards may be specified. In all cases, the Procurement Documents shall state that equipment, material, or workmanship meeting other standards that are at least substantially equivalent to the specified standards will also be accepted.

### 6.2.30. Use of Brand Names

Specifications shall be based on relevant technical characteristics and/or performance

requirements. References to brand names, catalogue numbers, or similar classifications shall be avoided. If it is justified to specify a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words 'or equivalent' shall be added after such a reference to permit the acceptance of offers for Goods that have similar characteristics and performance at least substantially equivalent to those specified.

#### **6.2.31. Contract Types and Arrangements**

The selection of contract types and arrangements takes into account the nature, risk, and complexity of the procurement, and VfM considerations. Applicable contract types and arrangements include: lump sum, turnkey, performance-based, unit price, time-based, Framework Agreements, build-own-operate, and build-operate-transfer.

#### **6.2.32. Contract Conditions**

The conditions of contract in procurement financed by the Bank shall provide an appropriate allocation of rights and obligations, risks and liabilities, informed by an analysis of which party is best placed to manage the risks, bearing in mind the costs and incentives of risk allocation. The contract documents shall clearly define the:

- a. scope of work to be performed;
- b. Goods, Works, Non-consulting Services, or Consulting Services to be provided;
- c. rights and obligations of the contracting parties; and
- d. other appropriate conditions.

#### **6.2.33. Incoterms**

In international competitive procurement, Incoterms shall be used for the procurement of Goods. The Procurement Documents shall specify the applicable version of the Incoterms that shall be used.

#### **6.2.34. Clarification of Procurement Documents**

Potential Applicants/Bidders/Proposers/Consultants may request, In Writing, clarifications of Procurement Documents issued by the Borrower. A Borrower's response to a request for clarification shall not divulge information that might give an unfair advantage. All clarifications and addenda of prequalification/initial selection/request for bids/request for proposals documents, shall be In Writing and shall be sent simultaneously to each recipient of the original documents and all potential Applicants/Bidders/Proposers/Consultants on record, in sufficient time to enable them to take appropriate action.

Any modification to issued Procurement Documents shall be introduced in the form of an addendum which shall be In Writing. If necessary, the deadline for Application/Bid/Proposal submission should be extended.

#### **6.2.35. Bid/Proposal Security**

##### **6.2.35.1. Goods, Works, and Non-consulting Services**

For the procurement of Goods, Works, or Non-consulting Services, Borrowers may require a Bid/Proposal security. Such a security shall be in the amount and form specified in the request for bids/request for proposal document and shall remain valid for a period sufficient to provide reasonable time for the Borrower to act if the security is to be called upon. This period is generally four (4) weeks beyond the validity period for the Bids/Proposals. The Bid securities of unsuccessful Bidders/Proposers shall be released once the contract is signed with the

successful Bidder/Proposer.

Bid/Proposal securities shall be issued by a reputable bank, or a non-bank financial institution (such as an insurance, or bonding or surety company), located in any eligible country, selected by the Bidder/Proposer. If the Bid/Proposal security is issued by a nonbank financial institution located outside the Borrower's country and is not enforceable in the Borrower's country, the financial institution shall have a correspondent financial institution located in the Borrower's country to make it enforceable. Bidders/Proposers shall be allowed to submit Bid/Proposal securities in the form of bank guarantees directly issued by the bank of their choice located in any eligible country.

In place of a Bid/Proposal security, the Borrower may require Bidders/Proposers to sign a Bid/Proposal securing declaration accepting that if they withdraw or modify their Bids/Proposals during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the request for bids/request for proposals document, they will be suspended for the period of time specified in the request for bids/request for proposals document from being eligible to submit Bids/Proposals for contracts with the entity that invited the Bids/Proposals.

#### **6.2.36. Bid/Proposal Preparation Period and Submission**

The time allowed for the preparation and submission of Bids/Proposals shall be determined with due consideration of the particular circumstances of the project and the magnitude, risk, and complexity of the procurement. The minimum period allowed for preparation of Bids/Proposals shall be thirty (30) Business Days for open international competitive procurement, unless otherwise agreed with the Bank. For complex procurement, the Borrower may arrange a pre-Bid/pre-Proposal conference in which potential Bidders/ Proposers/ Consultants may meet with Borrower representatives to seek clarifications. The Borrower should also provide reasonable access to project sites for prospective Bidders/ Proposers/ Consultants.

The deadline and place for the receipt of Bids/Proposals shall be specified in the SPN and the request for bids/request for proposal document. Potential Bidders/Proposers/ Consultants may submit Bids/Proposals by mail or in person. Borrowers may also use electronic systems in accordance with other Paragraph.

#### **6.2.37. Joint Ventures**

Firms participating in Bank-financed contracts may form joint ventures with domestic and/or foreign firms to enhance their qualifications and capabilities. A joint venture may be for the long term (independent of any particular procurement), or for a specific procurement. All the partners in a joint venture shall be jointly and severally liable for the entire contract. The Bank does not accept conditions of participation in a procurement process that require mandatory joint ventures or other forms of mandatory association between firms.

#### **6.2.38. Bid/Proposal Validity**

The Bid/Proposal validity period specified in the request for bids/request for proposal document shall be sufficient to enable the Borrower to:

- a. complete the comparison and evaluation of Bids/Proposals;
- b. obtain necessary approvals within the Borrower's entity;
- c. allow for the Bank's prior review, if required in the Procurement Plan; and

- d. award the contract.

### 6.2.39. Bid/Proposal Opening

The date and time for the Bid/Proposal opening shall be the same as for the deadline for receipt of Bids/Proposals or promptly thereafter, and shall be announced, together with the place for Bid/Proposal opening, in the request for bids/request for proposals document and/or the SPN. In a single stage, two-envelope process, the date, time and place for opening the second envelope shall also be appropriately announced.

Normally, Bid/Proposal openings are undertaken in public. In some circumstances (e.g., where BAFO or Negotiations will take place, or in a Competitive Dialogue) the Bid/Proposal opening will not normally take place in public, but in the presence of a Probity Assurance Provider acceptable to the Bank. At the Bid/Proposal opening, the Borrower shall neither discuss the merits of any Bid/Proposal nor reject any Bid/Proposal that has been received on time.

In a single stage, one-envelope process, the Borrower shall: a. open in public all Bids/Proposals received by the submission deadline; and b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted a Bid/Proposal, the total amount of each Bid/Proposal, any discounts, Bid/Proposal Security, Bid/Proposal securing declaration, if required, and any alternative Bids/Proposals offered if they have been requested or permitted.

In single stage, two-envelope process (with no BAFO or Negotiations, or a process that is not a Competitive Dialogue), for the first envelope (technical Bid/Proposal), the Borrower shall:

- a. open in public the technical Proposals received by the submission deadline. Financial Proposals that have been submitted shall be kept, unopened, in a secure place; and
- b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted Bids/Proposals, the presence or absence of sealed envelopes with the price Bid/Proposal, the presence or absence of a Bid security/Bid securing declaration, if required, and any other information deemed appropriate.

In single stage, two-envelope process (with no BAFO or Negotiations, or a process that is not a Competitive Dialogue), for the second envelope (financial Bid/Proposal), the Borrower shall:

- a. open in public the financial Proposals of the Bidders/Proposers/Consultants that meet the requirements set for the technical Bid/Proposal;
- b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted a Bid/Proposal, and as applicable the technical score, the total amount of each Bid/Proposal, and any discounts; and
- c. after the contract is signed, return unopened the financial Bids/Proposals of those whose technical Bids/Proposals did not meet the requirements set for the technical Bid/Proposal or were considered nonresponsive.

In a multistage process in which the first-stage submission does not include prices, the information to be read out is the same as in a single stage, two-envelope process. In a multistage, two-envelope process, where BAFO or Negotiations will take place, or in a Competitive Dialogue process, the Bid/Proposal opening will not take place in public, but in the presence of a Probity Assurance Provider acceptable to the Bank.

A copy of the record of Bid/Proposal opening shall be promptly sent to all Bidders/Proposers/Consultants whose Bids/Proposals were opened and, if subject to prior review, to the Bank.

Where the Bid/Proposal opening has not been undertaken in public, but in the presence of a Probity Assurance Provider, this information will be included in the Probity Assurance Provider's probity report. The probity report shall be sent by the Borrower to the Bank, and all such Bidders/ Proposers/Consultants along with the Notice of Intention to Award the contract. Bids/Proposals not opened and read out at the Bid/Proposal opening shall not be considered.

#### **6.2.40. Late Bids/Proposals**

Bids/Proposals received after the date and time deadline for receipt shall not be considered.

#### **6.2.41. Evaluation Criteria**

Evaluation criteria and methodology shall be specified in detail in the request for bids/request for proposals document. The evaluation criteria and methodology shall be appropriate to the type, nature, market conditions, and complexity of what is being procured. For international competitive procurement, the Bank's requirements for the submission of Bid/Proposal prices (format, structure and details), and method of comparison and evaluation of Bid/Proposal prices (including treatment of taxes levied in the Borrower's country for procurement of Goods, Works, Non-consulting services, and Consulting Services), are detailed in the appropriate Bank's Standard Procurement Documents. For details see Annex X, Evaluation Criteria.

#### **6.2.42. Domestic Preference Goods and Works**

When open international competitive procurement is used to procure Goods or Works, a margin of domestic preference may be provided in the evaluation of Bids/Proposals for the following:

- a. Goods manufactured in the Borrower's country, compared with Goods manufactured abroad. The preference is fifteen percent (15%) added to the Carriage and Insurance Paid (CIP) price of the Goods manufactured abroad; and
- b. Works in member countries below a specified threshold of per capita gross national income (as defined annually by the Bank), when comparing Bids/Proposals from eligible domestic firms with those from foreign firms. The preference is seven and a half percent (7.5%) added to the price offered by the foreign firms.

Domestic preference shall not be applied to Plant. The use of domestic preference is agreed in the Procurement Plan, and set forth in the request for bids/request for proposals document.

#### **6.2.43. Currency**

In international competitive procurement the Procurement Document shall state that a Bidder/Proposer/Consultant may express the Bid/Proposal price in any currency. A Bidder/Proposer/Consultant may express the Bid/Proposal price as a sum of amounts in local currency and/or no more than three different foreign currencies. The Borrower may also require Bidders/Proposers/Consultants to state the portion of the Bid/Proposal price representing local costs incurred in the currency of the country of the Borrower (local currencies).

Payment of the contract price shall be made in the currency or currencies in which payment has been requested by the Bidder/Proposer/Consultant specified in the Bid/Proposal.

#### **6.2.44. Price Adjustments**

The request for bids/request for proposals document shall state that either:

- a. the Bid/Proposal price will be fixed; or
- b. price adjustments will be made to reflect any changes in major cost components of the contract, such as labor and materials.

For details see Annex IX, Contract Conditions in International Competitive Procurement.

#### **6.2.45. Rejection of Bids/Proposals**

##### **6.2.45.1. Goods, Works, and Non-consulting Services**

Rejection of all Bids/Proposals is justified (for contracts subject to prior review, with the Bank's no-objection), when:

- a. effective competition is lacking;
- b. all Bids or Proposals are not substantially responsive to the requirements of the Procurement Documents;
- c. the Bids'/Proposals' prices are substantially higher than the updated cost estimate or available budget; or
- d. none of the technical Proposals meets the minimum technical qualifying score.

Lack of competition shall not be determined solely on the basis of the number of Bidders/Proposers. Even when only one Bid/Proposal is submitted, the process may be considered valid, if:

- a. the procurement was satisfactorily advertised;
- b. the qualification criteria were not unduly restrictive; and
- c. prices are reasonable in comparison to market values.

If the Borrower rejects all Bids/Proposals, the Borrower shall review the causes justifying the rejection of all Bids/Proposals and make appropriate revisions to the PPSD, and request for bids/request for proposals document before requesting new Bids/Proposals. The Borrower shall not reject all Bids/Proposals and invite new Bids/Proposals using the same request for bids/request for proposals document solely to obtain lower prices. If the Most Advantageous Bid/Proposal exceeds the Borrower's updated cost estimates by a substantial margin, the Borrower shall analyze the causes for the discrepancy and consider requesting new Bids/Proposals. Alternatively, the Borrower may negotiate with the Bidder/Proposer with the Most Advantageous Bid/Proposal to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibilities that can be reflected in a reduced contract price. However, a substantial reduction in the scope or a modification to the contract documents may require rebidding.

##### **6.2.45.2. Consulting Services**

Rejection of all Proposals is justified (for contracts subject to prior review, with the Bank's no-objection), if:

- a. all Proposals fail to respond to important aspects of the TOR; or present major deficiencies in complying with the TOR;
- b. all Proposals fail to achieve the minimum technical score; or
- c. the offered price of the successful Proposal is substantially higher than the available budget or a recently updated cost estimate.

In previous point, rather than re-inviting Proposals, the Borrower, in consultation with the Bank, should investigate the possibility of increasing the budget or scaling down the scope of services with the Consultant. However, any substantial reduction in the scope of services requires a re-invitation. If cost is a factor in the evaluation of a time-based contract, the number of person-months proposed by the Consultant may be negotiated, provided that a change does not compromise quality or adversely affect the assignment.

#### **6.2.46. Seriously Unbalanced or Front-loaded Bids/Proposals**

##### **6.2.46.1. Works and Plant**

For Works and Plant, if the Bid/Proposal that results in the lowest evaluated cost/best evaluated Proposal is, in the Borrower's opinion, seriously unbalanced or front-loaded, the Borrower may require the Bidder/Proposer to provide written clarifications, including detailed price analyses to demonstrate the consistency of the prices with the scope of Works, proposed methodology, and schedule. After evaluating the detailed price analyses (for contracts subject to prior review, with the Bank's no-objection), the Borrower may as appropriate:

- a. accept the Bid/Proposal;
- b. require that the total amount of the performance security be increased, at the expense of the Bidder/Proposer, to a level not exceeding twenty percent (20%) of the contract price; or
- c. reject the Bid/Proposal.

#### **6.2.47. Abnormally Low Bids/Proposals**

##### **6.2.47.1. Goods, Works, and Non-consulting Services**

An Abnormally Low Bid/Proposal is one in which the Bid/Proposal price, in combination with other elements of the Bid/Proposal, appears so low that it raises material concerns with the Borrower as to the capability of the Bidder/Proposer to perform the contract for the offered price.

Where the Borrower identifies a potentially Abnormally Low Bid/Proposal, the Borrower shall seek written clarifications from the Bidder/Proposer, including detailed price analyses of its Bid/Proposal price in relation to the subject matter of the contract, scope, proposed methodology, schedule, allocation of risks and responsibilities, and any other requirements of the request for bids/request for proposals document.

If, after evaluating the price analyses, the Borrower determines that the Bidder/Proposer has failed to demonstrate its capability to deliver the contract for the offered price, the Borrower shall reject the Bid/Proposal.

#### **6.2.48. Most Advantageous Bid/Proposal**

The Borrower shall award the contract to the Bidder/Proposer/Consultant offering the Most Advantageous Bid/Proposal, in accordance with the applicable selection method.

##### **6.2.48.1. Goods, Works, and Non-consulting Services**

When rated criteria are used, the Most Advantageous Bid/Proposal is the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be:

- a. substantially responsive to the request for bids/request for proposals document; and



- b. the highest ranked Bid/Proposal.

When rated criteria are not used, the Most Advantageous Bid/Proposal is the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be:

- a. substantially responsive to the request for bids/request for proposals document; and
- b. the lowest evaluated cost.

#### **6.2.48.2. Consulting Services**

The Most Advantageous Proposal is the best evaluated Proposal.

### **6.2.49. Notification of the Intention to Award**

#### **6.2.49.1. Goods, Works and Non-consulting Services**

Following the decision to award the contract (or in the case of FAs, the decision to conclude a FA), the Borrower shall promptly and simultaneously provide, by the quickest means available, and as further specified in the request for bids/request for proposals document, written notification of the Borrower's intention to award the contract to the successful Bidder/Proposer (Notification of Intention to Award), (or, in the case of FAs, notification of intention to conclude a FA). Such notification shall be sent to each Bidder/Proposer that submitted a Bid/Proposal, (unless the Bidder/Proposer has previously received notification of exclusion from the process at an interim stage of the procurement process).

For contracts subject to prior review by the Bank, the Borrower shall transmit the Notification of Intention to Award (or in the case of FAs, notification of intention to conclude a FA), only after receiving the Bank's no-objection to the evaluation report. In the case of FAs, this written notification of intention to conclude a FA shall be provided to Bidders/Proposers promptly after receiving the Bank's no-objection to the evaluation report.

The Borrower's Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as applicable to the selection method, and as further specified in the relevant request for bids/request for proposals document:

- a. the name and address of the Bidder(s)/Proposer(s) submitting the successful Bid/Proposal;
- b. the contract price, or where the successful Bid/Proposal was determined on the basis of rated criteria (where price and technical factors are rated), the contract price and the total combined score of the successful Bid/Proposal;
- c. the names of all Bidders/Proposers that submitted Bids/Proposals, and their Bid/Proposal prices as read out, and as evaluated;
- d. a statement of the reason(s) why the recipient's Bid/Proposal was unsuccessful, unless the price information under Paragraph 5.74 c. already reveals the reason. The Borrower shall not divulge any other Bidder's/Proposer's confidential or proprietary information such as: cost breakdown, trade secrets, manufacturing processes and techniques, or other confidential business or financial information;
- e. instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the request for bids/request for proposals document and in accordance with the requirements of Annex III, Procurement-related Complaints; and
- f. the date the Standstill Period is due to end.



### 6.2.49.2. Consulting Services

Following the initialing of the draft negotiated contract by the successful Consultant, the Borrower shall promptly and simultaneously provide, to each Consultant whose financial Proposal was opened, the Notification of Intention to Award to the successful Consultant with whom the Borrower successfully negotiated the contract. In the case of FAs, this written notification of intention to conclude a FA shall be provided to Consultants promptly following a decision to conclude a FA.

For contracts subject to prior review, such Notification of Intention to Award (or notification of intention to conclude a FA) shall be provided promptly after receiving the Bank's no-objection to the draft negotiated contract initialed by the successful Consultant or, in the case of FAs, the Bank's no-objection to the evaluation report. The Borrower's Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as relevant to the selection method, and as further specified in the request for proposals document:

- a. the name and address of the Consultant with whom the Borrower successfully negotiated a contract, and the contract price;
- b. the names of all Consultants included in the short list, indicating those that submitted Proposals;
- c. where the selection method requires, the price offered by each Consultant as read out and as evaluated;
- d. the overall technical scores and scores assigned for each criterion and sub-criterion to each Consultant;
- e. the final combined scores and the final ranking of the Consultants;
- f. a statement of the reason(s) why the recipient's Proposal was unsuccessful, unless the combined score under previous Paragraph
- g. already reveals the reason. The Borrower shall not divulge any other Consultant's confidential or proprietary information such as: cost breakdown, trade secrets, methodology or other confidential business or financial information
- h. instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the request for proposals document
- i. the date the Standstill Period is due to end.

### 6.2.50. Standstill Period

To give Bidders/Proposers/Consultants time to examine the Notification of Intention to Award and to assess whether it is appropriate to submit a complaint, a Standstill Period shall apply, except in the situations described in the previous paragraph.

Transmission of the Borrower's Notification of Intention to Award, (or in the case of a FA, notification of intention to conclude the FA), begins the Standstill Period. The Standstill Period shall last ten (10) Business Days after such transmission date, unless otherwise extended in accordance with the previous Paragraph. The contract shall not be awarded either before or during the Standstill Period.

On notwithstanding the above clause, there shall not be a requirement for a Standstill Period in the following situations:

- a. only one Bid/Proposal was submitted in an open competitive process;
- b. direct selection;
- c. call-off process among firms holding FAs; and
- d. Emergencies recognized by the Bank.

#### **6.2.51. Debriefing by the Borrower**

On receipt of the Borrower's Notification of Intention to Award referred to under previous paragraphs, an unsuccessful Bidder/Proposer/Consultant has three (3) Business Days to make a written request to the Borrower for a debriefing. The Borrower shall provide a debriefing to all unsuccessful Bidders/Proposers/ Consultants whose request is received within this deadline.

Where a request for debriefing is received within the deadline, the Borrower is required to provide a debriefing within five (5) Business Days, unless the Borrower decides, for justifiable reasons, to provide the debriefing outside this timeframe. In that case, the Standstill Period shall automatically be extended until five (5) Business Days after such debriefing is provided. If more than one debriefing is so delayed, the Standstill Period shall not end earlier than five (5) Business Days after the last debriefing takes place. The Borrower shall promptly inform, by the quickest means available, all Bidders/Proposers/Consultants of the extended Standstill Period.

For contracts subject to prior review, the Borrower shall simultaneously send the information on the extended Standstill Period to the Bank.

Where a request for debriefing is received by the Borrower later than the three (3) Business Day deadline, specified in previous Paragraph, the Borrower should provide the debriefing as soon as practicable, and normally no later than fifteen (15) Business Days from the date of publication of Contract Award Notice. Requests for debriefing received outside the three (3) Business Day deadline shall not lead to an extension of the Standstill Period.

Debriefings of unsuccessful Bidders/Proposers/Consultants may be done In Writing or verbally. The Borrower shall not impose undue formal requirements that would restrict the Bidder's/ Proposer's/Consultant's ability to receive a timely and meaningful debriefing. The Bidder/ Proposer/Consultant shall bear their own costs of attending a debriefing meeting.

As a minimum, the debriefing shall repeat the information contained in the Notification of Intention to Award, and respond to any related question(s) from the unsuccessful Bidder/ Proposer/ Consultant. The debriefing shall not include:

- a. point-by-point comparisons with another Bidder's/Proposer's/Consultant's Bid/ Proposal; and
- b. information that is confidential or commercially sensitive to other Bidders/ Proposers/ Consultants.

A written summary of each debriefing shall be included in the official procurement records, and copied to the Bank for contracts subject to prior review.

#### **6.2.52. Conclusion of the Standstill Period and Contract Award**

At the end of the Standstill Period, if the Borrower has not received any complaint from an unsuccessful Bidder/Proposer/Consultant, the Borrower shall proceed to award the contract in accordance with its decision to award, as previously communicated through the Notification

of Intention to Award.

For contracts subject to prior review, when no complaints are received by the Borrower within the Standstill Period, the Borrower shall proceed to award the contract in accordance with the award recommendation that had previously received the Bank's no-objection. The Borrower shall inform the Bank within three (3) Business Days of such award.

The Borrower shall transmit the notification of award to the successful Bidder/Proposer/Consultant, or in the case of a FA, notification to conclude the FA with the selected Bidders/Proposers/Consultants, along with other documents as specified in the request for bids/request for proposals document for the contract.

If the Borrower does receive a complaint from an unsuccessful Bidder/Proposer/Consultant within the Standstill Period, the Borrower shall not proceed with the contract award (or conclusion of a FA), until the complaint has been addressed, as set forth under paragraph of Annex III of the official World Bank Guidelines, Procurement-related Complaints.

For contracts subject to prior review by the Bank, the Borrower shall not proceed with contract award without receiving the Bank's confirmation of satisfactory resolution of complaint.

#### **6.2.53. Contract Award Notice**

For all contracts, whether subject to the Bank's prior review or post review, the Borrower shall publish a public notice of award of contract (Contract Award Notice) within 10 (ten) Business Days from the Borrower's Notification of Contract Award to the successful Bidder/Proposer/Consultant.

The Contract Award Notice shall include, at a minimum, the following information as relevant and applicable for each selection method:

- a. name and address of the Borrower's Project Implementing Unit undertaking the procurement, and if different, the Borrower's contracting agency;
- b. name and reference number of the contract being awarded, and the selection method used;
- c. names of all Bidders/Proposers/Consultants that submitted Bids/Proposals, and their Bid/Proposal prices as read out at Bid/Proposal opening, and as evaluated;
- d. names of all Bidders/Proposers/Consultants whose Bids/Proposals were rejected either as nonresponsive or as not meeting qualification criteria, or were not evaluated, with the reasons therefor;
- e. the name of the successful Bidder/Proposer/Consultant, the final total contract price, the contract duration and a summary of its scope; and
- f. Successful Bidder/Proposer/Consultant's Beneficial Ownership Disclosure Form for those contracts as indicated in the Procurement Plan, in the form required in the Procurement Documents.

In the case of FAs concluded in accordance with the above Paragraphs, the publication requirement applies only to the conclusion of the FA and not to the award of a call-off contract under the FA. The Contract Award Notice shall be published on the Borrower's website with free access, or, if not available, in at least one newspaper of national circulation in the Borrower's country, or in the official gazette. In the case of international competitive procurement, the Contract Award Notice shall also be published by the Borrower in UNDB

online. For contracts subject to the Bank's prior review, the Bank will arrange the publication on its external website upon receipt from the Borrower of a conforming copy of the signed contract.

### 6.2.54. Debriefing by the Bank

If, after publication of the Contract Award Notice, a Bidder/Proposer/Consultant who has not received a satisfactory explanation from the Borrower as to why its Bid/Proposal was not successful, may request a meeting with the Bank. Such request should be addressed to the Accredited Practice Manager for the Borrower's country, who will arrange a meeting at the appropriate level and with relevant staff. The purpose of such meeting is not to discuss the Bids/Proposals of competitors or, in the case of prior review contracts, the Bank's position that has been conveyed to the Borrower.

### 6.2.55. Contract Management

The aim of contract management is to ensure that all parties meet their obligations. Contracts shall be actively managed by the Borrower throughout their life to ensure that contractor performance is satisfactory, appropriate stakeholders are informed and all contract requirements are met.

### 6.2.56. Records

Borrowers shall keep records of all proceedings of the Procurement Process in accordance with the requirements of the Legal Agreement.

### 6.2.57. Approved Selection Methods

Table shown below provides an overview of the approved selection methods, particular types of approved selection arrangements, and market approach options available for the procurement of Goods, Works, and Non-consulting Services in IPF operations.

Goods, Works, and Non-consulting Services	Market approach options											
	Open	Limited	Direct	International	National	PQ	IS	Single-stage	Multi-stage	BAFO	Negotiation	Rated criteria
Selection methods												
Request for Proposals	✓	✓	x	✓	✓	x	normally	✓	✓	✓	✓*	normally
Request for Bids	✓	✓	x	✓	✓	optional	x	✓	x	✓	✓*	not normally
Request for Quotations	✓	✓	x	✓	✓	x	x	✓	x	x	x	x
Direct Selection	x	x	✓	x	x	x	x	✓	x	x	✓	x
Selection arrangements												
Competitive Dialogue	✓	✓	x	✓	✓	x	required	x	✓	x	x	✓
Public-Private Partnerships	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓
Commercial Practices	As per acceptable commercial procurement practices											
UN Agencies	As per Paragraphs 6.47 and 6.48											
E-Auctions	✓	✓	x	✓	✓	✓	x	✓	x	x	x	x
Imports	✓	✓	x	✓	x	x	x	✓	x	✓	x	x
Commodities	✓	✓	x	✓	✓	✓	x	✓	x	x	x	x
Community-driven Development	✓	✓	✓	x	✓	x	x	✓	x	x	x	x
Force Accounts	x	x	✓	x	✓	x	x	x	x	x	x	x

✓ This market approach option is available  
 x This market approach option is not available  
 PQ = Prequalification  
 IS = Initial Selection

The Bank defines the following as approved selection methods for Goods, Works and Non-consulting Services:

### **6.2.57.1. Request for Proposals**

A RFP is a competitive method for the solicitation of Proposals. It should be used when, because of the nature and complexity of the Goods, Works, or Non-consulting Services to be procured, the Borrower's business needs are better met by allowing Proposers to offer customized solutions or Proposals that may vary in the manner in which they meet or exceed the requirement of the request for proposals document.

An RFP is normally conducted in a multi-stage process. To allow an evaluation of the degree to which Proposals meet the requirements of the request for proposals document the evaluation normally includes rated type criteria and an evaluation methodology.

### **6.2.57.2. Request for Bids**

A RFB is a competitive method for the solicitation of Bids. It should be used when, because of the nature of the Goods, Works, or Non-consulting Services to be provided, the Borrower is able to specify detailed requirements to which Bidders respond in offering Bids.

Procurement under this method is conducted in a single-stage process. Qualifying criteria (minimum requirements normally evaluated on a pass/fail basis) are normally used with RFB. Rated-type evaluation criteria are normally not used with RFB.

### **6.2.57.3. Request for Quotations**

A RFQ is a competitive method that is based on comparing price quotations from firms. This method may be more efficient than the more complex methods for procuring limited quantities of readily available off-the-shelf Goods or Non-consulting Services, standard specification commodities, or simple civil Works of small value.

### **6.2.57.4. Direct Selection**

Proportional, fit-for-purpose, and VfM considerations may require a direct selection approach: that is, approaching and negotiating with only one firm. This selection method may be appropriate when there is only one suitable firm or there is justification to use a preferred firm.

