



Institute of Business Administration (IBA)

Procurement Policy and Procedures Manual (PP&P)

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Source: Internal Audit Department



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PUBLIC PROCUREMENT

Public procurement in Pakistan is regulated by the Public Procurement Regulatory Authority (PPRA), which has notified the Public Procurement Rules 2004 (PPR 2004). Public procurement in the province of Sindh is regulated by the Sindh Public Procurement Regulatory Authority (SPPRA), which has notified the Sindh Public Procurement (SPP) Rules 2010. All Purchasing Authorities and Purchasing Units must get copy of the SPP Rules 2010 which are also available at SPPRA website: <http://www.pprasindh.gov.pk/>.

All queries on matters concerning regulatory aspects of public procurement or the applicability, clarification, meaning, definition or intent of the SPP Rules 2010 should be addressed to the SPPRA.

For query relating to IBA PP&P manual, please e-mail to iasstaff@iba.edu.pk.

PURPOSE

The purpose of this policy is to ensure that financial integrity is assured by prescribing and following a range of appropriate methods for purchasing and procurement, including, where applicable, a competitive tendering and contracting process. Two main principles that apply are; the requirement for impartiality and fairness across all stages of the tendering and purchasing process, and the necessity for obtaining the best possible value for money.

Timely and transparent contract implementation is a key to the success of procurement and will only be achieved by making available on IBA website and where needed at PPRA and SPPRA all tenders notices, evaluation reports, award decisions, etc. for general public information.

SCOPE

This policy applies to the purchase of goods, services or works, approval of such purchases, the receipt and acceptance of materials, supplies and services. This policy covers all purchase commitments (with or without the use of purchase orders).

The general ledger accounts impacted by this policy include material inventory, operating supplies and other current assets, accounts payable, expense & consumable accounts, which are directly charged.

This policy affects all units, departments, programs, centers and campuses of Institute of Business Administration, wherever located nationwide, effective immediately.

Anyone who is directly / indirectly involved in procurement on behalf of the IBA must read this policy.

Portal site address of this policy is: http://iba/circulars/pro_policy.htm.

POLICY

Procurement is the engineering term for all purchases, supplies, tendering for procurement of goods, services and works, turnkey projects and consultancy services.

‘Public Procurement’ means acquisition of goods, services or construction of any works financed wholly or partly out of the public fund, including projects of Public Private Partnership; [Rule 2(1)(ff) of SPP rules 2010]

‘Contractor’ means a person, firm, company or organization that undertakes to execute works including services related thereto, other than consulting services, incidental to or required for the contract being undertaken for the works; [Rule 2(1)(p) of SPP rules 2010]

ORGANIZATIONAL STRUCTURE FOR PROCUREMENT PROCESS

The procurement organizational structure for IBA is as under:

ORGANIZATIONAL UNITS

Organizational units (OU) describe the various units of IBA that are structured according to tasks and functions. Multiple organizational units and the hierarchical relationships between them form an organizational structure.

PROCUREMENT UNIT

Director IBA delegates ‘Buying Rights’ to the Transaction Authorities (TA) as per IBA strategy and entitles them to establish the Procurement Unit (PU). PU is subunit of OU and is an officer or team designated by TA to perform procurements on its behalf. TA presides over PU and is responsible and answerable for procurement and related transactions.

TA may delegate PU the authority and functions that include:

- Processing approved requisitions from user departments or OU,
- Bid solicitation,
- Vendor selection,
- Purchase Order processing or awarding,
- Purchase Order monitoring,
- Managing claims,
- Processing surplus properties, etc.

STORAGE LOCATION

TA with buying rights can request Director IBA for establishment of Storage Location (SL).

SL is physical location and the subunit of a number of OU. TA presides over and is the responsible individual for SL. An officer or team is designated by TA to perform the following functions:

- Goods receiving,
- Ensure storage, safety, expiry, redundancy, etc,
- Minimum stock levels,
- Requisition for purchase,
- Record keeping,
- Inspection of goods received,
- Issuance to responsible individual making the requisition
- Return to vendors, etc.

PURCHASING AUTHORITY

Purchasing Authority (PA) is the TA or Budget Holder authorized to perform procurement of approved transactions as per the Transaction Authority Policy and Procedures (TAP). PA presides over PU and SL.

CENTRAL PURCHASE COMMITTEE

The Central Purchase Committee (CPC) membership shall comprise odd number of persons and include the representatives of the following departments of IBA and other procuring agencies:

1. Individual nominated by Director IBA or any staff member selected as Member Board of Governors,
2. Finance Department, (Two representatives other than pre-audit)
3. Projects Department,
4. Administration / Maintenance Department,
5. Officers from the agency or department other than IBA and comprising at least one third of the membership of CPC.

The Director IBA appoints a member to act as Chairman of the Committee not below the rank of BPS-18 or equivalent, for period of one year extendable for further periods. As a best practice, Chairman should not be the Purchasing Authority. The Secretary of the Committee shall be Purchase Officer / Procurement Manager responsible for arranging procurement documents, calling meeting, issuing notices and maintaining minutes and other records.

The member representing the department whose proposal is being discussed by the CPC will not participate in the final decision making although he can take part in the discussion, present his department's viewpoint, answer all the queries and defend his department's position and proposal.

CPC proceeding and decision must be documented in the minutes and circulated to all members within 7 days from the date of the meeting and must be authorized by members present and Director IBA.

The committee is an approval authority for purchase exceeding the threshold limits recommended in the "Transaction Authority Policy". The Committee functions include, inter alia:

- Facilitating and recommending approval or rejection for Purchasing Authority,
- Ensure compliance with Procurement Policy and Procedures (PP&P), SPPRA rules, etc,
- Recommend procurement method in case of emergency and direct contracting, etc.,
- Declaring award of contracts to the lowest evaluated responsive bidders,
- Approval / preparation of bidding documents.
- Approval / preparation of evaluation report
- Responsible for technical and financial evaluation of the bids,
- Provide views and suggestion on how a procurement should be taken forward and may set general rules in advance for certain types of procurements, and,
- Acts as a source of advice on contract guidance and for specific cases raised by staff.

- The IBA organizational structure for procurement process is presented hereunder:

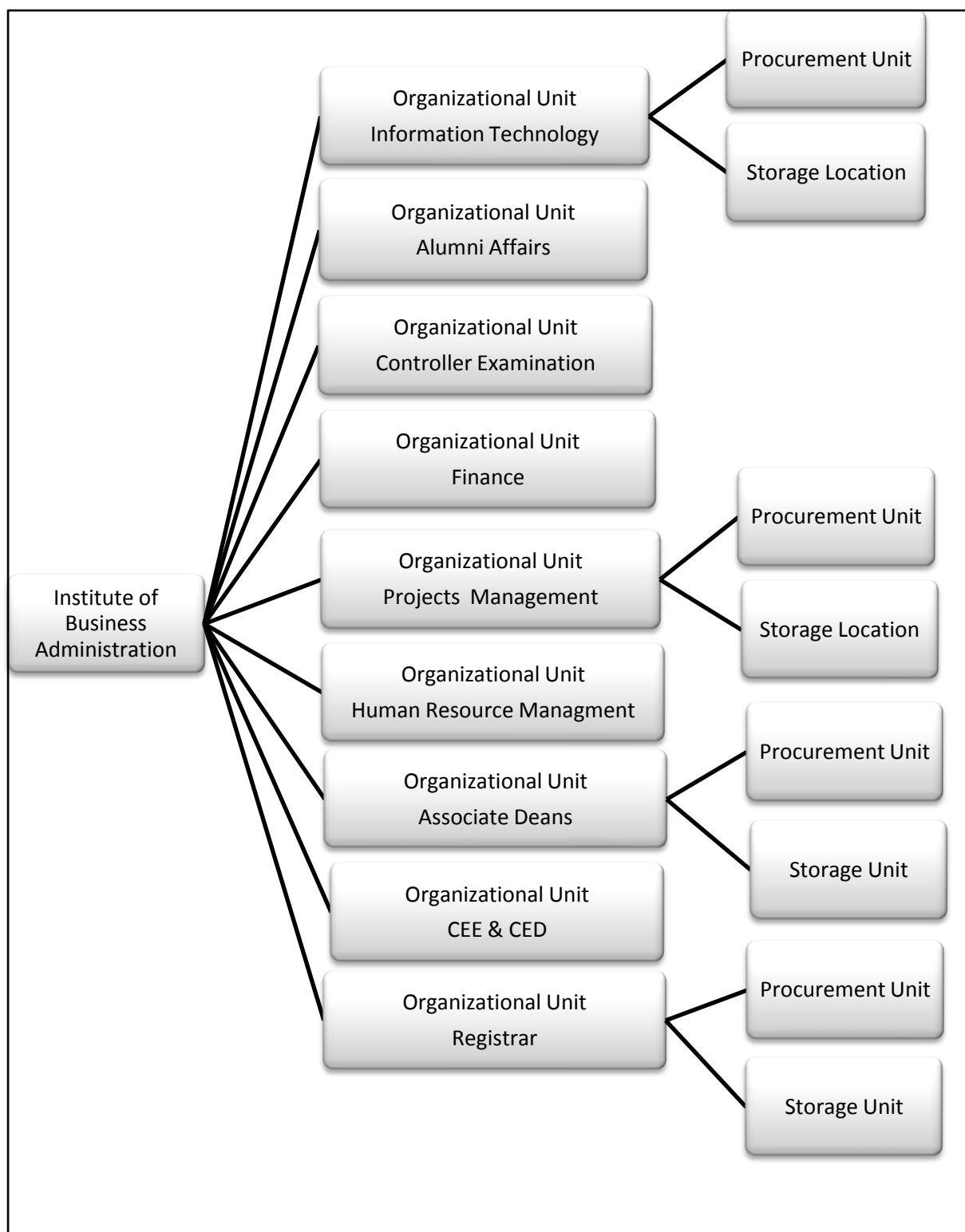


Figure 1 IBA organizational structure for procurement

INTER-DEPARTMENTAL RELATIONS

Communications between the requisitioning department and PU or PA is a mutual responsibility.

The requisitioning department shall inform the PU or PA, among other things, when:

1. an item specification is being developed for planned procurement action;
2. specific vendors are required to be added to the list;
3. procurement action is planned involving a potential sole or single source of supply;
4. sources of supply need to be identified for a specific item or commodity;
5. supplier services or products are not in compliance with specification or expectation.

The PU or PA shall provide the requisitioning department:

1. a current list of available work assignments or products;
2. assistance in developing item specifications;
3. information relating to sources of supply;
4. the service of requesting quotations and managing the bid process for selection of the best source of supply;
5. the service of establishing and conducting negotiations of contract terms with successful bidders;
6. an interface to suppliers for information prior to and during the procurement process;
7. information relative to price, quality, and delivery of a requisitioned item during the procurement process.

Information, including notes, reports, and correspondence, communicated between suppliers and requisitioning departments, pertaining to contract, negotiations or purchase decisions, shall be maintained by the PA.

Requisitioning departments are encouraged to consult with the PA concerning products, specifications or other general information. The PA will arrange supplier meetings, obtain product information and other pertinent item and supplier data when requested.

The requisitioning departments and PA will strive to aggregate the orders for similar goods, services and works to secure economies of scale and the possible savings in unit cost.

LEGAL AND ETHICAL CONDUCT

It is the policy of IBA to comply with all laws governing its operation and to conduct its affairs in keeping with the highest moral, legal and ethical standards.

Compliance with the law (including income tax, sales tax, PPRA, SPPRA and other applicable regulatory law) means not only following the law but conducting business in such a way that IBA receives recognition as a good and law abiding organization. Even where law does not apply, applicable standards of ethics, morality, diligence and good conduct related to IBA activities must be complied with.

Illegal and unethical practices include: engaging in price fixing arrangements; bid rigging acts; agreements with competitors to divide or allocate markets or customers; falsifying of accounting records; intentional misrepresentations to the Institute's auditors; bribery; illegal kickbacks; or illegal political contributions.

CONFLICT OF INTEREST

Loyalty and practice of good business ethics are a part of the obligation of employees to IBA. One aspect of this is the requirement that an employee refrain from engaging in personal activities which injure or take advantage of the IBA. Employees may not make personal profits out of their IBA positions.

Conflict of interest is most likely to occur when the IBA employee and Board of Director is employed for personal gain by another firm, directly or as a consultant; has a financial interest in another firm; has an immediate family financial interest in another firm; or is a director or officer of another firm.

SPP rule 62 states that consultants shall not be hired if there is a conflict of interest. However, in order to avoid conflict of interest in procurement of goods and works, any business enterprise in which an IBA employee has significant proprietary interest or control must receive written approval from the Director IBA in advance of establishing a business relationship with the IBA.

Full disclosure of the background surrounding a real or potential conflict should be made in writing to the Director IBA prior to making the commitment or initiating the activity which poses a possible conflict.

AND

Conflict of interest also occur when the applicant / bidder / firm (including all members of a Joint Venture) are associated, or have been associated in the past, with the consultant or any other entity that has prepared the design, specifications, and other prequalification and bidding documents for the project, or was proposed as engineer for the contract, over the last two years. Any such association may result in disqualification of the applicant / bidder / firm. *(Extract partly from TI Pakistan procurement manual for PIA and the PEC Bye-Laws under "General Regulations" require that the status of the Partners, Directors, Owners for the sake of conflict of interest must also be verified before its inclusion in the short-list.)*

GIFTS

Mutual respect between supplier and buyer has always been and always will be an important factor in business. It is to be encouraged between the two parties where it can be of advantage to both. There is nothing questionable or unethical in having lunch with a supplier, either to give the salesperson a better opportunity to present his or her case or to cultivate a business relationship, provided the employee accepts such intentions as they would from any other person and keep themselves free from obligation. Employees must not become obligated to any supplier and shall not participate in any transaction in which they may personally benefit. No gifts, beyond those of an advertising nature and insignificant value generally distributed to all potential customers, may be accepted by any IBA employee.

Gifts received which are unacceptable according to this policy shall be returned to the donors.

ENTERTAINMENT

IBA employees shall not accept purely social entertainment offered or sponsored by suppliers. Entertainment is not construed to mean an occasional business meal or a function where IBA stands to benefit from the supplier association.

EXCEPTION FOR DONOR CONTRIBUTION FOR IBA FUNDS

Corporate or individual donations and contributions given to the endowment funds, development funds, alumni funds, scholarship funds and other funds to IBA and IBA student society functions without asking any favours in return will not fall in this category.

RELATIONS WITH VENDORS

The highest standards of business ethics and conduct should be applied by all IBA employees in relations with suppliers. When making decisions affecting suppliers, IBA employees shall not obligate either themselves or the IBA to a supplier. In conducting business with suppliers, employees are also expected to act fairly, objectively and in the best interests of the IBA. Fairness to suppliers is promoted by the following means, inter alia:

1. By giving all salespersons a fair, prompt and courteous hearing on any subject that is justified by the nature of their products or services.
2. By keeping competition open and fair.
3. By discouraging revision of bids after submission and insisting on receiving the best price initially and holding the bidder to it.
4. By keeping procurement specification fair and clear and not including impractical or unnecessary conditions.
5. By showing consideration for the vendors' difficulties and cooperating with them to the fullest extent possible without affecting interest of IBA adversely.
6. By not soliciting quotes from a potential supplier unless IBA is willing to use that supplier if the offer is acceptable in quality, price, delivery terms and service. Qualifications of a supplier will be determined before a quotation.
7. By not excessively bargaining with suppliers. Ensure that each bidder's quoted price is compared with other bids submitted under the same conditions.
8. By keeping prices confidential and not divulging those prices to competitors.

PROCUREMENT PLANNING

Mandatory Provision of Procurement Plan [Rule 11(1) of SPP rules 2010]
Purchasing Authorities shall devise a mechanism for detailed planning of all proposed procurements with the objective of determining realistic requirements of the IBA within its available resources, delivery time or completion date, etc. along with details of procurement methods applicable for specific procurements.

ANNOUNCEMENT OF PLANNED ANNUAL PROCUREMENTS

SPP rules 2010 require announcement in an appropriate manner of proposed procurements for financial year(s) and shall proceed without any splitting or regrouping of the procurements already grouped, allocated and scheduled in the Procurement Plan. The indicative advertisement should be placed on the SPPRA and PPRA website as well as on website of the IBA. [Rule 12 of SPP rules 2010]

REVIEW AND UPDATE: [Rule 11(2) of SPP rules 2010]

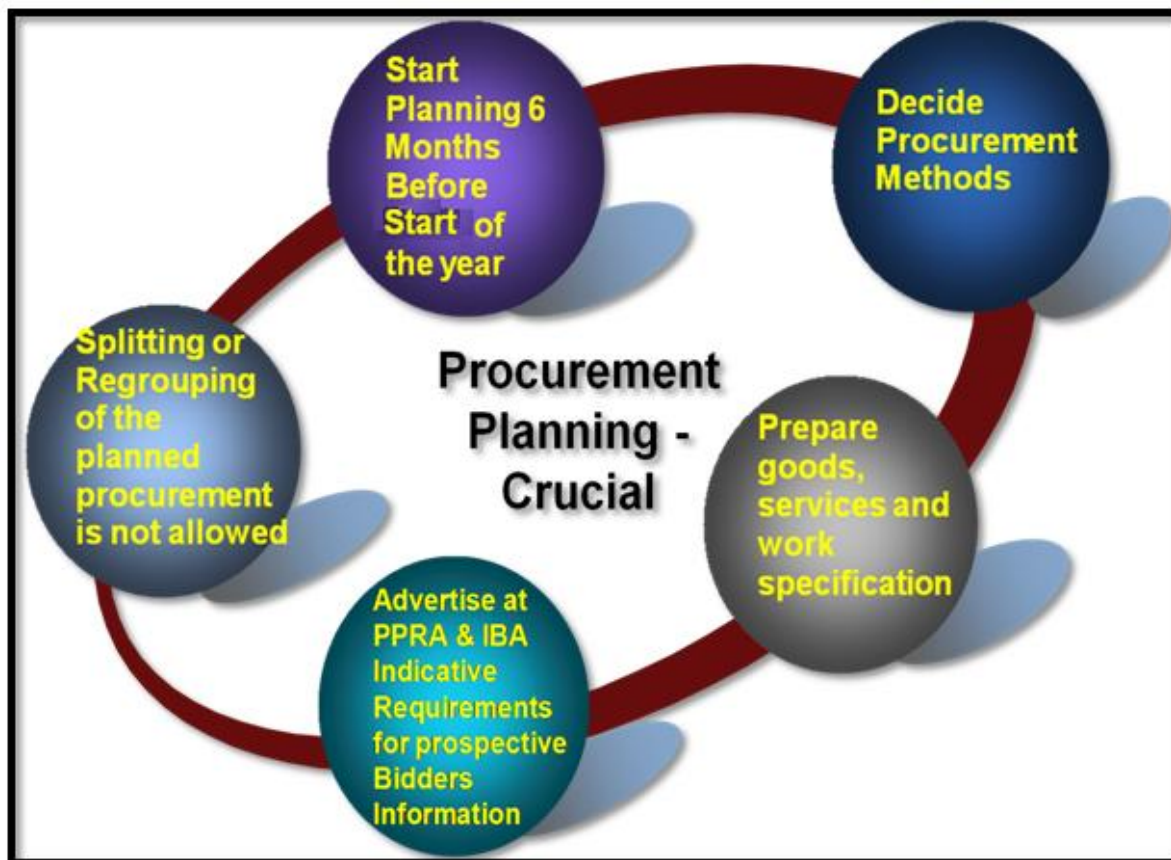
The procurement plan prepared for any project shall be reviewed and updated throughout the life of the project, such as estimates of time requirements, availability of funds, assumptions about institutional capacity, changing priorities and other factors that require plan adjustments for the success of the project. Such required adjustments will not invalidate the plan if made for improving the plan in the interests of the successful and timely completion of the project.

For proper procurement planning and announcement the PU and Purchasing Authority should:

- Begin procurement planning at least six months before the start of the year,
- List the individual procurements and decide procurement methods, e.g., procurement by open tendering or direct contracting;
- Furnish goods or service specifications in the manner that allow the widest possible competition, shall not favour any single contractor or supplier and put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However, if the Purchasing Authority is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words “or equivalent”.
- Provide the name, telephone number and email address (if available) of a contact person within the IBA to whom enquiries should be addressed.
- Request the SPPRA and PPRA to post the list with the procuring methods, address, telephone number, email address (if available) and name of the delegated staff on their websites.

Record of procurement proceedings: IBA shall maintain a record of respective procurement proceedings for a minimum period of five years, therefore, the copy of annual procurement plans along with letter and correspondence should be retained as well for a minimum of five years.

Following are crucial for procurement planning



Advertise at PPRA, SPPRA and IBA websites

Figure 2 Crucial for procurement planning

PURCHASE / PROCUREMENT REQUISITION

The Purchase Requisition (PR) is the vehicle for acquisition of goods, services or works created by a requisitioning department for purchases exceeding Rs. 5,000.

PR serves a number of purposes, including:

- Documenting the need for the goods, works or services required;
- Confirming the availability of funding, based on the estimated value of the procurement requirement;
- Confirming that the goods required are at the minimum level of existing stocks in stores;
- Replenishment to maintain maximum or minimum stocks;
- Establishing the chain of responsibility for authorising the procurement for purposes of pre and post procurement monitoring.

The Head of Department / Service Units, officer of Purchasing Units or delegated authorities are responsible for raising PR and forwarding it to the relevant Procurement Unit (PU) or Purchasing Authority. In practice, PU often acts as the initiator of procurement in accordance with the procurement plan and annual budget.

For proper requisitioning for goods, works or services the guiding principles are as follows:

1. Whether the requisition is initiated by an end user such as a Head of the Department, PU or Purchasing Authority, list of the goods, works, or services is required on a PR. Where a long list has already been prepared, such as for spare parts, this list may be attached to the requisition, with a summary description on the PR e.g. "Spare Parts for 500 KVA diesel generator for annual maintenance as per attached list".
2. PR should not mix requirements. Separate requisitions should be used for different requirements (for e.g. do not include requirements for generator spares on the same requisition as requirements for overhead projector spares).
3. Prepare detail initial description of requirements of Goods, Works and Services for proper analysis. If the PR has come from an end user and has not been generated by the PU itself, check the description of requirements with the end user and discuss any clarifications or changes required with the end user.
4. Provide estimated value of the goods, works or services. The estimate may be based on recent, similar contracts, market research or an estimate by a technical specialist, such as an engineer for construction contracts. Seek assistance from Projects, ICT, etc. within IBA or outside it, if required.
5. The Head of the Department, Transaction Authority or their designated officer begins the procurement by signing on the requisition to endorse that the goods, works, or services are required.
6. PR should be approved to proceed with the procurement, through the signature of the Purchasing Authority or Approval Authority, in accordance with the requirement given in the Transaction Authority Policy.
7. Approved PR requires confirmation of the availability of budget, funding, as discussed in the Transaction Authority Policy.
8. Transaction Authority must allot each PR a unique serial number. This number will be taken in sequence from a Register of Procurement maintained by the PU.

Record Keeping:

Register of Procurement is required to be maintained by the PU for Purchasing Authorities to record the information about each PR and allotting the serial number.

PR must be completed and passed to the PU, which will open a procurement file for the requirement. Where a requisition originates with an end user, the end user should also keep a copy of the PR for his own records.

BID SOLICITATION

The Purchasing Authority (PA) or Procurement Unit (PU) is responsible for recommending and deciding bid solicitation for procurement. This should be done in conjunction with the end user / requisitioning department and SPPRA pronouncements, to ensure that it meets the end user's needs and all legal requirements.

The PA selection of bid solicitation process is based on achieving the optimum balance between under mentioned competing objectives in each case.

- ensuring fair competition for suppliers;
- obtaining value for money;
- ensuring timely delivery of goods, works or services;
- obtaining goods, works and services of the appropriate quality, and;
- minimizing the costs of conducting the procurement process and administering contracts;

PA is responsible for issuing and maintaining all documentation relevant to quotations, bids, proposals and awards.

TYPES OF SOLICITATION

The following defines the types of solicitation used by IBA for procurement:

REQUEST FOR QUOTATIONS (RFQ) This is a competitive written bid process, used in other than sealed bid, soliciting to get pricing and delivery information for a list of items with clear set of specifications. RFQ is generally used if purchase is more than Rs 25,000 and less than Rs 100,000. This process shall be undertaken by the PA and PU for approved PRs and they will prepare an RFQ document that includes the IBA's standard purchase order terms and conditions, any special conditions, details the specific quality and quantity requirements, detailed item description, and required delivery date for the goods or services. No other IBA department is authorized to undertake the RFQ Process. The PA will record timely RFQ responses, evaluate them, and get approval authorization as per transaction approval authority make an award to the lowest evaluated responsive bidder.

PRE-QUALIFICATION OF SUPPLIERS AND CONTRACTORS [Rule 27 & 28 SPP Rules 2010]: Purchasing Authority may engage in pre-qualification of bidders only in the following cases:

- (a) in case of contracts for large and complex works and services related to, in which there are high costs of preparing detailed bids;
- (b) in the contracts to be let under turnkey, design and build, or management contract;
- (c) in case of expensive and technically complex equipment and works with a view to ensuring that invitations to bid are extended only to those who have adequate capabilities, competence and resources.

OPEN COMPETITIVE BIDDING Open competitive bidding shall be the principal method of procurement, save as otherwise provided; [Rule 15 SPP Rules 2010]

There shall be two types of open competitive bidding, International Competitive Bidding and National Competitive Bidding.

INTERNATIONAL COMPETITIVE BIDDING

- (i) International Competitive Bidding is open to all interested parties, firms or individuals, whether national or international, but subject to eligibility of bidder;
- (ii) International Competitive Bidding shall be the default method of procurement for all procurements with an estimated cost equivalent to US \$10 million or above;
- (iii) PA may opt for International Competitive Bidding for procurements below the estimated cost equivalent to US \$10 million if it is convinced that technological sophistication, technical expertise or professional capability of the satisfactory level is not available within the country and the best value for money cannot be obtained, if competition is restricted to the domestic companies, firms or parties;

Provided that this provision may be invoked only with prior approval of the BoG.

NATIONAL COMPETITIVE BIDDING

- (i) National Competitive Bidding shall be the procedure wherein bidding is open only to interested national firms, companies or parties and international firms, companies or parties are not invited for the bidding.
- (ii) National Competitive Bidding shall be the principal method of procurement with an estimated cost below US \$10 million or equivalent in local currency.
- (iii) PA may opt for National Competitive Bidding for procurements with an estimated cost equivalent to US \$10 million or above, where the PA is convinced that it is the most economical and timely way of procuring goods, works or services which, by their nature or scope are unlikely to attract foreign competition;

Provided that the reasons and justifications for the decision should be approved by the BoG.

REQUEST FOR PROPOSAL (RFP) This is a bid solicitation document used for obtaining and assessing Expressions of Interest (EOI). The RFP process is utilized for consulting / professional services, architectural / design services, expert opinions and views. In addition to price, award is based on other factors such as the proposer's experience with similar projects, sufficiency and creativity of the proposal in meeting IBA's objectives, the proposer's unique experience, and the credentials of the proposer's project team.

The RFP process will be administered by the PA for approved PRs. If the requisitioning department has unique expertise or requirements, the PU may authorize it to administer the RFP process internally.

The RFP process is similar to the sealed bid process with respect to IBA conditions related to insurance, indemnification and confidentiality. However, the RFP process is utilized for services or projects that permit flexibility in responding to the IBA's objective, and vendors are asked to submit their proposed solutions for the project.

RFP responses are opened and recorded on the specified due date and time. The CPC along with representatives of requesting department will review the evaluation of responses. Vendors may then be asked to make a presentation to further clarify their response and qualifications to fulfil the requirements of the project. The Purchasing Authority will then approve or make a recommendation to the appropriate transaction authority for award of contract to the vendor that presented the best solution to accomplish the project. The appropriate transaction approval authority is identified in the Transaction Authority Policy.

DIRECT CONTRACTING This method means procurement from a single source without competition and shall only be applicable where goods, works or services are only available from single or sole supplier, acquisition of spare parts / services from original manufacturer since change of supplier or product could result in incompatibility or technical difficulties in operation or maintenance, repeat orders or in cases of emergency.

CONTRACTS FOR PURCHASES

The term "Contract" is defined in this context as various agreements related to the procurement of equipment, supplies, services or works and is between two or more parties describing terms and conditions.

Some samples of contract that vendor requires a signature on are:

- Quotations, bids
- Maintenance agreements
- Purchase order, work order
- Software license agreements
- Pricing agreements
- Agreements for services
- Leases
- Rentals, etc.

List of general purpose agreements is given in TAP Appendices 'C'. In general, anything a vendor is requesting a signature on must be signed by the Transaction Authority and then forwarded with the requisition to Approval Authority for signature for finance review and approval as per the Transaction Authority Policy.

Framework / Rate / System Contract

Framework Contract is an arrangement with suppliers of goods and services that are required by IBA on frequent basis. As a general rule where a Framework Contract exists there will be clear terms and conditions agreed for subsequent 'call-offs' and/or a commitment to buy a certain volume over the duration of the Framework Contract. The duration of framework contract shall be one year and the contract shall be completed at the end of fiscal year i.e. by June 30.

Frameworks Contracts are generally managed by the Purchasing Authority and they are responsible for:

- maintaining relations with the contractors;
- advising users about the Framework arrangements; and,
- maintaining records of the use of the Framework;

The Framework should be used wherever possible. Where a relevant Framework exists but is NOT selected, approval for exemption must be sought from Director IBA.

UNAUTHORIZED PURCHASES or MIS-PROCUREMENT

SPP rule 2(x): “Mis-procurement means public procurement in contravention of any provision of Sindh Public Procurement Act 2010, any rule, regulation, order or instruction made thereunder or any other law in respect thereof, or relating to, public procurement”.

Therefore, any purchase made by departments outside of normal purchasing procedures as provided in PP&P is considered an "Unauthorized Purchase".

Director IBA, on his own initiation or on receiving a complaint from any aggrieved bidder to the procurement proceedings, shall recommend the case to the complaint committee.

The Authority [SPPRA] may take notice of any violation of provisions of the Act, Rules, Regulations, orders, instructions or any other law relating to public procurement and advise the Director IBA to form complaint committee for further investigation.

The complaint committee shall recommend the matter to the Director IBA for declaring the case to be one of mis-procurement if any material violation, of provisions of the IBA PP&P manual, orders, instructions or any other law relating to public procurement, has been established.

ACTION TO BE TAKEN AFTER DECLARATION OF MIS-PROCUREMENT

On declaration of mis-procurement, any of the following actions shall be taken;

- (a) In case the contract has not been awarded:
 - (i) bid shall be eliminated from procurement proceedings, or procurement proceedings shall be declared null and void, and the whole process shall be carried out afresh; and
 - (ii) case shall be registered under the Sindh Enquiries and Anti-Corruption Act, 1991 (Sindh Act No. IV of 1992) and the Rules made thereunder against the official(s) of IBA held responsible for the mis-procurement.
- (b) In case the contract has been awarded:
 - (i) case shall be registered under the Sindh Enquiries and Anti-Corruption Act, 1991 (Sindh Act No. IV of 1992) and the Rules made thereunder against the official(s) of IBA held responsible for the mis-procurement; and
 - (ii) compensation shall be paid to the aggrieved bidder by the officer(s) responsible for mis-procurement for cost incurred on preparation of bid, including the cost of the complaint registration fee paid by the complainant.

LIMITATION ON THE NEGOTIATIONS IN THE BIDDING

SPP rule 52 has clearly banned negotiations, with the bidder having submitted the lowest evaluated bid or with any other bidder, if it is held with the intention of making substantial changes to a contract or of obtaining price reductions from the lowest evaluated responsive bidder, as it may lead to personal bias, temptations and tendency for kick backs and corruption.

There are certain instances for conducting negotiations, which are discussed under the exceptions.

For exceptional cases the Purchasing Authority (PA) has the overall responsibility for negotiation / discussions, under the overall direction of the CPC, but will require technical input from the end user, or other technical specialists. The PA will normally make use of staff who was involved in the evaluation of bid, as they would be familiar with the bidding document. Negotiation / discussions should always be conducted by a minimum of three staff, including the requisitioning department or end user.

The outcome of any negotiation / discussion and the resulting recommendations must be approved by the CPC before announcement of evaluation report, any contract award or other commitment is made to any bidder.

EXCEPTIONS: FOR CONDUCTING NEGOTIATIONS

The exception for negotiation applies following a bid evaluation if using the methods of Quality Based Selection and Consultant's Qualifications Selection. The negotiation shall be conducted in accordance with SPP Rule 79 which allows negotiation with the highest ranked bidder regarding methodology, work plan, staffing and special conditions of the contract. The PA shall not permit substitution of key staff, unless both parties agree that undue delay in selection process makes such substitution unavoidable. Similarly, negotiations shall not seek changes in the rates quoted by the bidder. In case of failure of negotiations, the PA may invite the second ranked bidder as per the evaluation report.

EXCEPTIONS: NEGOTIATION ALLOWED IN PUBLIC PRIVATE PARTNERSHIP PROJECTS

Notwithstanding the provisions of SPP rule 52, negotiations may be permissible after the financial bids have been opened. In case the PA has valid reasons, which must be recorded in writing, that the financial offers are not providing best value for money or need changes, the PA may invite sealed revised financial bids from all qualified bidders or through open bidding. The PA shall keep complete minutes of the negotiation process;

Direct negotiations shall be resorted to when there is only one complying bidder left as defined hereunder:

- (a) If, in response to advertisement, only one interested bidder responds for prequalification, and it meets the pre-qualification criteria;
- (b) If after advertisement, more than one interested bidders respond for pre-qualification, if any but only one of them meets the prequalification criteria;

- (c) After pre-qualification, if any, more than one interested bidders respond, and only one of them submits a bid, which is found by PA to be complying;
- (d) After pre-qualification, if any, more than one interested bidders submits the bid, but only one is found by the PA to be complying.

The exception for conducting negotiations also applies following a bid evaluation if using the Two Stage Tendering, Single Stage - two envelope and Direct Contracting methods.

This exception for negotiation / discussions **DO NOT** apply if the discussions are held with the intention of making substantial changes to a contract or of obtaining price reductions from the lowest evaluated responsive bidder.

