



## GOVERNMENT OF KERALA

### Abstract

Local Self Government Department - KSWMP - Adoption of World Bank procurement regulations for execution of works under Kerala Solid Waste Management Project by Urban Local Bodies relaxing the existing norms followed by State Government - Sanction accorded - Orders issued

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### LOCAL SELF GOVERNMENT (WM) DEPARTMENT

G.O.(Rt)No.978/2024/LSGD Dated,Thiruvananthapuram, 05-06-2024

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Read:- (1) GO(Rt) No. 1934/2021/LSGD dated 07.10.2021.

(2) Letter No. 111/PRC/2024/KSWMP dated 16.02.2024 from the Project Director, KSWMP.

### ORDER

Kerala Solid Waste Management Project is an externally aided project funded by World Bank and Asian Infrastructure Investment Bank (AIIB) along with Government of Kerala and implemented by the Local Self Government Department (LSGD). Project Implementation Manual (PIM) has been approved as per Government Order read as 1<sup>st</sup> paper above.

(2) Under the terms of the Loan Agreement between the World Bank & Government of India and the Project Agreement between World Bank and Government of Kerala, the World Bank Procurement Regulations from time to time shall be followed.

(3) Project Director, KSWMP as per letter read as 2<sup>nd</sup> paper above informed that the prevailing procurement regulations /systems followed in LSGD/ State Government are in conflict with the World Bank Procurement Regulations. The critical ones are :

**Usage of PRICE software :-** All stages of Public Works including tendering and contract management of LSGD Engineering Wing are carried out entirely through the PRICE – 3.0, but as per the World Bank template, the Standard Bid Document would be manually prepared for all the tender packages and loaded in the e-tender portal, along with the auto-generated Financial BoQ from PRICE-3.0

**Eligibility of Contractors/Bidders :-** The Government of Kerala has enlisted and categorized the registered bidders/Contractors into Classes

A, B , C & D. These bidders are eligible to bid for projects based on the PAC. But under the World Bank Procurement Regulations, these works are to be procured under National Competitive Bidding (NCB), where specific eligibility criteria would be fixed based on the financial capacity, liquidity and similar prior experience of the Bidder.

**Collection of Performance Guarantee as Treasury Deposit:-** The Government of Kerala mandates the collection of 5% of the contract value as Performance Security Deposit, of which 50% of the Performance Guarantee ('Performance Security' as per World Bank Procurement Regulations) in the form of Treasury Fixed Deposit and the balance as Bank Guarantee, whereas World Bank's Procurement Regulations provide for collection of the same only in the form of Bank Guarantee.

**Additional Performance Guarantee for abnormally low bids:-** In cases where the bidders have quoted abnormally low bids, an additional performance guarantee is mandated by the Government of Kerala whereas World Bank Procurement Regulations do not mandate collection of additional Performance Guarantee.

**Arbitration :-** There is no provision for Arbitration as a means of dispute resolution in the public works under GoK. But Bank Procurement Regulations stipulates on arbitration clause.

**Single Bids :-** Single bids are not accepted for public works in the first instance under Government of Kerala, but Procurement Regulations of World Bank permits award of works to single bidder, subject to Bank's guidance on this matter.

**Tender excess :-** For public works in Government of Kerala, tender excess beyond 10% is not acceptable in normal circumstances as per laid down procedures. But tender excess is permissible after due scrutiny following World Bank Procurement Regulations.

**Performance security deposit (Retention) :-** The prevailing LSGD regulations the retention amount is 2.5% deducted in the running bills and released along with the final bill. However World Bank Procurement Regulations stipulate that the retention amount 2.5% shall be released only after end of Defects Liability period.

(4) Government have examined the matter in detail and the following directions with respect to the implementation of public works in Urban Local Bodies under KSWMP by following World Bank Procurement Regulations are issued.

## **I. Usage of PRICE software**

1. PRICE software shall be used for preparation of estimates and issue of the Technical Sanction (TS).

2. Once the Technical Sanctions are granted in the PRICE software, Bid document preparation using the Standard Bid Documents (SBD) of the World Bank and all post tender activities currently followed in PRICE software including all the tender packages and loaded in the e-tender portal along with the auto-generated Financial BoQ from PRICE-3.0 are to be completed manually.

## **II. Eligibility of Contractors/Bidders**

Project Director KSWMP would provide necessary guidance in fixing the criteria for the National Competitive Bidding process as required under the World Bank Procurement Regulation specifying eligibility criteria with respect to the cost and scope of work.

## **III. Collection of Performance Guarantee as Bank Guarantee**

The successful bidder shall submit a Bank Guarantee for the entire value of the Performance Security.

## **IV. Additional Performance Guarantee for abnormally low bids**

Abnormally low bids shall be evaluated as per World Bank Procurement Regulations and Additional Performance Security shall not be collected for abnormally low bids. For unbalanced bids, additional performance security/guarantee shall be collected following the Banks's guidance note on abnormally low bids.

## **V. Arbitration**

Dispute resolution through 'Arbitration' clause will be included only in the projects beyond the Technical Sanction powers of Superintending Engineer.

## **VI. Single Bids**

In case of Single Bids, the proposals which are recommended for approval shall be submitted by Project Director, KSWMP to Government for concurrence.

## **VII. Tender excess**

In case of sanctioning of tender excess, beyond the limit of acceptance as per prevailing Government Orders in force, shall be submitted to Government for concurrence.

## **VIII. Performance security deposit (Retention)**

Retention amount 2.5% shall be released only after end of Defects Liability Period.

(5) Project Director, KSWMP shall issue necessary guidance/clarifications to Implementing Officers in consultation with the World Bank as and when required. The Implementing Officers shall strictly adhere to the above directions and ensure timely procurement and completion of the works under Kerala Solid Waste Management Project.

(By order of the Governor)  
SARADA MURALEEDHARAN I A S  
ADDITIONAL CHIEF SECRETARY

To:

The Project Director, KSWMP.

The Principal Director, LSGD

The Principal Accountant General (A&E) / (Audit I) / (Audit II),  
Kerala, Thiruvananthapuram.

Secretaries of all Urban Local Bodies (through PD, LSGD)

The Finance Department (vide SFC-A2/12/2024-Fin E:2715250)

The I&PR (Web & New Media) Department.

The Executive Director, IKM.

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Signed by

Pradeesh Kumar M K

Date: 07-06-2024 13:20:36

Section Officer

Copy to :-

PS to Minister, LSGD

PA to ACS, LSGD