

Strategic Procurement Planning

Project Number: 53264-001
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India: Maharashtra Agribusiness Network Project (MAGNET)

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Asian Development Bank

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CURRENCY EQUIVALENTS

(as of 9 April 2021)

Currency unit	–	Indian Rupee (₹)
₹1.00	=	\$0.0134043
\$1.00	=	₹74.602500

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
CAIM	–	Convergence of Agricultural Interventions in Maharashtra
FPO	–	Farmer Producer Organization
FIL	–	Financial Intermediation Loan
GDP	–	Gross Domestic Production
IFAD	–	International Fund for Agriculture Development
MAGNET	–	Maharashtra Agribusiness Network Project
MSAMB	–	Maharashtra State Agriculture Marketing Board
OCB	–	Open Competitive Bidding
PPP	–	Public Private Partnership
QCBS	–	Quality Cost-Based Selection

NOTE

In this report, "\$" refers to United States dollars.

Strategic Procurement Planning

Section 1: Project Concept

Project Title	Maharashtra Agribusiness Network Project (MAGNET)
Country	India
Executing agency	The State of Maharashtra acting through Maharashtra Agribusiness Network - MAGNET Society
Implementing agency	Maharashtra State Agriculture Marketing Board (MSAMB) 1 project management unit under MAGNET Society, 8 PIUs in regional offices.
Project development objectives	Increase farmers' income while promoting commercially attractive private investments in selected horticultural value chains.
Project description	<p>MAGNET is aimed to support the development of horticulture sector and agribusiness through promoting value addition in post-harvest segments of targeted horticulture value chains, facilitate agribusiness investment, stimulate Farmer Producer Organizations (FPOs) and value chain operators within the value chain, support resilient horticulture production systems and enhance private sector participation.</p> <p>The project will enhance incomes of small and marginal land-holding farmers in Maharashtra in line with the state government's <i>Vision 2030</i> by providing holistic agribusiness and value chain support in horticulture.</p> <p>The project will provide</p> <ul style="list-style-type: none"> (i) institutional capacity enhancement to agribusiness institutions and farmers producer organizations (FPOs), (ii) financial capacity enhancement to FPOs and value chain operators, and (iii) improved horticulture value chain infrastructure. The infrastructure will include women and persons-with-disabilities (PWD) friendly designs and include climate adaptation and mitigation financing. <p>The project is aligned with the following impacts: achieve average agriculture sector growth rate of 5 per cent; promote agriculture produce export; and establish fair, competitive, and accessible agriculture markets.</p> <p>The project targets 200,000 farmers (200 FPOs) and 100 value chain operators (VCOs) as beneficiaries.</p>

	<p>The proposed loan amount is \$ 100 million, procurement will be undertaken to support to Output 1 and Output 3. Output 2 is being delivered as matching grant ¹and does not have any procurements.</p> <p>The total procurement envisaged under the project is \$ 24 million which is less than 25% of overall project cost.</p> <p>Procurement packages contain civil works (small works) for modernisation, upgradation of five existing facilities and development of two new value chain facilities of MSAMB are estimated to be \$ 17.65 million. Procurement of consulting services under output 1 are estimated to be approximately \$ 5.16 million.</p> <p>The project will improve 16 existing and develop 3 new post-harvest facilities of Maharashtra State Agricultural Marketing Board (MSAMB) for domestic market and export value chains and will improve the facilities of the National Institute of Post-Harvest Technology (NIPHT)².</p>												
<p>Description of indicative contract packages</p>	<p>The project will consist of procurement of civil works, goods, and services (consultancy). Indicative values and number of contracts under procurement are as follows.</p> <table border="1" data-bbox="509 968 1412 1203"> <tr> <td>Civil Works</td> <td>7 contracts</td> <td>\$17.65 million</td> </tr> <tr> <td>Consulting Services</td> <td>1 contract</td> <td>\$ 5.16 million</td> </tr> <tr> <td>Goods (RFQ)</td> <td>5 contracts</td> <td>\$ 0.22 million</td> </tr> <tr> <td>TOTAL</td> <td colspan="2">Approx \$ 23.04 million</td> </tr> </table> <p>Details and breakup as below:</p> <p>Civil works procurement</p> <ul style="list-style-type: none"> • CW1 – Upgradation / Expansion of existing facilities at Nashik division • CW2- Upgradation / Expansion of in existing MSAMB facilities at Aurangabad and Latur division and Erection of new custard apple facility under MAGNET project 	Civil Works	7 contracts	\$17.65 million	Consulting Services	1 contract	\$ 5.16 million	Goods (RFQ)	5 contracts	\$ 0.22 million	TOTAL	Approx \$ 23.04 million	
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TOTAL	Approx \$ 23.04 million												

¹ Matching grants are defined as a one-off, non-reimbursable transfer to project beneficiaries, for particular purposes, based on the condition that the recipient makes a specified contribution for the same purpose or subproject (source: IFAD. 2012. [Matching Grants Technical Note](#). Rome.)

² National Institute of Post Harvesting Technology's Horticulture Training Center is established by Maharashtra State Agriculture Marketing Board (MSAMB) in technical collaboration with leading International Partner, The Netherland Development finance Company (FMO) and Practical Training Center (PTC+) of the Netherland in the Year 2002. The Institute is controlled by Governing Council, of which the Hon'ble Minister for Agriculture and Marketing, Maharashtra State and Chairman, Maharashtra State Agricultural Marketing Board, Pune is the President. The Managing Director, MSAMB, is the Secretary of the Institute

	<ul style="list-style-type: none"> • CW3 – Upgradation / Expansion of Existing facilities at Amravati and Nagpur division • CW4- Upgradation / Expansion of Existing facilities at Ratnagiri, Pune and Kolhapur division • CW5- New facility for Sweet Orange at Pachod District Aurangabad • CW6- New Export facility Center at Baramati, District Pune • CW7 – Strengthening of National Institute of Post-Harvest Technology, Talegaon, Pune <p>Consultancy Services :</p> <ul style="list-style-type: none"> • CS1- Project Implementation Support Consultant (PISC) <p>RFQ Goods and Works include refurbishment of existing MSAMB offices - There will be 5 packages to supply office furniture, equipment etc.</p>
Summary of the financing agreement	<p>Project Financing Amount: \$142.9 million</p> <p>ADB Financing: \$100 million</p> <p>Non-ADB Financing: \$42.9 (Government)</p>

A. Project Procurement Classification

MSAMB is the nodal agency for development of agriculture marketing in the Maharashtra state. Over the years it has implemented various central and state schemes, donor funded projects, and programs for farmers, farmer cooperatives and APMCs for strengthening and development of agriculture marketing system in the state.