PROCEDURE FOR CONDUCTING NEGOTIATIONS / DISCUSSION

1. PA / evaluators should make recommendations in the evaluation report, as to whether negotiation / discussions are required and the details of contracts to be negotiated / discussed. The recommendation to negotiate must be approved by the CPC before any preparations are made.
2. PA should identify member(s) of staff to manage the negotiation / discussions.
3. PA should invite the successful bidder for negotiation / discussions, proposing the time, date and location for negotiation / discussions. The invitation letter may state that the bidder's tender has been evaluated as the successful tender, but it is important that no contractual commitment is made to the bidder i.e. the letter must not make any reference to the tender being accepted or a contract being awarded.
4. PA and evaluators should identify areas where negotiation / discussions are required and identify and quantify the objectives that the PA wishes to achieve and set parameters for negotiating / discussing.
5. PA will lead the group to hold the negotiation / discussions with the successful bidder. It is important that the negotiators do not commit to bidder for any arrangements or agreements during the negotiation / discussions.
6. Minutes of meeting for negotiation / discussions should be prepared with recommendations on how to proceed.
7. PA should get approval from the CPC for the recommendations and proceed as appropriate. Where the recommendation is for further negotiation / discussions with the successful bidder or negotiation / discussions with the next lowest evaluated responsive bidder, this process should be repeated.

DOCUMENTS / RECORDS TO BE MAINTAINED

The following documents or records of any negotiation / discussions must be completed and kept on the procurement file:

- the name of the bidder with whom negotiation / discussions were held and the names of the bidder's representatives;
- the names of all IBA staff involved in the negotiation / discussions;
- the time, date and location of the negotiation / discussions;
- the areas subject to negotiation / discussion and the main points or requests made on each side;
- the final agreement reached on each area of negotiation;
- any points where agreement was not reached or further discussion is required;
- CPC meeting minutes for negotiations approval or recommendations.

INTEGRITY PACT

SPP rule 89 states that “procurements exceeding Rs. 10 million for goods and works, and Rs. 2.5 million for services shall be subject to an integrity pact, as specified by regulations, between the IBA purchasing authority and the suppliers or contractors or consultants”.

SINGLE SOURCE / SOLE SOURCE JUSTIFICATION

A **single source** can be defined as: the one source among others in a competitive marketplace that for justifiable reason has predominant qualifications for selection for contract award.

A **sole source** can be defined as: the one and only source regardless of the marketplace, possessing a unique and singularly available performance capability for the purpose of contract award.

IBA does not encourage single / sole source purchases.

The ground rules mentioned hereunder apply to all purchases greater than Rs. 100,000 for all funds; except for restricted funds with purchasing conditions, where competition may be restricted due to a variety of reasons such as technical specifications, proprietary information, method of distributions, upgrades of existing equipment, etc.

It is the responsibility of the requisitioning department and the PA to:

- 1) Indicate the basis for awarding the purchase to a single source / sole source, and,
- 2) Determine that the non-competitive price was fair and reasonable.

The head of requisitioning department is responsible for justifying and documenting the reasons why competition may be restricted and providing information that establishes the reasonableness of the price. A memo containing the required information must be dated, signed and attached to the requisition being processed.

Occasionally, the PA may receive a requisition for a single source / sole source purchase without the justification from the department. If the purchase is of an obvious sole source nature it may be completed by the PA. If not, the requisition may be returned to the department requesting memo for required information.

There are several methods of substantiating the need for a single source / sole source purchase.

- 1) A description of the need for standardization of equipment or spare parts, to be compatible with the existing equipment (enough detail to demonstrate that compatibility is indeed necessary).

OR

- 2) The required item(s) is of proprietary nature and obtainable only from one source.

OR

- 3) A description of the features which would make an item unique

WITH

A detailed explanation of how and why these unique features affect the function of the item;

AND

An explanation of how and why these unique features are necessary to the intended use of the item;

AND

Why an item without these features could not be used;

AND

Use statistics or amounts, if applicable.

Justification should include a recent (less than 30 days) quotation with RFQ from the sole source provider and any other data that the end-user feels would support the single source / sole source purchase.

All justifications should be prepared on letterhead, signed and dated by an individual familiar with the requirements for the purchase.

WORKFLOW APPROACH FOR SINGLE / SOLE SOURCE JUSTIFICATION

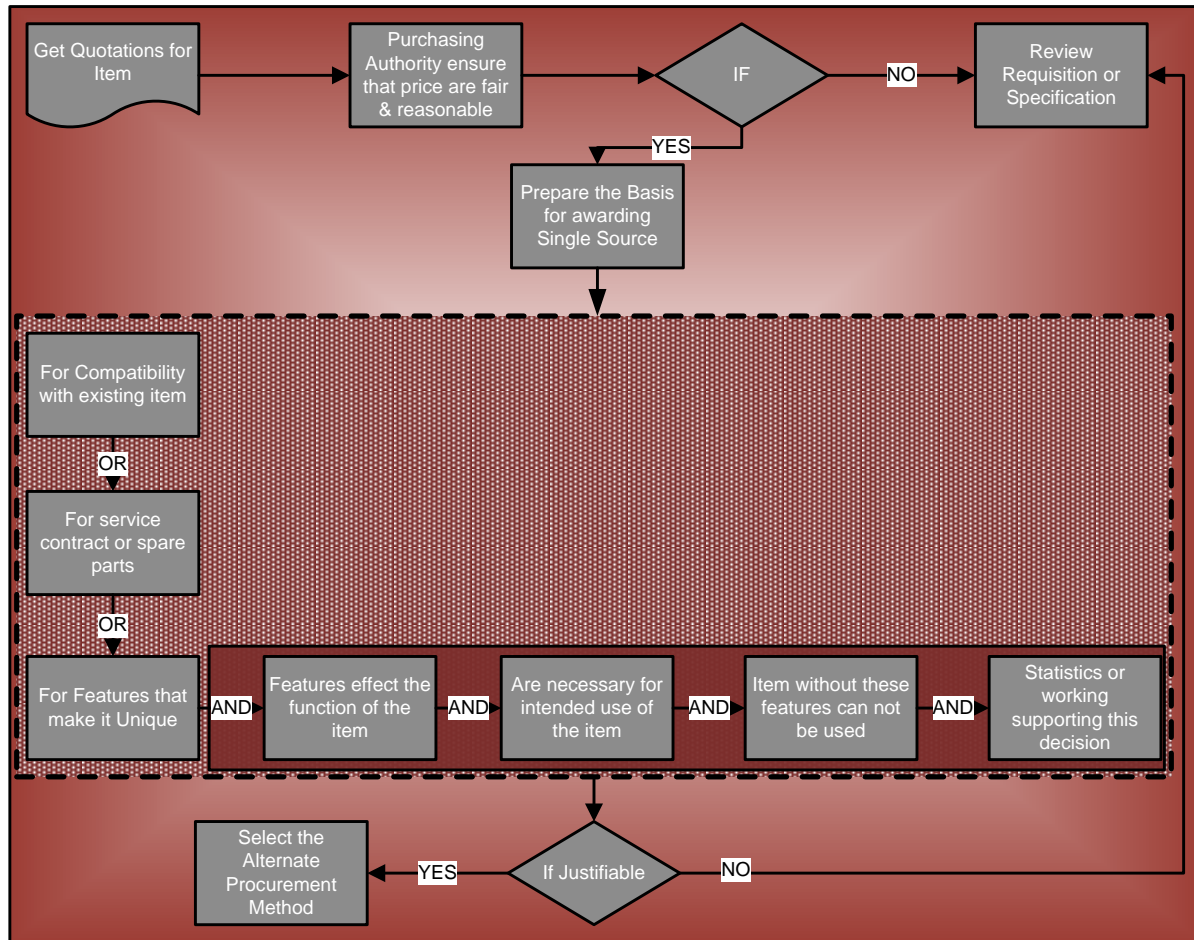


Figure 3 Workflow for single source justification

TYPES OF PURCHASE ORDERS & EXCEPTIONS

For transactions up to Rs. 100,000 the Purchase Order (PO) is the vehicle by which IBA makes legal obligations for the acquisition of goods, services or works from outside the Institute. Only the Purchasing Authority (PA) and other delegated individuals, in accordance with the Transaction Authority Policy, have the authority to obligate the IBA to the outside community.

The PA, in communication with the user departments, is responsible for the selection of the type of PO most suitable for an individual acquisition.

In general, there are two types of POs used by IBA Purchasing in the acquisition of goods, services or works.

STANDARD PURCHASE ORDER

The standard PO is used in most purchases. It is an agreement that is negotiated between the PA and the vendor where everything is determined at the time of the issuance of the PO or at the time of solicitation of quotes or bids. It is used on all purchases where the delivery of goods and / or services and payment completes the agreement.

IBA does not encourage but in special circumstances, with the approval of the PA and Director IBA and after obtaining security or guarantee, a "Cheque-with-order" version of the standard PO may be issued. When this type of order is issued, a prepayment cheque for the exact amount of the order, signifying payment in full, is enclosed with the order to the vendor.

Another method of placing a standard order is the "**Confirming Order**". A standard order is considered a Confirming Order when the PO number is verbally given to the vendor prior to the vendor receiving any paperwork. The vendor will often act on the verbal PO number and arrange to ship the requested items before receiving the actual PO document.

BLANKET ORDER OR FRAME WORK ORDER

Blanket order is an arrangement with a vendor that does not obligate IBA funds but allows the flexibility for order placement on as need basis for a specified period of time. The blanket order is used when there is a recurring need for expendable (non-capital) items and / or services. Blanket orders may also be used for such items of a specific manufacturer where PA has negotiated contracts or pricing agreements. These blanket orders are issued with control parameters such as total amount of expenditure, time period, specific quantity, specific items, etc. Blanket orders should be based on a current price agreement or contracts which have been negotiated or approved by the PA.

ITEMS NOT REQUIRING PURCHASE ORDERS

Irrespective of the amount threshold the following commodities or services are exceptions and may be processed for payment, if approved by the Purchasing and Approval authority, with an accounts payable voucher:

- Procurements below the financial limit of Rs. 25,000,
- Advertising expenditure (insertion order is used),
- Staff medical & hospitalization expenses (Authorization letter in the name of hospital is used),
- Library books, magazines and periodical subscriptions, etc,
- Rental cars / buses, chartered services, etc,
- Consulting agreements and professional services,
- Entertainment, laundry, food & beverages, canteen services,
- Rentals cost for properties and signboards, etc.,
- Freight bills for outbound freight,
- Mail services (excluding postage)
- Postage, franking and courier services,
- Seminars and convention fees,
- Utilities charges (i.e. electricity, gas, telephone),
- Project architectural & engineering services (Separate contract is required),
- Project (Construction contracts and construction execution contracts),
- Employment services (Appointment and contract letter are required)
- Insurance (Separate agreement is required)
- Legal services (Separate approval as per TAP)
- Travel services (Eligibility, travel requisition is required)
- Hotel and accommodation (Eligibility, approval as per TAP)

SURPLUS PROPERTY PROCESS

A surplus property declaration is to be completed for office furniture or equipment that is no longer needed for use within the campus or department in accordance with the Fixed Assets Policy and SOPs. The completed form is to be submitted to the Director Finance or his delegated authority for determining the usefulness of surplus item and to have the item relocated to another area, departments within IBA, stored in the surplus property location or disposed off as per approval of the Asset Disposal Committee. Except for Director Finance, none of the campuses or departments is authorized to transfer or sell surplus property to any inside and outside party.

When the need to acquire an item from surplus property exists, the head of the department or service unit head may visit the location to review available items. Access to the surplus property location is by appointment from Director Finance or his delegated representative. Once head of department selects surplus property, a purchase request must be submitted to Director Finance with the suggested vendor name indicated on the request as "SURPLUS". Administration Department will arrange delivery of the item to the requested location.

Relevant record and documents required as per Fixed Assets Policy and SOPs shall be maintained by all concerned department.

RECEIVING & INSPECTION OF GOODS AND SERVICES OR WORKS

Receiving and inspection of goods, services or works is the responsibility of the Purchasing Authority (PA) or their delegated individuals or team authorized to operate storage areas. Receiving and inspection of goods is done in one of the following storage locations of the IBA:

Title	Responsibility
Information Technology (IT), multimedia, video conferencing, software & e-learning software, hardware, networking & telecom store	Director ICT
Projects store	Director Projects
Printing and publication store	Registrar
Petty / maintenance materials store	Registrar
Transportation warehouse / garage	Registrar
Library, patented course or reference materials, etc.	Associate Dean

It is important that authorities accepting incoming shipment for departments are certain that the material was ordered by the departments (preferably before it is unloaded from the truck) and before signing the delivery slip / note or invoices. Representative from purchasing unit must be called for proper identification of goods for physical receiving with available documents.

It will be the responsibility of the PA signing for material to arrange for delivery to the correct department. In most cases the carrier trucker will deliver to the correct department if shipment has not been removed from the truck or it is a small carton.

Inspection of all packages or cartons at time of delivery is essential. Any apparent damage should be noted on the delivery receipt by the carrier's agent along with the storage unit representative signature. PA should be notified within 24 hours in order to file a claim. If damage is discovered only after the package has been opened the PA must be notified about the concealed damage. After inspecting the packages, all packing lists, delivery note, delivery slip or invoice are forwarded to the individuals in the department responsible for recording receipts.

Maintaining and valuing of material should be in compliance with the IBA ERP application for material management. SOP may be developed by the PA considering the ERP application requirements. Until ERP application is not in place material valuation method as per IBA Fixed Assets Policy must be complied with. At present, the First In First Out (FIFO) method for valuation is used by IBA. Upon procurement of an item of Fixed Assets, the PA shall also need to fill in the prescribed form as per Fixed Assets Policy and SOPs which will be submitted to Director Finance for recording addition in fixed assets register.

FREIGHT CLAIMS

IBA has the responsibility for initiating a freight claim only when the FOB terms specify "Shipping Point". If the FOB terms are "Destination", the vendor has the responsibility of filing the freight claim. If IBA has the responsibility for filing the claim, representative of purchasing unit (PU) will prepare the paperwork and contact the transporter / carrier. If the vendor is responsible for filing, then the appropriate transaction authority and delegated PU representative will notify the vendor of the damaged, lost or concealed damaged shipment and request replacement shipment.

TYPES OF CLAIMS

Three types of freight claims that might be processed if IBA has the responsibility for filing the freight claim.

Damage in transit

Damage has occurred to the goods while it was in the possession of the freight carrier / transporter. Damage to packages and cartons is usually readily apparent.

When the shipment is received, any damage is noted on the freight bill at time of delivery. The receiving, inspection or user department notifies the PU about the damaged shipment within 24 hours. PA or purchasing unit will contact the carrier and / or vendor, begin the claim process, advise Finance department to freeze the securities and to stop the payment until the goods are recovered.

Loss in transit

If the vendor has transported the goods to IBA which have not been delivered after a "reasonable" amount of time and the transporter is unable to locate the goods, then the goods may be lost.

The user department is to notify PA if they have not received the goods within a "reasonable" waiting period after the vendor had transported the goods. After confirming the vendor shipment date and verifying that the transporter is unable to locate the goods, PA will begin the claim process, advise Finance department to freeze the securities and to stop the payment until the claimed goods are recovered. PA may blacklist the vendor.

Concealed damage

Goods were delivered in apparently good condition and the signed delivery notes did not mention damage, however, damage is discovered only after the container is opened within a "reasonable" period of time.

User department must notify PA immediately of the damage. In turn PU notifies to the vendor that a "concealed damage" claim is pending and an inspection is needed. All containers and contents must be kept in a safe place for inspection by the vendor.

RETURN OF GOODS TO THE VENDOR

When defective merchandise is received from a vendor or the received item(s) are not the item(s) specified on the purchase order, the shipment will be subject to return to the vendor for credit. The Purchasing Authority will contact the vendor, explain the reasons for wanting to return the goods and get a "Return Authorization" number. If the department wishes, they may also contact the vendor to coordinate the return.

INVOICE PROCESSING

An invoice is the supplier's notification that a charge is pending against the IBA. The purchase order (PO) is the basis on which the supplier is paid for goods and services furnished. The invoice is matched with information on PO (items, prices, quantities, terms of the PO, etc.) and with goods / services receiving information.

Invoice processing is the responsibility of the payment authority. All vendors must be instructed to send invoices directly to payable section of the Finance Department to ensure that they are processed for payment without unnecessary delay. Invoices received by the user departments, purchasing units, storage locations, purchasing authority, etc. need to be immediately forwarded to payable section.

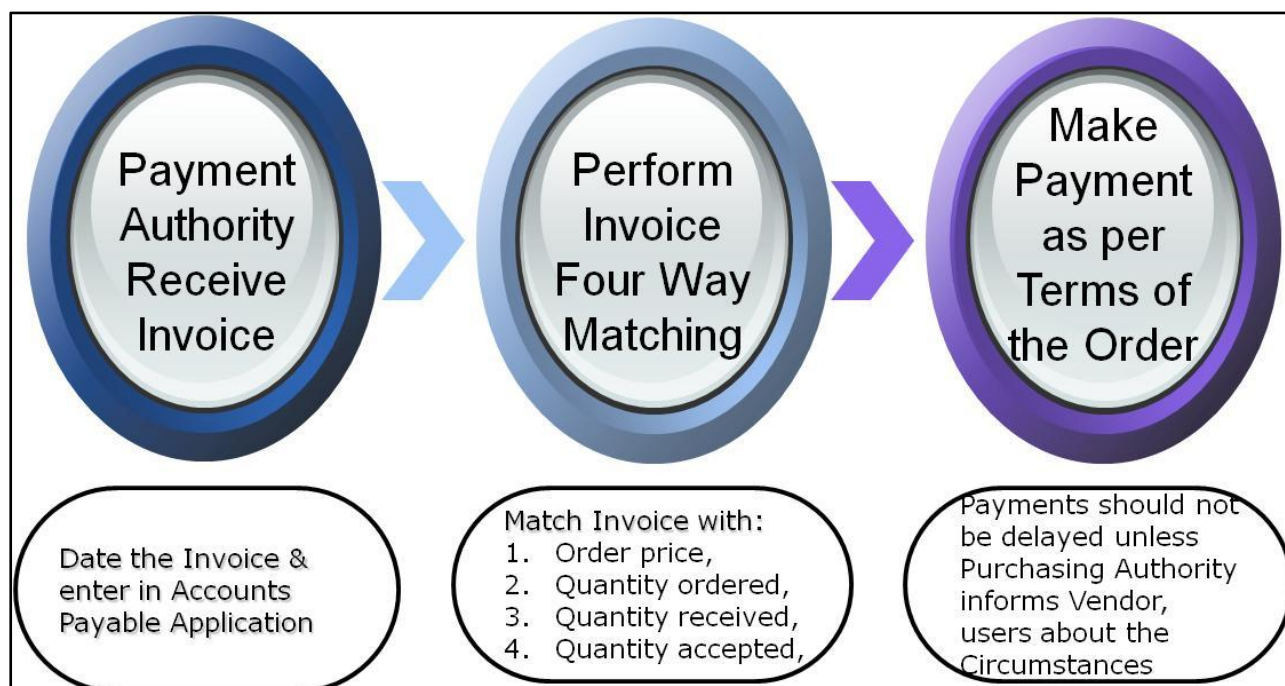
Invoices are date-stamped for "Invoice Received Date" when received at the payable section and are processed for entry into the accounts payable (AP) application. Payment of the invoice may require the user to verify receipt and / or acceptance of the goods or services.

If the invoice transaction is against a blanket order, a "Blanket Receiver / Statement of Charges" is always generated for each voucher transaction. This document and a copy of the invoice are sent to the individual in the user department who has been designated as the primary receiver for verification of the statement.

If the invoice fails to successfully pass the matching process with PO and receiving, the details must be forwarded to PA for approval, justification or rejection of transaction at time of completing the receipt. Payment to the vendor will be made according to terms of the PO / BOQ. Payments of invoices should not be delayed beyond their due dates as determined by terms of the PO unless the purchasing unit, the user and the vendor are aware of extenuating circumstances that would preclude payment. Failure to pay invoices promptly results in:

1. Poor vendor relations,
2. Lost discounts,
3. Increased vendor payment expediting activity,
4. Credit holds.

Invoice processing system in summarized form is presented hereunder:



It is imperative that management must decide timelines for payments based on credit terms and general business practices.

Figure 4 Invoice processing [summarized] presentation

TOPICS RELATING TO PROCUREMENT FUNDAMENTALS

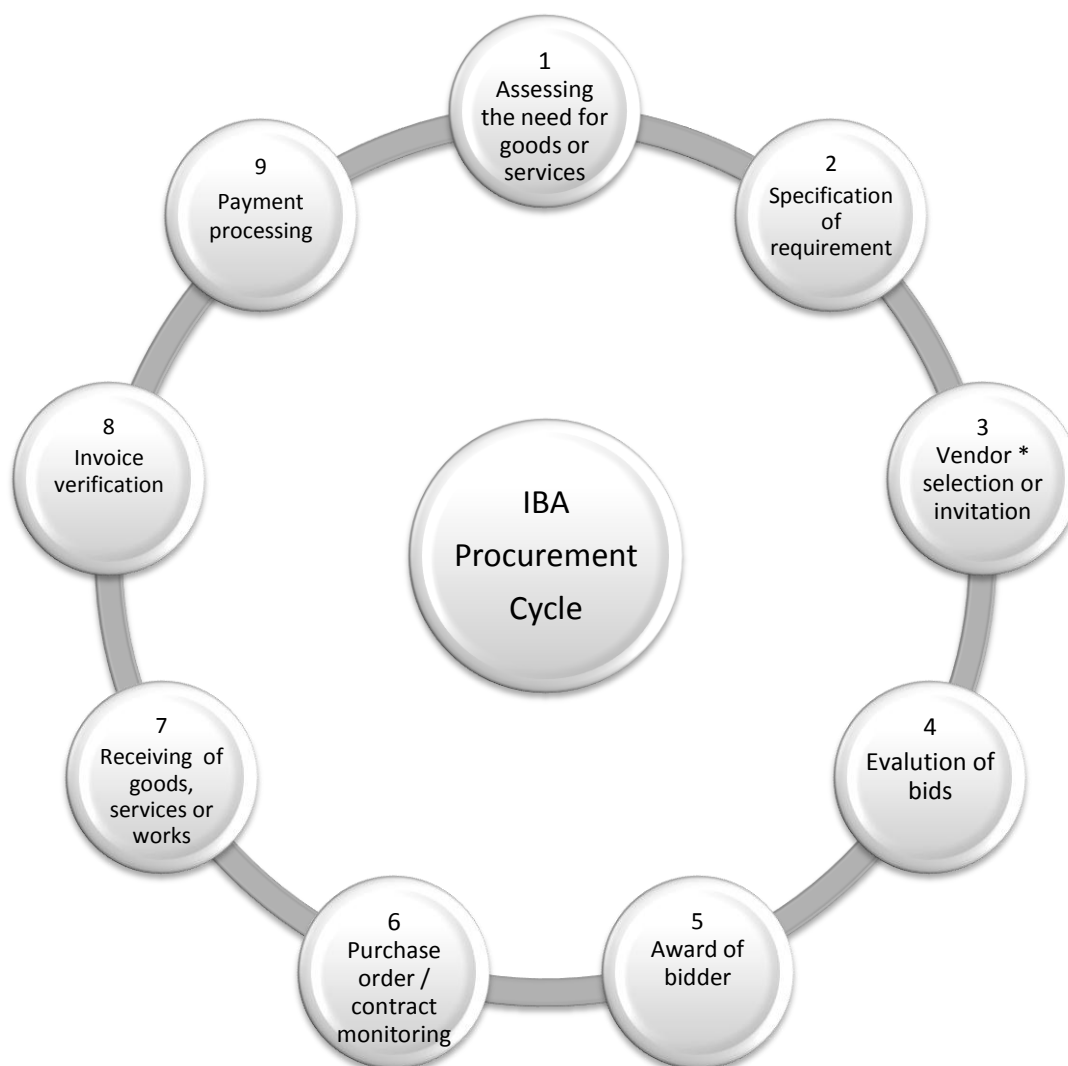
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PROCEDURES

The following procedures are intended to assist the CPC, procurement units, purchasing authority, transaction authority, head of departments / service units, auditors, etc. in applying procurement policy. These procedures are not intended to address specific control activities applied by the procurement units or serve as statements of operating procedures. The intent is to provide supporting guidelines to assist purchasing authority and operating units in developing necessary activities to ensure that the policy is understood and being followed.

PROCUREMENT CYCLE

Procurement cycle for IBA is presented hereunder:



** and Technology Partner*

Figure 5 Procurement Cycle for IBA

1. Head of the department, service units or delegated authority can pass on the requisitions for goods, services and works to be procured to the Purchasing Authority (PA) or Purchasing Units (PU) for Approvals.
- 2-7. PA and PU to check product specification, do justification for product requested, get budget availability, determine possible source of supply, write invitations, receive bids / request for quotations, record bidding / quotations received, get approvals as per TAP, select vendor based on evaluation of bid or quotation analysis, award work / purchase order and receive the goods or services.
7. Storage units and requester or user receives the goods or services.
- 8-9. Payment authority processes the invoice and makes the payment considering the timelines for payment.

FUNDAMENTAL PRINCIPLES OF PUBLIC BUYING

Every authority delegated with the powers to procure shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to procurement, for fair and equitable treatment of suppliers and for promotion of competition in procurement.

As a general guide, the procedure to be followed in making procurement may conform to the following yardsticks:

- (i) The specifications in terms of quality, type etc., and also quantity of goods to be procured, should be clearly spelt out keeping consideration of the basic needs of the IBA without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
- (ii) Offers should be invited following a fair, transparent and reasonable procedure;
- (iii) Purchasing Authority (PA) and user should be satisfied that the selected offer adequately meets the requirement in all respects;
- (iv) PA should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
- (v) Considerations of evaluation priorities for taking the procurement decision should be recorded;
- (vi) Goods shall be sourced directly from manufacturers, whenever possible;
- (vii) When same kind of goods are required on regular basis the purchasing units should negotiate Framework Contracts allowing regular call-off of fresh stock;
- (viii) Response time allowed to bidder should be 15 days or more for national competitive bidding and 45 days or more for international competitive bidding from the date of publication of notice and must be mentioned in that notice. Provided that, in national competitive bidding process, no response time limit shall be applicable in case of emergency;
- (ix) Bid security should be in the range of 1% to 5% of bid price, and it has been standardized at 2.5% of the bidder's offer in single stage tendering. Accordingly, bid security deposit for two-envelope bidding shall be 2.5% of the item purchasing budget, which is to be submitted along with the financial proposal and kept unopened till the Financial proposal envelope is sealed.
- (x) The amount of security required for performance guarantee shall not be more than 10% of the contract price;
- (xi) If any extension is offered for bidding deadline to one supplier, the same should be offered to all suppliers at the same time and such extension shall be publicly notified in a manner similar to the original advertisement and through fax / email / telephone to those who have already purchased bidding documents.
- (xii) Information to suppliers, agents or related parties about other supplier bids, including the amount or percentage differential between one bidder and the lowest bidder should always be refused.
- (xiii) No member of the purchasing group that is evaluating bids is employed by, holds any position with, serves as a director of, has a financial interest in, or has a personal relationship with any bidder.

- (xiv) The rules set forth in the tender document should be strictly adhered to. For example, if you say no late bids will be accepted, then any late bids should not be accepted under any circumstances.
- (xv) INCOTERMS is a set of trade terms (13 in number) for which precise definitions have been set down by the International Chamber of Commerce (Paris), which when used in a contract, clearly indicate the rights and obligations of the IBA and the supplier (e.g., CIF, CIP, FOB).

STANDARD BIDDING DOCUMENTS [SBD]: PA shall provide the SBD to the interested bidders in accordance with the procedures and requirements specified in the procurement advertisement. Fee of physical issue or sale of bidding documents to bidders should not exceed the cost of preparation or printing. PA shall keep records of the documents issued to the bidders. The issuance of SBD may apply to the procurement of consulting services - RFP, open tendering, pre-qualification and RFPs. PA shall use SBDs as notified by SPPRA. Managing issuance and contents of SBDs are covered in subsequent chapters.

PROCUREMENT RECORD KEEPING

Each PU shall keep the following record of the procurement proceedings for at least five years from the date of completion of procurement contract or rejection of all bids under SPP Rule 9, namely:

- (i) Brief description of the goods or works to be procured or of the procurement need for which the Purchasing Authority (PA) requested proposal or offers;
- (ii) The names and addresses of suppliers or contractors that submitted bids, proposals, offers or quotations. Name and address of supplier or contractor with whom the procurement contract is entered into and the contract price;
- (iii) The names and addresses of suppliers or contractors who were pre-qualified / selected and invited to submit bids or technical proposals;
- (iv) Information related to the qualifications or disqualifications of suppliers or contractors who have submitted bids, proposals, offers or quotations;
- (v) The price, basis for determining the price and a summary of the other terms & conditions of each bid, proposal, offer or quotation and procurement contract stipulated by the PA;
- (vi) Bid Evaluation Report (BER) prepared along with any reservation and preference;
- (vii) Contract Evaluation form;
- (viii) Complete records in case of rejection of bids;
- (ix) Details of complaint and decision taken by the competent authority.
- (x) In case of any other method of procurement except open competitive bidding, which does not culminate in procurement contract, a statement to that effect and the reasons thereof; and,
- (xi) A summary of any requests for clarification of the pre-qualification or solicitation documents, the response thereto, as well as a summary of any modification to those documents.
- (xii) Contracts signed on by the supplier and PA.
- (xiii) Internal correspondence within PA and Procurement Unit.
- (xiv) Correspondence with suppliers relating to tender.
- (xv) Record of submission to the relevant authority and minutes of proceeding.
- (xvi) Contract / purchase order & acknowledgement of receipt.
- (xvii) Delivery / executions documentation.
- (xviii) Inspection and acceptance reports.
- (xix) After sales warranty and performance claims.
- (xx) Record of budget check and availability.
- (xxi) Invoice and packing details.
- (xxii) Vouchers and payment acknowledgement.
- (xxiii) Record of retentions and release.
- (xxiv) Record of performance security and release.
- (xxv) Goods return notes.
- (xxvi) Newspaper containing advertisement.
- (xxvii) Approval or approval minutes taken as per TAP.
- (xxviii) Vendor profile.

The record referred to above should be made available by PA or PU within a reasonable time to the Auditor General of Pakistan or any authorized officer of the PPRA, SPPRA or the Federal, Sindh Government.

PREPARING A DESCRIPTION OF REQUIREMENTS (SPECIFICATION) FOR GOODS, SERVICES OR WORKS

Where possible, the description of goods, services or works requirements should be fully prepared at the stage of raising the Purchase Requisition. However, it is often only possible to prepare detail description of requirements at this stage, in which case the description must be finalized by the requisitioning department, PA and PU during the preparation of the bidding document. The PA may seek specialist technical assistance to refine the specification, if required and subject to the authorization of the Approval Authority, as outlined in the Transaction Authority Policy.

The detailed specification should set out what is required (e.g. 100 chairs with details in measurement and materials and if possible picture, etc. or a consultancy report on a specific area). It should also explain the purpose of the procurement, why the office is seeking outside help (where appropriate) and any minimum quality standards and performance specifications so that suppliers take up innovative approaches.

Specifications should clearly set out minimum quality requirements. However, care should be taken to ensure that quality standards are justifiable and do not unfairly rule out particular suppliers.

SELECTION OF PROCUREMENT METHODS

The selection of procurement method is the responsibility of the Purchasing Authority (PA) and is decided considering the procurement policy, requester requirements, government legislations, materiality of transaction, procurement planning, approvals, etc.

The procurement selection method illustrated hereunder is pictorial explanation of the process, which is based on the following two important decisions:

1. Conclusion on bid solicitation and contract for purchase by PA and Purchase Unit for achieving optimum balance between competing objectives such as:
 - ensuring fair competition for suppliers;
 - obtaining value for money;
 - ensuring timely delivery of goods, works or services;
 - obtaining goods, works and services of the appropriate quality, and;
 - minimizing the costs of conducting the procurement process and administering contracts;
2. Product, supplier concerning factors and transaction value:
 - Only one prospective bidder or source; when requirement can only be supplied by one source for physical or technical reason, SPP rules 16(1)(b) sub clause (ii),
 - Where procurement conducted is of national security and CPC decides that single source is appropriate,
 - Product requirement is emergency or urgent, SPP rules 16(1)(b) sub clause (viii),
 - Product is repeat order or is a spare parts for original products, SPP rule 16(1)(e),
 - Where the price of product is fixed by government, SPP rules 16(1)(b) sub clause (vi),
 - Product is motor vehicle from local manufacturer, SPP rules 16(1)(b) sub clause (vii),
 - Where the contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee, SPP rules 16(1)(b) sub clause (iii),
 - Petty purchasing where the object of procurement is below the financial limit of Rs. 25,000, SPP rules 16(1)(d),
 - RFQ where amount of the transaction is less than Rs. 100,000, SPP rules 16(1)(a),

Illustration: Process for Selecting Methods of Procurement: ¹

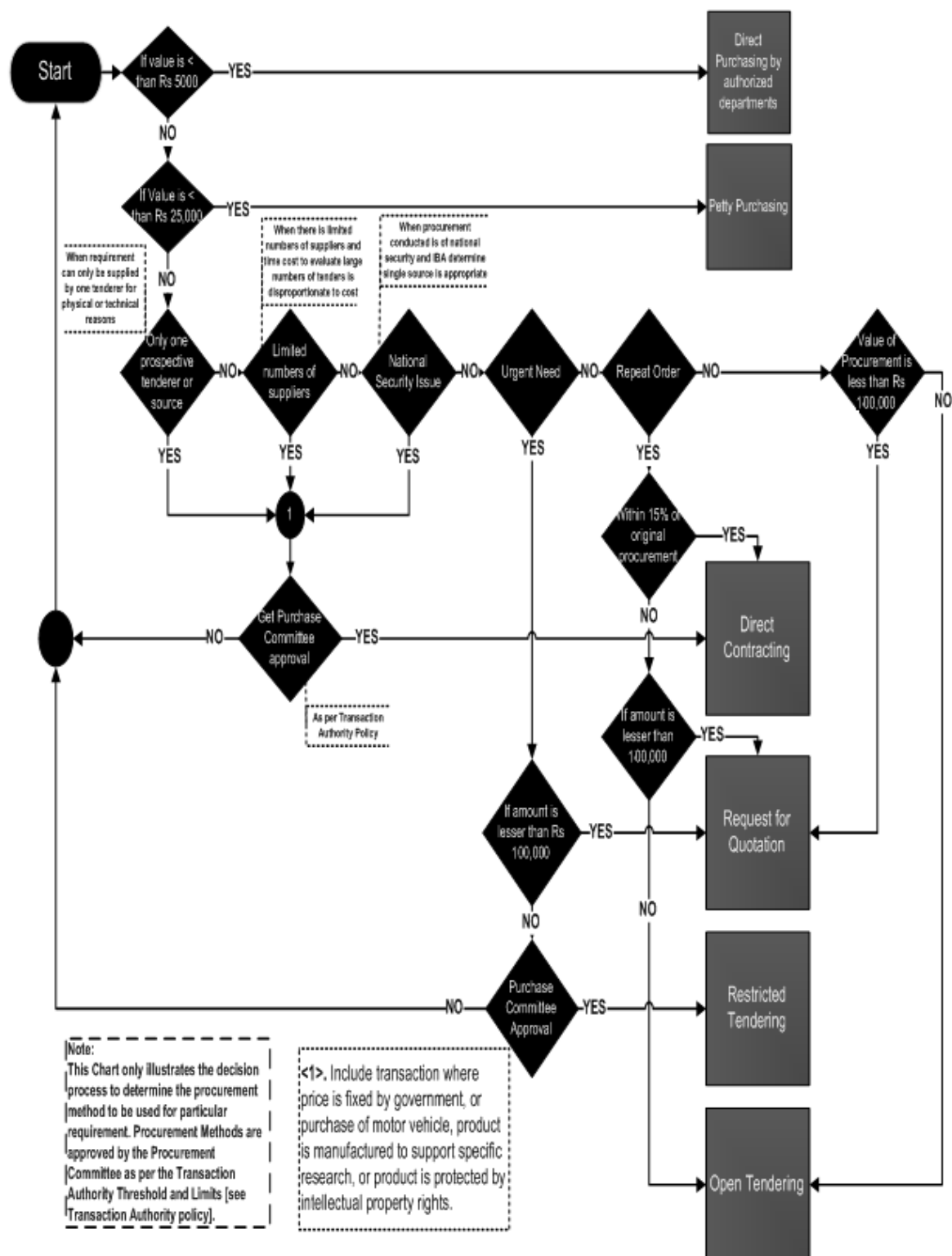


Figure 6 Selecting Methods of Procurement

¹ Does not cover RFP for selection of consultants, because it is separately explained along with relevant procedures

TENDERING PROCESS

According to SPP rule 15(1), the Purchase Authority (PA) should use open competitive bidding as the principal method of procurement.