Direct selection may be appropriate under the following circumstances:

- a. an existing contract, including a contract not originally financed by the Bank, for Goods, Works, or Non-consulting Services, awarded in accordance with procedures acceptable to the Bank, may be extended for additional Goods, Works, or Non- consulting Services of a similar nature, if:
  - i. it is properly justified;
  - ii. no advantage could be obtained through competition; and
  - iii. the prices on the extended contract are reasonable;
- b. there is a justifiable requirement to re-engage a firm that has previously completed a contract, within the last 12 months, with the Borrower to perform a similar type of contract. The justification shall show that:
  - i. the firm performed satisfactorily in the previous contract;
  - ii. no advantage may be obtained by competition; and
  - iii. the prices for the direct contracting are reasonable;

- c. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;
- d. the case is exceptional, for example, in response to Emergency Situations;
- e. standardization of Goods that need to be compatible with existing Goods may justify additional purchases from the original firm, if the advantages and disadvantages of another brand or source of equipment have been considered on grounds acceptable to the Bank;
- f. the required equipment is proprietary and obtainable from only one source;
- g. the procurement of certain Goods from a particular firm is essential to achieve the required performance or functional guarantee of an equipment, Plant, or facility;
- h. the Goods, Works, or Non-consulting Services provided in the Borrower's country by an SOE, university, research center or institution of the Borrower's country are of a unique and exceptional nature in accordance with previous paragraph; or
- i. direct selection of UN Agencies.

In all instances of direct selection, the Borrower shall ensure that:

- a. the prices are reasonable and consistent with the market rates for items of a similar nature; and
- b. the required Goods, Works, or Non-consulting Services are not split into smaller- sized procurement to avoid competitive processes.

#### **6.2.58. Market Approach Options**

##### **6.2.58.1. Open Competition**

An open competitive approach to market is the Bank's preferred approach as it provides all eligible prospective Bidders/Proposers with timely and adequate advertisement of a Borrower's requirements and an equal opportunity to bid/propose for the required Goods, Works, or Non-consulting Services. Any approach, other than open competition, shall be justified by the Borrower. Any such approach shall be stated in the Procurement Plan.

##### **6.2.58.2. Limited Competition**

A limited competitive approach to market is by invitation only, without advertisement. It may be an appropriate method of selection where there are only a limited number of firms or there are other exceptional reasons that justify departure from open competitive procurement approaches.

##### **6.2.58.3. Approaching the International Market**

Approaching the international market (international competitive procurement), is appropriate when the participation of foreign firms will increase competition and may assure the achievement of best VfM and fit-for-purpose results.

Open international competitive procurement, for which international advertisement is required in accordance with these Procurement Regulations, is the preferred approach for complex, high-risk, and/or high-value contracts. The Bank has set specific thresholds for this purpose.

##### **6.2.58.4. Approaching the National Market**

As agreed in the Procurement Plan, approaching the national market may be appropriate

when the procurement is unlikely to attract foreign competition because of:

- a. the size and conditions of the market;
- b. the value of the contract;
- c. activities that are scattered geographically, spread over time, or are labor-intensive; or
- d. the Goods, Works, or Non-consulting Services are available locally at prices below the international market.

Approaching the national market may also be appropriate when the advantages of approaching the international market are clearly outweighed by the administrative or financial burden involved.

If foreign firms wish to participate in open national competitive procurement, they are allowed to do so on the terms and conditions that apply to national firms. When approaching the national market, the country's own procurement procedures may be used, as specified in abovementioned paragraphs.

#### **6.2.58.5. Prequalification and Initial Selection**

##### **Goods, Works and Non-consulting Services**

Prequalification and Initial Selection are processes used to shortlist Applicants in the procurement of Goods, Works and Non-consulting Services. These processes ensure that only those with appropriate and adequate capacity, capability and resources are invited to submit Bids/Proposals. In undertaking a Prequalification or Initial Selection the Borrower shall use the Bank's Standard Prequalification document/Initial Selection document.

Prequalification or Initial Selection is appropriate for large or complex contracts, or in other circumstances, such as: the need for custom-designed equipment, Plant, specialized services, some complex information and technology, procurement under turnkey, design and build, or management contracting in which the high costs of preparing detailed Bids/Proposals could discourage competition.

The assessment of an Applicant's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized subcontractors if permitted in the Prequalification/Initial Selection document), or any other firm different from the firm that submitted the Prequalification/Initial Selection Application.

When the time elapsed between the Borrower's decision on the list of prequalified/ initially selected Applicants and the issuance of request for bids/request for proposals documents is longer than twelve (12) months, the Bank may require that a new Prequalification/Initial Selection process is conducted through re-advertisement.

#### **6.2.58.6. Prequalification**

Prequalification is normally used with Requests for Bids and is optional depending on the nature and complexity of the Goods, Works or Non-consulting Services. In Prequalification, minimum requirements are normally assessed on a pass/fail basis against such criteria as: eligibility, experience, technical capability and financial resources. These take into account objective and measurable factors such as: experience, satisfactory past performance, successful completion of similar contracts over a given period, capability of construction and/or manufacturing facilities, financial situation, and eligibility. All Applicants that



substantially meet the minimum qualification requirements are invited to submit a Bid.

At the end of the Prequalification process, the Borrower shall inform all Applicants of the results of the Prequalification. The invitation to submit a Bid to a prequalified Applicant shall include the names of all prequalified Applicants.

#### **6.2.58.7. Initial Selection**

Initial Selection shall normally be used with Request for Proposals and shall be used for all Competitive Dialogue processes. It enables the Borrower to invite only the highest ranked Applicants to submit Proposals. Initial selection involves a two-step process. The first step is similar to the Prequalification process described above. This establishes the long-list of Applicants. Long-listed Applicants are then evaluated against rated criteria. After ranking the combined rated criteria scores the Borrower selects the highest ranked Applicants to submit Proposals. The Borrower shall state in the initial selection document, the range of Applicants that may be Initially Selected.

At the end of the Initial Selection process, the Borrower shall inform all Applicants of the results of the Initial Selection. The invitation to submit a Proposal to an Initially Selected Applicant shall include the names of all Initially Selected Applicants.

#### **6.2.58.8. Post-Qualification**

If Bidders/Proposers have not been prequalified/ initially selected, the Borrower shall specify appropriate qualification requirements in the request for bids/request for proposals document to verify that a Bidder/Proposer that would be recommended for contract award has the capability and resources to effectively carry out the contract. The assessment of a firm's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized subcontractors if permitted in the request for bids/request for proposals document), or any other firm different from the firm that submitted the Bid/Proposal.

#### **6.2.58.9. Single Stage One-Envelope**

Single-stage procurement is most appropriate when the specifications and requirements are sufficient to enable submissions of complete Bids/Proposals. Single stage-one envelope procurement requires submission of both technical and financial Bids/Proposals in one envelope.

#### **6.2.58.10. Single Stage Two-Envelope**

If appropriate, a two-envelope process may be used in single-stage procurement. The first envelope contains the qualifications and technical part and the second envelope the financial (price) part; the two-envelope are opened and evaluated sequentially.

#### **6.2.58.11. Multistage Procurement**

It may often be impractical to prepare complete technical specifications in advance for the procurement of:

- a. large complex facilities for which a turnkey contract will be awarded for the design and build of a Plant;
- b. Works of a complex and special nature; or
- c. complex information and communication technology that is subject to rapid technological advances.



In the first stage, Proposals are invited on the basis of a conceptual design or performance or functional specification, subject to the Borrower's conducting confidential discovery and clarification meetings to learn about possible solutions. In the second stage, the request for bids/request for proposals document may be amended to reflect the discoveries made in the confidential meetings, and issued to the qualified Bidders/Proposers, requesting them to submit final Proposals. As required in the request for bids/request for proposals document, the second stage may be submitted in one (1) envelope, or two (2) envelopes for the technical and financial parts respectively where the two envelopes are opened and evaluated sequentially.

#### **6.2.58.12. Best and Final Offer**

In international competitive procurement subject to prior review, the Bank may agree to the Borrower's use of Best and Final Offer (BAFO). BAFO is an option under which the Borrower invites Bidders/Proposers that have submitted substantially responsive Bids/Proposals to submit their best and final offer. Such a process may be appropriate when the procurement process would benefit from Bidders'/Proposers' having a final opportunity to improve their Bids/Proposals, including by reducing prices, clarifying or modifying their Bid/Proposal, or providing additional information. The Borrower shall inform Bidders/Proposers in the request for bids/request for proposals document:

- a. if a BAFO is to be used;
- b. that Bidders/Proposers are not obliged to submit a BAFO; and
- c. that there will be no negotiation after the BAFO.

If BAFO is to be applied, the Borrower shall engage the services of a Probity Assurance Provider, agreed with the Bank.

#### **6.2.58.13. Negotiations**

In international competitive procurement subject to prior review, the Bank may agree to the Borrower's use of negotiations following Bid/Proposal evaluations and before final contract award. Any negotiation shall be in accordance with the requirements of the request for bids/request for proposals document. If negotiations are undertaken, they shall be held in the presence of a Probity Assurance Provider, agreed with the Bank. Negotiations may involve terms and conditions, price, and/or social, environmental, and innovative aspects, as long as they do not change the minimum requirements of the Bid/Proposal.

The Borrower shall negotiate first with the Bidder/Proposer that has the Most Advantageous Bid/Proposal. If the outcome is unsatisfactory or an agreement is not reached, the Borrower may then negotiate with the next Most Advantageous Bid/Proposal, and so on down the list until a satisfactory outcome is achieved.

#### **6.2.58.14. Use of Rated-type Evaluation Criteria**

Rated-type criteria are criteria that are evaluated on merit points as they cannot be fully assessed in monetary terms. The merit points assigned are normally based on the degree to which the Proposal meets or exceeds the requirements detailed in the request for bids/request for proposals document.

#### **6.2.59. Particular Types of Approved Selection Arrangements**

The particular procurement features, procedures and approaches as applicable to the following:

### **6.2.59.1. Competitive Dialogue**

Competitive Dialogue is an interactive multistage selection arrangement that allows for dynamic engagement with Proposers. The Borrower shall justify the use of Competitive Dialogue in the PPSD. It may be used only for complex or innovative procurement. Competitive Dialogue may be appropriate:

- a. where a number of solutions that satisfy the Borrower's requirements may be possible, and where the detailed technical and commercial arrangements required to support those solutions require discussion and development between the parties; and
- b. due to the nature and complexity of the procurement, the Borrower is not objectively able to:
  - i. adequately define the technical or performance specifications and scope to satisfy its requirements and/or
  - ii. adequately specify the legal and/or financial arrangements of the procurement.

### **6.2.59.2. Public-Private Partnerships (PPPs)**

A PPP is a long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.

The Bank may finance the cost of a project or a contract procured under PPP arrangements, such as build-own-operate (BOO), build-operate-transfer (BOT), and build-own-operate-transfer (BOOT) concessions or similar types of private sector arrangements, if the selection:

- a. is consistent with the Bank's Core Procurement Principles;
- b. reflects the application of the Bank's Anti-Corruption Guidelines; and,
- c. is consistent, as appropriate, with the requirements set out in these Procurement Regulations.

The private partner selected, then procures the Goods, Works, Non-consulting Services, and/or Consulting Services required for the facility from eligible sources, using its own procedures.

### **6.2.59.3. Commercial Practices**

Commercial Practices refers to the use of well-established procurement arrangements used by the private sector (normally entities not subject to the Borrower's public procurement law), for the procurement of Goods, Works, or Non-consulting Services. Commercial practices may also be used for a program of imports undertaken by private sector entities. The Bank's Core Procurement Principles are the standard for determining the acceptability of Commercial Practices.

### **6.2.59.4. UN Agencies**

When agreed with the Bank, Borrowers may select UN Agencies directly in situations where their expertise or rapid mobilization on the ground is critical, in particular, in circumstances of urgent need of assistance or capacity constraints.

When entering into a contract with a UN Agency, the Borrower shall use a standard form of agreement between the Borrower and the UN Agency or a case-specific template approved by the Bank. In circumstances in which the Bank and a UN Agency have an established FA,

the Borrower may take advantage of the FA when entering into a contract with the UN Agency.

#### **6.2.59.5. Electronic Reverse Auctions**

An electronic reverse auction (e-auction) is a scheduled online event in which prequalified/registered firms Bid against each other on their price.

#### **6.2.59.6. Program of Imports**

When the IPF provides financing for a program of imports (i.e. a program for importing eligible essential Goods by private or public sector entities, based on a list agreed between the Borrower and the Bank).

#### **6.2.59.7. Commodities**

Procurement of commodities refers to procuring items such as: grain, animal feed, cooking oil, fertilizer, or metals. The procurement of commodities often involves multiple awards for partial quantities to assure security of supply, and multiple purchases over a period of time to take advantage of favorable market conditions and to keep inventories low.

#### **6.2.59.8. Community-driven Development**

6.52 Procurement arrangements, specifications, and contract packaging may be suitably adapted, in a way that is acceptable to the Bank, when, in the interest of project sustainability, or to achieve certain specific social objectives of the project, it is desirable (in selected project components), to:

- a. call for the participation of local communities and/or nongovernmental organizations (NGOs) in civil Works and the delivery of Non-consulting Services;
- b. increase the use of local know-how, Goods, or materials; or
- c. employ labor-intensive and other appropriate technologies.

#### **6.2.59.9. Force Accounts**

Force Account, which refers to works such as construction and installation of equipment and Non-consulting Services carried out by a government department of the Borrower's country using its own personnel and equipment, may be the only practical method of procurement under specific circumstances. A government-owned construction unit that is not managerially, legally, or financially autonomous is considered a Force Account unit. The use of Force Account requires that the Borrower apply the same rigorous quality checks and inspection as for contracts awarded to third parties.

Force Account shall be justified and may only be used, after the Bank's no-objection, under any of the following circumstances:

- a. the quantities of construction and installation works that are involved cannot be defined in advance;
- b. the construction and installation works are small and scattered or in remote locations, so that qualified construction firms are unlikely to bid at reasonable prices;
- c. the construction and installation works are required to be carried out without disrupting ongoing operations;
- d. the risks of unavoidable work interruption are better borne by the Borrower than by a contractor;

- e. as a matter of the Borrower's law or official regulations in such areas as: national security, specialized Non-consulting Services such as aerial surveys and mapping can be carried out only by specialized branches of the government; or
- f. urgent repairs are needed requiring prompt attention to prevent further damages, or works need to be carried out in conflict-affected areas where private firms may not be interested.

#### **6.2.59.10. Service Delivery Contractors**

Projects may involve contracting individuals (but not as employees), to deliver Non-consulting Services. Their selection may be carried out according to the Borrower's personnel hiring procedures, as reviewed and found acceptable by the Bank. When the individuals who deliver such services are to be provided by firms, the firms shall be selected using appropriate selection methods and procedures specified in these Procurement Regulations.

### **6.2.60. Particular Types of Contractual Arrangements**

#### **6.2.60.1. Framework Agreements**

A framework agreement (FA) is an agreement with one or more firms that establishes the terms and conditions that will govern any contract awarded during the term of the FA (a call-off contract). The terms and conditions will usually include the fee rate, charge rate or pricing mechanism. FAs may be established for the anticipated procurement of Goods, Works, or Non-consulting Services, as and when required, over a specified period of time. An FA does not commit either party to procure or supply. Once established, a FA provides a fast and efficient way to procure Goods, Works or Non-consulting Services. A multi-supplier FA allows a Borrower to select from a number of firms, helping to ensure that each procurement represents best value for money.

FAs may be appropriate for the procurement of Goods, Works, or Non-consulting Services under the following circumstances:

- a. frequent reordering is based on the same, or similar requirements, or set of specifications;
- b. where different entities of the Borrower procure the same Goods, Works, or Non-consulting Services, and aggregating the demand could lead to volume discounts;
- c. planning for Emergency Situations; or
- d. no single firm is considered to have sufficient capacity.

#### **6.2.60.2. Performance-based Contracts**

Performance-based contracts are contractual relationships in which payments are made for measured outputs (performance targets), instead of inputs. The outputs aim at satisfying functional needs in terms of quality, quantity, and reliability. Payment is made in accordance with the quantity of outputs delivered, subject to their delivery at the level of quality required. Reductions from payments, or retentions, may be made for lower-quality level of outputs and, in certain cases, premiums may be paid for higher quality level of outputs. The Contractor is free to propose the most appropriate solution, based on mature and well-proven experience, and shall demonstrate that the level of quality specified in the request for bids/request for proposals documents will be achieved.

Performance Based procurement may involve:

- a. the provision of Non-consulting Services to be paid on the basis of outputs;
- b. design, supply, construction (or rehabilitation), and commissioning of a facility to be operated by the Borrower; or
- c. design, supply, construction (or rehabilitation) of a facility, and provision of non-consulting services for its operation and maintenance for a defined period of years after its commissioning.

### 6.2.61. Approved Selection Methods

Table below provides an overview of the approved selection methods, particular types of approved selection arrangements, and market approach options available for the selection of Consulting Services in IPF operations.

Consulting Services	Market approach options					
Approved selection methods and arrangements	Open	Limited	Direct	Inter-national	National	Shortlist
<b>Selection methods</b>						
Quality Cost Based Selection	✓	x	x	✓	✓	✓
Fixed Budget Based Selection	✓	x	x	✓	✓	✓
Least Cost Based Selection	✓	x	x	✓	✓	✓
Quality Based Selection	✓	x	x	✓	✓	✓
Consultant's Qualification Based Selection	✓	✓	x	✓	✓	x
Direct Selection	x	x	✓	x	x	x
<b>Selection Arrangements</b>						
Commercial Practices	As per acceptable commercial Procurement practices					
UN Agencies	As per Paragraphs 7.27 and 7.28					
Non Profit Organizations (such as NGOs)	✓	✓	✓	✓	✓	✓
Banks	✓	✓	✓	✓	✓	✓
Procurement Agents	✓	✓	✓	✓	✓	✓
<b>Selection Methods for Individual Consultants</b>						
Selection of Individual Consultants	✓	✓	✓	x	x	x

✓ This market approach option is available

x This market approach option is not available

The following are approved selection methods for Consulting firm:

#### 6.2.61.1. Quality and Cost-based Selection

QCBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. The request for proposals document shall specify the minimum score for the technical Proposals. The relative weight to be given to the quality and cost depends on the

nature of the assignment. Among the Proposals that are responsive to the requirements of the request for proposals document and are technically qualified, the Proposal with the highest combined (quality and cost) score is considered the Most Advantageous Proposal.

#### **6.2.61.2. Fixed Budget-based Selection**

Like QCBS, FBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. In the request for proposals document, the cost of services is specified as a fixed budget that shall not be exceeded. FBS is appropriate when:

- a. the type of Consulting Service required is simple and can be precisely defined;
- b. the budget is reasonably estimated and set; and
- c. the budget is sufficient for the firm to perform the assignment.

The request for proposals document specifies the budget and the minimum score for the technical Proposals. The Proposal with the highest technical score that meets the fixed budget requirement is considered the Most Advantageous Proposal.

#### **6.2.61.3. Least Cost-based Selection**

Similar to QCBS, LCS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. LCS is generally appropriate for assignments of a standard or routine nature (such as engineering designs of non-complex Works), for which well-established practices and standards exist.

The request for proposals document specifies the minimum score for the technical Proposals. Among the Proposals that score higher than the minimum technical score, the Proposal with the lowest evaluated cost is considered the Most Advantageous Proposal.

#### **6.2.61.4. Quality-based Selection**

Under QBS, the Proposal quality is evaluated without using cost as an evaluation criterion. If the request for proposals requests both technical and financial Proposals, the financial Proposal of only the highest technically qualified firm is opened and evaluated to determine the Most Advantageous Proposal. However, if the request for proposals document requests only technical Proposals, the firm with the highest-ranked technical Proposal is invited to submit its financial Proposals for negotiations.

QBS is appropriate for the following types of assignments:

- a. complex or highly specialized assignments for which it is difficult to define precise TOR and the input required from the firm, and for which the Borrower expects the firm to demonstrate innovation in its Proposals;
- b. assignments that have a high downstream impact; and
- c. assignments that can be carried out in substantially different ways, so that Proposals will not be comparable.

#### **6.2.61.5. Consultant's Qualification-based Selection**

The Borrower shall request expressions of interest (REOI), by attaching the TOR to the REOI. At least three qualified firms shall be requested to provide information about their relevant experience and qualifications. From the firms that have submitted an EoI, the Borrower selects

the firm with the best qualifications and relevant experience and invites it to submit its technical and financial Proposals for negotiations. Advertisement of REoIs is not mandatory.

CQS is appropriate for small assignments or Emergency Situations in which preparing and evaluating competitive Proposals is not justified.

#### **6.2.61.6. Direct Selection**

Proportional, fit-for-purpose, and VfM considerations may require a direct selection (single-source or sole-source selection), approach, that is: approaching and negotiating with only one firm. This selection method may be appropriate when only one firm is qualified, a firm has experience of exceptional worth for the assignment, or there is justification to use a preferred firm.

Direct selection may be appropriate under the following circumstances:

- a. an existing contract for Consulting Services, including a contract not originally financed by the Bank but awarded in accordance with procedures acceptable to the Bank, may be extended for additional Consulting Services of a similar nature, if it is properly justified, no advantage may be obtained by competition, and the prices are reasonable;
- b. for tasks that represent a natural continuation of previous work carried out by a Consultant within the last 12 months, where continuity in the technical approach, experience acquired, and continued professional liability of the same Consultant may make continuation with the initial Consultant preferable to a new competition, if performance has been satisfactory in the previous assignment(s);
- c. there is a justifiable requirement to reengage a firm that has previously completed a contract with the Borrower to perform a similar type of Consulting Service. The justification shows that the firm performed satisfactorily under the previous contract, no advantage may be obtained by competition, and the prices are reasonable;
- d. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;
- e. in exceptional cases, for example, in response to Emergency Situations;
- f. only one firm is qualified, or one firm has experience of exceptional worth for the assignment;
- g. the Consulting Services provided in the Borrower's country by an SOE, university, research center, or institution of the Borrower's country are of a unique and exceptional nature; or
- h. direct selection of UN Agencies.

In all instances of direct selection, the Borrower shall ensure fairness and equity, and shall have in place procedures to ensure that:

- a. the prices are reasonable and consistent with the market rates for services of a similar nature; and
- b. the required Consulting Services are not split into smaller-size procurements to avoid competitive processes.



## **6.2.62. Selection Procedures for Consulting Firms**

### **6.2.62.1. Shortlist**

The preparation of a Shortlist of firms to provide Consulting Services is required for all selection methods except CQS and Direct Selection. The Borrower prepares the Shortlist of firms that have expressed interest and have the relevant experience and managerial and organizational capabilities for the assignment.

The Shortlist shall include not fewer than five (5) and not more than eight (8) eligible firms. The Bank may agree to Shortlists comprising a smaller number of firms when not enough qualified firms have expressed interest in the assignment, not enough qualified firms could be identified, or the size of the contract or the nature of the assignment does not justify wider competition.

The following is not normally be included in the same Shortlist with private sector firms:

- a. UN Agencies; or
- b. SOEs or institutions and not-for-profit organizations (such as NGOs, and universities), unless they operate as commercial entities.

If such entities are included in the list, the selection should normally be made using QBS or CQS. The Shortlist shall not include individual Consultants.

### **6.2.62.2. Request for Proposals**

The Shortlisted firms are invited to respond to the request for proposals document using one of the approved selection methods. In determining the right selection method for Consultants, quality aspects are particularly critical. Selection based on lowest price only may not deliver the best VfM.

## **6.2.63. Market Approach Options**

### **6.2.63.1. Open Competition**

An open competitive approach to market provides all eligible prospective firms or individual Consultants with timely and adequate advertisement of a Borrower's requirements and an equal opportunity to provide the required Consulting Services. Open, competitive procurement approaches, including the advertisement for EoI, is the preferred approach for Bank-financed selection of Consultants.

### **6.2.63.2. Limited Competition**

Limited competition is competitive selection in which the Borrower prepares a Shortlist without advertisement. It may be appropriate when there are only a limited number of qualified Consultants that can carry out the subject assignment, or other justifiable exceptional reasons. Borrowers shall seek EoIs from a list of potential Consultants that is broad enough to ensure adequate competition.

### **6.2.63.3. Approaching the International Market**

An open international competitive procurement/selection market approach, with mandatory international advertisement in accordance with these Procurement Regulations, is used when the participation of foreign firms is most likely to achieve the best fit-for- purpose and VfM.

### **6.2.63.4. Approaching the National Market**

As agreed in the Procurement Plan, national selection through advertisement in the national



media/press may be used when the nature, scope, and/or value of the Consulting Services is unlikely to attract foreign competition and there are adequate qualified national Consultants to carry out the assignments. If foreign Consultants wish to participate in national selection, they may do so. When approaching the national market, the country's own procurement procedures may be used as specified in abovementioned paragraphs.

Particular Types of Approved Selection Arrangements

#### **6.2.63.5. Commercial Practices**

The same provisions apply as those for Goods, Works, and Non-consulting Services in previous paragraph.

#### **6.2.63.6. UN Agencies**

When agreed with the Bank, Borrowers may select UN Agencies directly, when they are uniquely or exceptionally qualified to provide technical assistance, advisory or technical services in their area of expertise, in particular in circumstances of urgent need of assistance or capacity constraints.

When entering into a contract with a UN Agency, the Borrower shall use a standard form of agreement between the Borrower and the UN Agency or a case-specific template approved by the Bank. In circumstances in which the Bank and a UN Agency have an established FA, the Borrower may take advantage of the FA when entering into a contract with the UN Agency.

#### **6.2.63.7. Non-profit Organizations**

Not-for-profit organizations such as NGOs may be uniquely qualified to assist in the preparation, management, and implementation of projects or carrying out other project activities, because of their involvement in and knowledge of local issues and community needs, or their participatory approaches. Such organizations may be included in the Shortlist if they express interest and if the Borrower and the Bank are satisfied with their qualifications. For these assignments, the Shortlist may be made up entirely of NGOs. In such a case, the procurement follows an appropriate selection method (QCBS, FBS, LCS, or CQS), based on the nature, complexity, and size of the assignment, and the evaluation criteria reflect the unique qualifications of NGOs, such as local knowledge, scale of operation, and prior relevant experience. Borrowers may also select the NGO on a single- source basis, provided the criteria set out for the direct selection of consulting firms above are met.

#### **6.2.63.8. Banks**

Borrowers shall use QCBS to select investment and commercial banks, financial firms, and fund managers hired for the sale of assets, issuance of financial instruments, and other corporate financial transactions, notably in the context of privatization operations. In addition to the conventional remuneration (a retainer fee), the compensation includes a 'success fee'. This success fee can be fixed, but is usually expressed as a percentage of the value of the assets or other financial instruments to be sold. The request for proposals document shall indicate whether the financial evaluation will take the success fee into account, either in combination with the retainer fee or alone.

#### **6.2.63.9. Procurement Agents**

When a Borrower lacks the necessary organization, resources, or experience, it may be efficient and effective for it to employ, as its agent, a firm that specializes in handling procurement. Procurement agents may be selected using QCBS or LCS. The procurement

agent shall conduct the procurement on behalf of the Borrower following all the procurement arrangements outlined in the Legal Agreement and Procurement Plan.

#### **6.2.64. Project Implementation Support Personnel**

Project implementation staff, individuals contracted by the Borrower to support project implementation, other than individual consulting positions identified in the Legal Agreement, may be selected by the Borrower according to its personnel hiring procedures for such activities, as reviewed and found acceptable by the Bank.

#### **6.2.65. Particular Type of Contractual Arrangements**

##### **6.2.65.1. Framework Agreement**

A Framework Agreement (FA) is an agreement established with firms or individual Consultants (panel of Consultants), as required over a specified period of time. The FA sets out terms and conditions under which specific Consulting Services (call-off contracts), can be provided directly or competitively throughout the term of the agreement. FAs may be appropriate for the recurring selection of Consulting Services or to consolidate requirements when different entities of the Borrower procure the same types of Consulting Services.

#### **6.2.66. Approved Selection Methods for Individual Consultants**

Individual Consultants are selected for an assignment for which:

- a. a team of experts is not required;
- b. no additional home office professional support is required; and
- c. the experience and qualifications of the individual are of paramount requirement.

When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it is advisable to employ a firm. When qualified individual Consultants are unavailable or cannot sign a contract directly with a Borrower because of a prior agreement with a firm, the Borrower may invite firms to provide qualified individual Consultants for the assignment. In all cases, individual Consultants selected to be employed by the Borrower shall be the most experienced and best qualified among the candidates, and shall be fully capable of carrying out the assignment. The evaluation shall be based on the relevant qualifications and experience of the individual Consultant.

##### **6.2.66.1. Open Competitive Selection of Individual Consultants**

Advertisement through REOIs is encouraged, particularly when the Borrower does not have knowledge of experienced and qualified individuals, or of their availability, the services are complex, there is potential benefit from wider advertising, or advertising is mandatory under national law. REOIs shall include complete TOR. Individual Consultants are selected from those that expressed interest in response to a REOI.

##### **6.2.66.2. Limited Competitive Selection of Individual Consultants**

When the Borrower has knowledge of experienced and qualified individuals and their availability, instead of issuing a REOI, it may invite those individual Consultants that it deems qualified to provide the required Consulting Services. The complete TOR shall be sent with the invitation. Individual Consultants shall be selected from those that expressed interest in response to the invitation.