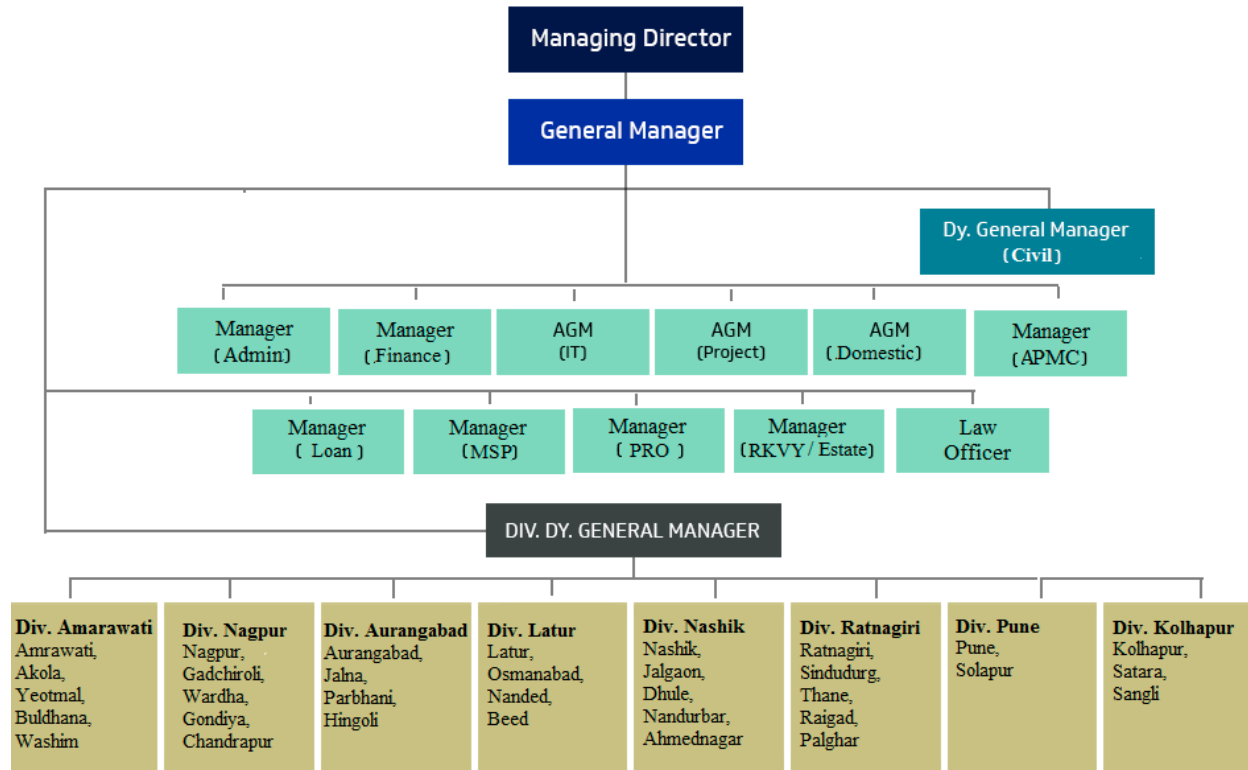
MSAMB has extensive experience of conducting procurement and follows Government of Maharashtra's procurement guidelines of Public Works Department for civil and allied works and Industries and Energy Department procurement guidelines for goods and services.

MSAMB has defined delegation of authority and threshold limits for the procurements. The Board of Directors, MSAMB has delegated the power for procurements to Managing Director, General Manager and Deputy General Manager and Assistance General Manger / Manager as per the approved threshold limits by the Board of Directors in the Accounts Code 2015.

MSAMB has some prior experience of implementing World Bank and ADB funded projects. Assessment of both the previous projects did not raised any major concerns on the way procurement was managed. While ADB project had procurement of service packages only the procurement was done using ADB procurement guidelines 2015 so MSAMB is familiar with ADB procurement Policy.

The recommended project procurement classification is Category B

B. MSAMB STRUCTURE



C. MSAMB Overview

The Maharashtra State Agricultural Marketing Board, Pune has been established on 23 March 1984, as per the provision of Section 39 (A) of the Maharashtra Agricultural Produce Marketing (Development and Regulation) Act of 1963. MSAMB has done pioneering work in the field of Agricultural Marketing in the State and achieved success in various areas. MSAMB is having an important role in developing and coordinating agricultural marketing system in the State of Maharashtra.

Objectives of MSAMB

As per the provision of Maharashtra Agricultural Produce Marketing (Development & Regulation) Act, 1963 Section 39(J), the Board shall perform the following functions and shall have power to do such things as may be necessary or expedient for carrying out these functions.

- To co-ordinate the functioning of the Market Committees including programs undertaken by such Market Committees for the development of markets and market areas.
- To undertake State level planning of the development of the agriculture produce markets.
- To maintain and administer the Agricultural Marketing Development Fund.
- To give advice to Market Committees in general or any Market Committee in particular with a view to ensuring improvement in the functioning thereof.
- To supervise and guide the Market Committees in the preparation of plans and estimates of construction program undertaken by them.
- To make necessary arrangements for propaganda and publicity on matters relating to marketing of agricultural produce.
- To grant subventions or loans to Market Committees for the purposes of this Act on such terms and conditions as it may determine.
- To arrange or organize seminars, workshops, exhibitions on subject relating to agricultural marketing & giving training to members and employees of marketing committee.
- To do such other things as may be of general interest relating to marketing of agricultural produce.
- To carry out any other function specifically entrusted to it by this Act.
- To carry out such other functions of like nature as may be entrusted to it by the State Government.

MSAMB is under the Department of Cooperation, Marketing and Textiles, Government of Maharashtra and Chairman of the Board is Minister of Cooperation and Marketing.

Section 2: Operating Environment

A. Capacity and Capability Assessment of the Borrower

Strengths	Weaknesses
<ul style="list-style-type: none"> • MSAMB was Implementing Agency in, World Bank assisted Maharashtra Agricultural Competitiveness Project (MACP) and ADB funded Agribusiness infrastructure Development Investment Program (AIDIP). • The annual procurement assessment conducted by CAG empanelled auditors did not raised any major concerns in the manner procurement has been managed under their funding. • Presence of a robust and functioning e-procurement system through https://mahatenders.gov.in/. • MSABM has qualified and experienced staff that handles procurements under externally aided projects. • While major procurements will be done by MSAMB, MAGNET society will conduct two activities. These will be done by Procurement staff who will be joining MAGNET upon deputation from MSMAB. 	<ul style="list-style-type: none"> • Lack of central procurement staff, currently procurement is mostly led by respective technical department which may not be effective and efficient for the proposed procurement packages. MSAMB will require additional support to carry proposed procurements. • MSAMB does not have prior experience with ADB procurement policy (New Procurement Framework 2017) and they will need training
Opportunities	Threats
<ul style="list-style-type: none"> • Build on past experiences and learnings gained by implementing similar projects. • Presence of large number of contractors undertaking similar post-harvest and cold chain development works within the State. • Govt support for quick facilitation and processing as Government recognises the positive result this project will bring to the region 	<ul style="list-style-type: none"> • There may be scarcity of skilled/unskilled labour force in the state due to large scale exodus of migrants to their respective States due to COVID-19. • It is not clear how current COVID-19 situation may affect the procurement processes and implementation by selected vendors/service providers. • There is a risk of failure to secure government budget allocations (matching) due to COVID-19.

B. Support Requirements

Procurement capability and capacity	MSMAB has a procurement team, experienced in managing procurements using PWD, GoI guidelines. Additional support by ADB in the form of specialised experts) may be required to support advance procurement actions and for supporting project implementation.
Experience in implementing similar projects	MSAMB has prior experience of managing donor funded projects: <ol style="list-style-type: none"> 1. World Bank funded Maharashtra Agricultural Competitiveness Project (MACP) having project cost of \$100 million and project duration 8 years (2010 to 2018). 2. ADB funded Agribusiness Infrastructure Development Investment Program (Tranche 2) having project cost of \$ 11.2 Mn and project duration 3 years (2012-15) IFAD funded Convergence of Agricultural Interventions in Maharashtra (CAIM) having project cost of \$118 Mn and project duration 9 years (2009-18)
Contract management capability and experience	Currently two dedicated procurement officers are assigned to this project full time. They have experience in managing similar projects. Contract management will be carried out by respective Project Managers of MSAMB. They have experience of managing similar projects.
Level of reliance on external consultants	MSAMB does not have external consultants. There is no major reliance on external consultants. Project Implementation Support Consultant (PISC) will be engaged to provide support and guidance to MAGNET PMU.
Existence and description of complaints management system	Public sector procurement in India does not have normally have such a system so this is new to MSAMB. ADB has advised MSAMB to set up a dedicated complaint management system for procurement under this project.