Competitive procurement involves more than one supplier participating in the procurement process. Advertising goods, work or inviting firms to bid for goods, work will bring about a competitive situation.

PA shall engage in open competitive bidding if the cost of the object to be procured is more than Rs. 100,000. Specifications, advertisement, invitations, SBD with cross link must be published at IBA website.

Illustrated hereunder is the tendering process for IBA

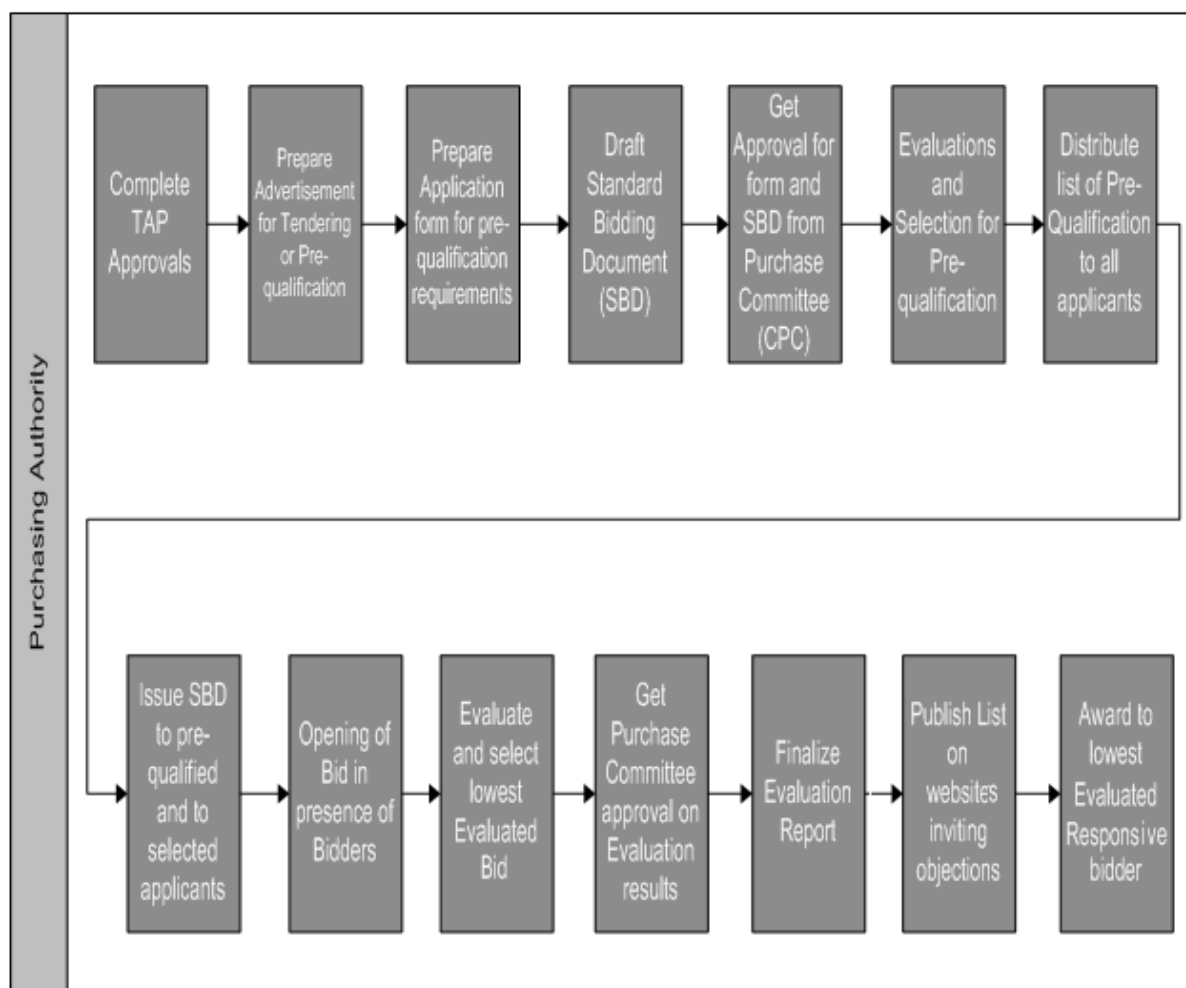


Figure 7 Tendering process for IBA

PROCUREMENT ADVERTISEMENT OR INVITATION

Advertising for procurement of works, goods, and services has the potential advantage that it will attract firms that might be unknown to the PU that can provide the works, goods or services required. It also has the advantage of being inclusive and open. The disadvantage is that the PA may raise the interest of firms who are unable to meet its requirements, processing and deciding between a number of interested suppliers / firms can be resource consuming.

Advertisements are mandatory required to be placed in a variety of media that includes newspapers, SPPRA, PPRA and IBA websites, etc.

Where the total value of procurement is expected to be above Rs. 100,000, the SPP rules are applicable. Outline of requirements and procedures are as under:

- Procurements over Rs. 100,000 [Rupees one hundred thousand] and up to the limit of Rs. 1 million shall be advertised on the SPPRA and PPRA website in the manner and format specified by the authorities from time to time. If not specified, the advertisement should be in the same format as it is prepared for publication in the newspapers or other print media. These procurement opportunities may also be advertised in print media, if deemed necessary by the PA, the users or Central Purchase Committee.
- Procurement opportunities over Rs. 1 million should be advertised on the SPPRA and PPRA websites as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least three widely circulated leading dailies of English, Urdu and Sindhi languages.
- In all cases, advertisements should also be posted at IBA website.
- If using electronic media ensure that the information posted on the website is complete for the purposes for which it has been posted, and such information shall remain available on that website until the closing date for the submission of bids.
- In case of international competitive bidding, the notice shall be advertised in two widely circulated local English language newspapers in accordance with the above rules and shall also be posted in English language on an internationally known website dedicated for the particular goods, works or services, or any widely circulated English language international newspaper.
- When the international or local donor is financing the procurement, notices must also be placed in compliance with donor agreement or requirements.
- PA submits draft notices to Director Alumni, Public Affairs & Resource Mobilization, who is designated by the Director IBA, with power to place advertisement or notices at print media.
- PA shall also post final advertisement or notices on IBA, SPPRA and PPRA websites through Sr. Web Administrator.
- PA must ensure that sufficient copies of the information about bidding or prequalification criteria document are available at the contact mentioned in the advertisement for distribution from the first publication date.

EXCEPTIONS TO PROCUREMENT ADVERTISEMENT

Under the following circumstances deviation from the requirement is permissible with the prior approval of the Central Purchase Committee:

- 1) In cases of procurement related to national security, the requirement of advertisements and publication may be waived, provided the Head of Department declares beforehand that such a publication could jeopardize national security objectives;
- 2) The requirement of advertisement and publication may be waived, if procurement relates to disclosure of proprietary information or falls within the definition of intellectual property which is available from a single source, provided that the approval of Head of Department has been sought beforehand.

STANDARD FORMAT FOR ADVERTISEMENT FOR OPEN TENDER

Standard format is attached with this document. The guidelines for information to be included for preparing advertisement, notice for open tender or prequalifying are:

- Tender/ reference number; this does not apply for Invitation to Prequalify Notices;
- IBA name and address should be clearly mentioned with appropriate font size;
- Brief description of the goods, works or services required should include the location for delivery or performance and the time for delivery or completion;
- Amount or percentage of bid security; this does not apply for Invitation to Prequalify Notices;
- The addresses for viewing and obtaining the bidding or prequalification documents and SPPRA, PPRA and IBA website addresses;
- The price, if any, for purchase of bidding or pre-qualification documents, the currency and means of making payment;
- The language(s) in which the bidding documents are available;
- Time and place for opening tenders; this does not apply for Invitation to Prequalify Notices;
- The location, date and time of any pre-bid conference and / or site visit to be held;
- Instructions on the location and deadline for submission of tenders.

METHOD OF COMMUNICATION WITH THE SPPRA AND PPRA FOR WEBSITE COVERAGE

Purchasing Authority submits Central Purchase Committee approved advertisement / notice to Sr. Web Administrator for submitting to the PPRA and SPPRA.

If submitting by post: Copies of Tender documents can be sent by post or courier to:

IT Section
Public Procurement Regulatory Authority
1st Floor, Federal Bank for Co-operatives Building,
Near State Bank,
Sector G-5/2,
Islamabad
Tel: 92-51-922-4822
Fax: 92-51-922-4823

If submitting by e-mail: Send tender documents as attachment with file extension "DOC" (MS Word file), "JPG" (Image file), "PDF" (Acrobat Reader file) at e-mail address: info@ppra.org.pk

The advertisement should be sent to the SPPRA and PPRA in the same format as it is prepared for publication in the newspapers.

To advertise your tenders on SPPRA website, send your tender documents by post or e-mail them at following addresses:

Sindh Public Procurement Regulatory Authority
Barrack 8, Secretariat 4A
Court Road
Karachi
Tel: 92-21-99205369
Fax: 92-21-99206291
E-mail: tenders@pprasindh.gov.pk

For complaints:
E-mail: complaints@pprasindh.gov.pk

For general inquiries:
E-mail: info@pprasindh.gov.pk

For web related queries:
E-mail: web.programmer@pprasindh.gov.pk

For clearer understanding of procurement advertisement, amount thresholds are summarized hereunder:

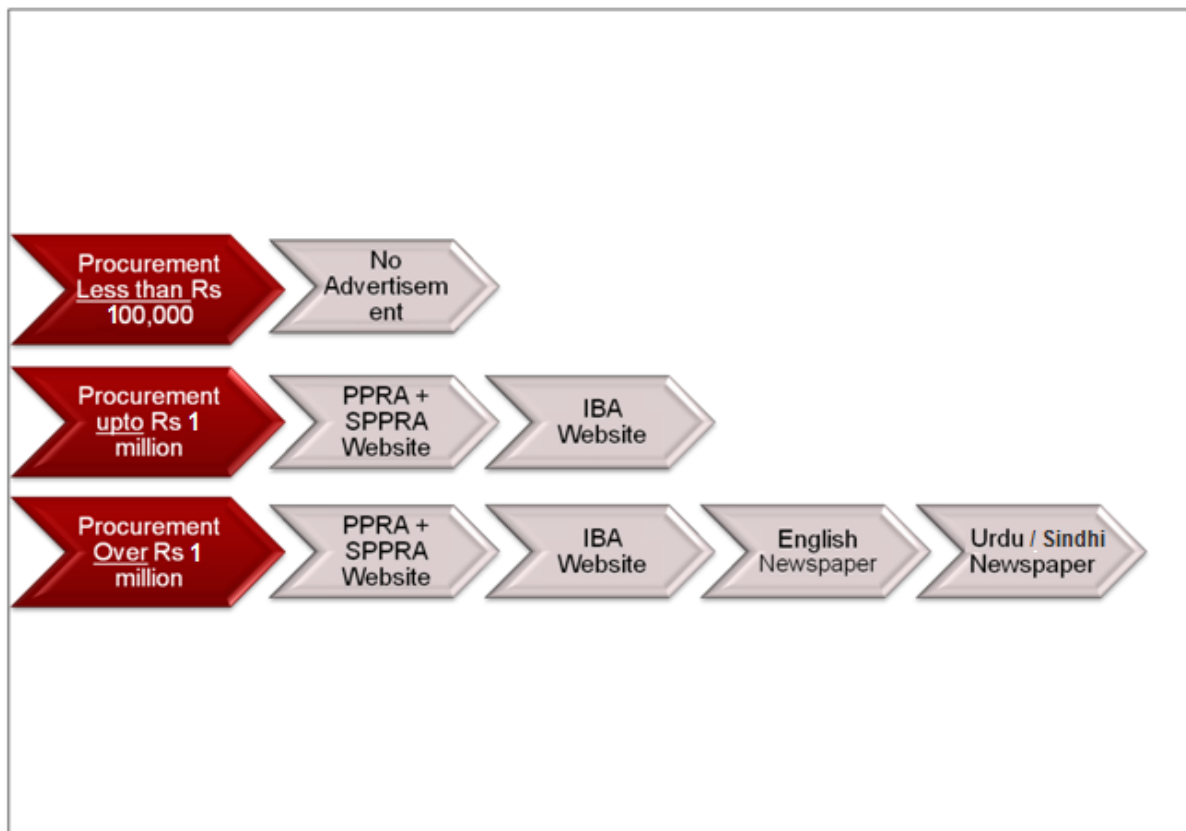


Figure 8 Procurement advertisement thresholds

PRE-QUALIFICATION AND DISQUALIFICATION OF SUPPLIERS AND CONTRACTORS

PRE-QUALIFICATION

Many procurements are large, technically complex and expensive, and, it is often appropriate to advertise or invite potential suppliers to pre-qualify for formal bids. This means potential suppliers then do not need to invest significant resources into bidding until they know that IBA considers that they are capable of undertaking the work. This is achieved through the publication of a pre-qualification notice as per rule 27 of SPP Rules 2010 where prequalification shall be carried out for large and complex works and services, expensive and technically complex equipment, turnkey / design and build, or management contracts. The main advantage to the PA is that it only needs to call a limited number of suppliers to tender against the full specification.

A decision on whether or not to use pre-qualification should be made preferably at the procurement planning stage.

As per section (2) of rule 27 of SPP Rules 2010, pre-qualification of bidders shall be based entirely upon the capability, competence and resources of the bidders relevant to performance in the particular assignment, taking into account the following:

- experience and past performance on similar assignments
- capabilities with respect to construction or manufacturing facilities;
- financial capability;
- capabilities with respect to personnel, equipment, and plant;
- appropriate managerial capability; and
- any other factor that is relevant to the capability, competence and resources required for accomplishment of the assignment.

Provided that pre-qualification may be carried out only for specific procurement contract and shall be applicable only to that particular assignment.

The PA manages the pre-qualification process, and, after consulting with the requisitioning department or other technical specialist, may draft the pre-qualification criteria. Advice should also be sought, where required, on the application of the criteria. No upper limit should be imposed on the number of pre-qualified potential bidders. If the pre-qualified applicants are too few to ensure a competition, a reassessment of the situation can be carried out. This includes:

- further advertising for prequalification submission;
- extension of the deadline for applications;
- review of the proposed contract conditions to reduce contractors' risks; and,
- improvement of payments conditions. IBA may review other prequalification requirements but should not lower them merely to increase competition;

Process of Pre-qualification

Pre-qualification process is effectively a tendering process, involving the invitation, receipt and evaluation of applications to pre-qualify. As per rule 28 of SPP Rules 2010, to prequalify for bidding on a specific contract or package:

1. Invitation to prequalify on specific contract or package shall be advertised and notified as defined above in procurement advertisement. Director Alumni, Public Affairs & Resource Mobilization will publish the notice at prescribed print media and Sr. Web Administrator will publish / submit at relevant websites.
2. PA shall provide a set of pre-qualification documents containing the following:
 - a. All information required for pre-qualification including scope of contract, a clear set of requirements for qualification
 - b. evaluation criteria
 - c. price, if any, only the cost of printing and providing the documents
 - d. time and place where the documents can be obtained and submitted

Alternatively, if PA does not wish to issue pre-qualification documents, it shall include the scope of work and a clear set of requirements for pre-qualification and the evaluation criteria in the notice for pre-qualification.

3. All applicants found capable of carrying out the assignments in accordance with the approved prequalification criteria shall be prequalified and invited to submit bids.
4. Verification of the information provided by the shortlisted applicants in the submissions for prequalification may be made. In case the information is found to be wrong or incorrect in any material way or the applicant is found to be lacking in the capability or resources to successfully perform the contract, the application shall not be prequalified.
5. PA shall promptly notify each and every applicant, whether or not it has been pre-qualified; and also make available to any person directly involved in the pre-qualification process, upon request, the names of all suppliers or contractors who have been pre-qualified.
6. PA shall, on written request of the applicant(s) and after obtaining approval from Director IBA, communicate to the applicant(s) the reasons for not pre-qualifying them, though it shall not be obliged to justify these reasons.
7. Supplier applications will be received until the deadline, mentioned in the notice. Late applications must not be accepted.
8. Each application should be assessed against the criteria defined in the pre-qualification document to determine whether each bidder is qualified or not. PU to record the results of the evaluation. The criteria should be objective; ambiguous requirements such as “general reputation”, or “cooperativeness” or irrelevant ones should not be used. Likewise the criteria should not be unfairly discriminatory.
9. A list of pre-qualified bidders should be prepared and approval obtained from Central Purchase Committee for the result of evaluation. Only suppliers or contractors who have been approved to prequalify shall be entitled to participate further in the procurement proceedings.

Eligibility of suppliers and contractors: All interested bidders either national or international, firms and individuals, shall be allowed to bid for any project where international competitive bidding is adopted;

- (1) Competition may be restricted only in the following cases;
 - (a) as a matter of law or official regulations, commercial relations are prohibited with the bidder's country by the federal government; or
 - (b) a firm is blacklisted or debarred by the IBA, and the matter has been reported to the SPPRA, subject to SPP Rule 35.
- (2) Government owned enterprises or institutions may participate only if they can establish that they are;
 - (a) legally and financially autonomous; and
 - (b) operate under commercial law;

Provided that where government owned universities or research centers in the country are of a unique and exceptional nature, and their participation is critical to project implementation, they may be allowed to participate; and

- (3) For the purposes of Part (2) of the Rules, bidders shall include all those contractors or suppliers and providers of services related thereto or consultants that are registered or incorporated in Pakistan, irrespective of the nationality of their owners and of their professional staff;
- (4) There shall be no enlistment or registration of contractors, suppliers and consultants by IBA, and bidding shall not be restricted in any manner, except as otherwise provided in these Rules;

Provided that registration with professional institutions in respective fields shall apply as required by the law.

Disqualification of suppliers, contractors and consultants

- (1) PA shall disqualify a supplier, consultant or contractor, whether already pre-qualified or not, if it finds at any time, that the information submitted by him concerning his qualification and professional, technical, financial, legal or managerial competence as supplier, consultant or contractor, was false and materially inaccurate or incomplete; or
- (2) At any stage, supplier, contractor or consultant has indulged in corrupt and fraudulent practices;
- (3) A supplier, contractor or consultant being aggrieved by the decision of the PA regarding disqualification may seek relief through the mechanism of Complaint Committee as explained in this manual.

PA at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether already pre-qualified or not. The reason for qualification shall be recorded and shall form part of the records of that procurement proceeding. The lowest apparent evaluated

responsive bidder may be denied the contract if evaluation of the updated information indicates that the bidder, no longer possesses the necessary capabilities. This could occur because of changed financial situation, loss of equipment or key personnel, or lack of capacity because of new contract commitments on the bidder's part. Supplier / bidder must not be disqualified prior to obtaining approval from the CPC.

PRE-QUALIFICATION DOCUMENT

Prequalification document is developed on the information provided in the notification advertisement and may contain a description of:

- proposed procurement;
- estimated value of the contract and major quantities of work;
- location of the work;
- procurement scheduling of goods or works to be procured;
- specifications and conditions of contract;
- main quantities to be procured;
- delivery or implementation schedules;
- requirements for bid and performance securities;
- prequalification evaluation criteria and sub criteria,
- payment terms;
- price adjustment provisions;
- the language and governing law of the contract;
- other information in sufficient detail to enable bidders, suppliers or contractors to assess their interest and respond appropriately;
- name and address of IBA and Purchasing Authority in charge of the procurement with a statement of their roles;
- for works, bidder registration with Pakistan Engineering Council and the current license issued by the Council;
- consent to sign "Integrity Pact" for procurement of goods and works exceeding Rs. 10 million and for consultancy services of Rs. 2.5 million or more; and,
- Any other relevant factors.

STANDARD GUIDELINES FOR EVALUATION

IBA shall use guidelines issued by SPPRA from time to time. IBA may use Pakistan Engineering Council guidelines for pre-qualification of works, constructions, procurement of engineering services and World Bank guidelines for goods, other consultancy services, etc. where SPPRA guidelines are not available.

DOCUMENTS / RECORDS REQUIRED

The procurement file must also contain records of:

- Approvals for transaction, advertisement, selected vendor list by PA and CPC,
- Potential bidders to whom the pre-qualification document is issued;
- Potential bidders submitting applications;
- Evaluation of applications, scorecard and results; and
- List of pre-qualified bidders.

SUPPLIER DATABASE:

PA should maintain the pre-qualification documents including those of the suppliers who were not successful and include the required information in supplier database.

VERIFICATION OF PRE-QUALIFICATION INFORMATION

PA at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether already pre-qualified or not.

Supplier / bidder must not be rejected prior to obtaining approval from the CPC of the qualification results.

PA may follow the procedures for verification of pre-qualification information:

1. Review the pre-qualification document for details of the pre-qualification criteria and the subsequent bidding document for updated information requested from bidders;
2. Examine the updated information submitted by the successful bidder and assess whether it still meets the original pre-qualification criteria. Seek clarifications or further updates from the bidder as required;
3. Where the provisionally successful bidder is still qualified, include this confirmation in the evaluation report.

Indicative steps for pre-qualification are as follows:

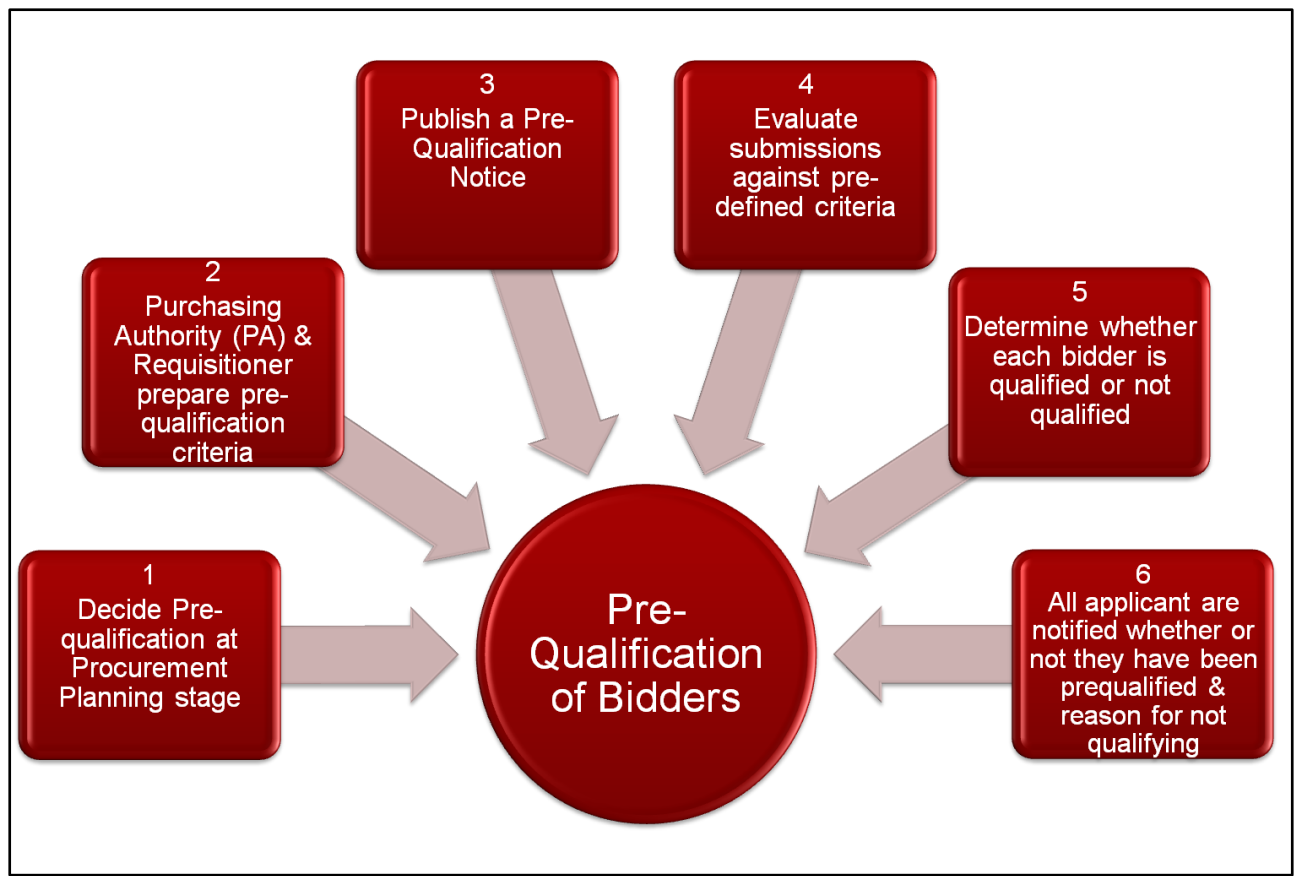


Figure 9 Steps for pre-qualification

TOPICS RELATING TO SELECTION OF CONSULTANTS

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PROCEDURE FOR PROCUREMENT OF CONSULTING SERVICES

Sindh Procurement Rules 2010, Part III Rules 58 to 80

“Consulting Services” means services of an advisory and intellectual nature provided by consultants using their professional skills to study, design, organize, and manage projects, encompassing multiple activities and disciplines, including the crafting of sector policies and institutional reforms, specialist advice, legal advice and integrated solutions, change management and financial advisory services, planning and engineering studies, and architectural design services, supervision, social and environmental assessments, technical assistance, and program implementation. [Rule 2(1)(n) SPP Rules 2010]

“Consultant” means a professional who can study, design, organize, evaluate and manage projects or assess, evaluate and provide specialist advice or give technical assistance for making or drafting policies, institutional reforms and includes private entities, consulting firms, legal advisors, engineering firms, construction managers, management firms, procurement agents, inspection agents, auditors, international and multinational organizations, investment and merchant banks, universities, research institutions, government agencies, nongovernmental organizations, and individuals. [Rule 2(1)(m) SPP Rules 2010]

Types of consultants include: consulting firms and individual consultants engaged by the IBA to work directly with the staff.

SPP rules categorize the consultancy into two types discussed as under:

Small Consultancies: [Rule 59 SPP Rules 2010] Small consultancies are consultancies with a value under Rs. 0.5 million for Individual Consultants and Rs. 2 million for Consulting Firms. The duration of an assignment for an individual consultant shall not exceed six months.

Provided that duration of consultancy may be extended by the Board of Governors for a suitable period not exceeding one third of the original period, without having any additional financial impact.

Medium to Large Consultancies: [Rule 60 SPP Rules 2010] Medium to Large Consultancies are consultancies with a value of Rs. 0.5 million or more for Individual Consultants and Rs. 2 million or more for Consulting Firms. Duration of medium-to-large assignments for individual consultants shall not exceed twelve months, unless specifically permitted by the Board of Governors.

Selection of Consultancy Services

The selection shall be guided by the following considerations:

- Best quality of services available;
- Need for economy and efficiency;
- Need to give all qualified consultants an equal opportunity to compete;
- Encouragement of local consultants without any unfair competitive advantage;
- Process must be fair and well defined;

- Selection must be conducted in a transparent manner (advertised, consultants provided with evaluation criteria, etc.);
- Consultants shall not be hired if there is a conflict of interest.

HIRING OF GOVERNMENT OFFICIALS AND ACADEMICS AS CONSULTANT:
[Rule 63 SPP Rules 2010]

Government officials and civil servants may be hired as consultants only if:

1. They are on leave of absence without pay;
2. They are not being hired by the agency they were working for, six months prior to going on leave; and
3. Their employment would not give rise to any conflict of interest.

STEPS IN THE SELECTION PROCESS: [Rule 66 SPP Rules 2010]

Depending on the selection method adopted, the PA shall undertake the following steps but not limited to:

1. Preparation of the Terms of Reference of the assignment;
2. Preparation of the cost estimate or budget of the assignment;
3. Public advertisement of Request for Expressions of Interest;
4. Short-listing of consultants;
5. Preparation and issuance of the Request for Proposal (RFP) to the shortlisted consultants;
6. Submission of proposals by consultants;
7. Evaluation of technical proposals as per criteria given in the RFP;
8. Opening and evaluation of financial proposals as per criteria given in the RFP;
9. Contract negotiations, as provided in the selection method;
10. Award and signing of the contract between IBA and the consultant.

METHODS FOR SELECTION OF CONSULTANTS [Rule 72 SPP Rules 2010]

The selection system shall be determined by the PA prior to issuance of the RFP. The PA may adopt one of the following methods for selection of consultants, keeping in view nature of the assignment and recording the reason in writing for selection.

1. Least Cost Selection Method (LCM)

This method shall be adopted for assignments of standard or routine nature where well-established practices and standards exist.

Financial proposals of only technically qualified firms shall be opened. The firm with the lowest quoted cost or bid shall be selected.

2. Quality Based Selection Method (QBM)

This method shall be used only in case of highly specialized, innovative and complex assignments, where quality is the only factor taken into consideration.

In Quality Based Selection method the technical proposal which attains the highest score according to the criteria mentioned in the bidding documents shall be selected without any consideration for cost.

The selected firm shall be asked to submit its financial proposal and invited to negotiate the financial proposal and the contract.

3. Quality and Cost Based Selection Method (QCBM)

This method shall be used only where;

- a. The Terms of Reference are well-defined and Quality is of prime consideration, while cost is a secondary consideration;
- b. The firm which attains the highest combined weighted technical and financial score according to the criteria mentioned in the bidding documents shall be selected.

4. Direct Selection Method (DM)

This method shall be used only if all or any of the following conditions exist:

- a. For assignments worth less than Rs.100,000;
- b. For tasks which are natural continuation of previous assignment and where continuity of technical services is required;
- c. In cases of emergency; and,
- d. Where only one consultant is qualified or has experience of exceptional worth.

5. Fixed Budget

- a. This method shall be used only when all of the following conditions exist:
 - (i) Assignment is simple;
 - (ii) Can be precisely defined;
 - (iii) budget is fixed;
- b. The RFP shall indicate the available budget. Proposals that exceed the indicated budget shall be rejected;
- c. The ranking shall be based only on evaluation of technical proposals of the qualified bidders.

6. Design Contest

This method shall be used only for projects where aesthetic component is of prime consideration. The PA shall invite consultants to submit a financial proposal and present a plan or design for the project based on a concept or criteria provided by it. The financial proposal of the top-ranked consultant shall only be opened.

7. Consultant's Qualifications Selection Method (CQM)

This method shall apply only to small consultancies for which the cost of a full-fledged selection process would not be justified.

Consulting firm is selected at the stage of Expression of Interest (EOI) on the basis of criteria mentioned in the Request for EOI.

The selected firm is asked to submit a technical and financial proposal, in single envelope, and then invited to negotiate the contract.

8. Selection Process of Individual Consultants

- a. This method shall be adopted only if all or any of the following conditions exist:
 - i) the scope of work is such that teams of personnel are not required;
 - ii) no additional professional support is required;
 - iii) the experience and qualifications of the individual are the paramount requirement.
- b. Individual consultants may not be required to submit proposals, and may be selected on the basis of the evaluation of their curriculum vitae. Interviews may be set up for selection under this method.

IBA recommends QCBS as preferred selection method because: no financial negotiations are required, negotiations are held to finalize technical issues, consultants are appealed to provide quality experts at a competitive price and the method offers for clearer transparency as financial proposals are opened publicly.

REQUEST FOR EXPRESSION OF INTEREST [Rule 73 SPP Rules 2010]

- i. Request for EOI shall be advertised or announced in accordance with the procurement advertisement rules;
- ii. Request for EOI shall contain the following information:
 1. name and address;
 2. appropriate description of the assignment providing scope of the intellectual and professional services required;
 3. deadline and place of the submission of Request for EOI;
 4. criteria for short listing; and
 5. any other information that may deem appropriate to disseminate at this stage.

CRITERIA FOR SHORT-LISTING OF CONSULTANTS [Rule 74 SPP Rules 2010]

Except for single source, there will normally be a minimum of three consultants in the shortlist, but there is no upper limit for number of consultants to be short listed. However, if less than three candidates apply in that case proposals may be considered on merit basis.

All applicants shall be informed whether they have been shortlisted or not.

The PA shall shortlist the applicants according to predetermined criteria mentioned in the Request for EOI;

The PA shall take into consideration the following factors when short listing consultants:

- a) qualification;
- b) experience;
- c) financial capability; and
- d) any other factor that may deem relevant not inconsistent with these Rules.