**6.2.66.3. Direct Selection of Individual Consultants**

Individual Consultants may be selected on direct selection basis, with due justifications, under the following circumstances:

- a. tasks that are a continuation of previous work that the individual Consultant has carried out after being selected competitively;
- b. assignments with a total expected duration of less than six months;
- c. urgent situations; or
- d. when an individual Consultant has relevant experience and qualifications of exceptional worth to the assignment.

## CHAPTER 7 – CONTRACT MANAGEMENT

### 7. CONTRACT MANAGEMENT

#### 7.1. Responsibilities of the Parties

1. The two parties to the contract are the Employer and the Contractor.
2. The employer is responsible for defining the scope of the work, setting the standards to which the work shall be constructed and completed, providing possession of the site to the Contractor, making payments, approving any variations or design changes, coordination with other government agencies and getting clearances from them wherever mentioned in the Contract.
3. The contractor is responsible for construction methods, provision of competent and experienced personnel, supply and organization of labor, job safety, traffic management, environmental management and mitigation including clean-up operations, construction-related quality assurance and quality programs, compliance with all laws relevant to the work, and overall completion of the Contract Works. He will keep proper records including those for quality, inspection, rejection or rectification of work.
4. An engineer is a party mentioned in the Contract. The Engineer, as such, is the consultancy firm engaged by the Employer or any official of HPRIDC designated as such. The firm is, however, required to appoint a person to act as the Engineer and delegate to him the responsibilities to work and act on its behalf and carry out most of the functions related to the project. The consultancy firm may have internal regulatory and control arrangements with the said person and give him required directions.
5. The Engineer is responsible for administering the Contract, inspection of plant, materials, and workmanship, making measurements of quantities as work proceeds and making engineering decisions where ambiguities or unforeseen circumstances occur. He will act impartially, give proper and timely advice to the Employer/ Contractor to enable corrections during execution, and give reasons for his recommendations and decisions when called by the Employer. He will keep proper records including those for quality, inspection, rejection or acceptance of work, and make available such records as may be called for by the Employer.

#### 7.2. Land Acquisition, Forestry, and Other Clearances

The process of land acquisition shall be started by the Employer, through the Director (Projects), well ahead and completed entirely, or at least substantially, by the time contract is awarded. The Director (Projects) shall also pursue with the following departments for requisite clearances so that the progress of work is not impeded and incidence of delay claims by the contractor is avoided.

- Ministry of Environment and Forests for environmental clearance;
- Forest Department – Clearance and Permission under Forest Conservation Act for diversion of forest land and tree cutting and compensatory afforestation;
- State Mining and Minerals Department (Industries) for mining of earth and stone;

- Archaeology Department for clearance with respect to protected monuments and archeological structures;
- Industries Department for blasting permission, if required;
- Irrigation & Public Health Department and or Local Authorities such as Corporations/ Municipalities for relocating water supply and sewer pipelines, community handpumps, etc.;
- Telecommunication Department for re-locating telephone lines and poles;
- Himachal Pradesh State Electricity Board for shifting or removing of electricity poles, lines, etc.;
- Optical Fibre Cable Service (OPC) providers for cables;
- District Administration, for Rehabilitation and Resettlement (R&R) of persons affected by the project and Land Acquisition;
- Police Department for traffic control;
- Village Panchayats, Affected Communities/ Individuals for shifting of religious structures
- Ministry of Petroleum for adjustment in the sites of petrol pumps and gas lines; and
- Railways, for the conversion of level crossings into ROB/RUB, and laying of the project needed railway sidings.

### 7.3. Duties and Powers of the Engineer

The Engineer has no general authority to relieve the Contractor of any of his obligations. He may appoint and delegate, in writing with a copy to the Contractor, duties and/or authority to the Engineer's Representative (who may be called Resident Engineer). The Engineer may reject work despite the failure of the Engineer's Representative to do so. The Contractor may query any action of the ER/RE with the Engineer who may vary or overrule it. Various duties and powers of the Engineer are stated in the Conditions of the Contract and Construction Supervision Agreement. Under the contract, his three main functions are Approval and Acceptance, Evaluation, and Instructions.

#### 7.3.1. Approval and Acceptance

- a) Approval of the Contractor's program, his proposed methods of working, and cash flow statement;
- b) Approval of setting out of works;
- c) Temporary Works approval;
- d) Issue of Working Drawings;
- e) EMP-work program and procedures for EMP implementation;
- f) Acceptance of workmanship and approval of the quality of materials;
- g) Approval of measures to deal with problems such as unforeseen physical conditions or slow progress;
- h) Issue of certificates accepting the work as substantially complete and accepting the satisfactory completion of the maintenance period; and
- i) Application of the test of 'satisfaction' as the standard of compliance for all matters

pertaining to the Contract, including maintenance of records.

### **7.3.2. Evaluation**

- a) Explanation and adjustment of ambiguities, discrepancies, errors, and omissions in the Contract Documents;
- b) Assessment of whether physical conditions or artificial obstructions were 'unforeseen';
- c) Assessment of delays and evaluation of extra costs incurred by the Contractor;
- d) Allocation of liability of damage to the Works or public highways;
- e) Assessment of the rate of progress against completion date;
- f) Assessment of any extension to the Contract period;
- g) Measurement and valuation of Works for interim payment and final account The Engineer shall take measurements of the works independently and not through a different agency/subcontractors; and
- h) Evaluation of whether and how contract rates should be varied to take into account changes in the Works.
- i) Environmental Management Plan Compliance

### **7.3.3. Instruction**

- a) Giving the order to commence the Works;
- b) Issue of further drawings and variation orders to supplement, delete or modify any part of the Works;
- c) The suspension (for a limited period) of the works due to weather, the default of the Contractor, reasons of safety or the presence of unforeseen physical conditions;
- d) Direction to the Contractor in dealing with unforeseen physical conditions;
- e) Ordering removal and substitution of improper work and/or materials;
- f) Ordering corrective actions for any non-compliance with regard to EMP;
- g) Direction to the Contractor regarding the use of provisional or prime cost items in the bill of quantities; and
- h) The direction of the Contractor regarding the keeping and maintenance of particular contemporary records in connection with any claim.

### **7.3.4. Consultation with and approval of the Employer**

Consultation with the Employer, where required, shall be adequate and visible. In certain specified responsibilities, listed below, the Engineer is obliged to obtain prior permission and specific approval of the Employer before taking appropriate decisions.

- a) Issuing notice to commence the work;
- b) Consenting to sublet any part of the Works;
- c) Certifying additional cost on account of unforeseen physical obstructions and conditions;
- d) Determining any extension of Contract time;

- e) Ordering suspension of work;
- f) Fixing new rates or prices;
- g) Issuing orders for Special Tests not provided in the Contract;
- h) Issuing changes or additional Specifications;
- i) Issuing a variation except if such variation would be within the limits as indicated below;
  - i) Variation in individual BOQ Items: The 'Engineer' is authorized to issue variation order up to 25% of the value of the individual item or 1% of contract value whichever is less.
  - ii) New items (Non-BOQ items): Before issuing orders to execute new items of work (not BOQ items), 'Engineer' shall obtain technical approval from Employer.
  - iii) Subject to the provision under (i) & (ii) above, the 'Engineer' is authorized to issue cumulative variations up to a limit of 10% of the original contract value (less negative variations/savings). The overall limit shall apply collectively on all BOQ items as well as non-BOQ items and shall include all the variations issued till that point of time including those approved otherwise than by the Engineer. The overall limit shall be exclusive of escalation.
  - iv) Any variation beyond the above limits (individual items and overall variations) shall be approved by the Employer.
- j) Notwithstanding the obligation, as set out above, to obtain approval, if in the opinion of the Engineer for reasons to be recorded in writing, an emergency occurs affecting the safety of life or of the works or of adjoining property, he may, without relieving the Contractor of any of his duties and responsibilities under the Contract, instruct the Contractor to execute all such work or to do all such things as may, in the opinion of the Engineer, be necessary to abate or reduce the risk. The Contractor shall forthwith comply, despite the absence of approval of the Employer, with any such instruction of the Engineer. The Engineer shall determine an addition to the Contract Price, in respect of such instruction, in accordance with conditions of the contract and shall notify the Contractor accordingly, with a copy to the Employer.

Director (Projects) should send his report and detailed comments quickly whenever the Engineer seeks such approvals and ensure that all initial formalities are complied with. CMU Head should ensure that the requisite approvals are communicated to the contractor promptly.

#### **7.3.5. Other Responsibilities of the Engineer**

The Engineer has to perform several other duties stipulated in the Works Contract and Supervision Contract. These may include but not be limited to, the following:

- a) Prepare, in consultation with the Employer, a Construction Supervision Manual outlining routines and procedures to be applied in management, construction supervision and administration including EMP compliance. In order to ensure a minimum threshold for quality assurance by the contractors during construction the Supervision Consultants will prepare their project-specific Quality Assurance plans which will contain the following the guidelines contained in the Quality Assurance Manual;

- b) Assist/advise Employer for advance action to be taken to achieve different milestones for completion of the project as per schedule;
- c) Write a Daily diary to record all events and information relating to the administration of the Contract; which may at a later date be of assistance in resolving queries that may arise concerning the execution of the works;
- d) Prepare and issue monthly and quarterly progress reports along with detailed quality control test statement in an approved format;
- e) Advise the Employer on all matters relating to claims from the Contractor and to make recommendations thereon including the possible recourse to arbitration;
- f) Prepare quarterly cash flow projections for the Employer in an acceptable form, bringing out fund requirements;
- g) Update cost estimates at specified intervals (such as yearly/ quarterly completion/or at 50% and 100% completion stage);
- h) Make independent measurements and check all quantity measurements and calculations required for payment purposes
- i) Superintend and ensure performance by the Sub-contractors and Joint Ventures strictly as per approvals given and terms of the Agreement;
- j) Inspect the works during construction regarding safety, adequacy of methods of construction, quality, and deployment of the required materials and equipment;
- k) Inspect the works at proper intervals during Defects Liability Period, issue Defects Liability Certificate after rectification by the Contractor of possible defects, and issue final payment certificates;
- l) Verify and correct the 'as-built' drawings supplied by the Contractor;
- m) Advice and assist the Employer with respect to arbitration, litigation, if so required, and at the end of the job give complete handing over notes regarding pending differences, disputes, and claims;
- n) Maintain records of all plant, labor, and material used in the construction of the works;
- o) Assist the Employer in taking over from the Contractor each section in particular by preparing a list of deficiencies/defects which need to be corrected, and further assist with monitoring of the performance of the works during the Defects Liability Period;
- p) Prepare a Maintenance Manual outlining the routines to be adopted in each specific reach and for bridges and culverts including Environment, Health and Safety Aspects also);
- q) Assist the Employer in providing clarifications/explanations to observations made from time to time by Audit; and
- r) Provide, on agreed terms, other specialist services relevant to the project as ordered by the Employer.

#### 7.4. Commencement of Works

After signing the contract and issue of Letter of Acceptance, the following steps become mandatory:



- a) The Engineer instructs the Contractor to 'Commence the Works';
- b) The Contractor, within the stipulated time, submits to the Engineer for his consent:
  - (i) program in such form and detail as the Engineer reasonably prescribes; (ii) methods statement which the Contractor proposes to adopt for execution of the Works, and (iii) Quality Assurance Plan – only General Procedures at this stage; and
- c) The Employer provides the Contractor total or partial possession of the site.

## 7.5. Setting up of Milestones

'Deadlines' or 'Contractual Milestones' should be set up and tabulated to facilitate monitoring of the progress of work.

## 7.6. Quality Assurance

Quality Assurance should be put in place to (i) give confidence that performance at all levels and stages of construction are being managed appropriately, and (ii) provide documented evidence that all specified requirements are met. This will be achieved through a structured arrangement comprising the following elements.

### 7.6.1. Quality Assurance Manual (QAM) of the Employer

QAM of HPRIDC shall spell out the quality policy of the HPRIDC, the various duties of the contractors, the requirements of quality assurance as per ISO:9000-2001, working out of quality index, reference to IRC guidelines, requirements for ensuring compliance to environment, health and safety provisions, use of standard forms for different objectives, etc. This will set the minimum benchmark. The QAM of NHAI shall be followed in principle for HPRIDC.

### 7.6.2. Supervision Manual of the Supervision Consultant

This will be job-specific and elaboration of QAM as applicable to that job. It will embrace the consultant's arrangements for quality assurance, his internal quality audits, the various approvals to be obtained from time to time for different items, process and methods for EMP implementation non-conforming procedures, detailed Performance or documentation, etc.

### 7.6.3. Quality Management Plan (QMP) of the Contractor

QMP to be submitted by the contractor for the subject work will detail his own quality control measures and quality organization, both on and off the site, detailed methodology (to be got approved from the Engineer) for different items, including compliance of environment, health and safety provisions, describing various processes, controls, equipments to be used, calibration, site laboratory, non-conforming procedures, handling and storage, and such other site requirements to ensure quality product.

### 7.6.4. Quality Audit

It will be an independent examination to determine whether quality activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.

### 7.6.5. IRC Publications

Indian Roads Congress has published two guidelines, which can be referred to,

- a) IRC: SP: 57-2001 'Guidelines on Quality Systems for Roads'
- b) IRC: SP:47-1998 'Guidelines on Quality Systems for Road Bridges (Plain, Reinforced,

Prestressed and Composite Concrete)’

## **7.7. Quality Management Plan**

### **7.7.1. General**

Quality Management Plan to be established by the Contractor should give written description of (i) site management structure and the particular responsibility of each individual (ii) appropriate general procedures (iii) specific work procedures (iv) individual quality plans for important packages of work listing quality requirements including any inspection tests or hold points. The Employer should see that the Plan is effective.

### **7.7.2. Design**

Where contractor-designed items and temporary works design are required, appropriate procedures will be written. These should cover design criteria, the process of design, and design checks. The procedures will be structured to comply with relevant standards and codes of practice.

### **7.7.3. Inspection, Measuring and Test Equipment**

The contractor should control, calibrate and maintain all his inspection, surveying and test equipment. He should ensure that such equipment employed by his sub-contractors is, likewise, adequately controlled.

### **7.7.4. Construction Control and Inspection**

Control of quality will be achieved by proper implementation of procedures, method statements, and works instructions. The contractor's quality program shall provide for inspection to be carried out during construction on all the important items which cannot be checked at a later stage. Checklists shall be provided for such inspections.

### **7.7.5. Workmanship**

Workmanship shall be as per approved methodology and established standards and codes; and where standards are not available, then as per approved samples.

### **7.7.6. Purchasing**

The Contractor shall establish and maintain documented procedures to ensure that: (i) all purchased products conform to specified requirements; (ii) they are handled, stored, combined with other products, installed and used in accordance with the manufacturer's recommendations and (iii) the materials are compatible with the other products and works

### **7.7.7. Product Identification and Traceability**

The Contractor shall maintain data and documentation that allow product identification and tractability during all stages of production, delivery, and construction. The Contractor shall identify all samples and test results with the field locations to which they relate. Work under the Contract shall be subdivided into lots or discrete work areas and controlled in accordance with the Engineer's requirements.

### **7.7.8. Process Control**

The Contractor shall identify all factors affecting the quality of the product, and plan the production, installation, and processes to ensure that these are carried out under controlled conditions. The Contractor shall document the decisions on the requirement and content of the Technical Procedures or Process Control Plans.

### **7.7.9. Inspection and Testing**

The Contractor shall establish Inspection and Test Plans for all manufacturing and construction activities in order to verify that the specified requirements are met. The sequence of all activities identified in the Inspection and Test Plans shall be concisely described in the process control documentation or by a process flow diagram.

The Engineer shall be given access, in conjunction with or through the Contractor, to all laboratories and other facilities used for quality control inspections and tests. The Contractor shall establish and maintain a system to ensure and demonstrate that all products or parts of products requiring inspection and/or testing are so inspected and/or tested.

The frequency of testing shall be appropriate to verify conformity and shall not be less than stated in the specifications. Where no minimum frequency of inspection or testing is stated in the Specification, the Contractor shall nominate appropriate frequencies in the Inspection and Test Plan(s), to be approved by the Engineer.

### **7.7.10. Inspection and Test Status**

Records shall be maintained to identify inspection and test status of all works under the Contract.

### **7.7.11. Control of Non-conforming Product**

The Contractor shall establish an appropriate method for identification and control of all occasions where the product/work or service fails to pass any inspection or test in accordance with the deemed acceptance criteria.

Where conformity cannot be achieved either by reworking or repair, the Contractor shall notify the Engineer of the non-conformity and record it in an appropriate register. The non-conformance report will indicate the proposed disposition, calculations of any deductions, and when the disposition is to be undertaken.

If surveillance or an audit by the Engineer indicates a non-conforming product that has not been addressed by the non-conformance report by the contractor, the engineer will issue a non-conforming product notification. A non-conforming product/work shall neither be covered up nor be further built-in unless a disposition has been accepted by the Engineer and implemented by the Contractor.

### **7.7.12. Preventive and Corrective Action**

The Contractor shall review, analyze and record the cause of all detected non-conformities and develop corrective action to eliminate the cause of non-conformities. This shall include both the determination of immediate action to prevent a recurrence, as well as long-term corrective action.

### **7.7.13. Control of Quality Record**

The Contractor shall establish and maintain documented procedures for identification, collection, indexing, access, filing, storage, maintenance and disposition of quality records. Quality records shall be maintained to demonstrate conformance to the required quality and the effective operation of the quality system. In the case of nonconformities, records of repair, rectification, retesting, inspection and acceptance shall be kept.

The records shall be so stored and maintained that they are easily retrievable, and are inappropriate facilities/environment to minimize deterioration or damage, and to prevent loss.

The Contractor shall make the quality records available to the Engineer at all reasonable times, and were requested by the latter, permit him to make copies.

### 7.8. Work Programme

The Contractor will, within the specified period, prepare a construction program for submission to and approval of the Engineer. The program should show the proposed order of work and dates for commencement and completion of various stages. The program should include:

- a) Bar Chart showing proposed month-wise execution of quantities of principal items of work; and
- b) Critical Path Method/PERT analysis of various activities from start to completion.

The program shall be:

- a) complete (i.e. include all activities along with EMP compliance actions);
- b) accurate (activities are properly sequenced);
- c) based on the resources and equipment deployed and their efficiency;
- d) related to the site conditions;
- e) able to show realistic reductions of the output of relevant activities during the monsoon period;
- f) not structured in a manner as to exploit any pending action on the part of the Employer; and
- g) designed to provide for periodic updating.

### 7.9. Revised Programme

If the progress of work is falling significantly behind schedule or the Contractor is not following the program, the Contractor shall produce, at the request of the Engineer, a revised program showing modifications to ensure completion of the Works within the Time for Completion. Impliedly, the revised program will contain all the supporting details of revised resources.

### 7.10. Methods Statement

- a) The Contractor shall provide a general description of the arrangements and methods he proposes to adopt for the execution of the works for approval of Engineer beforehand. These would include an environmental management plan during the construction stage and traffic diversion/opening of roads as temporary measures.
- b) These methods statement shall be written in the form of various steps in the required sequence, supplemented by sketches where necessary, and shall be self-explanatory. No change shall be made by the Contractor from the approved procedures without first obtaining the approval of the engineer to the proposed changes. List of principal activities and their expected form of detailing is given in Table B.
- c) The consent of the Engineer to the Programme and Methods Statement did not relieve the Contractor of his contractual responsibilities.

### 7.11. Traffic Safety

The maintenance of the existing road, as well as safety during construction, has to be maintained by the contractor with utmost sincerity. Only because some of these items are

not part of BOQ but incidental to main work, the contractors should not shirk their responsibility for maintenance and safety. The Engineer has to satisfy himself as well as HPRIDC or Agency about the compliance of the safety and maintenance requirement.

In case of noncompliance by the contractor or the supervision consultant, an amount of 1% should be withheld from each IPC payment or monthly invoice of the consultants, as the case may be, released only after the measures as per contract provisions are taken. In spite of this, if adequate traffic safety measures are not taken by the Contractor, appropriate action may be initiated as per the contract.

## **7.12. Approval of Quarries, Borrow Areas and Materials**

### **7.12.1. Quarries and Borrow Areas**

The Contractor will obtain approval of the Engineer for each quarry and borrow area to be used in the Project prior to the commencement of quarrying and/or borrow area excavation activities. The Engineer should consider, inter alia, the following aspects before granting approval:

- a) the Contractor has legal approval by the owner to excavate/remove materials from the proposed quarry/borrow area;
- b) any statutory permission required from the Government has been obtained;
- c) the proposed materials meet specification requirements;
- d) the Contractor submits an acceptable 'Environment Management Plan' for development, use and closing down of the proposed quarry/borrow area, together with any other approvals or documents that may be required from the concerned authorities; and
- e) the Contractor gives an undertaking that he will pay all royalty and other levies/dues.

Based on the proposal of the Contractor, and receipt of site inspection report of the Engineer's team, the Engineer will: (i) approve the proposed quarry/borrow area, or (ii) give approval subject to one or more required changes, or (iii) ask for a revised proposal, giving details of required changes, and additional requirements, or (iv) reject the proposed quarry/borrow area.

## **7.13. Materials**

All materials (whether natural, processed, manufactured, or designed) proposed by the Contractor to be used on the Works shall be first got approved from the Engineer to comply with the requirements of Specifications. Approval of natural materials will be done first by approving the quarry or borrow area, and then on the basis of test results meeting the specifications and trial results.

Approval of processed materials will be done after they meet the test results, and have evidence of satisfactory production and storage conditions. Approval of manufactured materials will be based on the submission of appropriate test results by the manufacturers, and then on positive results being obtained for acceptance.

Approval of the designed materials (like, concrete mix, bituminous mix) will be done stage-wise, involving approval of: the source of quarries; the individual processed material; laboratory-based mix design; plant mix design; trial section and finally, successful laying in accordance with the approved methodology, conformance to quality control requirements and

tests as per provisions of the Specifications.

Following initial approval, the quarries, borrow areas and materials shall be continuously monitored by the Engineer to ensure continued adherence with the design Specifications. If and when the materials fall outside the acceptance criteria the situation may call for: (i) changes in the quarries/borrow areas; (ii) modifications of the process and/or design in the case of processed or designed materials, and (iii) change of source of procurement in the case of manufactured materials.

#### **7.14. Compliance with Laws**

- In carrying out the Contract, the Employer and the Contractor, in their respective areas of performance, shall comply with the provisions of all statutes, regulations, and bylaws of the Union Government, the State Government, Local Bodies and other public authorities that may be applicable to the Contract Works. A list of existing Acts and regulations which are relevant to road construction is given below in Table A.
- The Contractor shall give all notices and obtain all other necessary permits and approvals as may be required for the construction of the Contract Works' and shall pay 'for all such permits and approvals. Add here – list all main/standard requirements (and say not limited to)
- The Engineer will check the above and ensure compliance. The CMU head will test check and monitor.

#### **7.15. Delay Administration**

A system should be set up whereby all delay, alleged delay, a notice of delay, variations that conceivably cause delay, hindrances, and obstructions, lack of possession of the site, etc. are recorded.

#### **7.16. Extension of Time (EOT)**

EOT must not be left to the end; it should be dealt with promptly during the progress of the contract. For ongoing critical delay, there are provisions for interim EOT to be awarded. While granting Extension of Time, the following may be kept in view.

- a) Is there a delay in a particular work front/activity?
- b) What/Who caused the delay? Is it eligible for consideration of the extension of time?
- c) Does the cause reasonably justify an extension of time? To qualify for an extension of time, the delay must affect an operation critical to the Contractor's completion time. The decision should be taken as the work progresses, depending on developing events and circumstances, without waiting for substantial completion. If the event such as fairly entitle the Contractor to an extension of time for completion of Works, or any Section or part thereof, the Engineer shall, after due consultation with the Employer and the Contractor, determine the amount of such extension and notify the Contractor accordingly, with a copy to the Employer.

##### **7.16.1. Concurrent Delays**

Concurrent delays may occur when two or more events responsible for delay overlap each other. The delays may be attributable to the Employer or the Contractor or none and fall in the categories of excusable, compensable, or inexcusable. The eligibility for extension of time should be determined by plotting on the critical path each concurrent delay. The employer

should see that the concurrent delays do not result in an unnecessary extra extension of time.

#### **7.16.2. Authority for approval of Extension of Time (EoT)**

Proposals for grant of EoT shall be considered and approved as per powers delegated in Chapter 4 of this manual.

### **7.17. Liquidated Damages (LD)**

The rate of Liquidated Damages is stipulated in the Contract for each day of delay caused (1/2000 of Contract price per day delay), with a maximum amount not exceeding 10%. The Employer may, without prejudice to any other method of recovery, deduct the number of such damages from any money due or to become due to the Contractor. The payment or deductions shall not release the Contractor from his obligation to complete the work or any other of his obligations and liabilities under the Contract.

There may be situations where completion is not achieved within the stipulated time because of delays attributable to the Employer. These may be denial of access to the whole or part of the site; failure to provide design and drawings at the stage when these were required by the Contractor; delay in giving timely instructions; refusal or denial to pay due and legitimate payments; holding up amounts on account of non-sanctioning of rates of extra/varied items; failure to abide by the contractual duties etc. In such situations, the Contractor may not be liable for the recovery of any liquidated damages.

### **7.18. Time at Large**

Time becomes at large when the obligation to complete within the specified time for completion of a contract is lost. Before the expiry of the originally stipulated date of completion, the Employer should extend the currency of the Agreement and set a new time limit for completion and make the extended time as the essence of the contract, without prejudice to his right to recover damages as per the contract.

### **7.19. Payments and Certificates**

The basis of all progress payments is a determination in the field of actual quantities of work that have been accomplished as stated by the Contractor in his request.

#### **7.19.1. Interim Payment Certificates (IPC)**

- a) At a prearranged date each month, the Contractor will submit a statement in such form as the Engineer from time to time prescribe, showing the amounts to which the Contractor considers himself entitled up to the end of the month.
- b) The Engineer's tasks in checking the progress payment submission will include the following:
  - i) Quantity of work actually completed as of agreed 'cut-off' date Field measurements of quantities of work completed or claimed
  - ii) Inventory of equipment and materials delivered to site but not yet used in the work (Materials on site)
  - iii) Review of claims for extra work
  - iv) Check of retention amount and other recoveries
  - v) Review of variations -whether these have been approved by Employer. If not, Provisional rates to be used until final valuation sanctioned by Employer



- vi) Price Adjustments - The Engineer will not be bound to certify any payment if the net amount thereof, after all, retentions and deductions, is less than the minimum amount of interim payment certificate, if any, specified in the Contract.
- c) Interim monthly payments will be based on the Interim Payment Certificate processed by the Engineer following bills filed by the Contractor. The Supervision Consultant will ensure proper record of measurement/ check measurement as specified. The SC will also check EMP compliance and performance at this stage.
- d) The Engineer will send the Interim Payment Certificate to the Director (Projects) for approval and subsequent payment. Payments will be net of (i) retentions and recovery of advances at the rates prescribed in the Contract (ii) statutory deductions (works tax, income tax, others).

#### **7.19.2. Final Payment Certificate**

The Final Payment Certificate shall be issued as required under the Conditions of Contract. This shall be done when, on completion of the Defects Liability Period, the Contractor has submitted the following:

- a) The final statement of the value of work done by him and any further sums due to him; and
- b) Written Discharge confirming that the total of the Final Statement represents the full and final settlement of all sums of money due to him.
- c) Actions were taken with regard to pending (if any) EMP Compliance

### **7.20. Variations**

#### **7.20.1. General**

- a) Variation means: (i) increase or decrease in the quantity of any work included in the Contract; (ii) omission of any such work (but not if the omitted work is to be carried out by the Employer by another contractor); (iii) change in the character or quality or kind of any such work; (iv) change in the levels, lines, position and dimensions of any part of the Works; (v) additional work of any kind necessary for the completion of the Works; and (vi) change of the specified sequence or timing of construction of any part of the Works.
- b) The variation or additional work must be a necessary part of the scope of the original works. The variation may result in additional or reduced payments to the Contractor or there may be no price change at all.
- c) It is important to have a written procedure for the issuing of a variation instruction. Once it is decided that a variation is required, the instruction should be issued promptly to minimize any adverse effect on the overall works.
- d) Before a variation can be instructed to the Contractor, prior approval from the Employer is needed, except for certain situations as may be specified in Special Conditions of the Contract.
- e) The rate/price/valuation does not have to be agreed with the Contractor, although this is preferable.
- f) Any change in 'Approval for Construction' drawings should be evaluated properly and its full financial implications worked out at that very stage for submission to the



appropriate authority for approval.

- g) In case there are changes in ground levels from those shown in the approved drawings, they shall be agreed in writing, jointly by the Contractor, Engineer, and CMU head. Also, CMU Head will send a report to the Head Office for considering whether any action lies against the design consultant for non-conformity of the levels as shown by him in the drawings and those actually obtaining.