C. Key Procurement Conclusions

Looking to the nature of works involving upgradation /expansion of existing facilities and development of new facilities with cold storage etc. and prevailing practices in MSAMB, the project proposes straight forward procurement using 1S2E with post-qualification under open competitive bidding. Prior audits of both MDB projects had not raised any major concerns on the way procurement was managed. While the ADB project had only recruitment of services, the

procurement team did follow the ADB procurement guidelines. They are therefore familiar with the process required for 1S2E and prior review and post review by ADB, etc.

It is noted that there are no major risks to MSAMB conducting procurement with ADB review and oversight.

Overall, the project does not pose any major risks around procurement functioning or delivery.

The overall risk rating for the Project is Low,

D. External Influences Analysis

Governance	<p>There is a stable National and State Government environment for this project to operate in. Presence of a strong and established oversight and governance structure at MSAMB for project procurements. India is ranked 77 out of 190 in World Bank's Doing Business Report.</p> <p>The project is delivered in an area which has no conflict.</p>
Economic	<p>The economic environment presents a predictably stable environment for the life of the project.</p> <p>Economic Growth – Economic growth is high. At current prices, the Gross State Domestic Product (GSDP) of Maharashtra, the economy of Maharashtra is the largest in India. It is one of the most urbanised of Indian State Maharashtra was a pioneer in the development of Agricultural Cooperative Societies after independence.</p> <p>GDP growth: 6% (2018–19)</p> <p>GDP per capita: ₹207,727 (US\$2,900) (2019–20)</p> <p>GDP per capita rank: 11th</p> <p>GDP rank: 1st</p>
Sustainability	<p>Climatic Change and Impact – Climate Change will have minimal impact on this project.</p> <p>Waste Disposal and Recycling Capabilities – Infrastructure is in place due to other similar sized projects</p> <p>Local Environmental Standards – Strict standards and monitoring systems are in place which require adherence.</p> <p>Environmental Impact and Remedies – Potential impacts are mostly temporary, predictable, and reversible on air, water, soil and</p>

	noise during construction period, and can be mitigated through adherence to national regulations and ADB's SPS 2009, design criteria, and implementation of Environmental Management Plan.
Technology	e-Procurement will be used to conduct procurement process. The technology to be utilized for the project is medium to high.

E. Key Procurement Conclusions

The external influences that could affect delivery of the project are low. There is a stable National and State Government environment for this project to operate within and there is a strong and established oversight and governance structure that oversees MSAMB and procurement managed by MSAMB.

There may be a risk of corruption, but this will be mitigated by using defined oversight mechanisms. Prior review of all first packages would further reduce risk if any.

The project is delivered in an area which is a growing modern urban/rural area that has no conflict, and the economic environment presents a predictably stable environment for the life of the project.

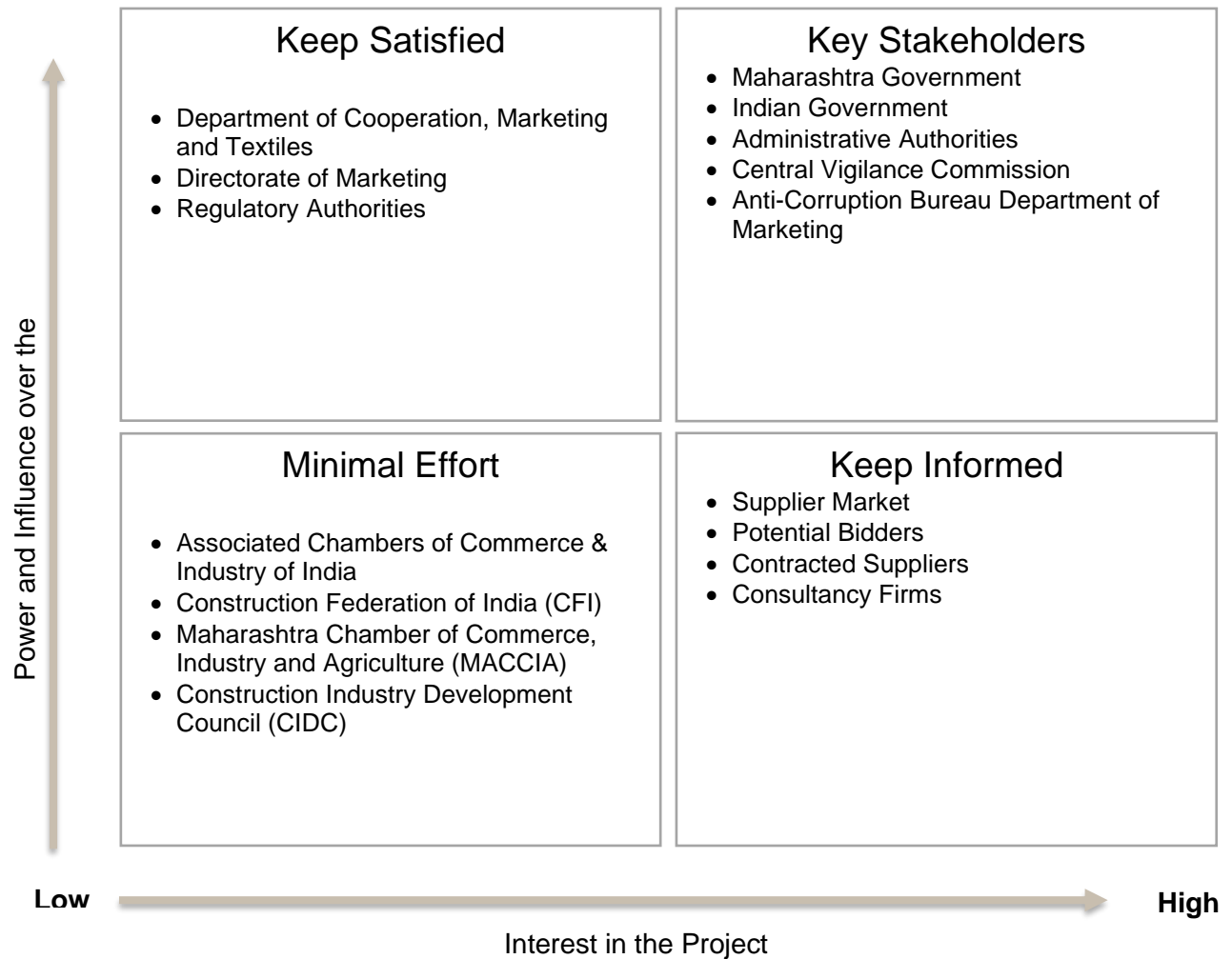
Enhanced risk mitigation measures covering inflation, exchange rate risk and volatile commodity pricing risks are not needed due to the low level of risk.

All procurement will be conducted using the Maharashtra State e-Procurement Platform (<https://mahatenders.gov.in/>) The system has been reviewed and cleared for compliance as per ADB procurement policy and guidelines.