REQUEST FOR PROPOSALS (RFP) [Rule 75 SPP Rules 2010]

RFP are set of bidding documents to be given to shortlisted consultants and includes at least:

- (i) **Letter of invitation;** mentioning the name and address of the Purchasing Authority, their intentions to enter into a contract for provision of consulting services. The letter shall also contain names of all shortlisted firms;
- (ii) **Instructions to Consultants;** include information that would help prepare responsive proposals and shall bring transparency to the selection method;
- (iii) **Terms of Reference (TOR);** defining and elaborating on the background information and details such as objectives and intended scope of services at the time of invitation of proposals. TOR are to be read along with the conditions mentioned in the Form of Contract.

TOR background information may include:

- 1. overall description of project,
 - 2. overall objectives of the consulting assignment,
 - 3. scope of work and tasks to be undertaken,
 - 4. sector or field information,
 - 5. required expertise and estimated inputs,
 - 6. relevant or related work previously undertaken by IBA,
 - 7. scheduling and reporting requirements,
 - 8. name of Purchasing Authority and implementation arrangements;
- (iv) **Evaluation Criteria;** giving due consideration to quality and cost;
- (v) **Form of Contract;** is a draft contract agreement which includes all general and special conditions of contract;
- (vi) **Proposed Contract;** PA, depending on the circumstances, may use one of the following types of contract:
 - 1. Lump sum contract; mainly for assignments in which the contents, duration of the services and the required output are unambiguously defined;
 - 2. Time based contract; shall be used when it is difficult to define the scope and the length of services;
 - 3. Hourly or daily rates will be used for small projects, especially when the assignment is for less than a month; and
 - 4. Any other contract, based on combination of the above types of contracts, including out of pocket expenses, where required.

The Purchasing Authority shall invite the prospective consultants to submit their technical and financial proposals in separately sealed envelopes and shall give deadline for submission of proposals. Response time should be adequate to prepare proposals that shall not be less than 15 days for National Competitive Bidding and 45 days for International Competitive Bidding.

Criteria for evaluation of quality of consulting services: [Rule 76 SPP Rules 2010]

Evaluation criteria shall include, but shall not be limited to the following;

1. **Specialization:** Consultants' specialized skills and access to particular technologies related to the assignment;
2. **Experience:** Consultants' experience and past performance on similar contracts or assignments and in similar geographical conditions;
3. **Financial Capability:** Financial capability of the consulting firms may be evaluated with a view to ensuring that they can complete the assigned task in a timely manner;
4. **Understanding of the Assignment:** Consultant's understanding of the assignment is a very important consideration for evaluation;
5. **Proposed Methodology:** Methodology proposed by the consultants shall be evaluated for its innovativeness and soundness;
6. **Quality Management:** Availability of a well-established Quality Management system may be taken into account for large and complex assignments.

INTELLECTUAL PROPERTY RIGHTS [Rule 78 SPP Rules 2010]

All documents, reports, designs, research work and all deliverables prepared by the consultant shall become and remain the property of IBA. Any restrictions on the future use of these documents and software by the consultant shall be specified in the conditions of the contract.

PROCEDURES FOR RFP, EOI AND RECRUITMENT

The Purchasing Authority is responsible to manage the TOR, RFP and EOI procedure in consultation with the end-user or other technical specialist, assess the EOI response received, develop the shortlist, negotiate, interview, etc. Following are the step to step procedures:

1. Draft a notice calling for EOI (see guidelines mentioned in the section for Procurement Advertisement).
2. Submit the draft EOI notice, Terms of Reference and draft RFP documents to the approval authority / CPC as per Transaction Authority Policy and get approvals.
3. Submit approved notice to Director Alumni, Public Affairs & Resource Mobilization for publishing in print media and; to Sr. Web Administrator for publishing at IBA, SPPRA and PPRA websites. This process is similar to Procurement Advertisement (see guidelines given). Response time minimum 15 days for national competition and 45 days for international competition.
4. Except in case of single or sole source selection, the available option for Open Competitive Bidding is Single Stage – two envelope procedures. Kindly refer to topic 'Options for Open Competitive Bidding' for details about procedures.
5. PA develops 'Terms of Reference' (TOR) containing background information, description of the project, detailed tasks, objectives and outputs.
6. As mentioned in the advertisement, upon enquiry mail TOR to all consultants interested in submitting EOI or make TOR available at IBA, SPPRA and PPRA websites.
7. Receive EOI until the deadline mentioned in the notice.

8. Purchasing Authority to open the EOI and record the names of all applicants and prepare the long list of the consultants.
9. If applicant is a consultant engaged by the IBA to provide goods or works for a project, it shall be disqualified from providing services for the same project. Similarly, consultant should not be hired for any assignment that by its nature may be in conflict with another assignment of the consultant.
10. As per statement of short listing of consultants submitted by PA after considering key skills, experience, capacity, capabilities, human resources required for the work, the CPC approves the short listing or pre-qualification of consultants. There should be three to six consultants who are best qualified for RFP. However, if less than three apply, the consultants may be shortlisted on merit.

These procedures also apply in case of single source or direct selection of consultant.

11. Consultants may be asked to make presentation to the Evaluation Committee and CPC to further clarify their response.
12. PA submits RFP to shortlisted / prequalified consultants. Response to be submitted by consultants in next 30 days.
13. Receive from consultants technical and financial proposals. Financial proposal of the consultants should be retained unopened in confidentiality.
14. Evaluation Committee to perform evaluation of bid / proposal. Please refer to the topic 'Evaluation of Tenders' for steps to be carried out in this regard.
15. **Extent of Contract Negotiation:** The Chairman CPC, PA, representative of one or more IBA departments and designates of the Director IBA may negotiate with the highest ranked bidder regarding methodology, work plan, staffing and special conditions of the contract. The CPC shall not permit substitution of key staff, unless both parties agree that undue delay in selection process makes such substitution unavoidable. Similarly, negotiations shall not seek changes in the rates quoted by the bidder. In case of failure of negotiations, the CPC may invite the second ranked bidder as per the evaluation report. Negotiations by a single person shall never be allowed.

Illustration: Recruitment of consultants for IBA projects using Quality and Cost Based Selection Method (QCBM)

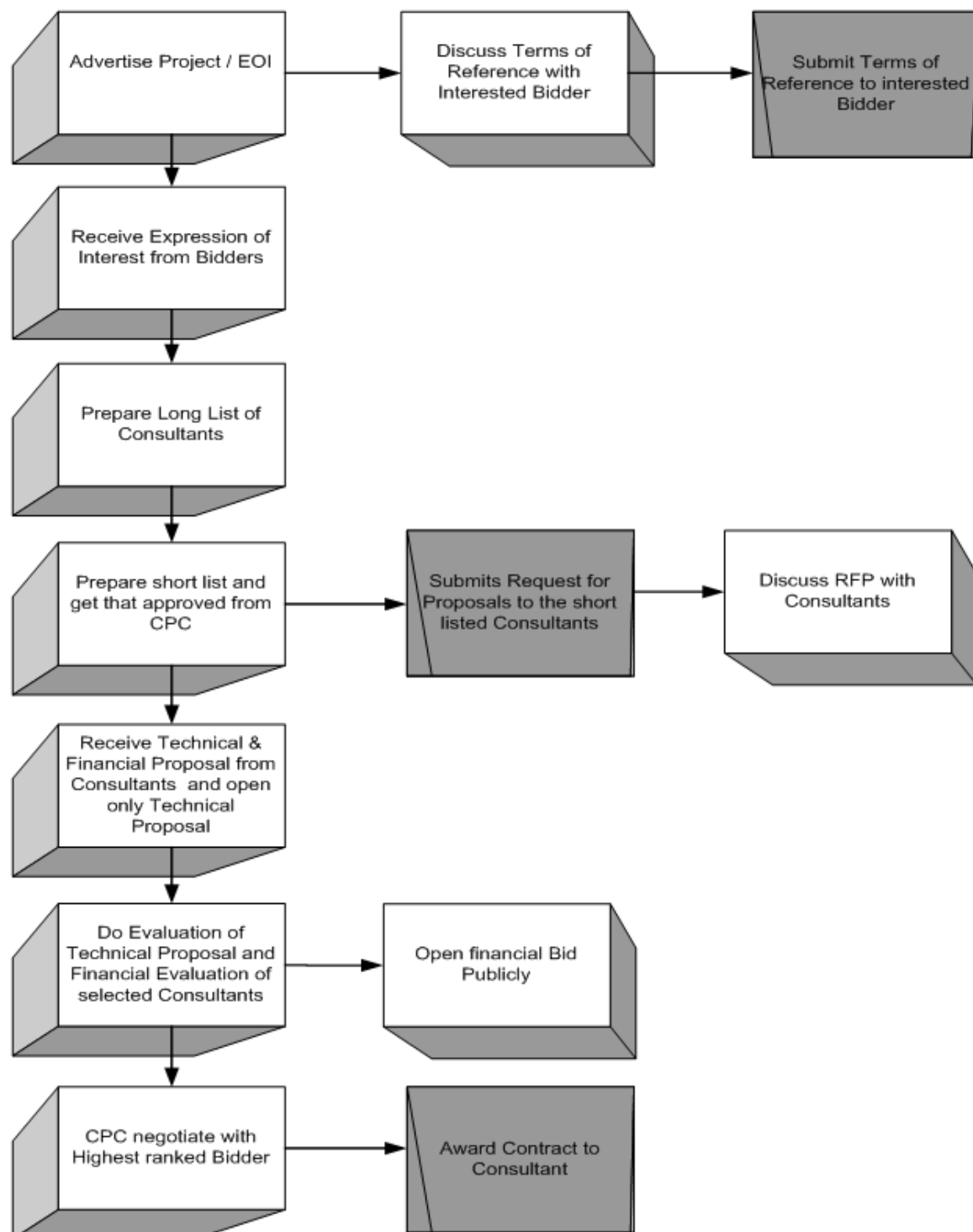


Figure 10 Procedure for recruitment of consultants for IBA

PROFESSIONAL LIABILITY OF CONSULTANTS [Rule 80 SPP Rules 2010]

The consultant selected and awarded a contract shall be liable for consequence of errors or omissions on its part. The extent of liability of the consultant should be incorporated in the contract and in no case should it be less than remunerations excluding the out of pocket expenses, nor should the liability exceed twice the remunerations.

Purchasing Authority may demand insurance on part of the consultant to cover its liability as stated above and necessary costs shall be borne by the consultant.

The consultant shall be held liable for all losses or damages suffered by the IBA on account of any misconduct by the consultant in performing the consulting services.

THE GUIDELINES FOR INFORMATION TO BE INCLUDED FOR PREPARING ADVERTISEMENT OR NOTICE FOR EOI:

1. IBA name and address should be clearly mentioned with appropriate font size;
2. A brief description of the project, if any, of which the assignment forms a part;
3. A brief description of the proposed contract;
4. A statement of the information required from potential bidders, such as descriptions of similar work performed and indications of the type of staff available for the assignment;
5. Instructions on the location and deadline for submission of EOI;
6. Special instructions on sealing and labelling of response on RFP;
7. Brief description of the evaluation criteria for short listing or pre-qualification.

MANAGING ISSUANCE OF BIDDING DOCUMENTS

Sindh Procurement Rules 2010, Rule 20: Provision of Bidding Documents

This covers procedure for the physical issue or sale of bidding documents to bidders and keeping records of the documents issued. This applies to the RFP, open tendering, RFQ and pre-qualification of vendor.

The PA is responsible for managing the issue of bidding documents. The delegated officer of Finance Department may be given the responsibility for collection of fees and issue of receipt for sale of documents.

PURPOSE OF THIS PROCEDURE

Bidding and other invitation documents must be issued or sold promptly, to provide bidders with sufficient time to prepare and submit their tenders. Delays in issuing bidding documents may result in reduced competition, which itself may lead to the cancellation of a tendering process or higher prices to the IBA.

Bidders must be issued with the same information, within the same period of time, to ensure that the procurement process is fair.

It is essential that records are kept of the documents issued, in case of queries or complaints from bidders. Where a fee is charged for documents, it is essential that records are kept of payments received.

PROCEDURE FOR ISSUANCE OF INVITATION DOCUMENT

1. Where documents are being issued to bidders on pre-qualified list, the documents must be dispatched to all bidders at the same time. PU must keep the record of the issue of documents.
2. Where an invitation to tender or pre-qualify notice is being published, bidders may request to preview the documents prior to purchase. Arrangements must be put in place to permit previews, at the address and time stated in the published notice. The PU must also ensure that sufficient copies of the bidding document will be available for issue by the date of publication of the first notice.
3. Where a fee is charged for the documents, arrangements must be put in place for receiving and confirming payments and issuing receipts. The precise arrangements will depend on the method of payment required.
4. Documents shall be provided promptly to all bidders who respond to any notice and pay the required fee. A record must be kept of the issue of documents.

DOCUMENTS / RECORDS REQUIRED

A record of the issue of bidding documents must be completed and kept on the procurement file. At a minimum, this record must include:

- the name and address of each bidder, to whom the document was issued;
- the date of receipt of the request for the documents, where applicable;
- confirmation of the payment of any required fee;
- the date of issue of the document; and,
- the signature of the official responsible for the issue of the documents.

STANDARD BIDDING DOCUMENT

Sindh Procurement Rules 2010, Rule 21: Contents of Bidding Documents

SBDs for procurement of works (Large, Medium & Small) and Consulting Services / Request for Proposal (RFP) shall be used as notified by SPPRA and also available at SPPRA website www.sindhppra.gov.pk

General principle is: all potential suppliers, contractors and consultants are given the same basic information and PA should be able to demonstrate that all bidders have been treated fairly and on an equal basis.

Poor quality bidding documents are likely to produce bids that are unrealistically high or low and lead to a situation where there is no effective competition. The IBA could then find itself in dispute with potential suppliers.

CONTENTS OF STANDARD BIDDING DOCUMENTS (SBD)

SBDs are also required for procurement of goods [open tendering and prequalification methods]. Following are minimum contents of the SBDs:

1. **The Invitation for Bids (IFB)**: Letter addressed to interested bidders who, following the advertisement of the tender notice, have expressed interest in bidding for the goods, services or works for which the tender is issued. IFB provides contact name, address for further information and inspecting the bidding documents. Moreover, statement that SBD is available for purchasing, fee amount, method of payment, address where bid needs to be delivered, amount of security deposit and some details on how bids will be opened.
2. **Instructions to Bidders (ITB)**: Generally provides the information necessary for bidders to prepare responsive bids, in accordance with the requirements of the IBA. The document contents are usually fixed and this document is not a contract. The instruction to bidder describes:
 - General (Scope of bid, eligibility, fraud and corruption)
 - Contents of bidding documents (method of procurement, list of documents, clarifications, amendments)
 - Preparation of bids (cost including information about tax liability, currency, documents, period of bid validity, format of signing)
 - Submission and opening of bids (sealing & marking, deadline, late bid, withdrawal, opening)
 - Evaluation & comparison of bids (responsiveness, evaluation criteria and procedure)
 - Award of contract (award criteria, notification, signing of contract, securities)
3. **Bid Data Sheet (BDS)**: Procurement specific and is intended to assist the IBA in providing the specific information in relation to corresponding clauses in the ITB. In preparing Data Sheet, the PA should ensure (a) Information that specifies and complements provisions of ITB must be incorporated, and (b) Amendments and / or supplements, if any, to provisions of ITB as necessitated by the circumstances of the specific procurement, must also be incorporated. The PA and PU should specify in the BDS information and requirements relating to:
 - General (name of purchaser, project etc.)
 - Contents of bidding documents (list of documents)

- Preparation of bids (cost, currency, documents, period of bid validity, format of signing)
 - Submission and opening of Bids (address of submission, last date)
 - Evaluation & comparison of Bids (currency conversion, domestic preference, evaluation criteria and procedure)
 - Award of contract (variation in quantities)
4. **Evaluation and qualification criteria:** This includes:
- Post-qualification criteria such as manufacturing or supply experience, financial, technical and production capabilities, and,
 - Evaluation criteria such as quoted cost plus incidental costs, delivery schedule, deviation in payment schedule, spare parts, O&M cost, performance and productivity, technical specifications, etc.
5. **General conditions of contract:** These are documents that express all the rights and obligations of the buyer and the seller. The general conditions of contract are not alterable, any changes and complementary information that may be needed, shall be introduced only through the special conditions of contract. The general conditions of contract clauses include:

Operational Clauses

- Definitions
- Rights and obligations
- Delivery and risk transfers
- Terms and currencies of payment
- Mode & form of dispute settlement
- Governing language
- Applicable law

Protective Clauses

- Performance security
- Retention of payments
- Insurance
- Inspection and tests
- Warranty
- Protection against third party infringement suits
- Force majeure

Variations

- Quantity changes
- Adverse physical conditions
- Price adjustments

Remedies

- Forfeiture of performance security
- Damages, penalties for delays
- Suspension and termination
- Non-payments / delays in approvals

6. **Special conditions of contract:** Special conditions are intended to assist the PA in providing contract specific information in relation to corresponding clauses in the general conditions of contract. The provisions of special conditions complement the general conditions of contract, specifying contractual requirements linked to the special circumstances of the IBA, the sector, and the goods purchased. In preparing special conditions, PU should ensure that: (a) Information that complements provisions of general conditions are incorporated, and (b) Amendments and / or supplements to provisions of general conditions, as necessitated by the circumstances of the specific purchase, are incorporated. Clauses that are variable contract conditions are:
- Performance security
 - Inspection and tests
 - Delivery and documentation
 - Payment Schedule
 - Insurance
 - Liquidated damages
 - Warranties
 - Applicable law
7. **Schedule of requirements:** This covers, at a minimum, a description of the goods, requirement definitions and services to be supplied and the delivery schedule. The objective of the schedule of requirements is to provide sufficient information to enable bidders to prepare their bids efficiently and accurately, in particular, the price schedule. The date or period for delivery should be carefully specified, taking into account (a) the implications of delivery terms stipulated in the ITB, and (b) the date from which the IBA's delivery obligations start (i.e., notice of award, contract signature, opening or confirmation of the letter of credit, etc).
8. **Technical Specifications:** A set of precise and clear specifications is a prerequisite for bidders to respond realistically and competitively to the requirements of the purchaser without qualifying their bids. The specifications must be drafted to permit the widest possible competition and, at the same time, present a clear statement of the required standards of workmanship, materials, and performance of the goods, services and works to be procured. Only if this is done will the objectives of economy, efficiency, and fairness in procurement be realized, responsiveness of bids be ensured, and the subsequent task of bid evaluation facilitated. The specifications should require that all goods and materials to be incorporated in the goods be new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials unless provided for otherwise in the contract.

Samples of specifications from previous similar procurements are useful in this respect. The use of metric units is encouraged. Depending on the complexity of the goods and the repetitiveness of the type of procurement, it may be advantageous to standardize the General Technical Specifications and incorporate them in a separate subsection. The General Technical Specifications should cover all classes of workmanship, materials, and equipment commonly involved in manufacturing similar goods, although not necessarily to be used in a particular procurement. Deletions or addenda should then adapt the General Technical Specifications to the particular procurement.

Care must be taken in drafting specifications to ensure that they are not

restrictive. In the specification of standards for equipment, materials, and workmanship, recognized international standards should be used as much as possible. Where other particular standards are used the specifications should state that equipment, materials, and workmanship that meet other authoritative standards, and which ensure at least a substantially equal quality than the standards mentioned, will also be acceptable.

The below mentioned clause may be inserted in the Special Conditions of Contract or the Technical Specifications.

Equivalency of standards and codes: Wherever reference is made in the technical specifications to specific standards and codes to be met by goods and materials being furnished or tested, the provisions of the latest current edition or revision of the relevant shall apply, unless otherwise expressly stated in the contract. Where such standards and codes are related to Pakistan and are substantially equivalent to the standards and codes specified, these other authoritative standards will be acceptable.

Reference to brand name and catalogue number should be avoided as far as possible; where unavoidable they should always be followed by the words “or at least equivalent”.

Where appropriate, drawings, including site plans as required, may be furnished by the PA with the bidding documents. Similarly, the supplier may be requested to provide drawings or samples either with its bid or for prior review by the PA during contract execution.

9. **Sample forms:** The bidder shall complete and submit with its bid the bid form and price schedules in accordance with the requirements included in the bidding documents. When requested in the Bid Data Sheet, the Bidder should provide the bid security, in the form acceptable to the PA. The contract form, when it is finalized at the time of contract award, should incorporate any corrections or modifications to the accepted bid resulting from price corrections, acceptable deviations (e.g., payment schedule), spare parts, etc. The price schedule and schedule of requirements deemed to form part of the contract should be modified accordingly.

The form for advance payment should not be completed by the bidders at the time of their bid preparation. Only successful bidder will be required to provide bank guarantee for advance payment.

A copy of integrity pact to be signed by the parties (where applicable). Please refer to details included under ‘Integrity Pact’.

TOPICS RELATING TO OPTIONS FOR OPEN BIDDING

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OPTIONS FOR OPEN COMPETITIVE BIDDING

Sindh Public Procurement Rules 2010, Rule 46.

The various procedures proposed under SPP Rules 2010 are aimed at creating transparency, fairness, accountability, efficiency and value for money.

The following options and related procedures have been recommended under SPP Rules 2010:

SINGLE STAGE – ONE ENVELOPE PROCEDURE

Single stage one envelope bidding procedure shall be used as the standard bidding procedure for procurement of goods, works and services of simple and routine nature and where no technical complexity or innovation is involved.

This bidding procedure is adopted in the following types;

- Procurement of goods with higher weight given to price factor and less to technical quality factors,
- Procurement of goods that are easily available in local market,
- Where technical specification of the procurements are very clear, unambiguous and are well know products in the market,
- Improvement and enhancement projects not exceeding Rs. 10 Million,
- New projects, where the project cost is within Rs. 10 million, however a quick short listing process is required to select technically sound firms,
- Routine maintenance and preventive maintenance projects of buildings and equipment.

In single stage one envelope procedure each bid shall comprise one single envelope containing, separately, financial proposal and technical proposal (if required). Notice Inviting Tenders and bidding documents shall contain the following eligibility criteria;

- a. relevant experience;
- b. turn-over of at least last three years;
- c. registration with Income Tax, Sales Tax and PEC (where applicable);
- d. any other factor deemed to be relevant by the Purchasing Authority subject to introducing the “**Discriminatory and difficult conditions**” which is not allowed;

All bids received shall be opened and evaluated in the manner prescribed in the Notice Inviting Tenders or bidding document.

PROCEDURE FOR OPENING OF TENDER

1. Chairman CPC or any delegated member of the CPC must be invited to participate in tender opening process. Purchasing Authority (PA) and PU staffs are responsible to arrange the tender opening process.

2. PU staff prepares the room prior to the tender opening time and ensures that appropriate resources, both physical and human, are available to manage the tender opening efficiently;
3. The bids shall be opened within one hour of the deadline for submission of bids;
4. The chairperson should welcome bidders and request them all to sign the record of attendance. He/she should briefly explain the procedure, which will be followed, which is normally opening of the sealed tender box, counting of all tenders, opening of tenders, reading out and recording of information by the PA, opportunity for bidders to ask questions, closing of meeting and removal of tenders for safekeeping and evaluation;
5. The seal of the tender box should be shown to those present at the bid opening meeting and then broken;
6. The tender box should be opened, all tenders removed and counted;
7. First, envelopes marked "Withdrawal" should be opened one at a time. These should be read out and the envelope containing the corresponding tender documents must be located and returned to the bidder unopened. The withdrawal must be noted on the record of the tender opening;

"Withdrawals" refer to bidders who, having submitted a tender well in advance, wish to withdraw their bids and do not wish to have their bids considered;

8. Next, envelopes marked "Modification" should be opened one at a time and the envelope containing the corresponding tender documents are located and opened. Details of the modified tender should be read out and recorded, ensuring that the details relate to the modified, not the original, tender. Both the original tender and modification should be stamped on key pages and signed or initialled by the chairperson of the opening, and by all members present for bid opening, if demanded;

"Modifications" refer to bidders who, having submitted a first tender well in advance, have then modified the terms of their tender (e.g. as a result of an unexpected change in the price of a key manufacturing input) and have placed another envelope marked "Modification" into the tender box before the date and time of bid opening;

9. After counting the remaining tenders, each tender envelope should be marked with a serial number starting with the number "1";
10. List the tenders in numerical order. The tenders should then be opened, one at a time, the relevant details read out and recorded as a line item against each serial number;
11. Each tender should be stamped on key pages (the tender submission form, any pages with financial information such as price schedules, etc) and signed or initialled by the chairperson of the meeting. The pages should also be counter-signed by all members present for bid opening. With the exception of late tenders, the members present must not make any comments regarding the acceptance or rejection of any tender. Any missing or incorrect documents should be noted in the record of bid opening but not commented on.
12. When all tenders received on time have been opened, read out and recorded, the chairperson should allow bidders to ask questions.

The **read out information** must include at least:

- a. the name and address of each bidder;
- b. the total price of each tender, stating the currency and amount;

- c. each unit price quoted (in addition to the total price or lot prices to be read out) stating the currency and amount. (See Sub-rule (4) of Rule 41: Opening of Bids in SPP rules 2010);
 - d. the presence or absence of a Bid Security, and the form and amount of the Bid Security, where one was requested in the bidding document;
 - e. any other details stated in the bidding document;
13. The chairperson should close the bid opening meeting, reminding bidders that they must not seek to influence the evaluation and that the Tender Evaluation Report will be announced in due course in accordance with Rule 45: Announcement of evaluation reports contained in SPP rules 2010.
14. Purchasing Authority should distribute the copies of the tender opening record to bidders on request. The original record should be added to the procurement file.
15. Purchasing Authority must ensure that all tenders are immediately taken to a place of safe keeping, until the evaluation process is ready to start. Any tender securities must also be kept securely.
16. Where tender openings for more than one tendering process are conducted at the same time, they must be conducted consecutively, with one opening completed, recorded and tenders removed, before the next opening commences.

DOCUMENTS / RECORDS REQUIRED

A record of the tender opening must be completed and kept on the procurement file. At a minimum, this record must include:

- the names of all bidders whose tenders were opened;
- the unit rate and total prices of the tenders read out;
- the presence or absence of a tender security if one was required, the form and amount of the security;
- Any withdrawals or modifications.

Copies of the record must be distributed to bidders on request.

Illustration: Single Stage - One Envelope Procedure

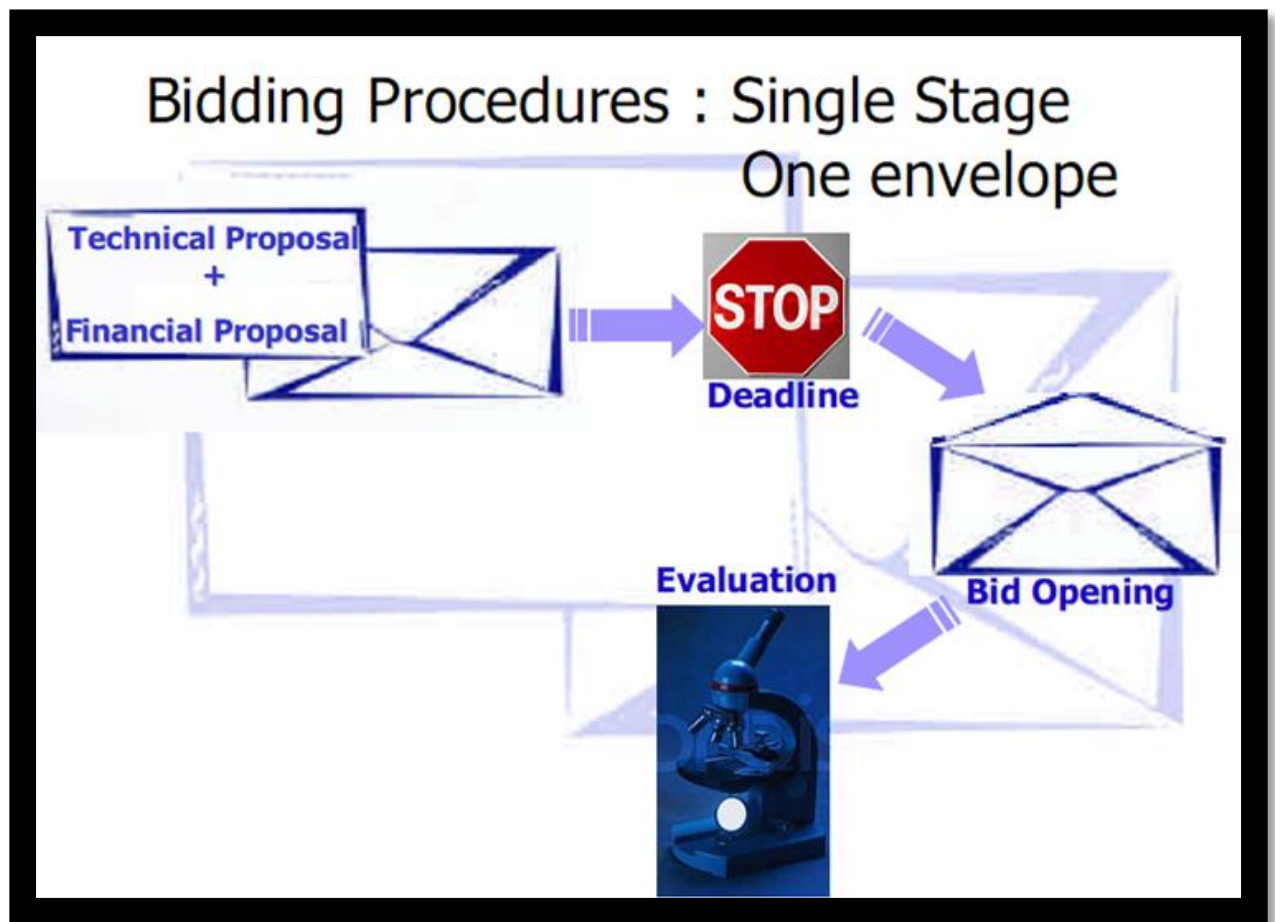


Figure 11 Single Stage One Envelope Bidding Option

SINGLE STAGE – TWO ENVELOPE PROCEDURE

Single stage two envelope bidding procedure is used where the bids are to be evaluated on technical and financial grounds and price is taken into account after technical evaluation.

This procedure is normally adopted for the goods, services, or projects of technical nature, where the detailed analysis of the vendor's / firm's capacity to deal with the complexity of the project is critical to the successful implementation of the project or performance of the goods. This includes turnkey contracts, contracts in which different manufacturing processes can be used, large technically complex contracts for project equipment, etc.

The following steps are to be followed:

- (I) The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;
- (II) The envelopes shall be marked as "FINANCIAL PROPOSAL" and "TECHNICAL PROPOSAL" in bold and legible letters to avoid confusion;
- (III) Initially, only the envelope marked "TECHNICAL PROPOSAL" shall be opened;
- (IV) The envelope marked as "FINANCIAL PROPOSAL" shall be retained in the custody of the Purchasing Authority (PA) without being opened;
- (V) The PA and evaluation committee shall evaluate the technical proposal in a manner prescribed in advance in SBD, without reference to the price and reject any proposal which do not conform to the specified requirements;
- (VI) During the technical evaluation, no amendments in the technical proposal shall be permitted;
- (VII) The proposals securing 75 score / points will qualify for financial evaluation. [Recommended by ADB, TI Pakistan, SBP, and PEC]. This clause must be disclosed in the SBD.
- (VIII) PA shall invite, at a time, date, venue announced and communicated in advance, the bidder / firms securing 75 or more score for public opening of the financial proposals.
- (IX) On completion of the technical and financial evaluation, the evaluation results shall be submitted to Central Purchase Committee (CPC) for pre-publication approval. If approved, PA will forward the results to Sr. Web Administrator to place on IBA, SPPRA and PPRA websites. PA to inform all bidders in writing to use their right to complain at least 7 days prior to award of contract;
- (X) The financial proposal of bids found technically non-responsive shall be returned unopened to the respective bidders / firms.
- (XI) Within 7 days to award of contract, the PA shall begin to examine the objections received and complete the evaluation. Final evaluation results shall then be submitted for the post publication approval of CPC and on basis of approval the financial bid found to be the lowest evaluated shall be accepted; and,
- (XII) Published result at IBA, SPPRA and PPRA websites
- (XIII) Bid security is the part of evaluation of any firm and should be submitted (not below 1% and not exceeding 5% to be specified in the bidding document) along with technical proposal, and if required in % of the cost of item(s) / services then with the financial proposal. Technical proposal envelopes which do not contain

any bid security (where required in the bidding document) are rejected and are not evaluated further.

PROCEDURE FOR OPENING OF TENDER

The procedure for opening of tender is the same as mentioned in the 'Procedure for opening of tender' under 'Single stage - one envelope procedure'. There are two separate envelopes for Technical and Financial proposals; therefore, the following additional steps will be performed by the PA:

1. Technical proposal should be stamped on key pages (this includes technical proposal submission form and sealed envelope containing the financial proposal) and signed or initialled by the chairperson, and any other members present at the time of bid opening, if demanded. Each proposal should also be marked with a number (1, 2, 3, etc), corresponding to its number on the tender opening record. Late proposals shall not be accepted. The members must not make any comments regarding the acceptance or rejection of any proposal. Any missing or incorrect documents should be noted in the record of bid opening, but not commented on.
2. The chairperson should close the bid opening meeting, reminding bidders that they must not seek to influence the evaluation and that bidders whose proposals are proceeding to the financial evaluation will be notified of the arrangements for the financial opening in due course.
3. PA shall take immediately all technical proposals to a place of safekeeping, until the evaluation process is ready to start, all financial proposals and any bid securities must also be kept securely.

