



Democratic Socialist Republic of Sri Lanka

PROCUREMENT MANUAL – 2018

GOODS, WORKS, SERVICES AND INFORMATION SYSTEMS

**To be used along with Government Procurement
Guidelines - 2018 for Goods, Works, Services and
Information Systems**

NATIONAL PROCUREMENT COMMISSION

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Acronyms

AO	-	Accounting Officer
BOQ	-	Bills of Quantity
BEC	-	Bid Evaluation Committee
CANC	-	Cabinet Appointed Negotiating Committee
CAO	-	Chief Accounting Officer
CAPC	-	Cabinet Appointed Procurement Committee
CBO	-	Community Based Organization
CIDA	-	Construction Industry Development Authority
DPC/IPC	-	Department Procurement Committee/Institutional Procurement Committee
GOSL	-	Government of Sri Lanka
ICB	-	International Competitive Bidding
LKR	-	Sri Lanka Rupees
MPC	-	Ministry Procurement Committee
MAPC	-	Ministry Appointed Procurement Committee
MPP	-	Master Procurement Plan
NCB	-	National Competitive Bidding
NPC	-	National Procurement Commission
OD	-	Operational Directives
PC	-	Procurement Committee
PE	-	Procuring Entity
PFD	-	Department of Public Finance
PG	-	Procurement Guideline
PPC	-	Project Procurement Committee
PTS	-	Procurement Time Schedule
RPC	-	Regional Procurement Committee
SCAPC	-	Standing Cabinet Appointed Procurement Committee
SBD	-	Standard Bidding Document
SLM		Secretary to the Line Ministry
SPD	-	Standard Procurement Documents
TCE	-	Total Cost Estimate
VAT	-	Value Added Tax

CHAPTER 1 – GENERAL

PROCUREMENT GUIDELINE REFERENCE: 1.2

OBJECTIVES

Importance of public procurement

Public procurement is the process by which the PEs, purchase the inputs for vital public-sector investments. Those investments, both in physical infrastructure and in strengthened institutional and human capacities, lay foundations for national development. In procurement terms, those inputs are generally grouped into four categories:

- a. Goods - equipment, material, commodities, textbooks, medical supplies, livestock etc.;
- b. Works - construction of bridges, buildings, harbors, highways etc.;
- c. Information Systems – computer software and related hardware and communication equipment; and
- d. Services (Non-Consultancy) – Janitorial services, security services, building maintenance, equipment maintenance, cargo clearance etc.

The quality, timeliness, appropriateness and affordability of those procured inputs can largely determine whether the public investments will succeed or fail. On the other hand, the desired impact of procurement is also to inspire the confidence and willingness-to-compete of well-qualified suppliers and contractors. This directly and concretely benefits the Government and the PE, responsive contractors and suppliers, and the funding agencies.

A sound procurement system is one that combines all the following:

- Maximizing economy, efficiency and effectiveness (Value for Money);
- Adhering to prescribed standards, specifications, local laws, rules and regulations and international obligations;
- Fair, equal and maximum opportunity for interested parties to participate in Procurement;
- Expeditious execution of Works, delivery of Goods, provision of Services and completion of Information Systems;
- Ensuring Transparency and consistency;
- Environmental friendly (Green) Procurement; and
- Retaining confidentiality of information

PROCUREMENT GUIDELINE REFERENCE: 1.3

SCOPE OF APPLICATION

These Guidelines are applicable to all Ministries, a Government Departments, Public Corporations, Local Authorities, any Business or other undertaking vested in the government and Companies registered or deemed to be registered under the Companies Act No.7 of 2007 in which the Government, a public Corporation or any local authority holds more than 50% of the shares in procurement of Goods, Works, Services and Information Systems. Provincial Councils also may use these guidelines as a National Policy, with necessary amendments to the financial authority levels in conjunction with the delegated financial authorities under the Provincial Council.

If any hindrance or inadequacy experienced in the use of these provisions, under extraordinary circumstance that warrants any deviation from the framework in delivering public needs shall be addressed by the respective CAOs, supported by reasonable documentary proof. Such situations should be brought to the attention of NPC immediately after, for approval.

PROCUREMENT GUIDELINE REFERENCE: 1.4.2

FRAUD AND CORRUPTIONS

The Guidelines are based on procurement best practices to ensure, open competition, transparency, level playing field for all the stakeholders for procurement of qualitatively the best Goods, Works, Services and Information Systems at the most advantageous price to the public. Public Officers, who are authorized to implement the provisions of the Guidelines, are expected to maintain the highest integrity as custodians of public assets for the best interest of the public. It is utmost important their behavior in handling procurements as well as the best adherence to best commercial practices by the bidders and other stakeholders to achieve the objectives.

Public procurement is considered as a subject which is highly vulnerable to fraud and corruptions thus the immense cost involved has to be borne by the general public. Moreover, it hampers macro-economic targets of the country and such actions shall be considered, as critical and appropriate action shall be initiated if reasonable grounds surfaced.

Public, individuals, officials or any interested party may inform the NPC of any such act involved by the stakeholders of public procurement process. The NPC on receipt of such information shall have a preliminary investigation and if found reasonable grounds a formal Panel of Inquiry shall be established for detail investigation and shall take appropriate action, taking recommendations of the Panel of Inquiry in to account.

Such appropriate actions shall be inclusive of imposing sanctions to participate in the bidding process for the bidder/s and reporting appropriate authorities for further action.

PROCUREMENT GUIDELINE REFERENCE: 1.4.3

**SANCTIONS FOR INVOLVEMENT IN FRAUD AND
CORRUPTIONS**

Appropriate actions against the bidders, officials or individuals that will be taken for involvement in fraud and corrupt practices related to public procurement shall be inclusive of imposing sanctions to participate in the bidding process for the bidder/s as prescribed in Guidelines 9.4 and reporting appropriate authorities for further action, including disciplinary procedure, as may be determined by the NPC.

PROCUREMENT GUIDELINE REFERENCE: 1.4.4

CONFLICT OF INTEREST

A firm/individual shall be considered to have a conflict of interest if the firm/individual;

- a. has any connection such as ownership, relationship, shareholding with a prospective bidder;
- b. has provided consultancy services for the preparation or implementation of a project such as
 - i. being directly or indirectly involved in the preparation of the Procurement Documents or contract specifications, and/or the evaluation process of such procurement;
 - ii. being involved in the execution or supervision of such contract, (unless the

conflict stemming from such relationship has been resolved in a manner acceptable to the Government throughout the procurement process and execution of the contract); or

- c. has provided consultancy services by an affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm;
- d. has employed personnel, who have close business or family relationship with the professional staff of the PE, or of the project implementing agency, or of a recipient of a part of the funding agency financing, or any other party representing or acting on behalf of the PE;
- e. does not comply with any other conflict of interest situation as specified in the Procurement Documents relevant to the specific procurement process;

This provision does not apply to the various firms (Consultants, Contractors, or Suppliers), which together are performing the contractor's obligations under a turnkey or design and build contract.

Should such a compromising situation arise, the official and any other firm/individual involved shall declare his/her interest and disassociate himself/herself from the procurement process.

CHAPTER 2 – GOVERNANCE OF PROCUREMENT ACTIONS

PROCUREMENT GUIDELINE REFERENCE: 2.1

NATIONAL PROCUREMENT COMMISSION (NPC)

The National Procurement Commission (NPC), which was established under the 19th amendment to the Constitution of Democratic Socialist Republic of Sri Lanka, is the principal authority for governance of all procurement of GOSL.

In terms of the Article 156c (1) of the 19th Amendment to the Constitution of Democratic Socialist Republic of Sri Lanka, It shall be the function of the Commission to formulate fair, equitable, transparent, competitive and cost effective procedures and guidelines for the procurement of goods and services, works, consultancy services and information systems by the government institutions and cause such guidelines to publish in the Gazette within three months of such publication and to be placed before the Parliament.

As such these Procurement Guidelines & Manuals are issued by the NPC and any clarifications on the provisions of these Guidelines & Manuals shall be sought from the NPC.

Under paragraph (2) of said article, without prejudice to the provisions of the paragraph (1) above, the functions of the Commission shall be to;

- a. monitor and report to the appropriate authorities, on whether all procurement of goods and services, works, consultancy services and information systems by government institutions are based on procurement plans prepared in accordance with previously approved action plans;
- b. monitor and report to the appropriate authorities on whether all qualified bidders for the provision of goods and services, works, consultancy services and information systems by government institutions are afforded an equal opportunity to participate in the bidding process for the provision of those goods and services, works, consultancy services and information systems;
- c. monitor and report to the appropriate authorities on whether the procedures for the selection of contractors, and the awarding of contracts for the provision of goods and services, works, consultancy services and information systems to government institutions are fair and transparent;
- d. report on whether members of procurement committees and technical evaluation committees relating to the procurements, appointed by government institutions are suitably qualified; and

- e. Investigate reports of procurements made by government institutions outside established procedures and guidelines, and to report on the officers responsible for such procurements to the relevant authorities for necessary action.

PROCUREMENT GUIDELINE REFERENCE 2.1.1

ROLE OF THE NPC

The functions of the NPC shall be implemented by not limited to;

- Ensuring review, development and implementation of policies and guidelines in procurement of Goods, Works, Services, Information Systems and e-GP.
- Introduction of systems, procedures and technology, where necessary to facilitate achievement of objectives in Public Procurement to improve the efficiency and effectiveness.
- Provision of advisory services on matters pertaining to public procurement to the stakeholders.
- Development and introduction of Standard Procurement Documents (SPDs) and other related Procurement Documents (PDs).
- Introduction of generic standard specifications, plans etc. for commonly procured goods, equipment & works by the government institutions.
- Capacity building of the stake holders in public procurement and Bidders.
- Monitoring the performance of PEs, PCs and BECs and individual members of such committees related to public procurement.
- Review Procurement Procedures & Procurement Plans of all Government Institutions.
- Introduction of standards, systems and procedures for accreditation of members of BECs and PCs.
- Appointment of Panels of Inquiries to consider the concerns of grieved parties and investigate in to the procurement related matters.
- Ensuring issuance of code of Ethics in relation to Public Procurement, applicable to Public Officers, Bidders, Contractors, Suppliers and other stakeholders.
- Ensuring the sale of public assets is done within the provisions of public procurement policy.

- Reporting on whether the members of PCs and BECs are suitably qualified.
- Setting of Procurement Authority limits of PCs with the concurrence of the Treasury.
- Determination of remuneration to members of PCs, BECs, support staff of such committees in concurrence with the Treasury.
- Capacity building on Public Procurement.
- Monitoring of electronic Government Procurement System (e-GP)

PROCUREMENT GUIDELINE REFERENCE 2.2

ROLES AND RESPONSIBILITIES OF CHIEF ACCOUNTING OFFICER AND ACCOUNTING OFFICER (CAO/AO)

The responsibility of all Procurement Actions shall be with the CAOs/ Secretary's and AOs, in terms of delegated Procurement authority limits.

CAO/Secretary shall take every effort to standardize the procurement function under the purview of the Ministry.

- Ensuring an effective Procurement Division/Section, considering the involvement of the Ministry in procurement function and deploy required procurement and other cadre.
- Procurement capacity building of the staff, providing necessary training opportunities to ensure availability of well competent procurement carder and support staff.
- Ensuring Maintenance of a library of Guidelines, Manuals, standard procurement documents and other related documents, including such documents developed and published by the multi-lateral and bi-lateral financing agencies.
- Constitution of Ministry Procurement Committees (MPCs), Department Procurement Committees (DPCs), PPCs and RPCs annually.
- Ensuring procurements are planned properly in accordance with the Action plans and approved.
- Arranging necessary external inputs, including consultants, in the cases where required procurement capacity is not available within the Ministry.

PROCUREMENT GUIDELINE REFERENCE: 2.3

ROLES AND RESPONSIBILITIES OF PROCURING ENTITY (PE)

PE shall be responsible for accomplishment of all actions from procurement preparedness to execution of the contract, including followings.

- a. Ensuring availability of properly formulated project proposal/assessment of all procurements, with necessary information, which could be translated in to a procurement document for the clear understanding of the bidders without ambiguities.
- b. With the request for the appointment of a PC & BEC, the PE shall confirm to the appointing authority that following preliminary arrangements related to the particular procurement are made;
 - i. A feasibility study including Environmental Impact Assessment (EIA), Social Impact Assessment (SIA) etc. has been carried out where applicable;
 - ii. Total Cost Estimate has been prepared and approval has been obtained in accordance with the Financial Regulations of the GOSL or as per the Financial Regulations applicable to respective PE;
 - iii. Required budgetary provisions have been made available;
 - iv. Required clearances from the relevant authorities have been obtained and cross functional aspects pertaining to other government institutions are addressed;
 - v. Land acquisition has been resolved where applicable;
 - vi. Technical & Functional Specifications/plans/BOQs/Scope of works have been developed and it has completed all the documents required for the preparation of the procurement documents.
 - vii. Draft procurement documents have been prepared using Standard Procurement Documents (SPDs) where applicable.
- c. Make necessary payments to Procurement Committees, Bid Evaluation Committees and assisting staff according to the instructions issued by the NPC from time to time.
- d. Heads of Departments (HDs) and Project Directors (PDs), together with the assistance of the Procurement Specialists, Consultants and other staff shall be responsible for the following:
 - i. maintenance of necessary communication with all stakeholders of the procurement process, including government institutions, to ensure all cross functional issues are addressed;

- ii. preparation of pre-qualification documents/Initial Selection documents, Invitation, Solicitation and submission of them to the BECs for review and recommendation to the PCs;
- iii. preparation of the draft bidding documents including the specifications/plans/BOQs and the submission of same to the BECs for review and recommendation;
- iv. obtaining clarifications, conducting of pre-bid meetings, site visits etc. on the request of PC or BEC through PC.
- v. in the evaluation stage, communicating with bidders on seeking clarifications, additional information etc on the request of PC or BEC through PC;
- vi. arranging and facilitating the meetings of BECs and PCs.
- vii. circulation of the clarifications, addendums, minutes of the pre-bid meetings, meetings of BECs and PCs; and
- viii. provision of any requisite assistance to BECs and PCs on any request made by them to facilitate expediting of the Procurement process and all other matters incidental thereto.

PROCUREMENT GUIDELINE REFERENCE: 2.4

APPOINTMENT OF PROCUREMENT COMMITTEES (PCs), BID EVALUATION COMMITTEES (BECs) AND PAYMENTS FOR PC AND BEC MEMBERS

Procurement activities from calling for invitation of bids/proposals to determination of the substantially responsive lowest evaluated bidder shall be handled by following Procurement Committees appointed to handle bids/proposals at different financial authority limits.

A. Types of Procurement Committees

- i. Cabinet Appointed Procurement Committee (CAPC)
- ii. Standing Cabinet Appointed Procurement Committee (SCAPC)
- iii. Ministry Procurement Committee (MPC)
- iv. Department Procurement Committee (DPC) / Project Procurement Committee (PPC)

v. Regional Procurement Committee (RPC)

Such Procurement Committees will be assisted by the Bid Evaluation Committees (BECs), as described under the appointing arrangements of respective PCs from 2.4.1 to 2.4.7 below.

B. Minor Procurement Committees

Minor Procurement Committee(s) may be appointed, under the MPC/DPC/PPC levels to handle smaller value procurements within the authority limits of the MPC/DPC/PPC, with the approval of the respective CAOs. Composition of such Minor Procurement Committees shall be determined by the CAOs.

C. General Conditions Applicable in Appointing BECs

Appointing authorities of BECs should take following general conditions in to account, when BECs are appointed to assist different Procurement Committees.

- i. There shall be BECs for all procurements falling under the purview of CAPC/MPC/DPC/PPC and RPC. However, the appointing of BECs for Minor Procurement Committees shall not be required. Where there is no requirement to appoint a separate BEC, appointing authority is empowered to include required technical/subject experts in to the relevant PC.
- ii. No member should be appointed to serve in both the PC and BEC for a particular procurement.
- iii. BECs should consist of subject specialist/s, and at least one member who is sufficiently knowledgeable on procurement procedures.
- iv. The relevant PE shall nominate suitable officers who could devote time to participate in Bid/proposal Evaluation Process and obtain approval from the relevant authority. An officer should not be appointed to serve in more than three (03) BECs at a given time.
- v. The BEC members should inform the completion of committee works to the respective PE, enabling the authority to make appointments to committees within the prescribed limit of 03 committees per member at a time.
- vi. However, in the events of appointing an officer for more than three (03) committees due to unavoidable circumstances, the approval of the CAO/AO depending on the threshold should be obtained informing the particular reasons before such appointment is being made.

PROCUREMENT GUIDELINE REFERENCE: 2.4.1

CABINET APPOINTED PROCUREMENT COMMITTEE (CAPC)

A. Appointing Authority

The Secretary to the Treasury shall appoint the CAPC and the Members of the CAPC shall be selected from the list of names that will be concurred by the National Procurement Commission for their suitability for appointment as members of the CAPCs. Such appointments shall be placed before the Cabinet subsequently.

The appointing authority should take all possible efforts to limit the number of CAPCs that will be assigned to a particular CAPC member does not exceed six (6) CAPCs.

B. Request for appointment of CAPC

- i. The CAO/Secretary to the Line Ministry shall submit the request for appointment of CAPC/BEC using **Annex I of Chapter 2** to Secretary to the Treasury, along with nominations to be appointed as members of the BEC, with copy to NPC.
- ii. The Secretary to the Treasury shall appoint CAPC's, along with two alternative members from the list of names, that was concurred by the NPC for their suitability as per above (A).
- iii. Such appointments will be addressed to the Secretary to the Line Ministry and copied to NPC.

Refer **Annex I of Chapter 2**, for the Format to make requests for appointment of CAPC.

C. Composition of the CAPC

The number of members in a CAPC shall not be **less than three (3)**:

- i. A Secretary/Additional Secretary to a Ministry, other than the Secretary/Additional Secretary to the relevant Line Ministry – to function as the Chairperson.
- ii. Secretary to the relevant Line Ministry or a nominee of the Secretary at the Additional Secretary level (Ministry representative).

D. Appointing Alternate Members, to Ensure the Continuity of CAPC

With the appointment of CAPC, Secretary to the Treasury shall designate two alternate members as well, to attend the CAPC meetings, in the absence of any appointed member.

The Appointed Members should ensure attendance of CAPC Meetings on priority basis to conclude particular procurement in timely manner as planned in the PTS. In the event of absence of appointed member/s, they are solely responsible to make prior arrangements by informing the Alternate Member/s to attend scheduled CAPC meeting to ensure uninterrupted functioning of the CAPC. Alternate Member who attends CAPC meetings shall function in full capacity of the appointed member and is liable to inform the appointed member on the deliberations of the particular meeting.

In the absence of the Chairperson, interim Chairman (among other members) shall be selected to preside the particular Meeting by other members, and Secretary to the CAPC should inform the appointed Chairman on the deliberations of the meeting.

E. Secretary to the CAPC

There shall be a Secretary to the CAPC. Head of the Procurement Division/Section nominated by the CAO, shall be the non-member Secretary to the CAPC.

F. Appointment of BECs to Assist CAPCs

The request for the appointment of a BEC to assist CAPC shall be made to the Secretary to the Treasury, simultaneously with the request for appointing CAPC, using the **Annex 1 of Chapter 2**, by the CAO/Secretary to the Line Ministry. The Secretary to the Treasury shall appoint the BEC to assist CAPC.

The relevant CAO/Secretary to the line Ministry shall nominate officers who are competent to handle the particular procurement and could allocate time to participate regularly in Bid Evaluation Committee proceedings. An officer should not be appointed for more than three (3) BECs at a given time.

However, in the case of nominating an officer for more than three (3) BECs is warranted due to unavoidable circumstances, it should be justified in the request letter addressed to the Secretary to the Treasury.

G. Composition of BEC to Assist CAPCs

- i. The minimum number of members in the BEC shall be five.
- ii. There shall be a chairperson for the BEC.
- iii. BEC should consists of subject specialist/s*, and at least one member who is sufficiently knowledgeable on Procurement procedures.
- iv. Representative from the Line Ministry.
- v. Representative from the Treasury
- vi. If Head of the Department or Chief Executive Officer is a member of the BEC, his or her subordinates should not serve as member/s of the same BEC, unless it is essential and justifiable.
- vii. Any other processing specialized expertise (if required)

The Chairman of the BEC shall assign specific tasks to each member (including to himself/herself) in addition to the joint responsibilities.

The Officer in charge of the Project shall be the non-member Secretary for BEC

* Subject specialist means a person who are knowledgeable to make judgment on responsiveness of the bid/proposal on technical/financial/procurement and other related grounds as appropriate to the procurement concerned.

H. With the approval of the CAO/Secretary to the relevant Ministry;

A BEC where necessary may obtain expert advice from external persons or institutions on specific subject matters.

A BEC may also be obtain assistance for drafting Procurement Documents and evaluation of bids/proposals from external consultants who shall be guided and directed by the BEC.

However, a BEC is solely responsible for above and the bid/proposal evaluation.

PROCUREMENT GUIDELINE REFERENCE: 2.4.2

STANDING CABINET APPOINTED PROCUREMENT COMMITTEE (SCAPC)

A. Appointment of SCAPC and Appointing Authority

In exceptional circumstances where the CAO/Secretary to the Line Ministry could justify that handling particular procurement/s by a normal CAPC shall not ensure the efficiency, effectiveness and Value for Money (VfM), a request shall be made to NPC seeking the concurrence to appoint a SCAPC. Refer **Annex I of Chapter 2** for the format to obtain the concurrence from NPC. On the concurrence of the NPC;

Secretary to the Line Ministry shall be followed the procedure given in Manual 2.4.1 B from (i) to (iii).

B. Appointment of a SCAPC may be justified where;

- i. Items/commodities are needed to be purchased very frequently, without significant changes in specifications are in the same nature;
- ii. Expeditious processing of procurement is necessary due to volatile market situations which warrants speedy decisions to ensure VfM and uninterrupted supply/service;
- iii. Bids/proposals have a very short validity period, due to fluctuation of market prices frequently;
- iv. Security consideration warrants;
- v. A project contains a large number of bid/proposal packages spread over a long-time span and handling all by one PC would allow members to specialize in procurement of such goods/commodities; and
- vi. Supplies are immediately required to avoid acute shortage in the market.

C. Composition of the SCAPC

- i. A Secretary to a Ministry, other than the Secretary to the relevant Line Ministry – to function as the Chairperson;
- ii. Secretary or a nominee of the Secretary (at Additional Secretary level) to the relevant Line Ministry (Ministry representative/member);

- iii. A Representative of the Secretary to the Treasury (not less than Director General level); and
- iv. Two other members who are considered knowledgeable in procurement of such goods/commodities and the market behavior of such items.

Number of members of SCAPC **shall not be less than 5.**

D. Appointing Alternate Members, to Ensure the Continuity of SCAPC

Same as of CAPC - Refer procedure given in Manual; 2.4.1 - D

E. Secretary to the SCAPC

Same as of CAPC - Refer procedure given in Manual; 2.4.1 – E

F. Appointment of BECs to Assist SCAPC

Same as of CAPC - Refer procedure given in manual; 2.4.1 – F

G. Composition of BEC to Assist SCAPC

Same as of CAPC - Refer procedure given in manual; 2.4.1 - G

PROCUREMENT GUIDELINE REFERENCE: 2.4.3

MINISTRY PROCUREMENT COMMITTEE (MPC)

A. Appointment of MPC and Appointing Authority

The CAO/Secretary to the Line Ministry shall appoint the MPC to handle Procurements, which are coming under the purview of the Ministry, within the financial authority limit as indicated in Guideline 2.5 that shall be functional within a financial year. MPCs shall be re-constituted annually for different Agencies or different categories or components considering the nature of the procurement.

B. Composition of MPC

The minimum number of members in a MPC shall be three.

- i. An officer not less than the rank of an Additional Secretary to a Line Ministry shall be the Chairperson.
- ii. Where the Ministry is not the Procuring Entity, one member shall be the Head of Department or CEO/MD/Project Director of the PE.
- iii. One member shall be from outside the ministry who is conversant in subject of procurement.

The Chairperson of the BEC or his nominee - from amongst the members of the BEC, shall participate as a non-member at all meetings of MPC to make clarifications.

The Procurement Liaison Officer of the PE shall be the non-member Secretary for MPC. If Liaison Officer is unavailable, a senior officer from the Line Ministry, not below the rank of a Deputy Director (or equivalent) may serve as the non-member Secretary for MPC.

C. Composition of MPC for minor contracts

The number of members in a MPC (minor committee) shall be three; However, CAO may increase the number of members by including additional subject specialists and make determination without the assistance of a BEC as appointing the BEC is not required.

- i. One senior staff officers (Assistant Secretary/Assistant Director/Project Manager or equivalent officer) may be appointed as Chairperson.
- ii. Other two members shall be staff officers. For each such member a suitable alternate member may be appointed. Either the member or the alternate member may serve in the committee.
- iii. If the MPC is not assisted by a BEC, MPC may be enhance by appointing one or two additional subject matter specialists who are familiar with procurement and related subject and technical requirements.

The Procurement Liaison Officer of the Procuring Entity shall be the Secretary. If Liaison Officer is unavailable, a senior officer from the Ministry/Department/Project may serve as the Secretary.

Upon the request as above, Secretary to the Line Ministry shall appoint the MPC (Minor) and shall designate two alternate members as well, to attend the MPC meetings, in the absence of any appointed member.

The Appointed Members should ensure attendance of MPC Meeting on priority basis to conclude particular procurement in timely manner as planned in the PTS. In the event of

absence of appointed member/s, appointed Member/s are solely responsible to make prior arrangements by informing the Alternate Member/s to attend scheduled MPC meeting to ensure uninterrupted functioning of the MPC. Alternate Member who attends MPC meeting shall function in full capacity of the appointed member and is liable to inform the appointed member on the deliberations of the particular meeting.

In the absence of the Chairperson, interim Chairman shall be elected to preside the particular Meeting, and Secretary to the MPC should inform the appointed Chairman, immediately after, on the deliberations of the meeting.

D. Request for appointment of MPC

The request for the appointment of a MPC shall make to the CAO/Secretary to the Ministry, by the Head of the Department/Project Director as appropriate. Please refer the Format given in this Manual to make such requests.

E. Appointment of BECs to Assist MPCs

Giving due consideration to the recommendations made by the Head of Department/Project Director, CAO/Secretary to the Ministry appoints the BEC. The Secretary may appoint Permanent BECs for different agencies, different categories or components, with due emphasis to the complexity of particular procurement. If appointing authority is confident that the bids/proposals can be evaluated with no assistance of a BEC, evaluation may be carried out by the members of the enhanced MPC as per above 1(b).

F. The composition of BEC is given below:

Composition for major contracts

The minimum number of members in a BEC shall be five.

- i. There shall be a chairperson at the level of Additional Secretary for the BEC;
- ii. At least one member of the BEC shall be a person who is conversant with Procurement procedure and shall be external to the Procuring Entity;
- iii. At least one member shall be from the list nominated by Head of Department/Project Director;
- iv. At least one member shall be a subject specialist*;

If Head of the Department or Chief Executive Officer is a chairman of the BEC, his or her subordinates should not serve as member of the same BEC, unless it is essential.

The Chairman of the BEC shall assign specific tasks to each member (including to

him/herself) in addition to the joint responsibility;

One of the members shall be the secretary to the BEC.

*Subject specialists mean persons who are knowledgeable and possess required experience to make judgment on responsiveness of the bid/proposals on technical/financial and other criteria as appropriate to the procurement concerned.

Composition of the BEC for minor contracts

The composition of the BEC to carry out minor procurements shall not exceed three.

G. Request for appointment of BEC for MPC

The request for the appointment of a BEC for MPC shall be made to the CAO, by the Head of Department/Project Director/Additional Secretary as appropriate. The request shall be made simultaneously with the request for appointing MPC.

PROCUREMENT GUIDELINE REFERENCE: 2.4.4

DEPARTMENT PROCUREMENT COMMITTEE (DPC)

A. Appointment of DPC and Appointing Authority

The CAO shall appoint the DPC to carry out Procurements as indicated in Guideline 2.4. The CAO may appoint DPCs annually, for different agencies or different categories or components. The CAO may also appoint a minor PC to carry out procurement Actions for contracts of lower values. If so wishes the CAO may delegate the appointment of minor procurement committees to Additional Secretaries.

B. The Composition of DPC is given below:

Composition of DPC for major contracts

The number of members in a DPC shall be three.

- i. The Head of Department shall be the Chairperson.
- ii. One member shall be a senior staff officer from the Procuring Entity.
- iii. One member shall be from the Line Ministry who shall be a Class I staff officer.
- iv. If the DPC is not assisted by a BEC, appointing two additional members (one

subject specialist and one member on the matter concerned) may enhance DPC, who could assist DPC in bid/proposal evaluation.

The Chairperson of the BEC or his nominee selected from amongst the BEC members shall participate at all meetings of DPC to make clarifications.

A senior officer from the Procuring Entity shall be the non-member Secretary to the DPC.

Composition of DPC for minor contracts

The number of members in a DPC (minor committee) shall be three; However, CAO may increase the number of members by including additional subject specialists and make determination without the assistance of a BEC.

- i. Two senior staff officers may be appointed as chairperson/alternate chairperson. Either of these two officers shall be the chairperson.
- ii. Other two members shall be staff officers. For each such member a suitable alternate member may be appointed. Either the member or the alternate member may serve in the committee.

One member shall be from the Procuring Entity or one who is knowledgeable in the subject matter of the Procurement under consideration.

Request for appointment of DPC

The request for the appointment of a DPC shall be made to the CAO, by the Head of the Department/Project Director as appropriate. Please refer the **Annex II of Chapter 2** to make such request.

C. Appointment of BECs to Assist DPC

Head of Department/Project Director shall appoint the BEC for DPC. The Head of Department/Project Director may appoint Permanent BECs for different categories or components of the Project for PPCs. The BEC will have the composition given below:

D. Composition of the BEC Assisting DPC/PPC

The number of members in the BEC shall be three to five.

- i. There shall be a chairperson for the BEC.
- ii. At least one member shall be the subject specialist*;

- iii. At least one member shall be from line ministry or external to Procuring Entity who is conversant with procurement;
- iv. If a sectional head is a member of the BEC, his or her subordinates should not serve as member of the same BEC, unless it is essential.

The Chairman of the BEC shall assign specific tasks to each member (including to himself/herself) in addition to the joint responsibility;

One of the members shall be the Secretary to the BEC.

*Subject specialists mean persons who are knowledgeable to make judgment on responsiveness of the bid/proposal on technical/financial and other related grounds as appropriate to the procurement concerned.

E. Request for Appointment BECs to Assist DPC

The request for the appointment of a BEC for DPC shall be made to the Head of Department/Project Director as appropriate by the concerned officer. The request shall be simultaneously with the request for appointing DPC.

PROCUREMENT GUIDELINE REFERENCE: 2.4.5

PROJECT PROCUREMENT COMMITTEE (PPC)

A. Appointment of PPC and Appointing Authority

The CAO shall appoint the PPC to carry out Procurements as indicated in Guideline 2.4. The CAO may appoint PPCs annually, for different agencies or different categories or components. The CAO may also appoint a minor PC to carry out procurement Actions for contracts of lower values. If so wishes the CAO may delegate the appointment of minor procurement committees to Additional Secretaries.

The Composition of PPC is given below:

B. Composition of PPC

The number of members in a PPC shall be three;

- i. The Project Director or a suitable officer appointed by the Secretary to the Line Ministry shall be the Chairperson; If the Project Director is not the Chairperson,

then he/she shall be a member;

- ii. One member shall be a senior officer from the Procuring Entity who is knowledgeable in the subject matter of the Procurement under consideration;
- iii. One member (Class 1 officer) or equivalent status shall be a representative from the Ministry;
- iv. If the PPC is not assisted by a BEC, appointing two additional members (one subject specialist and one member on the matter concerned) may enhance PPC, who could assist PPC in bid/proposal evaluation.

The Chairperson of the BEC or his nominee from the BEC members shall participate as non-member at all meetings of PPC to make clarifications.

The Procurement Specialist of the project shall be the non-member Secretary to the PPC.

Composition of PPC for minor contracts

The number of members in a MPC (minor committee) shall be three. However, CAO may increase the number of members by including additional subject specialists and make determination without the assistance of a BEC.

- i. Two senior staff officers may be appointed as chairperson/alternate chairperson. Either of these two officers shall be the chairperson.
- ii. Other two members shall be staff officers. For each such member a suitable alternate member may be appointed. Either the member or the alternate member may serve in the committee.

One member shall be from the Procuring Entity or one who is knowledgeable in the subject matter of the Procurement under consideration.

A senior officer from the PE may serve as the non-member Secretary.

C. Request for appointment of PPC

The request for the appointment of a PPC shall be made to the CAO, by the Project Director.

Please refer the **Annex II of Chapter 2**.

D. Appointment of BECs to Assist PPC

Refer 2.4.4 - D, for details on appointment of BEC to assist PPCs.

PROCUREMENT GUIDELINE REFERENCE: 2.4.6

REGIONAL PROCUREMENT COMMITTEE (RPC)

A. Appointment of RPC and Appointing Authority

CAO, Head of Departments having a large number of regional/district/divisional offices may set up RPCs. The Head of the Department may appoint one or more RPCs for different categories or components of procurements, for a region, district or a division.

B. Composition of RPC

- i. The number of members in a RPC shall be three.
- ii. Head of regional/district/divisional (or equivalent) shall be the Chairperson.
- iii. One other member shall be a senior officer from the Procuring Entity of the region, who is knowledgeable in the subject matter of the contract under consideration and this person, shall also be the Secretary of the RPC.
- iv. The third member shall be a staff officer external to the Procurement Entity who is knowledgeable in Government Procurement procedure.

If the RPC is not assisted by a BEC, appointing two additional members (one subject specialist and one member on the matter concerned) may enhance RPC, who could assist RPC in bid/proposal evaluation.

C. Request for appointment of RPC

The request for the appointment of a RPC shall be made to the Head of the Department, by the Officer in charge of the region. Please refer the Format given in this manual to make such requests.

Please refer the Format given in this Manual to make such requests. (**Annex II of Chapter 2**)

D. Appointment of BEC to Assist RPC

The Head of Department shall decide upon the requirement of a BEC. If Head of Department is satisfied that the RPC appointed for the purpose includes subject Specialists

and an officer conversant with Procurement, he may request the RPC to make the determination of awarding the contract without the assistance of a BEC. The Head of the Department may appoint Permanent BEC for RPCs for different categories or components of the Region. If so appointed it will have the Composition given below:

D. Composition of the BEC

- i. The number of members in the BEC shall be three;
- ii. There shall be a chairperson for the BEC;
- iii. At least one member shall be a subject specialist*;

One of the members shall be the secretary to the BEC.

** subject specialists mean persons who are knowledgeable to make judgment on responsiveness of the bid/proposal on technical/financial and other related grounds as appropriate to the procurement concerned.*

E. Composition of BEC for RPC

- i. The number of members in the BEC shall be three;
- ii. There shall be a Chairperson for the BEC;
- iii. At least one member shall be a subject specialist*;

F. Request for appointment of BEC for RPC

The request for the appointment of a BEC for RPC shall be made to the Head of Department. The request shall be simultaneously with the request for appointing RPC.

PROCUREMENT GUIDELINE REFERENCE: 2.4.7

PAYMENTS FOR MEMBERS OF PROCUREMENT COMMITTEES (PCS) AND BID EVALUATION COMMITTEES (BEC), STAFF OFFICERS AND OTHER OFFICERS ASSISTING IN THE PROCUREMENT PROCESS

Payment for Members

Members of the Procurement Committees, Bid Evaluation Committees, alternate members, staff officers and other officers assisting procurement activities shall be paid for participation of such committee meetings. However, it should be noted that the payment scheme shall not be applied, and no payment should be made when procurements are carried out by adhering to direct contracting procedure.

Payments for participation at meetings shall be made to the members only if they have participated meetings. Where an alternate member has participated in such meetings in place of a permanent member, the alternate member will be entitled to receive payments in proportionate to the number of meetings attended by such member.