The anticipated environmental Impact due to the project has been assessed as per the requirements of IEE (ADB). But this does not trigger the statutory requirement for environmental clearance (EC), as the scheduled (proposed construction built up area is less than threshold limit of 20,000 Sq. M. for which procurement process will start.

The technology to be utilized for the project is quite standard for this type of project therefore the technology risk is low to medium. The contractor will need to identify other utilities Solar energy, Storm water treatment, solid waste disposal, wastewater treatment, Rainwater Harvesting. Green belt development, etc.

Stakeholder Analysis and Communication Plan



The following stakeholders have been identified.

Stakeholder Type	Stakeholder	Power	Interest	Strategy Quadrant
Public Sector	Maharashtra Government	High	High	Key Stakeholder
	Indian Government	High	High	Key Stakeholder
	Administrative Authorities	High	High	Key Stakeholder
	Central Vigilance Commission	High	High	Key Stakeholder
	Anti-Corruption Bureau	High	High	Key Stakeholder
	Department of Marketing	High	High	Key Stakeholder
	Department of Finance	High	High	Key Stakeholder
	Department of Planning	High	High	Key Stakeholder

Stakeholder Type	Stakeholder	Power	Interest	Strategy Quadrant
	Department of Cooperation & Textiles	High	Low	Keep Satisfied
	Directorate of Marketing	High	Low	Keep Satisfied
	Regulatory Authorities	High	Low	Keep Satisfied
Community Groups	Exporter Association	Low	High	Keep Satisfied
	FPOs	Low	High	Keep Satisfied
Suppliers	Supplier Market	Medium	High	Keep Informed
	Potential Bidders	Medium	High	Keep Informed
	Contracted Suppliers	Medium	High	Keep Informed
	Consultancy Firms	Medium	High	Keep Informed
	Consultation Groups	High	High	Key Stakeholder
Trade Associations	Associated Chambers of Commerce & Industry of India	Medium	Low	Minimal Effort
	Construction Federation of India (CFI)	Medium	Low	Minimal Effort
	Maharashtra Chamber of Commerce, Industry and Agriculture (MACCIA)	Medium	Low	Minimal Effort
	Construction Industry Development Council (CIDC)	Medium	Low	Minimal Effort
Internal	MSAMB Board of Directors	High	High	Key Stakeholder
	MSAMB Senior Management	High	V. High	Key Stakeholder
	MSAMB Internal Staff	Low	High	Keep Informed
External	Asian Development Bank	High	V. High	Key Stakeholder
	Donor Agencies	V. High	High	Key Stakeholder

Stakeholder Mapping

Keep Satisfied	Key Stakeholders
<ul style="list-style-type: none"> • Department of Cooperation & Textiles • Directorate of Marketing • Regulatory Authorities • Exporter Association • FPOs 	<ul style="list-style-type: none"> • Government of Maharashtra • Indian Government • Administrative Authorities • Central Vigilance Commission • Anti-Corruption Bureau • Department of Marketing • Department of Finance • Department of Planning • Consultation Groups • MSAMB Board of Directors

	<ul style="list-style-type: none"> • MSAMB Senior Management • Asian Development Bank • Donor Agencies
Minimal Effort	Keep Informed
<ul style="list-style-type: none"> • Associated Chambers of Commerce & Industry of India • Construction Federation of India (CFI) • Maharashtra Chamber of Commerce, Industry and Agriculture (MACCIA) • Construction Industry Development Council (CIDC) 	<ul style="list-style-type: none"> • Supplier Market • Potential Bidders • Contracted Suppliers • Consultancy Firms • MSAMB Internal Staff

G. Stakeholder Communication Plan

Key Stakeholder Group

Stakeholder Name and Role	Key Stakeholder Group
Interest in the Project	High Interest
Support and Influence Level	High Power and Influence High Level of Support
Objectives, Drivers, Needs, and Levers	<p>The objectives of the key stakeholder group are linked to knowledge on:</p> <ul style="list-style-type: none"> • Successful Project Delivery • Fulfilment of the Project Requirements • Timeframes • Quality and Cost; • Compliance. <p>The drivers for this group are quite varied, and include:</p> <ul style="list-style-type: none"> • Project Development Objectives • Benefit Realization; and • Seeking information (to pass on to consumers).
Action	<p>Generally, the stakeholders in this group have a positive approach and outlook to the project.</p> <p>Actions required will support the continuation of this supportive approach and outlook.</p>
Responsible, Accountable, Consulted, or Informed	The stakeholders in this group are either responsible, Accountable or Consulted depending on their drivers and involvement in the management of the project.
Communicate What, When, and How?	<p>Most communication with the key stakeholders will be led by face-to-face communications for this stakeholder group, however face to face opportunities will also be supported by:</p> <ol style="list-style-type: none"> 1. Regular Reporting

	<ol style="list-style-type: none"> 2. Online Content and Communications 3. Presentations 4. Meetings; and 5. Paper documentation (as required). <p>MSAMB will have responsibility for communicating to this stakeholder group.</p> <p>Communication will be scheduled and regular (no less than monthly as required or agreed), as well as ad-hoc as required.</p>
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Keep Satisfied Stakeholder Group

Stakeholder Name and Role	Key Satisfied Stakeholder Group
Interest in the Project	Low Interest
Support and Influence Level	High level of Power and Influence
Objectives, Drivers, Needs, and Levers	<p>The objectives of the Keep Satisfied stakeholder group are linked to knowledge on:</p> <ul style="list-style-type: none"> • General Updates; • Scheduling. <p>The drivers for this group are quite varied, and include:</p> <ul style="list-style-type: none"> • Co-ordination of activities; and • Minimization of disruptions.
Action	<p>Generally, the stakeholders in this group have a positive approach and outlook to the project.</p> <p>Administrative approvals and co-ordination of efforts to minimize disruption are an important part of the requirements of this group. Therefore, the important actions include:</p> <ul style="list-style-type: none"> • Timely consultation/information on any disruptions; and • Advance information on co-ordination requirements.
Responsible, Accountable, Consulted, or Informed	The stakeholders in this group are to be informed and consulted.
Communicate What, When, and How?	<p>Most communication will be electronic communication via email, website and online data or face to face.</p> <p>MSAMB will have responsibility for communicating to this stakeholder group.</p> <p>Communication will tend to be on an “as needs” basis.</p>

Minimal Effort Stakeholder Group

Stakeholder Name and Role	Minimal Effort Stakeholder Group
Interest in the Project	Low Interest
Support and Influence Level	Low power and Influence
Objectives, Drivers, Needs, and Levers	The objectives of the Minimal Effort stakeholder group are linked to knowledge on:

	<ul style="list-style-type: none"> • Project timings and schedule (especially in relation to implementation periods); • Development of works and • Good news stories. <p>The drivers for this group are quite varied, and include:</p> <ul style="list-style-type: none"> • Public Support; and • Business development.
Action	Generally, the stakeholders in this group have a positive approach and outlook to the project.
Responsible, Accountable, Consulted, or Informed	This stakeholders in this group are to be informed if needed.
Communicate What, When, and How?	<p>Communication in this area will be a mixture of:</p> <ol style="list-style-type: none"> 1. Online and Face to Face 2. Marketing and Information dissemination materials (brochures, newsletters, flyers) <p>MSAMB will have responsibility for communicating to this stakeholder group.</p>

Keep Informed Stakeholder Group

Stakeholder Name and Role	Keep Informed Stakeholder Group
Interest in the Project	High Interest
Support and Influence Level	High to Medium Level of Power and Influence
Objectives, Drivers, Needs, and Levers	<p>The objectives of the Keep Informed stakeholder group are linked to knowledge on:</p> <ul style="list-style-type: none"> • Project timings and schedule (especially in relation to implementation periods) • Development of works and impact • Execution of Project in accordance with specifications, drawings etc. <p>The drivers for this group are quite varied, and include:</p> <ul style="list-style-type: none"> • Possible Revenue • Public Support; and • Business development.
Action	<p>Generally, the stakeholders in this group have a positive approach and outlook to the project.</p> <p>The needs of the group are linked to:</p> <ul style="list-style-type: none"> • Timely information (especially for approval items which could delay the progress of the project) • Compliance to regulations • Execution of Project in accordance with specifications, drawings etc.
Responsible, Accountable, Consulted, or Informed	This stakeholders in this group are to be informed.

