

Completion Report

Contract Management Workshop (Capacity Building)

Solutions and Innovations in Procurement Governance Global Practice (GGP)

The World Bank Group, India

April 2018

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1. Overview and Summary

The 'Contract Management Training Activity' was initiated by the India Procurement Team to assist the Borrower in effective project implementation. Over the years it was observed that in majority of the projects there were large numbers of complaints/ arbitrations/ disputes during the contract implementation. These led to areas of great concern and sometimes delays, excessive cost overruns and non-completion of contracts. To help the Borrower overcome these shortcomings, and on demand from various projects, the India Procurement Team prepared the Contract Management modules to help build the contract implementation capacity of the Borrower. These modules were used to provide training to project teams (singularly and/or in multiple project groups) at different locations. Though mainly these trainings were conducted by the Bank staff, external resources were also used for specialized fields e.g. civil works, legal, environment. These trainings were mainly project specific while covering some general contracts management issues.

Till date 21 workshops have been conducted all over the country since 2013. The workshops also covered the Low-Income States (LIS), including the states of Bihar, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh as per the country partnership strategy. It attracted participation from government departments and government-owned enterprises which are directly involved in contract management under the World Bank-funded projects in various states. Participation was noted from all the state-specific projects as well as centrally-sponsored programs. About 1,400 participants attended the workshops, reflecting a keen interest in the area of contract management. An average positive feedback of 85% was recorded.

The major outcome of these workshops has been developing an understanding of the concepts, principles and procedures of the process of contract management which has resulted in improved contract management practices in the participants. This has helped the Borrowers to successfully complete their projects on time, to the agreed quality standards and within budget.

The primary objective of the workshops is to disseminate best practices in contract management, to prevent lapses and gaps in procurement and contract management, and assist the implementing agencies in developing an understanding of the concepts, principles and procedures of the process of contract management and improve their contract management practices, to successfully complete their projects on time, to the agreed quality standards and within budget.

1.1. Background

As is known, a project, financed in whole or in part by a loan from the World Bank, is governed by a “Loan Agreement” between the World Bank and the loan receiving agency. According to which the responsibility for the implementation of the project and, therefore, for the award and administration of contracts under the project rests with the Borrower. The World Bank is required by its Articles of Agreement to “*ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other noneconomic influences or considerations.*” The World Bank has established Procurement Guidelines with detailed procedures for this purpose. The Bank reviews the Borrower’s procurement procedures, documents, bid evaluations, award recommendations, and contracts to ensure that the procurement process is carried out in accordance with the agreed procedures.

During the past many years, there was a growing recognition within the World Bank of weaknesses in contract implementation practices used by the implementing agencies. The principal problem observed was an inadequate understanding of contractual provisions by the implementing officials. This often lead to problems in contractor’s performance, cost and time overruns. There was also an overall lack of formal contract management guidance and training.

To address this gap, the Procurement Unit of the World Bank India Team took initiative and put together a Contract Management Training Module covering goods, works, supply and installation, Engineering, Procurement, Construction (EPC) contracts, Design–Build–Operate–Transfer (DBOT) contracts, and consultancy contracts; a series of workshops was planned to deliver this module.

Each module was prepared in discussion with the Borrowers and Bank experts to understand the depth of an action and then propose a doable solution. In most of the cases the idea followed is ‘Prevention is better than the cure’ and remedies suggested accordingly. Also, remedies to handle a difficult situation for the betterment of the contract are also discussed in the modules. The modules are adjusted according to the participants needs during each workshop.

1.2. Participant Profile

The workshops attracted participation from departments and government-owned enterprises which are directly involved in contract management under the World Bank-funded projects in various states. There was participation in large numbers from implementing agencies. Participation was noted from all the state-specific projects as well as centrally-sponsored programs. About 1,400 participants attended the workshops, reflecting a keen interest in the area of contract management.

This report outlines the proceedings of various three-day Contract Management Workshops, conducted by the World Bank during the period of July 13, 2016 till March 31, 2018.

The earlier workshops were held during June 2013 till May 31, 2016 and had received an overwhelming response, generating a demand for such workshops in Delhi as well as the state capitals. There was high demand for project-specific workshops so that a large audience from the projects could participate and benefit of the workshops.