The payment given herein shall be reduced by 40% at the first instance of absence at a meeting by a member unless arrangements have been made for the alternate member to participate. The second absence by a member without making arrangements for the alternate member to participate shall result in no payment and such occurrence shall be immediately notified to the NPC, with copies to the Secretary to the line ministry.

This payment scheme is applicable only for procurements exceeding value of LKR 2 Mn. However, if assistance of an external member to the PE is obtained for the BEC considering the nature and the complexity of the procurement, such officer may be paid a reasonable amount as decided by the head of PE. Such payment should be lower than the payments indicated in this schedule for the lowest range.

The members may scrutinize the documents or perform any other work connected with the procurement outside the meetings and outside the normal legitimate working hours of the members. However, it is mandatory that the members shall meet at least on two occasions to discuss and agree on the matters connected to the procurement under consideration to be entitled for a payment and such meetings shall be held outside the normal working hours. The total payments a government or any state organization officer is entitled as fees for participating in procurements during any quarter shall not exceed the aggregate of basic salary of that officer for the quarter concerned.

To implement this requirement, the following method shall be followed:

- a. The officer shall receive all payments paid to him as explained above by his/her own organization or any other outside organization as fees for serving in the procurement process;

- b. At the end of any quarter, if the aggregate of such payments received exceeds the aggregate of basic salary of the officer for the quarter concerned, the officer shall refund such excess amount to the organization of which he/she is regularly employed; and
- c. If any officer has not refunded such excess money it will be considered as a fraudulent practice. Any officer who is noted/reported to have acted in contradiction to the above shall be disqualified to be served as a member of future procurements and may be subjected to disciplinary procedures.

Instances where BEC/PC is unable to accomplish their tasks due to reasons beyond their control, and if the CAO is of the view that the members spent considerable amount of time, the CAO may approve a reasonable payment to the members of such committees.

Note: This payment scheme will be applied as follows:

When contract is awarded within the PTS – 100%

When contract is awarded outside the PTS – 50%

PROCUREMENT GUIDELINE REFERENCE: 2.4.8

ROLES AND RESPONSIBILITIES OF PROCUREMENT COMMITTEES (PCs) AND BID EVALUATION COMMITTEES (BECs)

A. Joint Responsibilities of PCs and BECs

All members who are serving in Procurement Committees and BECs shall take every effort to complete the procurement process according to the PTS. The members of the PCs / BECs are jointly and severally responsible for the following;

- a. Confirming that the procurement is properly planned with realistic identification of the need and timeliness;
- b. Considering the appropriateness of bid/proposal packaging to ensure obtaining of best price.
- c. Reviewing and agreeing upon the PTS, to ensure timely award of the contract;
- d. Agreeing on the procurement method, nature of bidding and contract documents to be used, period of bid/proposal submission and closing and opening of bids/proposals etc.
- e. Reviewing the draft Procurement Documents, to ensure completeness of the content of such documents to promote competitiveness and adequacy for procurement of

most advantageous Goods, Works and Services and approving them;

- f. Making arrangement for Bid/proposal opening and ensure appointing the Bid Opening Committee, if BEC is not participating in bid/proposal opening;
- g. Directing the PE to seek clarifications from the bidders where deemed appropriate;
- h. Conducting negotiations (only in exceptional circumstances) as described in Guideline (7.10);

Confidentiality:

At no stage the composition, names or any other details of the PC/BEC members shall be divulged to the bidders. Other than when direct negotiations are required with the bidders only in exceptional circumstances, PC and BEC members should not communicate directly with the bidders. All such communications should be done through the PE

B. Roles and Responsibilities of Procurement Committees (PCs)

The members of the PCs are jointly and severally responsible for the following:

- a. Ensuring that the funds are available for the Procurement under consideration;
- b. Ensuring sufficiently readiness of the Procuring Entity to float the bid/proposal by completion of Pre –Procurement Process, including drafting of Procurement Documents.
- c. Determining the dates and manner of advertising the Procurement to provide widest publicity, sale of Procurement Documents, and closing and opening of bids/proposals, at the first meeting;
- d. Agreeing with the BEC on the method, type and nature of procurement and contract documents to be used;
- e. directing the BEC in providing/seeking clarifications through PE on the content of Procurement Documents/bids, where necessary;
- f. to approve addenda to the Procurement Documents, if warranted;
- g. reviewing the evaluation report and recommendation of BEC and making determinations/recommendations on the award of contract.
- h. submission of dissenting report/s if a member has different view point on any issue related to content of the Procurement Documents or recommendations on award of contract;
- i. maintenance of proper records on the proceedings of the PCs, with justifications to

their decisions, what so ever.

- j. Appointment of Bid Opening Committees (BOC) where necessary.

In accordance with the Guidelines, Manuals and Procurement Documents issued the PC shall have the discretion to:

- i. accept any bid/proposal, or part of a bid/proposal;
- ii. accept part of more than one bid//proposal;
- iii. reject all or any bid/proposal;
- iv. direct to re-invite bids/proposals;

Provided that such a condition is incorporated in the bidding conditions and have material ground to do so. If so, such ground should be properly recorded in the minute and informed all the bidders on the decision, with reasons.

PC has no authority to grant Covering approval for any contract award except in the case of emergency procurement.

C. Roles and Responsibilities of Bid Evaluation Committees (BECs)

- a. The members of the BECs are jointly and severally responsible for the following activities:
 - i. to review and approve of specifications to ensure that the specifications are fit for the purpose and are generic in nature so as to promote competitiveness;
 - ii. to revisit specifications if objections are received from any bidder 10 days prior to closing of bids/proposals, enabling the PE to convey its decision to all the bidders who have purchased the Procurement Documents;
 - iii. to review and to approve the pre-qualification documents/Procurement documents prepared by the PE to ensure that the requirements of these Guidelines and accepted principles of Procurement are complied with;
 - iv. to participate in negotiations, only **if directed by the PC**;
 - v. To carry out bid/proposal evaluations and make recommendations to PC;
 - vi. Maintenance/keeping of proper Minutes/Records on the deliberations of the BECs. Refer **Annex VIII of Chapter 2** for the format to maintain Minutes/Records of BEC meetings
 - vii. Preparation of Bid Evaluation Reports and Bid Evaluation Summery

Reports. Refer **Annex IX of Chapter 2** for the format for preparation of the bid evaluation summary report

- b. A BEC where necessary may obtain expert advice from external consultants or institutions on specific subject matters and also obtain assistance for drafting Procurement Documents and evaluation of bids/proposals from external consultants who shall be guided and directed by the BEC, with the approval of the PC. However sole responsibility for the bid/proposal evaluation lays with the BEC and the BEC is not bound to gross acceptance of recommendations of the consultants, unless BEC is found that such findings are factually supported.
- c. The Chairperson of BEC or his nominee selected from amongst the members of the BEC shall participate at pre-bid meetings if any.

In addition, each BEC Member is responsible to the special tasks that will be assigned to such member by the BEC Chairman. These tasks may be related to the main subject matter of procurement or ancillary matters such as procurement procedures, finance, etc. The BEC Chairman shall be responsible for at least one such task. More than one member may be assigned the responsibility for subject matter of the procurement. Each member shall sign to confirm the individual responsibility to the task assigned in addition to signing the joint responsibility of the BEC.

Any BEC member may submit a dissenting report on any issue.

D. Absence of Members of CAPC, SCAPC, MPC, DPC, PPC and RPC and BEC Assisting such PCs;

Members of PCs and BECs are responsible to attend such committee meetings, shall make every possible effort to attend all the meetings.

- a. In the event a member of a PC or a member of a BEC is unable to attend a scheduled meeting for whatever reason and perform all such functions as are required of him/her, then such member is required to communicate his inability to attend such meeting in writing to the secretary of that committee.
- b. In the absence of such member, the members present may decide to proceed with the meeting as scheduled. The secretary shall circulate the observations of the absent member, if any, to other members of the committee.
- c. The secretary to that committee shall dispatch minutes of the meeting to the absent member at the earliest possible.

- d. In the event the Chairperson of a PC or BEC is unable to attend a scheduled meeting for any reason whatsoever, and perform his functions as Chairperson, the most senior Attending member of that committee shall act as an interim Chairperson so that the Meeting can proceed as scheduled.
- e. If a member of a PC or a BEC is absent from three consecutively scheduled meetings, without a valid reason, then such member is liable to be removed from being a member of such committee in addition to payment provision made under Guideline 2.5.7.
- f. If a PC/BEC member appointed has failed to attend two or more meetings of a single procurement, the PE shall inform such absence to the NPC with copies to the Secretary to the line Ministry and the particular member using the format in **Annex III of Chapter 2**. Upon receipt of a copy of such notification the member may show cause for non-attendance with a copy to the PE. NPC will use such information for review of performance of PC and BEC members.

E. Procedures for Meetings of Procurement Committees (PC) and Bid Evaluation Committees (BEC)

a. Scheduling of Meetings

- i. The secretary of the committee in consultation with the Chairperson should notify the members in advance of the date, time and venue of every meeting.
- ii. Dates and times of meetings of the committee should be fixed in accordance with the PTS.
- iii. First meeting of the PC ad BEC shall conduct jointly, to agree on PTS, procurement nature, method and type of Procurement Document.

b. Register of Attendance

The secretary of the committee shall maintain a register of attendance of members for purposes of record.

c. Minutes of the Meetings

- i. The proceedings of the meetings of the committee should be recorded in the specified format given in the Procurement Manual, with justifications for the decisions at the particular meeting and authenticated by the members present. See **Annex VII of Chapter 2** for the Format for recording of PC minutes.

- ii. Members have the right to record dissenting views.
- iii. The PE shall provide for the safe custody of the records, which should be preserved for a minimum period of five (05) years.

F. Declarations by Members of Procurement Committees (PC) and Bid Evaluation Committees (BEC)

- a. All members of PCs and BECs are required to sign a declaration in the prescribed format at its first meeting, affirming:
 - i. their respect for the commercial confidentiality of the proceedings of the committee;
 - ii. their impartiality and probity; and
 - iii. absence of any personal interest.
- b. The PE shall provide for the safe custody of such declaration, which shall be preserved for a period of at least five (05) years. Refer Annex X and XI of Chapter 2 for the format that should be used to make the declaration by respective parties.

G. Termination of PC and BEC

The PC and BEC appointed for a particular procurement cease to exist after the contract award is made. Thereafter entire responsibility of implementation of the contract lies with the PE and the line ministry. A PC may be re constituted with a new mandate from the appointing authority. However, MPC, DPC, PPC or RPC (or respective BECs) may be recalled for consideration of residual matters such as variations to contract/ change management. If such PCs or BECs are re-called any additional payment as determined by CAO may be made.

- a. All components of a complex procurement, such as design.
- b. Different construction aspects (i.e. electrical, structural, piling, etc.) shall be carried out by a single/same PC within applicable limits of authority.
- c. However, there may be different BECs for such different Procurement Activities.

Any Procurement that will lead to other downstream Procurement/s such as selection of consultants for designing and the subsequent selection of contractors for construction activities shall be aggregated and the appropriate PC shall be selected.

H. Reviewing and Monitoring the performance of PCs, BECs and Its Individual Members

The NPC, in collaboration with the Treasury shall review and monitor the performance of PCs, BECs, individual members of such committees and the staff of procurement units of PEs, assisting such committees constantly. The monitoring process shall be inclusive of;

- a. Performance of such committees and members related to achievement of PTS targets, and adherence to the guidelines and best procurement practices,
- b. Record keeping and documentation,
- c. Reviewing the contract award process, through Post Procurement Reviews,
- d. Attendance of meetings and other related matters.

If found responsible for delays in procurement, negligence of duties, incompetency in handling such procurements or any irresponsible act or behavior NPC shall; take appropriate action inclusive of:

- i. Advising to reschedule PTS and expedite the process;
- ii. Proposing corrective measures for adherence;
- iii. Replacing such members;
- iv. Imposing sanctions for such members to participate in public procurement matters;
- v. Directing for capacity building;
- vi. Conducting inquiries and reporting to appropriate authorities for further action.

PROCUREMENT GUIDELINE REFERENCE: 2.5

AUTHORITY LIMITS FOR DETERMINATION OF CONTRACT AWARD

A. When International Competitive Bidding, National Competitive Bidding Procedures (Guideline 3.1.2 and 3.1.3) and Direct Contracting Procedures (Guideline 3.1.6) are followed;

- a. The Total Cost Estimate (TCE) excluding VAT of each procurement shall be considered in deciding the Procurement Authority;
- b. In the case of rentals and leases, the contract value for the entire rental or lease period shall be considered in deciding the Procurement Authority.

Procurement Committee	Authority Limits for GOSL Funded Projects	Authority Limits for Foreign Funded Projects
Standing Cabinet Appointed Procurement Committee (SCAPC) / Cabinet Appointed Procurement Committee (CAPC)	> LKR 300 Mn	> LKR 600 Mn
Ministry Procurement Committee (MPC)	≤ LKR 300 Mn and > LKR 100 Mn	≤ LKR 600 Mn and > LKR 300 Mn
Department Procurement Committee (DPC)/ Project Procurement Committee (PPC)	≤ LKR 100 Mn and > LKR 10 Mn	≤ LKR 300 Mn and > LKR 10 Mn
Regional Procurement Committee	≤ LKR 10 Million	≤ LKR 10 Million

B. When Shopping Procedure is followed (GL 3.1.5); Following authority limits shall be applicable in determination of the appropriate PC;

- a. For Goods and Service contracts quotations may be invited from;
 - i. reputed suppliers /Service providers.
 - ii. Suppliers/Service providers registered with the PE; If applicable.
- b. For Construction Contracts, quotation may be invited from CIDA registered contractors including Community Based Organizations (CBO)

The Procuring Entity shall use Standard Documents in line with the Government Procurement Guidelines, wherever applicable and bids/proposals shall be closed at pre-disclosed deadline.

Procurement Committee/Authority	Minimum quotations to be invited	Limits of Authority for GOSL funded and Foreign Funded (Rs. Mn)
MPC	Works By receiving at least three sealed quotations	Up to 20
	Goods, Services & Information Systems By receiving at least three sealed quotations	Up to 10
DPC / PPC	Works By receiving at least three sealed quotations	Up to 12
	Goods, Services & Information Systems By receiving at least three sealed quotations	Up to 8
RPC	Works By receiving at least three sealed quotations	Up to 2
	Goods, Services & Information Systems By receiving inviting at least three sealed quotations	Up to 1
CAO / HD / PD	Works By receiving at least three sealed quotations	Up to 1
	Goods, Services & Information Systems by receiving at least three sealed quotations	Up to Rs. 500,000

C. Authority Limits Direct Procurement of Small Value Goods, Works and Services

Followings are the authority limits of the different procurement authorities in the events where **Direct Purchase of smaller value repair related to works, goods and services (Guideline 3.1.6) under the GOSL funding or foreign funding. In the cases related to foreign funding, concurrence of the appropriate financing agency is required.**

Authority	Requirements to be fulfilled	Authority Limit
CAO / HD / PD	Works <ul style="list-style-type: none"> • Satisfying the requirements given under Guideline 3.1.6 	Up to Rs. 500,000
	Works <ul style="list-style-type: none"> • When it is uneconomical to follow competitive procedure. • CAO/HD/PD must ensure the economy of procurement. • This authority should be used under the personnel supervision of CAO/HD/PD & should not be delegated to any person. 	Up to Rs. 200,000
	Goods, Services and IS <ul style="list-style-type: none"> • Satisfying the requirements given under Guideline 3.6 	Up to Rs. 200,000
CAO / HD / PD	Goods, Services and IS directly from open market <ul style="list-style-type: none"> • When it is uneconomical to follow competitive procedure. • CAO/HD/PD must ensure the economy of procurement. • This authority should be used under the personnel supervision of CAO/HD/PD. 	Up to Rs. 100,000
CAO / HD / PD	Repairs to motor vehicles and other equipment	Up to Rs. 200,000

	<ul style="list-style-type: none"> When it is uneconomical to follow competitive procedure. HD/PD must ensure the economy of procurement. This authority should be used under the personnel supervision of HD/PD. For repairs exceeding Rs. 200,000/- CAO's personnel approval should be obtained. 	
Regional Heads or Officers in charge of separate units who were delegated authority by HD	Goods, Services and IS including equipment of smaller value not exceeding Rs. 15,000/- per event per day <ul style="list-style-type: none"> Total of such purchases during any calendar month should not exceed Rs. 60,000/-. 	Up to Rs. 15,000
	Repair motor vehicle to a value not exceeding Rs. 150,000/- per month	Up to Rs. 150,000
D. Authority Limits for Deviating from Procurement Procedure <p>When it is mandated to deviate from procurement procedures, may be due to extremely urgent and exceptional circumstances, with regard to procurements under funds of the Government of Sri Lanka, the following competent authorities may authorize such deviations within the limits prescribed, provided that, the reasons are explicitly recorded in writing and a copy is forwarded to the Auditor General.</p>		
Competent Authority		Authority limits for deviating from Procurement Procedure
Head of Department (His personal approval is required)		Up to Rs. 250,000
Department Procurement Committee (DPC)		Up to Rs. 5 Mn
Ministry Procurement Committee (MPC)		Up to Rs. 10 Mn
Cabinet of Ministers		Above Rs. 10 Mn

E. Approving Authority

Decisions/recommendations of the respective procurement committees are subject to the approval of following approving authorities, prior to award of the contract, provided that financial limits of such awards are within the Delegated Authority Limits of the approving authority, delegated under FR 135.

Minor Procurement Committee	
Regional Procurement Committee (RPC)	Head of the Department
Project Procurement Committee (PPC)	Chief Accounting Officer or an officer delegated by the CAO
Department Procurement Committee (DPC)	Chief Accounting Officer
Ministry Procurement Committee (MPC)	Chief Accounting Officer
Cabinet Appointed Procurement Committee (CAPC)	Cabinet of Ministers

PROCUREMENT MANUAL REFERENCE: 2.4.1

**FORMAT FOR REQUESTING THE APPOINTMENT OF
CAPC/SCAPC/ /BEC**

1. Details of the Ministry and Procuring Entity:

i. Details of Ministry;

- a. Name of Ministry:
- b. Address:
- c. Name of Secretary:
- d. Contact details of Secretary
Phone;; fax;; e-mail
- e. Name of Procurement Liaison Officer:
- f. Contact details of Liaison Officer:
Phone;; fax;; e-mail

ii. Details of Procuring Entity (PE);

- a. Name:
- b. Name of Officer in charge:
- c. Contact details of OIC:
Phone;; fax;; e-mail
- d. Name of Procurement Liaison Officer (if any):
- e. Contact details of Liaison Officer:
Phone;; fax;; e-mail

2. Title/s of the proposed contract/s (if package of contracts, list them separately)

- i. Title:
- ii. Contract Reference number:
- iii. Procurement Plan Ref:
Goods/ Works/ Services/ Information Systems

3. Description of the Contract/s: (describe type of goods/ works/ information systems/ services proposed to procure)

4. List of connected procurements: (give a detailed description and whether different BECs are recommended):

5. Cost estimates (indicate separately for each connected procurement as above)

- i. Source of Funds : GOSL/ Foreign Fund
- ii. Funding Agency:
(Only for Foreign Funds)

iii. Terms of Funds: (Loan/ Grant)

(Only for Foreign Funds)

6. Status of procurement preparedness activities:

- i. Environmental/ social and other required clearances:
- ii. Land acquisition (if needed):
- iii. Land clearance from obstacles:
- iv. Pre-qualification documents/Procurement Documents including RFB, drawings, specifications, etc.

7. Draft Procurement Time Schedule (Should be a separate attachment).

8. Indicate any special requirements, areas of expertise and experience of PC members

9. Any special requirement, areas of expertise and qualification of BEC members

10. Suggested members for the BEC:

- i. Name 1:;
Designation:;
Area of Specialty:;
Address;
Phone;; fax;; e-mail
- ii. Name 2:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail
- iii. Name 3:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail

I certify that the current status of procurement preparedness activities as indicated in paragraph 6 above will not hinder the contract award.

Signature of the Secretary (for SCAPC/CAPC)

Signature of HD/PD (for MPC):

DATE:

Name:

PROCUREMENT MANUAL REFERENCE: 2.4.4

**FORMAT FOR REQUESTING THE APPOINTMENT OF
DPC/PPC/RPC/BEC**

1. Details of the Procuring Entity:

i. Details of Ministry;

- a. Name of Ministry:
- b. Address:
- c. Name of Secretary:
- d. Contact details of Secretary
Phone;; fax;; e-mail
- e. Name of Procurement Liaison Officer:
- f. Contact details of Liaison Officer:
Phone;; fax;; e-mail

ii. Details of Procuring Entity (PE);

- a. Name:
- b. Name of Officer in charge:
- c. Contact details of OIC:
Phone;; fax;; e-mail
- d. Name of Procurement Liaison Officer (if any):
- e. Contact details of Liaison Officer:
Phone;; fax;; e-mail

2. Title/s of the proposed contract/s (if package of contracts list them separately)

- i. Title:
- ii. Contract Reference number:
- iii. Procurement Plan Ref:
Goods/ Works/ Information Systems/ Services

3. Description of the Contract/s: (describe type of goods/ works/ information systems/ services proposed to procure)

4. List of connected procurements (give a detailed description and whether different BECs are recommended):

5. Cost estimates (indicate separately for each connected procurement as above)

- i. Source of Funds: GOSL/Foreign Fund
- ii. Funding Agency:
(Only for Foreign Funds)
- iii. Term of Funds (Loan/Grant):
(Only for Foreign Funds)

6. Status of procurement preparedness activities:

- i. Environmental/ social and other required clearances:
- ii. Land acquisition (if needed):
- iii. Land clearance from obstacles:
- iv. Pre-qualification/Procurement Documents/RFP (including drawings, specifications, etc.)

7. Draft Procurement Time Schedule (Should be a separate attachment).

8. Indicate any special requirements, areas of expertise and experience of PC members

9. Suggested members for the PC

i. Name 1:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail

ii. Name 1:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail

iii. Name 1:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail

10. Any special requirement, areas of expertise and qualification of BEC members

11. Suggested members for the BEC:

i. Name 1:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail

ii. Name 2:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail

iii. Name 3:

Designation:

Area of Specialty:

Address

Phone;; fax;; e-mail

I Certify that the current status of procurement preparedness activities as indicated in paragraph 6 above will not hinder the contract implementation.

Signature of the HD/PD/OIC:

DATE:

Name:

PROCUREMENT MANUAL REFERENCE: 2.4.8

NOTIFICATION OF ABSENCE OF A MEMBER TO SECRETARY TO THE TREASURY (ST)

If a PC/BEC member appointed has failed to attend two or more meetings of a single procurement, the PE shall inform such absence to ST with a copy to such member using the following format. Upon receipt of a copy of such notification the member may show cause for non-attendance with a copy to the PE. ST will use such information for review of performance of PC and BEC members. If an arrangement was made for an alternative member to attend a meeting for purpose of this notification the member is not considered as absent.

NOTIFICATION OF ABSENCE OF A PC/BEC MEMBER

1. Name of Procurement Entity:
2. Address of Procurement Entity:
3. Title of Procurement:
4. Estimated Value of Procurement:
5. Nature of the procurement committee: (indicate SCAPC, CAPC, MPC, DPC, PPC or RPC)
6. Details of the member who has been absent from PC/BEC meetings:
 - a) Name:
 - b) Address:
 - c) Capacity: PC Chairperson/PC member/ BEC chairperson/BEC member Contact details (if available)
7. Total number of meetings held:
8. Number of meetings the member has not attended:
Date of meeting
 - a) -----
 - b) -----
 - c) -----

Signed (by Head of Procuring Entity)

Name

Designation

Date

Annex IV of Chapter 2

PROCUREMENT MANUAL REFERENCE: 2.4.7

PAYMENTS FOR MEMBERS OF THE PROCUREMENT COMMITTEES - STANDING CABINET APPOINTED PROCUREMENT COMMITTEE (SCAPC), CABINET APPOINTED PROCUREMENT COMMITTEE (CAPC), MINISTRY PROCUREMENT COMMITTEE (MPC), DEPARTMENT PROCUREMENT COMMITTEE (DPC), PROJECT PROCUREMENT COMMITTEE (PPC) AND REGIONAL PROCUREMENT COMMITTEE (RPC)

Value or nature of the Procurement – Goods, Services, Works, or Information Systems (in Rs million)	Payment for Chairman, if contract award is completed		Payment for other members, if contract award is completed	
	Within the PTS Rs.	Beyond the PTS Rs.	Within the PTS Rs.	Beyond the PTS Rs.
GOSL Funds or Foreign Funds				
More than 1000 with or without PQ/IS	40,000	20,000	30,000	15,000
More than or equal to 500 and less than 1000 with or without PQ/IS	30,000	15,000	25,000	12,500
More than or equal to 250 and less than 500 with or without PQ/IS	25,000	12,500	20,000	10,000
More than or equal to 100 and less than 250 with or without PQ/IS	20,000	10,000	15,000	7,500
More than or equal to 25 and less than 100 with or without PQ/IS	15,000	7,500	12,000	6,000
More than or equal to 5 and less than 25 with or without PQ/IS	6,000	3,000	4,000	2,000
More than or equal to 2 and less than 5	3,000	1,500	2,000	1,000

PQ = Pre-Qualification

IS = Initial Selection

PTS = Procurement Time Schedule

Annex V of Chapter 2

PROCUREMENT MANUAL REFERENCE: 2.4.7				
PAYMENTS FOR MEMBERS OF THE BID EVALUATION COMMITTEE (BEC)				
Value or nature of the Procurement – Goods, Works, Services or Information Systems (in Rs million)	Payment for Chairman, if contract award is completed		Payment for other members, if contract award is completed	
GOSL Funds and Foreign Funds	Within the PTS Rs.	Beyond the PTS Rs.	Within the PTS Rs.	Beyond the PTS Rs.
More than 1000 with or without PQ/IS	35,000	17,500	25,000	12,500
More than or equal to 500 and less than 1000 with or without PQ/IS	25,000	12,500	20,000	10,000
More than or equal to 250 and less than 500 with or without PQ/IS	20,000	10,000	15,000	7,500
More than or equal to 100 and less than 250 with or without PQ/IS	15,000	7,500	10,000	5,000
More than or equal to 25 and less than 100 with or without PQ/IS	10,000	5,000	8,000	4,000
More than or equal to 5 and less than 25 with or without PQ/IS	5,000	2,500	3,000	1,500
More than or equal to 2 and less than 5	2,500	1,250	2,000	1,000

Annex VI of Chapter 2

PROCUREMENT MANUAL REFERENCE: 2.4.7		
PAYMENT FOR STAFF OFFICERS AND OTHER OFFICERS ASSISTING PROCUREMENT COMMITTEES		
<p>If the Staff Officer assisting the procurement is also serving as a member of the Standing Cabinet Appointed Procurement Committee (SCAPC), Cabinet Appointed Procurement Committee (CAPC) or Bid Evaluation Committee (BEC), he/she will not be entitled for staff officers payment.</p>		
Value of the Procurement – Goods, Works or Services Procurement (Rs. Million)	Staff Officer (Rs.)	Officer (Rs.)
GOSL Funded and Foreign Funded		
More than or equal to 100	6,000	3,000
Less than 100 and more than or equal to 25	3,000	2,000
Less than 25 and more than or equal to 5	2,500	1,500
Less than 5 and more than or equal to 2	1,000	500

(A payment may be considered for the staff assisting PC, without a support of a BEC)

Annex VII of Chapter 2

REFERENCE TO PROCUREMENT MANUAL: 2.4.8					
FORMAT FOR RECORDING OF MINUTES OF PROCUREMENT COMMITTEE MEETING					
<p>The following format may be used to record the proceeding of a procurement committee. Each member of the PC shall sign the minutes. However, any member may record a dissent.</p>					
MINUTES OF THE PROCUREMENT COMMITTEE					
Nature of the Procurement Committee	SCAPC/CANC/ CAPC/MPC/ DPC/PPC/RPC	Name of the Procuring Entity			
Title of Procurement:					
Meeting No.		Date		*Purpose/s of the Meeting	
1. Present: -					
Members of the PC:			Others (On Invitation)		
(Name)	Capacity		(Name)	Capacity	
I.			I.		
II.			II.		
III.			III.		
1. Absent :					
I.					

II.

III.

2. Comments (if any) on presence and absence of PC/BEC members;
3. Adoption or review of the Procurement Activity Schedule, comments on any delay in the procurement process, in comparison the PTS and setting up new target dates for completion of delayed activities, if any.
4. Adoption of Minutes of the previous meeting and the progress, including the follow-up action that had been taken.
5. Main issues discussed (List out the issues in Roman numeric): (The summary of key observations may be outlined here. The details can be attached by making references.)
Some essential information that should be listed below are:

Comments on entire procurement process

Any special features/methods adopted.

* Indicate PTS, Pre-Qualification, Contract Award etc.

Annex VIII of Chapter 2

PROCUREMENT MANUAL REFERENCE: 2.4.8					
FORMAT FOR BEC MEETING MINUTES/RECORDS					
<p>The following format may be used to record the proceeding of a BEC meeting. The summary of the BEC report and the detailed Bid Evaluation Report (BER) shall be prepared and submitted in addition to these minutes. The minutes shall be signed by each member of the BEC. However, any member may record a dissent. Copies of these minute sheets shall be forwarded to PC when submitting the BEC report.</p>					
REPORT OF THE BEC MEETING					
Nature of the Procurement Committee	CAPC/MPC/DPC/PPC/RPC			Name of the PE	
Title of Procurement					
Meeting no:		Date		Purpose/s⁸	
Present					
Members of the BEC(Capacity)				Others (Capacity)	
1				1	
2				2	
3				.	
4				.	
.					
.					
<p>Main observations made: (The summary of key observations may be outlined here)</p> <p>The details can be attached by making references. Some essential information that should be listed below are:</p> <ol style="list-style-type: none"> 1. Proceedings of the meeting and follow up actions from previous meeting (if any) 2. Comments (if any) on presence and absence of members; 3. Comments on entire procurement process; 4. Documents forwarded and discussed; 					

5. Any special features/methods adopted).

Summary of the main decisions taken/recommendations made:

(The summary of each main decision/s taken/recommendation made should be outlined here. The details can be attached by making references). Some essential information that should be listed below are:

- For Scrutinizing documents: Use of SBDs and appropriateness of Procurement Documents;
- For pre-Qualification/Short listing: Number of applications received; Names and addresses of the bidders pre-qualified/short listed;
- For contract Award Recommendation: Name and address of the successful bidder; contract amount in various currencies if applicable;
- For intermediate decisions: State clearly the direction given to the PE
- Justification (if required) for their decision/s the BECC wishes to add.

Name	Capacity *	Agree with the above decision/s (yes/no)**	Signature

Annex IX of Chapter 2

PROCUREMENT MANUAL REFERENCE: 2.4.9		
FORMAT FOR BID EVALUATION SUMMARY REPORT		
BEC shall prepare a detailed Bid Evaluation Report in addition to this summary report		
1.	Name of the Procuring Entity:	
2.	Title of the Procurement:	
3.	Source of Financing	
4.	Pre-bid estimated amount of the Procuring Entity:	
5.	Method of Procurement (ICB/ NCB/ LIB/ LNB etc.)	
6.	Number of Procurement Documents issued	
7.	Number of bids/proposals received	
8.	Number of bids//proposals determined as substantially responsive	
9.	Any common reason/s found for determining many bids/proposals as non-responsive (if a common reason/s observed describe the departure)?	
10.	Is the lowest evaluated bidder recommended for the contract award? (Yes/No)?	
11.	If answer for “10” above is “No”, give reason/s for not recommending.	
12.	What is the recommended contract award price?	
13.	What is the bid/proposal price of the recommended bidder at the bid/proposal opening?	
14.	If there is a difference between “12” and “13” above what are the reasons?	

PROCUREMENT MANUAL REFERENCE: 2.4.9

DECLARATIONS BY MEMBERS OF PROCUREMENT COMMITTEES AND BID EVALUATION COMMITTEES

Member's ref No:

Contract Title:

Contract Reference:

Date:

1. I, the undersigned * appointed to the APC/MPC/DPC/PPC/RPC for determination of the award related to above procurement, fully understand the "commercial-in-confidence" nature of the proceedings of the procurement process and declare that I will not discuss any matters pertaining to the proceedings, including our recommendations with any party other than the other members of the PC and the BEC appointed for this procurement and who are officially involved in the process;
2. I, the undersigned declare that I am in no way linked, associated or involved with any of the potential bidders of the procurement under consideration;
3. At the first instance that I come to know that a participation of any bidder known to me may cause or may be interpreted as a conflict of interest, I will so inform to the appointing authority and request for a replacement;
4. I will maintain strict confidentiality of information throughout the process.
5. I will refrain from receiving any personal gain what so ever from any action related to this procurement;

I am fully aware of the responsibilities of the PPC and BEC and also the Ethics in Procurement as spelled out in the Procurement Guidelines

NAME & Signature of the Member

*** Indicate CAPC/SCAPC/MPC/DPC/PPC/RPC Member or BEC Member assisting CAPC/SCAPC/MPC/DPC/PPC/RPC as appropriate.**

PROCUREMENT GUIDELINE REFERENCE: 2.4.9

DECLARATIONS BY STAFF OFFICERS AND CLERICAL OFFICERS ASSISTING PROCUREMENT COMMITTEES

Contract Title:

Contract Reference:

Date:

1. I, the undersigned * assisting the above contract, fully understand the “commercial-in-confidence” nature of the proceedings of the procurement process and declare that I will not discuss any matters pertaining to the process with any party other than who are officially involved in the process;
2. I, the undersigned declare that I am in no way linked, associated or involved with any of the potential bidders of the procurement under consideration;
3. At the first instance that I come to know that a participation of any bidder known to me may cause or may be interpreted as a conflict of interest, I will so inform to the appointing authority;
4. I will maintain strict confidentiality of information throughout the process.
5. I will refrain from receiving any personal gain what so ever from any action related to this procurement;

NAME & Signature of the Member

*** Indicate whether Staff Officer or Clerical Officer**

CHAPTER 3 - PROCUREMENT METHODS & TYPES

PROCUREMENT GUIDELINE REFERENCE 3.1

PROCUREMENT METHODS

The chapter describes various procurement methods that are available for procurement of Goods, Works, Services and Information Systems. The selection of most appropriate method is utmost important to promote competitiveness and to ensure value for money and hence need a deep understanding on the best applicability of situations related to a particular procurement to each method. It should be a fair and reasonable judgment that should be arrived considering the nature of the particular procurement with emphasis to market situations (local and foreign). PE may use any of the following methods, with the final approval of the respective PC.

1. International Competitive Bidding (ICB)
2. National Competitive Bidding (NCB)
3. Limited International Bidding (LIB)
4. Limited National Bidding (LNB)
5. Shopping (International & National)
6. Direct Contracting (DC)
7. Force Account
8. Emergency Procurement
9. Community Participation in District/Divisional Level Construction

Above are the commonly used methods of procurement and other methods are used in

special circumstances.

The selection of appropriate method of procurement depends on:

- i. the size, type, complexity, nature, and availability of the goods and services to be procured;
- ii. the value of the procurement
- iii. the local availability, availability of reliable suppliers and cost of goods and services;
- iv. Availability of in-house labor/manpower
- v. Urgency and critical dates for delivery;
- vi. agreement with the funding agency and
- vii. transparency and competitiveness of the procedures proposed.

Selection of appropriate method of procurement is interrelated to bid/proposal packaging (contract packaging) and scheduling of respective bid/proposal for procurement. Therefore, in procurement planning, iterative adjustments in all these aspects are required to ensure VfM, procurement of most advantageous quantity at the correct time, promoting competitiveness and to gain the bulk procurement advantage. For most appropriate, economical bid/proposal packaging, through consideration is required on how such packaging affects the selection of procurement method, expected delivery time and the time that will be needed to complete the procurement process.