Communicate What, When, and How?	<p>Communication in this area will be a mixture of:</p> <ol style="list-style-type: none"> 1. Most communication will be electronic communication via email, website and online data or face to face.; and 2. Marketing and Information dissemination materials (brochures, newsletters, flyers) <p>MSAMB will have responsibility for communicating to this stakeholder group.</p> <p>Communication will be scheduled and regular to ensure that the stakeholders are appropriately informed.</p>
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H. Key Procurement Conclusions

Communication with the stakeholder groups will include face-to-face communications, regular reporting, online content and communications, presentations, meetings and paper documentation. Due to the ongoing COVID19 pandemic conditions, virtual meetings through zoom, Teams and other possible means are being organized.

MSAMB is responsible for communication with all stakeholder groups and should produce a formal communication schedule that may include regular as well as ad-hoc, communications as required.

Section 3: Market Analysis

A. Porter's Five Forces

Competitive rivalry	<p>There are many contractors at both local and national level that are suitable to undertake the works. Information and data on the existing market is available from CPWD, PWD, MOFPI Food Parks and Cold Chain projects and from market research. MSAMB in past has also undertaken works of similar nature and has a list of contractors, suppliers. Some of potential contractors are listed below:</p> <ol style="list-style-type: none"> 1. Shapoorji Pallonji Group – Pune 2. Tata Construction – Pune. 3. Lloyd Insulations (India) Limited- Delhi. 4. Blue Star Ltd. - Chennai 5. Rinac Ind Ltd – Bengaluru. 6. Dyna filters Pvt. Ltd. – Mumbai 7. Shri. Satya Sai Builders & Developers, Jalgaon. 8. Prakash Constrowell Pvt. Ltd. – Pune 9. Sudarshan construction - Barshi 10. Meghastar Engineering – Pune 11. Harsh Construction Private Ltd.- Nashik, 12. S. S. Construction, Karad,
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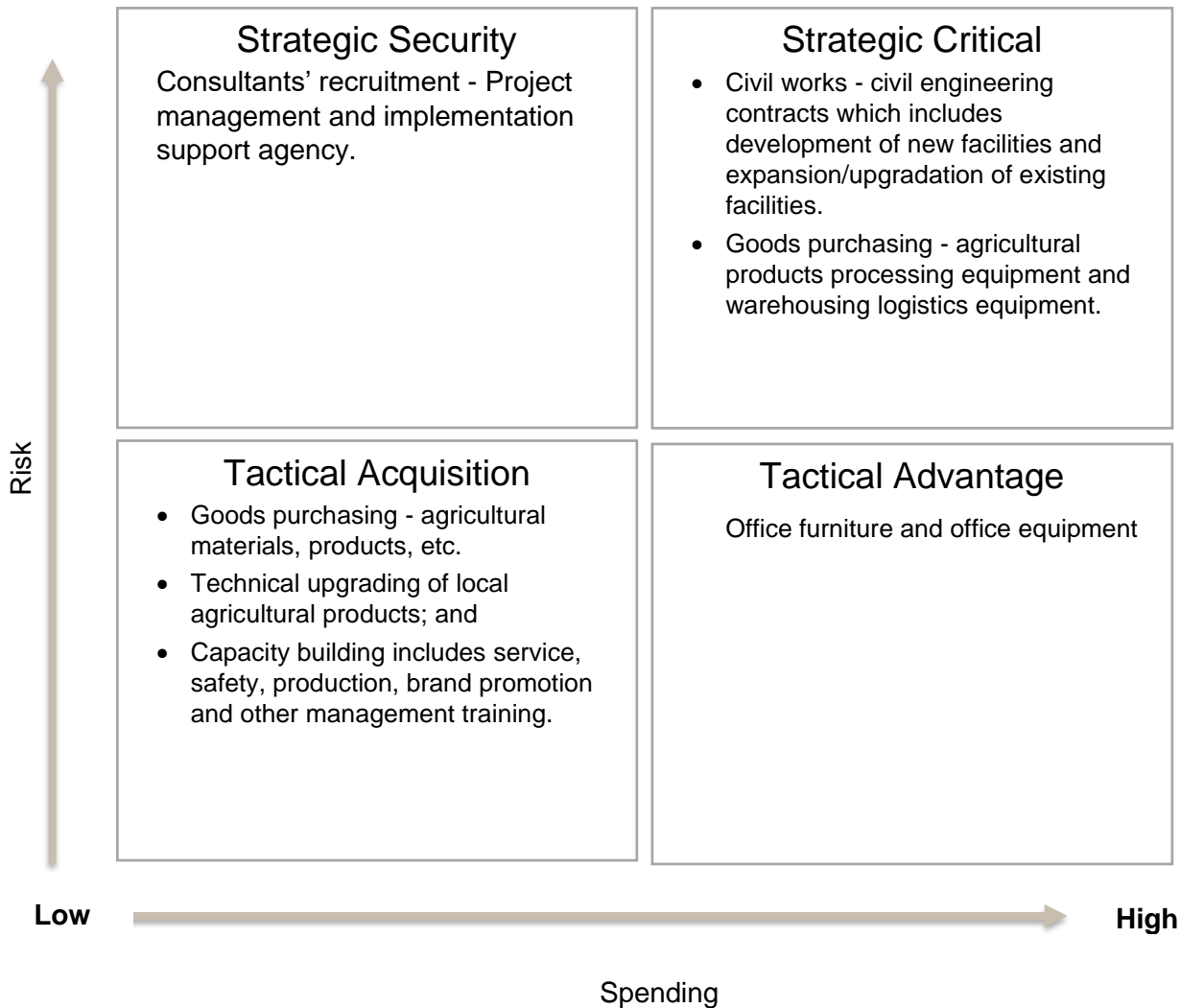
	<p>13. Generic Engineering Constructions & Project Ltd., Mumbai.</p> <p>14. Shah Construction, Karad.</p>
Bargaining power of buyers	<p>MSAMB is a public sector organisation with mostly assured funding so MSAMB is in a better position to bargain.</p> <p>Due to the COVID 19 pandemic and restricted mobility the economy is struggling, so an assured funding project is seen a motivator for players in the market</p>
Bargaining power of suppliers	<p>Suppliers in the current economic situation would have less power to bargain.</p>
Risk of new entrants	<p>Currently the risk of new entrants is low. However, if the focus of Government shifts to large infrastructure facilities in larger cities and towns, the suppliers may be attracted to those projects.</p>
Risk of substitutes	<p>N/A.</p>

B. Key Procurement Conclusions

Analysis of the market confirmed that there are many contractors in the regional market that have the expertise and experience in delivering similar works projects in the Civil & Electromechanical construction sector successfully. There are also many national contractors such as Tata Construction – Pune, Lloyd Insulations (India) Limited- Delhi, Blue Star Ltd. – Chennai, Rinac India Ltd. – Bangaluru, Dyna filters Pvt. Ltd. – Pune who are qualified bidder and may have substantial interest in bidding for these works.