PROCEDURE FOR FINANCIAL ENVELOPE OPENING

1. Ensure that all bidders whose proposals are proceeding to the financial opening have been notified of the time, date and location for the opening, not less than one week before the meeting.
2. The chairperson should welcome bidders to the financial envelope opening process and request them all to sign the record of attendance. He / she should briefly explain the procedure which will be followed, which is normally reading out technical scores, opening of financial proposals, reading out and recording of financial information by the PA or his/her responsible person, opportunity for bidders to ask questions, closing of meeting and removal of financial proposals for safekeeping and evaluation.
3. PA should read out the names of all bidders whose proposals are proceeding to the financial evaluation and their respective technical scores. The members must not discuss these scores or the results of the technical evaluation in any way.
4. Open the financial proposals, one at a time, and read out the name of each bidder, the unit price and bid amount of each financial proposal should be read out and record the relevant details. Further, in compliance with SPP rules 2010 Rule 41 all itemised unit prices must be read out as well as the total offer price of each bid. Each financial proposal should be stamped on key pages (includes the financial proposal submission form, the summary of costs and pages giving the breakdown of costs) and signed or initialled by the chairperson of the tender opening meeting, as well as other members present, if demanded. The members

- or chairperson must not make any comments regarding the prices or the financial evaluation.
5. When all relevant financial proposals have been opened, read out and recorded, the chairperson should allow bidders to ask questions.
 6. The chairperson should close the bid opening meeting, reminding bidders that they must not seek to influence the financial evaluation and that the tender evaluation report will be announced in due course in accordance with Rule 45 of SPP rules 2010.
 7. Copies of the bid opening record should be distributed to bidders on demand. The original record should be added to the procurement file.
 8. PA shall take immediately all financial proposals to a place of safekeeping, until the evaluation process is ready to start, all financial proposals and any bid securities must also be kept securely.

DOCUMENTS / RECORDS REQUIRED

Records of both the technical and financial bid opening meetings must be completed and kept on the procurement file.

At a minimum, the record of the technical opening must include:

- the names and addresses of all bidders whose proposals were opened;
- the presence or absence of a bid security if one was required and the form and amount of the security;
- the number of copies of the technical proposal received; and
- Any withdrawals or modifications.

At a minimum, the record of the financial opening must include:

- the names of all bidders whose proposals are proceeding to the financial evaluation;
- the technical score of each bidder proceeding to the financial evaluation;
- the total price of each financial proposal; and,
- the number of copies of the financial proposal received;

Copies of the record must be distributed to bidders on request.

Illustration: Single Stage - Two Envelope Procedure:

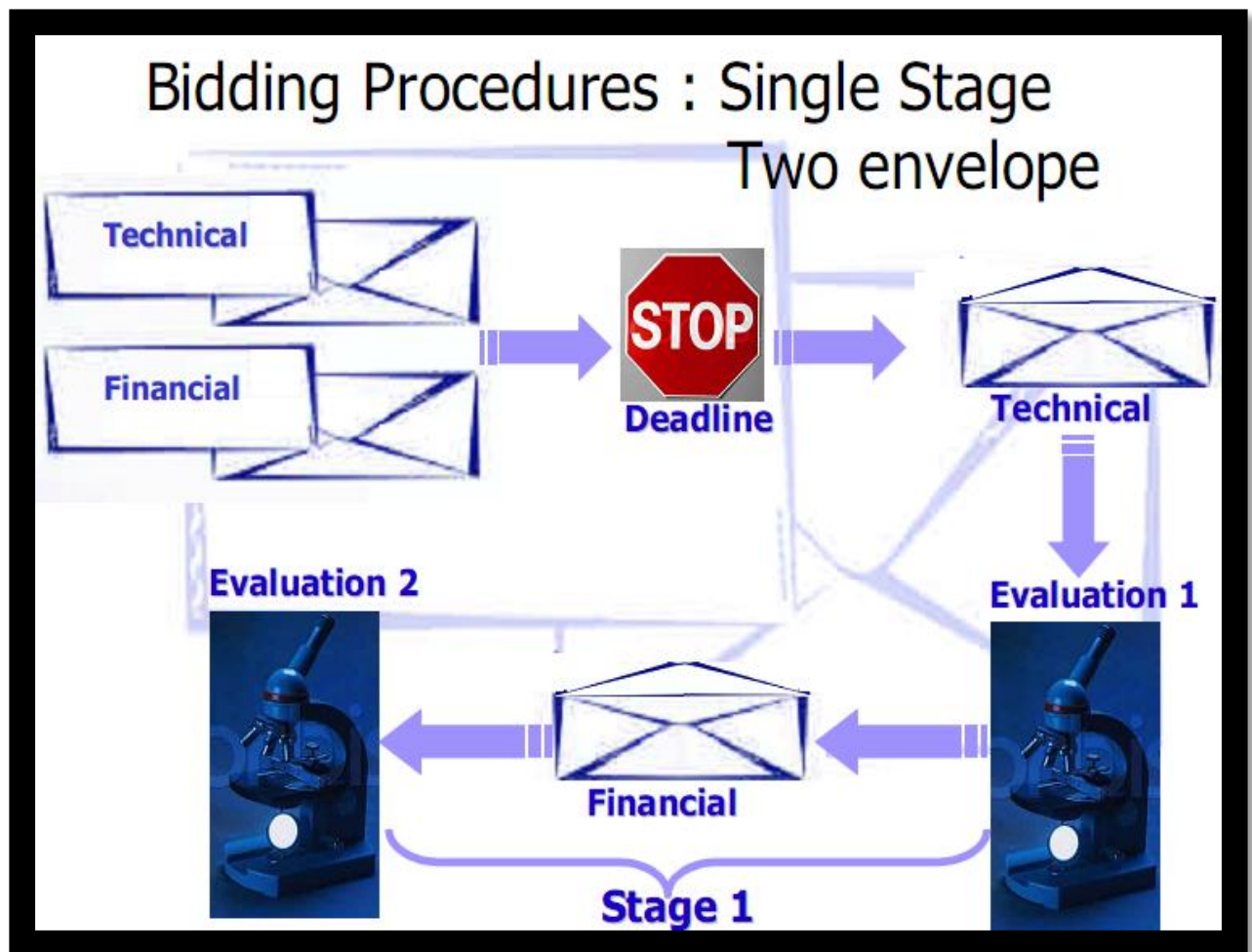


Figure 12 Single Stage – Two Envelope Bidding Procedure

TWO STAGE BIDDING PROCEDURE

Two stage bidding procedure shall be adopted in large and complex contracts where technically unequal proposals are likely to be encountered or where the PA is aware of its options in the market but, for a given set of performance requirements, there are two or more equally acceptable technical solutions available to the PA.

Alternatively, the nature and complexity of the procurement may require deliberations by both the prospective bidders and PA. During technical evaluation, many questions are raised about the scope of project, approved specification and standards, procurement conditions, etc. Hence, fair opportunity is provided to all the bidders to better understand the problem and propose best possible solution.

The two stage procedure is comprised of the following steps:

First Stage (Technical Proposal)

- (I) The bidders shall submit, according to the required specifications, a technical proposal without price which shall be subject to technical as well as commercial clarifications and adjustments.
- (II) The technical proposal shall be evaluated in accordance with the specified evaluation criteria and may be discussed with all the bidders together regarding any technical features that may require technical as well as commercial clarifications and adjustments.
- (III) After such discussions, all the bidders shall be permitted to revise their respective technical proposals to meet the requirements of the PA;
- (IV) The PA may revise, delete, modify or add any aspect of the technical requirements or evaluation criteria, or it may add new requirements or criteria not inconsistent with these rules;
- (V) Such revisions, deletions, modifications or additions are communicated to all the bidders equally at the time of invitation to submit final bids, and that sufficient time is allowed to the bidders to prepare their revised bids;
- (VI) Such allowance of time shall not be less than fifteen days in the case of national competitive bidding and thirty days in the case of international competitive bidding;
- (VII) Those bidders not willing to conform their respective bids to the PA's technical requirements may be allowed to withdraw from the bidding without imposition of any penalty;

Second Stage:

- (VIII) The bidders, whose technical proposals or bids have not been rejected and who are willing to conform their bids to the revised technical requirements shall be invited to submit a revised technical proposal along with the financial proposal;
- (IX) The revised technical proposal and the financial proposal shall be opened at a time, date and venue announced and communicated to the bidders in advance; and,
- (X) The revised technical proposal and the financial proposal shall be evaluated in the manner prescribed above. The bid found to be the lowest evaluated bid shall be accepted.

Illustration: Two Stage Bidding Procedure:

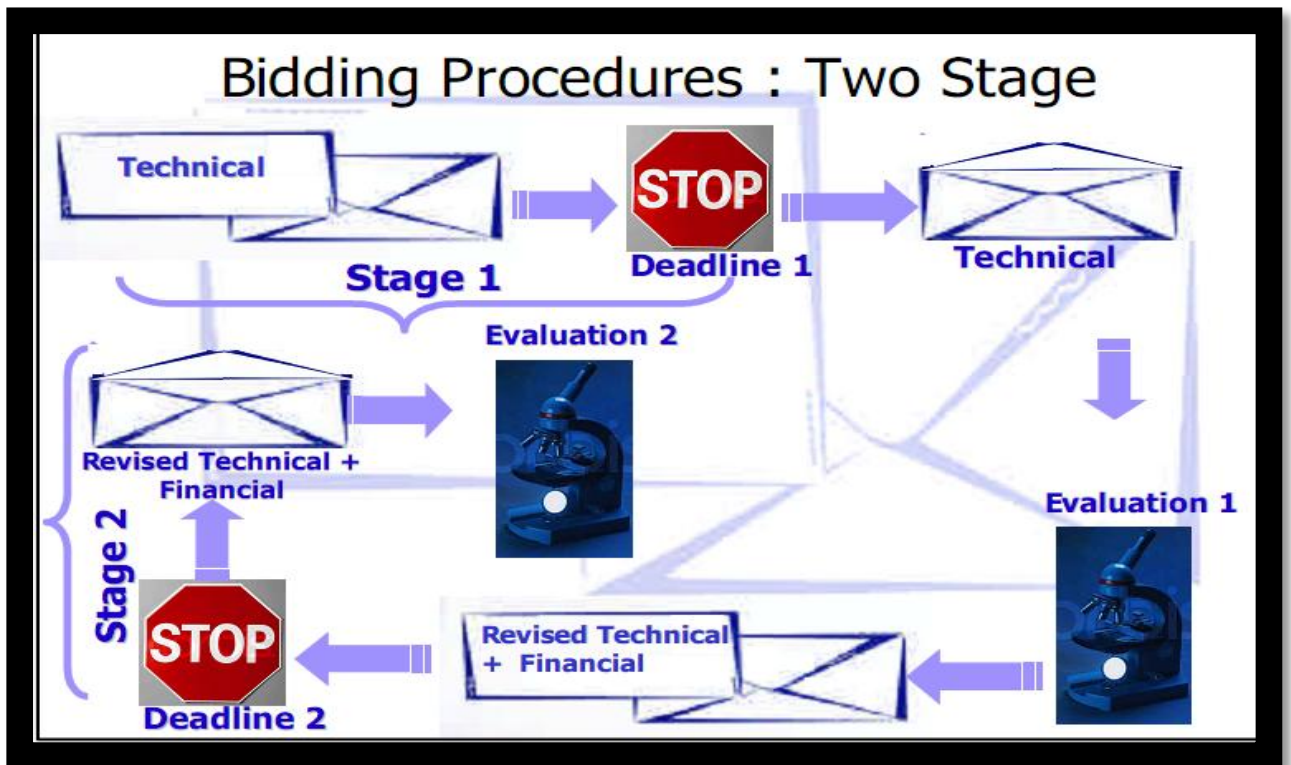


Figure 13 Two Stage Bidding Procedure

The two stage bidding procedure is best suited for large civil works projects where the technical competency of the firm is critical to the success of the projects. The first stage is normally called prequalification of contractors, in which a panel of potential contractors, possessing the minimum human and non-human resources to deal with the project in question, are shortlisted on the given evaluation criteria. In second stage, the tender documents are issued to those prequalified contractors and the final selection is based on the lowest financial bid.

Rest of the requirements, inter alia, for CPC approvals, publication of evaluation results and award of contract, as discussed in the single stage - two envelope option shall remain the same.

TWO STAGE – TWO ENVELOPE BIDDING PROCEDURE

This procedure shall be selected in the following circumstances as mentioned in SPP rules 2010 Rule 47:

“Two stage - two envelope bidding procedure shall be used for procurement where alternate technical proposals are possible”, such as certain type of machinery, equipment or manufacturing plant.

During procurement of goods, services and works, the minimum specification and overall scope of work are normally given in the tender documents and the bidders are required to quote their technical and financial proposals for the same. However at times, once the technical proposals are received, there may be some confusion on the scope and technical performance / specification. A pre-bid meeting or conference is normally arranged to clarify many technical and financial matters. Sometimes the technical performance and scope is revised based on the discussions and feedback from the prospective bidders. This revision and enhancement in the scope of work may bring additional cost. Hence two stage – two envelope procedure provides an opportunity to better understand the scope and technical parameters of the procurement.

This procedure is comprised of the following steps:

First Stage

- (I) The bid shall comprise a single package containing two separate envelopes containing separately the financial proposal and the technical proposal;
- (II) The envelopes shall be marked as “**FINANCIAL PROPOSAL**” and “**TECHNICAL PROPOSAL**” in bold and legible letters to avoid confusion;
- (III) Initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;
- (IV) The envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the Purchasing Authority without being opened.
- (V) The technical proposal shall be discussed with all the bidders or their representatives present together with reference to the PA's technical requirements.
- (VI) Bidders willing to meet the requirements of PA shall be allowed to revise their technical proposals following these discussions.
- (VII) Bidders not willing to conform their technical proposal to the revised requirements of the Purchasing Authority shall be allowed to withdraw their respective bids without forfeiture of their bid security;

Second Stage

- (VIII) After agreement between the Purchasing Authority and the bidders on the technical requirements, bidders who are willing to conform to the revised technical specifications and whose bids have not already been rejected shall submit a revised technical proposal and supplementary financial proposal, according to the revised technical requirement;
- (IX) The revised technical proposal along with original financial proposal and supplementary financial proposal shall be opened at a date, time and venue announced in advance by the Purchasing Authority;
- (X) The Purchasing Authority and evaluation committee evaluates the whole proposal in accordance with the requirements and evaluation criteria and the bid found to be the lowest evaluated bid shall be accepted.

Illustrated: Two Stage – Two Envelope Bidding Procedure

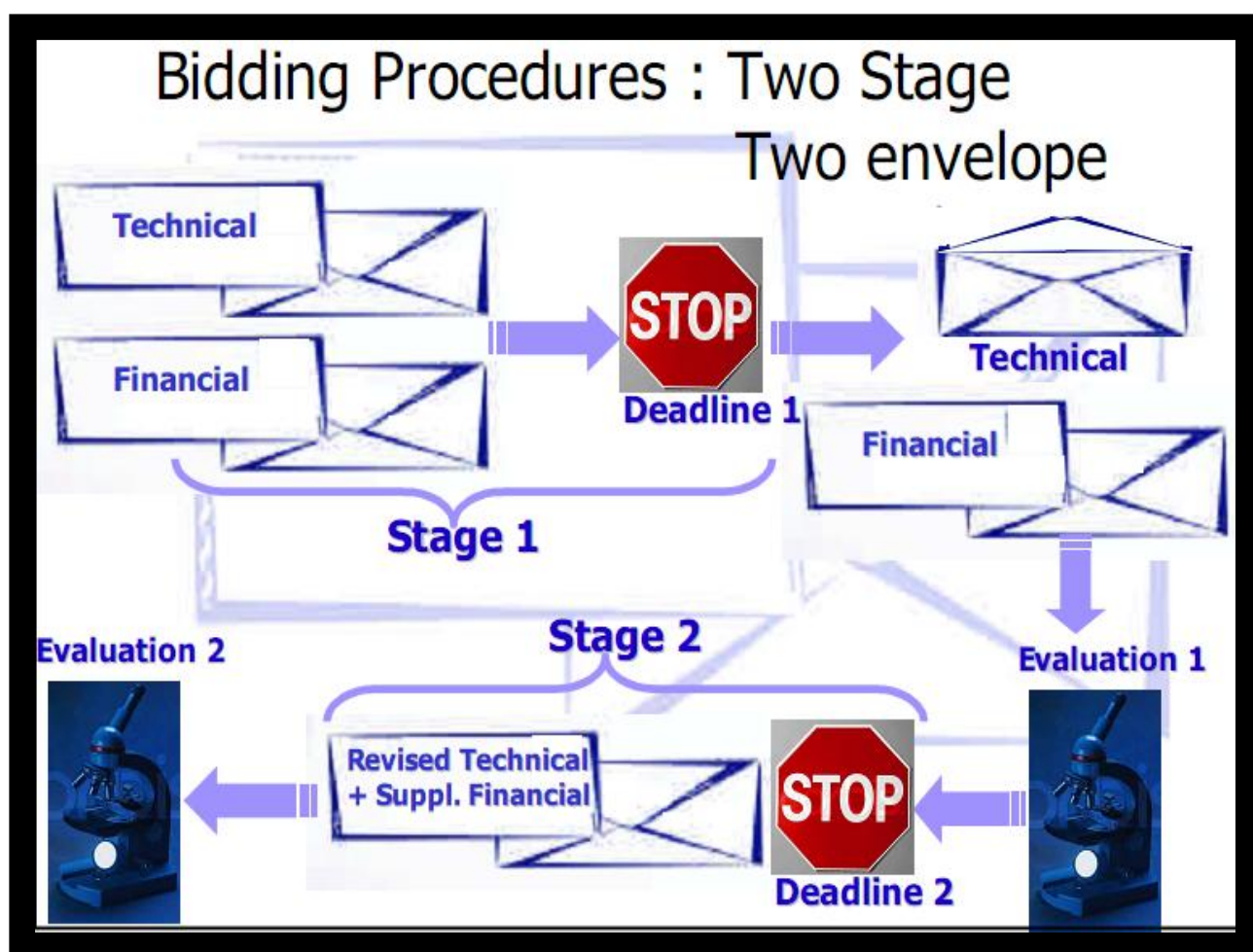


Figure 14 Two Stage – Two Envelope Bidding Procedure

Rest of the requirements, inter alia, for CPC approvals, publication of evaluation results and award of contract, as discussed in the single stage - two envelope option shall remain the same.

TOPICS RELATING TO PROCUREMENT MANAGEMENT PRE-EVALUATION PHASE

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MANAGING BIDDER CLARIFICATIONS, MODIFICATIONS AND EXTENSIONS

SPP Rules 2010: Rule 23: Clarification and Modification of Bidding Documents, Rule 21(2) additional information to be provided equally to all bidders, Rule 22: Extension of Time Period for Submission of Bids.

This covers responding to bidder clarifications, issuing modifications to a bidding document and granting extensions of the bid deadline. These procedures may apply under any method where a formal invitation document has been issued i.e. open tendering and RFP.

The PA should manage requests for clarifications and the issue of any modifications to the bidding document or extensions to the bid deadline. The PA should consult with the end user, requisitioning department or other technical specialist, where required, on clarifications or modifications to be issued. Where any substantial change is made to the original, approved bidding document, the PA must first consult the CPC and Director IBA for approval.

- Bidder clarifications are requests from bidders for clarification of a particular element of the bidding document. PA shall respond to such queries in writing within three calendar days, provided they are received at least five calendar days prior to the date of opening of bid. Any clarification in response to a query by any bidder shall be communicated to all parties who have obtained bidding documents;
- Modifications are formal amendments to the bidding document, which the PA may choose to make, either in response to a bidder clarification or on its own initiative;
- Extensions PA can extend the deadline for submission of bids only, if one or all of the following conditions exist;
 1. Fewer than three (3) bids have been submitted and CPC is unanimous in its view that wider competition can be ensured by extending the deadline. In such case, the bids submitted shall be returned to the bidders unopened.
 2. If the PA is convinced that such extraordinary circumstances have arisen owing to law and order situation or a natural calamity that the deadline should be extended;

ADVERTISEMENT OF MODIFICATIONS AND EXTENSIONS:

In case any modification or extension is considered inevitable by the PA, the same would be advertised in the same manner as adopted for the original advertisement.

PURPOSE OF PROCEDURE

Ideally, bidder clarifications, modifications and extensions to the bid deadline should not be required. However, where they are required, it is important that clarifications, modifications and extensions are issued promptly and in sufficient time before the bid closing date. It is also essential that the same information is issued to all bidders at the same time.

Mishandling of bidder clarifications, modifications and extensions may result in complaints from bidders, unnecessary delays to the bidding process or a reduced number of tenders.

PROCEDURE FOR CLARIFICATION, EXTENSION

The procedure inter alia includes the following:

1. A clarification or modification can be issued, or an extension of the bidding deadline given, either in response to a request for clarification from a bidder or on the PA's own initiative. Where a request is received from a bidder, ensure that it is received before the latest date for clarifications (at least five days prior to opening of bid) stated in the bidding document. Where it is received later, send a reply stating that the request was received after the latest date for clarification requests and that therefore no response can be given.
2. PA should prepare appropriate response to the request for clarification or agree any modifications that are considered necessary. Consult with the end user, requisitioning department or technical specialist, where appropriate.
3. PA considers whether the clarification or modification is likely to have a significant impact on the preparation of tender documents and therefore, whether an extension to the bidding deadline should be given.
4. Drafting a formal clarification or modification. Where the clarification is in response to a request from a bidder, ensure that the response includes a description of the request, but without identifying the bidder who made the request. Ensure that any extension to the bidding deadline is clearly stated, giving the time and date of the new deadline. State also the revised time and date for any public tender opening.
5. If the clarification or modification involves a substantial change to the bidding document, obtain CPC and Director IBA approval before re-issue.
6. Issue the same clarification, modification or extension to all bidders at the same time, keeping a record of its issue. Where a pre-bid conference is to be held, formal issue of the clarification, modification or extension may be delayed until after the pre-bid conference. However, the PA must still prepare the clarification, modification or extension, as information will need to be provided at the pre-bid conference and a formal clarification, modification or extension must be issued after the conference.
7. If any extension to the bidding deadline has been given, ensure that arrangements for the receipt of tenders and any public tender opening are revised, e.g. revise room bookings, advise relevant staff of the new time and date etc.

DOCUMENTS / RECORDS REQUIRED

A record must be kept on the procurement file of the issue of all clarifications, modifications or extensions to the bid deadline. At a minimum, this record must include:

- copy of the clarification, modification or extension letter sent and approvals from CPC; and
- Evidence of despatch to all bidders e.g. fax confirmations, copies of letters posted, etc.

MANAGING CANCELLING OF PROCUREMENT PROCEEDINGS

SPP Rules 2010: Rule 25: Cancellation of Bidding Process & Rule 26: Re-issuance of Tenders

Discussed hereunder is the procedure for cancellation of procurement proceedings at any point **prior to award of contract**. The objective is to ensure that unavoidable cancellations are handled properly and in a manner which is fair to all bidders.

Where there is a need to cancel a requirement after contract award, please refer to procedures for terminating a contract.

This applies to all procurement methods.

PA is responsible for compliance with cancellation procedures and getting approvals. **The approval for cancellation is same authority that approved that procurement, e.g., BOG, A&FC, Director IBA, Purchasing Authority, CPC, etc.**

PURPOSE OF PROCEDURE

The cancellation of procurement proceedings should be avoided, wherever possible, as it means a waste of time and resources for both the IBA and the bidders. However, where it is in the general interest to do so, procurement proceedings may be cancelled based on initiative of Purchasing Authority and approval of the Approving Authority at any stage prior to the award of a contract.

PROCEDURE FOR CANCELLATION PROCEEDING

1. PA identifies the need to cancel procurement proceedings. Discuss, get approval and consensus from Transaction Approval Authority (TAP) and requisitioning department, end user, staff of Purchasing Units, Director Finance.
2. PA seek approval from CPC for the grounds for cancelling procurement proceedings.

As general guidance grounds for cancellation may include:

- Ceasing of need for the procurement in process;
 - The technical, contractual or other details have changed to such an extent that it is more appropriate to re-tender than to modify the existing bidding document;
 - The procurement requirement can be met by a substantially less expensive alternative;
 - There is evidence of collusion among bidders;
 - Adequate funding is no longer available for the requirement;
 - There is a lack of responsive tenders;
3. If no invitation, advertisement or notice has yet been issued, ensure that all relevant and concerned are notified. In this case no further action is required.
 4. If an invitation, advertisement or notice has been issued, seek the approval of the CPC to cancel. Approval must be obtained as promptly as possible, so that

- bidders do not waste or spend further time or resources in the preparation of tenders or in maintaining bid securities.
5. If advertisement or notice is issued, Purchasing Authority prepares a notice cancelling the procurement proceedings, which must be uniform for all bidders or potential bidders. This notice should normally state the grounds for cancellation, to avoid enquiries from numerous bidders. However, the notice does not have to justify the grounds for cancellation.
 6. Purchasing Authority, via Sr. Web Administrator publishes the notice cancelling the procurement proceedings to the SPPRA and PPRA for posting on their websites.
 7. Where the cancellation is prior to the bidding deadline, Purchasing Authority should send the notice to all bidders who have been issued with the bidding document. Check the tender box and any other records of receipt and return unopened all tenders which have already been received.
 8. Where the cancellation is after the bidding deadline, send the notice to all bidders who submitted tenders. Promptly return any unopened tenders including separately sealed financial proposals and any bid security.
 9. Consider whether to refund to suppliers the fees paid for the purchase of bidding documents. Where cancellation is caused by acts of the IBA or Purchasing Authority; such as inadequacy of funds, changes to the technical or contractual requirements, or a decision that the procurement is no longer required, then the Purchasing Unit should refund the cost of the bidding documents to all bidders who purchased them.
 10. Where cancellation of proceedings is caused due to bidders; e.g. collusion among bidders, refunding the fees may not be appropriate.

DOCUMENTS / RECORDS REQUIRED

A record of the cancellation notice sent to all bidders, along with approval of the cancellation, must be kept on the procurement file. The procurement file must also contain meeting minutes on the decision to cancel the procurement proceedings, including the grounds for cancellation.

FURTHER ACTION

No further action is required following cancellation. Any new procurement proceedings, in place of the cancelled procurement, should start from the initial, i.e. requisition stage, and get fresh budget and approval as per TAP.

In case of any litigation or legal notice from bidder the Purchasing Authority may be personally accounted for justification of ground for cancellation.

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EVALUATION OF TENDERS

INTRODUCTION

Once bids have been received and opened they need to be evaluated. The main purpose of bid evaluation is to determine the lowest evaluated substantially responsive bid among the bids submitted before the closing time on the date specified in the bidding documents. The lowest evaluated substantially responsive bid may or may not necessarily be the lowest priced bid. In order to determine accurately the lowest evaluated substantially responsive bid, in accordance with the terms and conditions of the bidding documents, a logical systematic evaluation procedure designed to cover all aspects of the evaluation process should be followed.

The criteria to be applied in evaluation should be clearly communicated to potential suppliers / bidders in the Invitation to Tender. The criteria should be rational and fair, bearing in mind the overriding objectives of ensuring value for money over the lifetime of the contract, equality of treatment for all suppliers, compliance with SPP / PPRA rules and the demonstration of high standards of regularity and integrity. Significant new criteria should not be introduced at the bid evaluation stage.

Those involved in short listing suppliers and evaluating bids should devise a defensible set of criteria for evaluating bids. Criteria should be set in advance and communicated to bidders. The same criteria must apply to all bidders. **Contracts should never be awarded on the basis of criteria that have not been identified in advance.**

It is important also that bids should be evaluated promptly, so that the selected supplier can be engaged without delay and unsuccessful bidders can be informed accordingly.

ETHICS FOR TENDER EVALUATION

Staff involved in short listing and bid evaluation must be objective. Personal interests should not infringe on the impartiality of staff. Where personal interests could conflict, the staff member should consider withdrawing from the procurement, reducing their involvement or arranging for their decisions to be reviewed. It would normally be appropriate to discuss concerns with a Purchasing Authority at an early stage. At the very least staff should be open with colleagues about potential conflicts.

Staff involved in short listing and bid evaluation should be very careful about receiving business gifts and hospitality. This policy set out details of what may or may not be accepted and what needs to be declared. In addition, staff should consider the motives of potential donors and how their own role in the process might be perceived by third parties. If a member of staff has reason to believe that they are being offered an inducement with corrupt intent, they must report the matter. The matter will be considered at highest level and will normally result, at least, in summary rejection of the offending bid.

EVALUATION METHODOLOGY, OVERALL PICTURE

There is no single best method of short listing or evaluating bids. Each tender should be fully examined, its strengths and weaknesses identified and should be compared directly against the strengths and weaknesses of all other bids. Where appropriate, further information may be sought to clarify the features of any tender. The bid that represents the best value for money for the IBA should be selected. However, short listing or evaluation process if undertaken must be fully documented on file.

When procuring goods that are clearly specified (such as paper of a particular quality), the main selection criterion will normally be the most economically advantageous tender to IBA.

Where the supplier has discretion to specify how they will undertake the assignment (e.g. consultancy, mega constructions, etc.), factors such as the quality of the proposal, methodology and of the consultant's team will also be relevant.

Bidders should have been given an indication of how to present their bid at the Invitation to Tender stage by issuing proper bidding document containing well defined Instructions to Bidders (ITB). The clarity, conciseness and completeness of the ITB is most important because the bidders are required to abide by these instructions for finalization of a real, meaningful, rational and complete bid conforming to the requirements of the bidding documents.

During bid opening, preliminary and detailed evaluations, some bids can be rejected without full evaluation. These include non-responsive bids and late bids when a deadline for receipt was set. TEC or staff should satisfy themselves of the appropriateness of taking a firm line in rejecting bids and they must apply it consistently to all tenders.

In cases where the supplier has discretion to specify how they will undertake the assignment (e.g. consultancy or complex work) the 'Merit Point Scoring System' (MPSS) or 'scorecards' can provide a practical means of evaluating bids. Each of the assessment criteria may be allocated a maximum mark and each bid can then be scored against each criterion. For example, a simple scorecard could have five broad criteria, each worth 20 marks, giving a maximum score of 100. A more complex scorecard might identify many more than five discrete areas and include a series of detailed sub-criteria or questions in each area.

It is important that the weighting of the scorecard is appropriate and that it corresponds to any model that has previously been notified or implied to bidders. Ideally a MPSS should be devised before bids are evaluated. It is not good practice to introduce new criteria for evaluation which has not been informed to the bidders. Nonetheless, careful consideration should be given to the consequences before introducing any new criteria for evaluation.

Care should be taken to try to ensure that bids are evaluated on a comparable basis. Review of the MPSS and evaluation by committee may help to ensure the elimination of personal bias. MPSS should be reviewed after any interviews or clarification meetings with bidders. A practical check might be to compare any two bids and select the better of the pair. By repeating this for all the tenders in various combinations, a ranking should be arrived at that confirms the conclusions of the MPSS.

TECHNICAL EVALUATION COMMITTEE (TEC)

As per Rule 8 of SPP Rules 2010, CPC shall be responsible for technical and financial evaluation for procurement exceeding Rs. 100,000. The IBA TECs shall perform functions as directed by CPC including preparation of bidding documents, evaluation of bids, technical / financial proposals and quotations for procurement exceeding Rs. 100,000 and shall recommend to CPC for approval. TEC proceedings and decision must be documented in the minutes and authorized by members present. The same must be submitted to CPC within 7 days from the date of the meeting.

There will be three TECs as follows:

1. TEC for ICT procurements
 2. TEC for projects civil works, HEC projects, HVAC, mechanical, electrical and other development works
 3. TEC for other purchases mainly under the Registrar
1. TEC members for ICT procurements include the representatives of following departments:
 - i. ICT Department, convenor / Technical staff to be nominated by Purchasing Authority. This may include staff involved in defining requirement/ requisitioner
 - ii. Finance Department (pre-auditors should not be a member)
 - iii. Administration / Maintenance Department,
 - iv. Projects Department,
 - v. Director IBA delegated employee, faculty member or chairperson,
 2. TEC composition for Projects Civil works, HEC projects, HVAC, mechanical, electrical and other development works includes the following departments.
 - i. Projects / HEC Projects / Maintenance Department, convenor / Technical staff to be nominated by Purchasing Authority [from Projects, HEC Projects or Maintenance Department], this may include staff involved in defining requirement / requisitioner
 - ii. Finance Department (pre-auditors should not be a member)
 - iii. Administration Department,
 - iv. ICT Department,
 - v. Director IBA delegated employee, faculty member or chairperson,
 3. TEC for other purchases mainly under the Registrar may comprise the following members;
 - i. Administration Department, convenor
 - ii. Manager Purchase
 - iii. Finance Department (pre-auditors should not be a member)
 - iv. Projects Department,
 - v. ICT Department,
 - vi. Director IBA delegated employee, faculty member or chairperson,

The Director IBA appoints member to act as Chairman of the respective TECs for period of one year. As a best practice, Chairman shall not be the Purchasing Authority. Convenor shall be the Secretary of TEC and will be responsible for arranging procurement documents, calling meeting, issuing notices, maintaining minutes and other records.

The member representing the department whose bid is being discussed by the TEC, will not participate in the final decision making although he / she can take part in the discussion.

CLARIFICATION OF BIDS

If TEC is in doubt about any of the tender conditions or about precisely what the consultant or supplier is offering, it may be necessary to seek clarification but bidder shall not be permitted to change the substance or price of the bid. The response to such request shall also be in writing. Clarification may be required at an early stage as bids are being evaluated. This is often most easily achieved during the course of a more general interview. It is important not to regard such a meeting as post tender negotiation. Rather it is a process of seeking a clear understanding by both parties of what is required and what is being offered, and to understand the meaning of the words being used by both parties. Those responsible for the evaluation of bids should produce a formal report, signed by all the members of the team, setting out their recommendation and the reasons for it. The detail required should normally be proportionate to the contract value and will include reference to MPSS, where appropriate.

BID VALIDITY

The duration of the validity of each bid should be specified in the bidding document and shall not be more than 90 days in case of National Competitive Bidding and 120 days in case of International Competitive Bidding.

EXTENSION OF BID VALIDITY

1. Extension of bid validity may be allowed subject to approval by CPC and with reasons to be recorded in writing;
2. If validity period has to be extended due to some slackness on the part of PA, the CPC shall fix responsibility and take appropriate disciplinary action;
3. After obtaining CPC approval, PA shall request in writing all bidders to extend the bid validity period. Such a request shall be made before the date of expiry of the original bid validity period;
4. Such an extension shall not be for more than one third of the original period of bid validity;
5. In case the PA fails to finalize the bid evaluation within the extended time, the bids shall stand cancelled and a fresh bidding process shall be initiated;
6. A bidder shall have the right to refuse to grant an extension of bid validity period and withdraw his bid and bid security shall be returned forthwith.

STAGES OF EVALUATION

Stages of evaluation vary for procurement of goods, services and routine works and for procurement where supplier has discretion to specify how they will undertake the assignment (e.g., consultancy, complex projects, etc.).