PROCUREMENT GUIDELINE REFERENCE 3.1.1

INTERNATIONAL COMPETITIVE BIDDING (ICB)

ICB may be the most appropriate-method of Procurement for large contracts under the following circumstances.

- a. when the capacity of the domestic contractors, suppliers and service providers are limited and no reasonable competition locally;
- b. Complexity of procurement where technology and other know how is lacking locally;
- c. for Foreign Funded Projects, when the Foreign Funding Agency (FFA) agreement requires the PE to resort to ICB procedures;

Bidding opportunities must therefore be advertised worldwide to ensure maximum participation in minimum of one international publications meant for advertising bidding opportunities. These notification requirements distinguish ICB from other methods of procurement with adequate and timely notifications of PE's requirements and to give them equal access and a fair opportunity to compete.

However, in the case of Works contracts in view of the development of domestic construction industry, the possibility of slicing the contract and following "slice and package approach" to suit domestic contractors may be considered.

A. Applicability of Domestic Preference for ICB

When ICB is used, domestic preference criteria stipulated under Procurement Guideline shall be used. For details related to applicable domestic preference, refer clause 7.7.3.D

All other conditions including currencies, taxes and other statutory levies shall be equally applied to foreign and domestic Bidders. Any supplier, service provider or contractor who desires to obtain the Procurement Document, whether a foreign or domestic bidder should be allowed to purchase same, provided the Bidder is prepared to pay the amount specified in the Procurement Documents and this will be published by the NPC from time to time.

B. International Publicity

The PE is required to give worldwide publicity to the RFB Notice in various media to ensure maximum competition. PE is required to:

- a. Advertise at least in one widely circulated National Newspaper (at least one English language newspaper).
- b. Relevant websites including NPC web site;
- c. On Internationally known and freely accessible web sites, have the credibility in publication of bidding opportunities, such as in UNDB online and Development Gateway's Market (dgMarket); and
- d. Transmit such invitations to embassies and trade representatives of countries from where suppliers and contractors are likely to participate and Sri Lankan Missions in such countries and post them in relevant websites.

Other Considerations;

Registration of foreign bidders with PE should not be a requirement (but include registration with company registrar act 3 of 1987.

Foreign bidders should not be required to associate with domestic bidders in joint venture

or an association as a mandatory requirement.

Local or foreign bidders should not be permitted to present more than one bid/proposals either individually or as a member of a JV or association.

As a condition of contract award, bidder should not be required to undertake additional responsibilities for work or supplies not stipulated in the bidding document/specification or to modify his or her bid/proposal.

Bidding period for ICB is stated in section 5.8

PROCUREMENT GUIDELINE REFERENCE 3.1.2

NATIONAL COMPETITIVE BIDDING (NCB)

NCB is the Competitive Bidding procedure that shall be applicable for most GOSL funded projects when the Goods, Works, Services and Information systems are available at reasonably competitive market environment and prices within Sri Lanka, in comparison to international markets.

In the NCB bidding process;

- any supplier, service provider or contractor who desires to obtain the Procurement Documents should be allowed to purchase same, provided the Bidder is prepared to pay any specified fees;
- contractors/suppliers/service providers should be allowed to purchase the Procurement Document up to a day prior to the bid/proposal closing
- in the case of contract for Works, the domestic contractors shall not be eligible for contract award, without a valid and appropriate registration under the National Registration System of CIDA at the time of submitting the bid/proposals. However, CIDA registration should not be an eligibility criterion for purchasing/sale of the Procurement Documents.
- all contractors/suppliers/service providers who have relevant registrations in Sri Lanka are eligible to bid/proposal under NCB.

A. Application of NCB in Foreign Funded Projects

NCB in Foreign Funded Project may be used with the agreement of the Foreign Funding Agency as agreed in the respective financing agreement, provided that following terms and conditions to be applied for foreign firms, if they wish to participate.

- They should be allowed to bid/proposal on same terms and conditions applicable to with the domestic contractors or suppliers;
- Domestic Preference should not be given to the domestic bidders or approved societies, subject to the agreement of the financing agency.
- Bidder should have the registration in appropriate category under the national registration system of CIDA, that will be described in the Procurement Documents as equivalent experience and qualification criteria.

B. Publicity for RFBs under NCB

The Requests for Bids should be advertised at least in one widely circulated National Newspaper and in relevant PEs websites, and NPC website.

Bidding period for NCB is stated in **section 6.3**

PROCUREMENT GUIDELINE REFERENCE 3.1.3 AND 3.1.4

LIMITED / RESTRICTED INTERNATIONAL AND NATIONAL BIDDING (LIB/LNB)

Limited/Restricted bidding procedure is more appropriate when there are limited number of suppliers and when it is evident that issuance of an open RFB shall not bring more competitors due to the specific nature of the requirement. the Requests for Bids is directly addressed to a pre-selected list of international or national suppliers or contractors. Bids/proposals should be solicited from a list of potential supplier's broad enough to ensure competitive prices, including all known suppliers if their number is small.

LIB/LNB Methods may be selected:

- When there is limited number of supplier's due to the exceptional/specific nature of the particular procurement (e.g. in procurement of specific type of goods, vehicles, equipment, machinery and highly specialized construction works, pharmaceuticals etc.)
- When there are specific reasons to deviated from open competitive procedure such as ICB and NCB
- Following open competitive procedure is not cost effective, when compared to the

value of procurement.

Other than the requirement for open advertising, rest of the procedures that should be followed under ICB or NCB shall apply for LIB/LNB.

Prior Approval for Selection of LIB/LNB Procedure

LIB/LNB procedure shall be adopted with specific approval of the approving authority related to the respective threshold of the procurement.

Bidding period for LIB/LNB is stated in **section 6.3**

PROCUREMENT GUIDELINE REFERENCE 3.1.5

SHOPPING (INTERNATIONAL AND NATIONAL)

Shopping is an appropriate procurement method for procurement of Goods, Works, Services or Information Systems mentioned below, comparing price quotations obtained from reputed/registered suppliers/contractors, when following more competitive procedure is ineffective due to the cost and the efficiency.

Shopping method may be selected when;

- a. Goods of small value are readily available off the shelf;
- b. Limited quantity commodities of which the specifications are standard; and
- c. Generally procured Works, Information Systems and Services which are in small value and

Sealed quotations should be obtained, after issuance of Request for Quotation (RFQ) which articulate specifications and basis conditions for procurement and obtaining quotation through the telephone/fax or verbal quotations are not acceptable. However, email quotations could be accommodated if properly secured under e-GP.

Shopping method should be confined to financial authority limits, specified in this Manual under Guideline Reference 2.5.

A. Registration/ Shortlisting of Bidders;

- i. PE may invite quotations from the Bidders listed in the telephone directories/e-commerce websites of reputed Suppliers/Service Providers, when appropriate authority is satisfied that sufficient number of suppliers are registered.
- ii. If a sufficient number of suppliers are not in the telephone directories/e-commerce websites, the PE may publish a notice in PE's website inviting applications for

registration of suppliers.

- iii. PE may prepare a list of suppliers who are able to supply particular categories of Goods, Works, Services or Information Systems after evaluating the past experience and other qualifications such as capacity of the applicant, by a committee consisting of not less than three members appointed by the head of the PE.
- iv. The register of suppliers should be updated periodically at least once a year. PE may remove any supplier or contractor who has not responded twice for a request to submit a quotation or performed unsatisfactorily under any contract previously awarded.
- v. When shopping procedure is used for Works, Quotations shall be requested only from CIDA registered contractors above the financial limits stated in Guideline 2.5.
- vi. For International Shopping, list of names to call for quotations may be obtained browsing web sites for the suppliers, and should obtain prior approval of the PC, to call for quotations.

B. Procedure for determination of vendor:

- i. Selection of suppliers to obtain quotations should be done objectively in open and transparent manner, irrespective of the short list the suppliers are prepared with the names of the suppliers in the Register of Suppliers or Telecom Directory.
- ii. SBD for shopping shall be used where applicable.
- iii. Determination of the successful vendor shall be based on comparison of price quotations of the bidders, who comply with specifications and other conditions in the Request for Quotations.
- iv. The evaluation of quotations shall follow the same principles as of NCB procedure.

Bidding period for shopping is stated in **section 6.3**

PROCUREMENT GUIDELINE REFERENCE 3.1.6

DIRECT CONTRACTING

Direct contracting means Procurement of Goods & Services, Works or IS from a single supplier source with no competition and shall be used only under exceptional circumstances, when mandates procurement from single source is more advantageous than following the competitive methods.

- a. This method is appropriate under the following special circumstances:
 - i. When the prices or rates are fixed and regulated by regulatory bodies;
 - ii. Standardization of equipment, for compatibility with existing equipment, may justify additional purchases of the same type of Goods;
In such purchases the number of such items in the new procurement shall generally be;
 - Less than 50% of the initial procurement which procured through competitive procurement procedures and the date of award is within a period of 6 months from the date of the original contract award.
 - the price shall be reasonable, where no price benefit can be gained from competition, and
 - the advantages of another make or source of equipment shall have been considered;
 - iii. the required equipment is proprietary and obtainable only from one Source, such as proprietary software, text books, spare parts, defense items and no alternative equipment or products with equivalent performance characteristics are available; and
 - iv. the process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee.
- b. When direct contracting is used under any of the reasons above, the level of authority for determination of contract award shall be subjected to financial authority limits given under Guideline/Manual 2.5.
- c. Direct contracting method shall be selected with the prior approval of the approving authority (CAO/AO), prescribed under Guideline 2.5, providing specific reasons to follow the method against open and competitive methods available.

PROCUREMENT GUIDELINE REFERENCE 3.1.8

EMERGENCY PROCUREMENT

In a situation where Government has declared as an emergency, CAO shall make procurement decisions up to LKR 50 million (per procurement) for Goods, Works, Services and Information Systems. Accordingly, PE may contract out directly either to a Government institution or any other reputed organization. This financial limit may be enhanced by the Government depending on the disaster situation. This authority can be delegated down as appropriate.

PROCUREMENT GUIDELINE REFERENCE: 3.1.9

COMMUNITY PARTICIPATION IN DISTRICT / DIVISIONAL LEVEL CONSTRUCTION

In the interest of project sustainability, and to achieve certain specific social objectives, such as creating employment opportunities in the area it is desirable to call for the participation of local communities in the Procurement procedures. Under this objective and on the recommendation of a committee comprising two nominees of the Head of Department and the Divisional Secretary of the area, the Procuring Entity may entrust Construction Works to approved societies subject to the conditions specified below:

Assessment of the PE of the Capacity of the CBO/Society	Proofs that should be submitted by the CBO/Society to Confirm the Capacity	Approved CBO/Societies
<ul style="list-style-type: none"> • Procuring Entity shall assess and satisfy with the execution capacity of the Society; • Should have been registered as a society at least two years prior to the 	<p>the Society shall provide evidence to prove:</p> <p>(a) financial resources in the form of bank statements, letters from banks approving overdraft facilities etc;</p> <p>(b) Certificates for past experience on similar works;</p>	<ul style="list-style-type: none"> • Samurdhi Balakayas / Samurdhi Samithi; • Multi-Purpose Co-operative Societies; • Co-operative Labour Societies (Labour Service only); • Rural Development Societies; • School Development

<p>date of contract award;</p> <ul style="list-style-type: none"> • The works so entrusted should be within the area of authority and purview of the Society; • The works entrusted shall not be subcontracted • Total number of contracts executed by the society at a given time should not exceed three; • The aggregate value of the balance portion of the contracts already awarded and the value of the proposed contract should not exceed Rs. 2 million • The scope of the work along with the costs involved, number of beneficiaries, name of the CBO, contract awarding agency should be publicly displayed at the work site. 	<p>(c) a declaration by the society on the work contract awarded to them within the last 3 years and any uncompleted contracts even if those were awarded prior to 3 years (giving name of contract, location, client, contract value and current status); and</p> <p>(d) a declaration by the society, that the work will not be subcontracted.</p>	<p>Societies (The area of authority is the relevant school premises only);</p> <ul style="list-style-type: none"> • Farmer organizations approved by the appropriate authorities. • Gramodaya Mandalas & Praja Sanwardhana Samithi (which contribute to the development activities in the Local Government Sector) • Gemidiriya People's Companies • Condominium Management • Corporations which are registered with the Condominium Management Authority • Viharastha Karya Sadhaka Samithis (work within the premises of the respective temples and the Dhamma Schools) • Viharastha Dayaka Sabha (work within the premises of the respective temples and Dhamma Schools) • Village Level Elders Committees registered with the National Secretariat for Elder's functioning under Ministry of Social Services • Any other community organization identified by the Heads of the
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		Departments and satisfied by the Divisional Secretary with the concurrence of NPC <ul style="list-style-type: none"> • Women's organizations registered under the Women's bureau
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Eligibility Criteria for Registration as Local Contractors	Procedure for Registration of Local Contractors
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- a. On the selection, PE shall request the CBO to submit the proofs to determine the eligibility for contract award.
- b. Relevant Procurement Committee, after considering the recommendations of the PE and the proofs submitted by the CBO, shall determine the contract award.
- c. Direct contracting to community organization may be awarded under Foreign Funded Project, provided the procedures proposed are outlined in the loan Agreement.

Award of Contracts to CBOs and Local Contractors on Competitive Basis

Subject to the procedures laid down below civil work contractors shall be registered by the Government Agents(GA)/Divisional Secretaries (DS)) and the Procuring Entity may invite bids/proposals for construction Works not exceeding Rupees 3 million from the CBOs and other contractors registered by Government Agent (GA) / District Secretary (DS).

<p>(i) If an Individual, he/her shall be a resident of the respective District Secretary Division (DSD);</p> <p>(ii) If a company its registered address should be within the DSD;</p> <p>(iii) Shall hold a valid registration from CIDA for Grade C7 or above or registration in a Government Department for Rs. 10 m;</p> <p>(iv) GA/DS should be of the view that adequate CIDA registered Contractors are not available in Division/District, A contractor can register in one DSD only</p>	<ul style="list-style-type: none"> • The registration shall be revised periodically, but at least once in two years; • GA/ DS, giving wide publicity invite applications for registration; • Evaluation of applications received is done by a committee chaired by GA/DS and comprises of Divisional Secretary of the area and one other member qualified in civil construction works; • By following the above, a registered list of contractors is selected for the DSD; • Evaluation of applications shall be done by considering, experience and past performance on similar contracts, capabilities with respect to personnel, equipment and financial. • Once the list is finalized, it should be circulated among all the State Agencies within the District. • There should be a declaration from the contractor that he/she has not registered in any other DSD
<ul style="list-style-type: none"> • when approved societies competing with other contractors, during the bid/proposal evaluation the societies may be given a preference of 5% above the other contractors 	

PROCUREMENT GUIDELINE REFERENCE: 3.2

REPEAT ORDERS

Placing the orders for supply of goods with the same supplier, who originally supplied same items in recent past for the supply of an additional quantity of same good shall be

considered as repeat orders. Placing repeat order is a reflection of improper procurement planning, hence proper assessment of the requirement is necessary to ensure completion and to get the bulk purchasing advantage.

Repeat orders may be considered under following circumstances;

- i. Requirement of the additional quantity was not predicted at the time of original procurement;
- ii. Not economical to call for fresh bids/proposals, due to small quantity or value and no price drop since the original procurement;
- iii. Standardization of equipment, for compatibility with existing equipment, may justify additional purchases of the same type of Goods.
- iv. where extension of an existing contract is necessary as works are already underway and were procured through competitive procurement procedures described in the Guidelines/ Manual.

When considered, Procurement of another make or source of equipment shall have disadvantages, in such purchases;

- i. The number of such items in the new procurement shall be Less than 50% of the initial procurement;
- ii. the price should be reasonable, where no price benefit can be gained from following the competitive bidding process and no price drop since the original purchase. Any differences in the quantities ordered or delivery requirements should be considered when comparing prices.
- iii. Repeat Order should be within the six months period from the original procurement.
- iv. The CAO/AO should satisfy personally with the justification given.
- v. Value of the repeat order should be under the authority level of the Procurement Committee, which was involved in the original procurement.
- vi. Where appropriate, PE should inquire into the prices paid by other recent purchasers of goods or examine recent contracts of a similar nature, to determine the fairness of the quoted price for direct or repeat order procurement.

PROCUREMENT GUIDELINE REFERENCE: 3.3

TYPES OF BIDDING

Following types of bidding are available for inviting bids/proposals and it is the responsibility of the PE to propose most appropriate bidding type that should be used in the particular procurement process. PC in consultation with the BEC shall take the decision on use of the same for the bidding;

1. Single Stage One Envelope
2. Single Stage Two Envelopes
3. (Multistage Bidding)

Single-stage processes are most appropriate for relatively straight - forward procurement of fairly standard technologies and ancillary services.

In contrast, the additional capacity to review technical proposals, revise technical requirements and interact directly with the suppliers more than permissible in the single stage bidding process during the first stage. Hence it makes the two stage process much more suitable for the procurement of goods such as complex information systems and procurements which involve extensive technical services.

In this way, at the first stage, PE can learn from the market and adapt its requirements. In addition, in the first stage, state its requirements in more general functional terms than the detailed functional and technical requirements necessary to carry out in the one-stage process. By knowing the bidders and their technologies prior to the second stage, this reduces the burden of preparing detailed functional and technical requirements, which are so comprehensive that they can accommodate the entire universe of potential technical proposals.

PROCUREMENT GUIDELINE REFERENCE: 3.3.1

SINGLE STAGE ONE ENVELOPE BIDDING

Single Stage, One Envelope Bidding is more commonly applicable and also used bidding type in procurement of Goods, Works, Services and simple IS by the PEs. This shall be used when the requirement of the PE, specification of such requirement and the conditions that PE expected to procure the particular requirement is clear & well known without ambiguities.

In the bidding process, at the first stage itself, in response to the bid/proposal advertisement and the Procurement Documents, inclusive of specifications issued, bidder will submit the responding to the bid/proposal conditions including specification. The PE with the assistance of the BEC shall evaluate such bids/proposals submitted and determine the evaluated, responsive bid/proposal for award.

PROCUREMENT GUIDELINE REFERENCE: 3.3.2

SINGLE STAGE TWO ENVELOPE BIDDING

Use of this bidding process would be more appropriate, in the cases where the PE is not certain about the technical parameters of the goods to be procured or not certain about the design and the nature of the civil works, Services or IS where PE expects best affordable design or the technology evaluating technical proposals of the prospective bidders first. The financial aspect of the technical proposals shall be considered thereafter.

With the intention to evaluate the technical proposal first, with no biasness to financial aspects, in the bidding process, it is requested the bidders to submit the bid/proposal, enclosing technical and financial proposal separately in “Two Envelopes”, enabling to open the proposals independently.

In the process,

- i. Bidders are requested to submit their qualifications, technical proposals and all other information (such as bid security, eligibility, experience, resources, commercial requirements etc) in one envelop and the second envelop will contain only the financial proposal,
- ii. Technical proposals are to be opened first and reviewed to determine their responsiveness in terms of technical acceptability and other non-financial requirements as per disclosed specifications and other qualification requirements

should be ranked objectively.

- iii. Financial proposal of the best-ranked bidders who surpass the minimum level should be publicly opened thereafter for evaluation.
- iv. Financial proposals of bidders whose technical proposals are not responsive shall be returned unopened.

This method is suitable when there are different approaches to fulfill the PE's functional requirements. And shall not be used, if it is likely that all the bidders will propose the same methodology.

The envelope containing the technical proposal is evaluated first. The substantial responsiveness of the bid/proposal related to technical aspects is checked at this stage. If any bid/proposal is found to be non-responsive (including not complying with critical functional requirements) will be rejected at the first instance of technical evaluation. The substantial responsive bids/proposals may be further evaluated in terms of a point system, disclosed in the Procurement Documents may be used. If a point system is used there should be a disclosed minimum points for any bidder to get qualify. The second envelope of the bidders, who failed to obtain minimum points, will be returned unopened.

As bid/proposal price is also a major factor for evaluation, to select the lowest evaluated bidder one of the following two methods may be used as predetermined by the PE and indicated in the Procurement Document.

The first method;

The financial proposal of the technically and commercially responsive bidders are opened in their presence and the lowest evaluated price is selected.

The second method;

should be selected only under very special circumstances, where the PE wishes to give merits for different technical proposals. Weightings can be given to the technical proposal and financial proposal. If this method is used under no circumstances the weighting given to financial bid/proposal shall be less than 80%. And for evaluation appropriate formula should be used.

PROCUREMENT GUIDELINE REFERENCE: 3.3.3

MULTISTAGE BIDDING

This method may be suitable for Turnkey Contracts or contracts for large complex plants or information technology systems or Works of a special nature all of which requires innovative approaches, or where the problem of technically unequal bids/proposals is likely to be encountered.

Two stage bidding is one of the options of multistage bidding which is described below.

Two Stages

- a. In the first stage, un-priced technical proposals shall be invited on the basis of a conceptual design or performance specifications. This first stage technical proposal is subjected to amendments, followed by technical and commercial clarifications. Amended Procurement Documents shall be prepared accordingly.
- b. Second stage is the submission of final technical proposals and priced bids/proposals based on the amended Procurement Documents. The second stage bids/proposals may be called in one envelope or two envelopes for the technical and financial proposals. Where bids/proposals are called in two envelopes they shall be opened and evaluated sequentially following the two-envelope method described in Guideline reference 3.3.1.

Stage I

In a two-stage process, the PE prepares a first stage Procurement Document with functional performance specifications, rather than detailed technical specifications. In response, bidders offer technical proposals.

On receipt of the Technical proposal the PC, with the assistance of the BEC:

- i. Assesses the suppliers' qualifications;
- ii. Evaluates the technical proposals;
- iii. Issuance of addenda to the Procurement Documents, on technical aspects and bidding conditions if required.
- iv. Indicates to the suppliers precisely what must be done to make their bid/proposal technically responsive.

Technical proposal, submitted at this stage is subjected to amendments, followed by technical and commercial clarifications. Subsequent to the first stage evaluation, PC/BEC

with the assistance of the PE should prepare memoranda of changes related to each bidder/proponent. Procurement Documents/RFP that should be issued at the second stage shall be prepared revising the technical specifications, considering the technical proposal evaluated at this stage, if warranted.

Stage II;

In the second stage, on issuance of the Procurement Document/RFP finalized, final technical proposals and priced proposal/bids shall be invited, this stage, bidders would offer amended bids//proposals containing their final technical proposal and a financial proposal as per the technical and other requirement determined at the first stage. If a financial proposal was obtained at first stage, they should be requested to submit a supplementary financial proposal. The PC, with the assistance of BEC and PE then evaluates the combined proposals (technical and financial) according to the method specified in the Procurement Documents and determined the evaluated most responsive bid//proposal for contract award.

PROCUREMENT GUIDELINE REFERENCE: 3.4

PRE-QUALIFICATION (PQ) / INITIAL SELECTION (IS) OF BIDDERS

A. Use of Prequalification

Prequalification is generally required for large and complex works, turnkey plants, Private Sector Infra Structure Projects, some special goods and complex information technology systems and aimed at ensuring that only contractors and suppliers, who have the required experience, technical and financial resources to bid/proposal for a contract and perform thereafter as per the requirement of the PE, if awarded.

Prequalification procedure could be followed with regard to a single contract and also for prequalification of bidders to bid/proposal for multiple contracts/ or bid/proposal packages, which are similar in nature, type and size.

B. Prequalification for screening of potential bidders to request for bids/proposals is designed to achieve following benefits:

- a. To promote the competition among most potential bidders who has the capacity and experience to perform the contract.

- b. To save cost for unsuccessful bidders for bid/proposal preparation, which results in lower overhead costs to them, thus presumably lower bid/proposal prices in the long run.
- c. To maintain the confidence among most potential contractors and suppliers, as they would know that winning possibility is higher as competition is confined to only those qualified.
- d. The scale of interest and responsiveness of the potential bidders can be measured, thus providing the opportunity to revise bidding conditions as necessary, to develop adequate competition;
- e. The evaluation of only bids/proposals from qualified bidders may result in time and cost savings to the PE, as well as a reduction (or elimination) of the threat of pressure being applied by marginally or unqualified bidders for their low prices to be considered;
- f. A preliminary indication of a contractor's eligibility for domestic preference in civil works contracts is given; and
- g. The creation of appropriate joint ventures is encouraged;

However, prequalification has some potential disadvantages:

- i. It may increase procurement lead-time. However, this can be minimized by good procurement scheduling, e.g. undertaking the process while bid documents are in preparation;
- ii. Requirement of reviewing all prequalification applications of all the bidders, instead reviewing qualifications of one bidder at the post qualification stage; and
- iii. There is a potential for collusion and price fixing, as names of all prequalified bidders are known in advance of bid/proposal submission.

Prequalification should not be used with the purpose of limiting the competition, should be to promote competition among most potential bidders, at a level playing field to ensure delivery of the best in timely manner.

C. Prequalification of Bidders

- a. Pre-qualification should be carried out by giving wide publicity to ensure creation of competition and calling for required qualifications on a given format.
- b. A statement of the scope of the contract and the clear statement of the requirements for qualification should be sent to all firms, who have expressed an interest to apply for pre-qualification.

All applicants who have the qualifications to perform the proposed contract should be prequalified and Procurement Documents made available to all those who prequalified. No upper limit should be imposed on the number of prequalified potential bidders, but, if the prequalified applicants are too few to ensure competition, a reassessment of the situation can be carried out. This includes:

- i. Further advertising for prequalification submission;
- ii. Extension of the deadline for applications;
- iii. Review of the proposed contract conditions to reduce contractors' risks; and
- iv. Improvement of advance mobilization payments.

The PE may also review prequalification requirements but should not be to lower the number of pre-qualified bidders. Setting of standards/requirements at different well-defined levels may be justified, when a contract is divided into several smaller, less complex contracts, and bidding is on a slice or package basis.

After prequalification, prequalified bidders are invited to submit bids/proposals, which are eventually evaluated. The PE is required to award the contract to the bidder offering the lowest evaluated responsive bid/proposal. The PE should request bidders to confirm and update essential prequalification information at the time of bid/proposal submission. 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.

D. Advertising for Prequalification

Advertisements and invitations for prequalification should have the following information:

- a. a brief description of the goods and works to be procured;
- b. the contract conditions;
- c. who is financing the project;
- d. eligibility requirements for potential bidders; and
- e. Qualification requirements to assess the eligibility of potential bidders, including historical performance, financial performance, experience etc.
- f. the time and place where prequalification documents can be obtained.

E. Publicity for Invitation of Prequalification

PE should ensure that maximum possible publicity is given for the invitation for pre-

qualification to attract the attention of the potential bidders.

F. Prequalification Documents

The documents should contain all basic details, which require to attract the attention of the potential bidders, providing descriptive information, over the information provided in the Invitation of Pre-qualification such as:

- a. the proposed procurement and its scope;
- b. the estimated value of the contract and major quantities of work;
- c. location of the work;
- d. eligibility requirements including, eligibility requirements for domestic preference;
- e. abbreviated specifications and conditions of contract;
- f. delivery or implementation schedules;
- g. requirements for bid/proposal and performance securities;
- h. how the project is to be financed;
- i. payment terms;
- j. price adjustment provisions;
- k. other information in sufficient detail to enable bidders, suppliers or contractors to assess their interest and respond appropriately; and
- l. the name and address of the PE.

For purpose of evaluating the applicants, a questionnaire should be issued along with the prequalification documents, which is structured to obtain necessary information and to promote applicants to provide all pertinent information on their capacity and capability. In the same time, should refrain from asking unnecessary information and documents and may be used forms to be easily filled to seek details.

Documents for Prequalification for Multiple Contracts

Prequalification can also be used for a package of contracts essentially similar in type and size. Under these circumstances, applicants can be prequalified for a specific or single contract, combinations of contracts or the entire package. The prequalification document should thus describe the package and the slices, and the criteria required for bidders to meet the qualification requirements for slices, groups of slices or the whole package. The applicant should be asked in the prequalification documents to indicate the contracts for which it wishes to be considered.

G. Basis of Prequalification

Prequalification should be based entirely upon the technical, managerial and financial capabilities of prospective bidders to perform the particular contract satisfactorily, their past performance and litigation history. The PE should evaluate bids/proposals from suppliers and contractors in a manner that takes into consideration the period over which the contract will be executed and known commitments of the bidder over that period.

Where the prime contractor proposes to use the services of major specialist subcontractors, their names and experience should also be solicited. However, the PE should not require applicants to furnish particulars of suppliers of minor sub-contractors, particularly if their incorporation in the procurement of, for example, a works or industrial plant will take place many months into the contract.

The PE should avoid rigid statements in the prequalification documents to the effect that applicants who do not answer all questions or submit all required information “shall be disqualified”. The expression “may be disqualified” is preferable, as it provides flexibility. It is also not in the PE’s interest to reject applications of qualified applicants on the basis of trivial or narrow interpretations of prequalification submissions. However, the PE should reject incomplete applications.

H. Prequalification of Joint Ventures

Special conditions apply when the applicant for prequalification is a joint venture formed by two or more firms. It is essential that the prequalification documents state clearly the conditions applying to joint ventures, and to any change in its membership after prequalification and to subsequent bidding by the joint venture. The following conditions are recommended for this purpose:

- a. No firm or individual partner of the joint venture is allowed to submit or to participate in more than one bid/proposal and the Borrower should reject any bid/proposal submitted in violation of this rule;
- b. Applications submitted by a joint venture must meet the following requirements:
 - i. each partner in the joint venture must submit the complete documentation required of a firm applying for individual prequalification;
 - ii. the prequalification application must confirm that if after prequalification the applicant should submit a bid/proposal, then: that bid/proposal as well as (in case of an award) the resulting contract would be signed so as to be legally binding on all partners jointly and severally, and, a joint venture agreement providing that joint and several liabilities of all partners in respect to the contract would be submitted together with the bid/proposal;

- iii. the application must include a description of the proposed participation and responsibilities of each partner of the joint venture;
 - iv. the application must include a statement of proposed capital contribution of each partner, and the sharing out of profits and losses among the parties;
 - v. the percentage participation in the joint venture of each of its members (in terms of the corresponding value of the contract) must not exceed each member's capacity in terms of each of the qualifying criteria; and
 - vi. The application must designate one of the partners, as the partner in charge through whom any correspondence between the applicant and the employer will be channelled.
- c. The PE must approve in writing any formal agreement for a proposed joint at the time of prequalification and any changes to a prequalified joint venture. After prequalification, there should be no new joint ventures formed. The PE should not approve any changes in prequalified joint ventures if they would in the PE's opinion result in:
- i. Substantial reduction of competition;
 - ii. The inclusion of a firm which had not previously been prequalified (either individually or as a part of another joint venture); or

Acceptance of the joint venture's qualifications below the minimum requirements stated as acceptable in the prequalification documents.

I. Procedural Requirements for Prequalification

The PE may issue prequalification documents free of charge or for a reasonable fee. Prequalification documents should specify the submissions required, such as completed questionnaire forms and supporting documents and their number and the deadline for their submission. They should also contain a clear statement on the criteria for evaluation of prequalification applications. The anticipated period for evaluation, usually 30 to 60, days and the method of notification to all applicants of the results should be indicated in the documents. The PE should not consider prequalification applications received after the time stipulated. The PE should also make a formal acknowledgment of receipt of the prequalification proposals. Bids/proposals should be invited as soon as possible after completion of prequalification.

For very large projects, It is encouraged to hold a prequalification conference, including a site visit, in order that potential bidders assess conditions first hand.

J. Evaluation of Prequalification Applications

The evaluation of prequalification application should be based on compliance with quantifiable minimum thresholds, which establish the capability of an applicant to carry out the contract satisfactorily. Applicants are prequalified if they meet all the required criteria on a pass/fail basis or on a disclosed point.

The criteria should also be objective; ambiguous requirements such as “general reputation” or irrelevant ones are not acceptable.

Generally used parameters for evaluation criteria are as follows:

Financial Resources: Demonstrating availability of the financial means to fully finance the estimated contract cash flow for a specified period of N months, net of requirements for other known commitments over the period of construction. N is determined as the time, from the end of the month being invoiced, required by the PE to pay the contractor, including the time needed by the Engineer to issue the interim/monthly certificate, plus two months. (A straight-line cash flow is assumed, neglecting any advance payments and retentions.)

Personnel Resources: Having a pool of experienced staff capable of performing the key functions required for the project, from which contract personnel will be drawn. The prequalification document should list the essential functions, and the number of years of relevant experience of the personnel to be detailed in the submission. At least two staff members for each essential position should be available. The PE should avoid using words such as “qualified” or “licensed” as well as “university degrees”, unless they are essential for a specific function.

Equipment Resources: Having available specialized equipment essential for the execution of the contract. The list should be limited to highly specialized or heavy equipment which would be critical to the execution of the contract, and cannot easily be purchased, hired or leased in the market, or readily manufactured for the task. Normal construction equipment (scrapers, bulldozers, loaders and tip trucks) which can normally be bought leased or hired should not be listed, unless there are particular circumstances which would make access to them difficult.

An applicant can be prequalified subject to certain conditions that must be fulfilled before such applicant is allowed to /proposal or to be awarded the contract. Typical conditions might require:

- a. submission of additional information;
- b. a revision of a joint venture agreement;
- c. hiring of experts in specialized areas; or

Conditional prequalification is also appropriate where a potential increase in the workload of the applicant could significantly alter its ability to undertake the prospective contract.

If the PE doubts the accuracy or completeness of a prequalification application, the applicant should be requested to provide verification or supplement earlier provided

information. PE may also contact references cited in the applications for information required. Applicants for prequalification are required to provide the PE with authorization to do so, in their prequalification applications. The PE should also check the litigation and arbitration history of prequalification applicants, in order to ensure that there are no judgments or decisions that create liabilities that affect the applicant's ability to perform the contract.

K. Subsequent to Pre-qualifications

Subsequent to prequalification, prequalified bidders are invited to submit bids/proposals, which are eventually evaluated. The PE is required to award the contract to the bidder offering the lowest evaluated responsive bid/proposals. The PE should request bidders to confirm and update essential prequalification information at the time of bid/proposals submission. 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.

CHAPTER 4 - PROCUREMENT PLANNING

PROCUREMENT GUIDELINE REFERENCE: 4.1

PROCUREMENT PLANNING

A. Strategic Considerations of Procurement Planning and Public Procurement

Procurement planning is the key to ensure efficiency, effectiveness and the value for money in public procurement. It is much more than just choosing which procurement methods should be used or deciding the time that procurement to be carried out. It is a part of overall public expenditure management process of planning budgeting and budget implementation and related to achievement of macro-economic targets. The public expenditure management process is properly outlined in the Financial Regulations. Hence, procurement planning should be addressed within the context of the action plan. Provisions in the Financial Regulations for project planning, budgeting and budget execution, should be considered to achieve the broader objectives of procurement planning.

Procurement planning, more particularly is a part of project planning, it should be considered with the objective of delivery of overall project or sector objectives. In this context, procurement planning begins with the commencement of project planning.

Planning of procurement is timely procurement, ensuring reducing the project cost, timely gaining of project benefits by the target groups and achievements of macro targets envisaged by the Country. Within the master procurement plan, these guidelines provide for provision to plan procurement in the medium, short term and also to individual procurements.

Different levels of planning detail will be appropriate for different situations. Whatever the situation or the effort and detail that goes into the procurement planning, the results must be reviewed and updated throughout the life of the project. Estimates of time requirements, assumptions about institutional capacity, changing priorities and other factors will require plan adjustments. The need for changes does not invalidate the plan; it simply emphasizes that planning is a dynamic process rather than a static picture.

B. Preparing the Procurement Plan

The conventional approach is to commence by compiling a list of all identified Goods, Works and Services needed to complete the project. This identification is to achieve

particular objectives and Hence preparation of the list should be carried out objectively considering cost effectiveness on procurement of listed items. This list then becomes the basis for deciding when the listed items required (individually, collectively or combination of different items) how these items should be combined or divided into contract packages to achieve the appropriate economies of scale, what is the most suitable method of procurement that should be used for each and then lead to scheduling for procurement activities. This level of planning is required for rational resource allocation (budgeting) to acquire such items. Even this seemingly straightforward preparation of the list of needs already implies a strategic decision about how procurement and contracting will be done.