The bargaining power of suppliers is medium due to the number of possible contractors who can deliver the civil works packages. The risk of new entrant would be unlikely to impact the market significantly.

C. Supply Positioning



D. Key Procurement Conclusions

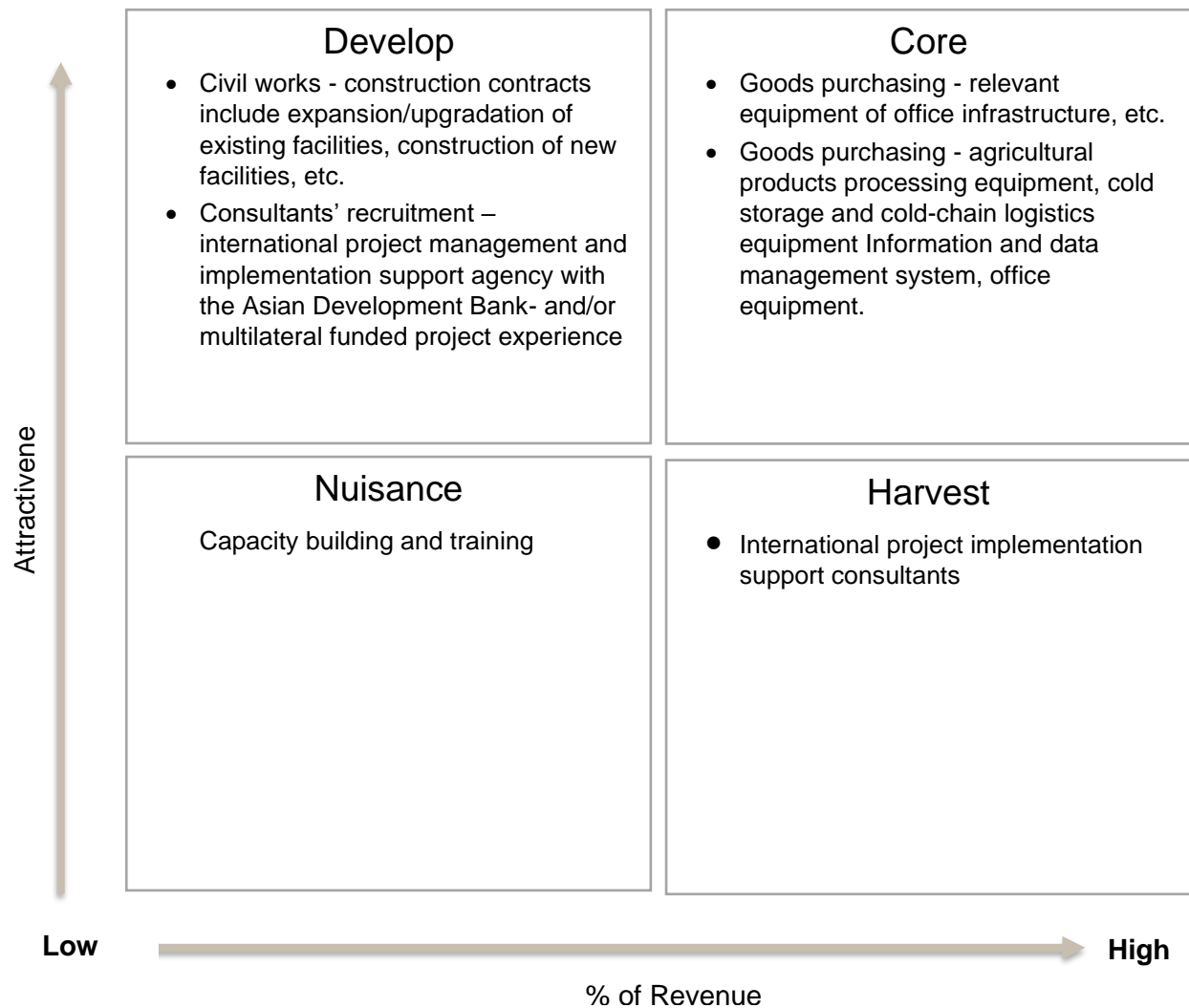
The supply positioning analysis of procurement packages for the Project shows that civil works are packages are within the category of “ Strategic Critical” as they have significant impact on the achievement of project outcome and their value is comparatively high, so both quality and cost are important for these packages, therefore, the procurement strategy for these packages will be using OCB advertisement, maximizing the competitive nature of the market, developing strict quality evaluation criteria.

The consultancy contract is categorized as “Strategic Security “since it has impact on the success of the project while the value is comparatively low. Procurement strategy emphasizing risk reduction through better project management.

For goods procurement and capacity building packages are categorized as “Tactical Acquisition” since they comprise a relatively low spend and low risk. Strategy considered is lowest cost meeting minimum requirement.

The office furniture and office equipment procurement has been categorized as “Tactical Advantage” since it comprises of low spend and has low least impact on project. MSAMB can also use Government e-Market Place (GeM) for procurement of required goods and items.

E. Supplier Preferencing



F. Key Procurement Conclusions

The supplier referencing indicates that ADB funded projects, and projects run by MSAMB are generally attractive to the market, and in terms of relative value have a lot to offer suppliers and contractors relative to the size of the market and other customers in the marketplace.

Large international and national suppliers/contractors are likely to view ADB and MSAMB projects as core while smaller regional suppliers and contractors are likely to see contracts as a development opportunity to help them grow their business and get experience of delivering an ADB financed project.

Section 4: Risk Management

A. Project Procurement Risk Assessment Risk Register

The assessment is based on (i) MSAMB's experience, capability, and capacity, (ii) operating environment, (iii) contractors' management, (iv) sustainability issues and (iv) supply chain issues.

The factors considered during the process are: (i) previous procurement experience of MSAMB, (ii) Recommendation and observations made in procurement audit carried out for externally aided projects funded by World Bank (iii) Market assessment of local contractors who could potentially bid for packages under the project.

Based on above considerations, the Risk Register has been prepared and presented in the below table

Risk Description	Likelihood ("L") (1–5)	Impact ("I") 1–5)	Risk Score (L x I)	Proposed Mitigation	Risk Owner
Lack of counter funding with MSAMB	1	3	3	Phasing of sub-projects and project key activities.	Project Director
No bids received due to packages being in remote areas	1	3	3	Combining remote areas with nearby larger city	Project Director
Lack of supply due to COVID -19	2	4	8	Careful planning and stocking facilities to be set up.	Civil Department
implementation issues due to COVID 19 at project sites	2	2	4	Standby procedures and systems would need to be put in place.	Project Director
Suppliers not able to provide services due to COVID-19	2	3	6	Multiple options for supplies to be identified.	Procurement Division

Contractors having liquidity issues *	3	3	9	Flexible payment options would need to be considered	Project Director
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* Though the market is strong, but noting the small values of contract, it is likely that smaller contractors will also participate thus there may be liquidity issues.

Section 5: Options Analysis

The option analysis was undertaken for Civil Works and Goods & Works. The criteria used for option analysis comprise of suitability, feasibility, and acceptability. Strategic options and their rating for procurement are presented as below.