### **7.20.2. Keeping Track of Variations**

Variations Register shall be used to administer and keep track of the status of a variation. This shall cover the following important steps:

- a) Employer's prior approval of the issue of the variation instruction;
- b) Engineer's instruction to the contractor (this letter creates the variation). Particular details of a variation are not entered into the Variations Register until the day the instruction is issued. Prior to that it is only a 'proposed variation' and is tracked/administered in a separate register;
- c) The variation instruction letter must be given a unique variation number and details entered into the variation register;
- d) The register is updated at the end of each month and summarized on one sheet 'Variation Status' so that the three involved agencies are aware as to what work needing action is held up with each of them; and
- e) The financial implications are kept up to date.

### **7.20.3. Valuation of Variations**

Variation instructions for modified, new or additional work involving extra cost shall be valued as per the procedure set out in the relevant Clause of the Contract. The following are the steps to be taken by the Engineer:

- a) to form an opinion as to the applicability of the rates in BOQ;
- b) if considered applicable, to use BOQ rates;
- c) if not considered applicable, to use BOQ rates as the basis for valuation;
- d) in the event of disagreement, to consult with Employer and Contractor to try and agree on suitable rates; this means developing new rates from first principles;
- e) if disagreement, to fix appropriate rate; and
- f) to determine provisional rates to allow monthly certification.

In making his recommendations, the Engineer should give the Contractor the opportunity to state his case and, if he considers the BOQ rate to be inappropriate, to present his proposals as to how the rate should be adjusted or what basis should be used to assess a new price. For his part, the Contractor must support his submission with full particulars including, where applicable, detailed cost breakdown of any rate in the Bill of Quantities.

The Employer must also be consulted with. The Employer should ensure that the above procedure has been duly followed and appropriately explained by the Engineer in his recommendations before he approves the variation. Where it is reasonable to value at the BOQ rate or some modification of it, any stance by the Contractor that the tendered price may be 'wrong' or deliberately set low is irrelevant.

The threshold level of the value/ quantity of a varied item below which a variation will not merit re-fixation of rate or price should be specified.

#### **7.20.4. Procedure for approval of variations**

The procedure/delegation of powers for approval of variations shall be inferred from the delegation of power prescribed in chapter 4 of this manual.

### **7.21. Site Order Book and Inspection**

At each site of work, a proper 'Site Order Book' shall be maintained by the supervision consultant. The inspecting authorities shall record their observation of site inspection in the site order book duly dated and initialed.

Inspection notes for the inspection of the work carried out by CMU Head or any officers from HQ shall formally be issued indicating the quality aspect and variation ordered at the site after obtaining approval of the competent authority wherever required as per the procedure mentioned below. The Supervision Consultants may get the oral order of the inspecting authority confirmed subsequently.

Frequent inspection of works by the HPRIDC officers from Headquarters is essential for effective monitoring of the projects. The following guidelines are prescribed in this regard.

- a) MD may inspect the projects under their jurisdiction at least once in a quarter.
- b) Either the Director (Projects) or Executive Director (Construction Management) may inspect the projects under their jurisdiction at least once in a month
- c) Inspection report/ Tour observations should invariably be issued within seven days of the completion of the Inspection. For inspection by Director (Projects)/ Executive Director (Construction Management), the tour report may be got approved from MD. The inspecting officer shall, along with the inspection of works, also inspect the functioning of the Supervision Consultant.

Quarterly Review Meetings of the works may also be carried out, either at the project site or Headquarters by the Director (Projects), representatives of the Contractors and representatives of the Supervision Consultants. Minutes of the review meetings shall be issued with the approval of the MD.

### **7.22. Daywork**

The Engineer has the option of ordering any variation of minor nature to be paid for at Daywork rates. When the work is executed at Daywork rates, the Engineer is effectively hiring the Contractor's plant, labor, and material. The cost of any inefficiency, wasted time or lack of full effort is now borne by the Employer. The Engineer should take a close interest in the operational control of all Daywork activities to avoid uneconomic working or inefficient use of resources.

### **7.23. Substantial Completion, Taking-Over Certificates, Defects Liability Period**

#### **7.23.1. Substantial Completion**

It means that stage in the execution of the work under the contract when the Contract Works are complete except for minor outstanding items and minor defects: (a) which in the opinion of Engineer the Contractor has reasonable grounds for not promptly correcting; (b) which do not prevent the Contract Work being used for their intended purpose, and (c) rectification of

which will not prejudice the convenient use of the Contract Works.

Substantial Completion is generally taken to refer to a sufficient degree of completion to enable the Employer to take beneficial use of the works concerned. 'Substantial completion' must be kept distinct from the completion of 'the Works' or of 'the Contract'. The same principle should be used to define substantial compliance of 'EMP provisions'

The phrase 'substantially complete' needs to be interpreted judiciously. Minor outstanding items, surface finishes for instance, or the removal of certain types of temporary works may not generally prevent the issue of the Taking-Over Certificate, nor should small defects, for the contract covers their completion or correction. The material consideration is whether or not the incomplete work impairs the safe and effective use of the Works, including the consequences to the Employer, and perhaps the public if they are to have access, to accepting the works in that state.

The engineer's decision in the matter of deciding substantial completion shall be final.

#### **7.23.2. Taking-Over Certificate (TOC)**

The Engineer is empowered to issue a 'Taking-Over Certificate'. The Contractor shall notify the Engineer when he believes the work to be complete and the Engineer will either agree and so certify, or specify the works necessary to be completed before substantial completion. In the latter case, the Contractor receives his certificate within the specified period of completing the listed work.

Taking-Over Certificate may be issued in respect of specified sections or part of the Works, which are either complete or are incomplete but have been taken over by the Employer.

#### **7.23.3. Hand-over to Employer**

On the issue of the Taking-Over Certificate, the Employer is responsible for the road section and for maintaining it, unless it is the Contractor's responsibility to maintain it.

#### **7.23.4. Outstanding Work**

On the issue of the Taking-Over Certificate, the Engineer will send a complete and accurate list of any outstanding work (including compliance with regard to EMP provisions). The GM of CMU should also satisfy himself in this regard.

#### **7.23.5. Defects Liability Period (DLP)**

This period is named in the Contract. It starts from the date of substantial completion stated in the TOC. If there is more than one TOC, then there are different Defect Liability Periods for the different sections/parts taken over.

#### **7.23.6. Completion of Contract**

The Contract is not to be treated complete until a Defects Liability Certificate has been issued. There will be only one Defects Liability Certificate. It will be issued when the Contractor has completed all his obligations under the Contract, viz.

- a) completion of all the physical works absolutely, down to the last minor item, including site clearance;
- b) remedying of all the defects for which the Contractor is responsible; and
- c) fulfillment of all other obligations, such as submission of approved 'as-built' drawings, manuals, warranties, etc. as may have been specified.

## 7.24. Claims

### 7.24.1. Various reasons for claims

Claims may arise for various reasons, such as:

- a) construction drawings may include more or fewer details or perhaps increased or decreased quantities of work than could be anticipated from the tender drawings, or may cause a different construction method to be used;
- b) ambiguities or discrepancies in the contract documents which cannot be mutually agreed by referring to conditions of contract ' Priority of Contract Documents';
- c) differences over the valuation of variations;
- d) unforeseen conditions, such as adverse physical obstructions or unexpected conditions encountered during construction, which could not have been reasonably foreseen by an experienced Contractor when tendering;
- e) effect of war, rebellion, actions of third parties and the effects of weather;
- f) delays in giving possession of the site, issuing 'approved for construction' drawings, and Employer supplied materials or services;
- g) unwarranted work rejection, necessitating removal and re-execution;
- h) acceleration claims when events would have fairly entitled a Contractor to an extension of time, but no extension has been granted, the Contractor may claim extra costs because he has to accelerate to meet the original contract time requirements;
- i) disruption claims, when the contractor would allege that because of the combination of numerous variations and directions, general disruption has taken place, which in effect makes the tendered BOQ rates null and void;
- j) carrying out additional tests not envisaged in the contract, which either impose higher standards or which are found to finally show the materials, plant or work to be in accordance with the provisions of the contract; and
- k) bonus claim, if any.

### 7.24.2. Procedure for Claims

The Contract sets out a disciplined manner of dealing with claims. Claims procedure prescribes time for the notification and substantiation of claims and requires contemporary records to be kept. If such records are not kept, the Contractor may be limited in his entitlement.

In the first place, the Contractor is required to give notice to the Engineer within specified days of the occurrence of the event, giving rise to the claim. This is a practical requirement. The event has taken place, the Contractor is required to maintain contemporary records. At this stage, the Contractor can call upon the Engineer to inspect such records and state if he (the Engineer) requires other records to be kept. In this manner, the Contractor can satisfy himself that the records he is keeping will be suitable for the Engineer to evaluate the claim in due course.

If the circumstances giving rise to the claim are not continuing, the Contractor has the obligation, and also the benefit, of submitting his claim to the Engineer for agreement or discussion while the event is still sufficiently recent for site personnel to have the facts at their fingertips and the records readily available. If the circumstances are continuing the Engineer

will inspect the records at reasonable intervals and raise any points with which he disagrees or on which he wishes to have further information when he inspects the records.

The Engineer will furnish all the data and his recommendations to the CMU Head who will forward the case to Head Office for decision.

### 7.24.3. Claims Register

A register will be kept to keep track of claims. Entries are to be made once the Contractor notifies the claim. The register needs to be kept up to date as to the progress of each claim, status, action required, etc. Review and updating should be once a month by the Engineer and the CMU Head.

## 7.25. Records

Proper records shall be kept in an easily retrievable form for any future reference. They may be needed for resolving/ defending claims. They are also important as, very often, new people may have to analyze and make recommendations on the claims and defend in arbitration proceedings. The list of records to be maintained will depend on the type and nature of work, amount of delegation and channels of communication. However, the records that are regarded as fundamental are enumerated below.

### 7.25.1. Site Supervision Records

These may include *inter alia*, the following:

- a) All correspondence between the Engineer and the Contractor including site instructions, approval forms, etc.;
- b) All correspondence between the Supervision Consultant, the Employer and 'third parties';
- c) The minutes or notes of every formal meeting;
- d) Measurement records, such as dimension books, timesheets, delivery notes, etc.);
- e) Day work records as submitted and as corrected;
- f) Contractor interim statements, as submitted with copies of all supporting particulars, as corrected Contractor's statements and interim certificate;
- g) Level and survey book, covering checks on setting out and completed work;
- h) Laboratory results and any other testing data;
- i) Progress Photographs;
- j) 'Approved for Construction', Revised, 'As-Built' Drawings;
- k) Administrative records such as leave and sickness returns, accident reports, etc.;
- l) Personal site diaries;
- m) EMP compliance - inspection registers/diaries and
- n) Record of site approvals.

### 7.25.2. Daily Diaries

One of the most important records kept on the site is the 'Daily Diary'. The purpose is to have information for use in the determination of claims, disputes, and arbitration, should the need arise. Daily diaries will include weather records, the progress of work activity-wise, work or

material rejected with reasons machinery deployed, logbooks of machinery, manpower employed category-wise, payment record, official visits and inspections, unusual conditions, problems encountered, materials or equipment delivered to site, length and cause of any delay, etc.

#### **7.25.3. Personal Diaries**

A daily personal diary concerning work activities/happenings should be issued to and maintained by each member of the Supervision Consultant's field staff. This book is an important and basic document and should be neatly and accurately recorded. Entries should be made every day, whether or not work was performed. Such diaries need to be checked, collected and stored.

#### **7.25.4. Field Office Records**

All field office records should be kept up to date and should be maintained for ready reference at the job site during the construction phase of the project. Upon completion of the work, the records should be turned over to the Supervision Consultant's Main Office, who will retain some and forward others to the Employer for retention. The field office records should include Correspondence, Drawings, Reports, Samples, Operating tests, Material tests, etc.

#### **7.25.5. Miscellaneous Reports**

There are numerous types of individual records that are important to log and retain for future reference. Many of the records that must be maintained are primarily of a technical nature. No detailed coverage is possible. However, as a reminder, the following will serve as a partial list of some of the many technical records that must be maintained on a job, as applicable.

- a) Manufacturer's certificates for a product;
- b) Laboratory test certificates;
- c) Temporary Works approval;
- d) Concrete transit-mix delivery tickets;
- e) Records of pile driving;
- f) Record of inspection of structural welding;
- g) Fabricating plant inspection reports;
- h) Concrete batch plant daily reports;
- i) Concrete mix designs;
- j) Concrete placing reports;
- k) Concrete placement checkout sheet;
- l) Grouting reports;
- m) Embankment placing reports etc.;
- n) Field investigating reports; and
- o) Defects/non-conformance reports

#### **7.25.6. Project Photographs and Videos**

Photography and Videos will be used as evidence of site conditions before starting work, to document construction progress, technical detail, a record of important events, types of

materials, methods of installation, any damages such as because of a flood, and similar tasks. They will also be useful aids for presentation.

#### **7.25.7. 'As-Built' Drawings**

On completion of the Works or Section thereof, the Contractor has to furnish to the Employer 'As-Built' drawings at his own cost. The contract may have a provision that in the event of Contractor's failure to furnish the 'As-Built' drawings by the specified date, Taking-Over Certificate shall not be issued by the Engineer. The other provision could be that the amount specified in the Contract shall be withheld from payments due to the Contractor. Action will be taken by the Engineer in accordance with the actual provision. 'As-Built' drawings shall be in the form of hardbound copy and soft copy.

#### **7.25.8. Registers**

The use of registers to summarize track of records is a necessity. One can invent/add registers as required.

#### **7.25.9. Meetings**

The Engineer will organize regular site meetings with the Contractor to review progress and Contractor's work methods, take stock of problems, discuss variations and claims, and to decide who is to take the next action and when. Similarly, the Employer may hold a formal contract (project) review meetings. The Engineer should attend all such meetings, fully prepared to take notes of the business transacted at each meeting. Minutes of any officially called meetings should be accurately recorded, distributed and agreed with all parties concerned as being a true record.

### **7.26. Termination of the Contract**

The Contract empowers the Employer to terminate the employment of the Contractor and lists the consequent steps required to be taken. The power arises if the Contractor: (i) has become insolvent, or (ii) has seriously or repeatedly breached the contract, or (iii) has failed to obey instructions about his progress or defective work, material or plant, or (iv) is in breach of the prohibition against subcontracting, or (v) has committed fraud. The defaults of the Contractor also include:

- a) failure to supply sufficient and suitable constructional plant, temporary works, labor; material as proposed in the work program;
- b) substantial suspension of work for more than the specified days without authority from the Engineer and failure to proceed with the work within the specified days of receipt of notice from the Engineer; and
- c) failure to comply with the requirements regarding joint ventures.

If insolvency occurs in one of the listed firms or if the Engineer certifies one of the heads of default, the Employer can give two weeks' notice before terminating the contract and taking over the site. The Employer is then free to complete the works himself or with another contractor and uses the Contractor's materials, equipment, temporary works as he/they think proper.

If termination is because of a fundamental breach on the part of the Contractor, the Engineer shall issue a certificate for the value of work done, deducting therefrom the amounts in respect of (i) advance payments; (ii) any recoveries; (iii) taxes as due, and



(iii) percentage to apply to the work not completed as indicated in the Contract Data. If the total amount due to the Employer exceeds that due to the Contractor, the difference will be a debt payable to the Employer.

If termination is because of the Employer's convenience or fundamental breach on his Part. The Engineer will certify the value of works executed, the value of any materials lying at site, reasonable cost of removal of equipment, repatriation of project staff, cost of protecting and securing the works and deduct therefrom: (i) pending advances; (ii) other recoveries, and (iii) taxes as due.

### **7.27. Financial Control**

Besides administering the Contract as regards to its quality and completion, the Engineer will regularly assess the financial position and exercise financial control. He will update on quarterly basis cash flow projections, and the cost estimates yearly/quarterly milestones, and submits them to the Employer. Variations should be to achieve economical completion of the Work, and not to result in avoidable higher rates or costs.

In case of a significant number of variation orders or unexpectedly rapid cost escalation, the update may be done more frequently. The financial statements should bring out comparisons of the initial estimated/ tendered cost with the actual - component-wise and activity-wise - both in respect of quantities and value. The employer should examine these statements critically. If the excess is likely to happen, it should be anticipated, and a revised estimate of cost prepared, with full explanations, for approval by the competent authority.

### **7.28. Bonus**

The bonus may be provided if urgency is attached to the project. It should be, if the Contractor completes the Whole of the Works prior to the Intended Completion Date, a sum stated in Contract Data as a bonus for every completed month which shall elapse between the date of completion of the Works and the said date. No allowance with regard to the original date will be made for any variations ordered or extension of time granted. Any period short of the completed month will be ignored. The maximum limit of bonus will be as specified in the Contract Data.

The following clause will be included in the Bidding Document for the civil work contracts:

"if the contractor achieves completion of the whole of the works prior to the specified period of completion from the date of commencement, the Employer shall pay to the contractor a sum of One percent of the initial contract price as bonus for every completed month (part of month to be excluded) which shall elapse between the date of completion of all items of words as stipulated in the contract including variations ordered by the Engineer and the specified period of completion limited to Six percent of initial contract price. In case of time extension for any reason, bonus for early completion considering the extended time shall NOT be payable."

### **7.29. Performance Appraisal of Contractors**

The performance evaluation shall be carried out for contractors. Any firm or individual not achieving a 70/80% satisfactory rating in their performance should not be allowed to bid in future activities of similar nature unless the improvement in performance for small activities. The operations manual may contain a scoring format for the performance evaluation.

A confidential report of the Contractor regarding his performance will be prepared by the



Engineer. The report should, *inter alia*, bring out:

- i. Ability to understand and willingness to carry out instructions;
- ii. Implementation of quality assurance plan;
- iii. Compliance with contractual provisions, labor laws, environment, health and safety rules;
- iv. Deployment of the required equipment, key personnel, and finances;
- v. Any complaint regarding unauthorized subletting, subcontracting, performance of JV;
- vi. Satisfactory rate of progress and completion, except for reasons or delays not attributable to him;
- vii. The imposition of any penalty, liquidated damages, suspension, termination, or expulsion/removal of staff; and
- viii. Overall assessment.

The report will be signed by CMU Head and submitted to the HQ with his remarks.

## **7.30. Consultancy Services**

### **7.30.1. Requirement of Consultancy Services**

In order to prepare and implement the projects, and do forward planning, HPRIDC needs high-quality services of consultants to blend economy with efficiency. The Consultancy service shall be procured in accordance with the World Bank's "Selection and Employment of Consultants by Bank Borrowers", 2004.

### **7.30.2. Performance Appraisal of Consultants**

The performance evaluation shall be carried out for consultants also. The procedure described in Para 6.29 above shall be followed for consultants also.

## CHAPTER 8 – UTILITY SHIFTING

### 8. UTILITIES

The sites of all up-grading works of Road Projects shall be handed over free of all encumbrances to the Contractors as per the Milestones to be indicated in the Conditions of Particular Application/Contract data. At least 10 km of each package of up-grading works under ICB should be free from all encumbrances upfront before awarding of works to the contractors. This identified the upgrading section to have mandatory HPRIDC clearance. The HPRIDC shall upfront identify utilities like electrical poles, transformers, hand pumps, water supply pipes, telecommunication cables, etc. in the Right of Way (ROW) and Corridor of Impact (CoI). The Construction Management Units of HPRIDC/HPPWD Divisions shall undertake with the concerned departments /organizations of the utilities their joint verification to identify utilities that are to be shifted.

The HPRIDC may enter into a Memoranda of Understanding (MOUs) with the HP State Electricity Board (HPSEB), Irrigation and Public Health (I&PH) Department and other Utility Service Companies, as deemed fit, to undertake shifting of their utilities from ROW/CoI in a timely manner. Wherever it is required, the HPRIDC shall deposit funds with the relevant agencies /departments for their staff/contractors to undertake to shift. The HPRIDC shall prepare the final utility shifting plans/budgets for all up-grading roads. Taking into consideration, the contractual difficulties that may arise due to non-handing of a reasonable length of encumbrance free site to the contractor, some quantity of utility shifting as assessed, shall be made a part of the BOQ.

All works of laying/upgrading utility to have mandatory HPRIDC clearance on all the upgrading roads. Utility works on/along roads should be allowed by CMU Head only as per HPRIDC/ Government policy, provided further that they conform to the prescribed guidelines, design and specifications. In this regard, Indian Roads Congress publication IRC: 98 'Guidelines on Accommodation of Underground Utility Service Along and Across Road in Urban Areas', should be followed as applicable. However, these guidelines need to be modified to deal with problems encountered in rural sections of major roads. Applications for permission should be entertained only if the utility agency:

- a) submits drawings/plans of the concerned utility;
- b) gives a work program and the duration of occupation of the right-of-way
- c) gives traffic safety and management plan and an undertaking to implement it on approval;
- d) deposits work security and restoration fee and
- e) deposits/or agrees to deposit fee for use of the right-of-way.

While according to approvals, future development plans of the highway should be considered. The user may also be called upon to enter into a lease agreement with Government/HPRIDC with the standard clause that no cost for removal or modification will be paid.

## CHAPTER 9 – ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

### 9. ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

Govt. of Himachal Pradesh is implementing the Himachal Pradesh State Road Transformation Program (the Project), with the involvement of Himachal Pradesh Road and Other Infrastructure Development Corporation, The World Bank (hereinafter the Bank) has agreed to provide financing for the Project.

Himachal Pradesh Road and Other Infrastructure Development Corporation, Govt. of Himachal Pradesh will implement material measures and actions so that the Project is implemented in accordance with the Environmental and Social Standards (ESSs). This Environmental and Social Commitment Plan (ESCP) sets out material measures and actions, any specific documents or plans, as well as the timing for each of these.

Government of Himachal Pradesh will also comply with the provisions of any other E&S documents required under the ESF and referred to in this ESCP, such as the Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Plans (ESMPs), Resettlement Action Plans (RAP), Indigenous Peoples Plans (IPPs), and Stakeholder Engagement Plans (SEP), Labor Management Procedure and the timelines specified in those E&S documents.

Government of Himachal Pradesh is responsible for compliance with all requirements of the ESCP. Implementation of the material measures and actions set out in this ESCP will be monitored and reported to the Bank by Government of Himachal Pradesh as required by the ESCP and the conditions of the legal agreement, and the Bank will monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.

As agreed by the Bank and Government of Himachal Pradesh this ESCP may be revised from time to time during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to assessment of Project performance conducted under the ESCP itself. In such circumstances, Government of Himachal Pradesh will agree to the changes with the Bank and will update the ESCP to reflect such changes. Agreement on changes to the ESCP will be documented through the exchange of letters signed between the Bank and the Government of Himachal Pradesh. The Government of Himachal Pradesh will promptly disclose the updated ESCP.

Where Project changes, unforeseen circumstances, or Project performance result in changes to the risks and impacts during Project implementation, the Government of Himachal Pradesh shall provide additional funds, if needed, to implement actions and measures to address such risks and impacts, which may include, such as environmental, health, and safety impacts, labor influx, gender-based violence.

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
<b>9.1. Monitoring and Reporting</b>		
<p><b>A REGULAR REPORTING</b></p> <p>Quarterly Progress report (QPR) will be prepared capturing details on E&amp;S performance of the project. Details will include implementation status of the following</p> <ol style="list-style-type: none"> <li>1. Environmental and Social Commitment Plan</li> <li>2. Environmental and Social Management Plan (ESMP, RAP, TDP, GBV Plan, and LMP)</li> <li>3. Compliance to Environmental and Social statutory requirements including status of Land Acquisition/Direct Purchase</li> <li>4. Design modification or change in scope brought to Bank notice</li> <li>5. Assessment of changes and updating/addendum to ESIA/ESMP</li> <li>6. Site observations on Contractor's performance on Environmental Social Health and Safety (ESHS) and other plans in ESMP</li> <li>7. Summary of Stakeholder Engagement activities as stated in the SEP</li> <li>8. Summary of Grievances received and redressed for each corridor</li> <li>9. Status of staffing within PMU (including PMC) and other implementation partners/agencies</li> </ol>	<p>Submit Quarterly Progress reports to the Bank on an agreed format not later than 15 days after the end of each quarter. The reporting format will be agreed by First Implementation Support Mission</p>	<p>HPRIDC (Project Director and Environmental Focal Person, Social Focal Person). The HPRIDC will also be supported by E&amp;S specialists from the PMC agency</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
	<p>10. Capacity building /training activities undertaken for different project functionaries</p> <p>11. Corrective Actions and planned E&amp;S activities for next quarter</p>		
<b>B</b>	<p><b>INCIDENTS AND ACCIDENTS</b></p> <p>Promptly notify the Bank of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers. Provide Investigation report with sufficient detail regarding the incident or accident, root-cause analysis and actions taken to address future recurrence of such incident/accidents.</p>	<p>Notify the Bank within 24 hours after learning of the incident or accident and provide investigation report within one week.</p> <p>Action taken status to be submitted with in a period of 7 days from the incident</p>	HPRIDC's Environment Specialist
<b>C</b>	<p><b>CONTRACTORS MONTHLY REPORTS</b></p> <p>Monthly Progress report (MPR) prepared by contractors explaining the compliance status of the Project with the ESMP in their scope. Details will include status on:</p> <ol style="list-style-type: none"> <li>1. Contractor's ESMP implementation work plan and PMC reviewed summary of implementation progress</li> <li>2. Implementation of Contractor's ESMP (C-ESMP and related plans such as OHS Plan, Waste Management Plan, Workers' Camp Management Plan, CHS Plan, Site Restoration Plan, etc.)</li> <li>3. Status of Compliance with E&amp;S statutory requirements (including CTO &amp; CTE, Blasting permits, quarry permits, labor licenses, insurance, etc.)</li> </ol>	<p>Submit Monthly Progress Reports (MPR) to the Project Management Consultants/ Construction Supervision Consultants). PMC/CSC shall summarize the key progress and issues to Bank on an agreed QPR – to be submitted every quarter.</p>	Contractor and HPRIDC.