Stages of evaluation for goods, services and routine works:

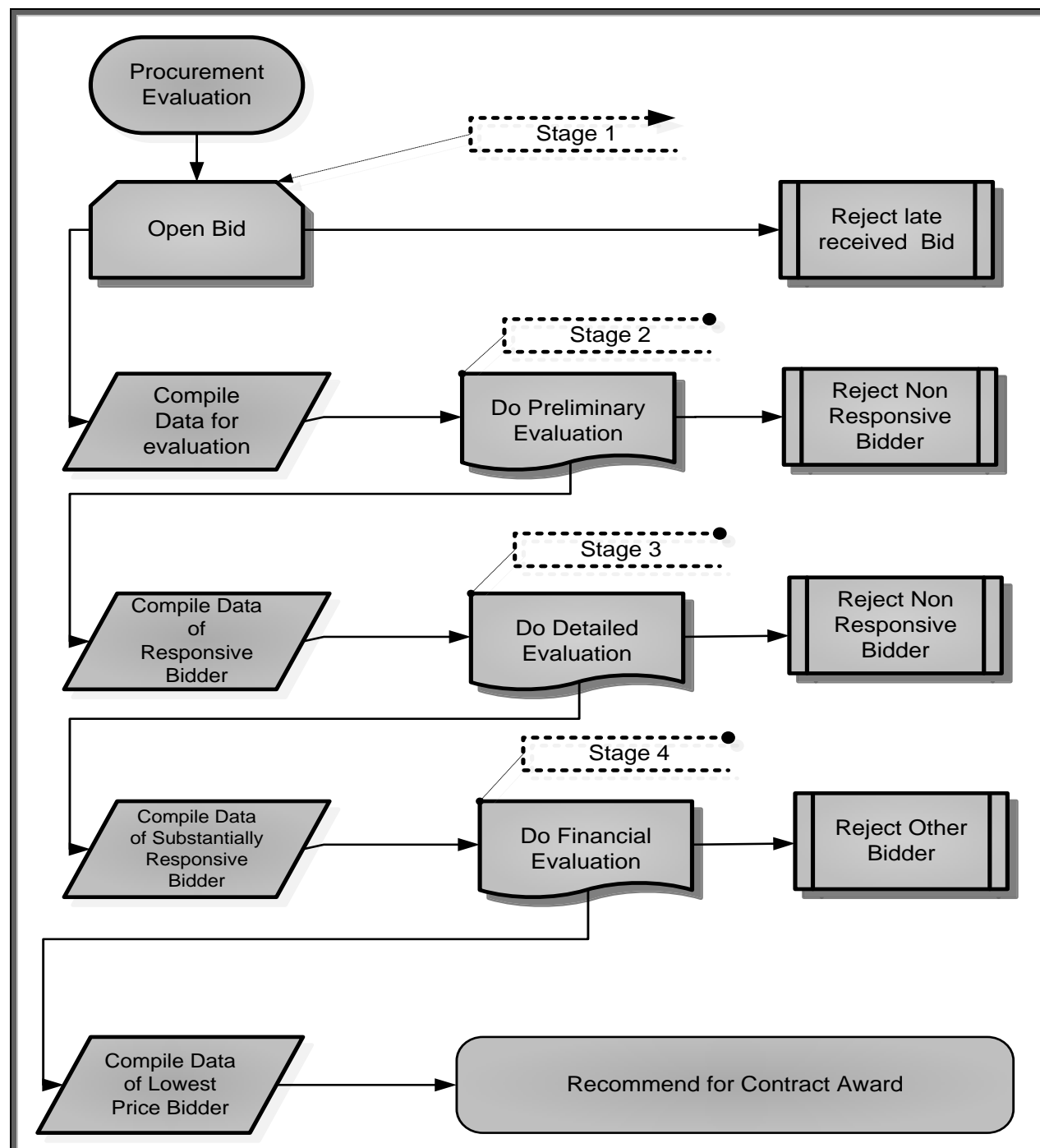
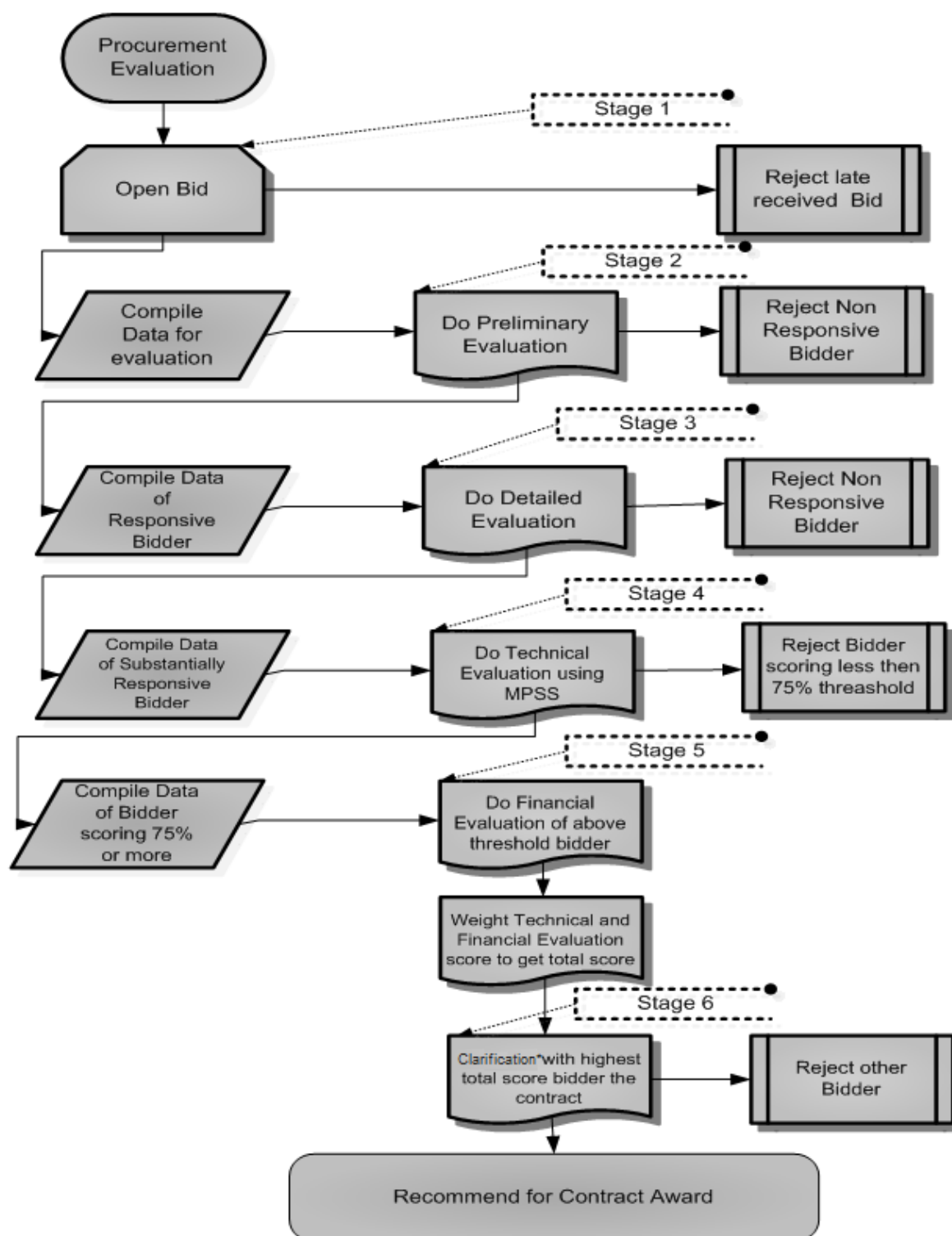


Figure 15 Stages of evaluation for goods, services and routine work

Stages of evaluation where supplier has discretion to specify how they will undertake the assignment:



* clarification of bid as specified in rule 43 see SPP rules 2010

Figure 16 Stages of evaluation where supplier has discretion to specify work

EVALUATION AT BID OPENING

One of the important activities in procurement is the bid opening in the presence of the representatives of bidders (who choose to attend) at the designated place, on the fixed date and time. This is a vital step towards making the process transparent. The first evaluation begins at the time of opening of bid. This includes listing the tenders, preparing tender opening record, excluding late and withdrawn tenders and replacing modified tenders.

Also refer to “Procedure for opening of tender” under SINGLE STAGE – ONE ENVELOPE and SINGLE STAGE – TWO ENVELOPE as outlined separately in this policy.

EVALUATION AT PRELIMINARY EXAMINATION

Purchasing Authority should begin this evaluation process immediately after bid opening process. The purpose of preliminary examination is to identify and reject bids that are incomplete, invalid or substantially non-responsive to the bidding documents and therefore are not to be considered further. As guidance, among others, the following control elements should be tested:

Verification: Attention should be directed towards deficiencies that, if accepted, would provide unfair advantage to the bidder. Sound judgment must be used, e.g., simple omissions or mistakes arguably occasioned by human error should not be considered an adequate ground for rejection of the bid. Rarely is a bid perfect in all respects. However, the validity of the bid itself, for example, its signatures, must be valid, bona fide and done by the authorized representative. If the bidder is a joint venture, the joint venture agreement must be submitted. As the first step, all copies of the bid should be compared with the original and hereafter original should be kept in a safe location, only copies should be used in evaluation. In case of error / omission in copies, original should govern.

Eligibility: Besides any other eligibility requirements of PA, the bidder may require PEC license for construction and contracting works or manufacturer authorization. All partners to a joint venture shall also be similarly registered, i.e. local or foreign and the joint venture shall be registered in Pakistan with PEC. If prequalification has taken place, only bids from prequalified bidders may be considered.

The bidder (including all members of a joint venture and subcontractors) may be disqualified if affiliated with a firm that has provided any consulting services to IBA for this procurement of goods, services or works. Please refer to clauses relating to conflict of interest.

Bid security: The bidding document shall require submission of a bid security, along with the bid, not below one percent (1%) and not exceeding five percent (5%) of the bid price. If the bid security is issued as a bank guarantee, it must be consistent with the wording of the bid security form provided in the bidding document. Submission of a copy of the security is unacceptable. Furthermore, securities for an amount smaller or for a period shorter than the one specified in the ITB are not acceptable.

If bid security amount is up to 10% lesser than of bid security amount required and period is short by maximum two days, the Purchasing Authority should consider the same as minor deviation provided the bidder(s) undertake to make them up in response to his query. The security for a bid submitted by a joint venture should be in the name of the joint venture.

Completeness of Bid: Unless the bidding documents have specifically allowed, bids not offering all of the required items should ordinarily be considered non-responsive. However, under some services and works contracts, missing prices for occasional work items are considered to be included in prices for closely related items elsewhere.

If any erasures, interlineations, additions, or other changes have been made, these should be initialed by the bidder.

Exceptions from bid conditions are acceptable if they are corrective, editorial, explanatory; otherwise, they should be treated as major deviations. Missing pages in the original copy of the bid that affect the ranking of the bidders may cause rejection of the bid.

DETERMINE RESPONSIVENESS BASED ON PRELIMINARY EXAMINATION:

The PA is required to decide whether a tender is “responsive” (i.e. meets the IBA’s requirements) or “non-responsive” (i.e. does not meet the IBA’s requirements).

As a result of preliminary examination, non-responsive bidders should be recorded in a list by order of the tender number allocated at bid opening. The name of the bidder and a brief statement on why the bid was rejected as non-responsive should be recorded.

The non-responsive bid sheet (or sheets) is an auditable document and must be kept on file together with the bids themselves in case there are any queries or objections by bidders and for audit purposes.

DETAILED EVALUATION OF BID

TEC will do the detailed evaluation of the bid.

In practice, few tenders are perfect and therefore the key test is whether a tender is “substantially responsive”. A “substantially responsive” tender is defined as a tender that conforms to all the instructions, requirements, terms and conditions of the bidding document without material deviation, reservation, or omission. In other words, minor (or “non-material”) errors or problems can be accepted by the evaluator(s) or corrected by the bidder, while tenders with major (or “material”) errors or problems must be rejected.

In case of Post Qualification, evaluate the qualification of the bidder i.e., Review of updated information on the sub-elements for prequalification to establish continued status as at the time of prequalification, or assessment of qualification of the bidder from data provided for post qualification. Only post qualified bids shall be further

evaluated for responsiveness and detailed evaluation. Please refer to procedures and responsibility for qualification of bidder given in this policy.

As a general rule, a material deviation, reservation, or omission is one that:

- Affects the scope, quality or performance of the goods, works or services in a substantial way; or
- Would limit the IBA's rights or the bidder's obligations under the contract in a substantial way; or
- Would unfairly affect the competitive position of other bidders if it were corrected;

Determining whether a deviation is material or non-material is a decision for the evaluator(s). The decision must be based on the contents of the tender only. Additional information or previous knowledge of a product or bidder as best practice may not be taken into account.

What is a material or non-material deviation will vary between different tendering procedures, depending on the particular requirements of each. However, decisions on what constitute material and non-material deviations must be applied consistently to all tenders that are part of the same evaluation process.

In deciding whether deviations are material or non-material, the evaluator(s) should consider the impact on key factors such as cost, risk, time and quality of the procurement.

As guidance only, material deviations, reservations or omissions are likely to include:

1. Stipulating price adjustment when fixed price bids were called for;
2. Bidder refuses to sign the Integrity Pact; where applicable;
3. Failing to respond to specifications or unacceptable technical details, such as design, materials, workmanship, specifications, standards or methodologies;
4. In case of consultancy, the bidder had not submitted original and the correct number of copies of the proposal or consultant refuses to sign curriculum vitae, if required;
5. Failing to comply with milestones / critical dates provided in bidding documents, unacceptable schedules for delivery / completion or indicating a completion date later than specified;
6. Subcontracting contrary to the conditions of contract specified in bidding documents;
7. Refusing to bear important responsibilities and liabilities allocated in the bidding documents such as performance guarantees and insurance coverage;
8. Taking exception to critical provisions such as applicable law, taxes and duties and disputing resolution procedures;
9. Those deviations that are specified in the ITB requiring rejection of the bid (such as, in the case of works, participating in the submission of other bids);
10. Unacceptable counter proposals on key contract terms and conditions, such as payment terms, price adjustments, liquidated damages, subcontracting or warranty;
11. Bid is submitted by a contractor who has participated in more than one bid; unless the Purchasing Authority considers bidder participation in other bids as appropriate based on the work capability and existing performance of the bidder;

12. Bid is submitted through fax, telex, telegram or e-mail (because there are set procedures for receiving the tenders);
13. Bid submitted for incomplete scope of work;
14. Bidder indicates that material to be supplied does not meet the specifications requirements;
15. Bidder indicates that prices quoted are not firm contract except those prices where escalation / adjustments are permitted in the conditions of contracts;
16. Bidder indicates that bid prices do not include the amount of taxes & duties;
17. Bidder refuses to accept the arithmetic corrections;
18. Bidder provides subcontracting contrary to conditions specified in the bidding documents;
19. Bidder does not comply with the performance requirements of supplies specified in the bid documents.

As a general rule, a non-material deviation, reservation, or omission is one that offers deviations acceptable to the evaluator, can be assigned a monetary value, may be considered substantially responsive at least as to the issue of fairness. Where applicable, the value would, however, be added as an adjustment for evaluation purposes during the detailed evaluation process.

As guidance only, non-material deviations, reservations or omissions are likely to include:

1. Minor differences in delivery or completion schedules, where time is not very critical;
2. The omission of minor items;
3. Arithmetic errors;
4. Alternative technical details, such as design, materials, workmanship, specifications, standards or methodologies, which are substantially responsive and acceptable to the IBA and evaluator;
5. Minor amendments to contract terms and conditions, which are acceptable to the PA or IBA.
6. Requests for deviations that are expressed by the bidder in vague terms, such as "we would like an increase in the amount of mobilization advance" or "we wish to discuss changes in the completion schedule" should ordinarily be ignored in bid evaluation (if the same is withdrawn by the bidder upon subsequent clarifications) provided that the same do not affect the relevant ranking of the bidder. However, this shall be considered deviation if adjustment procedure for late completion or such other items are mentioned in evaluation criteria. Also a categorical statement by the bidders taking exception to a requirement in the bidding documents should be treated as a major deviation.
7. If a bid requires a faster payment than specified in the bidding documents, then adjustment should be based on the prospective benefit to the bidder. This situation assumes use of a discounted cash flow using the prevailing commercial markup rates for the currencies of the bid, or ITB specifies a rate.
8. If a bid provides for a completion that is beyond the date specified in the bidding documents but that is nonetheless technically acceptable to the Purchasing Authority and users, the time advantage given should be assessed and a penalty specified in the light of the ITB or, if one is not provided, it should be based on the rate of liquidated damages specified in the bidding documents.

TECHNICAL EVALUATION OF BID

The technical evaluation is required to be conducted on proposals determined to be substantially responsive during the detailed evaluation and relates to types of procurement 'where supplier has discretion to specify how they will undertake the assignment' (e.g. consultancy, complex construction projects, etc.).

The Merit Point Scoring System (MPSS) is used to assess the relative quality of proposals. A variable number of points are awarded to each proposal for pre-determined criteria and sub criteria out of a maximum number of points stated in the Standard Bidding Document or RFP document. This gives a score indicating the relative quality of each bid or proposal. The scores of all evaluators are used to calculate an average score for each proposal which becomes the total technical score for that bid / proposal.

Some advantages of merit point scoring system are:

- makes evaluation more transparent and fair;
- provides TEC members with a shared definition of the ratings;
- reduces scoring inconsistencies and discretion; and,
- requires TEC to justify their ratings on a common basis

Procedure for carrying out Merit Point Scoring System

The procedure for Merit Point Scoring System (MPSS) or making scorecard for technical evaluation is as follows:

1. Evaluators must read TOR, RFP, evaluation criteria and proposals from consultants.
2. All evaluators should jointly discuss the criteria and any sub-criteria to ensure that all evaluators have a common understanding of the criteria and their relative importance.
3. Evaluator should agree about the percentage rating of various types of entries. For the sake of uniformity an illustrative sample rating guide containing description of the ranges recommended for use are as follows:

<u>Percent Rating</u>	<u>Quality</u>
40-59	Not acceptable
60-69	Marginally acceptable
70-79	Good
80-89	Very good
90-100	Outstanding

4. In order to avoid rejection of a proposal the lowest reasonable rating is set to 40 percent, therefore, any rating below 40 is not permissible. This is considering the fact that a score lower than the 40 in one of the criteria may deny the consultant the option to negotiate a weak point of otherwise an outstanding proposal.
5. Each evaluator should conduct an evaluation of each bid / proposal, independently from all other evaluators. Consider each factors and criteria to award scores out of the maximum number of points against each criterion. Record all scores and sign the score sheet.

6. Where a number of points are allocated to performance at interview, conduct interviews.
7. The Purchasing Unit (PU) or PA will collect scores, compile them on a single score sheet and calculate average scores for each criteria. To calculate the average, add the scores of all evaluators together and divide by the number of evaluators.
8. The PU or PA will compare the scores of each evaluator for each proposal, in order to check that there has been a consistency of approach and a common understanding of the criteria and each proposal. Any significant deviations from the average score or inconsistencies in scoring should be identified and evaluators may be contacted to explain their scores at a meeting of all evaluators.
9. In exceptional cases, where the evaluators agree that there has not been a consistency of approach or where discussions reveal a misunderstanding of a criterion, the scoring method or a proposal, one or more evaluators may be permitted to adjust his or their individual scores. No evaluator shall be obliged to make adjustments to his scores. The original score sheets must be retained and revised scores recorded on a new score sheet. Where any scores are revised, the PU or PA will collect and compile scores again and recalculate the average score for each proposal.
10. Based on evaluation results, any firm with total score below the threshold of 75 percent to be rejected and financial envelope shall be returned un-opened.

TECHNICAL EVALUATION FACTORS

Objective is to find the most suitable technical proposal based on previously approved criteria.

As a general rule, out of the total 100 points for technical evaluation weight to be assigned to factors shall, inter alia, include the following:

- | <ol style="list-style-type: none"> (I) The consultant or contractor competence and experience relevant to the assignment; (II) Quality of approach and methodology to include understanding of project needs, methodology to implement / perform the activities / sub-activities, work plan, organization of the team, time schedules, the consultants proposal for implementation of the assignment etc; (III) Qualifications and experience of the proposed personnel and consultants / contractors; and, (IV) Suitability for transfer of knowledge (training). | <table border="1"> <thead> <tr> <th>Points
(example)</th> </tr> </thead> <tbody> <tr> <td>20</td> </tr> <tr> <td>40</td> </tr> <tr> <td>35
05</td> </tr> </tbody> </table> | Points
(example) | 20 | 40 | 35
05 |
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| Points
(example) | | | | | |
| 20 | | | | | |
| 40 | | | | | |
| 35
05 | | | | | |

Points assigning varies considerably based on nature of the assignment. But in most situation methodology and personnel capacity are allocated majority of the total points.

ALLOCATION OF SUB-CRITERIA

Sub-criteria and their weighting determine the outcome of the evaluation. Sub-criteria should be chosen considering the aspects that are critical to the success of the assignment. All sub-criteria points shall be included in the bidding documents for information of the applicants.

1st. Qualification / experience of firms / consultants / contractors

Capacity and 'specific experience' of consultants / contractors is usually sub-divided into the following factors:-

- Experience on similar projects;
- Experience in similar conditions and areas;
- Capacity of the consultants to carry out the assignment.

Unnecessary strict conditions for awarding the 100 percent credit should not be imposed such as length of operations of a firm, additional importance to the largest number of projects, total value of contracts over a specified time period, unnecessarily long list of support elements of men and material.

No two projects are exactly alike and that would always be a hurdle in decision making when considering the previous experience as similar project experience. However, the TECs can take into consideration the experience of each similar / comparable component or sub-component in the previous experience of the firm(s) and number of activities performed on the previous projects after assigning rational weight to each component of a project as well as to each activity to be performed by the selected firm.

'General experience' should also be considered after certain limitation in numbers. Weight assigned to general experience shall be not more than 30% of the total experience. A maximum of 10 to 20 projects should be enough number to fetch full hundred points.

For general guidance specific and general experience merit point scoring is proposed as follows:

For Specific Experience (example)		
No. of Projects	For Max. 5 Projects	For Max. 3 Projects
1st Project	50 Percent	70 Percent
2nd Project	75 Percent	90 Percent
3rd Project	85 Percent	100 Percent
4th Project	95 Percent	-
5th Project	100 Percent	

For General Experience (example)			
Where Maximum Number of Projects is fixed as 20		Where Maximum Number of Project is fixed as 10	
Numbers of Projects	Proposed Criteria	Number of Projects	Proposed Criteria
Min: 3	20%	Min: 2	25%
4-5	40%	3-5	60%
6-7	60%	6-7	85%
8-10	70%	8-9	95%
11-13	80%	10	100%
14-16	90%		
17-20	100%		

2nd. Approach and Methodology

For evaluation of this aspect of a consultant / contractors or firm capability, it is preferably sub-divided into several fields that may include the following:

	Points (%) (example)	
a. Understanding of Objectives or Adequacy of proposed work plan {understanding work plan};	04	10
b. Quality of methodology;	12	30
The methodology should individually cover all phases, components and activities of the project/proposal; e.g.:		
i) Survey & Investigations, case study;		
i) Design, workflow, approach, scenario;		
ii) Procurement, selection, assessments, evaluation;		
iii) Construction supervision, quality assurance;		
iv) Assessments and performance measurement;		
v) Other Items, scoring and stratification;		
c. Innovativeness:	04	10
The consultants have proposed to carry out surveys, design or quality control etc, adoption of latest concepts; for quality assurance or standardization, that would help quality output, be economical and use of state-of-the-art technology.		
d. Work Program or Task Details	12	30
i) Activity Schedule(s),		
ii) Team Organization,		
- Bar Chart,		
- CPM Schedules,		
iii) Staff duty Matrix,		
iv) Staffing Schedule,		
v) Estimate of Staff Months,		
e. Facilities Proposed for the Assignment	04	10
i) Support Staff,		
ii) Office accommodation/furnishings,		
iii) Living accommodation,		
iv) Equipments,		
v) Transport,		
vi) Any other facilities,		
f. Transfer of technology	02	05
g. Proposal presentation	02	05
i) Conciseness, ii) Clarity, and, iii) Completeness;		

3rd. Evaluation of Key Staff

For engineering assignments and consultancy the professional staff is the key element for ensuring the quality of output, similarly for ERP trained and authorized staff is key element for ensuring the quality of ERP implementation. The key staff factor accordingly is assigned 35 points out of total 100 points.

Evaluation for quality of the key staff is generally done on the basis of the following sub-elements that are mostly listed in the bidding documents / RFP.

- A. Academic and General Qualifications;
- B. Professional experience related to the assignment;
- C. Knowledge of language;
- D. Status with the firm (Permanent Staff Member);
- E. Training experience (if applicable);

The sub-criteria is applied to the team leader and other key professional staff proposed by the consultants/contractor or firm. The weight to each position is assigned according to the importance of the expert role in effecting quality and providing qualitative services.

In most of the cases the following major emerges need to be resolved and agreed upon by the TEC before starting the evaluation:

- (1) Weight assigned to each Group / Expertise,
 - (a) Weight assigned to Team Leader & Deputy Team Leader (if required),
 - (b) What are the key disciplines,
 - (c) Weight assigned for each discipline,
 - (d) Key personnel in each discipline,
 - (e) Weight assigned for each key person if more than one expert is to be evaluated.
- (2) Weight assigned to each qualification element,
 - (a) Educational,
 - (b) General qualifications / training,
 - (c) Professional experience related to project,
 - (d) Knowledge of languages,
 - (e) Permanent staff member / stable working relationship with the firm or contracted for the assignment,
 - (f) Training teaching experience if training / teaching is a requirement in the assignment.

Team Leader is normally given large importance because his role is pivotal and since he/she effectively contribute towards the success of the assignment. The weight to other groups or experts is assigned in the light of their relative importance within the consultant implementation team.

A sample guide for evaluators to assign weights for staff position is as follows:

ITEM DESCRIPTION	WEIGHT (max 35 points) (Examples)	
	%	POINTS
a. Team Leader	60	21
b. Quality Assurance / Project Managers / Experts/ Engineers	5	2
c. Surveyors / Investigators / Data Miners/ Business Intelligence	5	2
d. Designers / Industry Analyst or system analyst	10	3
e. Procurement / Trainers / Marketing Managers	10	3
f. Supervision / Administrators	5	2
g. Quality Controller / Risk Managers	5	2

The TEC, after a decision about the weights assigned to each discipline / group / position will consider whether only the team leader / top specialist in the group or numbers individuals to be evaluated, which however shall be as given in the RFP / SBD. If more than one person is to be evaluated then weight assigned to each individual within the group may also have to be decided before proceeding with the formulation of the detailed evaluation criteria for each position.

A sample guide for the evaluators to assign weights for each staff position is as follows:

<u>Elements</u>	<u>(Examples)</u>	<u>Percentage</u>
I. Academic and general qualifications		20
II. Professional experience related to the project		60
III. Knowledge of languages		10
IV. Status within the firm		10
Total Points		100

I. Academic and general qualifications

These refer to formal education, training courses related to the assignment, training that is considered an asset for successful performance against the assigned position and other professional attainments like recognition by the Government, professional body or professional papers printed in local or international journals. This is taken

into consideration to assess the level of advancement of the individual in his profession. However, for persons with over ten to fifteen years experience more attention should focus on their career experience, attainments, level of position in the firm and responsibility assigned to the post. Undue emphasis on university degrees or alumni status should be discouraged.

The minimum engineering, accountancy or business degree i.e. a Bachelor's degree should be assigned the threshold percentage and remaining should be divided into the additional higher qualifications relevant to the position and other training / attainments in the form of achievements, e.g. chartered, professional papers, etc. For the position of a design engineer or industry / system analyst, higher degree may be more relevant than for a project manager / experts or construction engineer because experience of working on a similar assignment provides exposure and confidence. Similarly a management degree may be relevant to a Team Leader. However, the higher degree requirement could be demanded such as M.Sc. or PhD in the related field of assignment will be considered a weighted qualification and credit may be awarded for the higher degree accordingly.

A sample guide for evaluator to assign weights to the sub-head Academic and General Qualifications is as under:

(Total weight of 20 percent is sub-divided into the elements that are relevant to the position / assignment)

Point Weight: 21 points for team leader by 20% for academic and general qualifications	
Academic and general qualifications	% (Eg)
Bachelor degree or equivalent	40
Specialization / Masters or equivalent	30
PhD	10
Training in management	10
Research / technical papers / recognition by the Government / other bodies	10
Points for Academic and general qualifications	100

II. Professional experience related to the project

This is the most important element and is normally assigned 60% of the total for the position / group. This is further subdivided into the elements relevant to the assignment that include:

- i. Experience in similar position for a minimum time period;
- ii. Experience in the specific project component in senior position;
- iii. Experience in specific project aspect / component in junior positions;
- iv. General experience considered useful for the project.

In order to anticipate project or assignment success, the experience in similar position is normally a requirement for the top positions i.e. team leader, experts, etc. The specified requirement could be for number of years, number of projects or a combination of both.

Experience in junior positions on a similar project with similar components is also an important factor for evaluation.

Experience of a dissimilar project could also be considered when assigning weights for evaluation of the expert. Similarly experience on construction of warehouses, industrial and residential buildings may not be the same as construction of structures on an irrigation and drainage system but the construction experience is there and it may be acknowledged by awarding credit for this as the general experience.

In light of discussion so far, the percentage assignable under the “Professional experience related to the project” could be summarized as follows: (Examples)

Description	Team Leader	Designers	Other
Experience in lead position	40	25	25
Experience on similar projects in senior position	30	50	50
Experience on similar projects in junior position	20	15	15
General useful experience	10	10	10
Total for professional experience related to project	100	100	100

FINANCIAL EVALUATION

The financial evaluation must only be conducted on following tenders:

- For goods, works and routine services that were determined to be 'substantially responsive' during the 'detailed evaluation', and,
- For procurement 'where supplier has discretion to specify how they will undertake the assignment' (e.g. consultancy, complex construction projects, etc.) that were determined to be 'substantially responsive' during the 'detailed evaluation', and are highest total score bidder based on technical evaluation,

The financial evaluation is conducted to determine the evaluated price of tenders, rank the tenders according to their evaluated price and identify the lowest priced tender, which will be recommended for award of contract.

Preliminary Check on Financial Bids

Carry out Arithmetic check:

Arithmetical errors shall be rectified.

The tender shall contain no alterations, omissions or additions, except to comply with instructions issued by the Purchasing Authority, or as are necessary to correct errors made by the bidder, in which case such corrections shall be initialed by the person or persons signing the tender.

The correction shall be made by striking a line over the wrong amount, and writing the correct amount separately. The use of white fluid / Blanco for correction of error is not allowed.

If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected, unless in the opinion of the evaluator(s) there is an obvious misplacement of the decimal point in the unit price, in which case the total price as quoted shall govern and the unit price shall be corrected.

If there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected.

If there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to the notes above.

Bidders should be notified in writing of any arithmetic corrections made and requested to agree to the corrections in writing.

Bidder disagreement with the correction of arithmetic error as described above shall be cause of rejection of bid at this stage.

Purchasing Authority shall convert all proposals to a single evaluation currency for purposes of comparison, using the currency and the date and source of the exchange rate specified in the RFP / SBD document.

Modifications and discounts:

In accordance with the ITB, bidders are allowed to submit, prior to bid opening, modifications to their original bid. The impact of modifications should be fully reflected in the examination and evaluation of the bids. These modifications may include either increases or discounts to the bid amounts that reflect last minute business decisions. Accordingly, the original bid prices should be modified at this point in the evaluation. The effect of unconditional discounts (or alternatively, increases) should be reviewed and rechecked. Any discount expressed in percent must be applied to the appropriate base specified in the bid.

Additions:

Omissions to the bid should be compensated by adding the estimated costs for remedying the deficiency. Where some minor items missing in some bids are present in others, average of the quoted prices could be used to compare competitors' bids. The cost determined should be expressed in the evaluation currency.

CALCULATING FINANCIAL SCORES FOR GOODS, WORKS AND ROUTINE SERVICES

Financial scores must be awarded using the method specified in the SBD / RFP document. This is normally as follows:

- The lowest priced proposal is given a financial score of 100,
- All other proposals are given a financial score proportionate to this, using the formula $S_f = 100 \times F_m / F$, in which;

"S_f" denotes the financial score of the proposal under consideration;

"F_m" is the price of the lowest priced proposal;

"F" denotes the price of the proposal under consideration.

For example, if prices were as follows:

Vendor A	Vendor B	Vendor C
Rs 500,000	Rs 450,000	Rs 600,000

Vendor B has the lowest price and would be awarded 100 points.

The formula would be applied to Proposal A as follows: $100 \times 450,000 / 500,000 = 90$ points.

The formula would be applied to Proposal C as follows: $100 \times 450,000 / 600,000 = 75$ points.

CALCULATING FINANCIAL SCORES: 'WHERE SUPPLIER HAS DISCRETION TO SPECIFY HOW THEY WILL UNDERTAKE THE ASSIGNMENT' (E.G. CONSULTANCY, COMPLEX CONSTRUCTION PROJECTS, ETC.)

Purchasing Authority first calculates the financial score (Sf) of the lowest priced proposal as per method discussed above.

The technical and financial scores must be in accordance with the weights / scaling stated in the SBD / RFP document. This is normally in the range of 50 to 80% for the technical score and in the range of 50 to 20% for the financial score depending on the nature of the project and relevant importance of each major criterion. The combined weights must always total 100%.

For selection of consultants, the weights assigned to technical factors can be set to maximum of 80% and 20% for financial cost. For all other cases, technical factors must be given maximum of 60% and 40% to financial cost.

To determine the weighted scores, multiply the actual technical and financial scores by the percentage weights stated in the SBD / RFP document.

To determine the total score, simply add the weighted technical and financial scores together.

In the example stated below, technical and financial scores received by firm 'A' are mentioned in the original scores column. The weights are stated in accordance with the SBD / RFP document, the calculation of weighted scores and the total score is as follows:

	Original scores	Weighted (e.g.)	Calculation	Results
Technical	75	80%	75 x 80/100	60
Financial	85	20%	85 x 20/100	17
Total		100%		77

BIDDER QUALIFICATION

Qualification may apply to open tendering method. PA or PU, at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether already pre-qualified or not.

The purpose is to check whether a successful bidder has the resources, experience and qualifications required to satisfactorily perform a contract. As qualification is conducted before a contract is awarded, hence the contract is denied if the bidder is not qualified. Moreover, this reduces the likelihood of defaults or poor performance under a contract.

Qualification will normally be conducted by the PA and technical advice will be needed from related TEC.