In procurement planning, there are number of key factors that are needed to be considered for the decision to include an item to the procurement plan. Some are as follows:

i. Determination of Priority of the Project/Procurement

This is a matter that should be decided by the PE, considering the cost effectiveness of the said procumbent, with due emphasis to the need, cost and anticipated benefits in comparison to the other procurement, which are in the pipeline. This is an assessment that should be done in consideration with project/procurement related data. For instance, in case of rehabilitation of a irrigation scheme, number of farmers that will be benefitted, extent of the cultivable land, projected yield, existing situation of the scheme may be areas to be considered to determine the priority. Prioritization would provide the basis for the PE decide the urgency of the project/procurement, maximize the use of limited financial and other resources allocated to the PE and resources available in the national budget for the year and to gain optimum economic benefits.

As per the role and responsibility of the respective PE, it is required to have a objectively designed, pre disclosed project prioritization basis and it would select the most appropriate project/procurement, include it in the Procurement Plan as per the merit of the project, in justifiable basis, thus would reduce unnecessary influence for selection of uneconomical projects and selection of project in haphazard manner for the sake of budget proposals.

ii. Appropriate Timing for Acquisition of the project/procurement

Appropriate timing is connected with when the particular good, work or service is required? Whether it is today, tomorrow or day after. This is a decision that should be taken with due regard to procurement/contract lead-time. If projected to award a civil work contract with lead-time of two years today, procurement of furniture, and equipment for the building should be planned to ensure delivery of such items when the building is ready. It reduces idling of resources, waste, damages and the cost for storage etc., providing an opportunity to use such resources for alternative project during the period.

iii. Choice of Procurement Methods

As can be seen from the above, contract packaging, scheduling and choice of procurement methods are all interlinked. In most cases, arriving at the procurement plan requires iterative adjustments in all three of these aspects. It is impossible, for example, to think about what contract packaging would be appropriate without having in mind how this affects the choice of procurement method and the time that will be needed to carry it out. The details on selection of method of Procurement are given under Chapter 3 of this Manual.

C. Plan Presentation

The results of procurement planning must be presented in the formats provided in **Annex I, II and II of chapter 4.**

D. Plan Monitoring and Updating

During project execution, the original procurement plan should be regularly monitored and updated. The purpose is to see how actual performance compares with the planned activities and to make changes in the plan if necessary. The respective PCs, in consultation with the PE should review procurement performance regularly. If slippage occurs in the award or execution of one major contract, it may require rescheduling of other related contract awards and deliveries of products.

E. Objective of Plan Monitoring

Rather than faultfinding, the objective of plan monitoring is to:

- gain better understandings of what causes delays or changes in plans,
- maintain efficiency in procurement operations, and
- improve forecasting and planning for other similar operations.

Note that this monitoring is distinct from the post-reviews and audit activities, in that it is concerned with how the procurement plan is carried out with regard to timing, packaging and suitability of methods rather than the quality of decision-making or the economy and correctness of results. Both types of activities are needed to give a complete picture of procurement performance.

F. Recommended Time Frames for Completion of Procurement Activities

Recommended time frames for completion of procurement activities with emphasis the

procurement method used and the different bidding processes are given as annexure to this chapter. These time frames should be used in procurement planning, including preparation of MPP, PP and PTS described under Guideline 4.1.1, 4.1.2, 4.1.3 and in this Manual below.

PROCUREMENT GUIDELINE REFERENCE 4.1.1

MASTER PROCUREMENT PLAN (MPP)

MPP is the document which all the identified, planned procurement (Goods, Works, Services and IS) that are coming under the respective PE within a period of three years in medium term perspective are compiled.

In other way, it shall be the project pipeline of the particular PE, listed in priority basis as determined on criteria applicable to the respective PE considering nature of its responsibilities.

Same priority basis could be used in making requests for budget allocation for the respective financial year.

Identification of projects in advance will be useful to develop individual project for funding and make necessary procurement preparedness arrangements required to complete, before commencing of the procurement process.

This will be a rolling plan and changes may be introduced under the situation described under Guideline 4.1 above. Once the most recent year projects ensure funding under respective year budget, those projects should be detailed under the Procurement Plan, prescribed under guideline 4.1.2 below, and new set of projects as identified by the PE should be added under the anticipated projects in the third year of the MPP.

MPP shall be prepared taking into consideration the relative advantages of;

- a. centralized versus decentralized Procurement;
- b. Packaging/slicing of contracts etc. (refer Manual)
- c. Size of the packages etc.;

MPP of each PE coming under the purview of a particular ministry, should be compiled at the ministry level and the Master Procurement Plan of the Ministry, copies should be sent to the Secretary to the Treasury, Director General, Secretary, Ministry of Policy Planning and the NPC before end of March of every year.

The Format for preparation of MPP is in **Annex I of Chapter 4.**

PROCUREMENT GUIDELINE REFERENCE 4.1.2

PROCUREMENT PLAN (PP)

PP is an annual plan and is representing the projects/procurements, which are ready to commence the procurement process in the particular year, after securing funding and completion of necessary procurement preparedness activities.

- a. Details related to the projects/procurements activities that shall be carried out in the immediately succeeding year shall be listed in the Procurement Plan – (PP) and approved by the Secretary to the Line Ministry. The Annual Procurement Plan should be in line with the approved Action Plan.

PP shall include;

- i. a brief description of each procurement activity
 - ii. the selection method to be applied
 - iii. Cost Estimate
 - iv. Time schedule
 - v. any other procurement information
- b. PP should be compiled by every ministry, taking PPs of all PEs which are coming under the purview of respective ministries and sent to the Secretary of the Treasury, Secretary to the Ministry of Policy Planning and the NPC, prior to 31st of January, each year.

The format for preparation of PP is given in **Annex II of Chapter 4**.

PROCUREMENT GUIDELINE REFERENCE 4.1.3

PROCUREMENT TIME SCHEDULE (PTS)

PTS is prepared to set time targets to complete the procurement process, to time targets to complete each activity of the process, while giving a road map to the PC and BEC for completion and to provide a tool to monitor the progress of the process for timely acquisition of Goods, Works, Services and IS.

PTS shall be prepared and implemented in Two Stages.

Stage -1

In this stage PTS shall be prepared to ensure completion of pre-procurement activities up to preparation of draft Procurement Documents in a timely manner and enabling to monitor the progress against the set time targets and to commence the bidding process without a delay. Activities at this stage shall be completion of relevant studies including the project proposal, land clearance, preparation of drawings, BOQs, Estimates, specifications, required approvals for estimates and preparation of Procurement Document etc.

Preparation and regular updates of **Stage 1** PTS is a responsibility of the PE.

Refer **Annex V of Chapter 4** for format of Procurement Time Schedule - Stage 1.

Stage - 2

- a. Stage 2 of PTS shall include time targets for completion of all activities of the bidding process, after the preparation of the Procurement Document up to contract award.
- b. Responsibility of preparing draft of **Stage 2** of PTS also rests with the PE. Time targets, along with the compulsory bidding period to be given to complete the procurement following the ICB and NCB Methods, without pre-qualification are given in **Annex IV of Chapter 4**. PEs shall plan to complete the procurement within the said period with appropriate allocation of time among the activities to be completed, with the approval of the PC. PEs in consultation with BEC/PC should make all possible arrangements to reduce the time period, adhering to best practices, such as continues evaluation of bid/proposal, immediately after bid/proposal opening. **If pre-qualification is involved, additional two weeks may be considered** more than the time specified in **Annex IV of Chapter 4**.

- c. It is an obligation of the respective PC, to consider the PTS and approve it at the first meeting. The PE shall forward the draft PTS for the procurement concerned, together with any connected downstream procurement that should be handled by the PC. Once the PTS is agreed upon, the Chairpersons of the PC and BEC shall monitor the progress in consultation with the PE. Where a major delay occurs, it is the responsibility of the Chairperson of the PC to explain the cause/s for the delay, effect remedial measures and inform NPC.
- d. Once approved, it will be the guiding document, which PC and BEC should follow to complete the task. Monitoring of performance of the procurement process shall be done in comparison to the time targets set therein and will be a basis for payment of remunerations to the individuals involved in the procurement process

Guidance for setting time target to complete each activity of the procurement process, with reasonable time targets and the procurement activities applicable in the pre-qualification and the Bidding process are given in **Annex VI of Chapter 4**.

PROCUREMENT GUIDELINE REFERENCE 4.2

TOTAL COST ESTIMATE (TCE)

A. Preparation of Cost Estimates

Estimating the costs of infrastructure as accurate to the extent possible plays an important role when deciding the feasibility of such investments, preparation of national budgets towards undertaking such developments and to determine competitive and reasonable price at the bidding process.

Such estimates can be broadly categorized as:

- i. costs at the conceptual stage;
- ii. preliminary estimates; and
- iii. detailed Total Cost Estimates

Cost Estimates at conceptual stage: At this stage, what really exists is a very crude “ball park figure” based on the historical data may be from the similar experience in the same sector of country or costs of similar activities carried out in the neighboring countries.

Cost Estimates at Preliminary Stages: Once it is agreed to carry on with the conceptual stage, specialized institutes/firms may carry out a preliminary set of architectural/engineering drawings of the proposed infrastructure development. Such drawings will facilitate to carry out more detailed costing based on the historical unit rates for similar activities per linear meter or square meter or any other empirical methodology. At this stage one may take in to account the current price level of material, equipment and labor prices.

Cost Estimates following Detailed Engineering Design and other factors: Once there is agreement to proceed with the project, it is necessary to develop detailed drawings, environmental plans, social action plans such as detailed Resettlement Action Plans. Purely from a technical perspective, the design institutes, consultants or the implementing agencies based on their capacity must develop detailed drawings and cost estimates based on work breakdown elements or unit rates for such work items. Example: costs of a cu.m of concrete or cost of square meter of asphaltic concrete in road construction. The above work items will then be summarized in Bill of Quantities (BOQ) for the proposed project under different headers such as preliminaries, foundation work, earthworks, concrete works, pavement works, plastering, electrical works, water supply and drainage works, roof work etc. In addition, the direct and indirect taxes have to be included in to the above rates. Also when preparing the unit rates due consideration has to be given to the specifications applicable for the job including the standards.

Appropriate provisions have to be made for contingencies, price adjustments, day works schedule etc. The above estimate will be the basis for inviting competitive bids/proposals or even negotiating contracts following Direct Contracting. In the event that budgetary resources have to be identified for project execution one should consider all the associated costs towards implementing environmental and social risk mitigation plans including resettlement costs, legal fees, construction supervision consultancy, or any other associated consultancies.

There is standard software available for preparations of unit cost for work elements, which will be facilitate preparation of costs estimates for all the three phases.

Procurement of Infrastructure Development Projects:

Preparation of Designs and Procurement Documents. In most cases the Implementing Agencies (IA) in most cases prepare detailed designs and related BOQs by themselves or with the support from external consultants to procure the civil works related to such development. In some cases IAs may use design, supply and install type of contracts. In this case the selected contractor will be required to carry out the detailed design based on the scope of the employer. Once the design is approved, the contractor will carry out the works in accordance with the agreed designs. These types of contracts are used to construct power plants, transformer stations, water and wastewater treatment plants etc.

The BOQ, the drawings and the standards will form part of the Procurement Documents.

B. Responsibility for Preparation of Cost Estimates

The Procuring Entity shall prepare conceptual, preliminary and detailed total Cost Estimates (TCE) including all associated costs as required and appropriate at different stages. TCE should identified cost of procurement preparedness activities and post contract award activities separately Total Cost Estimate shall include maximum of 5% of Direct Construction Cost (DCC) for procurement preparedness activities if applicable. Maximum of 10% of DCC shall be allocated for physical contingencies and appropriate price fluctuations. TCE shall also include applicable VAT, shown separately.

- i. The TCE shall include the amount of applicable VAT. VAT should be provided in the TCE for the contingency provision as well (The amount of VAT to be shown separately.)
- ii. 5% of DCC shall be allocated for procurement preparedness activities as per the following chart.
- iii. a maximum of ten percent (10%) of DCC shall be allocated for physical contingencies and price fluctuations.

C. Content of a TCE

Project Brief		Should accompany the request for funding
Direct Construction Costs (DCC)		A summary should accompany the request for funding
Cost of feasibility studies, investigations and other related costs;	Generally 1% of DCC	Preliminary Drawings, Designs, Specifications and Bills of Quantities shall be available with the Procuring Entity
Preliminary design and detail design costs;	<ul style="list-style-type: none"> • Large Projects (say > Rs 300 m) 2 ½ % of DCC • Medium Projects (say > Rs 100 m) 3 % of DCC • Small Projects (say < Rs 100 m) 	

	3 ½ % of DCC	
Supervision costs;	Generally 1 ½ % of DCC	
Administrative costs;	Should be less than 1% of DCC	

D. Physical contingencies and Price Fluctuations Provisions in the TCE

Physical contingencies and price fluctuations	10 % of DCC	
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For procurement not exceeding Rs.100 m the TCE shall be sanctioned by the Head of the Department and all other TCEs by the Secretary to the Line ministry.

PROCUREMENT GUIDELINE REFERENCE 4.2.1

UPDATE OF TCE

- a. If considerable time is taken to invite bids/proposals after preparation of the initial TCE, the TCE shall be updated, taking in to consideration inflation and other factors and shall be sanctioned by the respective authority. However, such revision shall not be done during the bidding process or bid/proposal evaluation period to simply justify the bid/proposal price, taking the bid/proposal prices or the contract implementation delay or period in to account.
- b. Estimate at conceptual or preliminary stages shall be void once the detailed total cost estimate is prepared or Under Turnkey contracts the estimate of the consultant of the contractor is finalized. It there is a considerable variation; the reasons for such variations should be given by the BEC, for the satisfaction of the PC. In no circumstances, in such situations, conceptual or preliminary estimated should not be revised.
- c. Once the contract is awarded, Award Price shall be considered as the Cost of the Project and if the award price is lower than the TCE, the balance should not be considered as an amount that should be spend under the project.
- d. When a contract is awarded to a contractor who is not registered for VAT, necessary steps shall be taken to revise the TCE accordingly and to utilize the funds provided in the TCE.

PROCUREMENT GUIDELINE REFERENCE 4.3

PACKAGING AND SLICING OF CONTRACTS

Contract packaging/slicing is a tool, which is used to determine the nature of contractor that will undertake the project/procurement, gain the bulk purchasing price advantage by the government as the largest procurer and to ensure timely delivery by allowing contractors in different capabilities and specialties to bid/undertake contracts as per their ability and capacity. Contract packaging is to rational grouping of the procurement requirements in such a way as to ensure economy and efficiency in processing and the delivery of the “right” goods and services at the “right” time for the project. The first obvious step in grouping, unless this is a turnkey project, is to separate needs into Goods, Works and Services categories. Normally contracts will be awarded within a single category, although there are exceptions: certain types of plant equipment, for example, are always procured on a “supply and install” basis where goods delivery and related installation services are combined in a single contract. Then required packaging of items in such deferent categories considering the similarity, size, nature, capabilities of contractor’s suppliers, encouraging or promotion of local industry etc.

A. Capabilities of Suppliers and Contractors

The ability of suppliers of goods and services to meet project needs and the likely interests of foreign bidders to participate in a project are some of the factors to be considered when making contract-packaging decisions. If there are well established domestic civil works contracting and goods supply capabilities, the scope and sizes of contract packages should be set in such a way that permits domestic firms to compete effectively. However, if there are reasons of economy or efficiency in choosing larger contract packages or if it is known or believed that foreign bidders participation is advantages, these should be the determining factors in contract packaging and sizing.

B. Slicing of contracts

If there are domestic and foreign interests and capabilities to supply project procurement needs, it may be possible to meet both of these by appropriate sizing and timing of contract awards. Works contracts for roads, drainage canals, etc., may be divided into individual packages that can be handled by domestic bidders or by the contractors who are having the

specialty in the particular field and then inviting bids/proposals for many of these packages at the same time.

A domestic contractor can bid/proposal for one or many slices it can handle, and a large foreign bidder can bid/proposal for many or all slices in the entire package, offering a discount if all or a specified number are awarded to it. A similar approach and results can be achieved in goods contracts by making the basic bid/proposal “lots” conform to domestic bidding capacities and then awarding contracts for a number of lots in the same bidding process, thereby allowing larger suppliers to offer discounts in the case of multiple contract lot awards.

All bids/proposals shall be received by the same closing date and opened and evaluated simultaneously so as to determine whether the bid/proposals or combination of bids/proposals offered is the lowest evaluated cost.

C. Approval from the relevant Procurement Committee

However, splitting of a large Works and Goods Procurement, which would normally fall under the purview of a Procurement Committee with a higher limit of authority merely for the purpose of accommodating it under a Procurement Committee with a lower level of authority shall be considered as highly irregular and an attempt to circumvent the due process. However, if splitting up is deemed necessary for legitimate reasons, it should be approved by the Procurement Committee that would have been vested with due authority to carry out such Procurement prior to splitting.

Any Procurement that will lead to other downstream Procurement/s such as selection of consultants for design Works and the contractors for construction Works shall be aggregated and the appropriate Procurement Committee shall be selected

D. Procurement Scheduling

One of the considerations in choosing contract packaging is the timing when goods or services are needed. After preliminary packaging plans have been formulated and, by implication, the method of procurement to be used for each is tentatively determined by the nature and size of the packages, it is necessary to verify that these combinations will permit the goods or services to be delivered at the times they are needed for the project. The best way to check this is to work backwards from the desired date of delivery to determine whether sufficient time is available to carry out the necessary procurement steps for each element.

PROCUREMENT GUIDELINE REFERENCE: 4.1.1

THE FORMAT FOR MASTER PROCUREMENT PLAN

Procurement Plan for year 2017

Ministry of

Department/ Line Agency/ Ministry	Procurement Category (Goods, Works, Services and IS etc.)	Estimated cost (Rs. Mn)	Source of Financing / Name of The Donor	Procurement method (ICB, LIB, LNB, NCB, and National Shopping etc.)	Level of Authority (CAPC, SCAPC, MPC etc)	Priority status P=Priority N=Normal	Current status of procurement preparedness activities*	Scheduled date of commencement			Scheduled date of completion			Remarks
								Yr 1	Yr 2	Yr 3	Yr 1	Yr 2	Yr 3	

.....
Prepared by

.....
Approved by the Secretary to the Ministry

.....
Date

*Refer: section 6 of Annex I of Chapter 2

PROCUREMENT GUIDELINE REFERENCE: 4.1.2

THE FORMAT FOR DETAILED PROCUREMENT PLAN

Procurement Plan for year 20....

Ministry of

Se. No.	Ref. No.	Description	Estim. Cost (Mn)	Proc. Method		App. CAPC & BEC	Prep. Bidding Documents	App. Bidding Documents by CAPC	NOL from FFA	Pre: PQ Applications	Scruting PQ Applications	App PQ Applications by CAPC	NOL FFA	Advent: PQ Application	Issue PQ Application	Select pre-Qualified Bidders	App. pre-Qualified Bidders by CAPC	NOL FFA	Invite Bids	Clarific./Pre- Bid Conference	Respond to Clarification.	Bid Received/ Bid opening	Tech. Eva.	Fin. Eva.	Final Eva.	Recmm. By CAPC	NOL from FFA	Cab. Approval	Con: Award	Con: Sined	Complete Works / Goods/ Service Delivered	Contract No. Amount Name of the Contractor	Remarks		
						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28		
GOODS																																			
				Schedule																															
				Revised																															
				Actual																															
WORKS																																			
				Schedule																															
				Revised																															
				Actual																															
SERVICES/IS																																			
				Schedule																															
				Revised																															
				Actual																															

PROCUREMENT MANUAL REFERENCE 4.1.3**RECOMMENDED TIME FRAME FOR COMPLETION OF
PROCUREMENT ACTIVITIES IN THE BIDDING PROCESS WITHOUT
PRE-QUALIFICATION**

Value of the Procurement	ICB		NCB	
	Maximum period (Weeks)	Compulsory bidding period (Weeks)	Maximum period (Weeks)	Compulsory bidding period (Weeks)
More than Rs.2000 Mn.	15	06	12	03
More than Rs. 750 Mn. to Rs. 2000 Mn.	13	06	10	03
More than Rs. 250 Mn. to Rs. 750 Mn.	09	06	06	03
More than Rs. 50 Mn. to Rs. 250 Mn.	08	06	06	03
More than Rs. 20 Mn. to Rs. 50 Mn.	08	06	05	03
More than Rs. 1 Mn to Rs. 20 Mn.	-	-	04	02

At the first meeting the PC in consultation with the PE shall determine the procurement time schedule allocating time slots for each action of the relevant procurement strictly adhering to the above time frame. In this regard the PE and PC have the freedom to decide suitable time periods for individual procurement actions (such as bid evaluation, contract award determination, appeal procedure etc.) other than compulsory bidding period depending on the nature and complexity of the procurement.

PROCUREMENT MANUAL REFERENCE: 4.1.3

PROCUREMENT TIME SCHEDULE – STAGE I (PRE-PROCUREMENT ACTIVITIES)

1	2	3	4	5	6	7	8	9	10	11	12
Title of Procurement	Availability of funds and source of funding (please specify)		Date of the concept approved by the relevant authority (Cabinet/Ministry etc.)	Date of finalization of location, road traces, etc. (if applicable) *iv	Date of Completion of the preparation of required documents (specifications, plans, drawings, BOQs, etc.)	Total Cost Estimate (TCE) in Rs. Mn	Date of relevant approvals (i.e EIA, Approval of local authorities) *v	Date of agreement signed with funding agency (if applicable)	Date of completion of land acquisition and related activities (if applicable)	Date of completion of the preparation of bidding document	Remarks
		Scheduled Date									
		Revised Date (if required)									
		Actual Date									
		Scheduled Date									
		Revised Date (if required)									
		Actual Date									
		Scheduled Date									
		Revised Date (if required)									
		Actual Date									

Note:

(i) Please fill the relevant columns only.

(ii) Use yyyy-mm-dd format when a date is required.

(iii) In the case of pre-procurement activities of goods and services, Procuring Entity(PE) may prepare Procurement Time Schedule (PTS) – Stage I appropriated by amending the column titles.

(iv) Please specify the location, road traces, etc as a note in the Remarks column.

(v) If several sub activities have been clustered in one column, a separate column could be included by PE for each sub activity as appropriate. As an example, if there are 02 or more approvals, please specify the approval, by inserting required column/s as per one column per one approval, after the column 8 and number them as 8.1, 8.2, 8.3 and so forth.

(vi) You may change the sequential order of the above mentioned columns as per your requirement.

(vii) In case of a project, please attach Project Implementation Plan.

PROCUREMENT MANUAL REFERENCE: 4.1.3

PROCUREMENT TIME SCHEDULE – GOODS, WORKS, SERVICES AND IS CONTRACTS

Serial No	Reference No of Procurement Plan	Title of Procurement	Total Cost Estimate in Rs. Mn	Proc. Method	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec					
					2018																
					S				V23												
					R																
					A					V15											
					e.g. Means action item 'V' Bid Evaluation is scheduled on 23 rd day of the May 2018.					2019					e.g. Means action item 'V' Bid Evaluation was actually completed on 15 th day of June 2018.						
					S																
					R																
					A																
					e.g. Means action item 'E' advertising for PQ is scheduled on 10 th day of Feb 2019.					2018											
					S																
					R																
					A																
					2019																
					S		E10														
					R																
					A																
	S – Schedule; R – Revised; A – Actual	Procurement Methods** ICB International Competitive Bidding LIB Limited International Bidding LNB Limited National Bidding NCB National Competitive Bidding NS National Shopping IS International Shopping DC Direct Contracting FA Direct labour ** Select only appropriate		Pre-Qualification Activities** A * Prepare PQ application document B Appoint PC and BEC C* Approve PQ document by BEC D Concurrence from funding agency E Advertise for pre-qualification F Issue PQ applications G Receive PQ application H Evaluation of PQ application by BEC J Approve pre-qualified Bidders by PC K Concurrence from funding agency		Bidding Process Activities** B Appoint Procurement Committee /BEC L Preparation of bid documents M Approve bidding document by TEC N Concurrence from funding agency O Issue invitation of bid P Issue bidding documents Q Clarifications and pre-bid conference R Prepare minutes and addendum if any S Concurrence from funding agency T Issue minutes/ Addendum U Receive Bids V Bid Evaluation W Contract Award determination X Concurrence from funding agency Y Appeal Procedure Z Approval from Cabinet A* Contact Award															

CHAPTER 5 - PROCUREMENT DOCUMENTS

PROCUREMENT GUIDELINE REFERENCE: 5.1

PREPARATION OF DRAFT PROCUREMENT DOCUMENTS

Responsibility of Drafting Procurement Documents

Procurement Document shall be prepared and kept in readiness to commence the procurement process as soon as the budgetary allocation is received.

The PE, with the assistance of consultants, when required, shall be responsible for preparation of draft Procurement Documents, in advance to make the appointment of PC and BEC to handle particular procurements and the readiness of such documents should be reported to the appointing authority, along with the request for appointment of PC and BEC.

PROCUREMENT GUIDELINE REFERENCE: 5.2

CONTENTS OF PROCUREMENT DOCUMENTS

Purpose and the Content of Procurement Documents

Procurement Documents are to inform and instruct potential bidders of the requirements expected from them. Thus, Procurement Documents should be drafted so as to understand and permit bidders to submit responsive bids/proposals, without ambiguities and same understanding at equal footing.

Therefore, Procurement Documents should clearly define the specification of Goods, scope of Works, Services or Information Systems to be supplied, the rights and obligations of the PE and of bidders, and the conditions to be met in order for a bid/proposals to be declared valid and responsive. They should also set out fair and non-discriminatory criteria for selecting the winning bid/proposals as set out in the Procurement Guidelines.

PEs shall take utmost care to draft the Procurement Documents, within the framework of Procurement Guidelines, as the conditions in the Procurement Documents are the governing principles or “Rules of the Game” in selection of the successful bidder, upon the time that the Procurement Documents are published.

The detail and complexity of these documents may vary with the size and nature of the proposed Procurement. The following are the essential contents of a Procurement Document:

- Request for Bid (RFB)
- Instruction to Bidders (ITB)
- Bid Data Sheet (BDS)
- Evaluation and Qualification Criteria
- Form of Bid
- Price Schedules
- General Conditions of Contract (GCC)
- Special Conditions of Contract (SCC) / Contract Data
- Specifications / Functional Requirements / Schedule of Requirements
- Employer's Requirements
- Drawings/Sketches
- Bill of Quantities/ Bill of Materials
- Activity Schedule / Delivery schedule
- Sample form of Contract Agreement
- Sample formats of Bid Security, Performance Security, Advance payment guarantee etc.

Annex I of Chapter 5 - specimen of checklist which could be used for submission of draft Procurement Documents.

PROCUREMENT GUIDELINE REFERENCE: 5.3

STANDARD PROCUREMENT DOCUMENTS (SPDs)

A. SPDs developed by NPC

Procuring Entity shall use the appropriate SPDs approved by NPC with minimum changes if the procurements are funded through Consolidated Fund. If there are any contract specific issues to be addressed such changes shall be introduced only through bid/proposal or contract data sheets, or through special conditions of contract, and not by introducing changes in the standard wording or the general conditions of the SPDs.

B. SPDs Developed by FFAs

SPDs developed by FFAs shall be used for procurement of projects, financed by respective financing agency, when mandated to use of such documents under the financing agreement.

If such documents are used for procurement of project funded by the Consolidated Fund, may be used with necessary amendments, in line with the provisions of Procurement Guidelines and Manuals.

C. Use of FIDIC Documents

FIDIC documents should be used only under the special circumstance where CIDA documents cannot be used for the particular procurement. In such instances, PE should furnish the special circumstances that warranted to use FIDIC documents to PC for its satisfaction, and if agreed or rejected, reasons for agreement or rejection should be recorded in the minutes.

D. Use of Standard Procurement Documents

BEC should review the appropriate SPD to be used for the procurement and should agree with the content prior to submission to PC. Respective PC should approve such documents thereafter and BEC and PC are collectively responsible for content therein.

E. Maintenance of a Library of Procurement Documents

The PEs are required to maintain a library of documents related to procurement, including SPDs developed by CIDA, NPC, FFAs, FIDIC and other relevant agencies for easy reference and use for officers. CAO/AO shall ensure keeping of such documents by the PE, within the Library of respective PE.

NPC, time to time shall intimate the PEs on availability of such documents for easy collection by the PE.

F. Availability of SPDs

The SPDs currently approved are available as follows;

- Goods, Services and Information Systems - Shall be published by NPC in due course
- Works - should be purchased from CIDA

Where there are no relevant SPDs, the Procuring Entity may use any other document with introduction of changes as appropriate in line with Procurement Guidelines.

It is recommended to use SPDs issued by the respective institutions as stated in **Annex II of Chapter 5**.

PROCUREMENT GUIDELINE REFERENCE: 5.4

REQUEST FOR BIDS/PROPOSALS

A. Publicity for RFBs/RFPs

Providing appropriate and widest possible publicity in timely manner for RFBs is considered as a key element to ensure basic principles of fairness and transparency and competitiveness in public procurement. It is essential for economic and efficient procurement and is providing fair opportunities for all eligible potential bidders.

B. Responsibility of the PC and PE for Providing Publicity for RFBs/RFPs

PCs are responsible to decide the best mean for providing appropriate and widest publicity for RFBs/RFPs and it should be decided at the PC meeting, which determine the dates for requesting for bids/proposals and such decision should be properly recorded. Appropriate publicity that should be given is described under the different procurement methods in Chapter 3 of this Manual.

Due to this advantage, it is emphasized to advertise both in the printed and online versions where possible. The PE is strongly advised to use NPC website for that purpose.

Decisions of PC should be promptly implemented by the PE.

C. Content of the RFB/RFP

Invitation for bid/proposal shall contain sufficient information required for the prospective bidders to make a decision in participation of bidding or not. The following may be such useful information:

- Scope of work and description of major components;
- Source of funds in the case of foreign funded contract;
- Name and address of the PE;
- Main eligibility, experience and qualification requirements;
- Method of procurement (ICB, NCB etc.);
- Applicability of any domestic preference;
- How to inspect Procurement Documents;
- Dates, place/s and manner of collecting Procurement Documents;
- Amount of fees and method of payment;
- How to obtain further clarification (include name and designation of the officer, postal address, telephone number, fax number and e-mail address);
- Bid security requirements;
- Deadline and place of submission of bids/proposals.

It is recommended, as a practice, that the RFB is also be incorporated in the front of the prequalification or Procurement Document.

Annex III of Chapter 5 - Sample Form for Request for Bids/Request for Proposals

D. General Procurement Notice (GPN)

The PEs shall publish general procurement notice in their website, if available and in the NPC website, with the intention to inform the prospective bidders on availability of bidding opportunities, within the respective PE in advance, with the view to give a broader publicity and to provide them an opportunity to plan for bidding.

General Procurement Notice could be published with regard to a particular procurement or number of bidding opportunities that will be advertised by the PE in coming months. Appropriate timing for the General Procurement Notice may be upon finalization of funding for the project.

This General Procurement Notice may include:

- Name and address of the of the PE;
- Source of Funding;
- The scope of the procurement;
- Intended method of procurement (ICB, NCB etc.);
- Level of PC (to give some indication to the prospective bidders about the

magnitude of the contract);

If known, the approximate schedule dates for availability of the Procurement documents or, as appropriate the pre-qualification documents.

PROCUREMENT GUIDELINE REFERENCE: 5.5

INSTRUCTIONS TO BIDDERS (ITB)

Instructions to the Bidders (ITB) is a Section of Procurement Documents, which articulate specific instructions to the prospective bidders on procedure, expectations and disclaimers of the PE and other necessary information for preparation of the bid/proposal, for consideration as a competitive bid/proposal. It provides necessary information to the bidders on the nature of the particular procurement, the conditions for preparation of the bid/proposal in the manner acceptable to the PE for consideration of the award, evaluation criteria and awarding procedure.

It shall be issued as the core section of the Procurement Documents and the general content of ITB will be follows.

- a. the details about the Employer/Purchaser;
- b. description of Goods/Works/Service/IS to be procured;
- c. required eligibility, qualification and experience of the bidders;
- d. the bid/proposal validity and other requirements of the bid/proposal and bid security required;
- e. the composition of the Procurement Document;
- f. the factors that should be taken into account in pricing the bid/proposal;
- g. instruction to the bidders on preparation of responsive bids/proposals and procedure for submission of bids/proposals;
- h. disclosure of the bid opening procedure and evaluation criteria;
- i. required experience and capacity of the bidder to perform the contract, if awarded;
- j. conditions of contract including method of payment;
- k. inform the bidders on method of awarding contract.

The information that should be provided under ITB, is dependent on the size and

complexity of the procurement. However, irrespective of the size and the complexity, PE is responsible to provide necessary information related to the bids/proposals to the extent possible, enabling prospective bidders to understand the terms and conditions that will govern the particular procurement.

PROCUREMENT GUIDELINE REFERENCE: 5.6

ELIGIBILITY OF BIDDERS

Eligibility of the bidders to participate at the bidding process pertaining to a particular bid/proposal should be essentially limited to ascertain the capacity and the legality of such bidder to ensure smooth performance of the contract, if awarded. Eligibility criteria should not be to limit or restrict the participation or competition in the bidding process. Therefore, adequacy of the experience and qualifications to perform the contract will be based on a judgment considering the nature of the procurement and overestimated experience and qualification would lead to restrict the competition.

The Qualifications, experience and other eligibility requirements should be clearly described in the Procurement Document.

A. Ineligible Bidders

Bidders should be considered as ineligible bidders under the following situations among others:

- a. Any blacklisted contractor/supplier/service provider; as per clause 9.4 of Procurement Guidelines;
- b. Any contractor/supplier/service provider who has been engaged by the PE to provide consultancy services for the same contract;
- c. In case of joint ventures, the joint venture partners shall not be eligible to submit more than one bid/proposal, individually or collectively;
- d. The bidders representing countries which UN sanctions are imposed shall be considered as ineligible bidders for both local and foreign financed projects.

PROCUREMENT GUIDELINE REFERENCE: 5.6.1

ELIGIBILITY FOR WORKS CONTRACTS

- a. For works contracts, CIDA registration shall be considered as an eligibility criteria and the bidders who are not registered for the respective grade, corresponding to the value of the bid/proposal shall be an ineligible bidder.

However, the CIDA registration is not a criteria for issuance/purchasing of Procurement Documents.

Categories of main and specialized contractors together with grade of registration and corresponding financial limits are available in the CIDA website for Works contracts.

- b. Applicability of CIDA Registration to the Value of the Contract

The equivalent CIDA registration Grade is considered as the grade that falls within the annual value of the proposed contract. The annual value of the proposed contract is computed by dividing the twelve times the contract value by the contract period expressed in months. The following examples will illustrate the equivalent registration computations for main contractors:

$$\text{Annual value of proposed contract} = \frac{12 \text{ times estimated contract price}}{\text{Proposed contract duration in months}}$$

(Presently applicable registration levels to be specified)

Amount of Proposed Contract (CP) in Rs million	Proposed contract period expressed in months (T)	Annual Value of Contract = $[12*CP]/T$	Equivalent CIDA Registration
6500	24	3250	CS2
3500	18	2333.33	CS1
1500	18	1000	C1
4000	24	2000	CS1
750	18	500	C2
240	18	160	C3
240	24	120	C4
75	12	75	C4
50	9	66.7	C4
15	9	20	C6
5	6	10	C7

5	12	5	C8
2	9	2.7	C8
1.5	12	1.5	C9
0.7	9	0.9	C9

CIDA REGISTRATION AS EQUIVALENT POST QUALIFICATION CRITERIA (cont.)

To eligible for contract award a domestic construction contractor³⁷ should have a valid registration under National Registration System of CIDA at the time of submission of bid.