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
<ol style="list-style-type: none"> <li>4. Status on actions indicated in the Labor Management Procedure</li> <li>5. ESHS incidents &amp; supervision</li> <li>6. Usage of Personal Protective Equipment (PPE) such as hard hats, safety shoes and safety vests by workers</li> <li>7. Safety at work sites like providing traffic signage, barriers/delineator, management of traffic, drainage and pliable road surface etc.</li> <li>8. Training conducted, and workers participation</li> <li>9. Functioning of GRM relating to labor aspects, including summary details of Workers grievances</li> <li>10. Community grievances</li> <li>11. Corrective Actions and planned E&amp;S activities for next month</li> </ol>		
<p><b>D THIRD PARTY MONITORING</b></p> <p>Engage third party firm to complement and verify the monitoring of environmental and social risks and impacts of the Project. The monitoring tasks include (but are not limited to):</p> <ol style="list-style-type: none"> <li>1. Compliance with ESIA and ESMPs developed for the project (including Labor Management Plans)</li> <li>2. Compliance with ESMP for the maintenance part</li> <li>3. Adherence to GRMs</li> <li>4. Implementation of SEP</li> <li>5. Compliance with WB ESS requirements</li> </ol>	<p>Third party monitoring agency to be appointed prior to award of first civil work contract. Third-Party Monitoring Report to be submitted bi-annually</p>	<p>HPRIDC</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
<b>9.2. Assessment and Management of Environmental and Social Risks and Impacts</b>			
<b>A</b>	<b>ORGANIZATIONAL STRUCTURE</b>	12/2019	HPRIDC
	1) HPRIDC will establish and maintain an E&S organizational structure in HPRIDC with qualified staffs to support management of E&S risks including at least one Environmental Expert, one Social Expert and one Labour Officer for ensuring compliance with the Bank's ESF and ESS's at the State level and as appropriate at the District/Division officer level and maintain through out project period.		
	3) During Implementation HPRIDC shall be have a PMU supported by: HPRIDC To contract PM Consulting (PMC) Firm for the proposed road, with Environmental, bioengineering and Social team members	06/2020	PMC and HPRIDC
<b>B</b>	<b>ENVIRONMENTAL AND SOCIAL ASSESSMENT (ESA)</b>	12/2019	ESIA Consultants and HPRIDC
	1) HPRIDC to provide and disclose draftESIAs, ESMPs and RAPs i. Baddi – Ramsheher: Verification of land ownership at stretches of road through forest area. And The road design to explore mitigation options for environmental concerns highlight by communities and its integration in ESMP ii. Dadhol – Ladrour: The road design to explore mitigation options for environmental concerns highlight by communities and its integration in EMP		
	2) During implementation, HPRIDC and World Bank to screen and classify/re-classify project risk based on the risks and impacts of other two upgradation roads to be financed under the	06/2020	DPR, ESIA consultants and HPRIDC

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
	project. Based on the risks and impacts of the two roads, HPRIDC and the WB will discuss and decide whether to finance these two roads under the project.		
	3) HPRIDC to prepare and disclose (if decision is to support the two roads): i. Draft ESIA's, ESMPS and RAP for Mandi –Rewalsar – Kalkhar and Raghunathpura-Mandi-Harpura- Bharari ii. ESIA, ESMP, ARAP, and TDP (if required) for proposed maintenance road of 150km	07/2020	HPRIDC, ESIA Consultants, WB
<b>C</b>	<b>ENVIRONMENTAL STATUTORY CLEARANCE AND APPROVALS</b>  HPRIDC will obtain or assist in obtaining clearances, licenses/approvals and permits under existing legal framework that are applicable to the Project from relevant national and/or local authorities.	06/2020	HPRIDC
<b>D</b>	<b>MANAGEMENT OF CONTRACTORS:</b>  HPRIDC ensure incorporating relevant aspect of ESMP (E&S mitigation measures, Bill of Quantities (BOQ's, Technical Specifications, drawings and mitigation cost) and ESCP requirements in bidding document for procurement of civil work contractor.	12/2019	HPRIDC
	Include in bidding document Environmental and Safety Manager and Social cum Community Liaison Officer as <b>Key</b> member of Contractor Team and explicitly list resources that would be mandatory for effective ESHS implementation.	12/2019	DPR and ESIA Consultants and HPRIDC



MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
	HPRIDC to prepare and disclose Gender Base Violence Plan.	12/2019	ESIA consultant and HPRIDC
	HPRIDC to obligate contractor to submit CESMP prior to starting of civil work and updation every six months.	06/2020	HPRIDC and Contractor
<b>9.3. Labor and Working Conditions</b>			
<b>A</b>	<b>LABOR MANAGEMENT PROCEDURES (LMP)</b> HPRIDC will develop a LMP for all type of employees and workers likely to be involved in the project and will include LMP in bid document for all contracted agencies to implement.	01/2020	HPRIDC, DPR and ESIA Consultants
<b>B</b>	<b>GRIEVANCE REDRESS MECHANISM FOR PROJECT WORKERS:</b> AHPRIDC shall establish a Grievance Redress Mechanism (GRM) and operated by the contracted agencies to address Project workers workplace concerns. HPRIDC will monitor implementation of these provisions	03/2020	ESIA Consultants and HPRIDC
<b>C</b>	<b>OCCUPATIONAL HEALTH AND SAFETY (OHS) MEASURES</b> HPRIDC will require contractor to develop and implement OHS plan to maintain safe working environment and workplace. The OHS Plan will include emergency preparedness and response plan; training of project workers and remedies for occupational injuries death and disability and will follow the General Environment Health and Safety Guidelines (EHSG).	06/2020	PMC, Contractor and HPRIDC
<b>9.4. Resource Efficiency and Pollution Prevention and Management</b>			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
<b>A</b>	<b>HAZARDOUS AND NON-HAZARDOUS WASTE MANAGEMENT PLAN:</b>  Contractor ESMP to include hazardous and non-hazardous waste management plan. PMC/HPRIDC will monitor implementation of this plan.	06/2020  Monitoring throughout the implementation	PMC, Contractor and HPRIDC
<b>B</b>	<b>SPOIL EARTH DISPOSAL SITE MANAGEMENT AND RESTORATION PLAN:</b>  Contractor ESMP to include Spoil Earth Disposal Site Management And Restoration Plan including allocated budget to implement the plan. PMC/HPRIDC will monitor implementation of this plan. HPRIDC will assist in getting necessary clearance, if any required, for location identified in forest area.	06/2020  Monitoring throughout the implementation	PMC, Contractor and HPRIDC
<b>C</b>	<b>EFFICIENT USE AND CONSERVATION OF WATER RESOURCES:</b>  Contractor ESMP to include project's 'specific water use' and 'water balance' analysis and water conservation and management plan. PMC/HPRIDC will monitor implementation of this plan.	06/2020  Monitoring throughout the implementation	PMC, Contractor and HPRIDC
<b>9.5. Community Health and Safety</b>			
<b>A</b>	<b>TRAFFIC AND ROAD SAFETY:</b>  Contractor ESMP to include Traffic Management and Road Safety Plan, Emergency Response Plan, Labor influx plan, Community Health and Safety Plan (including in relation to landslide, road blockage, project workers, and any risks of	06/2020  Monitoring throughout the implementation	PMC, Contractor and HPRIDC

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
	labor influx, such as communicable and non- communicable diseases). PMC/HPRIDC will monitor implementation of this plan.		
<b>9.6. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</b>			
<b>A</b>	<b>RESETTLEMENT PLANS:</b> HPRIDC to prepare and disclose RPF	12/2019	ESIA consultant and HPRI DC
	HPRIDC to prepare RAP for two upgradation corridors and disclose following their endorsement by Bank	12/2019	ESIA consultant and HPRI DC
	HPRIDC to prepare and disclose consolidated RAP for remaining two upgradation corridors and maintenance corridors of 150km	07/2020	ESIA consultant and HPRI DC
<b>B</b>	HPRIDC to appoint arbitrator for land related issues in specific districts wherein land taking might be required	02/2020	
<b>C</b>	HPRIDC to contract RAP implementation Agency.	02/2020	
<b>9.7. Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>			
<b>A</b>	<b>BIODIVERSITY AND HABITAT ASSESSMENT:</b> HPRIDC to conduct Biodiversity and Habitat Assessment and prepare and disclose Biodiversity and Habitat Management Plan. HPRI DC will allocated budget for implementing mitigation measures.	04/2020	HPRI DC
<b>B</b>	HPRIDC to Contract independent Biodiversity Expert for Biodiversity and Habitat Assessment following Bank's approval of the Terms of Reference for the study.	01/2020	HPRI DC

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
<b>9.8. Indigenous Peoples/Sub-Saharan African/ Historically Underserved Traditional Local Communities</b>			
<b>A</b>	HPRIDC shall prepare and disclose Tribal Development Framework (if required) and Tribal Development Plans for maintenance corridors (based on ESIA findings).	06/2020 (prior to invitation of bid)	ESIA consultant and HPRIDC
<b>9.9. Cultural Heritage</b>			
<b>A</b>	HPRIDC to develop a chance finds procedure in the ESIAs and ESMPs and include as a requirement in ESIAs/ site-specific ESMPs and also in the Bid documents for civil works	12/2019	ESIA consultants and HPRIDC
<b>9.10. Stakeholder Engagement and Information Disclosure</b>			
<b>A</b>	<b>STAKEHOLDER ENGAGEMENT PLAN:</b> HPRIDC to prepare and disclose Draft Stakeholder Engagement Plan (SEP) which should include: (i) Detail of Project GRM including date of notification of constitution of GRC members, and (ii) A budget for implementation of SEP .	12/2019  Throughout project cycle (budget provided of INR 2.26 million or USD 32000)	ESIA consultants and HPRIDC
<b>9.11. Capacity Support (Training)</b>			
<b>A</b>	<ul style="list-style-type: none"> <li>Provide orientation/sensitization and training to targeted groups about relevant topics</li> <li>HPRIDC staff (stakeholder mapping and engagement; specific aspects of environmental and social assessment; emergency preparedness and response; community health and safety).</li> </ul>	<ul style="list-style-type: none"> <li>During preparation &amp; post launch workshop</li> </ul>	<ul style="list-style-type: none"> <li>HPRIDC, DPR &amp; ESA Consultant &amp; Bank.</li> </ul>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
A	<ul style="list-style-type: none"> <li>Stakeholders including Contractor, Support Consultants (Labor Management Procedures; OHS guidelines, emergency preparedness and response; community health and safety)</li> <li>Communities (construction stage impacts, safety provisions, OHS guidelines)</li> <li>Project workers (OHS guidelines, provisions relating to LMP, GBV Plan)</li> </ul>		
	<b>9.12. Third Party Monitoring Agency</b>		
	<p>HPRIDC shall hire an Third Party Monitoring Agency to complement and verify the monitoring of environmental and social risks and impacts of the project.</p>	09/2020	HPRIDC

## CHAPTER 10 – PROCUREMENT PLAN

### 10. PROCUREMENT PLAN

The HPRIDC shall prepare a procurement plan each year, that (i) outlines the methods and procedures to be used for all procurement of works goods and services and (ii) lists the proposed works, goods and service packages for the following twelve to eighteen months. All procurement for works, goods, and services shall be conducted in accordance with the plan.

#### 10.1. HPRIDC Level Arrangements

The Board of the Himachal Pradesh Roads & Other Infrastructure Development Corporation (HPRIDC) will be responsible for implementing the project. The Board is chaired by the most senior official of the GOHP, the Chief Secretary, and comprises of six other Secretaries to Government in relevant departments, including Finance, plus the Engineer-in-Chief from the Himachal Pradesh Public Works Department (HPPWD). The Board has all powers necessary to perform this function except for the right to include/exclude a road/major structure for upgrading, for which Cabinet approval is required. The Board has delegated most powers to the Managing Director, who is also the Principal Secretary of the Public Works. He, in turn, has delegated powers for decisions on most day-to-day operational management issues to a full-time Director (Projects), who is deputed to the HPRIDC on a full-time basis.

The Board of Directors (BOD) of HPRIDC headed by the Chief Secretary shall have the following functions related to any Roads Project:

- clear project proposals, ensuring that they have been formulated in accordance with all relevant related guidelines; and
- effectively monitor and coordinate the program and oversee the timely and proper execution of state road works.

The Director (Projects) with adequate staff and resources to carry out the following tasks effectively:

- Scrutiny of Detailed Project Reports for road works prepared by the Design Consultants or CMUs, including those DPRs for which external funding is sought; and
- Provision of technical support to implementing units. The scrutiny of project reports shall be thorough and detailed and thereby ensure that design is appropriate and economical, that the specifications are adequate and based on site conditions, that the estimation of quantities is accurate and reasonable, and that sufficient care has been taken to provide for cross drainage works. In addition, it shall ensure that the provisions of the Environmental Management Plan and Re-settlement & Re-habilitation Policy (R&R) have been properly applied by the CMU.

HPRIDC shall establish and shall maintain with adequate number of qualified technical staff at the PIU/ Head Quarter and Construction Management Units levels besides an adequate number of financial and safeguard management.

The up-grading works for both external aided or domestic funded shall be implemented by HPRIDC through its Construction Management Units. All CMUs shall be properly manned by competent technical and financial management personnel. The executing agency for maintenance works of core State Roads network shall be the Maintenance wing of HPRIDC.

All the financial matters and responsibilities related to both the up-grading works and periodic maintenance works shall be dealt with at the HPRIDC HQ level.

The HPRIDC shall appoint a full-time Information Officer (IO) to oversee the planned Information and Communications Technology (ICT) improvements proposed under the externally aided project. He will also act as the Assistant Public Information Officer for the HPRIDC as prescribed under the Right to Information (RTI) Act 2005. He along with Public Information Officer will be responsible for (i) ensuring that suo moto disclosure of key project documents takes place in accordance with the Board's disclosure policy as per Table-I in Chapter 13 (ii) putting in place a computerized document management system within a reasonable timeframe as now required by law and (iii) providing information within the stipulated timeframe that may be requested under the Act by any citizen seeking information on the project.

The Road Project encompasses a wide range of activities and its success depends on the clear allocation of responsibilities at various levels. The Implementation Organization Chart and Flow Chart-I lists out some of the key activities and identifies the agencies responsible for the implementation. The process for each activity has already been detailed out in each of the respective Chapters.

## CHAPTER 11 – RESETTLEMENT POLICY FRAMEWORK

### 11. RESETTLEMENT POLICY FRAMEWORK

The Resettlement Policy Framework has been prepared based on the assessment findings conducted thus far and from the review of the applicable legal and policy framework discussed above. The framework bridges the above-mentioned gaps to conform to the provisions of the World Bank's ESS. It lays down the principles and procedures for the management of social impacts caused by the project and guides the social impact assessment and preparation of Resettlement Action Plans. It brings together and built upon the current good practices in terms of procedures to address more systematic and institutional issues, and establish institutional arrangements project and state for the implementation of RAP. This Framework shall apply to all project roads under HPSRTP and all associated facilities whether partly or fully funded by the World Bank during the entire period of loan assistance.

Based on the above analysis of governing statutes and the World Bank ESF, the following resettlement principles will be adopted to this project:

- Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a census and socio-economic survey of displaced persons, including gender analysis, specifically related to resettlement impacts and risks. Take due precautions to minimize disturbance to human habitations, tribal areas and places of cultural significance. Measures to avoid and minimize involuntary resettlement impacts include the following:
  - i) explore alternative alignments which minimize impacts,
  - ii) ensure the appropriate technology is used to reduce land requirements,
  - iii) modify the designs, cross-sections, and geometrics of components to maximize usage of the available Corridor of Impact or the available RoW and ensure involuntary resettlement is avoided or minimized.
- Where displacement is unavoidable, improve, or at least restore, the livelihoods of all displaced persons through;
  - i) land-based resettlement strategies, where possible, when affected livelihoods are land-based, and when the loss of land is significant, or cash compensation at replacement cost for land when the loss of land does not undermine livelihoods,
  - ii) prompt replacement of assets with access to assets of equal or higher value, and
  - iii) prompt compensation at full replacement cost for assets that cannot be restored.
- Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets at replacement value.
- Improve the standards of living of the displaced poor and other vulnerable groups, including women, to national minimum standards or standard before displacement whichever is higher.
- Carry out meaningful consultations with displaced persons, host communities, and



concerned agencies/departments. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay attention to the needs of disadvantaged and vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and indigenous peoples, and those without legal title to land, and ensure their participation in consultations.

- Prepare a Social Impact Assessment (SIA) and Resettlement Action Plan (RAP) elaborating on the entitlements of displaced persons, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
- Identify vulnerable families will be identified and provided additional support in their efforts to improve their living standards.
- Disclose a draft resettlement action plan, including documentation of the consultation process promptly, in an accessible place and a form and language(s) understandable to displaced persons and other stakeholders. Disclose the final resettlement action plan and its updates to displaced persons and other stakeholders.
- Pay compensation and provide all resettlement entitlements before physical or economic displacement and before the commencement of civil works in that stretch of the sub-project. Implement the resettlement plan under close supervision throughout project implementation.
- Establish an accessible grievance redressal mechanism to receive and facilitate the resolution of the concerns of displaced persons within stipulated time-frames.
- Monitor and assess resettlement outcomes, their impacts on the standard of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by considering the baseline conditions and the results of resettlement monitoring.

### 11.1. Comparative Analysis of key national, state acts and policies

ESS 5 applies to permanent or temporary physical and economic displacement resulting from the following types of land acquisition or restrictions on land use undertaken or imposed in connection with project implementation.

- a. Land rights or land use rights acquired or restricted through expropriation or other compulsory procedures by national law;
- b. Land rights or land use rights acquired or restricted through negotiated settlements with property owners or those with legal rights to the land if failure to settle would have resulted in expropriation or other compulsory procedures.
- c. Restrictions on land use and access to natural resources that cause a community or groups within a community to lose access to resource usage where they have traditional or customary tenure or recognizable usage rights. This may include situations where legally designated protected areas, forests, biodiversity areas or buffer zones are established in connection with the project;
- d. Relocation of people without formal, traditional, or recognizable usage rights, who are occupying or utilizing land before a project-specific cut-off date;

- e. Displacement of people as a result of project impacts that render their land unusable or inaccessible;
- f. Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, freshwater, medicinal plants, hunting and gathering grounds and grazing and cropping areas;
- g. Land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation; and
- h. Land acquisition or land use restrictions occurring before the project, but which were undertaken or initiated in anticipation of, or preparation for, the project.

The above-stated scope for application of ESS 5 covers both the approaches that shall be adopted by HPRIDC to acquire land for this project when necessary. This section describes the approach under the Standing order for private negotiations and changes to the acquisition mode under the LA Act 2013.

Acquisition of Land by Private Negotiation (Standing Order No. 28) and additional guidelines to support the existing Standing Order on Private negotiations to execute for infrastructure projects by Financial Commissioner Government of Himachal Pradesh, January 2018. As the acquisition of land often takes considerable time and execution of the projects gets delayed and for the speedier acquisition of land, the process of acquisition by private negotiations with the interested landowners have proved to be beneficial to both the parties i.e. landowners as well as acquiring department. In case, it is found that acquisition of land is imminent for a public purpose, the following two options will be available with the concerned department, which are contained in Himachal Pradesh Financial Commissioner Standing Order No.28. –

- i. Acquisition by private negotiation.
- ii. Compulsory acquisition under the provisions of the new Land Acquisition Act "Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013."

To facilitate the process for land acquisition through private negotiation, there are two committees i.e. District Negotiation Committee (DNC) and District Land Price Fixation Committee (DLFC). DNC is constituted of the following members, examines and recommends the cases of land acquisition under private negotiation to the Government.

S. No.	Member	Proposed Position
1.	Deputy Commissioner of the respective District	Chairman
2.	Superintending Engineer of Civil Circle	Member
3.	Sub-Divisional Magistrate	Member
4.	CMU Head	Member
5.	Tehsildar of concerned Tehsil	Member
6.	Land Acquisition Collector	Member Secretary

The District land price fixation committee (DLFC) 's role is to determine market prices for land at the district level with the following members. The DLFC's role in the process is to

help arrive at the replacement value of land and other assets and assist DNC in its negotiations with the PAPs on the proposed values. The DLFC fix the replacement cost of land and other immovable assets as per the provision of Section 26, 27, 28, and 29 and Schedule I of RFCTLARR Act 2013.

S. No.	Member	Proposed Position
1.	Deputy Commissioner	Chairman
2.	Sub-Divisional Magistrate	Member
3.	Tehsildar	Member
4.	District Revenue Officer	Member

Key features and approach under the Standing order for private negotiations are as follows:

- There is no provision for conducting of SIA,
- Section 11 (1) issuance is the cut-off date
- Project authorities issue Section 11 (1) preliminary notification directly which includes: 1) details of land to be acquired in a rural and urban area, 2) a statement of the nature of the public purpose involved, reasons necessitating the displacement of affected persons, etc
- Notices are issued in the official gazette, local dailies and uploaded on the website, etc. as specified in Act
- Private negotiations provide the opportunity to affected persons to put forth their views and objections
- The DLFC fixes price as per provisions under Section 26-29 of the RFCTLARR Act and Schedule I on the multiplier.
- 100% solatium on determined value provided on all assets on land.
- Also, structures are valued as per Basic Schedule of Rates including depreciation
- Negotiations are initiated within a week of the issuance of Section 11 (1)
- The negotiations are conducted revenue village-wise involving land loser groups to maintain transparency.
- There is a maximum of about 3 rounds of negotiations.
- Though the maximum period up to which the negotiations can be carried out is up to a period of 1 year (i.e. till the Section 11 (1) does not lapse), in practice, negotiations conclude within 1.5 months to two months.
- When the negotiation committee constituted for the purpose by the Govt. successfully concludes the market value of the land with the owners as per the general instructions and further acceptance by the landowners, the detailed procedure to this effect would be drawn and sent to the Govt. for approval of the negotiated rates through the Deputy Commissioner concerned without any delay.
- The statement of landowners in the context of acceptance of the negotiated rates are recorded and retained as evidence in the record.
- Approval of negotiated rates and transfer of land in favor of the department by taking

possession of the landowners and getting the mutations attested. No reference is allowed against the award (under Section 23) as it is done on a mutual consent negotiation basis.

- The entire negotiated amount will be paid in a single installment within one month of negotiations either by electronic transfer (routine mode) or by cheque if affected person requests
- Upon PAPs, request authorities consider and acquire such unviable land holdings
- The standing order guidelines 2018 also provide for statutory benefits and it means the same as the assistance under the Act and as specified in Schedule II & III.
- There are no special provisions for vulnerable groups/persons
- However, thus far no loss of livelihood has been compensated either through the job, annuity or provision of Rs. 500000/-
- There shall be no income tax deductions in line with Sec 96 of the RFCTLARR Act. In the event any deductions are made toward taxes, such amounts will have reimbursed.

For PAPs with whom negotiations conclude successfully, awards are initiated, but for the other land acquisition is continued with other sections as per the LA Act. Since Section 11 (1) is already issued, subsequent notifications of Section 15 (1), 19 (1), etc. are carried out as per the Act till the payment of compensation and other eligible R&R assistance.

A comparison between RFCTLARR Act, HP Private Negotiations (Standing Order -28) and Guidelines, 2018, and World Bank's ESF is summarized here. Annexure 1 presents the details along with gap-filling measures reflected in the entitlement matrix of the RPF that applies to HPSRTP.

- The Act, like provisions of ESS, requires SIAs for projects involving land acquisition with an elaborate process of consultation at every notification stage. The standing order for private negotiations has no such provision for conducting SIA, but negotiations require detailed consultations but only with landowners.
- In the determination of land value under the Act as well as per Standing Order for private negotiations, computation provisions from Section 26-30 of Act are used. The Standing Order provides for the application of statutory provisions – multiplication factor and 100% solatium. A multiplication factor 1 (as is applicable across Himachal Pradesh) is taken into consideration while calculating the final amount. This is treated as the Base price for conducting negotiations. In the case of private negotiations, in practice, determination of compensation goes up to a maximum of 5-10% higher than the rate determined through the act. ESS 5 requires replacement cost of land to be determined.
- Act in its computation of compensation for structures takes depreciation into account and is not explicit about providing replacement cost of structures, though presumably, the provision of 100% solatium will help arrive at the replacement cost of structures or higher. GoHP standing order and guidelines too follows this principle of taking depreciation into account while determining the cost of structures and also provides for 100% solatium on these assets. ESS 5 requires replacement compensation for structures without depreciation
- The Standing order similar to the act requires that the value of trees, plants, or

standing crops damaged to be compensated as determined under Section 29 of the Act. The standing order also provides for 100 percent solatium for these assets.

- GoHP standing order and guidelines too follows this principle of taking depreciation into account while determining the cost of structures and also provides for 100% solatium on these assets
- The Act similar to World Bank requires compensation to be paid before the project taking possession of any land and provides R&R support including transitional support and moving allowances. In the case of the Standing order, all payments are required to be paid in one single installment to the affected landowner before taking over land and its transfer to the project.
- The cut-off date for determining the compensation and entitlements and assistance to all those who are affected by the project irrespective of the ownership of titles. According to the RFCTLARR Act, the cut-off date for assistance to those depending on affected private lands is three years preceding the acquisition and for the title holders, it is the date of notification under the said Act. To bring this RPF in line with World Bank requirements, RPF mandates that while in the case of land acquisition, the date of issue of public notice of intended acquisition under Section 4(1) under the Act will be treated as the cut-off date for titleholders. In case of private negotiations date of issuance of Section 11 (1) notification shall be treated as the cut-off date. In the case of non-titleholders such as squatters and encroachers, the cut-off date will be the start date of the census survey.
- In the case of all affected non-title holders, suitable compensation (ex-gratia payments) for loss of assets and R&R assistance is proposed in the entitlement matrix. GoHP standing order does not have any provisions for non-titleholders as it deals only with private landowners and does not recognize encroachments and squatters on private land that is to be acquired.
- Further, under the Standing Order, there is no provision for R&R assistances (for shifting, subsistence, livelihood loss, etc.)
- There shall be no income tax deductions in line with Sec 96 of the RFCTLARR Act. In the event any deductions are made toward taxes, such amounts will have reimbursed.
- Also similar to provisions laid down in RFCTLARR Act 2013, World Bank ESF (under ESS 5 & 7) requires consultation with PAPs during planning and implementation of the resettlement action plan, Tribal Development Plan and public disclosure of drafts.

In the event of any conflict or inconsistency between the provisions of this GOI, RFCTLARR Act 2013, Standing Order of GoHP and the RPF and the provisions of the World Bank's ESF, the provisions of the ESF, 2016 shall prevail.

## 11.2. Definitions

In this Resettlement Policy Framework, the following terms shall mean as described below, unless the context requires otherwise,

- **Affected family:** As defined in RFCTLARR Act 2013 and also as identified from the Census-Socio economic survey carried for the specific corridor.
- **Agricultural Land:** land used for (i) agriculture or horticulture; (ii) dairy farming, poultry

farming, pisciculture, sericulture, seed farming, breeding of livestock or nursery growing medicinal herbs; (iii) raising of crops, trees, grass or garden produce; and (iv) land used for the grazing of cattle.

- Agricultural laborer: means a person primarily resident in the affected area for not less than five years immediately before the declaration of the affected area, who does not hold any land in the affected area but who earns his livelihood mainly by manual labor on agricultural land therein immediately before such declaration and who has been deprived of his livelihood;
- Assistance: All support mechanisms such as monetary help (R&R assistance), services, training or assets given to Project Affected Persons/Project Affected Families constitute assistance in this project.
- Below poverty line (BPL) family: means below poverty line families as defined by the Planning Commission of India, from time to time and those included in the BPL list for the time being in force;
- Commissioner means the Commissioner for Rehabilitation and Resettlement appointed under sub-section (I) of section 44 of RFCTLARR Act 2013;
- Compensation: Compensation refers to i) amount negotiated with the landowner based on the private negotiations method (under Standing order No 28); ii) restitution made to property under Sec 26-30 as per provisions laid down in RFCTLARR Act 2013;
- Corridor of impact (COI): Refers to the minimum land width required for construction including embankments, facilities and features such as approach roads, drains, utility ducts and lines, fences, green belts, safety zone, working spaces, etc. Additional land width would be acquired/purchased or taken on the temporary lease if the Corridor of Impact extends beyond the available/existing Right of Way;
- Cut-off Date: For title holders, the date of first notification – Section 4 (1) under LA Act 2013 will be treated as the cut-off date, and for non-title holders, the start date of the project census survey for that sub-project will be the cut-off date. In case of acquisition by Private negotiations, the cut off date is the first date of notification shall be Section 11 (1) for Titleholders. Note: In case of longer alignments with possibilities of change in route alignment, project authorities may establish two cuts off dates for two different sections.
- Displaced family means any family, who on account of the acquisition of land has to be relocated and resettled from the affected area to the resettlement area;
- Encroacher: Any person illegally occupying public property by extending their land boundary or a portion of their building onto the existing government land or RoW is an encroacher.
- Entitled Person (EP): Entitled Person includes all those who qualify for, or are entitled to, compensation/assistance since being impacted by the project. The basis for the identification of Entitled Persons (EP) in the project will be the cut-off date (for NTH) and the first notification for land acquisition (for TH).
- Kiosk: A kiosk is a booth/stall/cabin/cubicle made of wood or iron or any other building material which could be shifted to another location as a single unit without much damage and is used for carrying out petty business/ commercial activities and has been in operation/existence before cut off date;

- **Landowner:** A person who is an allottee or a grantee of any land under any scheme of the Government under which such allotment or grant is to mature into ownership, who has mortgaged his land (or any portion thereof) or who has permanent rights and interest in land;
- **Landless agricultural laborer:** A person who does not hold any agricultural land and who has been deriving his main income by working on the lands of others as a subtenant or as an agricultural laborer before the cut off date.
- **Land Looser with Unclear Title:** Land losers with unclear titles For the categories of PAPs whose ownership titles are not clear, like people residing in the a badlands, or where the land was given to a person/ group of persons under various government schemes or by the institution of local self-government (allotted/ leased/ land share after Chakbandi, etc), or allotted/ leased land transferred through power of attorney or any other legal instrument, but the ownership records are not clear; the replacement cost of the land would be provided in the form of replacement assistance. For such cases, rehabilitation assistance would be provided for the non-agricultural titleholders.
- **Non-agricultural laborer:** means a person who is not an agricultural laborer but is primarily residing in the affected area for not less than five years immediately before the declaration of the affected area and who does not hold any land under the affected area but who earns his livelihood mainly by manual labor or as a rural artisan immediately before such declaration and who has been deprived of earning his livelihood mainly by manual labor or as such artisan in the affected area;
- **Major Impact:** The DPs suffering the following impacts and requiring relocating are categorized as Major Impacted DPs: (i) loss of place of dwelling, (ii) loss of place of business; (iii) loss of livelihood; (iv) loss of agricultural productive land of marginal farmers; those who become marginal farmers or landless after acquisition;
- **Marginal Farmer:** A cultivator with an un-irrigated land holding up to one-hectare or irrigated land holding up to one-half hectare;
- **Market value** means the value of land determined by section 26 of RFCLARR Act 2013;
- **Minor Impact:** A PAP suffering minor impact is one who is affected to a lesser degree than the major impacts defined above.
- **Minimum Wages** mean the minimum wage of a person for his/her services/labor by type of trade per day as stipulated by the Department of Labor of the project state.
- **Non-Perennial Crop:** Any plant species, either grown naturally or through cultivation that lives for a season and perishes with the harvesting of its yields has been considered as a non-perennial crop in the project.
- **Non-titleholder:** Affected persons/families/ households with no legal title to the land, structures and other assets adversely affected by the project. Non-titleholders include encroachers, squatters, etc.;
- **Notification:** means a notification published in the Gazette of Himachal Pradesh;
- **Occupier:** means a member of a Scheduled Tribes community in possession of forest land before the 13th day of December 2005;
- **Project displaced person (PDP):** Any tenure holder, tenant, Government lessee or owner of other property, or non-titleholder who on account of the project has been



- involuntarily displaced from such land including a plot in the abadi or other property will be considered as PDP. A displaced will always be a PAP but all PAP may not be PDP;
- Project affected household (PAH): A social unit consisting of a family and/or non-family members living together, and is affected by the project negatively and/or positively;
  - Project affected area: Refers to the area of village or locality under a project for which land will be acquired under RFCTLARR Act 2013 through a declaration by Notification in the Official Gazette by the appropriate Government or for which land belonging to the Government will be cleared from obstructions;
  - Project Affected Person (PAP): Any tenure holder, tenant, Government lessee or owner of other property, or non-titleholder who on account of the project has been affected from such land including a plot in the abadi or other property in the affected area will be considered as PAP;
  - Project: Project refers to the Himachal Pradesh State Roads Transformation Program funded by the World Bank and implemented by HPRIDC
  - Perennial Crop: Any plant species that live for years and yields its products after a certain age of maturity is a perennial crop. Generally, trees, either grown naturally or horticulturally and yield fruits or timber have been considered as a perennial crop in the project. For example, tamarind, coconut, mango, teak, neem, etc. are perennial crops.
  - Persons losing their livelihood: Persons losing their livelihood are individual members of the DHs, who are at least 18 years of age and are impacted by the loss of primary occupation or source of income.
  - Private Property Owners: Private property owners are persons who have legal title to structures, land or other assets.
  - Permanent Buildings or Pucca Structure: Buildings of a permanent construction type with reinforced concrete.
  - Replacement Cost: A replacement cost/value of any land or other asset is the cost/value equivalent to or sufficient to replace/purchase the same land or another asset, and has been provided in the Entitlements;
  - Resettlement Area means an area where the affected families who have been displaced because of land acquisition, are resettled by the project authority/appropriate Government;
  - Residual Land: Residual land can be defined as the remaining portion of land left with the owner of the holding after the acquisition of land by the project.
  - Sharecroppers: Persons who cultivate the land of a titleholder in terms of sharing income therefrom with the titleholder.
  - Small Farmer: A cultivator with an un-irrigated land holding up to two hectares or with an irrigated land holding up to one hectare, but more than the holding of a marginal farmer.
  - Semi-Permanent Building or structure: Buildings of a semi-permanent type with tiled roof and walls not of concrete or permanent brickwork.
  - Scheduled Areas means the Scheduled Areas as defined in section 2 of the Provisions



of the panchayats (Extension to the Scheduled Areas) Act, 1996;

- Squatter: A person who has settled on public/government land, land belonging to institutions, trust, etc. and or someone else's land illegally for residential, business and or other purposes and/or has been occupying land and building/asset without authority;
- Subtenants: Persons, who not being tenants, can cultivate land on certain terms and conditions.
- Tenant: A person who holds/occupies land-/structure of another person and (but for a special contract) would be liable to pay rent for that land/structure. This arrangement includes the predecessor and successor-in-interest of the tenant but does not include mortgage of the rights of a landowner or a person to whom holding has been transferred, or an estate/holding has been let in farm for the recovery of an arrear of land revenue, or of a sum recoverable as such an arrear or a person who takes from Government a lease of unoccupied land for the purpose of subletting it;
- Temporary Building/Kutcha structure: Temporary building or structure means a temporary type of structure, which includes buildings with roofs constructed of thatch, galvanized iron or asbestos.
- Women Headed Household (WHH): A household that is headed by a woman and does not have an adult male earning member is a Woman Headed Household. This woman may be a widowed, separated or deserted person.
- Vulnerable group: This includes Scheduled Caste, ST, family/household headed by women/female, disabled, handicapped, Below Poverty Line (BPL) families; widows; and persons above the age of 65 years irrespective of their status of the title (ownership). Vulnerable groups would also include those farmers who (after the acquisition of land) become small/marginal farmers and also qualify for inclusion in BPL. For such cases, total landholding of the landowner in that particular revenue village will be considered in which land has been acquired;
- Wage earner: Wage-earners are those whose livelihood would be affected due to the displacement of the employer. The person must be in continuous employment for at least six months before the cut-off date with the said employer and must have reliable documentary evidence to prove his/her employment.