Civil Works Packages for MSAMB facilities:

The project envisages expansion, development and strengthening of total 20 facilities. MSAMB has planned procurement packages for upgradation and expansion of existing 16 facilities and development of 3 new facilities based on the region and package size. Strengthening of NIPHT is kept separately.

Strategic Options Description	Feasibility (1–10)	Suitability (1–10)	Acceptability (1–10)	Overall (3–30)	Overall Commentary
Option 1 Individual civil works contracts for all 20 facilities.	2	5	4	11	<ul style="list-style-type: none"> • Small contract packages makes it less attractive for bidders • Increase in no. of packages will effect procurement and monitoring • Remote area locations may not receive minimum proposals
Option 2 1 civil works contract for all 16 existing facilities under upgradation and modernisation	9	2	2	13	<ul style="list-style-type: none"> • Attractive for bidders • Considering large size of package and wide spread

<p>1 civil works contract for development of 3 new facilities</p> <p>1 civil works contract for strengthening of NIPHT</p>					<p>across the state only limited bidders may participate</p> <ul style="list-style-type: none"> • Increase efficiency due to reduce in nos of packages. • Risk of depending on single contractor may affect the implementation. • Two contractors for same location for the Beed facility which is under expansion and as well as new facility • Multiple contractors in same region may cause coordination and monitoring issues at PIUs. • Operational difficulties for contractor to coordinate with multiple PIUs for same works package
<p>Option 3</p> <p>Separate 4 civil works contract for upgradation of existing facilities in region or with adjoining regions on the basis size of package and combining 1 new facility of Beed</p>	9	8	9	26	<ul style="list-style-type: none"> • Packages are combined from region or adjoining region basis the locations and proximity. • Package size is attractive to bidders

<p>Separate 2 civil works contracts for 2 new facilities (Baramati and Pachod)</p> <p>Separate 1 civil works contract for strengthening of NIPHT</p>					<p>and will ensure adequate participation.</p> <ul style="list-style-type: none"> • Effective monitoring and supervision • Enable to initiate work at all regions simultaneously and complete it in timely manner • Clubbing of small civil works contracts remote locations from region enables adequate participation for all sites
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Based on the above option analysis, inputs from stakeholders, and having experience in multilateral funded projects, MSAMB has preferred to go ahead with option 3 wherein now total 7 civil works contract packages are proposed as follows:

- CW1 – Upgradation / Expansion of existing facilities at Nashik division (US\$ 2,339,458)
- CW2- Upgradation / Expansion of in existing MSAMB facilities at Aurangabad and Latur division and Erection of new custard apple facility under MAGNET project (US\$ 1,738,854)
- CW3 – Upgradation / Expansion of Existing facilities at Amravati and Nagpur division (US\$ 1,203,825)
- CW4- Upgradation / Expansion of Existing facilities at Ratnagiri, Pune and Kolhapur division (US\$ 1,840,972)
- CW5- New facility for Sweet Orange at Pachod District Aurangabad (US\$ 2,223,326)
- CW6- New Export facility Center at Baramati, District Pune (US\$ 6,418,803)
- CW7 – Strengthening of National Institute of Post-Harvest Technology, Talegaon, Pune (US\$ 1,885,988)

Goods Packages for PMU and PIU offices:

Goods and works involved procurement of office furniture, equipment, office refurbishment for PMU and 8 division offices MSAMB which will be working as PIUs.

MSAMB had originally planned to Upgradation & Refurbishment of 8 Division Offices of MSAMB through 8 different contracts. After discussion with ADB an option analysis was undertaken for the goods and works packages for PIU.

Strategic Options Description	Feasibility (1–10)	Suitability (1–10)	Acceptability (1–10)	Overall (3–30)
Option 1 Single goods contract for supply of office furniture and equipment for all 8 division offices	5	8	5	18
Option 2 Separate contracts for supply of office furniture and equipment for 8 division offices	2	5	2	9

MSAMB decided to go ahead with option 1.

Consultancy:

Considering the large and specialized scope of work requiring multi-disciplinary expertise, MSAMB decided to go ahead with QCBS (90:10) approach for selection of consultants.

Section 6: Procurement Strategy Summary

A. Procurement Packaging and Scheduling

A1.1 Summary:

Discussions regarding procurement packaging were held for the above options with MSAMB in 2020 as part of project preparation and procurement meetings. The final option as indicated were finalized. Based on the discussions Procurement Plan is prepared and attached as an Annexure to this document.

There are 4 packages for Upgradation / Expansion of Existing Facilities, 2 packages for Proposed New Facilities and 1 package for strengthening of NIPHT with a budget estimate between \$1m to \$7m. These

would be procured through Open Competitive Bidding (OCB) method with Single Stage Two Envelope (1S2E) procedure.

In addition to above, around 10 packages are also proposed (under \$1m) for other works and goods procurement, and 1 consulting services package for recruitment of a Project Implementation Support Consultant (PISC)

B. Procurement Method

A1.2 Methods and Advertising

The project will use Open Competitive Bidding (OCB) method and Quality Cost-Based Selection (QCBS) method (for Services). Procurement would be conducted using Govt Of Maharashtra e-procurement portal <https://mahatenders.gov.in/>. The portal has been reviewed and cleared for advertisement of ADB Loan projects. MSAMB will also advertise in National / Local newspapers and Government of Maharashtra's procurement portal for wider outreach and competition.

All procurement undertaken under the loan will follow ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time) and the associated staff instructions.

And Consultants will be engaged in accordance with the ADB Procurement Policy (2017, as amended from time to time) and the associated staff instructions.

C. Prequalification

A1.3 No prequalification is proposed.

A1.4 The procurement method proposed is single-stage-two-envelope. This criteria has been used by MSAMB for similar projects in the past and have had received adequate response, hence safe to consider that these are not restrictive in nature.

D. Bidding Procedures

A1.5 Single-stage-two-envelope system is proposed to be used for procurement packages. 1S2E is most preferred system used in public procurement in India. Noting that the EA is well conversant with this system it is recommended to proceed using 1S2E for this project. Most of the procurement packages will

be prepared under Advance contracting provision of the project so it is essential to use tried tested system used by EA. This system eliminates a pre-qualification stage which usually takes up reasonable time. The market for the proposed procurement is well developed with very good and reputed national and domestic contractor. Both in India and in Maharashtra such projects have been in operations for a long time, hence both the Client and Contractors are well versed with such systems.

A1.6 Standard Bidding Documents recommended for ADB borrowers which are publicly available on ADB website will be used.

E. Specifications

A1.7 Designs and approved Specifications are developed by Technical experts and consultants. These have been developed as per the requirements and are clearly recorded in Scope of Work to help bidders understand bid accordingly.

F. Review Requirements

A1.8 First package of all procurement under this project including direct contracting will be subject to prior review. Subsequent packages to follow master bidding document. No thresholds are set in relation to the review process.

G. Standard Bidding Documents and Contract Forms

A1.9 Standard bidding documents and templates available ADBs website 'Documents for Borrowers' to ensure compliance with ADB procurement policy and guidelines.

H. Pricing and Costing Method

A1.10 Item rate basis.

