

Punjab Rural Water Supply and sanitation Sector Improvement Project

Community Driven Development (CDD) projects

Guidelines for the Community Procurement (Principles and Process Description) for procurement of works under component 2a and 2b

1. Introduction :

Growing awareness of community participation in the works from pre planning to post implementation can help in smooth operation and maintenance and successful implementation of the project. Institutional capacity of community plays a major role for effective community participation in rural water supply and sanitation program. Capacity building activities need to be undertaken in order to build and sharpen their existing skills for management and for sustaining all activities related to project implementation, commissioning, completion, operation and maintenance.

2. Benefits of Community Procurement:

The benefits of involving community in procurement include:

- Enhancing community ownership
- Increasing capacity of the community
- Generating employment and economic opportunities within the community
- Lessening the burden of procurement on Government implementing agencies
- Ownership by the community
- Command over the entire process
- Simplicity

It needs to be noted that community involved procurement, must not compromise with the principles of competitiveness and transparency of the process. It is planned to suit the capacity of the community in rural environment.

3. Key Rules of Community Procurement:

Following rules shall be observed and complied with during the procurement of works and goods:

- **Transparency:** All procurement procedures must be carried in an open and transparent manner displaying all the details of procurement at prominent places in the villages.
- **Equal opportunity to all Suppliers:** Equal opportunity must be given to all suppliers interested in supplying items to GPWSC and uniform evaluation procedures must be adopted.
- **Accountability:** Any office bearer or committee member of GPWSC undertaking procurement function remains accountable for all decisions and actions taken.
- **Ensuring value of money:** Items procured should meet the required technical specifications and the quality standards, and must be arranged at reasonable prices.
- **Avoid procurement of item from Friends and Relatives:** Procuring items from close relatives and friends of any of the office bearers of the GPWSC must be avoided.

- **No undue benefits for anyone:** No members of the GPWSC shall accept directly or indirectly any undue benefits or advantages on account of a procurement action.
- **Equal Pay for Equal work:** There should not be any distinction of wages between male and female workers and other benefits.

4. Gram Panchayat Water Supply and Sanitation Committee (Hereafter to be referred as GPWSC):

The GP may constitute GPWSC having members from its various wards and its number may vary from 11-21 depending upon village size in accordance with notification issued by Department of Water Supply and Sanitation Govt. of Punjab. The JE /AE of DWSS shall act as technical member-cum-convener (ex officio member).

5. GPWSC Bank Account :

The GPWSC shall open a bank account which shall be operated jointly by Sarpanch-cum-chairman GPWSC, Treasurer and AE/JE of DWSS. All funds shall be deposited the Bank Account and all payments shall be made from this account through account payee cheque by the signatories.

6. Preliminary Scheme Report:

Concerned Executive Engineer of DWSS, in consultation with GPWSC, shall prepare PSRs of the works to be executed under sub component 2a or 2b of the project in accordance with following sub-components of approved process note, for obtaining administrative approval from Govt. of Punjab.

1. Sub Component 1: Minor up gradation of existing scheme
2. Sub Component 2: Connections on existing distribution line
3. Sub Component 3: Additional distribution line and connections

The detailed scheme report of each scheme shall be prepared by concerned Executive Engineer which should include justification analysis of provisions made in the estimate

7. Technical Sanction up to 10 lac cost:

The Executive Engineer shall accord Technical Sanction of the DSR (Refer Table 1 of 2.6.1 of *Procurement Manual*) prior to start of the work.

8. Procurement of Works and Goods by Community :

Goods and works costing up to Rs. 10 Lac where cost under sub- component 1 & 3 each is less than Rs. 5 lac, shall be procured by the community through GPWSC. The responsibility for execution of work shall be mainly that of GPWSC and DWSS shall act as 'facilitator' i.e. all technical & professional support to GPWSC shall be provided by DWSS. Scope is envisaged as under:

- a. Installation of House hold Water supply connection in the village on out come basis
- b. Repair, up-gradation to machinery , fittings, structures and pipes etc
- c. Installation of chlorinators/ repair of existing chlorinators, automatic water level controller, switch starters or any other accessories
- d. Extension of Pipe lines to the uncovered areas in the village

9. Mode of Procurement:

A three member Procurement Sub Committee (PSC) shall be formed by GPWSC by nominating three of its members and submit a copy of Resolution in **Annexure I** to GP and DWSS. The resolution shall also be recorded in GPWSC register. Concerned Sub Divisional Engineer of the scheme/ village shall be nominated as technical member of Procurement Sub Committee (PSC). Copies of such resolution in **Annexure II** shall be sent to GP and GPWSC.

9.1 Procurement Plan shall be **prepared** from the contents of approved Detailed Project Report (DPR) in consultation with representation of DWSS.

9.2 Procurement of Goods

Procurement at GPWSC level shall be through shopping in which quantity of goods shall be purchased in such amounts, which are required immediately. Procurement of each lot shall be done by PSC with following the steps:

- Obtain minimum three (3) sealed quotations as per **Annexure-III**, from reputed firms/ dealers of goods (ISI marked).
- Opening of sealed quotations.
- Preparation of comparative statement of rates quoted and selection of the lowest evaluated responsive bidder, and to put up recommendations to GPWSC for approval.