Main Contractors Registered by CIDA			Specialized Contractors Registered by CIDA		
Grade	Amount ³⁸ (in Rs Mn.)	Specialties	Grade	Amount ³⁹ (in Rs Mn.)	Specialties
CS2	X > 3000	<ul style="list-style-type: none"> ▪ Building ▪ Highway ▪ Bridge ▪ Water Supply and Sewerage ▪ Irrigation and Drainage Canals ▪ Dredging and Reclamation ▪ Storm Water Disposal and Land Drainage ▪ Maritime Construction ▪ Heavy Construction (Areas to be Specified) 	Electrical & Mechanical Services (EM)		
CS1	3000 ≥ X > 1500		EM1	X > 50	<ul style="list-style-type: none"> ▪ Electrical Installation (Low Voltage) ▪ Electrical Installation (Medium Voltage) ▪ Elevators, Escalators & Travellators ▪ Extra Low Voltage Installations (Data, Telecommunication, Security Systems, Public Address Systems, Pipe Music Systems) ▪ Fire Detection, Protection & Suppression ▪ Generators ▪ Heavy Steel Fabrications ▪ LP Gas Systems ▪ Mechanical Ventilation and Air Conditioning ▪ Medical Gas Systems ▪ Plumbing & Drainage ▪ Refrigeration
C 1	1500 ≥ X > 600		EM2	50 ≥ X > 25	
C 2	600 ≥ X > 300		EM3	25 ≥ X > 10	
C 3	300 ≥ X > 150		EM4	10 ≥ X > 02	
C 4	150 ≥ X > 50		EM5	02 ≥ X	
C 5	50 ≥ X > 25		Specialized Construction Contractors (SP-C)		
C 6	25 ≥ X > 10		SP1	X > 50	Finishing Trades <ul style="list-style-type: none"> ▪ Carpentry & Joinery ▪ Floor, Wall & Ceiling Finishes (FW&C) [must specify the finish] ▪ Furniture, Fittings & Equipment's ▪ Landscaping ▪ Light Metal Work
C 7	10 ≥ X > 05		SP2	50 ≥ X > 25	Other Specialized Trades <ul style="list-style-type: none"> ▪ Aluminum & Finishes ▪ Soil Nailing & Stabilization ▪ Swimming Pools - (Industrial & Domestic) ▪ Water Proofing
C 8	05 ≥ X > 02	SP3	25 ≥ X > 10		
C 9	02 ≥ X	SP4	10 ≥ X > 02		
		SP5	02 ≥ X		
		Piling construction contractors (GP-P & GP-B)			
		GP-P	X ≥ 50	<ul style="list-style-type: none"> ▪ Geotechnical Piling - Precast ▪ Geotechnical Piling - Bored Cast In-situ 	
		GP-B1	X > 150		
		GP-B2	150 ≥ X > 50		
		GP-B3	50 ≥ X > 10		
		GP-B4	10 ≥ X		

³⁷ Domestic Bidder means an entity holding more than 51% by nationals of Sri Lanka

³⁸ Registered Annual Capacity

³⁹ Registered Annual Capacity

* Grade shall always be quoted with the specialty, when calling bids.

Eg.: - C1 – Irrigation & Drainage Canals

EM2 – Plumbing & Drainage SP3 – Landscaping

PROCUREMENT GUIDELINE REFERENCE: 5.8

BID/PROPOSAL VALIDITY PERIOD

Bid/proposal Validity Period is the duration that the bid/proposal should be valid for award, from the date of submission up to the award. Required validity period specifying the commencing and ending working dates shall be specified in the Procurement Documents and it is mandatory for the bidders to submit the bid/proposals valid for the specified period.

The period depends on the duration which the Procuring Entity required to complete the comparison and evaluation of bids/proposals, review the recommendation of award with the foreign funding agencies, if applicable, and to obtain all such other requisite approvals from the procurement authorities, prior to the award.

Bidders are required to confirm the validity of the bid/proposal and the bids/proposals which are not guaranteed for the bid/proposal validity period specified in the Procurement Documents or shorter than the validity requested shall be rejected during the preliminary evaluation stage, without considering for detailed evaluation.

Bid/proposal validity period should be practical and reasonable and also should be short as much as possible as undue and lengthy bid/proposal validity periods add additional cost to the bid/proposal.

Suggested bid/proposal validity periods suitable for bids/proposals related to goods and works, in terms of the value of the contract are given below. The PE shall use such time periods, unless there are specific reasons.

BID/PROPOSAL VALIDITY PERIOD (in Days)

Contract Value in Rupees Million	Works Contract		Goods Contract	
	GOSL Funded	Foreign Funded	GOSL Funded	Foreign Funded
More than or equal to 3,000	189	203	175	189
More than or equal to 1,000 and less than 3,000	175	189	147	175
More than or equal to 500 and less than 1,000	147	175	119	147
More than or equal to 250 and less than 500	119	147	91	119
More than or equal to 25 and less	91	119	91	119

than 250				
More than or equal to 5 and less than 25	77	77	77	77
More than or equal to 2 and less than 5	63	63	63	63
Less than 2	49	49	49	49

PROCUREMENT GUIDELINE REFERENCE: 5.9

BID SECURITY

Bid security, in one of the following three options is required to assure compensation to the PE for the time and money loss if the successful bidder fails to honour his bid/proposal and enter into a contract with submission of a Performance Guarantee. The period, for which the bid security is required, is generally longer than the bid/proposal validity period as to cover the gap between the date of award and entering in to a contract with submission of a performance guarantee as well.

A. Requirement of Bid Security

If the requirement for the submission of a bid security is specified in the Procurement Document, all the bidders, without any exception shall submit a bid security for the required amount, period indicated by dates in the Procurement Document and in the specified format.

Bid securities are not required, when shopping procedure is adopted.

B. Validity Period of Bid Security

The bid security should be valid for 28 days more than the bid/proposal validity ending date.

C. Amount of Bid Security

The amount of bid security should not be excessively high, as it may restrict the competition. A lump sum in the range of 1% to 2% of the estimated value of the procurement (excluding VAT) shall be prescribed as the Bid Security.

D. Options for Obtaining Bid Security

Following options are available to obtain the bid security and the Procurement Document should specify the option preferred.

Option 1 – Obtaining a Bid Security

Procuring Entity shall request for the bid security in a form of bank guarantee in the format given in **Annex IV of Chapter 5**. Such bid securities shall be irrevocable and unconditionally cashable upon the first written request by the Procuring Entity. The bid securities issued by the following agencies are acceptable.

- a. A bank operating in Sri Lanka approved by the Central Bank of Sri Lanka;
- b. A bank based in another country, backed by a bank operating in Sri Lanka and approved by the Central Bank of Sri Lanka;
- c. Construction Guarantee Fund;

Option 2 – Requesting for Bid Security Declaration

Procuring Entity may request the bidders to sign and submit a bid security declaration in the format given in **Annex VI of Chapter 5**. If the bidder fails to fulfil any of the requirements given in the declaration, the bidder shall be blacklisted as per Procurement Guideline 9.4.

Option 3 – Obtaining a Refundable Cash Deposit

A refundable cash deposit or a bank draft, generally 0.5% to 1% of the estimated value of the procurement (excluding VAT) may be obtained for smaller value procurements.

PROCUREMENT GUIDELINE REFERENCE 5.11

CLARIFICATIONS AND MODIFICATIONS

- a. Any additional information, clarification, correction of errors or modifications of Procurement Documents by the PE shall be circulated to each and every recipient of the original Procurement Document.

- b. Sufficient time prior to the expiry of the deadline of bid/proposal closing, should be given in order that the bidders are able to take appropriate action. It is advisable to give a deadline (working day) to obtain clarifications in the Procurement Document allowing prospective bidders to seek clarifications and prepare a proper bid/proposal. This date shall be determined in conjunction with bid/proposal closing date by PC taking into consideration the time to send any clarifications and addenda allowing prospective bidders a reasonable time to consider the clarifications and prepare their bids/proposals.
- c. A prospective bidder requiring any clarification of the Procurement Documents should notify to the PE in writing, before the deadline date for clarifications in the Procurement Document. Response should be sent in writing within a reasonable time to the clarifications sought, well ahead of the bid/proposal closing date. Copies of the query and clarification notes should be sent to the all prospective bidders who have purchased the Procurement Documents and to the bidders who will purchase the documents after the clarification deadline.
- d. At any time prior to the date of submission of bids/proposals, PE may at his own initiative or in response to a clarification requested by a prospective bidder, modify Procurement Documents by issuing an addenda. The addenda should be notified in writing by registered/speed post or by fax/telex/e-mail, followed by copy of the same by registered post to all prospective bidders, in order to afford prospective bidders a reasonable time to consider the amendments incorporated in the addenda while preparing their bids/proposals.
- e. If deemed necessary, the PE may extend the deadline for bid/proposal closing giving due consideration to the PTS.

PROCUREMENT GUIDELINE REFERENCE 5.13

VALUE ADDED TAX

Provision for VAT component should be made in the TCE appropriately, covering the contingency provision as well as prescribed under 4.2 – B. of this Manual.

In the Procurement Documents, the bidders should be instructed to indicate the VAT component separately, along with the VAT registration number of the bidder.

VAT shall be considered as an additional cost to the Government and in the evaluation process, all the bid/proposals should be excluding VAT component and lowest evaluated price shall also be determined without the VAT component.

In signing the contract, contract value shall exclude VAT, provided such Goods/Works/Services/IS are subject to payment of VAT and it shall be shown separately as a separate item in the contract. VAT shall be paid at the time of settling invoices, on actual basis, as per the applicable VAT regulations.

Upon payment of VAT, details of such payments should be notified the Commissioner General of Inland Revenue, immediately after the payment.

PROCUREMENT GUIDELINE REFERENCE: 5.14

BID/PROPOSAL EVALUATION CRITERIA AND QUALIFICATION REQUIREMENTS

Bid Evaluation Criteria should be decided considering the factors that are effective for the selection of the most responsive bid/proposal for the supply of Goods, Works, Services or Information Systems, to serve the purpose intended from the particular procurement. Other than the substantial responsiveness and the price of the bid/proposal, there are other factors, depending on the nature of the procurement, that are relevant for the selection of the most advantageous bid/proposal.

A. Development and Application of Qualification Requirements

- a. In the pre-qualification / post-qualification process, criteria should be developed, enabling to make an assessment on the bidder/proponent related to following areas.
 - i. past experience relating to the project/procurement
 - ii. similar experience to the project/procurement
 - iii. personal capabilities
 - iv. equipment capabilities
 - v. financial capability and ability
 - vi. litigation history
 - vii. for Works, Services and IS; volume of works in hand and work in progress

- b. For assessment of the nature and the ability of a supplier, following area relating to his past records could be looked in to.
 - i. Financial viability
 - ii. Technical capability – design etc.
 - iii. Production capability
 - iv. Performance and delivery record
 - v. Quality Standards

- c. With the view to assess the competitiveness of the bid/proposal price of the bidder/supplier, criteria should be developed to assess the following aspects.
 - i. Price
 - ii. Payment schedule
 - iii. Delivery cost e.g. to project site
 - iv. Operating cost, mainly related to equipment
 - v. Maintenance cost

- d. In case of procuring Civil works, criteria should be aimed at assessing the followings.
 - i. construction methods
 - ii. reliability of construction method
 - iii. standards
 - iv. past records on time taken to complete construction

- e. In procurement of equipment, following aspects should be assessed.
 - i. efficiency and compatibility
 - ii. reliability and maintainability
 - iii. availability of services and spare parts

B. Development and Application of the Evaluation Criteria

The PE shall identify following factors and include in the Procurement Documents. The Evaluation should be done only using such criteria and methodology disclosed. No advantage should be given to any bid/proposal submitting/proposing requirements than specified.

Some of the criteria generally used for procurement are;

- a. how arithmetical errors are corrected;
- b. procedure for evaluation of omissions, in the bid/proposal;
- c. basis for ranking of delivery schedule or time for completion proposed;
- d. basis for evaluation of efficiency of the equipment;
- e. spare parts availability requirement;
- f. availability of after sale services;
- g. how the capacity of the contractor is evaluated;
- h. payment schedule;
- i. method of evaluating the operating cost;
- j. How life cycle costing evaluated;
- k. Basis of conversion of currency;
- l. Domestic preference or preference offered to CBOs;
- m. Discounts offered for combination of lots in multiple contract award (cross discounts);
- n. Experience and qualifications of the lowest evaluated and substantially responsive bidder;
- o. The Basis on which the Alternate bids/proposals are considered.

C. Modification of Evaluation Criteria

Under no circumstances, the disclosed criteria shall be modified, or additional criteria shall be introduced after closing of bids/proposals.

D. Evaluation of Post Qualifications

To use in the post qualification evaluation process, a questionnaire should be issued along with the Procurement Documents on qualifications of the contractor, similar to which would have been used in a pre-qualification document. The criteria for post qualification should be clearly set out in the Procurement Document. Wherever appropriate and practicable, the minimum qualifications (such as CIDA registration for works contract) should be listed in the invitation for bids/proposals, to provide guidance for potential bidders as to whether in their own judgment they are qualified to award the contract.

For works contracts, the criteria already used by CIDA for registration purposes need not be repeated as post qualification criteria. The post qualification criteria should not be set out to eliminate a qualified bidder but should be aimed to verify the adequacy of experience and qualifications of the lowest evaluated bidder. If sufficient information is not available with the bid/proposals the PE may obtain additional information from the bidder to verify the experience and qualifications, provided such information is historical and factual.

I - Works Contracts:

- a. for high rise buildings, in addition to appropriate CIDA registration may require experience in construction of high rise buildings;
- b. experience as a main contractor in the construction of at least one or two (specify one/two) works of a similar nature and complexity equivalent to the proposed work over the period of last 5 to 10 years as appropriate, to comply with the above requirement of works cited should be at least 70 % complete;
- c. documentary evidence for arrangement of cash flow for the proposed construction shall be considered.
- d. proposal for timely acquisition (own, lease, hire etc.) of the key equipment;
- e. contract management staff with specified qualification and experience.

II - Goods Contracts:

- a. Manufacturer's Authorization Certificate (MAC) to demonstrate that the bidder is duly authorized to supply the Goods;
- b. Able to carry out maintenance, repairs and spare parts stocking of the items offer;
- c. Financial capability to supply goods;
- d. Past experience in supply of similar goods [the bidder should have supplied ...(insert as appropriate).. numbers of similar equipment over the period of last(insert as appropriate) ... Years.]

PROCUREMENT GUIDELINE REFERENCE: 5.15

CONDITION OF CONTRACT

Conditions of the Contract, that shall generally apply are stipulated in the General Conditions of the Contract (GCC) and if there are Special Conditions of Contract (SCC) applicable, such conditions are articulated to the bidders as SCC. Such conditions should be encapsulated in the Draft Contract that shall be issued, along with the Procurement Documents.

The contract documents shall clearly define the scope of Works to be performed, the Goods to be supplied, the Services to be rendered, Information Systems to be implemented, the rights and obligations of the employer/purchaser and of the contractor/supplier, and the functions and authority of the officer responsible, if one is employed by the employer in the supervision and administration of the contract. In addition to the general conditions of contract, any special conditions particular to the specific Goods, Works, Services and Information Systems to be procured and the location of the project shall be included. The conditions of contract shall provide a balanced allocation of risks and liabilities.

A. Applicability of SCC

Conditions stipulated in SCC prevails over the GCC, hence should be decided with due attention to the provision related to the special conditions in the GCC.

B. Delivery Cost

The delivery cost is a significant component in procurement of Goods and delivering to the project sites. It is thus an important factor in evaluation of bids/proposals. With the view to be clear and for common understanding of the conditions related to transportation of Goods, PEs should use INCOTERMS.

Transport by air should only be confined to situations where it is absolutely necessary and that also with the approval from the **CAO**.

C. Use of Terms of International Chamber of Commerce (INCOTERMS)

For procurement done under GOSL or Foreign Funded Contract the set of rules issued by INCOTERMS shall be used.

The following terms are most relevant for Sri Lanka.

TERM	Meaning
Ex – Works (EXW) (named place)	The seller delivers when he places the goods at the disposal of the buyer at the seller's premises or another named place (<i>i.e.</i> factory, warehouse, etc.) cleared for export (in the case of international) and not loaded on any collection vehicle. This term represents the minimum obligation for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller's premises.
Free on Board (FOB) (named port of shipment)	The seller delivers when the goods pass the ship's rail at the named port of shipment within the period stipulated. The risk of loss or damage to the goods is transferred to the buyer when the goods pass the ship's rail (<i>i.e.</i> off the dock and placed on the ship). The seller pays the cost of loading the goods and clears the goods for export.
Cost Insurance Freight (CIF) (named port of destination)	The seller delivers when the goods pass the ship's rail at the named port of shipment. The seller obtains transport insurance against the risk of loss or damage to the goods to the destination port. The seller must contract with the insurer and pay the insurance premium. The risk of loss or damage to the goods as well as any additional costs due to events according after time of delivery are transferred from the seller to buyer. The purchaser is obligated to pay the contract price of goods as provided in the sales contract and arrange and pay for import licenses and formalities and take delivery at the port of destination.
Carriage and Insurance Paid to (CIP) (named place of destination)	The seller must deliver the goods to the carrier nominated by him/her, but the seller must in addition pay the cost of carriage needed to during the goods to the named destination. The buyer bears all the risk and any additional costs according after the goods have been delivered. However, the seller must also produce insurance against the buyer's risk of loss or damage to the goods during the carriage. The seller must clear the goods for export.
Delivered Duty Paid (DDP) (named place of destination)	The seller delivers the goods to the buyer cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing goods thereto including where applicable, any duty (which includes the responsibility for the risk of the carrying out of customs formalities and the payment of custom duties, taxes and other charges) for import to the destination. DDP represent the maximum obligations of the seller.

PROCUREMENT GUIDELINE REFERENCE: 5.16

PRICE ADJUSTMENT

Price adjustment provisions are provided to absorb the market rates fluctuations and shall be applicable for procurements related to Sri Lanka Rupee component of the contract, in which the contract period exceeds 12 months. Applicability of price adjustment provisions shall be included in the Procurement Document and contract agreement.

If price adjustment provisions are provided for locally funded construction/Works projects, Price Adjustment Formula, published by CIDA should be adopted.

If foreign financing agency agreements specify that price adjustment shall be made for the foreign currency component as well, in terms of the formulae suggested by the respective Agency. However, CIDA formula shall be used for Sri Lankan Rupee component of such projects.

PROCUREMENT GUIDELINE REFERENCE: 5.17

ADVANCE PAYMENT

Advance payment could be paid for Goods and Works contracts as mentioned below and conditions to the contract could be defined accordingly.

A. Advance Payment for Works Contracts

A maximum of twenty percent (20%) of the contract sum (less any provisional sums and contingencies and excluding VAT) against the submission of an acceptable advance payment guarantee, for the contracts. The advance payment shall be fully recovered before ninety percent (90%) of the payments are made to the contractor.

B. Advance Payment for Goods Procured on Import and Supply Basis

When the Procurement Documents require opening of letters of credit (LC) in favour of the PE, the cost of which shall be borne by the supplier, an advance payment not exceeding the SLR equivalent of thirty percent (30%) of the value of LC may be paid, on the submission of guarantee acceptable to the PE.

C. Acceptable Unconditional Advance Payment Guarantees

An unconditional advance payment guarantee issued by the following agencies are applicable provided the guarantee is furnished without a critical departure to the format given in this manual with respect to the amount, validity and payment of guaranteed amount upon receipt of first demand in writing.

- a. A commercial bank operating in Sri Lanka;
- b. A bank based in another country but the guarantee “confirmed” by a bank operating in Sri Lanka approved by the Central Bank of Sri Lanka;

However, the requirement of confirmation of advance payment guarantees issued by a bank based in another country, by a bank operating in Sri Lanka is not necessary, if the entity that issues the guarantee is an export Credit Agency of any foreign Government or a reputed international Financier acceptable to the Central Bank of Sri Lanka.

- c. Construction Guarantee Fund

The Format which could be used for issuance of Unconditional Advance Payment Guarantee is in **Annex VII of Chapter 5**.

D. Administering Unconditional Advance Payment Guarantees

The PE should have a proper monitoring system to administer the Unconditional Advance Payment Guarantees so accepted to ensure recovery of the guarantee. In the event of an extension of the time for Completion of the Contract the PE would need to request an extension of this guarantee from the guarantor, with sufficient time for extension. Such request must be in writing, prior to the expiration date established in the guarantee.

PROCUREMENT GUIDELINE REFERENCE: 5.18

RETENTION OF MONEY IN WORKS CONTRACTS

(1) From all construction contracts, retention money shall be deducted from the payments due to the contractor to cover the period for remedying any defects. Retention money shall be deducted from the net payment due (including material at site) from interim payments before making any adjustments for price fluctuation, VAT and advance payment recovery. No retention money will be deducted from the advance payment.

(2) In releasing this retention, the Employer will have the following options.

2.1 – If the contractor requests the release of the retention as soon as it reaches the limit of 5%, the contractor may be allowed to replace the full amount of retention with an equivalent security in the form of an unconditional and irrevocable guarantee issued by a bank acceptable to the Employer and valid up to 28 days beyond the completion of Defects Liability Period.

2.2 – In the alternative, the contractor may request 50% of retention to be released after taking over of the Works by the Employer and the balance 50% be released upon satisfactory completion of the Defects Liability Period.

2.3 – The contractor may request 50% of retention to be released after taking over of the Works by the Employer and the balance 50% to be replaced by an equivalent security in the form of an unconditional and irrevocable guarantee issued by any of the following agencies and valid up to 28 days beyond the completion of Defects Liability Period:

- (a) a bank acceptable to the Employer
- (b) the Construction Guarantee Fund
- (c) Insurance agencies

(3) Banks acceptable to the Employer for issuance of retention guarantee shall be:

- (i) A Commercial Bank operating in Sri Lanka.
- (ii) A Bank based in another country but the guarantee encashable through a bank operating in Sri Lanka.

However, the requirement of en-cashability of retention guarantees issued by a bank based in another country, through a bank operating in Sri Lanka is not necessary, if the entity that issues the guarantee is an Export Credit Agency of any foreign government or a reputed International Financier acceptable to the Central Bank of Sri Lanka.

(4) The PE should note that in the event of an extension of the Defects Liability Period of the Contract, the PE would need to request an extension of this retention guarantee from the Guarantor. Such request must be in writing and must be made prior to the expiration date established in the guarantee.

Refer **Annex VIII of Chapter 5** for the acceptable format for Guarantee of release of retention money.

PROCUREMENT GUIDELINE REFERENCE: 5.19

PERFORMANCE SECURITY

Contractors shall be agreeable to submit a performance security to ensure their performance of the contracts as per the terms and conditions of the contract at the time of entering in to the agreement. The bid Security submitted at the time of submission of the bid/proposal should be replaced with the performance security. Once the performance security is duly submitted, the bid security shall be released.

A. Performance Security for Works Contracts

- a. Performance Security requirement for Works contracts shall be not less than five percent (5%) of the contract value.
- b. The security shall be valid till twenty-eight (28) days beyond the intended date of completion of defects notification period.

B. Performance Security for Goods Contracts

- a. In contract for the supply of Goods, the need for performance security depends on the market conditions and commercial practice in supply of the particular kind of Goods.
- b. Suppliers are required to provide a performance guarantee to safeguard the PE, against the non-performance of the contract.
- c. Such security in an appropriate amount of not less than 10% (ten percent) of the contract sum, which shall cover warranty obligations period as well.
- d. If warranty obligation is a condition of the contract, a percentage of the payments to the contractor may be withheld, as retention money to cover such obligations and any installation or commissioning requirements.

C. Validity of Performance Security

The validity of the performance guarantee 28 days beyond the scheduled completion of supply of goods except in cases where warranty obligations are requested and shall be provided in the format given in **Annex VIII of Chapter 5**.

D. Acceptable Performance Securities

The performance guarantees issued by the following agencies are acceptable provided the guarantee is furnished without a critical departure to the format given in this Manual with respect to the amount validity and payment of guaranteed amount upon receipt of first demand in writing.

- a. A bank operating in Sri Lanka approved by the Central Bank of Sri Lanka;
- b. A bank based in another country but the guarantee “confirmed” (encash ability) by a bank operating in Sri Lanka;
However, the requirement of confirmation of performance guarantees issued by a bank based in another country, by a bank operating in Sri Lanka is not necessary, if the entity that issues the guarantee is an export Credit Agency of any foreign Government or a reputed international Financier acceptable to the Central Bank of Sri Lanka.
- c. Construction Guarantee Fund

E. Administering Retention Guarantees

The PE should have a proper monitoring system to administer the performance guarantees

so accepted to ensure recovery of the guarantee, if warranted so. In the event of to extend the validity period of performance security; PE would need to request an extension of the security from the guarantor, with sufficient time for extension. Such request must be in writing, prior to the expiration date established in the guarantee.

PROCUREMENT GUIDELINE REFERENCE: 5.20

LIQUIDATED DAMAGES

Provisions for liquidated damages or similar provisions in an appropriate amount shall be included in the conditions of contract when delays in the delivery of Goods, completion of Works or failure of the Goods or Works to meet performance requirements would result in extra cost or revenue, or loss of other benefits to the PE.

In an exceptional circumstances PE may consider to include provision for a bonus to be paid to suppliers or contractors for completion of works or delivery of goods ahead of the times specified in the contract when such earlier completion or delivery would be of benefit to the PE. However, if bonus provision is included the amount of liquidated damages should be considerably more than the bonus amount.

The contracting parties may agree on the quantum and the basis to compensate the damages. However, such a sum should be reasonable and not extravagant or unconscionable, due to the possibility to consider such quantum by the Court of Law as a penalty and not as damages.

PROCUREMENT GUIDELINE REFERENCE: 5.21

DISPUTE RESOLUTION

a. In the first instance, parties to the contract should resort to amicable settlement subject to the approval of the CAO.

b. Mediation

In an event where an amicable settlement is not feasible, parties may resort to mediation through a single mediator or a mediation board. Once the parties have agreed on the mediator/mediation board approval of the CAO shall be obtained before the

commencement of the mediation process.

c. Provisions for Adjudication

The object of adjudication is to reach a fair, rapid, and inexpensive determination of a dispute arising in relation to a contract.

Provisions shall be provided in the contracts to appoint adjudicators, acceptable to both parties, to seek assistance to find solutions acceptable to both parties to resort the disputes, arising in implementation of civil contracts.

Named adjudicator or Dispute Adjudication Board (DAB), depending on the size of the contract shall be named from the registered lists of CIDA or IESL.

The adjudicator's decision shall be binding and implemented without delay until the dispute is finally determined by legal proceedings, by arbitration or by a written agreement.

d. Arbitration

All disputes arising out of contract agreements should be dealt in accordance with the provisions of arbitration Act No. 11, 1995 of Sri Lanka (unless otherwise required by the foreign financing agencies, when the successful bidder is of foreign national. A separate clause to this effect should be included in the Procurement Documents as well as in the contract agreement. Disputes shall be referred to Sri Lanka International Arbitration Centre (Guarantee) Ltd.

Subject to the provisions of the Arbitration Act, the Rules of Arbitration of the International Chamber of Commerce (ICC) or the United Nations Commission on International Trade Law (UNCITRAL) or any other set of acceptable rules is recommended for usage.

The place of arbitration shall be decided in terms of Section 16(1) of the Arbitration Act.

PROCUREMENT GUIDELINE REFERENCE: 5.23

SPECIFICATIONS

A. Objectives, Function and Nature of Good Specifications

Clear and good specifications are prerequisite for bidders to respond realistically and competitively to the requirements of the PE, without qualifying or conditioning their bids/proposals. The specification must be drafted in generic manner to reflect the functional and technical requirements, which would lead to widest possible competition. At

the same time, specifications should have made an unambiguous understanding on the required standards of workmanship to be provided, standard of plant and other supplies and performance of the goods and services to be procured. Such specifications shall be beneficial to achieve the fundamental objectives of economy, efficiency and fairness in public procurement. It shall promote the responsiveness to the bids/proposals and also shall simplify the subsequent evaluation process.

B. Specifications for Goods, Plant and Equipment

The specifications for the procurement of Goods, plant, equipment and other supplies to be incorporated in the Work contracts, are required to specify with relevant specifications and standards to obtain or provide new, unused, and of the most recent or current models. Supplier should provide at their cost, certificate confirming the equipment supplied under the contract/ purchase order is brand new and unused. PEs, to the maximum extent possible, the standards published by Sri Lanka Standard Institution (SLSI) should be used. In cases where SLSI standards are not available, it is advisable to use international standards instead of any foreign country specific standards.

C. Specifications for Works Contracts

For Works contracts, a clause setting out the scope of Works should be included at the beginning of the specifications and should provide a list of drawings. Where the contractor is responsible for the design of any part of works, the extent of his obligations must be stated. PEs shall use specifications recommended by CIDA for Works.

D. Use of Brand Names

In the case of Procurement of Goods or the supply and installation of plant and equipment, reference or brand names, catalogue numbers or other details that limit any materials or items to a specific manufacturer should be avoided as far as possible. Where unavoidable, such item description should always be followed by the words “substantially equivalent”.

E. Descriptiveness of Specifications

Technical specifications in this instance should be descriptive and give the full requirements in respect of, but not limited to, the following:

- a. Standard of materials and workmanship required;
- b. Details of factory, acceptance and site tests required (type, routine and commissioning etc.);
- c. Details of all work required to achieve completion;
- d. Details of all pre-commissioning and commissioning activities to be performed by

the contractor; and

- e. Details of all functional guarantees required and liquidated damages to be applied in the event that such guarantees are not met.

Sample of specifications from previous similar procurements are useful in this respect. Care must be taken in drafting specifications to ensure that they are not restrictive. For wide range of works CIDA has issued specifications. NPC will issue specifications for limited category generally procured goods. PE shall use such specifications to the extent possible.

PROCUREMENT GUIDELINE REFERENCE 5.24

CONTRACT

The draft contract shall be issued with the Procurement Document and it shall:

- a. Clearly define the scope of Works to be performed, the Goods to be supplied or the Services to be offered;
- b. The rights and obligations of the PE;
- c. The rights and obligations of supplier or contractor;
- d. If the PE envisages the engagement of an engineer or a consultant, for the purpose of contract supervision and administration, the authority and functions of the engineer or consultant must be clearly spelt out;
- e. Conditions of contract shall also stipulate that failure on the part of the parties to perform their obligations under the contract will not be considered as a default, unless such failure is the result of an event of Force Majeure, as defined in the contract.

In addition to the general conditions of contract, any special conditions particular to the specific Goods, Works, Services and IS to be procured shall be included.

PROCUREMENT MANUAL REFERENCE: 5.2

**SPECIMEN OF CHECKLIST WHICH COULD BE USED FOR
SUBMISSION OF DRAFT PROCUREMENT DOCUMENTS**

Contents of Procurement Document – GL Ref.5.2

Given below is a specimen of a checklist which should be completed and forwarded with draft tender documents to the PC for their easy reference. This specimen may be used for the procurement works and goods and improved by adding further items of importance.

1. Is tender notice attached?

- i. What are the sources for publicity?
- ii. Closing and opening time of bids/proposals?
- iii. Place of bid/proposal opening?
- iv. Eligibility criteria for bidders
- v. Who is opening bids/proposals? (BOC/PE/PC)

2. Are SPD used? If so, what is the document used?

3. If so, did changes do to fall in line with these guide lines?

4. Are following documents attached?

5. Instruction to Bidders (ITB)

- i. Source of funding?
- ii. Scope of bid/proposals?
- iii. Amount of Bid/proposals bond?
- iv. Eligibility criteria for bidders?
- v. Bid/proposal validity period?
- vi. Submission of samples?
- vii. Bid/proposal evaluation criteria?
- viii. Tax concessions?
- ix. Mobilization advance?
- x. Foreign currency requirements?
- xi. Is local agent mandatory?
- xii. Language of bid/proposal?

6. Contract Data/Special Conditions of the Contract?

7. Specifications/Schedule of Requirement/Employers Requirements?

8. Drawings/Sketches?

- 9. Bills of Quantities/Bills of Materials?
- 10. Activity Schedule/Delivery Schedule?
- 11. Form of Contract/Draft Contract?
- 12. Price Schedule?
- 13. Sample Bid Security Form and Sample Performance Guarantee Form, Sample Advance Payment Guarantee Form?

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PROCUREMENT MANUAL REFERENCE: 5.3	
STANDARD PROCUREMENT DOCUMENTS	
Publication Number	Title
ICTAD/SBD/01	Standard Bidding Document for Procurement of Works – Medium Contracts
ICTAD/SBD/02	Standard Bidding Document for Procurement of Works – Major Contracts
ICTAD/SBD/03	Standard Bidding Document for Procurement of Works – Minor Contracts
ICTAD/SBD/04	Standard Bidding Document for Procurement of Works – Design and Build Contracts
NPA/SBD	Standard Bidding Document for Procurement of Goods and Equipment –
NPA/SBD	Standard Bidding Document for Goods – National Shopping

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PROCUREMENT MANUAL REFERENCE: 5.4

SAMPLE FORM - REQUEST FOR BID/PROPOSAL

Given below is a sample form that can be used in requesting bids/proposals for procuring of Goods/Works. All the information given is not relevant for each procurement. The PE is required to select only the applicable information or modify such information to suit. The information marked as “*” is required only for procurement funded by a Foreign Funding Agency.

Democratic Socialist Republic of Sri Lanka** (**only for ICB contracts)

Request for Bids (RFB)/Request for Proposal (RFP)

[insert: **Name of the Procuring Entity** (if relevant name of **Ministry**)

[insert: **Name of the Project**] - [insert: **loan / credit number**] *

[insert: **Title of Contract & Contract (Bid) Number**]

- 1*. This Request for Bids/Request for Proposals follows the General Procurement Notice for this Project that appeared in [insert name of publication], issue no. [insert number] of [insert date].
- 2.* The Democratic Socialist Republic of Sri Lanka [has received/has applied for/intends to apply for] a [loan/credit] from the [insert name of the foreign funding Agency] toward the cost of [insert name of Project], and it intends to apply part of the proceeds of this [loan/credit] to payments under the Contract for [insert name/no. of Contract] *
3. The Chairman [insert CAPC/MPC/DPC/PPC as appropriate] on behalf of the [insert name of Procuring Entity] now invites sealed bids/proposals from eligible and qualified bidders for [insert brief description of the Goods or Works to be procured].

[In the case of works estimated cost shall be indicated for goods contracts the estimated cost of each lot shall be indicated wherever possible. A brief description of the type(s) of Goods or Works should be provided, including major quantities, location of project, and other information necessary to enable potential bidders to decide whether or not to respond to the Invitation Bidders specific experience or capabilities require should also be included in this paragraph. The delivery/construction period is [insert no. of

days/months/years or dates also should be inserted].

4. Bidding will be conducted through [insert the method of procurement]
5. Interested eligible bidders may obtain further information from [insert name of Procuring Entity; insert name and e-mail of officer in charge] and inspect the Procurement Documents at the address given below [state address at end of this ITB] from [insert office hours].
6. Qualifications requirements include: [insert a list of key technical, financial, legal and other requirements]. A margin of preference for eligible locally produced goods offered [insert “shall” or “shall not” be applied, as appropriate]. Additional details are provided in the Procurement Documents.
7. A complete set of Procurement Documents in English language may be purchased by interested bidders on the submission of a written application to the address below [state address at the end of this ITB] and upon payment of a non-refundable fee [insert amount of currency in Rupees] or in [insert amount in specified convertible currency]. The method of payment will be [insert method of payment].
8. Bids/proposals must be delivered to the address below [state address at the end of this ITB] at or before [insert time and date]. Late bids/proposals will be rejected. Bids/proposals will be opened in the presence of the bidders’ representatives who choose to attend in person or on-line at the address below [state address at end of this ITB] at [insert time and date]. All bids/proposals must be accompanied by a [insert as appropriate, either “Bid Security Declaration” or “Bid-Security,” of (insert amount in local currency or an equivalent amount in a freely convertible currency)]
9. The address(es) referred to above is(are): [insert detailed address(es) including Name of the Procuring Entity, designation, name of Officer, address, fax number etc.