I. Key Performance Indicators

The key performance indicators are not explicitly stated in the contracts, However, as part of review and consultations with MSAMB for the contract management strategy, it is proposed to identify key performance indicators (KPIs) for each contract to monitor the contractor's performance during contract implementation. Some of the KPIs for the civil works contracts are suggested below:

Monthly Monitoring Plan of Key Performance Indicators (KPIs)		
Key Performance Indicators		Weight/Mark
A.	Work Program	10%
1.	Contractor submitted work program within 14 days after Notice to Proceed, including program for each nominated subcontractor; OR Contractor submitted revised work program when requested by the Engineer	5% (yes/no)
2.	Program is complete with an order to carry out works, timing, documents, construction, sequence and timing of tests, work methodology, and personnel and equipment requirement with mobilization schedule	5% (yes/no)
	Subtotal A:	
B.	Equipment	10%
1.	Contractor mobilized proposed equipment on site in due time in line with submitted program and does not suffer any delays due to unavailability of equipment	5% (yes/no)
2.	The equipment is in good condition and maintenance arrangements are in place	5% (yes/no)
	Subtotal B:	
C.	Facilities	10%
1.	Laboratory with all the testing equipment established, in due course and in good working condition	5% (yes/no)
2.	Safety procedures, measures and equipment are available on-site	5% (yes/no)
	Subtotal C:	
D.	Regulations	10%
1.	The labor regulations including wages, taxes, gender equality are complied with and insurances are covered	10% (yes/no)
	Subtotal D:	
E.	Subcontracting	10%
1.	All subcontractors on-site are approved by the engineer	5% (yes/no)
2.	Performance of the subcontractors is duly monitored by the main contractor	5% (yes/no)
	Subtotal E:	
F.	Work Productivity and Progress	30%
1.	Construction drawings are produced in time satisfactory to the engineer	10% (yes/no)
2.	The progress is in accordance with the original or approved revised program	10% (yes/no)
3.	Payment applications are submitted in time with accurate and complete supporting documentation	10% (yes/no)

	Subtotal F:	
G.	Extension of Time and Variations	20%
1.	No extension of time except due to employer's delays, major variations, or force majeure situations	10% (yes/no)
2.	The engineer's variation instructions are addressed promptly and Contractor does not abuse variation/value engineering as a delay tactic	10% (yes/no)
	Subtotal G:	
	OVERALL TOTAL MARKS FOR THE MONTH	

J. Evaluation Method

A1.11 The selection would be on least cost basis for Work and Goods contracting and QCBS method for Services. These are standard methods used for public procurement in India and given the nature of procurement and market situation; these are best suited for the given procurement.

For Works packages, the evaluation of abnormally low bids will be according to the procedures and methodology provided in the ADB's Guidance Note on Abnormally Low Bids and the provisions in the SBD.

For Consultancy package, the procurement will be carried out by MSAMB. The proposed weightage of 90:10 (technical / financial) is adopted to reflect the importance of the technical competence, qualifications, and experiences in delivering the services.

K. Contract Management Approach

A1.12 A collaborative approach would be undertaken for all works, goods and consultancy package. Regular reviews of progress will be held at both the PIUs/sites and at Pune, MSAMB office.

L. Value for Money

A1.13 All packages will be tendered using Open Competitive Method and contracts will be awarded based on lowest evaluated substantially responsive bid. To ensure efficiency, fairness, and transparency national e-procurement system will be used.

APPENDIX 1: PROCUREMENT PLAN

A. Basic Data

Project Name: Maharashtra Agribusiness Network Project (MAGNET)		
Project Number: P53264-001	Approval Number: To be issued	
Country: India	Executing Agency: MAGNET Society	
Project Procurement Classification: Category B	Implementing Agency: Maharashtra State Agriculture Marketing Board (MSAMB)	
Project Procurement Risk: Low		
Project Financing Amount: \$142.9 million ADB Financing: \$100 million Non-ADB Financing: \$42.9 (Government)	Project Closing Date: 30 May 2027	
Date of First Procurement Plan: 12 April 2021	Date of this Procurement Plan: 14 May 2021	
Procurement Plan Duration (in months): 18	Advance Contracting: Yes	e-Procurement: Yes

B. Methods, Review, and Procurement Plan

Except as ADB may otherwise agree, the following methods shall apply to the procurement of goods, works, non-consulting services, and consulting services.

Procurement of Goods, Works, and Non consulting Services	
Method	Comments
Open Competitive Bidding (OCB) for Works	First package to be under Prior Review.
Request For Quotation for Goods	Small value goods for office supply of MSAMB's division offices. Large value goods procurement not envisaged under the project.

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection for Consulting Firm	Consulting services to assist in estimating and costing envisaged. Quality and cost ratio will be 90:10.

C. Lists of Active Procurement Packages (Contracts)

The following table lists goods, works, non-consulting, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan's duration.

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Works Contracts							
CW1	Upgradation / expansion of existing facilities at Nashik Division	2,339,458	OCB	Post	1S2E	Q4/2020	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW2	Upgradation / expansion of the existing MSAMB facilities at Aurangabad & Latur Division and erection of new custard apple facility	1,738,854	OCB	Prior	1S2E	Q4/2020	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							High Risk Contract: No e-GP: Yes
CW3	Upgradation / expansion of existing facilities at Amaravati and Nagpur Division	1,203,825	OCB	Post (Sampling)	1S2E	Q4/2020	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
CW4	Upgradation / expansion of existing facilities at Ratnagiri, Pune, and Kolhapur Division	1,840,972	OCB	Post (Sampling)	1S2E	Q4/2020	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW5	New facility Centre for sweet orange at Pachod, District: Aurangabad	2,223,326	OCB	Post (Sampling)	1S2E	Q4/2020	Advertising: National No. Of Contracts: 1

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW6	New export facility Centre at Baramati, District. Pune	6,418,803	OCB	Post (Sampling)	1S2E	Q4/2020	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
CW7	Strengthening of National Institute of Post-Harvest Technology, Talegaon, Pune	1,885,988	OCB	Post (Sampling)	1S2E	Q4/2020	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No e-GP: Yes
Goods Contracts							
SG1	Supplying computers, UPS, laptops & printers for 8 PIU offices	79,108	RFQ	Post (Sampling)	1S2E	Q2/2021	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: No

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Comments: 1 contract for all 8 divisions
SG2	Upgradation & refurbishment / furniture & fixtures for 8 PIU offices	49,791	RFQ	Post (Sampling)		Q2/2021	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: No Comments: 1 contract for all 8 divisions
SG3	Supplying video conferencing, system, CCTV system, network system, smart communication system, and	24,857	RFQ	Post (Sampling)	1S2E	Q2/2021	Non-Consulting Services: No No. Of Contracts: 1

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
	smart TV sets for PMU office						Advance Contracting: Yes High Risk Contract: No e-GP: No
SG4	Supplying computers, UPS, printers, and photocopier machine for PMU office	66,684	RFQ	Prior		Q2/2021	Non-Consulting Services: No No. Of Contracts: 1 Advance Contracting: Yes High Risk Contract: No e-GP: No
SG5	Supplying water purifier, water cooler, refrigerator & microwave for PMU office	2,297	RFQ	Post (Sampling)		Q2/2021	Non-Consulting Services: No No. Of Contracts: 1

Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Advance Contracting: Yes High Risk Contract: No e-GP: No

Consulting Services

Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter/year)	Comments
CS1	Project Implementation Support Consultant (PISC)	5,163,000	QCBS	Prior	FTP	Q4/2020	Non-Consulting Services: No Type: Firm Assignment: International Quality-Cost Ratio: 90:10 Advance Contracting: Yes

							e-GP: No Covid-19 Response? No
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