### 11.3. Entitlement Matrix

Under this Resettlement and Rehabilitation Policy adopted for the project, several categories of project affected persons are recognized with varying eligibility for the compensation and assistance packages in the entitlement matrix below Table 4. By the principles of this resettlement policy framework, all displaced households and persons will be entitled to a combination of compensation packages and resettlement assistance depending on the nature of ownership rights on lost assets and scope of the impacts including the socio-economic vulnerability of the displaced persons and measures to support livelihood restoration if livelihood impacts are envisaged. The affected persons will be entitled to the following five types of compensation and assistance packages:

- a. Compensation for the loss of land, crops/ trees at their replacement cost;
- b. Compensation for structures (residential/ commercial) and other immovable assets at

- the replacement cost;
- c. Alternative housing in case of physical displacement;
  - d. Assistance instead of the loss of business/ wage income and income restoration assistance;
  - e. Assistance for shifting and provision for the relocation site (if required), and
  - f. Rebuilding and/ or restoration of community or common property resources/facilities.

S. No.	Impact	Entitles Unit	Entitlement Details
<b>A. Loss of Private Agricultural, Home-Stead &amp; Commercial Land</b>			
1.	Loss of Land (agricultural, homestead, commercial or otherwise) within the Corridor of Impact (COI)	Affected family (Landowner/ Titleholder family and families with traditional land right /occupiers)	<ul style="list-style-type: none"> <li>For all land acquired through RFCTL&amp;RR Act,2013; Orland has taken through Private Negotiation,</li> <li>Compensation/lease amount shall be calculated and payable by Sections 26 to 30 and Schedule I2 of RFCTLARR Act 20133</li> <li>Partial Impact on Land: In case only part of any land plot is affected, and its owner desires the whole plot be acquired on grounds that the plot has become uneconomic or has been severed due to LA (under Section 94), the competent authority can award compensation for remaining part of the plot or award 25% of actual value up to of the remaining landholding as additional compensation, allowing the owner to retain the remaining land plot, if agreeable. OR in case of private negotiations, DNC will consider acquiring remaining unviable parcel at the same rate</li> <li>For all land acquired RFCTL&amp;RR Act,2013 or Private Negotiation, Rehabilitation and Resettlement Assistances as per Schedule II of Act 2013</li> <li>If as a result of land acquisition, the Affected family becomes landless<sup>4</sup> or is reduced to the</li> </ul>

S. No.	Impact	Entitles Unit	Entitlement Details
			<p>status of a "small" or "marginal" farmer, assistance amount of Rs. 5.0 lakhs OR annuity policies that shall pay not less than two thousand rupees per month Per family for twenty years Each affected family shall be given a one-time "Resettlement Allowance" of Rs. 50,000/- only.</p> <ul style="list-style-type: none"> <li>Refund of stamp duty and registration charges incurred for replacement land to be paid by the project; replacement land must be bought within a year from the date of payment of compensation to project affected persons.</li> </ul>
<b>B. Loss of Private Structures (Residential/Commercial)</b>			
2.	Structure within Title Holder/ Owner the Corridor of Impact (CoI)	Affected family (Landowner/ Titleholder family and families with traditional land right /occupiers)	<ul style="list-style-type: none"> <li>Compensation under Sections 26 to 30</li> <li>Right to salvage material from affected structures</li> <li>Three months advance notice to vacate the structure</li> <li>For those losing cattle shed, one-time assistance of Rs. 25,000/- would be payable</li> <li>For each affected family of an artisan or self-employed or own non-agricultural land, that is displaced and must relocate, a one-time assistance of Rs. 25,000/- would be payable; and</li> <li>One-time subsistence grant of Rs. 36,000/- for each affected family who are displaced and require to relocate;</li> <li>One-time financial assistance of Rs. 50,000/- for each displaced family towards shifting/transportation cost for</li> </ul>

S. No.	Impact	Entitles Unit	Entitlement Details
			<p>shifting of the family, building materials, belongings and cattle</p> <ul style="list-style-type: none"> <li>• Refund of stamp duty and registration charges for the purchase of new alternative houses/shops at prevailing rates on the market value as determined. Alternative houses/shops must be bought within a year from the date of payment of compensation</li> <li>• In case of partial impact, 25% additional award to be paid on compensation award for the affected part of the structure to enable damage repair where the owner/occupier of his/her own will, interested to retain the remaining part of the structure, provided the unimpaired continuous use of such structure is possible without hazards</li> </ul>
3.	Structure within the Corridor of Impact (CoI)	Tenants/ Lease Holders	<ul style="list-style-type: none"> <li>• Registered lessees will be entitled to an apportionment of the compensation payable to structure owner as per applicable local laws.</li> <li>• One-time financial assistance of Rs. 50,000/- as transportation and relocation cost In case of tenants, three months wrote notice will be provided to vacate. In case three months' notice to vacate structures is not provided, then three months' rental allowance will be provided instead of notice.</li> </ul>
<b>C. Loss of Trees and Crops</b>			
4.	Standing Trees, Crops within the Corridor of Impact (CoI)	Owners and beneficiaries (Registered/ Un-registered tenants, contract	<ul style="list-style-type: none"> <li>• Cash compensation as estimated under Section 29(3) of Act 5 to be paid at the rate estimated by (i) The Forest Department for timber trees (ii) The State Agriculture</li> </ul>

S. No.	Impact	Entitles Unit	Entitlement Details
		cultivators, leaseholders & sharecroppers	<p>Extension Department for crops (iii) The Horticulture Department for fruit/flower-bearing trees.</p> <ul style="list-style-type: none"> <li>Three months advance notice to project affected persons to harvest fruits, standing crops and removal of trees, or compensation in lieu as determined above.</li> <li>Registered tenants, contract cultivators &amp; leaseholders &amp; sharecroppers will be eligible for compensation for trees and crops as per the agreement document between the owner and the beneficiaries.</li> <li>Un-registered tenants, contract cultivators, leaseholders &amp; sharecroppers will be eligible for compensation for trees and crops as per mutual understanding between the owner and the beneficiaries.</li> </ul>
<b>D. Loss of Residential/ Commercial Structures to Non-Title Holders</b>			
5.	Structures within the Corridor of Impact (CoI) or Govt. land	Owners of Structures or Occupants of structures (Encroachers, Squatters) identified as per Project Census Survey	<p>For loss of House</p> <ul style="list-style-type: none"> <li>Compensation at PWD BSR without depreciation for structure</li> <li>One-time subsistence grant of Rs. 36,000 (Rs. 3000 x12) or Rs. 36,000/- payable throughout 12 months/ one year</li> <li>Shifting/transportation assistance of Rs.50,000/-</li> <li>Encroachers shall be given three months' notice to vacate occupied land or cash assistance at replacement cost for loss of structures.</li> <li>Right to salvage the affected materials</li> </ul>

S. No.	Impact	Entitles Unit	Entitlement Details
			<p>For loss of shop/cattle shed or work shed</p> <ul style="list-style-type: none"> <li>• Compensation at PWD BSR without depreciation for structure</li> <li>• One-time subsistence grant of Rs. 36,000 (Rs. 3000 x12) or Rs. 36,000/- payable throughout 12months/ one year</li> <li>• One-time rehabilitation grant of Rs. 25,000/- for the reconstruction of affected shop given to artisans</li> <li>• Shifting/transportation assistance of Rs.50,000/-</li> <li>• Encroachers shall be given three months' notice to vacate occupied land or cash assistance at replacement cost for loss of structures.</li> <li>• Right to salvage the affected materials</li> </ul>
<b>E. Loss of Livelihood</b>			
6.	Loss of employment in non-agricultural activities or daily agricultural wages or other wage earners	Livelihood loser	<p>Subsistence allowance equivalent to Minimum Wages/ Minimum Agricultural Wages for 3 months.</p> <p>Only agricultural laborers who are in fulltime /permanent employment of the landowner, or those affected full-time employees of the business, will be eligible for this assistance. Seasonal agricultural laborers will not be entitled to this assistance.</p>
<b>F. Additional Support to Vulnerable Group</b>			
7.	Families within the Corridor of Impact (CoI)	Vulnerable affected families	<ul style="list-style-type: none"> <li>• One-time Resettlement Allowance of Rs. 50,000/-</li> <li>• Training for skill development. This assistance includes the cost of training and financial assistance for travel/conveyance and food.</li> </ul>

S. No.	Impact	Entitles Unit	Entitlement Details
			<ul style="list-style-type: none"> <li>Additional Subsistence Grant of Rs. 50,000/- for displaced families belonging to Scheduled Caste and Scheduled Tribe category</li> <li>Displaced vulnerable households will be linked to the government welfare schemes, if found eligible and not having availed the scheme benefit till date.</li> </ul>
<b>G. Loss of Community Infrastructure/Common Property Resources</b>			
8.	Structures & other resources (e.g. land, water, access to structures, etc.) within the Corridor of Impact (CoI)	Affected communities and groups	<ul style="list-style-type: none"> <li>Reconstruction of community structure and common property resources will be done in consultation with the community</li> </ul>
<b>H. Temporary Impact During Construction</b>			
9.	Land and assets temporarily impacted during construction	Owners of land and assets	<ul style="list-style-type: none"> <li>Compensation for temporary impact during conversion e.g. diversion of normal traffic, damage to an adjacent parcel of land/assets (crops, trees, structures, etc.) due to the movement of heavy machinery and plant site.</li> <li>The contractor shall bear the cost of compensation of any impact on structure or land due to the movement of machinery during construction or establishment of construction plant.</li> <li>All temporary use of land outside ROW, would be done based on written approval/ prior approval landowner and contractor</li> </ul>
<b>I. Provision of Resettlement Site/Vendor Markets</b>			

S. No.	Impact	Entitles Unit	Entitlement Details
10	Loss of residential and commercial structures	Displaced titleholders and non-titleholders	<ul style="list-style-type: none"> <li>• Appropriate permanent housing with minimum specified floor area at resettlement sites providing basic services and other provisions laid down in schedule III (that details the type of infrastructure amenities at resettlement colonies) of RFCLTARR Act, 2013</li> <li>• For a house is lost in rural areas, a constructed house shall be provided as per the Pradhan Mantri Awas Yojana specifications or the equivalent cost of the constructed house in lieu shall be payable, but not less than Rs. 1.3 Lakh<sup>8</sup>.</li> <li>• For a house lost in urban areas, a constructed house shall be provided, which will be not less than 50 sqm in plinth area, OR if the family opts not to take the house offered, shall get one-time financial assistance for house construction, which shall not be less than Rs. 1.5 lakhs.</li> <li>• This provision instead of provision of the alternative house shall be provided to all displaced families without discrimination including resident owners, occupant land assignees, long term lessees, and displaced squatters</li> <li>• One displaced family will be eligible for only one land plot at the resettlement site or shop in the vendor market</li> <li>• Vulnerable PAPs will be given preference in allotment of shops in the vendor market.</li> <li>• The provision shall be extendable to mixed-use structures fulfilling residential and commercial</li> </ul>



S. No.	Impact	Entitles Unit	Entitlement Details
			purposes in owner as well as untitled categories.

Besides the above provisions to address the construction stage, mitigation measures with specific responsibilities have been provided in the corridor specific ESMPs for mitigating construction stage impacts.

#### 11.4. Updated Resettlement unit costs

The project has adopted the unit costs for R&R assistance as available in LARR Act, 2013. The Consumer Price Index for Agricultural laborer's (CPIAL) for the state of Himachal Pradesh has increased by 20% during the period between January 2014 to December 2019. Hence, all these unit have been updated and are presented below –

S. No.	Entitlement	Unit Rates as of January 2014 (in INR)	Revised as of December 2019 (rounded off to nearest INR)
1.	Livelihood assistance (Lump sum)	5,00,000	6,00,000
2.	Livelihood assistance (Annuity)	2,000/per month for 12 months x 20 years	2,000/per month for 12 months x 20 years (to be adjusted every year as per CPIAL index)
3.	One-time assistance for loss of Cattle shed/petty shop	25,000	30,000
4.	One-time assistance for displaced artisan/ small traders/ small shops	25,000	30,000
5.	Cash instead of a house, if opted (as per indexed and updated figures at the time of payment)		
	Rural	1.3 lakhs	Amounts to be updated as per PMAY guidelines as prevalent at the time of implementation
	Urban	1.5 lakhs	
6.	Transportation / Shifting assistance for displaced	50,000	60,000
7.	Subsistence allowance for displaced @ INR 3000 per month for 1 year	36,000	43,200

S. No.	Entitlement	Unit Rates as of January 2014 (in INR)	Revised as of December 2019 (rounded off to nearest INR)
8.	One-time Resettlement Allowance	50,000	60,000

### 11.5. Valuation of Lost and Affected Assets

- 1) Compensation for Land and Assets attached to the Land: Land will be acquired either through the LA Act 2013 or Private Negotiations method:
  - a. All compensation and R&R assistance will be processed as per RFCTLARR Act 2013.
  - b. Compensation of the land to be acquired in an urban and rural area: (market value x 1) plus the value of assets attached to land or building) plus (100% solatium) = Land Compensation Price in case of acquisition by Act or amount determined as per mutual consent/negotiations basis.
- 2) Compensation for Structures: The replacement value of houses, buildings and other immovable properties will be determined based on the latest PWD Basic Schedule of Rates for valuation purpose as on date without depreciation. While considering the PWD rate, HPRIDC will ensure that it uses the latest rates for the structures. Wherever the SR for the current financial year is not available, the Competent Authority will update the BSR to current prices based on approved previous year escalations. Compensation for properties belonging to the community or commonplaces of worship will be provided to enable the construction of the same at new places through the local self-governing bodies by the modalities determined by such bodies to ensure the correct use of the amount of compensation.
- 3) Compensation for Trees: Compensation for trees will be based on their market value. Loss of timber bearing trees will be compensated at their replacement cost and compensation for the loss of crops, fruit-bearing trees will be decided in consultation with the Departments of Forest, Agriculture, and Horticulture. In line with the provision of RFCTLARR Act 2013, 100% solatium will be added to the assessed value of the trees. Before taking possession of the land or properties, the compensation will be fully paid and affected persons will have the opportunity to harvest crops/trees within 15 days from the date of payment of compensation.
- 4) If the residual land, remaining after the acquisition, is unviable, the owner of such land/property will have the right to seek acquisition of his entire contiguous holding/property provided the residual land is less than the minimal landholding of the district/state. The owner's choice in this regard should be obtained either before payment in case of direct purchase or before the declaration of the award.
- 5) Further, all compensation and assistance will be paid to PAPs at least 1 month before displacement or dispossession of assets. In case of compensation payable following acquisition through private negotiations, direct payment transfer of single installment payment will be done to a beneficiary bank account. The HPRIDC will assist beneficiaries to open a Bank account, in case they do not have Bank Account and in special cases, provide the payment through cheque.

- 6) Even after payment of compensation, displaced PAPs would be allowed to take away the materials salvaged from their dismantled houses and shops and no charges will be levied upon them for the same. A notice to that effect will be issued intimating that PAPs can take away the materials so salvaged within 15 days of their demolition; otherwise, the same will be disposed of by the project authority without giving any further notice. Trees standing on the land owned by the government will be disposed of through open auction by the concerned Revenue Department/Forest Department.
- 7) There shall be no income tax deductions in line with Sec 96 of the RFCTLARR Act. In the event any deductions are made toward taxes, such amounts will have reimbursed.
- 8) Each PAPs whose income or livelihood is affected by a subproject will be assisted to improve or at least restore it to the pre-project level. Income restoration schemes will be designed in consultation with affected persons and considering their resource base and existing skills. HPRIDC will identify the number of eligible PAPs/DPs and will conduct training need assessment in consultations with the affected persons to develop appropriate income restoration schemes.
- 9) The HPRIDC with support of specialized agency will examine local employment opportunities and produce a list of possible income restoration options. Suitable trainers or local resources will be identified by HPRIDC in consultation with local training institutes. Disadvantaged and vulnerable households will get special assistance in this regard. The HPRIDC will also facilitate affected person access to Government schemes that could help them to restore income and livelihood. Also, the entitlement matrix provides for one-time income restoration allowance.
- 10) It is the responsibility of the HPRIDC to ensure that the RAP is successfully implemented promptly. The implementation schedule needs to be updated periodically and monitored judiciously. The objectives of the RAP shall be deemed achieved only when the following criteria are met:
  - a. All legal compensation both for land and structure and other assets (trees, crops, etc.) are being paid;
  - b. All eligible PAPs must have received their due R&R entitlements;
  - c. Any relocation or resettlement and economic rehabilitation required is fully completed.
  - d. All project-affected common property resources must be replaced/restored re-established or suitably augmented

### 11.6. Preparation of Land Acquisition Plans

The right-of-way (RoW) shall be established based on revenue maps and field measurement books (FMB), which will be the basis for detailed design and wherever possible the RoW shall be restricted to available RoW to minimize the land acquisition and resettlement impacts. Land Plan Schedule present details of the land parcels to be acquired for the project and will be used for issuing notifications as per the land acquisition act or for private negotiation by District Administration from PAPs.<sup>38</sup> The preparation process of LAP includes:

- Collection of Village map, jamabandi, etc., and record of rights from the Tehsil Office
- Based on the final road designs and spot inspection sketches for LA are made

- Calculation of land acquisition requirement in a particular survey number is arrived based on the jamabandi;
- Field verification of the right of way (RoW) is done from PWD notifications;
- Identify and Stakeout on the ground of the areas beyond RoW where private land needs to be acquired as per approved proposed alignment designs;
- Measurement of land proposed to be acquired to be done along with the Revenue Department. After field verification land are transferred to each survey sketch;
- The LA plans have to be finally signed by the concerned authorities

Census Survey Updating: If the PAPs are not displaced and affected within two years from the census surveys key census socio-economic surveys will be updated once in two years, to keep the baseline date for measuring the living standards of the affected people.

### **11.7. Co-ordination with civil works**

The land acquisition and resettlement implementation will be co-coordinated with the timing of procurement and commencement of civil works. The required co-ordination has contractual implications and will be linked to procurement and bidding schedules, the award of contracts, and the release of cleared COI sections to the contractors. The project will provide adequate notification, counseling, and assistance to affected people so that they can move or give up their assets without undue hardship before the commencement of civil works and after receiving the compensation. The bid documents will specify the extent of unencumbered land to be handed over at the time commencement of works and subsequent milestones and this will be strictly followed to ensure that land is provided on a timely basis to the contractors and also plan implementation of land acquisition and resettlement in line with procurement and civil work time table.

As described above, ESIA would be undertaken once the draft road designs are ready for the remaining up-gradation corridors and maintenance corridors. These ESIA's would then form the basis for the preparation of RAP (and also LAP) for these corridors and these would be made ready before the invitation of bids for civil works.

### **11.8. Institutional Arrangements**

The HPRIDC, for Tranche I roads under HPSRTP will establish ESMU for implementation of ESMP and RAP under CMU, which will be headed by a General Manager and supported by DGM and Managers. The CMU at package level/district level will support the Project Director, HPRIDC in managing the project at field level on behalf of him.<sup>44</sup> The ESMU will have two divisions namely, Environment Management unit (EMU) and Social Management Unit (SMU). The EMU and SMU will be headed by an Environment officer and Social Development Officer (SDO) Respectively. The SDO will be responsible for day to day handling of social, resettlement and land-related issues with the help of NGOs or support organizations to be hired for the purpose. The Social Development Officer will be assisted by Resettlement and Rehabilitation Officer at the Construction Management Unit level. The Resettlement and Rehabilitation Officer will work as an ear and eyes for the CMU in the field.

#### **11.8.1. Environmental and Social Management Unit (ESMU)**

Effective RAP implementation will require institutional relationships and responsibilities, rapid organizational development and collaborative efforts by HPRIDC, State Government,

partner NGO and affected population. It is ideal to have a representation of other line departments viz., revenue, forest, public health, rural engineering, etc. in ESMU. However, the final requirements shall be decided by HPRIDC. ESMU will link the project with state government agencies, provide liaison with HPRIDC field units' and impacted communities, and establish district level committees to co-ordinate social development and resettlement operations in the field and also to assist NGO partners. It will also engage required training services, oversee a grievance redress process and actively monitor RAP implementation.<sup>46</sup> The ESMU will be headed by the Social Development Officer of HPRIDC at the corporate level and Resettlement and Rehabilitation Officers of HPRIDC responsible for the implementation of RAP at field level. The CMU of HPRIDC at field level with active support from NGO will implement the RAP on ground and support from Social Development Officer. Since the Revenue Department has district wise jurisdiction; the respective CMU and Resettlement and Rehabilitation Officer will co-ordinate with the revenue department. The HPRIDC will induct one Social Development Officer.

The Resettlement and Rehabilitation Officers at CMU level will be posted for the project period by HPRIDC in due course of time. The Resettlement and Rehabilitation officer will be the rank of Assistant Engineer. In addition to Resettlement and Rehabilitation Officer at the CMU level a venue officer will be made part of CMU to look after land acquisition matter. However, the Resettlement and Rehabilitation Officers will be provided with orientation training before take-up their assignment in the field.

### **11.9. Grievance Redress Mechanism**

Efficient Grievance redress mechanisms will be developed to assist the PAPs to resolve their queries and complaints. Each RP will detail specific grievance redress mechanisms. Grievances of PAPs will first be brought to the attention to the site office level of the HPRIDC which shall be redressed within two weeks from the receipt of complaints. Grievances not redressed by the HPRIDC staff (field level) will be brought to the Grievance Redress Committee (GRC) which shall be redressed within four weeks from the date of receiving the complaint at ESMU/CMU level. The GRC will have representatives from PAPs, ESMU, field-level staff, district magistrate/commissioner, local administration, revenue authority, and the local community.

The main responsibilities of the GRC are to (i) provide support to PAPs on problems arising from land/property acquisition; (ii) record AP grievances, categorize, and prioritize grievances and resolve them; (iii) immediately inform the PMU of serious cases; and (iv) report to PAPs on developments regarding their grievances and decisions of the GRC and the PMU. Other than disputes relating to ownership rights under the court of law, GRC will review grievances involving all resettlement benefits, compensation, relocation, replacement cost, and other assistance.

The GRC will meet every month (if grievances are brought to the Committee), determine the merit of each grievance, and resolve grievances within a month of receiving the complaint. Records will be kept of all grievances received including contact details of the complainant, date the complaint was received, nature of the grievance, agreed corrective actions and the date these were effected, and outcome. The GRCs will continue to function during the life of the Project including the defects liability period.

The proposed GRC does not impede access to the country's judicial or administrative remedies. The PAP has the right to refer the grievances to appropriate courts of law at any stage of the process. The HPRIDC will ensure that PAPs have the right to approach the

court of law any time during the process of grievance redress activities.

## **11.10. Monitoring and Reporting**

### **11.10.1. Internal Monitoring**

Internal monitoring will be the responsibility of the ESMU. The ESMU internal monitoring will include: (i) administrative monitoring: daily planning, implementation, feedback and troubleshoot individual PAP file maintenance, and progress reports; (ii) socio-economic monitoring: baseline information for comparing PAP's socio-economic conditions, evacuation, demolition, salvaging materials, community relationships, dates for consultations, and number of appeals placed; and (iii) impact evaluation monitoring: Income standards restored/improved, and socioeconomic conditions of the affected persons. Monitoring and evaluation reports documenting progress on resettlement implementation and RAP completion reports will be provided by the HPRIDC to World Bank for review.

### **11.10.2. External Evaluation**

The HPRIDC will engage the services of an independent agency not associated with project implementation to undertake external evaluation twice – at mid and at end term. The external agency, with previous experience in resettlement activities and familiarity with Government and World Bank resettlement policy, will be engaged to monitor and verify RAP implementation to determine whether resettlement goals have been achieved, livelihood and living standards have been restored, and provide recommendations for improvement. The external agency will undertake impact evaluation on a sample basis during mid-term and project completion. It will record PAP's views on resettlement issues; PAPs understanding of entitlement policies, options, and alternatives; site conditions; compensation valuation and disbursement; grievance redress procedures; and staff competencies. The agency will also evaluate the performance of the ESMU related to resettlement issues.

## **11.11. Resettlement Budget**

The resettlement budget will comprise an itemized estimate of compensation for land, structures, trees, crops, various resettlement assistances, rehabilitation or replacement of CPRs including land if government land is not available, institutional cost, contingency, additional studies if required, cost towards implementation, engagement of RAP implementation agency, evaluation consultants, etc.

The estimated cost of land acquisition and R&R payment for the four up-gradation corridors would be INR 17.2 Crore of which compensation for land INR12 Crore and R&R assistance INR 5.2Crore. In the context of maintenance corridors, while no impacts on land or structures are envisaged but these cannot be ruled out as there might be certain curve improvements, blind spot improvements which could result in minor impacts on land and/or structures. As the locations of these corridors are not known at present, the resettlement budget shall be updated based on actual requirements following the conducting of ESIA's.

The cost of LA and R&R has been budgeted as part of the overall project costs and shall be met with the Government of Himachal Pradesh funds. The World Bank's loan will be available for costs such as works, purchase of goods and NGO consultancy, M&E services if required.

## **11.12. Updating of Resettlement Policy Framework**

Revision/Modification of the RPF: This RPF will be an “up-to-date” or a “live document” enabling revision, when and where necessary. Unexpected situations and/or changes in the projector subcomponent design would, therefore, be assessed and appropriate management measures will be incorporated by updating the Resettlement Policy Framework to meet the requirements of the country’s legislation and Bank ESF. Such revisions will also cover and update any changes/modifications introduced in the legal/regulatory regime of the country/ state. Also, based on the experience of application and implementation of this framework, the provisions and procedures would be updated, as appropriate in consultation with the World Bank and the implementing agencies/departments.