PROCUREMENT MANUAL REFERENCE: 5.5

DOCUMENTS REQUIRED FOR EACH PROCUREMENT METHOD

Procurement Method	Related Documents																		
	Master Procurement Plan	Procurement Time Schedule	Procurement Plan	IFB/RFB/RFQ	Instruction to Bidders	Bid Data Sheet	General Conditions of Contract	Special Conditions/ Conditions of Particular Application	Contract Data	Schedule of Requirements	Specifications	BOQ	Price Schedule	Form of Bid	Bid Opening Report/Minutes	Bid Evaluation Report	Intention to Contract Award	Letter of Acceptance	Contract Agreement
International Competitive Bidding	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
National Competitive Bidding	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shopping	✓	✓	✓	✓	✓	✓				✓	✓	✓	✓		✓	✓		✓	
Limited International Bidding	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Limited National Bidding	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Direct Contracting	✓	✓	✓	✓						✓	✓	✓	✓					✓	✓
Emergency Procurement										✓	✓	✓	✓						
Community Based Organization	✓	✓	✓							✓	✓	✓						✓	✓

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✓ - document required
RFB – Request for Bids

* - document not required
RFQ – Request for quotations

IFB – Invitation for Bids
BOQ – Bill of Quantity

PROCUREMENT MANUAL REFERENCE: 5.9 (Op-1)

FORMAT FOR BID SECURITY GUARANTEE

[this bank Guarantee form shall be filled in accordance with the instructions indicated in brackets]

----- [insert issuing agency's name and address of issuing branch or office]

Beneficiary: ----- [insert (by PE) name and address of Employer/ Purchaser]

Date: ----- [insert (by issuing agency) date]

BID GUARANTEE No.: ----- [insert (issuing agency) number]

We have been informed that ----- [insert (issuing agency) name of the bidder; if a joint venture, list complete legal names of partners] (hereinafter called "the bidder") has submitted to you its bid dated ----- [insert (issuing agency) date] (hereinafter called "the bid") for the execution/supply [select appropriately] of [insert name of contract] under invitation for bids No. ----- [insert IDB number] ("the IFB").

Furthermore, we understand that, according to our conditions, Bids must be supported by a Bid Guarantee.

At the request of the Bidder, we ----- [insert name of issuing agency] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of ----- [insert amount in figures] ----- [insert amount in words] upon receipt by us of your first demand in writing accompanied by a written statement stating that the Bidder is in breach of its obligation(s) under the bid conditions, because the Bidder:

- (a) has withdrawn its Bid during the period of bid validity specified; or
- (b) does not accept the correction of errors in accordance with the instructions to Bidders (hereinafter "the **ITB**") of **IFB**; or
- (c) having been notified of the acceptance of its Bid by the Employer/Purchaser during the period of bid validity, (i) fails or refuses to execute the contract form, if required, or (ii) fails or refuses to furnish the Performance Security, in accordance with the **ITB**.

This Guarantee shall expire: (a) if the Bidder is the successful bidder, upon our receipt of copies of the Contract signed by the Bidder and of the Performance Security issued to you by the Bidder; or (b) if the Bidder is not the successful bidder, upon the earlier of (i) our receipt of a copy of your notification to the Bidder that the Bidder was unsuccessful, otherwise it will remain in force up to ----- (*insert date*)

Consequently, any demand for payment under this Guarantee must be received by us at the office on or before that date ----- [*signature(s) authorized representative(s)*]

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PROCUREMENT MANUAL REFERENCE: 5.9 (Op – 2)

FORMAT FOR BID SECURITY DECLARATION

*[If required, the **Bidder** shall fill in this form in accordance with the instructions indicated in brackets]*

Date: _____ *[insert date by bidder]*

Name of contract _____ *[insert name by PE]*

Contract Identification No.: _____ *[insert number by PE]*

Invitation for Bid No.: _____ *[insert number by PE]*

To: _____ *[insert the name of the employer/ Purchaser preferably PE to fill before issuing the bidding document]*

We, the undersigned, declare that:

1. We understand that, according to instructions to bidders (hereinafter “the **ITB**”), bids must be supported by a bid securing declaration;
2. We accept that we shall be suspended from being eligible for contract award in any contract where bids have been invited by any of the Procuring Entity as defined in the Procurement Guidelines published by National Procurement Commission, for the period of time of *three years* starting on *the latest date set for closing of bids of this bid*, if we:
 - (a) Withdraw our bid during the period of bid validity period specified; or
 - (b) do not accept the correction of errors in accordance with the instructions to bidders of the bidding documents; or
 - (c) having been notified of the acceptance of our bid by you, during the period of bid validity, (i) fail or refuse to execute the Contract Form, if required, or (ii) fail or refuse to furnish the performance security, in accordance with the **ITB**.
3. We understand this bid securing shall expire if we are not the successful bidder, upon the earlier of (i) our receipt of a copy of your notification to the bidder that the bidder was unsuccessful; or (ii) twenty-eight days after the expiration of our bid.
4. We understand that if we are a JV, the Bid Securing Declaration must be in the name of the JV that submits the bid. If the JV has not been legally constituted at the time of bidding, the Bid Securing Declaration shall be in the names of all future partners as named in the letter of intent.

Signed *[insert signature(s) of authorized representative]* In the capacity of *[insert title]*

Name *[insert printed or typed name]*

Duly authorized to sign the bid for and on behalf of *[insert authorizing entity]*

Dated on [insert day] day of [insert month], [insert year]

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PROCUREMENT MANUAL REFERENCE: 5.17

**ACCEPTABLE FORMAT FOR UNCONDITIONAL ADVANCE
PAYMENT GUARANTEE**

Advance payment securities issued in the format given below is acceptable:

_____ [Name and address of Agency, and Address of issuing Branch or Office] _____

Beneficiary: _____ [Name and Address of Employer]

Date: _____

ADVANCE PAYMENT GUARANTEE No.: _____

We have been informed that _____ [name of contractor /
supplier]

(hereinafter called “the Contractor”) has entered in to contract No. _____

[reference number of the contract] dated _____ with you, for _____

(insert “construction” or “supply”) of _____ [name of contract and
brief description] (hereinafter called “the Contract”)

Furthermore, we understand that, according to the conditions of the Contract, an advance
payment in the sum _____ [amount of figures] (_____
_____) [amount in words] is to made against an advance payment Guarantee.

At the request of the Contractor, we _____ [name of issuing agency] hereby
irrevocably undertake to pay you any sum or sums not exceeding in total an amount of
[amount of figure] (_____) [amount of words]¹ upon receipt by of your first
demand in writing accomplished by a written statement standing that the Contractor is in
branch of its obligation under the Contract.

The maximum amount of this guarantee shall be progressively reduced by the amount of the
advance payment receipt by the Contractor.

This guarantee shall expire, *Insert the date, 28 days beyond the expected expiration date
(completion date) of the Contract.*

Consequently, any demand for payment under this guarantee must be received by us at this

office on or before that date.

- 1 The guarantor shall insert an amount representing the amount of the advance payment and denominated either in the currency (ies) of the advance payment as specified in the contract.

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PROCUREMENT MANUAL REFERENCE: 5.18

ACCEPTABLE FORMAT FOR GUARANTEE OF RELEASE OF RETENTION MONEY

_____ [Issuing Agency's Name, and Address of Issuing Branch or Office] _____

Beneficiary: _____ [Name and Address of Employer] _____

Date: _____

RETENTION MONEY GUARANTEE No.: _____

We have been informed that _____ [name of Contractor] (hereinafter called 'the Contractor') has entered into Contract No. _____

[reference number of the contract] dated _____ with you, for the execution of _____ [name of the contract and brief description of works] (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, when the works have being taken over and the first half of the retention money has been certified for payment, payment of the second half of the retention money may be made against a retention money guarantee.

At the request of the Contractor, we _____ [name of bank] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of _____ [amount of figures] (_____) [amount in words] ¹ upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation under the Contract because the Contractor has not attended to the defects in accordance with the Contract.

This guarantee shall expire, at the latest, _____ [insert 28 days after the end of the defects liability period]. Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

[signature(s)]

PROCUREMENT MANUAL REFERENCE: 5.19

**ACCEPTABLE FORMAT FOR PERFORMANCE
GUARANTEE/SECURITY**

_____ [Issuing Agency's Name, and Address of Issuing Branch or Office] _____

Beneficiary: _____ [Name and Address of Employer]

Date: _____

PERFORMANCE GUARANTEE/SECURITY No.: _____

We have been informed that _____ [name of Contractor/supplier] (hereinafter called 'the Contractor') has entered into Contract No. _____ [reference number of the contract] dated _____ with you, for the _____ [insert "construction / "supply"] of _____ [name of contract and brief description of Works or supply] (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, a performance guarantee is required.

At the request of the Contractor, we _____ [name of Agency] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of _____ [amount of figures] (_____) [amount in words], such sum bring payable in the types and proportions of currencies in which the Contract price is payable, upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation(s) under the Contract, without your needing to prove or to show grounds for your demand or the sum specified therein.

This guarantee shall expire, no later than the _____ day of _____, 20____ [insert 28 days beyond the schedule contract completion date]. and any demand for payment under it must be received by us at this office on or before that date.

signature(s)]

CHAPTER 6 - PROCUREMENT PROCESS

PROCUREMENT GUIDELINE REFERENCE 6.1

PUBLICATION OF REQUEST FOR BIDS (RFB)/ REQUEST FOR PROPOSAL (RFP)/ SPECIFIC PROCUREMENT NOTICE (SPN)

With the approval of the respective PC for the Procurement Documents including RFB/RFP/SPN and determination of the dates for publishing, closing, opening of bids/proposals and modes of publication of RFB/RFP/SPN, PE shall provide the widest possible publicity to the RFB/RFP/SPN depending on the applicable method of procurement.

Refer Chapter three of the Manual for different procurement methods and publicity that should be given under such methods.

The notice should contain the essential particulars and indicate how and where further and more detailed may be obtained and payments involved for issuance of Procurement Documents.

Refer **Annex III of Chapter 5** of this Manual for a Sample RFB.

PROCUREMENT GUIDELINE REFERENCE 6.2

ISSUANCE OF PROCUREMENT DOCUMENTS

- a. Procurement Documents should be made available for purchase by the prospective bidders, as mentioned in the particular RFB/RFP on the payment of the prescribed fees, if any, up to one day prior to deadline of submission of bids/proposals.
- b. In the instances where pre-qualification of bidders is carried out, the Procurement Documents shall be issued only to the pre-qualified bidders.

- c. PE may use an electronic system to issue Procurement Documents provided that PE is satisfied with its efficiency and adequacy. If Procurement Documents are distributed electronically, the electronic system shall be secure, as far as possible, against modifications to the Procurement Documents. Procurement Documents must also be provided in printed form to bidders who request them. A master copy of electronic documents shall be published in **the relevant** web sites and retained in printed form by the PE. It is the responsibility of the bidder to ensure that there is no deviation of the Procurement Document between the master copy and the copies issued. The relevant web sites should be clearly stated in the bid/proposal invitation.
- d. The Procurement Documents should be made available for inspection, free of charge, for any prospective bidder who wishes to do so.
- e. The Procurement Documents may be sold at different locations, with the authority of respective PC.
- f. The PE shall keep a record pertaining to the issuance of the Procurement Documents.

Fees for Purchasing Procurement Documents

PEs may charge a fee to cover the cost for production of Procurement Documents and to ensure that prospective bidders have collected them.

- a. The prescribed fee for purchase of Procurement Documents should not be fixed so high as to discourage the bidders.
- b. fees are not applicable for procurement under the methods of Shopping.
- c. Appropriate fee that should be charged and decided by the PC considering the value of the bid/proposal and the complexity of the Procurement Documents etc (Number of pages, designs, art works etc., included and other related cost)
- d. The fees charged should be within the ranges given below.

Recommended Ranges of Fees to issue Procurement Documents

Total Estimated Cost of the Procurement (Rs.mn.)	Minimum Amount (Rs.)	Maximum Amount (Rs.)
2 ≤ and < 10	1,000.00	3,500.00
10 ≤ and < 50	3,500.00	12,500.00
50 ≤ and < 100	12,500.00	20,000.00
100 ≤ and < 200	20,000.00	35,000.00
200 ≤ and < 500	35,000.00	60,000.00
500 ≤ and < 1000	60,000.00	100,000.00

> 1000	100,000.00	500,000.00
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PROCUREMENT GUIDELINE REFERENCE 6.3

BIDDING PERIOD

PCs together with PEs are responsible to ensure that reasonably adequate bidding period is given for submission of the bids/proposals.

- a. The bidding period shall commence from the date on which the Procurement Documents are available for purchase by potential bidders.
- b. The period shall end with the deadline for bid/proposal submission.
- c. Depending on the respective method of bidding following minimum bidding period shall be given.

Method of Procurement	Minimum Bidding period/days
ICB/LIB	42 (Reasonable time need to provide for complex Procurement)
NCB	21
LNB	14
bidding under Community Participation in District/Divisional level Construction	14
Shopping – Goods & Services	07
Shopping – Works	14
For emergency Procurement under Regulations 3.9	The above periods may be reasonable and practical depending on the event.

A. Handling Procurement Complaints (Before Closing of bids/proposals and Prior to Completion of Evaluation)

Procurement related inquiries and complaints from suppliers and contractors occur from time to time. General inquiries received by the PE about the procurement policy, procedure and Guidelines shall be referred to NPC. Complaints received directly from bidders relating to a specific procurement should be dealt in the following way;

a. Complaints Received before closing of Bids/proposals;

- i. Upon receipt of a complaint by PE/PC/BEC from a prospective bidder, PE should acknowledge the receipt of the complaint under the signature of the Chairman of PC.
- ii. The Chairman of the PC in consultation with BEC will make a judgment of the validity of the complaint;
- iii. If the complaint is valid and corrections are required, the PC should inform the PE to issue required corrections or addendums to all the bidders who purchased the Procurement Documents and to the prospective bidders who are purchasing the Procurement Documents.

b. Complaint Received after closing of Bids/proposals but prior to completion of the evaluation;

- i. Upon receipt of a complaint by PE/BEC/PC from a prospective bidder, PE should acknowledge the receipt of the complaint under the signature of the Chairman of PC.
- ii. The BEC shall give a special attention to the complaint and should be comprehensively addressed in the BEC report;
- iii. The PC shall ensure that the complaint is sufficiently and satisfactorily addressed in the BEC report.

PROCUREMENT GUIDELINE REFERENCE 6.4

SUBMISSION/RECEIPT OF BIDS/PROPOSALS

A. Method of Submission of Bids/Proposals

- a. PE shall ensure through the Procurement Document, that all bids/proposals are submitted under sealed envelope.
- b. One Original and appropriate number of copies of the bid/proposals shall be submitted as instructed in the ITB, which shall be sealed separately and marked outside of the sealed envelope clearly as “Original” or “Copy”. All these Original and Copy/Copies shall be enclosed together and delivered.

B. Place and Means of Submission/ Receipt

- a. The bids/proposals shall be received only at one location/place, which is prescribed in the ITB.
- b. Bidders shall be allowed to submit their bids/proposals through following three means as articulated by the Procurement Documents.
 - i. By mail under registered post;
 - ii. Personal delivery to the officer authorized to receive such bids/proposals;
 - iii. Depositing in the sealed bid/proposals box, designated for the purpose.

In the case of Shopping procedure, quotations can be obtained through e-mail or fax for procurement values not exceeding LKR 2mn for Works and LKR 1mn for Goods, Services and Information Systems.

PROCUREMENT GUIDELINE REFERENCE 6.5

REJECTION OF LATE BIDS/PROPOSALS

6.5.1. Physically submitted bids/proposals

The employer shall not consider any bids/proposals that arrives after the deadline for submission of bids/proposals in accordance with the Procurement Document. Any bids/proposals received by the employer after the deadline for submission of bids/proposals shall be rejected and returned unopened to the bidder.

6.5.2. Electronically submitted bids/proposals

Electronically submitted bids/proposals under e-GP system shall automatically reject the late bids.

PROCUREMENT GUIDELINE REFERENCE: 6.6

PUBLIC BID/PROPOSAL OPENING

A. Public Bid/Proposals Opening

Public Bid/Proposals Opening is mandatory for all ICB, NCB, LIB, LNB procedure. It is recommended to arrange such bid/proposals opening for international/national shopping bids/proposals as well, depending on the values specified in the Procurement Manual 2.5. The bids/proposals shall be opened in the presence of the bidders or their authorized representative/s, who wish to attend, immediately after the closing of bids/proposals as specified in the Procurement Documents.

B. Bid Opening Committee (BOC)

Opening of bids/proposals shall be done by a BOC, appointed by the PE. BOC is responsible to ensure that bid/proposals opening is commenced at the correct time, as specified in the Procurement Document and all the bids/proposals are received by post, courier, hand delivered or deposited in the tender box.

C. Proceeding of the Bid Opening Committee (BOC)

The proceedings of the bid/proposals opening shall be recorded in the prescribed formats in Annex I, II and III of Chapter 6 and should be signed by all members of the BOC. The time for bid/proposals opening shall be immediately after the closing of bids/proposals. The

bid/proposal opening should take place at the location described in the Procurement Document. BOC has no authority to reject bids/proposals at the bid/proposal opening. Only the late bids/proposals shall be returned, un-opened.

D. Opening Procedure of Bids/Proposals

- a. "Opening of Withdrawals" - The envelope marked "withdrawals" (if any) should be opened first. If the BOC is satisfied with the contents and authentication of the withdrawal letter, the bidders original bid/proposal should not be opened, but all the members of BOC and the representatives of the bidders who are present shall sign on the outer envelope of the bid/proposal. The bid/proposal shall be placed at secured place together with the other bids/proposals to return on finalization of the contract award. If the BOC is not satisfied with the contents and authentication of the withdrawal letter, the bidders original bid/proposals should be opened together with the other bids/proposals.
- b. "Opening of Modifications" - all envelopes marked "modification" should be placed with the respective "original" bid/proposal. The envelopes marked "modification" is opened next and modification proposed is read out. Then, the original bid/proposal of the bidder who has submitted the modification envelope shall be read out next. The copy of the bid/proposal shall not be opened.
- c. "Opening of Originals of Other Bidders"- After completion of opening of all the bids/proposals that have being modified as above, the original bids/proposals of the other bidders should be opened. The copy of the bid/proposal shall not be opened.

E. Announcements by BOC at the Bid/Proposals Opening

The BOC shall read out the following at the bid/proposals opening:

- a. Name and address of the bidder (if joint venture read the name of the joint venture)
- b. Absence or presence of the bid security; All members of the committee shall initial the bid security;
- c. The bid/proposal price given in the form of the bid.
- d. The discounts offered shall be announced separately by clearly indicating that the announced prices are inclusive or exclusive of discounts.

Any other information that the BOC consider as relevant.

After opening original of each bid/proposal received prior to bid/proposal submission time and having read out the relevant information, the BOC shall reseal the envelopes of individual bids/proposals separately before handing over the documents to the PE. The PE

shall hand over the Procurement Documents to the Chairman of BEC in sealed form.

F. Handling of Samples

Acceptance of samples with the bid/proposal is discouraged. However, on an exceptional basis where the respective PC has specifically authorized to accept the samples, the receiving procedure and acceptance procedure should be clearly indicated in the Procurement Document.

G. Commencement of the Bid Evaluation by the BEC

Upon the receipt of original bids/proposals together with BOC minutes by the Chairman of the BEC, PE shall convene a BEC meeting on the request of Chairman of the BEC, at earliest possible date to proceed with bid/proposal evaluation process enabling completion of procurement within agreed PTS. All possible means should be arranged by the PE to facilitate the BEC to continue the evaluation process un-interrupted and continuously thereafter.

PROCUREMENT MANUAL REFERENCE: 6.6

**FORMAT FOR BID/PROPOSALS OPENING MINUTES
(ATTENDANCE)**

All who are officially attending the bid/proposal opening shall sign the attendance. Just before the bid/proposal opening a request shall be made from all the representatives of the bidders to sign the attendance. The bid opening committee may order any representative of the bidder who is refusing to sign the attendance, to move out from the bid opening room. Any representative of a bidder who arrives late should be requested to sign the attendance and similar procedure described above is applicable.

ATTENDANCE AT BID OPENING MEETINGS

Title of Procurement

Date:

Time:

Location:

We the undersigned were present at the bid/proposal opening of the above procurement.

A; Bidder's Representatives;

Name of Representative

Bidder's Name

Signature

1.

2.

3.

4.

5.

6.

B: Bid Opening Committee

Name

Capacity (Chairperson/Member)

Signature

1.

2.

3.

PROCUREMENT MANUAL REFERENCE: 6.6					
FORMAT FOR BID/PROPOSAL OPENING MINUTES					
<p>The proceedings of the bid/proposal opening shall be recorded in the prescribed format and should be signed by all members of the Bid Opening Committee. In addition to the time location etc. of bid/proposal opening, the bid/proposal opening minutes shall include the name of the bidder announced prices (as relevant), presence or absence of bid security, and any other special features of the bids/proposals submitted. It may also include and special features happened during the bid/proposal opening. If contracts will be awarded on item or lot basis such prices shall be indicated in separate schedule. The following format is suggested.</p>					
BID/PROPOSAL OPENING MINUTES					
OBSERVATIONS OF EACH BID/PROPOSALS					
Observation Criteria	Bid 1	Bid 2	Bid 3	Bid 4	Bid 5
	<i>Insert “Y” if answer is Yes and “N” if answer is No</i>				
Is outer envelope of bid/proposal sealed?					
Is bid/proposal form completed and sign?					
Any “Substitution”, “Withdrawal”, or “Modification” submitted* :					
Any alternative bid/proposal made** :					
Additional comments*** :					
* Describe					
** Describe					
*** Describe					

Annex III of Chapter 6

PROCUREMENT GUIDELINE REFERENCE: 6.6						
FORMAT FOR BID/PROPOSAL OPENING MINUTES (FINANCIAL INFORMATION)						
1. FINANCIAL INFORMATION						
A: LOT/ITEM Description						
Bidder No.	Name of Bidder	Bid/proposals Price ¹		Bid Security Presence Bank Name/Amount	Remarks ²	Bidder's Signature
		Without VAT	With VAT			
1.						
2.						
3.						
4.						
B: LOT/ITEM Description³						
Bidder No.	Name of Bidder	Bid/Proposal Price ⁴		Bid Security Presence Bank Name/Amount	Remarks ⁵	Bidder's Signature
		Without VAT	With VAT			
1.						
2.						
3.						
4.						
C: LOT/ITEM Description⁶						
Bidder No.	Name of Bidder	Bid/Proposal Price ⁷		Bid Security Presence Bank Name/Amount	Remarks ⁸	
		Without VAT	With VAT			
1.						
2.						
3.						
2. ANY OTHER COMMENTS/OBSERVATIONS BY BIDDERS/REPRESENTATIVES						
Bidder No.	Comment/observations made by bidder			Signature		

1.		
2.		
3.		
3. ANY OTHER COMMENTS/OBSERVATIONS BY THE BID OPENING COMMITTEE		
We, the undersigned certify that the bids/proposals have been opened under our supervision and the information given above are correct.		
Name	Capacity (Chairperson/Member)	Signature
1.		
2.		
3.		

1If different currencies are involve indicate them separately using an additional row; if proportionate in different currency indicate the proportion/s using an additional row
2Discount offered; comments/objection by bidders, deviations on requirements etc.
3If all items/lots will be awarded to one bidder "B", 'C' etc. not required
4If different currencies are involve indicate them separately using an additional row; if proportionate in different currency indicate the proportion/s using an additional row
5Discount offered; comments/objection by bidders, deviations on requirements etc.
6If all items/lots will be awarded to one bidder "B", 'C' etc. not required
7If different currencies are involve indicate them separately using an additional row; if proportionate in different currency indicate the proportion/s using an additional row
8Discount offered; comments/objection by bidders, deviations on requirements etc

CHAPTER 7 – BID/PROPOSAL EVALUATION

PROCUREMENT GUIDELINE REFERENCE: 7.1

GENERAL

Introduction

The bid/proposal evaluation is considered as the key step in the bidding process as regardless of how well the other steps in the procurement process are conducted, if bids/proposals are not evaluated properly, correctly, fairly and objectively as stipulated in the Procurement Documents, the process will undoubtedly fail resulting undue cost, loss of public confidence over public procurement and procurement market practices.

The objectives of the bid/proposal evaluation is to determine the lowest evaluated, substantially responsive bid/proposal out of the substantially responsive bids/proposals received from the qualified bidders and in accordance with the terms, conditions, and specifications stipulated in the Procurement Documents and from the bids/proposals submitted on or before the bid closing date and during the time specified in the Procurement Documents related to a particular bid/proposal. The lowest evaluated substantially responsive bid/proposal may or may not necessarily be the lowest priced bid/proposal. In order to determine accurately the lowest evaluated substantially responsive bid/proposal, BEC and PC have to follow a logical systematic evaluation procedure as specified and designed to cover all aspects of the evaluation process.

Fundamental principle of bid/proposal evaluation is that the bids/proposals shall be evaluated only in terms of the pre-disclosed bidding conditions and the evaluation criteria articulated through Procurement Document and no new condition or criteria could be introduced in the evaluation process. Evaluation factors not specified in the Procurement Document should not be used in bid/proposal evaluation.

Therefore, it is utmost important for the BEC and PC to familiar with the bidding conditions and evaluation criteria prior to commencement of bid/proposal evaluation. Hence BECs are requested to collect all the information related to the bid/proposal and the bidding process, including records of the BOC, in advance to commence evaluation.

Bid/proposal evaluation procedure described in this Chapter 07 basically applies for the public procurement of Goods, Works, and Services, unless otherwise particularly specified. However, the evaluation procedure can be modified to meet the other types of contracts such as Information System, and according to the type of particular procurement.

PROCUREMENT GUIDELINE REFERENCE: 7.2

CONFIDENTIALITY

No information relating to bid/proposal evaluation shall be communicated, after the bid/proposal opening, to the bidders or any other person unless they are officially involved in the process until after the contract award recommendation is officially notified to the successful bidder. No information can be communicated to any bidder at any stage other than at a debriefing requested by a bidder, where only the reasons for not selecting the bidder as the successful bidder is discussed.

PROCUREMENT GUIDELINE REFERENCE: 7.4 & 7.5

TIME FRAME FOR BID/PROPOSAL EVALUATION & EXTENSION OF BID/PROPOSAL VALIDITY

A. Necessity to Award the Contract Within the Bid/Proposal Validity Period

Bid/proposal evaluation shall be carried out expeditiously, leaving sufficient time to seek all the requisite formal approvals, within the period specified in the agreed Procurement Time Schedule. Refer Guideline 5.8 of this Manual for maximum time periods for bid/proposal validity.

Allowing PE to award the contract within the bid/proposal validity period specified in the Procurement Documents, after following the other procedures, such as obtaining necessary approvals prior to signing of the contract, it is recommended that the BEC should complete the evaluation report generally within 50% of the bid/proposal validity period.

B. Extension of Bid/Proposal Validity

Where there is a delay in bid/proposal evaluation or obtaining required approvals, so that award of contract within the bid/proposal validity period is unlikely to achieve, the PE with the concurrence of the respective PC shall request all the bidders who submitted the bids/proposals to extend the bid/proposal validity period pertaining to their bids/proposals. Requests for such extension may result in refusal of such requests by the bidders who has quoted low bid/proposal prices, thus increasing cost to the PE. Hence the extension of bid/proposal validity should be requested only when making such a request is unavoidable, due

to the reasons beyond the control of PE and subject to the following;

- a. Bidders who are willing to extend the validity of their bids/proposals shall not be permitted to modify the substance or price of their bids/proposals.
- b. In such instances, bidders have to choose one of the following options, provided that the bid/proposal is on fixed-price basis.
 - Refusing to grant extension of bid/proposal validity of their bids/proposals; or
 - Accepting to extend the bid/proposal validity, absorbing any additional cost that might be caused due to such an extension.
- c. The bid securities of bidders who do not extend the validity of their bids/proposals shall be returned to them promptly and respective bids/proposals shall not be considered for further evaluation.

PROCUREMENT GUIDELINE REFERENCE: 7.6

ORIGINAL BID/PROPOSAL TO BE EVALUATED

- a. Only the bids/proposals marked “Original” or the bid/proposal identified as “Original” at the bid/proposal opening shall be evaluated by the BEC. Late bids/proposals, as well as those not opened and read out at the related bid/proposal opening shall not be considered for evaluation;
- b. If BEC finds any document is missing in the original bid/proposal, BEC with the approval of PC shall open the copy related to the particular bid/proposal and should confirm that whether the respective document/information is missing, prior to arriving at a decision.
- c. If required, the PC may authorize the BEC to use the copy of the bid/proposal for comparison purposes.

PROCUREMENT GUIDELINE REFERENCE: 7.7

PURPOSE AND STAGES OF BID/PROPOSAL EVALUATION

The purpose of bid/proposal evaluation is to determine the substantially responsive lowest evaluated bid/proposal out of the bids/proposals received, according to the terms, conditions, procedures and specifications mentioned in the Procurement Documents.

Bid/Proposal evaluation process could be divided into four broad stages.

7.7.1 STAGE ONE: Collection of data and information and Preparation for bids/proposals evaluation

A: Basic data

The actual bid/proposal evaluation process begins with the collection of all necessary information relating to the particular bidding process in order to follow a systematic, and proper bid/proposal evaluation process.

Upon receipt of the bids/proposals, along with the records of the BOC, the BEC shall evaluate the bids/proposals in a step by step manner, to ascertain the lowest evaluated, substantially responsive bid/proposal, for consideration of the contract award. It shall be done in stages, to ensure all the required conditions outlined in the Procurement Documents are met.

Basic data mentioned in the Procurement Documents in relation to the bidding process needs to be compiled in a schedule as shown as **Annex I of Chapter 7**.

B. Record of bid/proposal opening and related information collected by the BEC

BOC has to prepare a record of following data, facts and information;

- a. BOC - record of bid/proposal opening, is specifying all bids/proposals received, announced bid/proposal prices including alternative bids/proposals if any, and all other information and evidence in relation to the bid/proposal opening.
- b. BOC announced information at the bid/proposal opening and recorded correctly. However, there are many other information which are not recorded but important for evaluation.
- c. Therefore, BEC has to compile all that information such as pre-bid/proposal meeting records, clarifications, addendums if any.

- d. BEC detected other information after careful examination which are important for evaluation.

Compiling all these information BEC needs to prepare a comprehensive table/record for reference purpose. A sample format of the record of bid/proposal opening is shown in **Annex II of Chapter 7**.

C. Examination for completeness of bids/proposals

The objective of this step is to make sure whether the bids/proposals received are complete required by the Procurement Documents. The areas to be examined are; for example, are follows;

- Whether required securities or bid security declarations are available,
- Whether the Procurement documents have been duly completed and properly signed or not,
- whether the power of attorney or any relevant evidential documents; (i. e. Letter of authorization, Board resolution) for authorized person if required has been submitted or not,
- Whether the joint venture agreement or letters of intention to enter into an agreement, if required are submitted or not,
- whether documents establishing the eligibility of bidder and goods have been furnished or not,
- whether the document required to assess the post qualification of bidder with respect to the financial and technical capability to undertake the contract have been provided or not,
- Partial bids/proposals,
- Missing pages in the original bid/proposals,
- If required Manufactures Authorization Certificate (MAC) has been provided or not,
- Whether bids/proposals are generally in order.

D. Preparation of Table of bidders' completeness

BEC shall prepare a table of bidders, tabulating above mentioned all the information under each bidder for further evaluation. All information gathered are to be included in a table under each bid/proposal. A suitable format may be prepared by the BEC depending on the subject of evaluation. Suggested suitable format is shown in **Annex III of Chapter 7**.

7.7.2 STAGE TWO: Examination of bids/proposals for Substantial Responsiveness

Bids/proposals that fail verification, eligibility, bid security and/ or completeness of bid/proposal requirements should not be examined for substantial responsiveness.

Examination of bids/proposals for substantial responsiveness according to the provisions of the Procurement Documents is the most essential requirement of bid/proposal evaluation. The purpose of this exercise is to reject the bids/proposals which are not substantially responsive to major commercial and technical requirements, if they are specified in the Procurement Documents.

A. Examination of Substantial responsiveness to commercial requirements

Followings are the factors that shall be considered at this stage to ascertain the substantial responsiveness of the bid/proposal for commercial requirements. All bids/proposals must be checked for substantial responsiveness to specified commercial requirements of the Procurement Documents. The bid/proposal nonresponsive to any of the following, that particular bid/proposal is justifiable for rejection.

- a. whether the eligibility of bidders and/or goods have been established and documents submitted;
- b. Failure to submit a bid security or bid/proposal securing deceleration as specified in the Procurement Document.
- c. Whether the bid/proposal validity period is as specified in the Procurement Documents,
- d. whether bid/proposal forms, price schedules and other documents have been properly signed by the authorized party and whether a power of attorney or any relevant document (i.e., Letter of Authorization, Board Resolution) for the authorized person has been submitted, as requested;
- e. inability to meet the critical delivery schedule or work schedule clearly specified in the Procurement Documents. Whether bidder fully complied to this condition.
- f. failure by manufacturer or supplier, or both, to comply with minimum experience criteria as specified in the Procurement Documents.
- g. inability to accept the price adjustment formulae of the Procurement Documents.
- h. failure to submit major supporting documents required by the Procurement Documents to determine substantial responsiveness of the bid/proposal.

After examination of bids/proposals responsiveness to commercial requirements, BEC may

prepare a table of bidders. A suitable format for this purpose is shown in **Annex IV (a) for goods and related services and IV (b) for works of Chapter 7.**

B. Examination of Substantial Responsiveness to technical requirements

Substantial responsiveness to the technical requirements of the Procurement Documents is a key aspect that should ascertain in bid/proposal evaluation. All bids/proposals must be checked for substantial responsiveness to the technical requirements specified in the Procurement Documents. The major technical requirements are as follows;

- a. Failure to bid/proposal for the required scope of work. For example: bid/proposal for entire works or a complete package or a complete schedule as instructed in the Procurement Documents.
- b. Failure to quote for major item in the package/bid or proposal: Generally major item is approximately 10% or more of the package price/ bid or proposal price or any item makes the package/ bid or proposal incomplete.
- c. Failure to meet major technical requirements as specified in Procurement Documents, such as plant capacity, specifications, certificates of standards, specific equipment etc.
- d. Failure to submit test reports for critical equipment, which are clearly specified test reports in Procurement Documents.
- e. Failure to comply with the requirement of after sales services is considered as essential, it should be used as an evaluation factor and the criteria for evaluation of such provision should be included in the Procurement Documents.

C. Examination of Deviations

BEC shall examine the following deviations and shortcomings with due care:

Deviations fall into the following categories;

- a. Major deviations
- b. Minor deviations
- c. Debatable whether Major or Minor

Bids/proposals with Major deviations shall be considered as “non-responsive” and rejected. Bids/proposals with minor deviations, can be considered as “substantially responsive” and are, therefore, evaluated and considered for detailed evaluation. In the detailed evaluation process, financial value of such deviations shall be determined and added to the bid/proposal price in calculation of “Evaluated Bid/proposal Price”. Final ranking of the bids/proposals shall be based on such evaluated bid/proposal price.

In the absence of clearly defined distinction between major and minor deviations there is room for different interpretations. Use of following yardstick will facilitate the categorization of deviations in to “Major” and “Minor”.

a. Major Deviation

Major deviations are as follows but not limited to;

- i. Which has an effect on the validity of the bid/proposal: or
- ii. Has been specified in the Procurement Documents as grounds for rejection of the bid/proposal: or
- iii. Has a substantial effect to the scope, quality, functionality or performance; or
- iv. Will limit in any substantial way the PE’s rights or bidder’s obligations; or
- v. Has a significant departure from the commercial and technical requirements in the Procurement Documents. If such departure has an effect on the bid/proposal price is substantial but cannot be given in terms of monetary value.