Procedure for qualification:

This process begins after selection through evaluation process:

1. PA reviews the bidding document for details of the qualification criteria and the evidence of qualification eligibility received from requested bidders.
2. PA should examine the evidence submitted by the successful bidder and assess whether it meets the criteria. Seek clarifications or updated information from the bidder if required. Where qualification requires a visit to the successful bidder or any other checks which are likely to incur significant costs, obtain approval from CPC before incurring the cost.
3. Where the successful bidder is eligible and qualified to supply, include this information in the evaluation report.
4. Where the successful bidder is not eligible or not qualified, PA should report the matter to the related TEC for approval and selection of next lowest evaluated bidder and repeat this process as required until an eligible and qualified bidder is identified.
5. PA should include the results of all qualification checks in the evaluation report which should be submitted to the CPC for approval with reasons why any bidder was determined not to be either eligible or qualified and a clear recommendation for contract award. Bidders must not be rejected prior to obtaining CPC approval of the qualification results.

PREPARING EVALUATION REPORT

The evaluation report prepared by PA must include at least the following information:

- The results of the preliminary screening with the list of rejected bidders and a brief statement of why the bid was rejected;
- The results of the detailed and technical evaluation;
- A list of any tenders that were rejected as non-responsive and the reasons for the rejection;
- Details of any non-material deviations, errors or omissions accepted, clarified or corrected and, where relevant, the quantification and amount taken into account in the financial evaluation;
- The amount of each tender as read out at the bid opening;
- The evaluated amount of each tender, following any correction or adjustments to the amount and the conversion to a single currency (if required);
- The ranking of the tenders, according to their evaluated amount;
- A statement indicating tender having lowest evaluated amount and is the one recommended by Purchasing Authority; and
- The results of any qualification, if any.

The evaluation report must be signed by PA, Chairman and Members of TEC.

The approved evaluation report and all supporting documents used in conducting the evaluation must be kept on the procurement file. Minutes of the TEC meetings and copies of all correspondence with bidders, such as letters relating to clarifications, the correctness of adjustments to arithmetic errors or extensions of the tender validity, must also be kept on the procurement file.

APPROVALS OF EVALUATION REPORT

PA should obtain approval of the CPC and A&FC for any tender exceeding Rs. 50 million for completion of the evaluation report. Publishing / communicating evaluation report / results, accepting / rejecting of any tender, indicating successful tender must not be done / communicated before this approval is obtained and results of the bid evaluation have been announced at IBA, SPPRA and PPRA websites as per SPP and PPRA rules.

The CPC proceedings must clearly minute either 'recommend' or 'not recommend' the evaluation report submitted by PA. The minutes must include recommended tender title, the amount of the contract and / or any discussion on delivery period or other contract terms held with the recommended bidder.

Finalization and public declaration of evaluation report

The evaluation report for procurement exceeding Rs. 100,000 shall be published on IBA, SPPRA and PPRA websites at least seven (7) days prior to the award of contract.

Following minimum information shall be published on website:

1. IBA contact address, telephone number, e-mail address and the name of Purchasing Authority with his / her direct line telephone number, if available;
2. The procurement reference number;
3. A brief statement on what the procurement relates to, e.g. "Tender for the purchase of high speed scanners";
4. The date of the original advertisement on the IBA, SPPRA and PPRA websites;
5. The SPPRA and PPRA's reference number for the original posting;
6. Basis for acceptance or rejection;
7. Contract price should also be indicated.

For guidance, the detailed text of the notice may include:

1. The number of bids received and names of the bidders;
2. The number of bids declared non-responsive at the preliminary evaluation stage and reasons why those bids were non-responsive (did not meet mandatory eligibility criteria, did not include bid security in the correct format for the specified amount or with the required validity, etc);
3. The number of bids evaluated at the technical evaluation and the names of those bidders;
4. The number of bids declared technically responsive and which went on to the financial evaluation together with names of those bidders;
5. The names and ranking of the bidders in the financial evaluation together with the prices quoted and the name of the selected lowest evaluated bidder;
6. The notice to also state that "TEC and CPC meeting was held on(date). Using the bid evaluation criteria listed in the Invitation to Tender of (date), the CPC has identified Messrs.....(name of winning bidder) to be the lowest evaluated responsive bidder. It is proposed that a contract should be awarded to the named bidder in fifteen days time."

POSTING OF CONTRACT AWARDS ON SPPRA / PPRA'S WEBSITE

PA shall post on IBA, SPPRA and PPRA websites, through Sr. Web Administrator disclosure of contract awards within seven days of the award of contract, the results of the bidding process, identifying the bid through procurement identifying number, if any, and the following information:

1. Evaluation report;
2. Form of contract and letter of award;
3. Bill of quantities or schedule of requirement.

Provided that where any information related to the award of a contract is of proprietary nature or where the PA is convinced that such disclosure of information shall be against the public interest, it can withhold only such information from uploading on IBA, SPPRA and PPRA websites subject to the prior approval of the SPPRA and PPRA authorities.

Documents / records required to be maintained:

Normally following records are maintained by Purchasing Authority:

- I. The approved technical and financial evaluation reports, and all supporting documents used in conducting the evaluation, such as signed individual score cards and minutes of meetings of the evaluators;
- II. Evaluation reports signed by Purchasing Authority, all TEC members who have been involved in the evaluation;
- III. Results of the preliminary evaluation;
- IV. The presence or absence of bid security for the specified amount in the format specified, valid for the required period and provided by an appropriate financial institution;
- V. Technical scores of each evaluator for each proposal and the total technical score for each proposal;
- VI. Written summary of the relative strengths and weaknesses of each proposal;
- VII. For selection of consultants, proposals which were rejected for being non-responsive to important aspects of the terms of reference and the reasons;
- VIII. An analysis of any discrepancies in merit point scores between evaluators and a summary of any discussions held and adjustments made;
- IX. Minutes and results of the interviews held;
- X. List of bidders that reached the minimum technical threshold and recommended for opening of financial proposals;
- XI. List of rejected proposals;
- XII. Details and list of total proposal prices and technical scores read out at the financial proposal opening day;
- XIII. List of the evaluated price of each proposal, following any corrections or adjustments to the price and the conversion to a single currency;
- XIV. List of the financial scores of each proposal and the methodology for allocating financial scores;
- XV. Working for weighting of technical and financial scores and the working for total score for each proposal;
- XVI. Statement and recommendation from Purchasing Authority indicating proposal with highest total score and / or successful proposal / bid;
- XVII. Details of the total amount of the proposed contract; and,
- XVIII. Details of any pending discussion to be held with the successful bidder.

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MANAGING ACCEPTANCE

SPP Rules 2010: Rule 48: Acceptance of Bids

Even when only one bid is submitted, the bidding process may be considered valid, if the bid was advertised in accordance with rules, and prices are comparable to the prices or rates of the last awarded contract or the market prices.

A Notice of Acceptance (NoA) shall be issued to the bidder selected in the bid solicitation process. NoA is normally used under the open tendering and RFP methods. A NoA may also be used under the direct contracting method.

Under the RFQ method, acceptance of a quotation is normally through issue of a Purchase Order.

NoA will be signed and sent by the PA, once all required approvals have been obtained.

Purpose of Notice of Acceptance

NoA provides a rapid means of forming a contract, rather than waiting while the complete contract document is prepared. This offers a number of potential benefits:

- the contract comes into force at once which means that delivery or mobilisation period starts sooner and overall contract completion should be achieved faster;
- Avoid extension, in case the bid validity is about to expire, NoA can be accepted quickly.

Procedure for issuing Notice of Acceptance

1. Ensure that approvals for purchasing and budget availability are taken from the TAP, CPC and Director Finance;
2. Ensure tendering process is fully complied, documented and the evaluation report has been published / announced in accordance with Rule 45 of SPPRA;
3. Ensure that the successful bidder's tender is still valid and that any modifications to the tender have been confirmed in writing by the bidder;
4. Prepare the NoA and ensure that the notice is signed by the PA.
5. Dispatch the notice to the successful bidder, keeping evidence of dispatch, such as proof of posting, fax confirmation slip, etc.
6. Ensure that confirmation of receipt of the NoA is received from the bidder.

Items to be included in Notice of Acceptance

At a minimum, the NoA must include:

- the name and address of the PA, which is party to the contract;
- the name and address of the supplier;
- the date of the notice;
- the reference number of the procurement transaction;
- a brief description of the goods, works or services procured;

- the date and any reference number of the bidder's tender;
- reference to any clarifications or other correspondence which modifies the bidder's tender;
- the currency and amount of the contract award;
- a statement of any items which are specifically excluded from the contract award, e.g. certain lots included in the tender or any change in quantities;
- a statement that the supplier should begin performance of the contract;
- a statement that a full contract is being prepared and will be sent to the supplier for signature in due course;
- a request that the supplier confirm receipt of the Notice of Acceptance and confirm that it is proceeding with contract performance;
- instructions on any immediate actions required from the supplier e.g. provision of a performance security; and
- the signature of the Purchasing Authority of the IBA.

MANAGING CONTRACT DOCUMENTS FOR SELECTED BIDDER

The contract document confirms in writing the contract which has been agreed and formed between the IBA and the supplier. It defines the goods, works or services to be provided, the price to be paid for the goods, works or services and establishes the rights and obligations of each party. The contract is the governing document for administration of the contract.

Preparing contracts applies to the open tendering, RFP and direct contracting methods.

The Purchasing Authority is responsible for the preparation of contract documents, obtaining all necessary approvals, getting the approved contract document signed and issuing the document.

Contents of contract document

The contents of the contract document will depend on the model contract included in the standard bidding document. The contents of a contract and the order of precedence are normally listed in the contract form or special conditions of contract. As guidance only, contract documents normally consist of the following:

- the contract form or agreement;
- the contract award notice / letter of acceptance;
- the supplier's tender and any modifications to that tender;
- the special conditions of contract;
- the general conditions of contract;
- the description of the goods, works or services, comprising specifications, terms of reference, drawings, bill of quantities, activity schedule and / or any other similar document.

ADMINISTERING A CONTRACT

Refer to SPP Rules 2010: Rule 34: Arbitration, Rule 54: On account payments and Rule 57: Closing of Contract.

Purchasing Authority has the overall responsibility for contract administration, but will work with other resources, such as technical expertise, Finance for payments, legal services and storage areas, as required. Day-to-day contract administration will often be assigned to an end user or technical expert.

Procedure for Administering a Contract

1. Ensure that a signed copy of the contract or confirmation of the purchase order is received from the supplier.
2. Ensure that any required Integrity Pact certificate, performance security or advance payment security is received from the supplier.
3. Ensure that the IBA meets any immediate obligations, such as payment of an advance, opening of a letter of credit or assistance with obtaining visas for the consultant's / supplier's foreign staff.
4. Prepare a contract implementation plan, showing key milestones, such as dates for mobilisation, deliveries or completion of certain deliverables or sections of work, and the Purchasing Authority's obligations, such as providing access to information, requirements, a works site, payment or approval of reports.
5. Monitor the performance of both parties against the contract implementation plan. Take action as required to address any problems or delays, whether actual or anticipated.
6. Ensure that all work completion, deliveries, targets or deliverables are completed by the supplier.
7. Check Finance Department for payment documentation and authorizations.
8. Check for any contract amendments that are required at any stage.

Documents / records required:

Correspondence and documentation relating to contract administration must be kept on the procurement file. In particular, records are required of:

- invoices and other payment documents;
- documentation relating to contract performance, such as delivery notes, progress reports and other deliverables;
- contract variations;
- contract amendments;
- documents relating to claims under the contract, including warranty claims;
- documents relating to contract disputes and dispute resolution.

Sample guidance for contract administration of goods

Contracts administration for goods focuses on ensuring that goods are delivered on time, that the goods are acceptable to the user and IBA, in terms of quantity, quality and supporting documentation, and that the IBA meets its obligations to pay for the goods delivered in a timely manner.

For administration of contracts relating to goods the responsibility of Purchasing Units or Purchasing Authority include:

- Recording and following the actual dates delivery dates as agreed with the supplier, based on the date of contract commencement;
- expediting during the delivery period to ensure that manufacturing, freight-forwarding and deliveries are proceeding on schedule;
- witnessing tests or approving samples, where required;
- arranging collection, freight-forwarding, customs clearance or delivery, where the IBA is responsible for any of these tasks;
- arranging for receipt and inspection of the goods;
- checking all documentation relating to the goods, such as delivery notes, and ensuring that documentation is correct before signing;
- recording any missing, damaged or incorrect items and initiating claims against insurance or the supplier;
- reporting any contractual problems or requests for contract amendments;
- checking invoices and supporting documentation for payment are correct and requesting payment;
- managing any securities, such as performance or payment securities, by ensuring that they are kept securely, ensuring that extensions to their validity are obtained in good time, when required, reducing their value when required, and releasing them promptly, when all obligations have been fulfilled;
- ensuring all documentation and information relating to warranties and warranty claims are in good order;
- ensuring that assets are registered and labelled, where required;
- ensuring all user guides, manuals, licences etc. are kept with the goods or in an appropriate place; and,
- recording goods in the IBA asset / inventory records and issued to the end user in accordance with applicable stores and supply management procedures.

Sample guidance for contract administration of works

Contracts administration for works is often complex and time consuming, as it involves supervision of the progress of the works, ordering variations where unforeseen conditions are encountered and measuring the work completed for payment purposes. For major contracts, the IBA hires the services of project manager for control and supervision of the contract.

For administration of contracts relating to works the responsibility of Purchasing Units or Purchasing Authority include:

- ensuring that the role of the project manager is clearly defined, in particular their powers to issue contract variations, which result in changes to the overall cost, completion date, quality and design of the works and to settle disputes;
- establishing arrangements for keeping Director IBA and Executive Committee informed of contract progress, variations issued and any disputes;
- delegating authority for nominating contact point for the project administration;
- ensuring that the actual mobilisation and completion dates are agreed with the contractor, based on the date of contract commencement;
- monitoring the overall progress of the works and the performance of the project manager;
- referring any requests for contract variations, which are outside the authority of the project manager and getting necessary approval;
- reporting any contractual problems or requests for contract amendments;
- checking correctness of invoices and supporting documentation for payment requesting payment;
- managing any securities, such as performance or payment securities, by ensuring that they are kept securely, ensuring that extensions to their validity are obtained in good time, when required, reducing their value when required, and releasing them promptly, when all obligations have been fulfilled;
- ensuring all final acceptance and handing over arrangements are completed and documented satisfactorily; and,
- ensuring all final drawings, manuals etc. are received and kept in an appropriate place.

MANAGING CONTRACT AMENDMENTS

SPP rules 2010: Alternative methods of procurements Rule 16(1)(b)(iv) states that direct contracting method can be used for amendment where civil works are to be contracted and are a natural extension of an earlier or ongoing job and it can be ascertained that the engagement of the same contractor will be more economical and will ensure compatibility of results in terms of quality of work subject to Repeat Orders covered in SPP rules 16(1)(e);

Repeat Orders – means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme;

- (i) the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount; and
- (ii) the original supplier and contractor are willing to supply goods or carry out additional work on the same prices as agreed in the original contract.
- (iii) in case of goods, it shall be permissible only within the same financial year, and in case of works, during the currency of the project(s) or scheme(s).

Ideally, a contract which has been placed should not require any amendment, but sometimes during the period of performance of the contract it become imperative to make changes to the terms and conditions of a contract or the description of requirements. Contract amendments provide formal, legal way of amending a contract and of ensuring that both parties have agreed to the changes.

In many cases the request for the amendment initiates from users. The Purchasing Authority is responsible for preparing all contract amendments and obtaining approval in all cases from the Director IBA and advice from Central Purchase Committee for normal amendments. If amendments are causing an increase of contract amount or enhancement of quantity, then approval must be obtained from the authority that approved the procurement, from CPC and Director Finance for approval of payment terms and budgets.

Procedure for amending the contract:

1. Users or contract administrator provide full details on the amendment required to the Purchasing Authority. Alternatively Purchasing Authority administering the contract initiates the amendment in contract;
2. PA discusses amendment with Director Finance, the supplier or consultant, etc;
3. Purchasing Authority prepares the contract amendment;
4. Obtain approval from the Director IBA and get consultancy, for normal amendments from CPC. The decision for amendment must be documented in the minutes;
5. Obtain approval for contract enhancement or additional commitments from the authority that approved the procurement and ensure all approvals are documented in the minutes;
6. The Purchasing Authority signing the original agreement must also sign the amendments;

7. Send all copies of the contract amendment to the supplier, with a covering letter instructing the supplier to countersign all copies, retain one for his records and return all other signed copies to IBA.

Guidance for contents of a contract amendment

The contents of a contract amendment will be determined by the reason for the amendment and the term or condition which is being amended. However, all contract amendments must include the following details:

- the reference number and date of the contract which is amended and a brief description of the subject of the contract;
- the number of the contract amendment, i.e., "Contract Amendment No. 1, 2, 3 etc";
- the date of the contract amendment;
- a clear statement of the part of the contract that is being amended, including relevant clause or annex numbers;
- a clear statement of how the contract is amended e.g. "the completion period is hereby extended by one week, to give a revised completion period of thirteen weeks" or "the quantity for item 9 is hereby increased by one (1) to give a revised quantity of ten (10)";
- where the contract price is being amended, a clear statement of the amount by which the contract is increased or decreased and the revised total contract price i.e. "the contract price is hereby increased by a sum of Rs. 45,000, giving a revised total contract price of Rs. 345,000";
- statement that all other terms and conditions of the contract remain unchanged.

MANAGING CONTRACT TERMINATION

Contracts should not be terminated, however, sometimes it is imperative to terminate the contract because of the following reasons:

- to avoid or minimise further loss to IBA or poor performance by the supplier;
- where contract performance has become impossible; or
- where a supplier is no longer qualified or has engaged in corrupt practices.

PA is responsible for terminating the contract with the approval of Director IBA and the authority that approved the procurement e.g. CPC, A&FC, BOG.

Based on request by PA and considering the circumstance of the termination, the Director IBA may agree for immediate termination of contract and postdate requirement of other approvals. All decisions must be documented in the minutes and if contract amount **exceeds Rs. 10 million**, **BOG** must be informed about the reasons and consequences.

Director IBA must be given full report explaining the termination and drawing conclusions from the events. Was the supplier properly qualified? If he was not, how did he manage to persuade the PA to place the contract with his firm? Was there corrupt practice? If so, have those responsible been identified, disciplined or removed?

If the supplier / consultant terminate the contract because of failure by the Purchasing Authority or IBA, what was the cause of the failure and how can IBA ensure that this does not happen again? Is there a need for improved procedures or changed policies? It is particularly harmful to the reputation of government if suppliers cancel contracts for cause; everything possible must be done to guard against this happening.

PROCEDURE FOR TERMINATING A CONTRACT, AFTER IT HAS BEEN AWARDED:

1. Purchasing Authority identify the reason and need to terminate the contract and prepares justification for approval and presentation;
2. Check the contract or purchase order document, to confirm the conditions of contract relating to termination. Identify the grounds for termination and ensure that the Purchasing Authority and user have sufficient justification for using the selected grounds. Seek legal advice prior to proceeding;
3. Estimate the amount of money, if any that will be due to the contractor / supplier / consultant following termination;
4. Get approval from Director IBA and approval from authority that approved the procurement;
5. Get BOG postdate approval if contract amount exceeds Rs. 10 million;
6. PA prepares a formal notice, terminating the contract and stating the grounds for termination;
7. PA to issue the termination notice and ensure that it is received by the supplier;
8. PA to take any follow up action required, including making any payments due to the supplier under the contract.

SAMPLE GUIDE INDICATING TYPICAL GROUNDS FOR TERMINATION OF CONTRACTS

- Termination for convenience: most contracts include a condition which enables the IBA to terminate the contract for its own convenience, without there being any default by the supplier. Where IBA terminates for its own convenience, it must make payment for all goods, works or services satisfactorily completed prior to termination and any other expenses incurred by the supplier.
- Termination for default: most contracts include a condition which enables the IBA to terminate the contract, where the supplier has failed to perform its obligations under the contract or to comply with an agreement reached through arbitration or other dispute resolution mechanism. The contract will often specify a procedure whereby IBA formally notifies the supplier of the default and gives time to correct the default, before actually terminating the contract. Where IBA terminates because of the supplier defaulting, it is normally permitted to procure the goods, works or services from another source and charge the original supplier for any additional costs incurred.
- Termination for corrupt practices: contracts include a condition which enables IBA to terminate the contract, where the supplier has engaged in corrupt or fraudulent practices in competing for or implementing the contract. As with termination for default, IBA is normally permitted to procure the goods, works or services from another source and charge the original supplier for any additional costs incurred.
- Termination for insolvency: most contracts include a condition which enables IBA to terminate the contract, where the supplier has become bankrupt or insolvent. In such cases, there is normally no compensation to the supplier.
- Termination for force majeure: most contracts include a condition which enables IBA to terminate the contract, where the supplier has been unable to perform the contract for a specified period of time, due to an event of force majeure. In such cases, IBA must normally make payment for all goods, works or services satisfactorily completed prior to termination and any other expenses incurred by the supplier.

Contracts also give the supplier grounds for termination, which normally includes failure by IBA to make payments that are overdue by a specified period of time, force majeure or failure of IBA to comply with an agreement reached through arbitration or other dispute resolution mechanism.

COMPLETING A CONTRACT

SPP Rules 2010, Rule 57: Closing of Contract: Rule 9: Record of Procurement Proceedings.

The contracts should not be kept open beyond prescribed completion schedule, except for defect liability or maintenance by the supplier, consultant or contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of overall delivery certificate, certificate of completion of deliverables, or taking over certificate which shall be issued within thirty (30) days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the PA to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement and pre-audit to do substantial audit.

In case of defect liability or maintenance periods, defect liability certificate shall be issued within thirty (30) days of the expiry of the said period enabling the supplier or contractor to submit the final bill.

It is important that contracts are formally reviewed and the procurement file closed, once all contract activities and obligations have been completed. This ensures that contract has in fact been completed and no outstanding items, claims or payments are overlooked. It will enable proper archiving of files for the appropriate period of time (Five Years) and its availability for audit purposes.

Purchasing Authority is responsible for completing contracts and closing the file in liaison with the designated contract administrator / users.

PROCEDURE FOR CLOSING OF CONTRACTS

1. The contracts should be closed within thirty (30) days in accordance with Rule 57 of SPP rules 2010;
2. The Purchasing Authority will identify and review that all contractual obligations for defects liability, etc. and warranty period conditions have been completed;
3. Close the file and archive as per IBA archiving policies / procedures / guidelines. SPP and PPRA rules require archiving for minimum period of five years;
4. Purchasing Authority maintains record of all procurement files closed, the date of closure of each file and the date until which the file must be maintained.

MANAGING DEBRIEFING TO UNSUCCESSFUL BIDDERS

A bidder may ask IBA the reasons for non-acceptance of his bid and may request for a debriefing meeting. PA shall give him the reasons for such non-acceptance, either in writing or by holding a debriefing meeting with such a bidder, however, the requesting bidder shall bear all the costs of attending such a debriefing.

This practice of debriefing to unsuccessful bidders has a number of benefits:

- It encourages unsuccessful bidders to submit tenders again for future opportunities. This contributes to greater competition, which should result in increased value for money for the IBA.
- It provides unsuccessful bidders with a fair opportunity to appeal, under the administrative review procedures, if they feel that the procurement has not been properly conducted.

DEBRIEF LETTERS

A debrief letter should be issued to all unsuccessful bidders. Debrief letters should contain sufficient detail to provide the unsuccessful bidder with an explanation of why they did not win a contract, without providing excessive details or taking too much time to prepare. Debrief letters must be prepared individually for each unsuccessful bidder, as they should not disclose information on other tenders, with the exception of limited information on the successful tender.

The debrief letter should state the stage of the evaluation the tender was rejected, i.e. preliminary screening, detailed evaluation, technical or financial evaluation.

Where a tender was rejected during the preliminary screening, the letter should give a brief statement of the reason or reasons for rejection. For example:

- Bid security was not issued by the bidder;
- Tender was not signed and authorised; or
- Tender was not valid for the required period.

Where a tender for goods, works or routine services was rejected during the detailed evaluation, the letter should give a brief statement on how it failed to meet the technical specification or standard required or how it was commercially unacceptable. For example:

- Tender did not meet the required specification, as the engine size was too small;
- Tender did not meet the required specification, as the processor speed was slow;
- Your proposed payment terms did not comply with the conditions stated in the bidding document and were not acceptable to the IBA; or
- Supervisory staff did not have appropriate qualifications or sufficient experience for the contract.

Where a proposal for consultancy services evaluated was rejected during the detailed technical evaluation, the letter should state that the proposal failed to reach the minimum quality threshold specified and give a brief statement of the main weaknesses of the proposal. For example:

- the key personnel included in your proposal did not have sufficient experience of this type of work or of work in the conditions prevailing in Pakistan;
- Team leader did not have sufficient management experience or experience of working at this level; or
- Methodology did not address the capacity building part of the terms of reference adequately or would not achieve sufficient transfer of knowledge to local staff.

Where a tender was rejected during the financial evaluation, the letter should state:

- for goods, works or routine services, that the bidder did not submit the lowest price;
- for consultancy services evaluated, that the bidder did not submit the proposal offering the best overall combination of quality and price.

MANAGING COMPLAINTS

The best way to avoid complaints from suppliers is to follow rigorously the laid down SPPRA procedures, so that no supplier can claim that other suppliers have been unfairly favoured in the public tender process.

Complaints will normally be made to the Purchasing Authority responsible for that procurement but they may be made directly to Director IBA, EC or CPC. Any complaints received must be forwarded to Director IBA.

It is complaints receiver responsibility to forward copy of all procurement complaints to Director IBA

Purchasing Authority will need to incorporate details of complaints procedure in Instructions to Bidders when completing their Standard Bidding Documents.

PROCEDURES FOR HANDLING COMPLAINTS

1. As per Director IBA and EC agreement & understanding, if required, a committee may be formed to address the complaints of bidders that may occur prior to accepting of the procurement contract. In certain cases anonymous complaint should also be investigated if allegation of misconduct or actions by procurement staff could bring IBA into disrepute.
2. The complaint committee will be formed by Director IBA in accordance with rule 31(2) of SPP rules 2010, which may consist of at least three (3) members that shall include representative(s) from Director IBA [faculty / finance staff at least one rank senior to the head of CPC], a member from the Government authority other than IBA and an independent professional from the relevant field concerning the procurement process in question. Director IBA appoints the chairperson of the complaint committee. In order to minimize the risk of conflict of interest, members of complaint committee shall not be the member of CPC formed for the concerned procurement. The secretary of the complaint committee must not be the IBA staff against whose actions the complaint has been made.
3. In order for the procedure to begin, a complaint must be in writing and signed. Complaint must clearly identify the complainant. Anonymous complaints about a specific procurement will be investigated as per point 1 but must compulsorily be passed on to the Chairman CPC and Director IBA for deciding the fate.
4. Sub-rule (3) of Rule 31: Mechanism for Redressal of Grievances, SPP rules 2010 allows aggrieved bidders to lodge a written complaint with the IBA, within seven (7) days prior to award of contract as specified in Rule 45 'Announcement of evaluation reports' (see SPP rules 2010).
5. The complaint committee upon receiving a complaint from an aggrieved bidder may, if satisfied;
 1. Prohibits the PA from acting or deciding in a manner, inconsistent with SPP rules and regulations;
 2. Cancel in whole or in part, any unauthorised act or decision of CPC; and,
 3. Reverse any decision of CPC or substitute its own decision for such a decision;Provided that the complaint committee shall not make any decision to award the contract.

6. The complaint committee will render its decision within seven (7) days and will either reject or uphold the complaint. This decision shall be intimated to the bidder and the SPPRA within three (3) working days by the Director IBA.
7. The PA shall award the contract in accordance with the decision of complaint committee.
8. Mere fact of lodging of a complaint shall not warrant suspension of the procurement proceeding.
9. If the complainant is not satisfied and refuses to accept the decision of the complaint committee, then he has the right to lodge an appeal to the Chief Secretary through SPPRA, who shall refer the matter to a **review panel** as per Rule 32 of SPP rules 2010. All the proceeding and decision shall be made in accordance with the sub-section 11 to 15 of Section 31 and Section 32 of SPP rules 2010.

EFFECT ON THE STAFF INVOLVED IN THE EVENT A COMPLAINT IS UPHELD:

Where a complaint committee upholds a complaint against the PA, staff of a procurement unit, members of a CPC or TEC, the matter should be referred to the Director IBA for deciding any further action.

It is important that given circumstance, procedural fairness, general practices and procedures, etc., should **also** be observed in all investigations of complaints.

CONDITIONS FOR FILING APPEAL BY COMPLAINANT TO THE CHIEF SECRETARY:

1. that the bidder has exhausted his complaint to the complaint committee; and
2. that he has not withdrawn the bid security deposited by him during the procurement process.

MATTERS NOT SUBJECT TO APPEAL OR REVIEW

The following actions of the PA and CPC shall not be subject to the appeal or review:

1. Selection method adopted by the procurement committee;
2. Decision by the PA to cancel the bidding process as per SPP rules.

DOCUMENTS TO BE SUBMITTED BY THE BIDDER TO CHIEF SECRETARY:

1. a letter stating his wish to appeal to the Review Panel and the nature of complaint;
2. a copy of the complaint earlier submitted to the IBA and all supporting documents in a sealed envelope; and
3. non-refundable complaint registration fee in the form of a Pay Order in favor of the SPPRA in the amount specified in Appendix A of SPP rules 2010.

DOCUMENTS / RECORDS REQUIRED

All records should be carefully collected and maintained. Complaints can end up in a court of law, so it is essential that all reports should be kept and that duly signed minutes of the Complaint Committee's meeting(s) should be prepared.

Synopsis for managing complaint is presented as under:

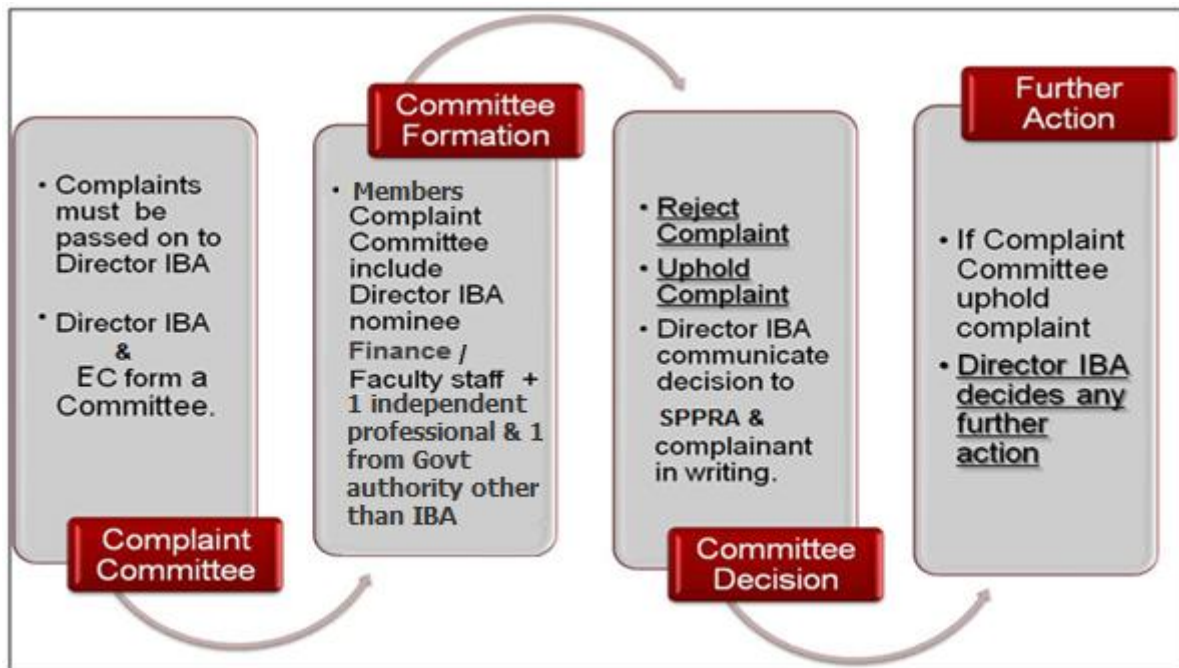


Figure 17 Managing complaint

BLACKLISTING OF SUPPLIERS, CONTRACTORS AND CONSULTANTS

“Blacklisting” means barring a bidder, contractor, consultant or supplier from participating in any future procurement proceedings by the IBA.

The following shall result in blacklisting of suppliers, contractors, or consultants, individually or collectively as part of consortium:

- (a) conviction for fraud, corruption, criminal misappropriation, theft, forgery, bribery or any other criminal offence;
- (b) involvement in corrupt and fraudulent practices while obtaining or attempting to obtain a procurement contract;
- (c) final decision by a court or tribunal of competent jurisdiction that the contractor or supplier is guilty of tax evasion;
- (d) willful failure to perform in accordance with the terms of one or more than one contract;
- (e) failure to remedy underperforming contracts, as identified by the IBA, where underperforming is due to the fault of the contractor, supplier or consultant.

PA may, on its own motion, or information provided by any party, carry out an investigation to determine, whether there is sufficient cause for blacklisting a contractor, consultant or supplier. If the PA is satisfied that such a cause exists, it shall initiate the process of blacklisting in accordance with Rule 35 of SPP rules 2010 and obtain CPC approval for the decision;

As a result of the scrutiny process, the CPC may take one of the following decisions after obtaining approval from Director IBA;

- (a) contractor or consultant or supplier may be blacklisted;
- (b) contractor or consultant or supplier may be debarred temporarily, specifying the time period;
- (c) contractor or consultant or supplier may be blacklisted if he fails to take the specified remedial actions within a specified time period;

The PA shall duly publicize and communicate its decision to the SPPRA, other Government departments if deemed necessary, and also hoist on IBA website.

Any party being aggrieved by the decision of the IBA may submit an appeal to the SPPRA, which shall refer the matter to the review panel, as provided in Rule 31(sub-rule 8 to 15) SPP rules 2010;

Chief Secretary on the basis of recommendations furnished by the review panel, may confirm, overrule or modify any decision taken by the IBA.

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PURCHASE ORDER

Preparation and issue of Purchase Orders (PO) for purchases that exceed Rs. 25,000.

For procurement that does not require detailed contract documents, the PO is prepared and issued to successful bidder to form a contract between the IBA and the supplier.

The PO, inter alia, defines the goods, works or services to be provided, the price to be paid for the goods, works or services and the delivery period required.