## CHAPTER 12 – QUALITY ASSURANCE AND CONTROL

### 12. QUALITY ASSURANCE AND CONTROL

In order to achieve the aim of building safe and durable roads economically, the road structure should meet certain requirements. The characteristics that such a structure should possess should be specified through codes of practices and enforced through contract documents. Laying down not only the technical specifications but the workmanship and the testing and acceptance criteria, Quality Control comprises the operational techniques of controlling quality. A Quality Assurance Standard is set when the Quality Control system is operationalized using human resources, trained to a particular standard. Quality Management includes quality planning to maintain a Quality Assurance Standard, as well as Quality Control.

The HPRIDC was created in 1999 as a fully owned Government Company. The HPRIDC was set-up to raise fund and facilitate road and other infrastructure development in the State. However, in practice, the Corporation had to date only been used as a vehicle for raising funds. The Government of Himachal Pradesh has decided to undertake some road projects through this agency with a specific view to reduce the construction time so as to reduce traffic disturbances, usually faced during construction. While, speed is the criteria, quality can not be ignored under any circumstances. With this philosophy in view it has decided to use Quality Assurance Plans (QAPs) to be developed by Design Consultants for the Feasibility Study and Detailed Design Services and it is anticipated that the Supervision Consultant will develop a project specific Supervision Manual based on the following guidelines. Similarly, the Contractor will propose his Quality Assurance Plan (QAP) keeping the minimum requirements. The documents to be broadly based on the norms set up by Indian Roads Congress publications SP: 47-1998 and SP: 57-2001.

The QAPs shall be prepared to compile the general procedures and guidelines to be followed by the design, construction supervision and contractors' personnel in carrying out all aspects of the designing, construction supervision tasks. The QAPs shall mainly provide procedures for carrying out tasks related to inspection, testing and reporting. However, the QAPs shall not deal with day-to-day technical requirements, nor does it provide solutions to technical problems, as these technical issues are usually administered by the Specifications and other Contract Documents.

Quality Assurance systems are needed for a road project at various levels. For example, a QAP is required for each of the following activities:

- a) Design and Project Preparation
- b) Construction
- c) Operation and Maintenance

There are several organizations involved in the design, construction, operation and maintenance of a road project. These are:

- a) The Client (in the present case HPRIDC)
- b) The Design Consultant
- c) The Contractor



- d) The Supervision Consultant
- e) The Maintenance Agency
- f) The Independent Engineer who supervise the work of a contractor

Each of these organizations has to prepare a Quality Assurance Manual (QAM) covering their activities and scope of work. HPRIDC shall prepare QAM, as the client, in supervising the execution of works. Till such time HPRIDC does not have its own QAM, it shall use QAM of National Highway Authority of India.

### 12.1. Quality Assurance Plans

The Quality Assurance Plans are base documents outlining policy, procedures, responsibilities, compliance, acceptance criteria and documentation needed for the successful implementation of a project. These should be prepared and accepted by all parties concerned before the start of a project. These should generally cover the following:

- a) Identification of all parties involved in QA and their interrelationship;
- b) Internal QA system of each party;
- c) Levels of cross-checking/verification in case of multiple verifications/ controls, including systems of inspection and audit, wherever applicable;
- d) Organization of personnel, responsibilities and lines of reporting for QA purposes;
- e) Criteria for acceptance/ rejection, including identification of proper authorities for such decisions;
- f) Inspection at the end of defect liability period;
- g) Items to be covered in maintenance manual; and
- h) All formats for documentation.

### 12.2. Quality Control (QC)

The operational techniques and activities that are used to fulfill requirements for quality. All those planned and systematic actions necessary to provide confidence that a product or service will satisfy given requirements for quality. MORTH guidelines shall be used for ensuring quality control on all up-grading and maintenance work.

Proper and relentless quality testing and meticulous quality control is the only way to build good roads. Accordingly, the Contractors are required to establish the Field Level Quality Control Laboratories. The laboratories are required to be provided with the equipments and trained staff. The Laboratories of HPPWD, Engineering Colleges and other institutions can also be used for higher level of Quality Control Testing. For meeting the requirements of testing, the HPRIDC may empanel the laboratories of such institutions and may also fix the rates for conducting different tests.

### 12.3. Publishing of project report along with audit findings

At the end of each Financial Year, a progress report along with audit findings may be published in a local daily and/or HPRIDC website. The report should contain not only the achievements but also shortfalls and problems faced by HPRIDC in implementing the project.

## CHAPTER 13 – FINANCIAL MANAGEMENT

### 13. FINANCIAL MANAGEMENT

#### 13.1. Introduction

The Government of Himachal Pradesh with the support of Government of India has requested World Bank assistance for the improvement and rehabilitation of State Highways in the State of Himachal Pradesh.

#### 13.2. Financial Management Framework

HPRIDC shall receive funds from the Government of Himachal Pradesh for executing various projects. HPRIDC will report the project progress through quarterly Financial Monitoring Reports. Financial Management Section aims to provide adequate guidance/information to enable HPRIDC staff to discharge the financial management functions during project implementation and for regular maintenance of Roads thereafter.

The financial statements shall continue to be prepared on accrual basis under the historical cost convention in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act., 2013. The Annual accounts shall be continued as per requirements of Schedule III of the Companies Act., 2013. It is pertinent to mention here that the accounts of HPRIDC are subject to audit u/s 139 of the Companies Act.

The office of The Accountant General also conduct the Proprietary Audit every year and thereafter the Review Audit. For these audits, the complete record of each transaction is required to be kept in the Head Office of HPRIDC. The CBDT has made it mandatory to file the **e-TDS/ TCS** returns on quarterly basis, The Dept. of Companies Affairs, Govt. of India has also made it mandatory, the e filing of annual return of Companies. To adhere to these requirements and to avoid any penalties, it would be in the best interest of the Corporation to maintain centralized records at Head Office. The accounting system seeks to fulfil the information needs of the management for proper planning, allocation, & control of finance & working capital to meet the external reporting requirements of HPRIDC under the various statutes of the Government of India, Government of Himachal Pradesh and the World Bank.

The activities of the project office/ CMU/ PIU shall be gauged through pre-designed MIS, which the project office/ CMU/ PIU shall be intimating on regular basis to HO for centralized reporting. The Head Office shall act as a statistical nerve centre concerning all transactions compiled/consolidated from the units in the form of summaries, statements and measurement books, and in respect of the transactions directly undertaken by the concerned CMU viz. operation of Bank accounts, procurement of outside finances, payment to contractors, deposit of Statutory dues, etc.

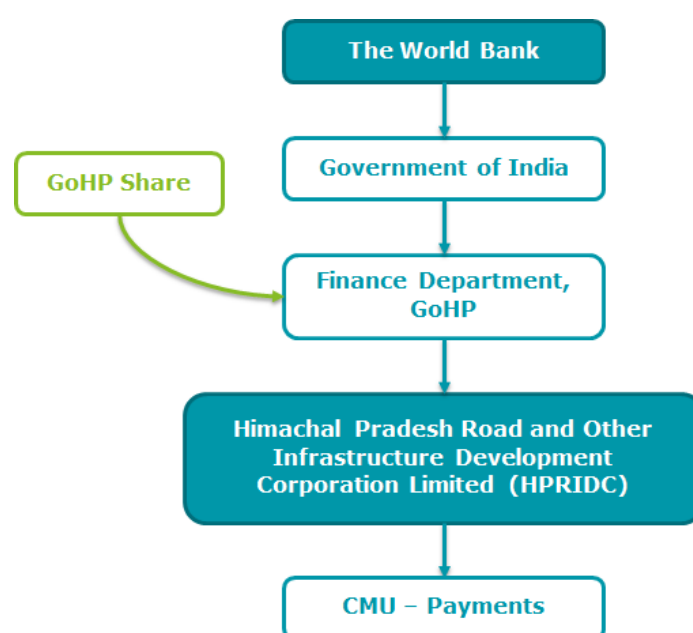
Reporting of financial information to the World Bank shall be centralized through HO. The HO shall be responsible for compiling /consolidation & finalization of accounts and audit of accounts of all other project office/ CMU/ PIU. Financial statements are the basic and formal means through which the management communicates financial information to various external users. A complete set of financial statements includes Balance Sheets, Profit and Loss account and other relevant schedules. Preparation and presentation of financial statements are governed by the Company Law and accounting standards issued by the ICAI. International accounting standards can also provide useful guidelines on certain issues where

Indian accounting standards are silent.

Section 129 of the Companies Act, 2013 requires the Board of Directors of every company to present at every Annual General Meeting held under section 96, a balance sheet/ financial statement at the end of the accounting year and a profit and loss account for that period.

### 13.3. Fund Flow

For all the World-Bank funded projects, Funds will flow from the World Bank to the GOI and on to the GoHP. In the GoHP's budget, Project funds will be budgeted directly under the HPRIDC. GoHP will ensure that funds are transferred to the project within 2 weeks of receiving the funds from GoI. Depending on the nature of the activity, HPRIDC will use the funds to make payments to the contractors and the consultants. Payments for all activities will be decentralized at the CMU level and the officers at each CMU would attain powers as prescribed in the Delegation of Powers section. The funds flow arrangements are summarized below –

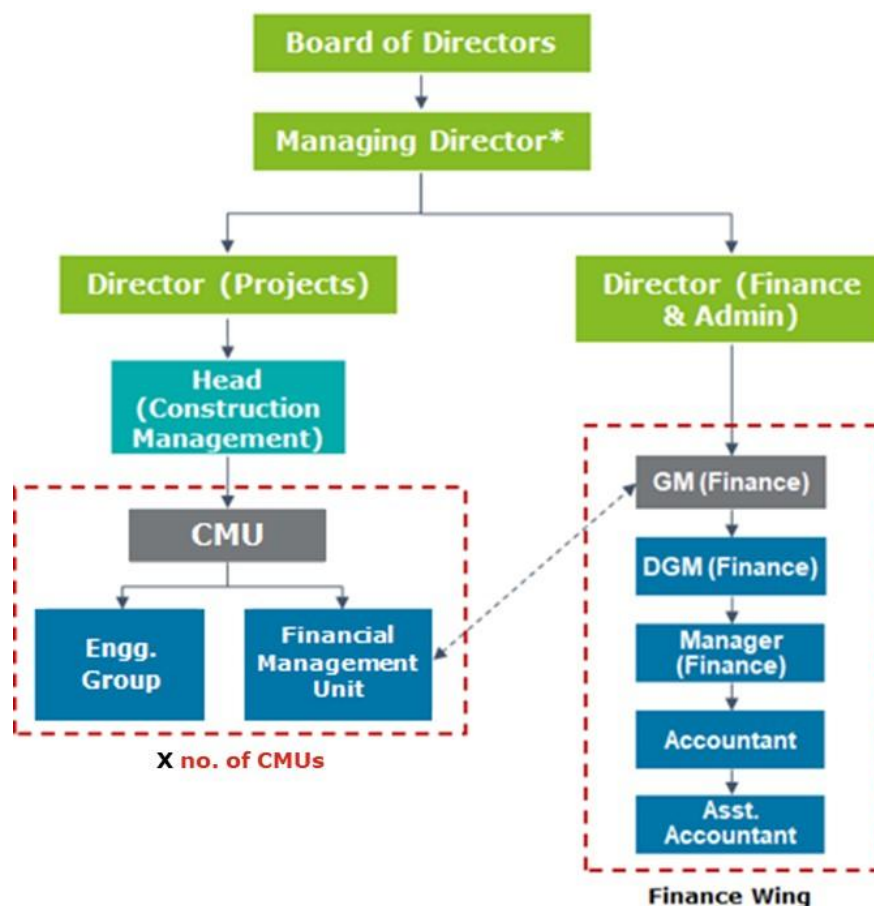


The HPRIDC shall be responsible for releasing payments to contractors on a regular basis. Further, HPRIDC would report on activities under the project under system of quarterly Interim Unaudited Financial Reports (IUFRs). The IUFRs would provide information on expenditure made in the previous quarter and contracts related information.

### 13.4. Project related financing framework

#### 13.4.1. Dedicated Finance Wing at HQ

Apart from the technical wings, HPRIDC would have an in-house dedicated finance wing at the HQ level with some of the officers posted at the CMU level. The finance wing would be headed by a GM (Finance)/ Financial Controller and would work under the supervision of Director (F&A). The officers working at the HQ level shall constitute the core finance wing of the organization while the officers posted at CMU level shall form the Financial Management Unit (FMU) of the concerned CMU.



#### 13.4.2. Role of Finance Wing

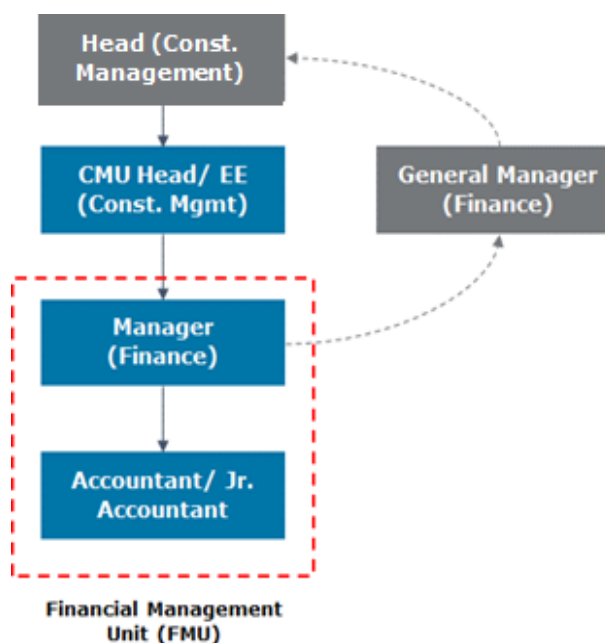
The finance wing would be responsible for planning the financials for the organization, management of the project-specific funds received from the state's finance department and monitoring of all the expenses. The finance wing would also review the salary statement for all the employees received from HR and forward it to the bank for processing the salaries. Further, it would be responsible for filing quarterly and annual direct and indirect tax compliances and returns and providing relevant data for the preparation of the periodic and annual financial statements.

#### 13.4.3. Provision of Financial Management Section at CMUs

The Financial Management Unit of CMU would comprise of one Manager (Finance) and One Accountant/ Jr. Accountant level officer. These officers would work in tandem with other officers of the CMU and would be responsible for keeping a track of the financial progress of the project. These officers would report to the CMU Head/ GM (Construction Management) and would be required to submit a monthly progress report to the GM (Finance) placed at the HQ. These officers would be responsible for processing the payments to the contractor and would release the payments only after the approvals from the concerned authorities as prescribed in the Delegation of Powers.

The General Manager (Finance) would report the entire project related financial matters to the Executive Director (Const. Management) and would seek approvals from him before processing the payments request of the contractors. Further, the General Manager (Finance) would be required to follow the Delegation of Powers as prescribed in the chapter 3 of this manual and shall regularly share a progress report with the Director (F&A).

A tentative reporting structure of the Financial Management Unit is provided below –



### 13.5. Budgeting

Under the proposed arrangement there shall be back to back transfer of funds from the Government of India to the State government on receipt of funds from the World Bank. Based upon the works to be executed during the financial year, the Capital and Revenue Budget will be prepared by the HPRIDC in consultation with the Head Quarter being headed by the Managing Director.

#### 13.5.1. CAPITAL BUDGET

Detailed Capital budget will be prepared by the various CMU's for new works to be executed during the year. It will include head wise expenditure to be incurred during the year with the date of various activities to be completed. Complete detail of requirement of funds with date / month for various activities shall be mentioned in the budget. All such requisite details along with relevant workings should be furnished to head office within the prescribed time. The concerned Executive Director will compile details received from the CMU's after its due verification.

#### 13.5.2. REVENUE BUDGET

On the above mentioned lines the revenue budget will be prepared comprising of renovation of roads and administrative expenditure separately by all the CMU's and the same will be forwarded to Head Quarter for its verification along with necessary working for compilation. The consolidated Budget prepared by the HPRIDC shall be forwarded to the State Government for making the necessary provisions in the State budget. The State government shall make the annual budgetary allocation for the project in the yearly budget of the State Government and release the funds physically to the HPRIDC in a separate Bank account. The Government of Himachal Pradesh shall make available the funds to HPRIDC within two weeks of receipt of funds from Government of India. The transfer of funds from Government of Himachal Pradesh shall follow back to back arrangements of receipt of funds from Government of India by the State Government to ensure timely availability of funds for the project activities.

At the time of transfer of funds to HPRIDC, the State Government shall account it under the

specified project budget head as utilization. HPRIDC shall be fully responsible for maintenance of all necessary project financial information in a computerized accounting software e.g. Tally or any other updated version adopted in the comparator agencies. The HPRIDC shall compile information for its own payments made for getting disbursement from the World Bank.

### 13.6. Accounting Principles and policies

- i) As regards the written policies and procedures covering all routine accounting and related administrative activities are concerned, the primary consideration in the selection of accounting policy is guided by the concept of "truth and fairness". It is also a legal requirement that the financial statements should present true and fair view. Attempt will be made to adopt the accounting policies as suggested in the Schedule III to the Companies Act. Para 17 of Accounting Standard – 1 "Disclosure of Accounting Policies" issued by the Institute of Chartered Accountants of India, states that three important governing factors in the choice of accounting policies are (i) prudence (ii) substance over form and (iii) materiality. Accounting Standard – I suggest that all significant accounting policies adopted in the preparation and presentation of financial statements should be disclosed.
- ii) The capital grants may be treated as deferred income and be allocated to the profit and loss account on a systematic and rational basis over the useful life of the assets. AS – 12 further suggests that the allocation should be made in the proportion of depreciation.
- iii) **Basis for Preparation of Financial Statement** - The financial statements are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 2013.
- iv) **Fixed Assets** - Fixed assets are stated at cost of acquisition less depreciation.
- v) **Depreciation** - Depreciation on assets is provided on the basis and in the manner specified under Schedule II of the Companies Act., 2013.
- vi) As per the decision of the Government of Himachal Pradesh, the expenditure in excess of income will be borne by the State Government.
- vii) The valuation of the assets entrusted to HPRIDC by the HPPWD/State Government shall be done as per the directions of the State Government.

### 13.7. Accounting Procedure Preparation of Annual Accounts

In case of HPRIDC, it would be Income and Expenditure Account instead of Profit and Loss Account already explained in earlier paragraph.

Section 128 of the Companies Act, 2013 specifies the following key features related to the proper books of account as under:

- a) The company needs to maintain the books of account w.r.t. items specified in clauses (i) to (iv) of sub-section 2(13) of the Companies Act, 2013 hereinafter referred as Act, which defines 'books of account.'
- b) The books of accounts should mandatorily display all money expended and received, purchases and sales of goods, and the assets and liabilities of the company.
- c) Books of account are required to be kept on an accrual basis and as based on the double

entry system of accounting.

d) It must represent a true and fair view of the company's state of the affairs or its branches.

Proper books of accounts are to be maintained and follow double entry system of book keeping and accrual basis of accounting. The Balance sheet of the Company shall be either in horizontal or vertical form. The Corporation is already maintaining proper records showing all particulars including quantitative details and situation of fixed assets and will continue to follow the same. These fixed assets have been physically verified at regular intervals. All the fixed assets have also been sufficiently covered by the insurance policies. It shall be ensured, in future, also that the records in respect of fixed assets are maintained, adhering to the requirement of Companies Act, 2013.

Accounts will be maintained on Tally Software version 7.2 or any new software (IT Initiative) implemented in HPRIDC at Head Office. Initially Accounts of CMUs could be maintained manually and the same will be shifted on Tally in phased manner.

### 13.8. Capitalization and amortization of Project Cost.

Apart from the existing work of the corporation, the focus will be on the State Road Projects/works awarded to various consulting agencies/contractors, etc. A recent feature of the developing economy is the emergence of large capital projects. A characteristic of such projects is that they usually involve a prolonged period of construction. During the period of construction, the project necessarily incur various expenses which prima – facia, are of a revenue in nature.

Such large capital projects are rarely financed out of Share Capital fund alone, it is therefore, usual to find that they incur financial expenses by way of interest charges and commitment fees during the period of construction, in respect of the funds borrowed from different financial institutions.

The expenditure other than direct capital expenditure i.e. Cost of Land, Expenditure on Rehabilitation & Resettlement and cost of project etc. which shall be incurred by a new project during its construction may be classified under the following different heads:-

- (1) Preliminary Expenses
- (2) Preliminary Project Expenditure
- (3) Financial Expenses
- (4) Indirect Expenditure
- (5) Other items of expenditure, which would also normally be regarded as revenue expenditure.

#### 13.8.1. Preliminary Expenses

These expenses will include expenses in connection with public documents such as prospectus, R & R Policies etc. Such expenses will be carried forward on the balance sheet and shown under the general group heading of **Misc. Expenditure** except to the extent that they are written off to Profit and loss account. The expenses will be amortized as per the guidance provided in applicable Accounting Standard. This practice will be followed for Income Tax purpose also.



### 13.8.2. Preliminary Project Expenditure

Under this classification would be included the expenditure incurred in connection with work of preparing the project reports, conducting feasibility study, land surveys etc. Such expenses will be carried forward on the balance sheet and shown under the general group heading of **Misc. Expenditure** except to the extent that they are written off to Profit and loss account. The expenses will be amortized as per the guidance provided in applicable Accounting Standard.

### 13.8.3. Financial Expenses

The interest charges on loans taken partly for the purpose of providing working capital and for financing the capital expenditure, the total amount of the loan will reasonably be apportioned between working capital and fixed capital expenditure; the interest during the construction period on the latter portion will be treated as indirect capital expenditure.

### 13.8.4. Indirect expenditure

Under this classification would be included the expenditure on employees, expenditure on consultants, general administration and other office expenditure etc. A characteristic of this type of expenditure is that it would be of revenue nature. However, because the expenditure will be incurred during construction period and expenditure will be indirectly related to construction/work and incidental thereto, it will be capitalized as part of the **Construction cost**.

### 13.8.5. Other indirect expenditure

Under this classification would be included the expenditure on training, conferences etc. Such type of expenses are not related either directly and indirectly to the work of construction. Such expenditure be treated as per the guidance provided in applicable Accounting Standards.

## 13.9. Grant in aid

Normally the HPRIDC will receive the funds from State Govt. of the following nature :-

1. Expenditure Grants
2. Capital Grants.

In both the cases, these grants will be credited to the "Unutilized Grants. In the case of Expenditure Grants, the funds will be received generally for the maintenance of the roads etc. On the completion of the work of maintenance, the expenditure will be debited to the Profit and Loss Account/Income and Expenditure Account and Unutilized Grant will be set off as suggested in Accounting Standard – 12 "Accounting for Government Grants." Assets related Government grants are recognized as Capital Grants. These grants may either be shown as deferred income or set off against the specific assets. AS – 12 is specific as regards the accounting for Government grants that relates to depreciable assets. The first alternative is to adjust the amount of grants against the gross value of the assets. In case amount of grants equals the whole or virtually the whole cost of the assets, it is suggested to show the assets at a nominal value in the balance sheet. Alternatively, the grants may be treated as deferred income and be allocated to the profit and loss account on a systematic and rational basis over the useful life of the assets. AS – 12 further suggests that the allocation should be made in the proportion of depreciation.

## 13.10. Treatment of Grant In Aid



On receipt of Capital grant in aid, the same will be deposited in the designated account with the Bank. Bank will be debited and Unutilized grant will be credited. Thereafter, on the completion of work, the unutilized grant to that extent will be set off and Capital Reserve will be credited. On the other hand, at the time of payment of final bill, Fixed Asset will be debited and the designated account will be credited. On every 31<sup>st</sup> March, the depreciation will be charged on Fixed Asset. This depreciation will be debited to the Profit and Loss Account/Income and Expenditure Account and Fixed Asset to the extent of depreciation charged will be reduced. Then the depreciation will be transferred to the Capital Reserve through Profit and Loss Account/Income and Expenditure Account and Capital Reserve will be debited. The balance of Fixed Asset and Capital Reserve will be same at the end of each financial year.

As regards the Expenditure grant in aid, the same will be deposited in the designated account with the Bank. Bank will be debited and Unutilized grant will be credited. Thereafter, on the completion of work, the unutilized grant to that extent will be set off and will be charged to Profit and Loss Account/Income and Expenditure Account as Extra Ordinary Income. At the time of payment of final bill, the Profit and Loss account/Income and Expenditure Account will be debited and the designated account with the Bank will be credited.

### **13.11. Fixed Assets Management**

The Corporation has maintained proper records showing all particulars including quantitative details and situation of fixed assets. These fixed assets have been physically verified at regular intervals. This procedure shall be followed in future also.

Purchase of movable assets e.g. computers, furniture & fixtures, vehicles etc. shall be recorded in the Fixed Asset Register with complete details such as name of asset, date of purchase, Suppliers name, Quantity, Value (Basic +ED +Vat + Freight + Insurance etc), Date of installation, location, Identification no, Rate of Depreciation, depreciation etc after the purchase is made. The payment for the fixed assets shall follow the general payment procedure as explained in earlier paragraph of the manual. The depreciation shall be charged on the rates specified in Companies Act/Income Tax Act. HPRIDC shall also maintain a separate fixed assets and capital work in progress registers related to roads containing details as per format annexed.

### **13.12. Financial control relating to R&R payments.**

Acquisition of land for the Road projects would be as per H.P Land Acquisition Act, 1986 (that shall be updated time to time based on the notification of the state government). The State Government shall pay compensation for land acquired directly as per the provisions laid down under the Land Acquisition Act. The persons affected by the land acquisition having economic interest or lose their livelihood due to land acquisition and also does not own any other land or property will be compensated as per the broad principles laid down under the policy. The State Government will acquire the land and entrust the same to HPRIDC along with the existing infrastructure as and where basis. The State Government shall decide the value of the assets entrusted to HPRIDC separately.

#### **13.12.1. R&R Settlement**

All the landowners who become landless, after the acquisition of their share of land, shall also be compensated as per the R&R scheme of the latest Land Acquisition Act. The said scheme will be implemented with the help of NGO, working in the respective areas. Necessary budgetary provisions for the same will be made at HO level for which requisite details with

the implementation schedule will be provided by the concerned CMU's. Broad entitlement framework of different categories of project-affected people will be assessed. Provisions will be kept in the budget for those who were not present at the time of enumeration. The Resettlement Plan shall include a fully itemized budget and an implementation schedule linked to the civil works contract. All the expenditure incurred on Compensations, Economic Rehabilitation Grant, Transitional Allowance/Sustenance Allowance, Shifting Allowance and Training Allowance will be **debited to the direct cost of the project**. Formats for recording information relating to R&R payments are annexed.

#### 13.12.2. Responsibilities of CMU

- (1) Receive Micro Plan Format.
- (2) Collect photocopy of I.D.

NGO will submit two copies of micro plan and photocopy of identity to RRO at respective CMU. After proper verification RRO will send the claim to Social Development Officer, HPRIDC Head Office at Shimla, who will in turn forward the same to Finance and Accounts wing of HPRIDC HO at Shimla after its due verification. HPRIDC HO will transfer the funds to the CMUs for its further disbursement. The CMU will prepare independent Cheques and hand over the same to NGO/PAP.

#### 13.13. Internal Control

The HPRIDC will follow an internal control mechanism to ensure that the same person will not process / approve and make the payments. The HPRIDC will get the road projects executed through separate Construction Management Units in which the Engineering Staff would be onboarded through deputation, contractual appointment and direct recruitment.

Director (Projects) will be responsible for implementation of the civil works contracts, issue of advertisement, issue the bidding documents, receive bids etc. The Executive Director (Procurement) would invite tenders for various works/consultancies and receive tender fees from interested parties through eProcurement portal. This may be in the form of demand drafts or RTGS.

As per the terms of tenders, the applicants may be asked to provide Earnest Money Deposits in the form of demand draft, bank guarantee, etc. along with tender. On receipt of EMD, the particulars of EMD shall be maintained through the eProcurement portal. All the drafts received shall be deposited in the bank as per procedure and the necessary entries shall be passed in the books of accounts.

The designated committee will evaluate the bids and on selection of party contract/ assignment shall be assigned. The EMD of the rejected parties shall be refunded. The EMD of shortlisted parties shall be considered as security deposit and necessary entries shall be passed in the EMD register and in the ledgers.

The contractor shall submit the periodical running bills for the work completed to concerned CMU, who in turn will forward the same along with documents like measurement book, contract agreement, quality reports to the Project Director, who after due verification send the bills to the Finance and Accounts wing of HPRIDC.

A deduction on account of retention money, income tax, advance given to the contractor or any other deductions, as required, shall be made at a certain defined percentage/ amount from the bill approved for payment. A bank payment voucher shall be prepared for the

payment. The voucher along with the supporting documents and cheque issued register shall be presented to the authorized signatories for authorization. Once the cheque is authorized by the signatories appointed for cheque signing, the same shall be issued to the party. The cash book and the bill passing register shall be updated on making payment with reference of the bank payment voucher. All payments shall be entered in the respective folio of Bill passing register also.