Examples of occurrences that should be considered as major deviations in procedural, commercial and technical nature, but not limited to the under mentioned deviations;

- Failure to sign the bid/proposal form and price schedules by the authorized person or persons;
- Failure of bidder to satisfy eligibility requirements,
- Failure to submit a bid security or bid/proposal securing declaration as specified in the Procurement Documents;
- Failure to satisfy the bid/proposal validity period (i.e., the bid validity period is shorter than specified in the Procurement Documents;
- Failure to satisfy the critical specifications in the Procurement Documents;
- Inability to meet the critical delivery schedule or work schedule clearly specified in the Procurement Documents, where such schedule is a crucial condition with which bidders must comply;
- Failure by manufacturer or supplier, or both, to comply with minimum experience criteria as specified in the Procurement Documents;
- Conditional bids, i.e., conditions in a bid/proposal which limit the bidder’s responsibility to accept an award (prior sale or availability of critical material

available in the market, or a bid/proposal submitted with a price escalation condition when a fixed price bid/proposal is specified);

- Rejection or suggesting modifications to accept the price adjustment formulae of the Procurement Documents.

b. Nature of Minor Deviations

Examples of minor deviations are as follows. Which;

- Has no effect on the validity of the bid/proposal; or
- Has no substantial effect to the scope, quality, functionality or performance; or
- Has no effect on the price, quality or delivery of the goods or services offered; or
- Will not limit in any substantial way the PE's rights or the bidder's obligations; or
- Has minor effect but the difference from the commercial terms or technical specifications in the Procurement Documents is such that it can be given a monetary value as minimum; or
- Has not been specified in the Procurement Documents as grounds for rejection of the bid/proposal, provided that the total amount of adjustments for such deviations does not exceed the average price of all other bids/proposals, determined for the particular item, the equipment or the portion of work.

For minor deviations, specific justification should be recorded in the bid/proposal evaluation report, providing the reasons to consider them as minor deviations.

c. Debatable Deviations

There may be deviations which are not clear whether it is major or minor, at the first sight. In some instances, such deviations could be considered as major, whereas in another instance same deviation could be considered as minor, depending on the nature, size and other factors related to the respective bid/proposal. Such deviations are considered as debatable deviations.

Few examples for debatable deviations, but not limited to are as follows;

- Requesting different amount of advance and other payment terms (example retention): If such proposals are accepted the additional cost that will be incurred by the PE should be loaded to the bid/proposal price for evaluation. In the case of advance and payment stages the additional cost may be the respective interests and in the case of retention it may be the maximum amounts specified in the Procurement Documents for retention respectively.

- Requests for changes in construction period which is not critical: Similarly, if such proposals are accepted the additional cost (may include additional rentals, supervision cost) that will be incurred by the PE should be loaded to the bid/proposal price for evaluation;
- Omissions of minor works or items included in the scope of work: if such omissions are acceptable there cannot be any effect to the balance works or items of the omitted items or works are procured differently. The cost of the such omission could be added to the bid/proposal price.

Example of common and frequent deviations in the bids/proposals and addressing such deviations

Some deviations, which are more frequently observed in the bids/proposals and, the possible way of handling such deviations are given below. As making such deviations are mainly; for example: due to ambiguities or incompleteness of the conditions of the Procurement Documents. Hence possibility of occurring the deviations in this nature should be considered at the time of drafting the Procurement Documents as well, and they are to be addressed at the evaluation stage, when there are provision in the Procurement Documents for evaluation of such deviations. Some of the examples are as follows;

- General: In establishing the substantial responsiveness of bids/proposals a specific clause in the ITB take precedence over general clauses; for example, if the Procurement Documents required bids/proposals to be submitted for all items and stated that incomplete bids/proposals will be rejected, and the PE should consider such bids/proposals as incomplete bids/proposals.
 - Completeness of bids/proposals: Rejection of incomplete bids/proposals shall be done, if it is clearly stated in the Procurement Documents. It should be specifically mentioned that what type of bids/proposals shall be considered as ‘Incomplete Bids/proposals’.
- i. If PE intends to consider incomplete bids/proposals, the Procurement Documents should specify the acceptable degree of incompleteness by stating the minimum number of items or the minimum value of the items which price must be quoted, Procurement Documents should also state that how incomplete bids/proposals, which are meeting the minimum requirements will be evaluated. In such cases, the value of incomplete bids/proposals should be adjusted (loaded), for missing items, using the pre-disclosed method of calculation, to make the bids/proposals comparable. If BEC can estimate the actual cost that has be incurred in procuring the missing items, that cost should be added (loaded) to the bid/proposal for purpose of comparison. If such estimate is not available, the average price quoted by other bidders should be used for adjustment (loading) purposes (disregarding the highest and lowest

prices if there are great differences in prices).

- ii. If it is not indicated in the Procurement Documents that whether incomplete bids/proposals will be accepted or rejected, “substantially responsiveness” of such bids/proposals shall be decided during bid/proposal evaluation.
- Procedural Deviations in submission of bids/proposals: Most deviations in submission of bids/proposals (such as the marking of envelopes, sealing of bids/proposals) other than the signature on the form of bid/proposal are normally considered as minor. Absence of the legitimate signature on the form of bid/proposal and similar deviations are considered as major deviations.
 - Subcontracting: The Procurement Document for works contract should specify that to what extent subcontracting is permitted and whether the proposed subcontractor has to be named in the bid/proposal. Any bid/proposal, which is not complying with the requirement, may be considered as non-responsive and rejected.

D. Preparation of table of substantial responsiveness technical requirements, conditions and shortcoming of bids

At this stage BEC shall prepare a table of substantial responsiveness of technical requirements compiling all technical requirements as mentioned in the BEC report.

The sample formats for the table of substantial responsiveness to technical requirements is shown as **Annex V of Chapter 7**.

7.7.3 STAGE THREE: Detailed Bid/Proposal Evaluation

Bids that are substantially responsive are examined for detailed bid/proposals evaluation.

The main objective of detailed evaluation is to determine the cost that should be incurred, if the contract is awarded to the respective bidders, who have submitted substantially responsive bids/proposals. Therefore, only the bids/proposals that have been determined as substantially responsive after examination of commercial and technical requirements as per Procurement Documents, should be considered for detailed evaluation. The purpose of the comparison is to determine the lowest evaluated cost that should be incurred by the PE, out of the substantially responsive bids/proposals received. The lowest evaluated responsive bid/proposal may or may not necessarily be the lowest quoted bid/proposal. In order to determine the lowest evaluated bid/proposal the PE should only use the evaluation criteria disclosed in the Procurement Document. No additional evaluation criteria other than that were disclosed should be used during the evaluation. A systematic and logical sequence as described in this manual should be followed during the detailed evaluation and comparison of bids/proposals.

A. Criteria for Detailed Bid/Proposal Evaluation

Most frequently used evaluation criteria for detailed bid/proposal evaluation is given below.

The PE may use other appropriate criteria for a particular procurement and disclosed such criteria together with the evaluation methodology in the Procurement Document. BEC should consider the following general evaluation criteria depending on the Procurement Documents.

- a) Exclude VAT, contingencies and provisional sum amount;
- b) Correction of undetected arithmetical errors;
- c) Application of applicable discount;
- d) Adjustment to bid/proposal price for omissions;
- e) Adjustment for acceptable departures;
- f) Adjustment for delivery periods;
- g) Adjustment for inland transportation;
- h) Operational costs and life cycle costing;
- i) Conversion to common currency;
- j) Treatment for Unrealistic bid/proposal prices in Goods, Works, Services and IS Contracts;
- k) After sales services;
- l) Clarification during evaluation.

B. Detailed bid/proposal evaluation

In the detailed evaluation process, comparison of the bid/proposal prices of substantially responsive bids/proposals is the most important, final and most critical step. Therefore, a clear understanding on the methods, best practices, and the basic principles, which are applied for adjustment of bid/proposals prices for such comparison is utmost important.

- The adjustment of bid/proposals prices for bid/proposals comparison should be done for those deviations in the bids/proposals, which are acceptable and considered as minor and which can be “translated” fairly into monetary values. Such financial adjustment calculations should be in the manner specified in the Procurement Documents.
- All the adjustment factors and the basis of price comparison specified in the Procurement Documents must be taken into account. Factors or other criteria not listed in the Procurement Documents shall not be introduced during the bid/proposal evaluation.

a) VAT Component, Contingencies and Provisional Sums should be Excluded:

For evaluation of bids/proposals, the VAT Component and the amounts quoted as

provisional sums and contingencies should be excluded from the bid/proposal prices for the purpose of evaluation, as such sums and VAT are not considered as part of the bid/proposal price.

b) Corrections of Arithmetical Errors:

Bid/proposal should be checked carefully for arithmetical errors, if any, to ensure that stated quantities and unit prices related to such quantities are consistent. The quantities should be same as that stated in the Procurement Documents. The total bid/proposal price should be the total of all line items. The Total of the line item should be the figure, when the quantity is multiplied by the unit rate quoted or, when a lump sum is quoted, the same lump sum amount. If there is a discrepancy between quantities, unit rate and corresponding totals, such discrepancies should be corrected.

The correction of arithmetical errors should be done as follows:

- i. Where there is a discrepancy between the amounts in figures and in words, the amount in words will prevail;
- ii. Where there is a discrepancy between the unit rate and the line item total resulting from multiplying the unit rate by the quantity, the unit rate as quoted will govern, unless in the opinion of the BEC that there is an obvious gross misplacement of the decimal point in the unit rate, in which case the line item total as quoted will govern and the unit rate will be corrected; and
- iii. After arithmetical correction, if there is a change in the bid/proposal price, the amount stated in the form of bid/proposal shall be adjusted and shall be considered as binding upon the bidder.

If a bid/proposal price of any bid/proposal is adjusted as above, the BEC shall give a detail explanation in the BEC Report explaining on where and how such adjustment were made.

c) Application of applicable discount;

Discount offered by the bidders prior to closing of bids/proposals, should be considered for evaluation.

If conditional discounts are offered against the terms and conditions specified in the Procurement Document, such discounts should be ignored for the purpose of evaluation.

These discounts should be considered in the manner, the bidder has offered them:

- i. If discounts are offered to limited items, it should only be applied to such items;
- ii. If the discount is offered to the total bid/proposal price as a percentage, such discounts shall be applied to all the items in the price schedule.
- iii. If the discount is offered to the total bid/proposal price as a lump sum amount, such lump sum amount shall be proportionately distributed among all the items in the price schedule.
- iv. If a discount leading to an iterative computing of bid/proposal prices (cross-discount) is offered, such discounts should be taken for evaluation.

d) Adjustment to bid prices for omissions/missing items;

The bid price should be adjusted to account for items not included in the bid/proposal, provided that the bid/proposal:

- i. can be accepted as substantially responsive on account of the unquoted items being not of a critical nature; and
- ii. value of such items is marginal.

When the bids/proposals are composed of missing items, such items of those bids/proposals should be priced as an average of quoted prices offered by other bidders or the prevailing market prices as the case may be and such adjusted total amount is for evaluation purposes only. However, supplier is bound to supply the missing items within his quoted price.

Generally, for works contracts, instructions to bidders will include clauses, if a bidder fails to quote for any items in the bill of quantities the bidder will not be paid by the PE for such items when executed and shall deemed covered by the rates of other items and prices in the bill of quantities. In that case no further adjustment is needed during the bid/proposal evaluation.

e) Adjustment for acceptable departures;

In some cases, bidders will present their bids/proposals that deviate from Procurement Document requirements. Such deviations should be quantified in monetary terms whenever possible, to permit fair comparison with other bids/proposals, provided such deviation were considered as minor deviations during the preliminary examination of bids/proposals.

The most common deviations are related to different commercial terms such an amount of advances, changes in payment schedules etc. Unless it is specified in the Procurement

Documents as a reason for rejection, such bids/proposals should not be rejected as monetary value of such deviations are easily calculated and adjusted by applying an appropriate discount rates, such as prevailing commercial interest rates, after analyzing the proposed advance or terms of payment.

Another form of bid/proposals deviation is offering a higher capacity or standard performance than is specified in the Procurement Document, such as a larger output capacity, greater carrying capacity or storage, etc. No additional advantage should be given to such offers, unless the bid/proposals document specifically provides for offers and specified that how such difference will be evaluated.

f) Adjustment for delivery periods;

In some cases, bidders will present their bids/proposals where the delivery periods deviate from Procurement Document requirements, such deviations should be quantified in monetary terms whenever possible, to permit fair comparison with other bids/proposals, provided such deviations were considered as minor deviations during the preliminary examination of bids/proposals.

The adjustment to the bid/proposal prices should be done in the manner described in the Procurement Documents. Generally, no advantage is given to a bid/proposal offering early delivery than that is specified in the Procurement Document. Any bid/proposal which requires a price adjustment in excess of 10% for late delivery should be considered non-responsive and the bid/proposal rejected.

g) Adjustment for inland transportation;

Adjustment for Cost of Inland Transportation to the Project Site. If bidders are required to include the cost for local handling and inland transportation from the port-of-entry or EXW to the project site and fail to include such cost in their bids, the cost for local handling and inland transportation may be estimated, based on prevailing rates, and added to the bid price.

If the bid calls for the supply of goods on CIF or EXW basis only; but the cost of local handling and inland transportation is going to be considered for bid comparison purposes, then the cost of local handling and inland transportation should be calculated in the manner specified in the bidding documents and added to all the bid prices for comparison purposes only.

h) Operational costs and life cycle costing;

Life cycle cost is the assessment of the inland acquisition cost plus the follow-on ownership cost to determine the total cost during the life of a plant or equipment. In the procurement of equipment in which the follow-on cost of operation and maintenance are substantial, a minor difference in the initial purchase price between two competing bids/proposals can easily be overcome by the difference in follow-on cost. In these cases, it is most appropriate for the PE

to evaluate bids/proposals on the basis of life cycle cost as specified in Procurement Documents.

The following elements (but not limited) would generally comprise a typical life cycle assessment.

- i. Initial purchase price;
- ii. Maintenance Cost
- iii. operational cost
- iv. Depreciation cost
- v. Disposal Cost

Using the above factors and other relevant factors, the Net Present Value (NPV) shall be calculated.

Provision for life cycle costing shall be incorporated and the Method of evaluation of life cycle costing shall be included in the Procurement Document.

i) Conversion to common currency;

In order to minimize the foreign exchange risk for bidder in certain procurement (especially in ICB procedures) bidders are allowed to submit bid/proposal in maximum of three foreign currencies. This result in bids/proposals being presented in a wide variety of currencies, which must be converted to a single common currency, generally to Sri Lankan Rupees.

These conversions should be done, using the weighted average rates established for similar transactions by the Central Bank of Sri Lanka, applicable to the date specified in the Procurement Documents. In Works contracts mostly used method is to specify that all the bidders should price the bid/proposal in Sri Lankan Rupees as well as foreign currency.

In some Works contracts and in supply contracts it is customary that the bidders are allowed to quote proportions in different currencies for the same item. In that situation it is customary for the bidders to instruct to quote local expenditure in Sri Lankan Rupees.

j) Unrealistic Bid/Proposals Prices in Goods, Works, Services and IS Contracts;

i) Comparison with engineers estimate in the case of Work contracts

A bid/proposal should not be rejected solely because the bid/proposal price exceeds by some predetermined margin of the engineers estimate; nor solely on the grounds that they are substantially lower than such estimates as well. The degree of acceptability is depending on the “reasonableness” of a bid/proposal price, which should be determined at the evaluation. The reasonableness may be established by considering all factors such as market conditions, special terms specified in the Procurement

Documents, prices of similar items procured in the recent past may other relevant factors. If significant differences between bid/proposal and engineers estimate are found, the reasons for the discrepancy must be analyzed.

Review engineers estimate to discover whether any unusual provisions are included which may have affected the prices.

Analyze current market conditions to discover whether they would tend to increase or decrease the bid/proposal price.

With these reviews, may be able to conclude with three alternatives. to address the discrepancy.

Firstly, bid/proposal is reasonable under given circumstances and should be accepted.

Secondly, if the bid/proposal prices are marginally low the bidder shall be requested to prove to the satisfaction of the PE, how the bidder intends to procure such items/perform the Work/provide the Services as per the quoted rates. For such purposes, the bidder may be asked to provide a rate analysis. If the PE is of the view that the justification/explanation provided by the bidder is unacceptable, and hence the bidder would fail in the performance of his obligations within the quoted rates, a higher performance security may be requested to mitigate such risks. If the bidder refuses to provide such additional performance security, his bid/proposal shall be rejected.

Thirdly, if the Procurement Documents are estimated to be the likely cause for such differences, all bids/proposals may be rejected and initiate re-bidding with modified Procurement Documents.

ii) Excessive Bid/Proposal Price in Procurement of Goods Contracts

A bid/proposal should not be rejected solely because the bid/proposal price exceeds the departmental cost estimate.

In the price evaluation, the reasonableness of the substantially responsive lowest bid/proposal price should be considered on the following;

- Last purchase price accepted as reasonable/workable during last purchase.
- Prevailing market price ascertained through a market survey or published catalogues.
- Price of a similar /nearly equivalent item/services/works.
- Rough assessment from the price of the assembly/ machine of which the item is a part or vice versa.

k) After Sales Services

If availability of after sales services is considered as essential, it should be used as an evaluation factor and the criteria for evaluation of such provision should be included in the Procurement Documents.

The quality of service offered can be evaluated by using a point system in which different factors are rated. Such factors could be proximity of service facilities to the location where equipment will be installed, number and level of expertise of available staff, level of spare parts stock, duration of service etc. if such detailed evaluation is to be undertaken, the factors to be evaluated and the minimum requirements should be specified in the Procurement Documents.

l) Clarifications during evaluation

The PE may request bidders for clarifications in writing on the request of the PC/BEC.

The bidder's clarification should not involve modification to the contract price, delivery, conditions of contract or the specifications.

C. Preparation of Table of bidders after the detailed bid examination

After going through the three stages, BEC shall be able to determine substantially responsive bids/proposals in accordance with the provisions of the Procurement Documents.

A sample format for the table of evaluated substantially responsive bids (Tables for comparison of bids) are shown in Annex VI (a) and (b) of Chapter 7.

D. Domestic Preference**a. Entitlement of Domestic Preference**

The application of the applicable preference should be used only if it was specified in the Procurement Document.

b. Preference for Domestic Goods

Preference will be offered to domestically manufactured goods in comparison with imported goods. This eligibility is determined, not with reference to the nationality of the bidder or manufacturer but with reference to domestically manufactured goods.

The following guidance should be used for application of domestic preference:

- i. The application of the applicable preference should be used only if it was specified in the Procurement Document.
- ii. The goods being procured are “manufactured goods” involving processing fabrication assembly etc., where a commercially recognized final product is substantially different from in basic characteristics of its components and raw materials;
- iii. The goods qualified for domestic preference are identical or comparable to requirements given in the Procurement Documents with respect to quality, capacity and performance;
- iv. Satisfying the minimum domestic values as specified in the Procurement Documents;
- v. The margin of price is added to the CIF/CIP bid/proposal price of foreign product without subtracting from the domestic products.
- vi. It is the responsibility of the BEC/PC to verify whether the goods offered are entitled for domestic preference based on the level of domestic value addition as stipulated in the Procurement Document.
- vii. The method for applying domestic preferences is;
 - In the first instance all the bidders should be divided into two groups, i.e. ‘preference entitled’ group and ‘preference not entitled’ group.
 - At the next step, an amount equal to margin of preference (%) of CIF/CIP price of each bid/proposal should be added to the respective evaluated bid/proposal price of preference not entitled group, hypothetically for comparison purpose.
 - In the case of locally manufactured articles which are not entitled for domestic preference, amount equal to margin of preference (%) of the lowest CIF/CIP price quoted by ‘preference not entitled’ group should be added as (b) above.
 - Re-rank all the bidders according to hypothetical bid/proposal prices.

Preference for domestically manufactured Goods:

Domestically manufactured Goods for contracts funded by Foreign Funded Agencies (FAA)	As specified in the loan/credit agreement of the FFA
Domestically manufactured Goods for contracts funded by the GOSL	20% (twenty percent)

Application of the margins of preference stated above would apply only to manufactured Goods, if the bidder establishes to the satisfaction of the PC that –

- Local labor (at least 15% or more), locally produced raw material (at least 15% or more), components from within Sri Lanka will account to thirty percent or more (30% \leq) of EXW (Ex-Works) price of the product offered; and
- the production facility in which those Goods would be manufactured has been engaged in manufacturing such Goods at least since the time of bid/proposal submission;
- Bidder shall be registered under the companies act of Sri Lanka.
- Bidder shall submit an affidavit stating that the value addition is 30% or more of EXW;
- Bidder shall submit certified audited statements to show that the value addition is 30% or more of EXW.

For comparison, substantially responsive bids shall be classified in one of three following groups;

Group A: Bids exclusively offering goods manufactured in Sri Lanka, for which;

- i. Local labor (at least 15% or more), local raw material and/or components (at least 15% or more) from within Sri Lanka will account for 30% or more of the EXW price; and;
- ii. the production facility in which those goods will be manufactured or assembled has been engaged in manufacturing or assembling such goods at least since the time of bid submission;

Group B: All other Bids offering Goods manufactured in the Purchaser’s Country;

Group C: Bids offering Goods manufactured outside Sri Lanka that have been already imported or that will be directly imported.

- To facilitate this classification by the PE, the Bidder shall complete whichever version of the Price Schedule furnished in the bidding document is appropriate provided, however, that the completion of an incorrect version of the Price Schedule by the Bidder shall not result in rejection of its Bid, but merely in the PE/BEC’s reclassification of the Bid into its appropriate Bid group.
- The PE/BEC will first review the Bids to confirm the appropriateness of, and to modify as necessary, the Bid group classification to which Bidders assigned their Bids in preparing their Bid Forms and Price Schedules.
- In the first step, all evaluated Bids in each group shall be compared to determine the Bid with the lowest evaluated cost in that group. The lowest evaluated cost Bid from each group shall be compared with each other and if, as a result of this comparison, a Bid from Group A or Group B is the lowest, it shall be selected for the award.
- If as a result of the preceding comparison, a Bid from Group C is the lowest evaluated cost, all Bids from Group C shall be further compared with the Bid with the lowest evaluated cost from Group A after adding to the evaluated costs of goods offered in each Bid from Group C, for the purpose of this further comparison only, an amount equal to 20% (twenty percent) of the respective CIF/CIP Bid price for goods to be imported and already imported goods. If the Bid from Group A is the lowest, it shall be selected for award. If not, the lowest evaluated cost from Group C shall be selected.

Application of Domestic Preference for Evaluation of Goods

Example - All figures in LKR million

CASE 1

Procurement of Generators

	Group A Bids	Group B Bids	Group C Bids		
	A1	B1	C1	C2	C3
Evaluated CIP Bid price	12.0	11.9	12.5	13.3	14.0

STEP 1						
i) Lowest bid in each group	12.0	11.9	12.5			
ii) Rank	2	1	3			
iii) Contract Award		<u>B1</u>				
<i>There is no need to proceed to step 2</i>						
CASE 2						
Procurement of Generators						
	A1	B1	C1	C2	C3	
Evaluated CIP Bid price	12.0	11.9	11.5	13.3	14.0	
STEP 1						
i) Lowest bid in each group	12.0	11.9	11.5			
ii) Rank	3	2	1			
iii) Contract Award						
Since Lowest Bid is from Group C, Domestic Preference Will apply in STEP 2						
STEP 2						
i) Lowest bids in Gr A & Gr C	12.00		11.50			
ii) DP margin (20% of CIP)	--		2.30			
iii) Total bid prices for comparison	12.00		13.80			
iv) Rank	1		2			
v) Contract Award	<u>A1</u>					

c. Domestic Preference in case of Works

Domestic contractors and joint ventures must meet minimum criteria as specified below for eligibility under the domestic preference scheme.

The margin of preference is added to the bid/proposal price of foreign bid/proposal rather than subtracting from the domestic bids/proposals.

With a view to providing a realistic value addition to domestic bidders and Joint ventures, thereby promoting national industry and enterprise, when competing with foreign bidders, the domestic bidder's and joint venture's bid/proposal shall be given the following margins of preference during bid/proposal evaluation.

Domestic Preference for Works contracts:

Domestic bidders in Works contracts funded by Foreign Funded Agencies (FAA)	As specified in the loan/credit agreement of the FFA
Domestic bidders in Works contracts funded by GOSL.	15 % (fifteen percent)

Application of the margins of preference stated above would apply to domestic bidders and joint ventures that meet the following criteria:

- i. For an **individual/sole proprietorship** the bidder shall be a Sri Lankan;
- ii. For **partnerships** more than fifty percent (50%) of the ownership, shall be Sri Lankan;
- iii. For a **firm** –
 - i. such firm shall be registered in Sri Lanka;
 - ii. should have more than fifty percent (50%) ownership by Sri Lankans; and
 - iii. should not sub contract more than ten percent (10%) of the contract price, excluding provisional sums to foreign contractors.
- iv. The application of the margin of preference for a **joint venture of domestic firms:**
 - i. would be limited only to joint ventures of individual firms who meet the criteria stipulated in (i) & (ii) above;
 - ii. the joint venture should be registered in Sri Lanka.

E. Preparation of Table of bidders after the detailed bid examination and after domestic preference

After going through the three stages, BEC shall be able to determine substantially responsive bid/s in accordance with the provisions of the Procurement Documents.

A sample format for the table of evaluated substantially responsive bids (Tables for comparison of bids) after domestic preference treatments are shown in Annex VII (a) and VII (b) of Chapter 7.

7.7.4 STAGE FOUR: DETERMINATION OF THE SUBSTANTIALLY RESPONSIVE LOWEST EVALUATED BID/PROPOSAL

The substantially responsive lowest evaluated bid/proposal has to be selected among the responsive bidders after the stage 3 of the evaluation process and after subjecting them for domestic preference treatment, if applicable.

Stage 4 is the final stage prior to the award of the contract, used by BEC/PC as a safety measure to ensure that the lowest evaluated bid/proposal has been submitted by a responsible and trustworthy bidder, who has the financial and technical capacity, experience and resources to perform the contract, satisfactorily. At the stage four, substantially responsive lowest evaluated bid/proposal will be tested for post qualification, unbalance events, financial and technical capability and other qualification to execute the contract satisfactorily as stipulated in the Procurement Documents.

If this test is determined as positive, BEC may recommends the contract shall be awarded to the bidder who submitted the substantially responsive lowest evaluated bid/proposal. In case the test is negative the second lowest substantially responsive bid/proposal shall be subject to similar verification test. This testing procedure will continue until such time a qualified bid/proposal is selected.

A. Examination for unbalanced bids/proposals

The bid/proposal should be examined for any unbalanced pricing. If such unbalances are observed the bid/proposal should be subjected to verification and suggested measures for balancing the pricing.

In the first case, a bid/proposal may appear unbalanced resulting from comparison of unit prices quoted by different bidders and the engineer's estimated rates previously prepared by the PE.

Secondly, for works contracts and supply and installation contracts may be "unbalanced" if the cost is front loaded.

Thirdly, the bidders who have reason to believe that the quantities given in the Procurement Documents for one or more items are underestimated will quote high on those items.

In all cases, steps to remedy the situation can be taken in cases where the unbalancing is substantial, i.e. where the unit price quoted for the items involved are, say, 50 percent higher than the average quoted by the other bidders for same items or where the total amount involved exceeds 5 percent of the total bid/proposal it results in unbalanced bid/proposal.

Procedure to be followed in evaluation of unbalanced bids/proposals:

In the case of very large contracts, say exceeding Rupees 500 million.

- The Net Present Value (NPV) of all unbalanced items (using the work program as a basis for timing of payments) can be computed, for over pricing of the items that will be executed early during the performance. Simultaneously, the Net Present Value for such items can be computed using the prices of the engineer's estimate. The difference between the two Net Present Values so computed for comparison purposes.

In cases of over pricing, the items that are believed to be underestimated in quantities should be adjusted by inclusion of clauses in the conditions of contract to limit the mandatory use of existing rates up to a certain percentage rather than evaluating the effects at this stage.

In the case of other contracts, say not exceeding Rupees 500 million:

- For over pricing early items the remedial action should be based on the lower quoted items rather than the items the bidder has quoted highly.
- The bidder shall be requested to prove to the satisfaction of the PE, how the bidder intends to procure such items/perform the Works/provide the services as per the quoted rates, for such purposes the bidder may be asked to provide a rate analysis.
- If the justification/explanation of the bidder is acceptable, the PE should proceed with the evaluation.
- If the PE is of the view that the justification/explanation provided by the bidder is unacceptable, and hence the bidder would fail in the performance of his obligations within the quoted rates, a higher performance security may be requested to mitigate such risks.
- If the bidder refuses to provide such additional performance security, his bid/proposal shall be rejected without forfeiting his bid security.
- For over pricing of the items believed to be underestimated in quantities in the BOQ, rather than evaluating the effects at this stage it may be advisable to include clauses in the conditions of contract to limit the mandatory use of existing rates up to a certain

percentage unless justified during the implementation;

If the bidder agreed with the remedial measures suggested the contract shall be awarded to the bidder who submitted the lowest evaluated substantially responsive bid/proposal. In case the bidder is not agreeable with the remedial measures suggested, the second lowest substantially responsive bidder shall be subjected to the treatment for unbalanced bids/proposals.

B. Post Qualification

To use post qualification procedure, the Procurement Document should contain a questionnaire on qualifications similar to which would have been used in a pre-qualification document. The criteria for post qualification should be clearly set out in the Procurement Document. Wherever appropriate and practicable, the minimum qualifications (such as CIDA registration for works contract) should be listed in the invitation for bids/proposals, to provide guidance for potential bidders as to whether in their own judgment they are qualified to be awarded the contract.

For Works contracts, the criteria already used by CIDA for registration purposes need not be repeated as post qualification criteria. The post qualification criteria should not be set out to eliminate a qualified bidder but should be aimed to verify the adequacy of experience and qualifications of the lowest evaluated bidder. If sufficient information is not available with the bid/proposal the PE may obtain additional information from the bidder to verify the experience and qualifications, provided such information is historical and factual and to be substantiated by an affidavit.

Some post qualification criteria that are being generally used are:

a. Works and Services Contracts:

- For high rise buildings, may require experience in construction of high rise buildings of similar nature and complexity;
“Experience as a main contractor or service provider in the construction or relevant services of at least (specify the number depending on the requirement) works of a similar nature and complexity equivalent to the proposed work/service within last 10 years (specify). To comply with the above requirement, works/services cited should be at least 70 % complete”;
- Arrangement of cash flow for the proposed construction. May request documentary evidence for three months’ cash input.
- Proposal for timely acquisition of the key equipment (own, lease, hire etc.);
- Contract management staff with specified qualifications and experience.

- Detailed Work Program with Network of activities
- Guarantees and warranties as necessary.

b. Goods and Information Systems Contracts:

- Manufacturer’s authorization to demonstrate that the bidder is duly authorized to supply the Goods/Information Systems;
- Proof of ability to carry out maintenance, repairs and spare parts stocking of the equipment offered;
- Financial capability to supply Goods/Information Systems;
- Past experience in supply of similar Goods/Information Systems.

C. Alternative Bids/Proposals

If the lowest evaluated substantially responsive bidder has submitted an alternative bid/proposal, such bid/proposal has to be examined for responsiveness from stage 1 up to the final stage of the bid/proposal evaluation process and should be selected only if the evaluated alternative bid/proposal price is less than the evaluated bid/proposal price of the original bid/proposal.

PROCUREMENT GUIDELINE REFERENCE: 7.11

BID EVALUATION REPORT (BER)

A. Preparation of Bid Evaluation Report

After completing the bid/proposal evaluation process, the BEC should prepare a bid evaluation report explaining the process of evaluation, findings of the BEC and making their recommendations on award of contract to the substantially responsive lowest evaluated bidder.

Bid evaluation report is based on the following principles;

- a. Goods, Works, Services and IS are sourced and subject to eligible criteria, as specified in the Procurement Documents.

- b. The competitiveness and the transparency of the bidding process is clearly demonstrated fair and equal opportunity to manufacturers, suppliers and contractors.
- c. The principle of "economy, efficiency and value for money" has been applied in the bidding and bid/proposal evaluation process in order to determine the substantially responsive lowest evaluated bid/proposal.

The Bid evaluation report has to be included the following information among the other things: (Please see **Annex VIII of Chapter 7** - for suggested format of a bid evaluation report)

- i. Basic data sheet including key dates and steps in bidding process and related evidence (copy of the invitation to bid/proposal as advertised attached); (Refer to **Annex I of Chapter 7**)
- ii. Bid opening information, clarifications, addendums if any and attendance sheet of the bidder's representatives (copy of the bid/proposal opening minutes should be attached); (Refer to **Annex II of Chapter 7**)
- iii. Table of bidders, bid/proposal prices, discounts offered if any, substantial arithmetic error corrections and acceptance by the bidders concerned, (Refer to **Annex III of Chapter 7**)
- iv. For all bidders: table showing the bidders compliance with major commercial conditions (*e.g.* completeness, bid security, bid/proposal validity, delivery or completion period. Payment terms);
- v. For all bidders: table showing bidder's compliance with key provisions of the technical specifications, requirements, deviations and other shortcomings (*e.g.* capacity, operating characteristics, etc.);
- vi. For all substantial responsive bids/proposals: table showing arithmetical errors, discounts and currency conversion;
- vii. For all substantial responsive bids/proposals: table showing additions and adjustments, made to bid/proposals prices for deviations with reference to the clauses in the Procurement Documents and the method used in computing the adjustments (indicating methods used in computing the adjustments);
- viii. Table of detailed evaluation of bids/proposals in regard to all technical features, commercial features and other adjustments such as duties and taxes, financial adjustments, completeness in scope of supply, technical compliance, spare parts, cost of transportation to the project site, and adjustments for unbalance bids/proposals etc.

- ix. For all substantial responsive bids/proposals: table showing currency conversion;
- x. For all substantial responsive bids/proposals: table showing domestic preference;
- xi. For all substantial responsive bids/proposals: table showing various steps from bid/proposal price announced to evaluated bid/proposal price;
- xii. Record of clarifications made from all bidders;
- xiii. For lowest evaluated bidder: Post qualification verification;
- xiv. Names of bidders rejected and reasons for rejection; Names of unresponsive bidders could be shown under each stage and step depending on the situation.
- xv. The proposed contract award recommendation;

In addition, the evaluation report should include narrative section in which any information not suitable for presentation in the form of tables, together with any supplementary information necessary for a complete understanding of all factors considered during bid/proposal evaluation.

B. Recommendation of Award of Contract

The bidder who will become successful at the end of stage 4 will be recommended for award of contract by BEC for PC’s approval.

PROCUREMENT GUIDELINE REFERENCE: 7.12

REJECTION OF ALL BIDS/PROPOSALS RECIEVED

A. Justifiable Instances for Rejection of all the Bids/Proposals

There are instances where all the bids/proposals to be rejected according to the provisions in the Procurement Documents because all the bidders failed to meet the PEs basic requirements. Rejection of all the bids/proposals should on justifiable grounds such as:

- a. Lack of effective competition; or inadequate competition;
- b. When there are no substantially responsive bids/proposals;
- c. When all bid/proposals prices were unreasonably high and unrealistic and substantially above the PE’s estimate or budget provision;
- d. If found that Procurement Documents are defective and continuing the bidding

process is meaningless;

In instances, where the requirement of PE has changed during the Procurement Process for justifiable reasons, PE shall report such requirement to the relevant authorities for cancellation of the procurement.

B. Procedure to be followed for rejection

Before rejecting all the bids/proposals, the PC, with the assistance of the BEC shall review that whether there are valid reasons for rejection and causes for such rejection are justifiable. If found reasonable, BEC should suggest through PC, remedial measures to be taken by PE to proceed with the procurement action that should be taken to correct the situation such as revising the conditions of contract, design and specifications, scope of the contract, or a combination of these. Such recommendations should be referred to the PE through the PC for necessary action.