FY 14

1. June 2013, New Delhi
2. September 2013, New Delhi
3. November 2013, Bhubaneswar, Odisha
4. February 2014, Patna, Bihar
5. April 2014, Lucknow, Uttar Pradesh

FY 15

6. November 2014, Dehradun, Uttarakhand
7. January 2015, Jaipur for Pradhan Mantri Gram Sadak Yojana (PMGSY)
8. February 2015, Chennai, for Tamil Nadu Road Project
9. April-May 2015, Shimla, Himachal Pradesh

FY16

10. August 4-6, 2015, Alleppey, Kerala
11. November 2015, Hyderabad, for the Andhra Pradesh and Telangana Water Project
12. December 2015, Kochi, Kerala
13. December 2015, Delhi, for the Ganga Project
14. January 2016, Kabul, Afghanistan (through Video Conference)
15. May 2016, New Delhi, for Capacity Building for Industrial Pollution Management Project (CBIMP)

FY17

16. January 2017, Patna, for the Bihar Rural Road Project
17. June 2017, New Delhi
18. February 2017, Chandigarh, for the Punjab Rural Water Supply and Sanitation Improvement Project

FY18

19. August 2017, Vishakhapatnam, for the Andhra Pradesh Disaster Recovery Project (APDRP)
20. August 2017, New Delhi
21. September 2017, Capacity Augmentation of the National Waterway 1 Project (Jal Marg Vikas), Inland Waterways Authority of India (IWAI), Bihar
22. February 2018 New Delhi
23. April 2018 New Delhi

1.3. Workshop Curriculum

The workshops were inaugurated by senior World Bank staff and senior government officials, who emphasized the importance of contract management in projects being implemented and also appreciated the World Bank's intervention in conducting the workshops and sharing international good practices as well as those from other states.

The contents of the workshop were customized to address the specific contract types being implemented under the World Bank-funded projects, namely, International Competitive Bidding (ICB) works, National Competitive Bidding (NCB) works, goods, EPC, and consultancy contracts, and international practices.

The program covered various activities that form the process of contract management. The topics included an overview of contract management, insurance and quality control, performance

management, financial perspective in contract management, managing variations, integrity violations in contract management, ending a contract, legal aspects in relation to contract management, and dispute resolution procedures. New topics such as Environmental, Social, Health and Safety (ESHS) provisions and labor laws, with case studies, were included in the workshops from June 2017. The workshops also have a specific session on integrity and governance aspects in public procurement.

Experience-sharing sessions included those on “*How to use Information technology tools for better performance monitoring of contracts?*”, which was presented by a senior official from the Madhya Pradesh Water Sector Restructuring Project team; “*IT tools*” presented by the Transport Sector; “*Why Infrastructure Projects get stalled and delayed in India?*” by Dr. Ajit Patwardhan; and different team-building activities.