However, the H.O. will get the expenditure sanctioned from the appropriate authority duly approved by the Board, before releasing the payment. The payment shall be made directly to the contractors through Demand Draft payable at par at all branches in India in accordance with the conditions of the agreement of the contract. The HPRIDC will also strengthen the CMUs by deploying the Accounts Staff in the each CMU, who will prepare the periodical statements/ MIS for onward submission to the Head Office.

In case advance has to be paid to the party, the advance applications/bill shall be approved by the appropriate authority and payment will be processed as per the payment procedure. Reconciliation of advances given to contractors/suppliers shall be done on a quarterly basis. This will ensure that there are no differences in amount shown as advances pending, and any difference shall be reconciled instantly. Bank Reconciliation Statement (BRS) shall be prepared on a monthly basis.

Proper vouchers (duly supported by the relevant documents) for all receipts and payments shall be prepared in serial order for accounting transactions. Keeping in view the project activities, the major accounting activity shall be the payment to contractors, as advance or running bills payments. Payment to contractors shall be based on specific work orders/agreements etc. Payments shall be made as per payment milestones mentioned in the agreement and submitted by the contractors. No payment shall be made unless the Quality Control Test Report confirms the work as satisfactory.

#### **13.14. Audit by C.A.G.s**

The Annual accounts are being prepared as per requirements of Schedule III of the Companies Act., 2013. It is pertinent to mention here that the accounts of HPRIDC are subject to audit as per Companies Act 2013. The CAG appoints the Statutory Auditor from the panel of the Chartered Accountants to submit his report on the accounts of the Company. Thereafter, the CAG through the audit party of the local o/o Accountant General conduct the audit of the accounts of the Company and submit its comments. These audited accounts alongwith the comments of the CAG shall be placed before the Share Holders in the Annual General Meeting every year for consideration and adoption. The o/o the Accountant General also conduct the Proprietary Audit every year and thereafter the Review Audit. For these audits, complete record of each and every transaction is required to be kept in the Head Office of HPRIDC.

As per the requirement of the World Bank, the Statutory Auditors appointed by the C.A.G. shall also adhere to the TOR of the World Bank as annexed at Annexure – F.

#### **13.15. Internal Audit**

Internal audit is an independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the entity including the entity's risk management and internal control system. Major area to be covered by Internal Auditors include –

### 13.15.1. Audit of Expenditure

Auditing of all expenditure including review of R&R payments and giving opinion whether all the expenditure has been made for the purposes intended for, used with due attention keeping in view economy and efficiency and which complied with all relevant rules and procedures of the project and World Bank. The financial Management Framework to be followed, shall be taken as the base document and complied with.

### 13.15.2. Procurement

Checking that all procurement of goods and services has been done as per the Procurement Manual and to report any deviation from the manual or cases of undue favour, misprocurement, corruption etc.

### 13.15.3. Checking of all FMRs

Checking of the FMRs prepared by the CMUs and HPRIDC, confirming that the same have been drawn on a realistic basis/and the same are as per books of accounts.

### 13.15.4. Compliance

To Ensure compliance as per laid down procedures in the Financial Management Framework. Special emphasis should be given on monitoring of internal controls and service standards.

The Internal auditor shall express his opinion on various issues explained above in the internal audit report and submit the same not later than one month after completion of audit. The report shall cover the current process, deviations from Framework and general accounting principles, monetary impact of deviation, person responsible and suggestions for improvement, if any. The auditor should submit three copies of the Report. The Internal audit shall be conducted on a half yearly basis. As the project funding increases, the periodicity can be reviewed and made on a quarterly basis. The HPRIDC shall provide access to all vouchers, supporting, books of accounts, previous audit statements, Financial Statements and all relevant documents. HPRIDC will also put the Audited Financial Statements on its website.

## 13.16. Financial Monitoring Reports

The Financial Monitoring Reports shall be prepared on quarterly basis. All the expenditure on the project activities made in the previous quarters will be recorded in the reports on the basis of the reports submitted by the different CMUs. There shall be an MIS to compare the Budgeted Expenditure verses actual expenditure for the various components and sub components of the project.

The Project Financial Statements (PFS) shall be prepared on an annual basis and shall represent the financial statements for the project. These statements shall be audited by the Statutory Auditor. The financial statements forming part of the PFS are as under

1. *Summary of Funds Received:* - This shall contain the funds received separately from World Bank and Government of H.P.
2. *Summary of Expenditure:* - This shall show under the main project components/sub-components headings the summary of expenditure both for the current fiscal year and accumulated till date.
3. *Balance Sheet:-* This shall show the accumulated funds for the project, bank balances, other assets of the project and liabilities, if any.

4. *Reconciliation of funds as per Consolidated books of accounts and as per World Bank:-*  
This shall reconcile the amounts shown as 'received by the project from the World bank' and that actually been 'disbursed by the Bank.'

## **CHAPTER 14 – INFORMATION MANAGEMENT AND DISCLOSURE POLICY**

### **14. INFORMATION MANAGEMENT**

At present there is low level use of Information and Communication Technology (ICT) for information management in HPRIDC. The low levels of use of ICT in the HPRIDC shall be addressed through implementation of computer based information management systems (MIS). Modernization of business processes and management information systems would be carried through creation and implementation of technical, financial and operational management capacity using computer based MIS systems. An information officer will lead the MIS Team in the HPRIDC. The information officer will be guided by a committee of experts from across the Government of Himachal Pradesh and one senior representative from the HPRIDC engineering cadre. The HPRIDC will take services of a Project Management Consultant (PMC) to advise and support the planning, design and implementation of an ICT program in a stipulated time frame of 12 months. The ICT program of HPRIDC shall be dovetailed with the Himachal Pradesh State Wide Area Network (HIMSWAN) and E-governance initiative of the Information Technology Department of the Government.

#### **14.1. Disclosure Policy**

Right to Information Act 2005 (RTI) has become effective in India since October 12, 2005. It encourages *suo motu*<sup>1</sup> disclosure of and universal access to information wherever in the public interest. The Act requires that records be maintained and be available to the public. Compliance with the Act is required for all public entities.

To fully comply with the RTI, the implementing agency HPRIDC has developed a draft disclosure for HPRIDC, which consists of the following four parts:

- (A) a list of documents to be provided *suo motu* as specified in the sections 4 (1) (b), (c), and (d) of RTI Act;
- (B) organizational arrangements and procedures for implementing the disclosure policy as per sections 5(1), 5(2), and sections 4(1)a, 4(2), 4(3) and 4(4)
- (C) reporting and monitoring systems for monitoring and evaluation of the implementation of the disclosure policy as per sections 25(1), 25(2), and 25(3);
- (D) a capacity building plan (including public awareness campaigns) as per section 26(1).

The responsibility for implementation of this policy (including all the above four components) rests with HPRIDC Public Information Officer (PIO) with approval of HPRIDC Managing Director. This draft disclosure policy has been presented to and endorsed by the Chief Information Commissioner (CIC), this will guide all operations under HPRIDC.

Based on the experience to be gained, this draft disclosure policy will be jointly reviewed by HPRIDC and CIC annually, and be further updated/improved. HPRIDC may invite an external agency which has experience in advising government agencies on implementation of RTI act to assess the compliance of this policy with the RTI Act and provide recommendations for

further improvements.

## **14.2. Disclosure of Information**

As per sections 4(1) (b), (c), and (d) of RTI, HPRIDC will disclose information related to its corporation as well as its projects under preparation and implementation (including the one supported by the World Bank) at its website. The table below specifies types of information for disclosure, time and frequency, media, and responsibility for disclosure, covering all HPRIDC projects irrespective of sources of funding. However, disclosure at the World Bank Infoshop will be required exclusively for Bank-supported projects.

Table-I: List of Information/Documents to be disclosed by HPRIDC as required by RTI Act\*

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
<b>HPRIDC's General Information</b>	the particulars of HPRIDC, functions and duties	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the powers and duties of HPRIDC officers and employees	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	procedure followed in HPRIDC decision making process, including channels of supervision and accountability	Immediately upon its development and/or its revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the norms set by HPRIDC for the discharge of its functions	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the rules, regulations, instructions, manuals and records, held by HPRIDC or under its control or used by its employees for discharging its functions	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
	a statement of the categories of documents that are held by HPRIDC or under its control	Immediately upon its development and/or its revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the particulars of any arrangement that exists for consultation with, or representation by, the members of the public in relation to the formulation of its policy or implementation thereof	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	a statement of the board, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those board, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
<b>HPRIDC's General Information</b>	a directory of HPRIDC officers and employees	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the monthly remuneration received by each of its officers and employees, including the system of	Monthly	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO



Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
	compensation as provided in its regulations			
	the budget allocated, indicating the particulars of all plans, proposed expenditures and reports on disbursements made	Annually	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the manner of execution of subsidy programmes, including the amounts allocated and the details of beneficiaries of such programmes	Annually	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	particulars of recipients of concessions, permits or authorisations granted by HPRIDC	Annually	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	details in respect of the information, available to or held by HPRIDC, reduced in an electronic form	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
	the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for public use	Immediately upon their identification	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
	the name, designation and other particulars of the HPRIDC Information Officer	Once	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
	such other information as may be prescribed; and thereafter updating of these publications every year	Annually	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
<b>HPRIDC's Policy Related Information</b>	all relevant facts while formulating important policies or announcing the decisions which affect public	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
	reasons for HPRIDC's administrative or quasi-judicial decisions to affected persons	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
<b>Resettlement, Rehabilitation and Land Acquisition</b>	Resettlement Action Plan (RAP)	Once in the entire project cycle. However, to remain on the website and other disclosure locations throughout the project period.	World Bank's Infoshop; HPRIDC's website; Deputy Commissioner's Office; State and District Libraries; Tehsil and Panchayat offices; HPRIDC HQ and CMUs	PIO/APIO, Social Consultant, World Bank
	Resettlement & Rehabilitation Policy translated in Hindi	Once in the entire project cycle.	Distributed among Project Affected Persons (PAP)	PIO/APIO, Social Consultant

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
	Information regarding impacts and their entitlements	Once at the start of the project and as and when demanded by the PAP.	Through one-to-one contact with PAPs; Group Discussion; List of PAPs with impacts and entitlements to be pasted in the Village Panchayat office and website of HPRIDC	PIO/APIO, HPRIDC HQ and CMUs
	R&R and Land Acquisition monthly progress report.	10th day of every month	Website of HPRIDC; HPRIDC HQ and CMUs	PIO/APIO, HPRIDC HQ and CMUs
	RAP Impact Assessment Report	After substantial completion of each phase	HPRIDC's website	PIO/APIO, Social Consultant
	Land Acquisition notifications	As required under the Land Acquisition Act	HP Government Gazette; HPRIDC website	PIO/APIO, Social Consultant
	Grievance redressal process.	Continuous process throughout the project cycle	World Bank's Infoshop; HPRIDC's website; Deputy Commissioner's Office; Tehsil and Panchayat offices; HPRIDC HQ and CMUs; One to one contact with PAPs.	PIO/APIO, World Bank

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
<b>Public Consultation</b>	Minutes of Formal Public Consultation Meetings	Within two weeks of meeting	HPRIDC's website; Tehsil and Panchayat offices; HPRIDC HQ and CMUs	PIO/APIO, Consultant
<b>Environment Management</b>	Environmental Assessment and Management Plan. Summary in Hindi	Prior to awarding works and to remain on website until end of DLP	World Bank's Infoshop; HPRIDC's website; State and District Libraries; Construction site / campus; Info Kiosk; HPRIDC HQ and CMUs	PIO/APIO, Environmental Consultant, World Bank
<b>Engineering</b>	List of roads proposed to be undertaken, clearly indicating start and ends of the contract.	Prior to awarding works and to remain on website until end of DLP	HPRIDC website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
	Proposed works / treatment giving details of widening, bypasses, junction improvement, drainage, traffic safety feature etc. Construction program with milestones and completion dates.			
	Proposed cross section and strip plan depicting major features.			
	Physical and financial progress of each contract. Work progress photographs	To be updated by the 10th of every quarter ending.		

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
<b>Financial Management</b>	Quarterly financial management report	To be updated by the 10th of every quarter ending.	HPRIDC website	PIO/APIO; Financial Management Officer
	Quarterly interim unaudited financial report	To be updated within 45 days of every quarter ending	HPRIDC website	
	Annual Audited Financial Statements	Annually, upon completion of Audit	HPRIDC website	
<b>Procurement</b>	Procurement plan	Annually	HPRIDC website	PIO/APIO
	Complaints mechanism	Once and updated from time to time	HPRIDC website.	PIO/APIO
	All GPN, SPN, NITs, EOIs, Bid Documents, RFPs, minutes of pre-bid conferences and addenda/corrigenda to bids	When required	HPRIDC website UNDB for GPN, SPN, EOI as appropriate for larger contracts National press for NIT EOI as appropriate for smaller contracts	PIO/APIO
	Award of Contract Details as stipulated in clause 2.60 of the Red Book and 2.28 of the Green Book	Within 2 weeks of award	HPRIDC website UNDB on line for larger contracts	PIO/APIO
<b>Other</b>	Core Network Maintenance Plan	Annually by February 28	HPRIDC website	PIO/APIO

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
	Progress on institutional reforms and progress of TA consultancies	As and when appropriate	HPRIDC website	PIO/APIO
	Project Performance Indicators, Targets and Actual Figures	Annually	HPRIDC website	PIO/APIO
	User satisfaction surveys results.	Once every 2 years	HPRIDC website	PIO/APIO

*\* this list is not a final list; it is to be updated annually*

### 14.3. Organizational Arrangements and Procedures

The HPRIDC will establish a system dealing with information disclosure.

General Manager (Construction Management) shall be appointed as a Public Information Officer (PIO) for HPRIDC, as per requirements of the RTI Act. The main responsibilities of PIO will include:

- To ensure that all records duly catalogued and indexed in a manner and form which facilitates the right to information under this Act and all records are appropriate to be computerized are, within a reasonable time and subject to availability of resources, computerized and connected through a network all over the HPRIDC;
- To ensure that as much information is provided *suo motu* to the public at regular intervals through various means of communications, including (but not limited to) internet, notice boards, newspapers, public announcements, media broadcasts, and any other means, so that the public have minimum resort to the use of this Act to obtain information;
- To arrange dissemination of every information widely and in such form and manner which is easily accessible to the public;
- To ensure that all materials are disseminated taking into consideration the cost effectiveness, local language and the most effective method of communication in that local area and the information is available free or at such cost of the medium or the print cost prices as may be prescribed;
- To receive the applications for information or appeals under this Act for forwarding the same forthwith to the State Information Commissioner with a period of five days to provide a response;
- To deal with requests from persons seeking information and render reasonable assistance to the persons seeking such information;
- To provide the information as expeditiously as possible, and in any case within thirty days of the receipt of the request, based on the payment of such fee as may be prescribed or reject the request for any of the reasons specified in section 8 of the RTI Act (see below);
- To ensure that PIO's name, postal and street address, phone and fax numbers, and, if any, electronic mail address are available on the website of HPRIDC for the general public to reach him/her with requests for information.

The current Information Officer of HPRIDC will act as the full-time Assistant Public Information Officer (APIO) at HPRIDC who will be responsible for directly managing information disclosure (including monthly updates of the HPRIDC website). APIOs will also be appointed in HPRIDC Contract Management Units by May 2007 to facilitate access to information for general public and accelerate response to its request for information. All information officers will be guided by a committee of experts from across the Government of Himachal Pradesh (to be set up under the RTI Act) which will include one senior representative from the HPRIDC.

In accordance with RTI Act (section 6(1)) Requests for information should be made in writing or through electronic means in English or Hindi, accompanying such fee as may be prescribed, and specifying the particulars of the information sought by the applicant.

Provided that where such requests cannot be made in writing, PIO shall render all reasonable assistance to the person making the request orally to reduce the same in writing. Applicants shall not be asked to give a reason for requesting the information or any other personal details except for those that may be necessary to contact him or her.

As per RTI ACT (Section 8(1)) PIO may reject the request for any information and have no obligation to give any citizen the information:

- Disclosure of which would prejudicially affect the sovereignty and integrity of India, the security, strategic, scientific or economic interests of the State, relation with foreign State or lead to incitement of an offence;
- Which has been expressly forbidden to be published by any court of law or tribunal or which may constitute contempt of court;
- The disclosure of which would cause a breach of privilege of Parliament or the State legislature;
- Related to commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information;
- Available to a person in his fiduciary relationship, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information;
- Received in confidence from foreign Government;
- The disclosure of which would endanger the life or physical safety of any person or identify the source of information or assistance given in confidence for law enforcement or security purposes;
- Which would impede the process of investigation or apprehension or prosecution of offenders;
- Related to cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other officers;
- Which relates to personal information the disclosure of which has no relationship to any public activity or interest, or which would cause unwarranted invasion of the privacy of the individual unless the PIO is satisfied that the larger public interest justifies the disclosure of such information.

As RTI Act (Section 10(1)) states where a request for access of information is rejected on the ground that it is in relation to information which is exempt from disclosure (see the paragraph above), then, access may be provided to that part of the record which does not contain any information which is exempt from disclosure under this Act and which can reasonably be severed from any part that contains exempt information.

#### **14.4. Monitoring and Reporting**

HPRIDC will provide to the Chief Information Officer of GOHP an annual report on the implementation of the provisions of the RTI Act and forward a copy thereof to Government of Himachal Pradesh and the Bank. As per RTI section 25(3) each report will contain:

- the number of requests made to HPRIIDC;



- the number of decisions where applicants were not entitled to access to the documents pursuant to the requests, the provisions of this Act under which these decisions were made and the number of times such provisions were invoked;
- the number of appeals referred to the Central Information Commission or State Information Commission, as the case may be, for review, the nature of appeals and the outcome of the appeals;
- particulars of any disciplinary action taken against any officer in respect of the administration of this Act;
- the amount of charges collected by HPRIDC under this Act;
- any facts indicating an effort by HPRIDC to administer and implement the spirit and intention of this Act;
- recommendations for reform, including recommendations in respect of HPRIDC, for the development, improvement, modernization, reform or amendment to this Act or other legislation or common law or any other matter relevant for operationalizing the right to access to information.

The Bank will be involved in monitoring of implementation of the arrangements and particularly actions related to the Bank supported state roads project, through *inter alia*, the following:

*Disclosure of information* will be supervised mainly through:

- (a) checking the frequency and comprehensiveness of website updates, and
- (b) checking the distribution of materials to key participating civil society groups & Panchayats; and
- (c) checking the comprehensiveness of information available at Public information kiosks.

*Functioning of the complaints handling system and the system of sanctions and remedies* will be supervised mainly through:

- (a) periodic review of statistics based on records kept on the website of HPRIDC; and
- (b) field level checks to ensure that problems are being reported and acted upon.

#### **14.5. Capacity Building and Public Awareness Campaign**

To ensure that all staff understands requirements of the RTI Act and knows how to implement the disclosure policy developed under the Act, HPRIDC will develop training plans for their staff with assistance from national or state nodal institutions recommended by GOI or GOHP. These training plans will be included in the annual training plans of two organizations.

HPRIDC will participate in the state-wide public awareness campaign through development and organization of educational programs to advance understanding of the general public, in particular of disadvantaged communities and communities deprived of internet access, on how they can fulfill their Right to Information contemplated in RTI 2005. This will be undertaken under through close collaboration with Himachal Pradesh Institute of Public Administration that arranges training of trainers who will further work with the public on this matter.

## CHAPTER 15 – COMPLAINTS AND VIGILANCE

### 15. COMPLAINTS AND VIGILANCE

HPRIDC will establish a system dealing with external complaints on procurement, fraud/corruption and construction quality. This system will include maintaining a log and filing to monitor status of follow up of each received comments, suggestions and grievances. The implementation of the system will be monitored by Chief Vigilance Officer of the PWD (who shall act Vigilance Officer (VgO) for the HPRIDC). The mechanisms will include provision for follow up investigations of substantial complaints by Internal Auditors, or third party audit to ensure independency and reliability of the system.

For the complaint mechanism to function efficiently, the information concerning the alternative conduits for complaint (dedicated email address and physical mailing box) shall be widely publicized. Web-based campaigns, newspaper advertisements and displays on boarding's at highly visible locations will encourage public to report information on any misconduct, misappropriation and grievances to the HPRIDC. Complaints, suggestions and grievances handling system will be included at HPRIDC website: <http://himachal.nic.in/hpridc/> An Information Officer who has been designated by HPRIDC as a full-time Assistant Public Information Officer under the RTI Act will be responsible for monthly updates of the system on the website.

If as a result of any such information provided by the member of the public, cost savings are achieved or charges of misconduct and misappropriation are proven, such members of the public will be awarded some recognition such as a certificate of excellence or felicitation at a public ceremony with or without a monetary reward. HPRIDC will formulate general policy in this regard and after due approvals of the GOHP, announce these to the public as aforementioned. Simultaneously strict disincentives will be announced for the erring members of the corporation. HPRIDC will establish the remedial actions and sanctions for cases of fraud and corruption that are reported and for which evidence is found and charges established after due process of investigation. This will include sanctions to HPRIDC or government staff proven to be involved in such cases.

Any entity that is found to have misused funds, or not effectively carried out key elements of the anti-corruption plan, may be excluded from subsequent participation in other works being carried out by the HPRIDC. Information regarding such cases, where lessons are learned and funds are retrieved, will be widely published for information of the members of public. Strict procedures to ensure anonymity of informants will be enforced.

Tracking of the status of investigations and measures taken will be reported in monthly reports to management. Complaints deemed possible serious infringements may be referred to the Vigilance Department of the Government of Himachal Pradesh for further investigations.

#### 15.1. Responding to Procurement Complaints

Procurement related inquiries and complaints from suppliers, contractors or consultants may occur from time to time. Complaints require prompt, careful and consistent responses from the Chief Vigilance Officer of the HPPWD appointed by the Government of Himachal Pradesh (who shall act as Vigilance Officer (VgO) in the same capacity for the HPRIDC), HPRIDC staff and the GOHP if necessary.

General inquiries about HPRIDC procurement policy, procedures and guidelines are dealt with by the Director (Projects) within 20 working days of receipt. Complaints received directly from bidders relating to a specific procurement shall be in writing. They are to be received and then reviewed by SE (Works) cum Chief Vigilance Officer of HPPWD, and dealt with in the following way.

- i) The VgO shall record all complaints, whether they are referred from other recipients or directly, in a register to be maintained in a secure location in his own office. The email and physical address of the VgO is to be made public on the HPRIDC website and noted in all pre-bid and pre-proposal meetings
- ii) The VgO shall, within 5 working days of receipt of complaint, acknowledge receipt in writing to the complainant indicating that the HPRIDC is considering the issues raised and will discuss them with the concerned officers of the HPRIDC.
- iii) The VgO shall then consult with the relevant officers of the HPRIDC and, after thorough review of the documents in question as well as interviewing of officers concerned as necessary, shall make a judgment as to the validity of the complaint.
- iv) Within 20 working days, the VgO shall submit a report to the Director (Projects), HPRIDC with his own assessment as to the validity of the complaint and a clear recommendation on how any substantiated complaint should be remedied.
- v) In the event that any documents or decisions are changed as a result of the VO's recommendations, the Director (Projects) must notify all prospective bidders on any changes in the bidding documents or bidding conditions within 5 working days of receipt of such recommendations from the VgO.
- vi) If the VgO receives the bidder's communication after the HPRIDC has submitted its evaluation report to the competent authority, the VgO ascertains whether the complaint was satisfactorily addressed in the report. If they were not, the VgO asks the HPRIDC to address the issues and resubmit its evaluation report within 20 working days before submitting such report to the competent authority. The VgO shall satisfy himself that the evaluation report has indeed adequately addressed the complaint.
- vii) If on the other hand the complaint is received after the successful bidder is notified of the contract award, the VgO responds to it in broad terms, without compromising the confidentiality of other bids and a copy of the correspondence is then sent to the HPRIDC. The Board shall then be consulted and shall determine, after consultation with appropriate legal counsel, as to how best to proceed.
- viii) In the event that the Director (Projects) does not agree with the recommendations of the VgO, the case shall be referred to the MD, HPRIDC whose decision shall be final.
- ix) The MD, HPRIDC in addition to the VgO, must review all complaints received in relation to procurement where the competent authority is the Board.
- x) The VgO shall write to all complainants within 40 working days of the receipt of such complaint as to the final decision of the competent authority.
- xi) If any complainants do not concur with the decision of the competent authority, they should be advised to approach the relevant Appellant Authorities under the RTI Act 2005.
- xii) In the event that a complaint is received concerning an externally funded contract,

the relevant funding agency shall be informed at each stage of the complaint handling process

### **15.2. Responding to Allegations of Fraud or Corruption**

Fraud or corruption can manifest itself in many varied ways and HPRIDC operations are not expected to be immune. All staff and contractors should be alert for indicators that fraud or corruption may have occurred. These include suspicious or unexplained transactions, rumors of favored bidders, bid-rigging, the use of shell companies to mask interests or ownership, lax enforcement of procurement rules, and other suspicious circumstances.

Allegations received in writing by the State Government, VgO, or officer of the HPRIDC, shall be dealt as per rules and regulation of the State. In the event that an allegation refers to fraud or corruption of bidders, the procedure prescribed above shall be followed. Where allegations are shown to be valid, sanctions shall be imposed as per the relevant GOHP instructions.

Individuals who choose to report allegations of fraud or corruption may remain anonymous or request that their identity not be disclosed outside of any investigating team. Note, however, that a full investigation of the circumstances complained is made significantly more difficult where the complainant remains anonymous, since it will not be possible to seek any clarifying information from the complainant. In the event that an allegation is received concerning an externally funded contract, the relevant funding agency shall be informed at each stage of the complaint handling process.

### **15.3. Responding to Complaints on Construction Quality**

Complaints received directly from the public relating to the quality of a specific work, good or service shall be in writing. They are to be received and then reviewed by Director (Projects) or if applicable, concerned Executive Director (Construction Management) and dealt with in the following way.

- i) The Director (Projects) shall record all complaints, whether they are referred from other recipients or directly, in a register to be maintained in a secure location in his own office.
- ii) The Director (Projects) shall, within 5 working days of receipt of complaint, acknowledge receipt in writing to the complainant indicating that the HPRIDC is considering the issues raised and will discuss them with the concerned officers.
- iii) The Director (Projects) shall then consult with the relevant officers of the HPRIDC and, after thorough review of the facts as well as interviewing of officers concerned as necessary, shall make a judgment as to the validity of the complaint.
- iv) Within 20 working days, the Director (Projects) shall instruct the relevant officer to take remedial action as necessary.
- v) The Director (Projects) shall write to the complainant within 30 working days of the receipt of such complaint as to the final decision of the competent authority.
- vi) In the event that a complaint is received concerning an externally funded contract, the relevant funding agency shall be informed at each stage of the complaint handling process.

## CHAPTER 16 – CODE OF ETHICS

### 16. CODE OF ETHICS

The Board of Directors of HPRIDC recognizes that the work of the road infrastructure development is critical to the achievement of sustainable development of society and the environment. To be fully effective not only must all employees constantly improve their knowledge and skills, but also society must respect the integrity, trust the judgement of members of the profession, and remunerate them fairly.

All officers and the staff of HPRIDC subscribe to and believe that the following principles are fundamental to the behavior of the officers and staff if public/society is to have that necessary confidence in its working and functioning.

#### 16.1. Responsibility to Society

The officers and staff shall:

- Accept the responsibility of the HPRIDC to public/society.
- Seek solutions that are compatible with the principles of sustainable development.
- At all times, uphold the dignity, standing and reputation of the HPRIDC.

#### 16.2. Competence

The officers and staff shall:

- Maintain knowledge and skills at levels consistent with development in technology, legislation and management, and apply due skill, care and diligence in the duties rendered.
- Perform duties only when competent to perform them.

#### 16.3. Integrity

The officers and staff shall:

- Act at all times in the legitimate interest of the HPRIDC and carry out their duties with integrity and faithfulness.

#### 16.4. Impartiality

The officers and staff shall:

- Be impartial in the performance of duties, professional advice, judgement or decision.
- Inform the management of any potential conflict of interest that might arise in the performance of duties.
- Not accept remuneration, which prejudices independent judgement.

#### 16.5. Fairness to others

The officers and staff shall:

- Neither carelessly nor intentionally do anything to injure the reputation of others.
- In the event of being asked to review the work of another, behave in accordance with appropriate conduct and courtesy.

### **16.6. Corruption**

The officers and staff shall:

- Neither offer nor accept remuneration of any kind which in perception or in effect either a) seeks to influence the process of selection or compensation or b) seeks to affect the officer's impartial judgement.
- Co-operate fully with any legitimately constituted investigative body, which makes inquiry into the administration of any contract for works, goods, services or financial discipline.

### **16.7. Consequence of Mis-conduct**

- In case of mis-conduct, the case shall be referred to the Anti-corruption Wing of the Vigilance Department of the State Government for action and/or disciplinary action shall be taken in accordance with Central Civil Service (Conduct) Rules.