It is PA responsibility to get approval, prepare PO, issue POs, etc.

INSTRUCTIONS FOR PREPARING PO

1. PA gets transaction approval as per TAP.
2. Using the information in the successful bidder's quotation and / or RFQ document the PA completes the PO document.
3. PA obtains approval on PO in accordance with the TAP.
4. Issue the original PO to the supplier, together with a copy of the supplier's quotation, with an instruction for the supplier to confirm receipt of the PO in writing.
5. Distribute other copies as follows:
 - a. Procurement file,
 - b. Finance,
 - c. Store,
 - d. PO file.

REQUEST FOR QUOTATIONS

SPP Rules 2010: Rule 16: Alternate methods of procurements, Sub-rule (1)(a)

Request for quotation (RFQ) is the method based on comparing price quotations obtained from at least three suppliers, contractors, and service providers, in the case of services other than consulting services, to assure competitive prices. The PA is responsible for drafting the RFQ document, in consultation with the end user who raised the requisition. The PA should seek technical advice, where required.

RFQ approvals should be in compliance with the IBA Transaction Authority Policy.

This procurement method may only be used for procurement estimated to cost less than Rs. 100,000 and the object of procurement has standard specifications.

PURPOSE OF RFQ DOCUMENT

The RFQ document is critical to the success of the procurement process. It informs bidders of:

- the precise description of the goods, works or services required;
- the rules for the procurement process;
- the evaluation criteria and methodology that will be applied;
- any qualification criteria that will be applied; and,
- the type and conditions of the proposed contract (purchase order).

A well drafted RFQ document should result in a successful procurement process.

PA is responsible for obtaining approval as per Transaction Authority Policy.

PROCEDURE FOR DRAFTING OF RFQ

1. Purchasing Authority to draft the appropriate SBD. This will be the modified SBD for goods, works or routine services.
2. In consultation with the end-user, and technical specialists if required, the Purchasing Authority finalizes the description for inclusion in the document and procurement process e.g. the bid closing time and date, the time of delivery, validity period, the address at which bids should be submitted, the evaluation criteria to be applied, any eligibility and qualification criteria to be applied, etc.
3. Complete the Conditions of Contract with the conditions which will apply to the contract (purchase order) e.g. payment terms, delivery / completion period, warranty, liquidated damages.
4. Send the RFQ document to the suppliers to get quotations.
5. Purchasing Authority will evaluate quotations / responses received for further approvals in compliance with Transaction Authority Policy.

DIRECT CONTRACTING in normal circumstances

SPP Rules 2010: Rule 16: Alternate methods of procurements, Sub-rule (1)(b) Direct Contracting, Section (iii), (v) and (vii).

Discussed hereunder are the suggested procedures for contracting directly with Single or Sole source (See policy reference for Single source / Sole source justification).

Purchasing Authority and PU staffs are responsible to justify Single or Sole Source; as per the policy, decide and award the contract. However approval is required as per the Procurement Policy and TAP.

PURPOSE

Direct Contracting provides a method for concluding a contract where there is no point in conducting competitive procurement proceedings. PA shall consider any or all of the following in selection of direct contracting method;

- a) where the goods, works or services are only available from Single / Sole Source.
- b) where a change of supplier would oblige the PA to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance.
- c) for purchase of locally manufactured motor vehicle from local manufacturers or their authorized agents at manufacturer's price.
- d) the contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee.

PROCEDURE FOR DIRECT CONTRACTING

- 1. Purchasing Unit or other department heads raises a requisition and forwards the same to the Purchasing Authority as per TAP for approval.
- 2. Purchasing Authority prepares / finalizes description of the goods, works or services. The description must state the purpose for which the goods, works or services are required, to enable a judgement to be made on whether there are functionally equivalent goods, works or services available from alternative suppliers, which would also meet the need.
- 3. Purchasing Authority complies with TAP to get approvals and identifies the supplier / firms who are able to fulfil the requirement and prepare a detailed justification for Single Source and use of the Direct Contracting method. Seek approval from the CPC for use of the Direct Contracting method as per TAP / SPP Rules.
- 4. Where the estimated value exceeds Rs. 100,000 (Rupees One hundred thousand) publish a notice on the SPPRA and PPRA website, stating that procurement by Direct Contracting is being conducted and giving a brief description of the subject of the procurement. See procurement procedure for **Procurement Advertisement**.
- 5. Purchasing Authority prepares document to be send to the supplier / firm that includes a written description of the requester needs, including the technical description of requirements and the terms and conditions of the proposed

contract. Parts of the Standard Bidding Documents may be used as the basis for preparation of this written description. Obtain approval from the CPC as per PP&P and TAP for the vendor and description document.

6. Send to supplier / firm the written description along with terms and conditions and request a written offer and written quotation. No formal receipt for document received from supplier / firm or opening of the tender is required.
7. Purchasing Authority evaluates the supplier offer with due diligence and in the light of Principles of Procurement to determine whether it meets the IBA and requisitioner requirements. The detailed evaluation should focus on whether the offer meets the requisitioner technical requirements and whether the proposed terms and conditions of contract are acceptable to the requisitioner / user.

PA should perform the financial evaluation considering, as far as is possible, whether the supplier offers value for money, taking into account a breakdown of the costs involved, the cost of alternative solutions that were rejected, the size of the proposed contract, the terms and conditions of the proposed contract and any other relevant details or circumstances. The Purchasing Authority must also assess whether the supplier is eligible to supply to government.

If Purchasing Authority is faced with a situation whereby decision about the rate quoted by the sole source are not justifiable or comparable, in that context, for prudent decision following factors may be considered:

- a. The comparison of price of the goods or works or services if procured during the current financial year.
- b. The last procurement price of the goods or works or services.
- c. Market price of the equivalent goods works and services to be procured.
8. Purchasing Authority should prepare an evaluation report; as already discussed in evaluation of tenders, recommend whether the offer should be considered for contract award, whether negotiations are required or whether the procurement requirement should be cancelled or redefined. Get approval for the recommendations from the CPC, as per TAP.
9. Purchasing Authority requests Chairman CPC to organize a temporary group to hold negotiations over price and obtains approval from the CPC for the negotiation results.
10. If procurement cost exceeds Rs. 100,000, make an announcement of the tender/offer evaluation in accordance with the provisions of Rule 45 Announcement of evaluation reports (See SPP Rules 2010)
11. Send a notice of acceptance, if required, ensuring that all necessary approvals as per TAP are obtained first, and ensuring that at least seven days have passed since the announcement of the tender evaluation report in accordance with the requirements of Rule 45: Announcement of evaluation reports (see SPP rules 2010).
12. Prepare a contract or Purchase Order document. The type of document used will depend on the value of the contract and the terms and conditions that will apply. Obtain approval as per TAP and issue the document.

DOCUMENTS / RECORDS REQUIRED

Records of all stages of the procurement process must be kept on the procurement file.

DIRECT CONTRACTING for Emergency Requirements

SPP Rules 2010: Rule 16: Alternate methods of procurements, Sub-Rule 1(b) Direct Contracting, Section (viii) in cases of emergency.

Discussed hereunder are the procedures for contracting directly in case of emergency need for goods, works or services, which makes the use of any other method of procurement impractical.

The determination of procedures for emergency procurement is consequent to the circumstances and extent of the emergency and the time available to fulfil the requirement. Hence, PA will be required to use professional judgement in determining how to proceed but as a general rule should seek to follow procurement procedures, principles and policy, to the extent possible.

Where required, the PA is responsible to justify emergency as per this policy and award the contract. However, approval is required as per the Procurement Policy and TAP. Given the emergency circumstances of the procurement, the PA and end user will be required to work closely and efficiently together.

CPC is vested with necessary authority to declare an emergency.

PURPOSE

The Direct Contracting method provides a procedure for concluding a contract, where there is an emergency need for the goods, works or services and there is therefore insufficient time to use competitive methods of procurement.

PROCEDURE FOR DIRECT CONTRACTING (EMERGENCY)

1. Head of the Department or Purchasing Unit raises a requisition and forwards the same to the PA as per TAP for approval. Requisition is marked as **urgent / emergency** in bold.
2. PA to prepare / finalize a description of the goods, works or services for general guidance. The description must state the purpose for which the goods, works or services are required to enable a judgement to be made on whether there are functionally equivalent goods or works or services available from alternative suppliers, which would also meet the need.
 - a. The quantities required must be limited to the quantity required to address the emergency need.
3. Identify a suitable supplier who is able to fulfill the requirement and prepare a detailed justification for use of the Direct Contracting method. Seek approval from the CPC for use of the Direct Contracting method and the emergency situation. Where time is severely restricted proceed to negotiation pending receipt of approval from the CPC. A contract must not be placed prior to the receipt of written approval for use of the Direct Contracting method.
4. Where the estimated value exceeds the financial threshold of Rs. 100,000 (One hundred thousand) publish a notice on the IBA, SPPRA and PPRA websites, as soon as is practical, given the emergency situation, stating that Direct Contracting

- is being conducted due to the emergency situation and giving a brief description of the subject of the procurement.
5. PA prepares a written description of the requester needs, including the technical description of requirements and the terms and conditions of the proposed contract. The level of detail possible will be determined considering the time available but parts of the appropriate Standard Bidding Documents, as notified by the SPPRA, may be used as the basis for preparation of this written description. Obtain approval from the CPC for the description document.
 6. Where there is insufficient time to obtain a written tender, proceed to negotiations (see step 9). Otherwise, send the written description to the sole supplier (or suppliers), requesting a written offer by a specified deadline. No formal receipt or opening of the tender is required.
 7. PA evaluates the tender / offers in the normal way to determine whether it meets the requisitioner requirements. The technical evaluation should focus on whether the tender meets the requisitioner technical requirements, whether the delivery or completion period offered is acceptable and whether the proposed terms and conditions of contract are acceptable to the requisitioner. The financial evaluation should consider, as far as is possible, whether the tender offers value for money, taking into account a comparison with any prices previously obtained through competitive methods, a breakdown of the costs involved, including any additional costs for accelerated delivery or completion, the size of the proposed contract, the terms and conditions of the proposed contract and any other relevant details or circumstances. The evaluation must also assess whether the supplier is eligible to supply to IBA.
 8. PA prepares an evaluation report recommending whether the tender should be considered for contract award, whether negotiations are required or whether the procurement requirement should be cancelled or redefined. In addition, obtain approval for the recommendations from the CPC.
 9. PA forms a small group in collaboration with chairman CPC to **hold negotiations** on price and other matters with the supplier (or suppliers), if required, and obtains approval from the CPC for the negotiation results.
 10. Send a notice of acceptance to the supplier (or suppliers), after first ensuring that all necessary approvals are obtained from CPC.
 11. Prepare a contract or purchase order document. The type of document used will depend on the value of the contract, the terms and conditions which will apply and the time available for preparation of detailed documents. Obtain approval from the CPC, and any other required approvals as per TAP, and issue the document.
 12. Administer and complete the contract.

DOCUMENTS / RECORDS REQUIRED

Records of all stages of the procurement process must be kept on the procurement file.

DIRECT CONTRACTING for Additional Requirements from the Same Source

SPP Rules 2010: Rule 16: Alternate methods of procurements, Sub-rule (1)(b) Direct Contracting, Section (iv) and Sub-rule (1)(e) Repeat Orders

Discussed hereunder are the procedures for procuring through direct contracting the additional goods, works or services from the same source.

PA is responsible to justify as per this policy and award the contract. However, approvals are required as per the PP&P and TAP.

PURPOSE

Where civil works are to be contracted and are a natural extension of an earlier or ongoing job and it can be ascertained that the engagement of the same contractor will be more economical and will ensure compatibility of results in terms of quality of work. This extension is subject to Repeat Orders clause stated below:

Repeat Orders: means procurement of additional quantities of the item(s) from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme;

- the cost of additional quantities of item(s) shall not exceed 15% of the original contract amount; and
- the original supplier and contractor are willing to supply goods or carry out additional work on the same prices as agreed in the original contract.
- in case of goods, it shall be permissible only within the same financial year, and in case of works, during the currency of the project(s) or scheme(s).

PROCEDURES FOR DIRECT CONTRACTING (REPEAT ORDERS)

1. Head of Department or Purchasing Unit raises a requisition and forwards the same to the PA as per TAP for approval and purchasing.
2. PA prepares description of the goods, works or services. The description must state the purpose for which the goods, works or services are required, to enable a judgement to be made on whether there are functionally equivalent goods, works or services available from alternative suppliers, which would also meet the need.
3. PA identifies the original supplier and develops detailed justification for procurement. Seek approval for the justification as required in this policy.
4. If the estimated value of transaction exceeds Rs. 100,000, publish a notice on the SPPRA and PPRA websites, stating the procurement method and giving a brief description of the subject of the procurement. Refer to Procurement Advertisement requirements as mentioned in this policy.
5. If the original contract has not yet been completed, consider in concurrence with supplier the additional requirement as a contract amendment; as per procedures given in this policy. The following steps are not required but the PA should continue to administer the amended contract.

6. If the original contract has been completed, prepare a written description of the requisitioner needs, including the technical description of requirements, the additional quantity and the terms and conditions of the proposed contract. Parts of the Standard Bidding Documents may be used as the basis for preparation of this written description. Obtain approval for the description document from the CPC as per TAP.
7. Send the written description to the original supplier, requesting a written offer in return. No formal receipt or opening of the tender is required.
8. Purchasing Authority evaluates the offer in the normal way to determine whether it meets the requisitioner requirements. The detailed evaluation should focus on whether the offer / tender meets the requisitioner technical requirements and whether the proposed terms and conditions of contract are acceptable to the requisitioner. The financial evaluation should consider, as far as is possible, whether the tender offer value for money, taking into account the unit prices of the original contract, the size of the additional requirement, the terms and conditions of the proposed contract, a breakdown of the costs involved and any other relevant details or circumstances. The evaluation must also assess whether the supplier is eligible to supply to IBA.
 - a. Sub-rule (e) of Rule 16(1): **Repeat Orders** in SPP rules 2010 mandates that repeat orders or “enhancement” of contracts may not be for more than 15% (fifteen percent) of the value of the original procurement. If a PA wants to buy more than that, then it is required to re-tender.
9. PA prepares an evaluation report, recommending whether the tender should be considered for contract award, whether further discussions or negotiations are required with the suppliers or whether the procurement requirement should be cancelled or redefined. Obtain approval for the recommendations from the CPC.
10. Form a small group in collaboration with chairman CPC, **hold negotiations** and discussions with the supplier (or suppliers), if required, and obtain approval from the CPC for the negotiation results.
11. If procurement cost exceeds Rs. 100,000, make an announcement of the tender evaluation on SPPRA and PPRA websites in compliance with the requirement of Rule 45 – Announcement of evaluation reports (See SPP rules 2010).
12. Send a Notice of Acceptance, if required, ensuring that all necessary approvals are obtained first, and after ensuring that at least seven days have passed since the announcement of the tender evaluation report in accordance with Rule 45 – Announcement of evaluation reports (See SPP Rules 2010).
13. Prepare a contract or Purchase Order document. The type of document used will depend on the value of the contract and the terms and conditions, which will apply. If needed obtain approval from the CPC and issue the document.
14. Administer and complete the contract.

DOCUMENTS / RECORDS REQUIRED

Records of all stages of the procurement process must be kept on the procurement file.

PETTY PURCHASES

Procedures for conducting low value purchases where the estimated value of procurement is below Rupees twenty-five thousand (Rs. 25,000) as specified in SPP rules 2010, Rule 16: ***Alternate methods of procurements***, Sub-rule 1(d) Petty Purchases. Such procurement shall be exempt from the requirement of bidding or quotation of price.

Staff responsibility for conducting petty purchasing is as per delegation and financial thresholds given in the TAP. Technical inputs should be obtained from the end user, as required.

These are NOT Petty Cash Imprest procedures.

PURPOSE

Purpose is to provide procedure for concluding a contract for low value requirements where the time and cost of conducting competitive procurement proceedings would be disproportionate to the value of the requirement.

PROCEDURES FOR PETTY PURCHASING

1. Director IBA has delegated the power to Service Unit Heads and other Directors (Petty Purchasers) to do petty purchasing as per TAP. It is not necessary to have a petty cash float and petty cash expenditure to do petty purchases.
2. Petty Purchasers must ensure that all expenditure are properly authorised as per TAP and accounted in the books by Director Finance.
3. Petty Purchasers, Service Unit Heads or other Directors raise a requisition and ensure that it has a reference or procurement number for tracking purposes. Petty purchases do not require a separate procurement file of their own and can be recorded together in a petty purchases file together with copies of the invoice or receipt for sales from suppliers.
4. Petty Purchasers prepares or finalizes description of the goods, works or services. The description does not need to be very detailed, given the low value, but must be sufficiently accurate and detailed to ensure proper procuring of the items.
5. For petty purchasing up to Rs. 25,000, direct quotation may be taken from the supplier at the time of purchasing or making payments.
6. Ensure that an evidence of sale such as invoice, memo or receipt is provided by the supplier or firm.
7. Complete the purchase and collect the goods or receive the services. Send the evidence or invoice provided by the supplier / firm to the Director Finance or to staff delegated by Director Finance.
8. Forward goods to the petty purchase store for sending it to the user or requester.

DOCUMENTS / RECORDS REQUIRED

Records of all stages of the procurement must be kept on the Petty Purchases Procurement File in date order.

PUBLIC PRIVATE PARTNERSHIP PROJECTS

The rules under this section shall be applicable for procurement of goods, works and services through Public Private Partnership.

Some or all the functions and responsibilities of IBA Purchasing Authority (PA) for procurement planning and execution may be performed by the professional transaction advisers and consultants subject to recommendation of A&FC and approval by the Public Private Partnership Policy Board;

The Government shall appoint a committee for each Public Private Partnership project for technical and financial evaluation for evaluating the project. The terms of reference of each such committee shall be approved by the Government;

The rules and procedures defined in above sections for procurement of goods, works and services shall *mutatis mutandis* apply to the projects in which the design, financing and operations and maintenance will be undertaken under any of the following mode of procurement:

- i. Service Contract
- ii. Management Contract
- iii. Lease Contract
- iv. Build, Operate and Transfer
- v. Build, Own and Operate
- vi. Design, Build, Finance and Operate and Transfer
- vii. Build, Own, Operate, Transfer
- viii. Build, Lease and Transfer
- ix. Build and Transfer
- x. Rehabilitate, Operate and Transfer
- xi. Any combination or variation of the above modes or any other arrangement under PPP mode approved by the SPPRA.

The A&FC and PPP Policy Board shall approve PPP Projects and related processes.

In case of any conflict in provisions or their interpretation within the rules, for PPP projects rules under this part shall take precedence over rules defined in previous sections of this manual.

Procurement Process under Public Private Partnership

Except otherwise provided in these rules all the Public Private Partnership contracts and concessions shall be granted through national or international open competitive bidding, as the case may be;

The PA may levy a reasonable fee for submitting Requests For Proposals (RFP). Such fee shall not exceed Rs. 100,000;

Bidding documents shall be prepared according to SBD section and shall also include the following;

- a. minimum design and performance standards and specifications, land and economic parameters;
- b. draft concession or management contract;
- c. other documents as may be deemed necessary by the PA;

The instructions to bidders shall be unambiguous, comprehensive and fair to all bidders and shall, as far as necessary and practicable, include but not be limited to the following information:

- a. general description and objectives of the project;
- b. bid submission procedures and requirements, which shall include information on the manner of bid submission, the number of copies of bid proposal to be submitted, where the bids are to be submitted, the deadline for the submission of bids and permissible mode of transmission of bid proposals;
- c. bid security and bid validity period;
- d. milestone bonding;
- e. method and criteria, including the minimum amount and form of equity, for the evaluation of the bids;
- f. formulas and indices to be used in the adjustments of tolls, fees, rentals, royalties and charges, where applicable;
- g. requirements of concerned regulatory bodies, if any
- h. monetary rules and regulation governing foreign exchange remittances;
- i. revenue sharing arrangements;
- j. expected commissioning date.

Minimum design and performance standards or specifications, including applicable environmental standards shall be clearly defined and shall refer more to the desired quantity and quality of the outputs of the facility and shall state that non-conformity with any of these minimum requirements shall render the bids as non-responsive. Likewise, the following economic and financial parameters, among others, shall be prescribed:

- (a) discount rate and foreign exchange rate as prescribed by the government, where applicable;
- (b) maximum period of project construction;
- (c) fixed term or variable term for project operation and collection of tolls, fees, rentals and charges authorized or approved by the government;
- (d) formula and price indices to be used for adjustments in tolls, fees, rentals and charges, in the case of Build Operate Transfer, Build Operate Own and other variations thereof authorized or approved by the government;
- (e) other financial features embedded in the Public Private Partnership project to enhance Value for Money.

Negotiation:

Notwithstanding the provisions of Rule 52 of SPP Rules 2010 for bar on negotiations, negotiations may be permissible after the financial bids have been opened. In case the PA has valid reasons, which must be recorded in writing, that the financial offers are not providing best value for money or need changes, the PA may invite sealed revised financial bids from all qualified bidders or through open bidding. The PA shall keep complete minutes of the negotiation process;

Direct negotiations shall be resorted to when there is only one complying bidder left as defined hereunder:

- (a) If, in response to advertisement, only one interested bidder responds for prequalification, and it meets the pre-qualification criteria;
- (b) If after advertisement, more than one interested bidders respond for pre-qualification,
- (c) if any but only one of them meets the prequalification criteria;
- (d) After pre-qualification, if any, more than one interested bidders respond, and only one of them submits a bid, which is found by PA to be complying;
- (e) After pre-qualification, if any, more than one interested bidders submits the bid, but only one is found by the PA to be complying.

Bid Evaluation - The best evaluated bid shall be determined on the basis of the following criteria;

- 1. Lowest bid in terms of user fees if the concession period is fixed.
- 2. Highest return or profit for the IBA if the concession period is fixed and the user fees is the same or lower than other bidder.
- 3. Shortest concession period if the user fee is fixed.
- 4. Lowest Net Present Value of return to the bidder if user fee, concession period and subsidy element is same as those of other bidders, if IBA equity is not involved.
- 5. Lowest amount of subsidy if the other considerations are almost same.
- 6. Any other factor deemed relevant to the particular project by the PA

Award of Contract

Notwithstanding anything contained in these rules, award of contract under Public Private Partnership shall be based on the criteria of evaluation prepared by the PA, and published along with the Request for Proposal. Subsequently, if PA deems it necessary to change the evaluation criteria after the Request for Proposal has been issued, it shall issue fresh Request for Proposal to afford equal opportunity to all the interested bidders;

The PA shall have the right to cancel bidding process, as provided in Rule 25 of SPP rules 2010.

Unsolicited Proposal

To promote and invigorate innovation the IBA may receive unsolicited proposals for Public Private Partnership investment from any source;

The PA shall get the proposal reviewed by EC to determine whether the project for which the proposal has been submitted is an appropriate project for implementation under Public Private Partnership mode. Such proposal, if found feasible for Public Private Partnership mode, shall be submitted for the A&FC approval and then to the Public Private Partnership Unit, Finance Department, Government of Sindh for

approval of concept. The PA shall carry out further process in collaboration with the Public Private Partnership Unit;

The initiator of the unsolicited proposal shall be exempt from the prequalification process;

PA shall ensure competitiveness through advertising the proposed project for open bidding without disclosing the name of the initiator of unsolicited proposal. The initiator will be given five percent additional weightage on the combined secured score, technical and financial, in evaluation. If there is no other bid submitted in response to the competitive bidding, the PA may award the contract to the initiator under these rules.

Removal of Difficulties - To remove the difficulties with respect to any procurement related issues, not expressly covered in these rules, the PA or the Unit shall refer the matter to the SPPRA for resolution.

ATTACHMENTS

Integrity Pact Certificate

DECLARATION OF FEES, COMMISSION AND BROKERAGE ETC. PAYABLE BY THE SUPPLIERS / CONTRACTORS / CONSULTANTS.

Contract Number: _____ Dated: _____

Contract Value: _____

Contract Title: _____

[Name of Supplier/Contractor/Consultant] hereby declares that it has not obtained or induced the procurement of any contract, right, interest, privilege or other obligation or benefit from Institute of Business Administration, Government of Sindh (GoS) or any administrative subdivision or agency thereof or any other entity owned or controlled by it (GoS) through any corrupt business practice.

Without limiting the generality of the foregoing, [Name of Supplier / Contractor / Consultant] represents and warrants that it has fully declared the brokerage, commission, fees etc. paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside Pakistan either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate, broker, consultant, director, promoter, shareholder, sponsor or subsidiary, any commission, gratification, bribe, finder's fee or kickback, whether described as consultation fee or otherwise, with the object of obtaining or inducing the procurement of a contract, right, interest, privilege or other obligation or benefit, in whatsoever form, from Institute of Business Administration, except that which has been expressly declared pursuant hereto.

[Name of Supplier/Contractor/Consultant] certifies that it has made and will make full disclosure of all agreements and arrangements with all persons in respect of or related to the transaction with Institute of Business Administration and has not taken any action or will not take any action to circumvent the above declaration, representation or warranty.

[Name of Supplier/Contractor/Consultant] accepts full responsibility and strict liability for making any false declaration, not making full disclosure, misrepresenting facts or taking any action likely to defeat the purpose of this declaration, representation and warranty. It agrees that any contract, right, interest, privilege or other obligation or benefit obtained or procured as aforesaid shall, without prejudice to any other right and remedies available to Institute of Business Administration under any law, contract or other instrument, be voidable at the option of Institute of Business Administration.

Notwithstanding any rights and remedies exercised by Institute of Business Administration in this regard, [Name of Supplier/Contractor/Consultant] agrees to indemnify Institute of Business Administration for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to Institute of Business Administration in an amount equivalent to ten times the sum of any commission, gratification, bribe, finder's fee or kickback given by [Name of Supplier/Contractor/Consultant] as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit, in whatsoever form, from Institute of Business Administration.

[Purchasing Authority of IBA]

[Supplier/Contractor/Consultant]

STANDARD FORMAT FOR ADVERTISEMENT FOR OPEN TENDER

IBA

(Title / Name of Tender)

Procurement Number: *{to be maintained by PU staff}*

The IBA *{Optional}* { has (allocated/received) funds *(if already received, state source of funds)* for the procurement of (insert title of the goods, works or services) and now}} invites sealed tenders from eligible bidders for the supply of:

(Insert brief summary or list of the required goods, works or services)

(Insert brief narrative giving background information or further specification if necessary)

Bidding is open to all suppliers/contractors who can demonstrate (list criteria for eligibility)

Interested bidders may inspect the tender document on the SPPRA / PPRA website or at the address below (insert hours between which the documents are available for inspection). Bidding documents may be purchased upon payment of a non-refundable fee of (insert fee amount, currency and payment format).

Tenders must be delivered to the address below on or before (insert date and time of tender closing). All tenders must be accompanied by:

- a bid security of not less than (insert fixed figure or percentage of the tender price);
- (list all other required documents and samples where applicable).

Tenders will be opened on (date) at (time), in the presence of bidders' representatives who choose to attend, at the address below. (If at a different address, state the address). Late tenders will be rejected and returned unopened to bidders.

Name and / or title of person to contact;

(Insert full name of officer designated or Transaction Authority)

Room & floor number;

Telephone number;

Building name;

Fax number;

Street number and name;

E-mail address;

City or Town, Postcode and Province.

There will be no price negotiations with the lowest evaluated responsive bidders. Suppliers are therefore requested to submit their lowest and best prices with their tenders.

Sample Evaluation - Quality and Cost-Based Selection (QCBS) method

Firm	Technical Evaluation			Financial Evaluation				Combined Evaluation c+g	Ranking
	Technical Score a	Technical Wt. Factor b	Technical points c	Evaluated price PKR d	Financial Score e	Price Wt. Factor f	Price Points g		

* Decide weight for Technical proposal and Financial proposal

Bid Evaluation Report

1. Name of Procuring Agency:

2. Tender Reference No:

3. Tender Description/Name of work/item:

4. Method of Procurement:

5. Tender Published:

Print & Electronic Media (SPPRA ID No. & Newspapers names with dates)

6. Total Bid documents Sold:

7. Total Bids Received:

8. Technical Bid Opening date: (if applicable) _____
(Provide details in separate form)

9. No. of Bid technically qualified (if applicable):

10. Bid(s) Rejected:

11. Financial Bid Opening date:

12. Bid Evaluation Report:

S No	Name of Firm or Bidder	Cost offered by the Bidder	Ranking in terms of cost	Comparison with Estimated cost	Reasons for acceptance/rejection	Remarks
0	1	2	3	4	5	6
1.	A					
2.	B					
3.	C					
4.	D					

Signatures of the Members of the Committee.

SINDH PUBLIC PROCUREMENT REGULATORY AUTHORITY

CONTRACT EVALUATION FORM

**TO BE FILLED IN BY ALL PROCURING AGENCIES FOR PUBLIC CONTRACTS OF WORKS,
SERVICES & GOODS WORTH 50 MILLION (PKR) OR ABOVE**

- 1) NAME OF THE ORGANIZATION / DEPTT. _____
- 2) PROVINCIAL / LOCAL GOVT./ OTHER _____
- 3) TITLE OF CONTRACT _____
- 4) TENDER NUMBER _____
- 5) BRIEF DESCRIPTION OF CONTRACT _____
- 6) FORUM THAT APPROVED THE SCHEME _____
- 7) TENDER ESTIMATED VALUE _____
- 8) ENGINEER'S ESTIMATE _____
(For civil works only)
- 9) ESTIMATED COMPLETION PERIOD (AS PER CONTRACT) _____
- 10) TENDER OPENED ON (DATE & TIME) _____
- 11) NUMBER OF TENDER DOCUMENTS SOLD _____
(Attach list of buyers)
- 12) NUMBER OF BIDS RECEIVED _____
- 13) NUMBER OF BIDDERS PRESENT AT THE TIME OF OPENING OF BIDS _____
- 14) BID EVALUATION REPORT _____
(Enclose a copy)
- 15) NAME AND ADDRESS OF THE SUCCESSFUL BIDDER _____
- 16) CONTRACT AWARD PRICE _____
- 17) RANKING OF SUCCESSFUL BIDDER IN EVALUATION REPORT _____
(i.e. 1st, 2nd, 3rd EVALUATION BID). _____
- 18) METHOD OF PROCUREMENT USED : - (Tick one)
 - a) SINGLE STAGE – ONE ENVELOPE PROCEDURE _____
 - b) SINGLE STAGE – TWO ENVELOPE PROCEDURE _____
 - c) TWO STAGE BIDDING PROCEDURE _____
 - d) TWO STAGE – TWO ENVELOPE BIDDING PROCEDURE _____

PLEASE SPECIFY IF ANY OTHER METHOD OF PROCUREMENT WAS
ADOPTED i.e. EMERGENCY, DIRECT CONTRACTING / NEGOTIATION ETC.
WITH BRIEF REASONS:

19) APPROVING AUTHORITY FOR AWARD OF CONTRACT _____

20) WHETHER THE PROCUREMENT WAS INCLUDED IN ANNUAL PROCUREMENT PLAN?

Yes		No	
-----	--	----	--

21) ADVERTISEMENT :

i) SPPRA Website
(If yes, give date and SPPRA Identification No.)

Yes	
No	

ii) News Paper
(If yes, give names of newspapers and dates)

Yes	
No	

22) NATURE OF CONTRACT

Local		Int.	
-------	--	------	--

23) WHETHER QUALIFICATION CRITERIA
WAS INCLUDED IN BIDDING / TENDER DOCUMENTS?
(If yes, enclose a copy)

Yes		No	
-----	--	----	--

24) WHETHER BID EVALUATION CRITERIA
WAS INCLUDED IN BIDDING / TENDER DOCUMENTS?
(If yes, enclose a copy)

Yes		No	
-----	--	----	--

25) WHETHER APPROVAL OF COMPETENT AUTHORITY WAS OBTAINED FOR USING
A METHOD OTHER THAN OPEN COMPETITIVE BIDDING?

Yes		No	
-----	--	----	--

26) WAS BID SECURITY OBTAINED FROM ALL THE BIDDERS?

Yes		No	
-----	--	----	--

27) WHETHER THE SUCCESSFUL BID WAS LOWEST EVALUATED
BID / BEST EVALUATED BID (in case of Consultancies)

Yes		No	
-----	--	----	--

28) WHETHER THE SUCCESSFUL BIDDER WAS TECHNICALLY
COMPLIANT?

Yes		No	
-----	--	----	--

29) WHETHER NAMES OF THE BIDDERS AND THEIR QUOTED PRICES WERE READ OUT
AT THE TIME OF OPENING OF BIDS?

Yes		No	
-----	--	----	--

30) WHETHER EVALUATION REPORT GIVEN TO BIDDERS BEFORE THE AWARD OF
CONTRACT?
(Attach copy of the bid evaluation report)

Yes		No	
-----	--	----	--

31) ANY COMPLAINTS RECEIVED
(If yes, result thereof)

Yes	
No	

32) ANY DEVIATION FROM SPECIFICATIONS GIVEN IN THE TENDER NOTICE / DOCUMENTS
(If yes, give details)

Yes	
No	

33) WAS THE EXTENSION MADE IN RESPONSE
TIME? (If yes, give reasons)

Yes	
No	

34) DEVIATION FROM QUALIFICATION
CRITERIA (If yes, give detailed reasons.)

Yes	
No	

35) WAS IT ASSURED BY THE PROCURING AGENCY THAT THE SELECTED FIRM
IS NOT BLACK LISTED?

Yes		No	
-----	--	----	--

36) WAS A VISIT MADE BY ANY OFFICER / OFFICIAL OF THE PROCURING AGENCY TO
THE SUPPLIER'S PREMISES IN CONNECTION WITH THE PROCUREMENT? IF SO,
DETAILS TO BE ASCERTAINED REGARDING FINANCING OF VISIT, IF ABROAD:
(If yes, enclose a copy)

Yes		No	
-----	--	----	--

37) WERE PROPER SAFEGUARDS PROVIDED ON MONTHLY ADVANCE PAYMENT IN
THE CONTRACT (BANK GUARANTEE ETC.)?

Yes		No	
-----	--	----	--

38) SPECIAL CONDITIONS, IF ANY
(If yes, give Brief Description)

Yes	
No	

Signature & Official Stamp of
Authorized Officer _____

FOR OFFICE USE ONLY

SPPRA, Block No.8, Sindh Secretariat No.4-A, Court Road, Karachi
Tele: 021-9205356; 021-9205369 & Fax: 021-9206291

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