The GPWSC shall review and approve the recommendations of PSC for the award of the supply order. The GPWSC shall finalize their recommendation in **Annexure-IV** and pass a Resolution for Procurement of Goods at **Annexure-V**.

9.3 Purchase Orders:

After due approval, Chairman, GPWSC shall place purchase order with the selected firm.

9.4 Receipt and Payment of Supplier Bill

Goods received against the order placed by Chairman, GPWSC in accordance with the procedure outlined above shall be received by PSC, which shall verify the materials in accordance with specifications mentioned in the purchase order as well brand of the materials. All the members shall record a certificate as given below in token of the verification of bill:

"Certified that the materials have been received as mentioned in the Bill and verified as per specifications and brand name (if any) mentioned there in and found correct."

On the basis of the verification certificate mentioned above the Chairman, GPWSC shall make the payments.

9.5 Procurement of Works by GPWSC:

GPWSC will procure the works by adopting any of the following procedure:

- i. Engineering works may be executed by engaging skilled and unskilled labour as well as support persons on daily wages on muster roll at rates as approved by the Deputy Commissioner. The Community shall carry out the work directly by

local technician like mason, plumber, blacksmith etc. and procuring materials as per procedure described in above para 9.2 (Procurement of Goods) and supervise the construction work and ensure its quality and quantity with the assistance of concerned Engineer of DWSS.

OR

- ii. If decided by GPWSC to procure the works through contractual agency on through rates including material, such works shall be executed by an agency (contractor) for which the quotations shall be invited from contractors/L&C societies having experience of execution of similar works. The works can be procured by attending to the Shopping procedures of the World Bank.

9.6 Disclosure of Information:

The GPWSC shall disclose the requisite information of procurement on the Notice Board of the Gram Panchayat/ water works regarding, the persons from whom the quotation were invited, the rates offered and the person who was allotted the work.

9.7 Payment against works executed

The Sub Divisional Engineer of DWSS, nominated as technical member of PSC, shall check measurements of the works recorded by concerned AE/JE, executed in accordance with the specification and work order in the Measurement Book (MB) to be issued by the DWSS. All the members of Procurement Sub Committee (PSC), shall record a certificate as given below in token of the verification of bill:

"Certified that the works have been executed as mentioned in the Bill and verified as per specifications and brand name (if any) mentioned there in and found correct."

On the basis of the verification certificate mentioned above the Executive Engineer, DWSS will pre-audit the bills before payment by the Chairman, GPWSC.

9.8 Quality Control at GPWSC level

Simple methods for exercising tests and checks for different goods/ materials like bricks, sand, aggregates, cement, steel, pipes etc. required for works at community level shall be explained and demonstrated by AE/JE of DWSS and later shall be implemented by the GPWSC to ensure that all the work executed conform to prescribed specification.

10. Chartered Accountant :

The HOD office or concerned Executive Engineer DWSS shall appoint certified Chartered accountant to audit the accounts. Fees to the CA shall be paid from the project. The GPWSC may incur reasonable expenditure on these activities which shall be charged to the scheme .on actual basis subject to maximum limit of Rs 5000/- per villages till the final audit of the scheme. All accounts shall be audited by CA.

11. Books of Accounts :

The GPWSC shall maintain books of accounts like cash book, quotations, bills vouchers, minutes of meetings of GP, GPWSC, Procurement Sub Committee and social audit

committee. GPWSC shall deposit all statutory dues and taxes with relevant tax authorities and issue TDS certificates if any. The account books must be prepared by GPWSC as per guidance of CA. The AE/ JE in-charge of the village shall provide assistance to GPWSC for maintaining books of accounts.

A copy of all the sanctions/ payments so made by GPWSC shall be submitted to concerned Executive Engineer of DWSS for record.

12. Social Audit committee :

The GPWSC shall directly constitute a Social Audit Committee with five members for the implementation period and for period of 2 year each during operation and maintenance period. Executive Engineer of DWSS shall act as ex-officio member-cum-chairman of social audit committee. The Committee members:

- Should be respectable member of the community and on whom the poor have faith.
- Not immediately related to the GP or GPWSC members.
- Should not be members of any of the decision making Committees.
- At least three members should be from target population.

The Social Audit Committee shall perform the following functions:

- i. Ensure that all the Committee's follow provisions of Procurement Manual.
- ii. Report any violation or deviation of rules to GPWSC
- iii. Monitor the adherence of project principles and rules in the selection of beneficiaries, implementation of sub projects and all decisions of GPWSC.
- iv. Ensure that the capital share has been provided by the beneficiaries including user charges.
- v. Ensure that the rates are reasonable.

The social audit committee shall also carry out audit of expenditure and quality of works on 20% sample basis at three stages as mentioned below:

Stage 1 – Prior to final approval rates by GPWSC

Stage 2 - Expenditure incurred is equal to 60% of cost estimate

Stage 3 - Final audit -100% completion of works

After satisfying itself it shall present its report to the Gram Sabha. The social audit reports along with certified copies books of accounts shall be kept in the office of Executive Engineer for future record.

13. Utilization Certificate : The GP shall prepare UC comprising following :

- a. Books of accounts duly audited by CA
- b. Social Audit Committee Report
- c. SDE and JE/AE DWSS report certifying the quality of construction
- d. Copy of Bank statement