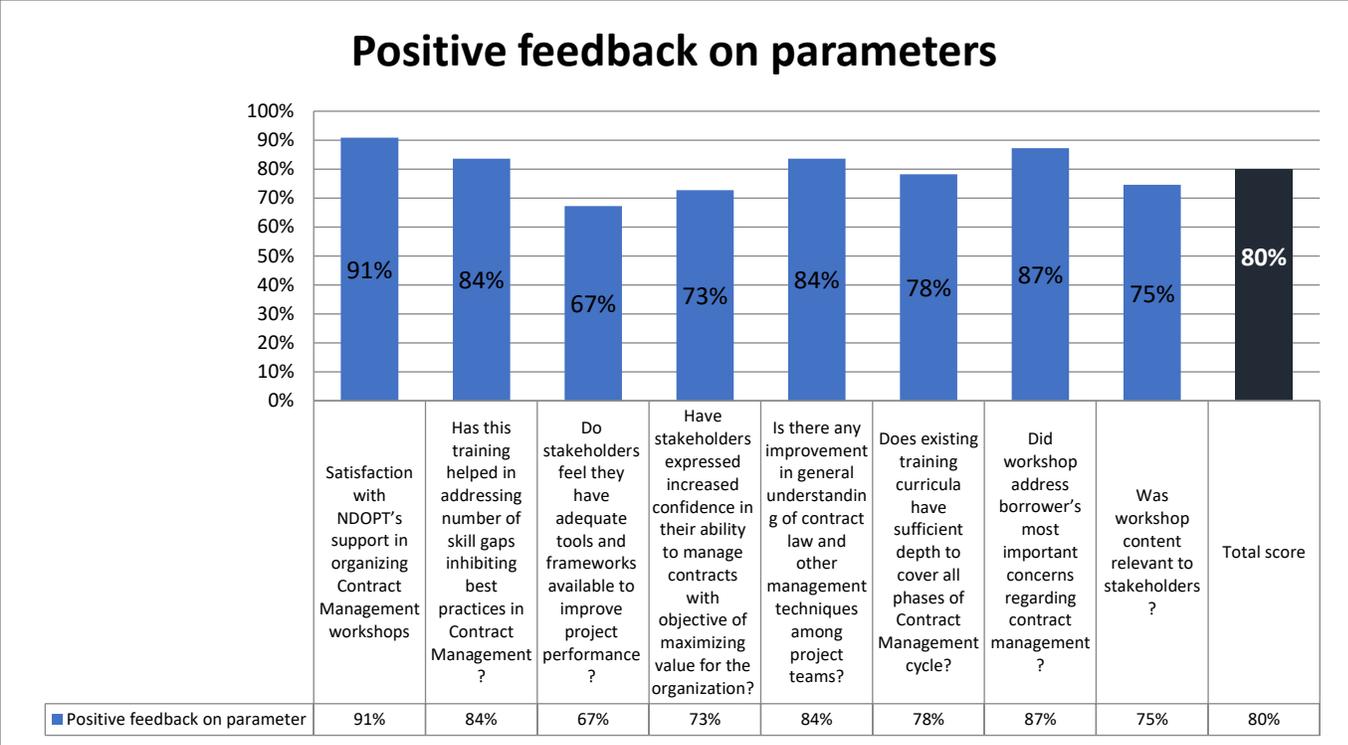
The workshop also had pre-tests for NCB works and consultancy contracts, to gauge the level of understanding of the participants. Case studies on contract issues under civil works and consultancy contracts were discussed and a high level of participation was observed.

Speakers from the World Bank were Mr. Felipe Goya, Mr. Abduljabbar Hasan Al Qathab, Mr. Shanker Lal, Mr. Arun Kumar Kolsur, Ms. Heenaben Yatin Doshi, Mr. A K Kalesh, Ms. Swayamsiddha Mohanty, Mr. Atin Kumar Rastogi, Mr. Satyanarayan Panda, Ms. Priti Jain, Mr. Jinan Shi, Mr. Asif Ali, Mr. Anand Kumar Srivastava, Ms. Sangeeta Patel, Ms. Geeta Shivdasani, Mr. Rahimullah Wardak, Mr. Deepak Singh, Mr. Arnab Bandyopadhyay, Mr. Ashok Kumar, Mr. Raghava Neti, Mr. Mesfin Wodajo Jijo, Mr. Rajesh Rohatgi, Mr. Abdul Wali Ibrahim, Mr. Jun Matsumoto, Mr. Hari Nath, Ms. Neha Vyas, Ms. Mridula Singh, Mr. Mohan Gopalakrishnan, Mr. Tanuj Mathur, Mr. Puneet Kapoor, Ms. Papia Bhattacharji, Mr. Krishnan Srinivasan, Ms. Manvinder Mamak and Mr. Arvind Prasad Mantha.

External speakers included Mr. Debabrata Chakraborty, Mr. Murahari Reddy, Mr. Sujit Das, Mr. Videh Upadhyay, Dr. Ajith Parwardhan, Mr. N.K. Singh. Mr. Ahsutosh Bajpayee, Mr. Satyanarayana Pallagani, Mr. Shivendra Kumar, Dr. Poonam Ahluwalia Khanijo, Mr. Sampath, Ms. Swati Gamaliel, Ms. Abha Joshi and Mr. Rakesh Kumar Agarwal.

1.4. Participants’ Feedback

Overall satisfaction percentage (parameter wise) for the contract management workshop.



1.5. Recommendations based on feedback from participants on how to further enhance the program:

- To include case studies on contract management issues for works, goods and consultancy contracts;
- To include sessions on supply and installation and Public Private Partnership (PPP) contracts; and
- To include experience-sharing sessions for cross-learning from various projects.

1.6. Way forward considering the recommendations and feedback from participants on enhancement:

- Case studies have been included in each session covering various aspects of the process of contract management for works, goods and consultancy services;
- Sessions on supply and installation and PPP contracts shall be included for the relevant projects, or project-specific training /workshop where such type of documents is being used; and
- Experience-sharing sessions from various projects shall be included in program.