All the bidders who responded to the IFB should be informed of the decision for rejection, with reasons and return the bid securities, if any by PE.

C. General instructions

It is worthy that lack of competition shall not be determined solely on the basis of the number of bids/proposals received. Even if there is a single substantially responsive bid/proposal, that should be examined for responsiveness and reasonableness of price offered. If found that the bid/proposal is substantially responsive, and price is reasonable, such bids/proposals should be considered for award.

If the rejection of all bids/proposals is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the bids/proposals being non-responsive, new bids/proposals may be invited.

All bids/proposals shall not be rejected and new bids/proposals invited on the same procurement and contract documents solely for the purpose of obtaining lower prices. If the lowest evaluated responsive bid/proposals exceeds the engineer's estimates by a substantial margin, the PE shall investigate cause for the excessive cost prior to requesting new bids/proposals.

However, substantial reduction in the scope or modification to the contract documents may require prior to re-bidding.

Annex I of Chapter 7

<p>PROCUREMENT MANUAL REFERENCE: 7.7</p> <p>SUGGESTED EXAMPLE - FORMATS FOR THE USE OF BID EVALUATION REPORT- STAGE ONE - BASIC DATA</p> <p>(However, PC and BEC have liberty to develop suitable formats depending on the type of procurement)</p>		
<p>BASIC DATA (All data applicable for the bid/proposal evaluation are needed to be included in this table)</p>		
<p>Name of the institution:</p>		
<p>Bid number:for.....</p>		
<p>Bid/Contract/Title:</p>		
	Procurement documents reference	Requirements
	Section & clause no of	List of all requirements/conditions as stipulated in the procurement documents

	procurement documents	
1.	Example: ITB.....	No of invitation for bids:
2.	ITB.....	The name of the bidding process:
3.	ITB.....	Bid or contract No:
4.		Estimates value or Engineer's estimate:
5.		Date of invitation of bids issued:
6.		Method of procurement:
7.		Bid closing date and time:
8.		Bid opening date and time:
9.		Number of bids received:
10.		Bid validity period:
11.		Bid validity expiry date:
12.		Bid security amount:
		Bid security validity expires on:
13.		Bid evaluation criteria: need to mention as stipulated in the procurement documents
14.		Clarification of bids;
15.		Deviation, reservation, modifications and omission
16.	
17.		Determination of substantially responsive bids: Major deviations:
18.		Commercial terms and conditions:
19.		Technical requirements:
20.		Correction of arithmetical errors:
21.		Conversion to single currency:
22.		Bid evaluation methodology:
23.		Comparison of bids:
24.		Examination of bidders' capacity
25.		Margin of preference

Notes: Important facts for bid evaluation could be mentioned as stated in Procurement Documents and common to all bidders.

1 Notes if any?

2

3

Annex II of Chapter 7

<p>PROCUREMENT MANUAL REFERENCE: 7.7</p> <p>SUGGESTED EXAMPLE - FORMATS FOR THE USE OF BID EVALUATION REPORT- STAGE ONE - RECORD OF BID/PROPOSAL OPENING</p> <p>(In addition to bid opening report prepared by the BOC, BEC could prepare a bid/proposal opening report including their findings)</p>
<p>Name of the PE:</p> <p>Name of the project:</p> <p>Bid/proposal No:</p> <p>Bid /proposal contract title:</p> <p>Bid/proposal description:</p> <p>Following bids/proposals have been received by the BOC and by the deadline fixed on date..... and time.....at the designated place/PE and were publicly opened and read at time:hours on the</p>

bid/proposal opening date.								
No:	Name of the bidder	Bid security amount	Bid/proposal amount (discount offered recorded) package amount separately			Whether alternative bid/proposal is submitted (Yes/No)	Remarks short comings deficiencies important points	Any other points
			Package No.One	Package No.Two	Total		BEC shall include all applicable points	
1								
2								
3								
4								
5								
6								
7								
8								

Notes: In addition to BOC report, all the other important information noted by the BEC are to be listed below;

1. Clarifications and discounts offered
2. Clearances and questions asked and answers;
3. important points which are not noted by BOC

As an attachments:

- (1). Bid Opening Report (BOR) prepared by the BOC: with Names and signatures
- (2). Records of bidders attendance also may be attached

Annex III of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7			
SUGGESTED EXAMPLE - FORMATS FOR THE USE OF BID/PROPOSAL EVALUATION REPORT- STAGE ONE - EXAMINATION OF COMPLETENESS OF BID/PROPOSAL DOCUMENTS			
(Prepared by the BEC as the first step for bid/proposal evaluation. BEC may prepare the completeness of each bid/proposal separately and compile into a table)			
Name of the PE:			
Name of the project:			
Bid No:			
Bid / Contract title:			
Bid description:			
Item	in	Description as mentioned in	Bidder No/s
			Remarks

Procurement document	Procurement Documents	Examples				
		1	2	3	4	
Example: item Nos.	Procurement documents	1	2	3	4	
1.-1	Original bid and one copy	Y	Y	Y	Y	
1.-2	Completeness of form of bid	Y	Y	Y	N	
1.-3	Price schedules	Y	Y	Y	Y	
1.-4	Bid security	Y	Y	Y	Y	
1.-5	Power of attorney	Y	Y	Y	Y	
1.-6	Signature of the bid form	Y	Y	Y	Y	
1.-7	Authority to signature	Y	Y	Y	N	
1.-8	Eligibility: bidder	Y	Y	Y	Y	
1.-9	Eligibility: Goods, services	Y	Y	Y	N	
1.-10	Joint venture agreement	Y	NA	Y	NA	
1.-11	Bid validity dates	Y	Y	N	Y	
2-1	Commercial terms and conditions					
2-2	Technical requirements and evidence					
3.-1	Authority to signature	Y	Y	Y	Y	
3.-2	-----					
-----	-----					
5.-8	Completeness of bids	Y	N	N	N	
	Bid price quote as they are;					

Y = Yes

N = No

NA = Not available

Annex IV(a) of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7				
SUGGESTED EXAMPLE - FORMATS FOR THE USE OF BID/PROPOSAL EVALUATION REPORT- STAGE TWO - EXAMPLE TABLE FOR GOODS AND SERVICES				
(Examination of completeness of bid/proposal document for substantial responsiveness of bids/proposals for commercial terms and conditions BEC has liberty to design a suitable format)				
Name of the PE:				
Name of the project:				
Bid/Proposal No:				
Bid/Proposal / Contract title:				
Bid description:				
No	Requirements	Procurement Document	Bidder No's	Remarks and Effects of major

		reference	1	2	3	4	deviations
1.	Power of attorney	ITB Sec....	C	C	C	C	
2	Signature on bid form and price schedule	ITB Sec....	C	C	C	C	
3	Joint venture conformation and letter of intent to enter into an agreement	ITB Sec....	C	C	C	C	
4	Eligibility (a) bidder (b) goods and related services	ITB Sec....	C C	C C	C C	C C	
5	BID VALIDITY 100 DAYS	ITB Sec....	C	NC	C	C	
6	Bid security (a) Amount (b) Validity (c) Correct format	ITB Sec....	C C C	NC NC C	C C C	C C C	
7	FIXED PRICE CONTRACT	ITB Sec....	C	C	C	C	
8	Terms of payments	ITB Sec....	C	C	C	C	
	List out each relational conditions and deviations if any	Verified Major deviation and their effects may be included in the remarks column. Similar for minor deviations if the results are quantified					
	Conclusions		R	NR	R	R	

C = Complied NC: Not complied R= Responsive and NR = Not responsive

Note:

1. All commercial conditions mentioned in the bidding documents are to be listed out and examine for each bidder has been complied or not. Bidders who are complied to all commercial conditions are considered as responsive and qualify for further examination.
2. Suitable format for commercial terms and conditions may be develop for work, services and other procurements.

Annex IV(b) of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7					
SUGGESTED EXAMPLE - FORMATS FOR THE USE OF BID EVALUATION REPORT- STAGE TWO - EXAMPLE TABLE FOR CIVIL WORKS					
Examination of completeness of bid document for substantial responsiveness of bids for commercial terms and conditions for Civil work					
Name of the PE:					
Name of the project:					
Bid No:					
Bid / Contract title:					
Bid description:					
No	Requirements	Procurement Document	Bidder No's		Remarks and Effects of major

		reference					deviations
1.	Power of attorney	ITB Sec....	C	C	C	C	
2	Signature on bid form and price schedule	ITB Sec....	C	C	C	C	
3	Joint venture conformation and letter of intent to enter into an agreement	ITB Sec....	C	C	C	C	
4	Eligibility (a) bidder (b) goods and related services	ITB Sec....	C C	C C	C C	C C	
5	BID VALIDITY 100 DAYS	ITB Sec....	C	NC	C	C	
6	Bid security (a) Amount (b) Validity (c) Correct format	ITB Sec....	C C C	NC NC C	C C C	C C C	
7	FIXED PRICE CONTRACT	ITB Sec....	C	C	C	C	
8	Terms of payments	ITB Sec....	C	C	C	C	
9.	List out each relational conditions and deviations if any	Verified Major deviation and their effects may be included in the remarks column. Similar for minor deviations if the results are quantified					
	Conclusions		R	NR	R	R	

C = Complied

NC: Not complied; R= Responsive and NR = Not responsive

Note:

1. All commercial conditions for civil work list out in the bidding documents are to be listed out and examine for each bidder has been complied or not. Bidders who are complied to all commercial conditions are considered as responsive and qualify for further examination.
2. Appropriate requirements of Commercial terms and conditions for information technology procurement has different from supply or work bids. Suitable format could be developed for such procurements.

Annex V of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7

SUGGESTED EXAMPLE - FORMAT FOR THE USE OF BID EVALUATION REPORT - STAGE TWO - TABLE OF SUBSTANTIAL RESPONSIVENESS OF BIDS/PROPOSALS FOR TECHNICAL REQUIREMENTS

(Example Table)

Examination of completeness of bid document for substantial responsiveness of bids for technical requirements including deviations

Name of the PE:

Name of the project:

Bid No:

Bid / Contract title:

Bid description:

No	Requirements: List out all technical terms and conditions mentioned in the Procurement Documents	Procurement Document reference	Bidder No's				Remarks
1.	Bid for specified scope of work/ supply or services	ITB Sec....	C	C	C	C	
2	Quoted for major items in the package	ITB Sec....	C	C	C	C	
3	Joint venture conformation and letter of intent to enter into an agreement	ITB Sec....	C	C	C	C	
4	Eligibility: technical requirements	ITB Sec....	C	C	C	C	
5	ISO certification	ITB Sec....	C	NC	C	C	
6	Technical qualification requirements	ITB Sec....	R	NR	R	R	
7	Minor deviations and effects	ITB Sec....	C	C	C	C	
8	Major deviations and effects	ITB Sec....	C	C	C	C	
9.	Technical qualifications	ITB Sec....	C	C	NC	C	
	List out technical conditions						
	Conclusions		R	NR	NR	R	

C = Complied

NC: Not complied R= Responsive and NR = Not responsive

Note:

1. All Technical conditions list out in the bidding documents are to be listed out and examine for each bidder has been complied or not. Bidders who are complied to all technical conditions are considered as responsive and qualify for further examination.

2. All technical terms and conditions are to be included and in accordance with the BEC report.

Annex VI(a) of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7				
SUGGESTED EXAMPLE - FORMATS FOR THE USE OF BID EVALUATION REPORT - STAGE THREE - SUBSTANTIAL RESPONSIVENESS OF ALL BIDS/PROPOSALS WORK CONTRACT				
(Example Table To Be Prepared At The End Of Detailed Bid Evaluation)				
Name of the PE:				
Name of the project:				
Bid No:				
Bid / Contract title:				
Bid description:				
	Detailed bid evaluation criteria as specified in Procurement Documents	Bidder Name	Bidder Name:	Reference to bid evaluation report
	Adjusted bid price after	Rupees Value	Rupees:	Remarks

	consideration of minor deviations terms, conditions and requirements.	calculated for each minor deviation + & -	Values calculated for each minor deviations + & -	
PD Number	Detailed bid evaluation factors depending on the Procurement Documents	Plus or minus to bid price if any	Plus or minus to bid price if any	
	<ol style="list-style-type: none"> 1. Exclude VAT, contingencies and provisional sum amount; 2. Correction of arithmetical errors; 3. Application of applicable discount; 4. Adjustment to bid price for omissions; 5. Adjustment for acceptable departures; 6. Adjustment for delivery period; 7. Adjustment for inland transportation; 8. Operational cost and life cycle costing; 9. Conversion to common currency; 10. Domestic preference; 11. Reassess ranking order; 12. Examine for unbalance bidding; 13. After sales services; 14. Clarifications during evaluation; 	Under each bidder effect is quantified and mentioned each adjustment separately, if there are:	Under each bidder effect is quantified and mentioned each adjustment separately, if there are:	
	Total value of adjustments	plus or minus	plus or minus	
	Adjusted bid price	000000000	000000000	
	Bid value after detailed examination:			

Annex VI(b) of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7

**SUGGESTED EXAMPLE - FORMATS FOR THE USE OF BID
EVALUATION REPORT - STAGE THREE - TABLE OF
BIDS/PROPOSALS COMPARISON: SUBSTANTIALLY RESPONSIVE
BIDS/PROPOSALS FOR SUPPLY OF GOODS**

(Example Table to be prepared at the end of detailed bid evaluation)

Name of the PE:				
Name of the project:				
Bid No:				
Bid / Contract title:				
Bid description:(Assumed ICT equipment')				
Package/lot NO	Particulars as mentioned in the Price schedule (Example)	Detailed bid evaluation criteria	Bidder No's 1,2,3,4 Rupees Millions	Remarks

		specified in the Procurement Document	1	2	3	4	
1.	computers 50 Nos	Section.....	13.2	13.6	14.5	13.8	
2	Printers 10 NOs	Section.....	3.5	4.1	3.8	3.9	
3	Original operational systems and guarantees	Section.....	4.5	4.3	3.5	2.9	
4	3 Year spare parts: original CIF /EXW	Section.....	2.4	1.9	1.7	2.3	
5	Computer tables 50 NOs	Section.....	5.7	5.6	4.8	4.5	
6	Installation cost	Section.....	1.1	1.4	1.2	1,5	
7	Inland transportation	Section.....	0.5	0.3	0.2	0.3	
	Sub -total Part (A)	xxxxx	xxxx	xxxx	xxxx	xxxx	
	List out each adjustments and their related value: such as technical compliance, scope of work, terms of payments, delivery or work schedule etc	In accordance with the Procurement Documents					
	Total evaluated bid price: comparison		yyyyy	yyyy	yyyyyy	yyyyy	

Note:

After going through detailed bid evaluation the substantially responsive lowest evaluated bid/proposal has been determined in accordance with the Procurement Document. Final stage of bid evaluation begins thereafter.

Annex VII(a) of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7

EXAMPLE - FORMAT FOR THE USE OF BID EVALUATION REPORT - STAGE THREE - TABLE OF BIDS/PROPOSALS COMPARISON: SUBSTANTIALLY RESPONSIVE BIDS/PROPOSALS QUOTED PRICES AFTER DOMESTIC PREFERENCE

(Example for Supply contract)

Name of the PE:

Name of the project:

Bid No:

Bid / Contract title:

Bid description:(Assumed supply for water supply station).

Particulars as mentioned in the Price schedule	Bidder No's 1,2,3,4, Rupees Millions				Remarks
	1	2	3	4	
Part A. Supply and installation of water supply station.	13.2	13.6	14.5	13.8	
Pumps 10 NOs	3.5	4.1	3.8	3.9	
Motors operational systems and guarantees	4.5	4.3	3.5	2.9	
Pipes, valves and fittings 3 Year spare parts: original CIF /EXW	2.4	1.9	1.7	2.3	
Inland transportation	5.7	5.6	4.8	4.5	
Installation cost	1.1	1.4	1.2	1,5	
Commissioning	0.5	0.3	0.2	0.3	
Any other item/s					
Sub -total Part (A)	xxxx	xxxx	xxxx	xxxx	
Part B. List out each adjustments and their related value as applied in stage three above					
Evaluated bid/proposal price	yyyy	yyyy	yyyy	yyyy	
Total bid/proposal price after application of domestic preferences					
Bidder's rank;					

Note:

1. After going through detailed bid evaluation the substantially responsive lowest evaluated bid/proposal has been determined in accordance with the Procurement Documents.
2. Application of domestic preferences applied for bid comparison purpose before the stage four of the bid/proposal evaluation.
3. BEC may designed a suitable format depending on the cost components and Procurement Document requirements.

Annex VII(b) of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7

EXAMPLE - FORMAT FOR THE USE OF BID EVALUATION REPORT – STAGE THREE - TABLE OF BIDS/PROPOSALS COMPARISON: SUBSTANTIALLY RESPONSIVE BIDS/PROPOSALS QUOTED PRICES AFTER DOMESTIC PREFERENCE

(Example for Civil Work contract)

Name of the PE:					
Name of the project:					
Bid No:					
Bid description:(Assumed construction of a building)					
Particulars as mentioned in the Price schedule	Bidder No's 1,2,3,4, Rupees Millions				Remarks
	1.	2	3	4	
Work site preparation	13.2	13.6	14.5	13.8	
Mobilization	3.5	4.1	3.8	3.9	
Earthworks	4.5	4.3	3.5	2.9	
Imported material CIF /	2.4	1.9	1.7	2.3	
Foundation and pilings	5.7	5.6	4.8	4.5	
Total concrete work cost	1.1	1.4	1.2	1.5	
Metal work	0.5	0.3	0.2	0.3	
Drainage structures, Inland transport, finishing etc	0.7	0.8	0.6	0.2	
Any other item/s	N/A	N/A	N/A	N/A	
Sub -total Part (A)	xxxx	xxxx	xxxx	xxxx	
Part B. List out each adjustments and their related value: such as technical compliance, scope of work, terms of payments, work schedule etc					
Evaluated bid/proposal price	yyyy	yyyy	yyyy	yyyyy	
Total bid/proposal price after application of domestic preferences					
Bidder's rank;					

Note:

1. After going through detailed bid evaluation the substantially responsive lowest evaluated bid has been determined in accordance with the Procurement Documents.
2. Application of domestic preferences has been applied for comparison purpose before the stage four of the bid/proposal evaluation.
3. BEC may designed a suitable format depending on the cost components and Procurement Document requirements.

Annex VIII of Chapter 7

PROCUREMENT MANUAL REFERENCE: 7.7	
SUGGESTED FORMAT OF BID EVALUATION REPORT- STAGE FOUR	
(BEC May Prepare the Report in a Suitable Format According to the requirement)	
SUPPLY CONTRACTS	CIVIL WORK CONTRACTS
1. INTRODUCTION	1. INTRODUCTION
1 - 1: General introduction	1 - 1: General introduction

1 - 2: Bid submission 1 - 3: Bid opening 1 - 4: Basic data and information 1 - 5: Committee of BEC	1 - 2: Bid submission 1 - 3: Bid opening 1 - 4: Basic data and information 1 - 5: Committee of BEC
2. EXAMINATION FOR COMPLETENESS OF BIDS 2 - 1: List Bidder names 2 - 2: Procurement documents' basic data 2 - 3: Validity of bids	2. EXAMINATION FOR COMPLETENESS OF BIDS 2 - 1: List Bidder names 2 - 2: Procurement documents' basic data 2 - 3: Validity of bids
3. DETERMINATION OF SUBSTANTIVE RESPONSIVENESS OF BIDS 3 - 1: Eligibility of bidders and supply 3 - 2.: Bidders qualification and validity 3 - 3. Response to arithmetical corrections 3 - 4: Commercial terms and conditions 3 - 5: Technical requirements and	3. DETERMINATION OF SUBSTANTIVE RESPONSIVENESS OF BIDS 3 - 1: Eligibility of bidders and for civil work 3 - 2.: Bidders qualification and validity 3 - 3. Response to arithmetical corrections 3 - 4: Commercial terms and conditions. term of completion. Terms of payments 3 - 5: Technical requirements and deviations
4. DETAILED BID EVALUATION 4 - 1: Selected bidders for detailed evaluation 4 - 2. Examination for other commercial terms and conditions as per Procurement Documents 4 - 3: Examination for other technical matters as per Procurement Documents 4 - 4. Analysis of each selected bidders for requirements mention in Procurement Documents 4 - :5 Clarification	4. DETAILED BID EVALUATION 4 - 1: Selected bidders for detailed evaluation 4 - 2. Examination for other technical terms and conditions as per Procurement Documents 4 - 3: Examination for other technical deviations, specifications construction schedule, construction method & equipment's, site plan, personal, subcontracting, construction facilities etc as per Procurement Documents 4 - 4. Analysis of each selected bidders for requirements mention in Procurement Documents 4 - :5 Clarification
5. DETERMINATION OF LOWEST EVALUATED BIDS/PROPOSALS. 5 - 1: Checking for financial capability 5 - 2: Checking for technical capability 5 - 3: Checking for other qualifications such as for unbalanced prices 5.- 4. Substantially responsive lowest evaluated bid 5. - 5: Reasons for selection of the Substantially responsive lowest evaluated bid 5 - 5. Application of domestic preferences according to Procurement Documents 5.-6. Selection of the bid for award of contract	5. DETERMINATION OF LOWEST EVALUATED BIDS/PROPOSALS 5 - 1: Checking for financial capability 5 - 2: Checking for technical capability 5 - 3: Checking for other qualifications such as for unbalanced prices 5.- 4. Substantially responsive lowest evaluated bid 5. - 5: Reasons for selection of the Substantially responsive lowest evaluated bid 5 - 5. Application of domestic preferences according to Procurement Documents 5.- 6. Selection of the bid for award of contract
6. CONCLUSIONS AND RECOMMENDATION	6. CONCLUSIONS AND RECOMMENDATION
8. APPENDIXES	8. APPENDIXES
9. ANY OTHER IMPORTANT MATTERS	9. ANY OTHER IMPORTANT MATTERS

CHAPTER 8 – AWARD OF CONTRACT

PROCUREMENT GUIDELINE REFERENCE: 8.1

RECOMMENDATION/DETERMINATION OF CONTRACT AWARD

Responsibility on Recommendation/Determination of Contract Award

- a. Determination of contract award is the responsibility of the respective PC.
- b. Upon receipt of the BEC report, the Secretary to the PC should immediately distribute original and copies of the BEC report among the PC members and shall summon a PC meeting not later than one week of the submission for consideration of the report.
- c. If PC is of the view that as per the Procurement Documents further aspects have to be looked in to or find any omission etc., may request the BEC to reconsider such area and re submit the report.
- d. PC has the authority to accept or reject the recommendations of the BEC Report in total or part.
- e. When PC reject the BEC report in total or in part, PC should clearly indicate the reasons for arriving at its decision.
- f. If there is a disagreement among the members of the PC, on the recommendation of the BEC, majority decision of the PC shall prevail, and dissenting comments/views of the member/s disagreed also shall be recorded in the PC minutes separately.
- g. Once arrived at the decision on the award, Chairperson of the PC shall inform the decision of the PC to the respective authorities as follows.
 - in the case of CAPC and MPC decisions on award, Secretary to the Line Ministry; and
 - in all other cases decisions of awards related to, DPCs & PPCs and RPCs, to the AO, Head of the Department and Project Director, appropriately.

PROCUREMENT GUIDELINE REFERENCE: 8.4

STANDSTILL PERIOD

The submission of the PE's Notification of Contract Award, begins the Stand Still Period. The stand still period shall last 10 working days after origination of such transmission date, unless otherwise extended due to appeal process. The contract shall not be awarded either before or during the standstill period in which PE should accommodate requests for debriefing within the first 03 working days and the debriefing should be completed within the first 06 working days of the 10 days after which the bidder shall be allowed to make his appeal within the next 04 working days.

PROCUREMENT GUIDELINE REFERENCE: 8.5

**APPEALS AGAINST CONTRACT AWARDS RECOMMENDED BY
THE CAPC, SCAPC, MPC, DPC, PPC AND RPC**

Objectives of the Procurement Appeal Boards (PAB's)

The key objectives of establishing the procurement appeal boards are to provide an independent review of the PC decision upon the grievances submitted by the bidders. Appealing procedure would allow contested issues to be reviewed and corrective measures to be put in place.

PAB procedure would allow speedy decision and lower cost for all parties while at the same time providing fairness, transparency and value for money.

PROCUREMENT GUIDELINE REFERENCE: 8.5.1

**APPOINTMENT OF PROCUREMENT APPEAL BOARDS (PAB),
REPORTING AND OPERATIONAL RESPONSIBILITIES AND
PAYMENTS FOR PAB MEMBERS**

The intension to award a contract will be informed by CAO/AO to the bidders who participated for a procurement. Any bidder who disagreed with the decision of the PC has

to submit its appeal within the standstill period to the relevant Procurement Appeal Board (PAB) appended below.

Types of Procurement Committees

- i. PABs for Cabinet level Procurements related to SCAPC, CAPC and CANC
- ii. MPABs for Ministry level Procurements related to MPC
- iii. DPAB for Department/Project level Procurements related to DPC/PPC
- iv. RPABs for Regional level Procurements related to RPC

The appointing arrangements of respective PABs are described from 8.5.2 to 8.5.5 below.

PROCUREMENT GUIDELINE REFERENCE: 8.5.2

PABS FOR CABINET LEVEL PROCUREMENTS RELATED TO SCAPC, CAPC AND CANC

NPC will nominate qualified and suitable personnel to the HE the President for the appointment of members of the PABs for the SCAPC, CAPC and CANC level of procurements.

- Appeal board one: to deal with SCAPC and CANC level procurements
- Appeal board two: to deal with CAPC

a. Appeal board structure and appointments

Each appeal board consisting of three members appointed by HE the President on the recommendation of the NPC, of whom two members should be with proven experience in procurement, accountancy, law or public administration for a period of three years. HE the President shall appoint one member as the Chairman of the appeal board.

An alternate member will be appointed to serve when a permanent member is absent.

b. PABs Reporting Responsibility

- i. PAB operations are independent.

- ii. PAB directly report to the Cabinet of Ministers with copy to the Secretary to the Line Ministry. (SLM)
- iii. Secretary to the PAB will communicate the progress regularly to NPC.

c. Appeal Board functions and operational procedures

The SLM having informed all unsuccessful bidders the intention to award the contract to the successful bidder, as per the recommendation of the relevant SCAPC/CAPC/CANC, shall inform them in writing to make their representation (if any) against the recommendation of the SCAPC/CAPC/CANC. Accordingly;

- i. An unsuccessful bidder who is aggrieved by a recommendation of a SCAPC/CAPC/CANC may appeal in writing, against the recommendation of the said SCAPC/CAPC/CANC as the case may be, to the Procurement Appeal Board (PAB) against such recommendation within the standstill period.
- ii. Each appeal shall accompany a cash deposit as indicated in the Procurement Documents. Such deposit shall be Rupees Fifty Thousand for procurements less than or equal to Rupees One billion. Deposits for procurements above Rupees One Billion shall be Rupees One Hundred Thousand. In case the appeal is upheld, the deposited sum will be refunded to the depositor within one month of the decision of the Appeal Board. If the appeal is rejected, the deposited sum will not be refunded. All deposits shall be made at the office of the PAB where it is located, and a receipt obtained. However, deposits will not be accepted without a written representation against the recommendation of the intended contract award. The appeal will be considered only upon proof of such deposits.
- iii. All appeals should be handed over to the office of the PAB and an acknowledgement obtained.
- iv. Appeals shall contain all materials required to support the averments and should be self-contained and supported by relevant documents, to enable the PAB to arrive at a decision.
- v. The PAB, upon receipt of any representations from an unsuccessful bidder shall promptly notify same to the SLM.
- vi. If no representation is made within the stipulated period as stated (i) above, the SLM shall proceed to obtain the approval of the Cabinet of Ministers to award the contract. In the Cabinet Memorandum pertaining to procurement matters, it should be specifically stated that, either no appeals have been received by the

PAB under Section 8.5 of the Procurement Guidelines 2018 or that appeal/s have been made to the PAB within the stipulated period. A copy of the PAB report should also be attached to the Cabinet Memorandum.

- vii. For the purpose of investigation into representations, made to it, the PAB may call for reports, files or any other relevant documents from the SLM, who shall promptly provide to the PAB all such documents as requested. The PAB where deemed necessary, may obtain advice of subject experts in relation to relevant procurement. Similarly, the PAB may also consult the Secretary General of the National Procurement Commission or the External Resources Department on matters such as procurement aspects and donor funding.
- viii. Where the views or the observations of the SLM have been called by the PAB on the specific representations made in the appeal, the SLM shall promptly provide his/her views or observations on the representations, as requested.

d. Appeal Board Operational Responsibility

After investigating into representations made in the appeal, the PAB shall submit its independent report to the Cabinet of Ministers and the report shall contain;

- i. the reasons for endorsement of the decision of the SCAPC/CAPC/CANC or
- ii. the reasons for rejecting the decision of SCAPC/CAPC/CANC together with its independent recommendation.
- iii. The PAB shall submit its report containing its recommendations to the Cabinet of Ministers through the Secretary to the Cabinet, with copy to the SLM, within 14 working days from the closing date of the appeal.
- iv. PAB may, if it is deemed necessary, make special observations, in its report to the Cabinet of Ministers regarding any instances of serious non-compliance with the Procurement Guidelines 2018 or the Procurement Manual 2018, on the part of any BEC, SCAPC/CAPC/CANC, which have come to the attention of the PAB in the course of its investigation of the appeal.
- v. The decision of the Cabinet of Ministers shall be sent to the Chairman of the PAB, by the Secretary to the Cabinet and the PAB shall intimate the Cabinet decision to the bidder, who lodged the appeal, with copies to the SLM and NPC and Secretary of the Ministry of Finance. The decision of the Cabinet of the Ministers on the appeal shall be final.

PROCUREMENT GUIDELINE REFERENCE: 8.5.3

MPABS FOR MINISTRY LEVEL PROCUREMENTS RELATED TO MPC

NPC will appoint one or more Ministerial Procurement Appeal Boards (MPABs) to each Ministry based on the requirement of the Ministry... The request shall accompany nominations for MPAB including an alternate member based on the structure and appointments indicated under item 8.5.3 (a).

a. Appeal board structure and appointments

Each appeal board has three members appointed for a period of three years.

- i. Chairman of the appeal board: Retired/in service competent officer of all island service with experience in procurement who held/hold an Additional Secretary level and above position.
- ii. Two members: The two members shall be selected from among retired/in service personnel in at least Class I level in the fields of Accounting, Technical and administration or any other specialized field.
- iii. An alternate member will be appointed to serve when a permanent member is absent.
- iv. Ministry Senior Assistance Secretary/Director level officer will function as the Secretary to appeal board.

b. Reporting Responsibility

- i. Appeal Board operations are independent.
- ii. Appeal Board directly report to the SLM.
- iii. Secretary to the appeal board will communicate the progress quarterly to the NPC.

c. MPAB functions and operational procedures

The Secretary to the Line Ministry (SLM) having informed all unsuccessful bidders the intention to award the contract to the successful bidder, as per the recommendation of the relevant MPC, shall inform them in writing to make their representation (if any) against the recommendation of the relevant MPC with copy to NPC. Accordingly;

- i. An unsuccessful bidder who is aggrieved by a recommendation of a MPC may appeal in writing, against the recommendation of the said MPC as the case may be, to the Procurement Appeal Board (PAB) against such recommendation within the standstill period.
- ii. Every appeal shall be addressed to the Chairman, Ministry Procurement Appeal Board of the relevant Ministry.
- iii. Each appeal shall accompany a cash deposit of Rupees Twenty-Five Thousand (Rs. 25,000) as indicated in the Procurement Documents. In case the appeal is upheld, the deposited sum will be refunded to the depositor within one month of the decision of the SLM. If the appeal is rejected, the deposited sum will not be refunded. All deposits shall be made at the relevant Ministry and a receipt obtained. However, deposits will not be accepted without a written representation against the recommendation of the intended contract award. The appeal will be considered only upon proof of such deposits.
- iv. All appeals should be handed over to the office of the MPAB secretariat in the relevant ministry and an acknowledgement obtained.
- v. Appeals shall contain all materials required to support the averments and should be self-contained and supported by relevant documents, to enable the MPAB to arrive at a decision.
- vi. The MPAB, upon receipt of any representations from an unsuccessful bidder shall promptly notify same to the SLM.
- vii. If no representation is made within the stipulated period as stated in 8.5.3.c (vi) above, the SLM shall proceed to award the contract.
- viii. For the purpose of investigation into representations, made to it, the MPAB may call for reports, files or any other relevant documents from the SLM, who shall promptly provide to the MPAB all such documents as requested. The MPAB where deemed necessary, may obtain advice of subject experts in relation to technical aspects of procurement. Similarly, the MPAB may also consult the Secretary General of the National Procurement Commission or the External Resources Department on matters such as procurement aspects and donor

funding.

- ix. Where the views or the observations of the SLM have been called by the MPAB on the specific representations made in the appeal, the SLM shall promptly provide his/her views or observations on the representations, as requested.

d. Appeal Board Operational Responsibility

After investigating into representations made in the appeal, the MPAB shall submit its independent report to the SLM and the report shall contain;

- i. the reasons for endorsement of the decision of the MPC or
- ii. the reasons for rejecting the decision of MPC together with its independent recommendation.
- iii. The MPAB shall submit its report containing its recommendations to the SLM, with copy to the MPC, within 14 working days from the closing date of the appeal.
- iv. MPAB may, if it is deemed necessary, make special observations, in its report to the SLM regarding any instances of serious non-compliance with the Procurement Guidelines by PC/BEC, which have come to the attention of the MPAB in the course of its investigation of the appeal.
- v. The decision of the SLM shall be sent to the Chairman of the MPAB, and the MPAB shall intimate the decision to the bidder, who lodged the appeal, with copies to the SLM and NPC. The decision of the SLM on the appeal shall be final.

PROCUREMENT GUIDELINE REFERENCE: 8.5.4

**DPAB/PPAB FOR DEPARTMENT/PROJECT LEVEL
PROCUREMENTS RELATED TO DPC/PPC**

SLM will appoint Departmental Procurement Appeal Board (DPAB)/ Project Procurement Appeal Board (PPAB) to each institution depending on the requirement of the respective institutions to deal with appeals in relation to DPC/PPC level procurements. The request of AO/HD/PD shall accompany nominations for DPAB/PPAB including an alternate member based on the structure and appointments indicated under item 8.5.4 (a)

a. Appeal board structure and appointments

Each appeal board has three members appointed for a period of three years.

- i. Chairman of the appeal board: Class I officer with experience in procurement.
- ii. Two members: The two members shall be selected from among in service personnel in at least Class II level in the fields of Accounting, and subject specialist.
- iii. An alternate member will be appointed to serve when a permanent member is absent.
- iv. A suitable Staff officer of the institution will function as the Secretary to the appeal board.

b. Reporting Responsibility

- i. Appeal Board operations are independent.
- ii. Appeal Board directly report to the AO/HD/PD
- iii. Secretary to the appeal board will communicate the progress quarterly to the SLM.

c. DPAB functions and operational procedures

The AO/HD/PD having informed all unsuccessful bidders the intention to award the contract to the successful bidder, as per the recommendation of the relevant DPC/PPC, shall inform them in writing to make their representation (if any) against the recommendation of the relevant PC with copy to SLM. Accordingly;

- i. An unsuccessful bidder who is aggrieved by a recommendation of a DPC/PPC may appeal in writing, against the recommendation of the said PC, to the Departmental Procurement Appeal Board (DPAB)/Project Procurement Appeal Board (PPAB) against such recommendation within the standstill period.
- ii. Each appeal shall accompany a cash deposit of Rupees Ten Thousand (Rs. 10,000) as indicated in the Procurement Documents. In case the appeal is upheld, the deposited sum will be refunded to the depositor within one month of the decision of the AO/HD/PD. If the appeal is rejected, the

deposited sum will not be refunded. All deposits shall be made at the relevant institution and a receipt obtained. However, deposits will not be accepted without a written representation against the recommendation of the intended contract award. The appeal will be considered only upon proof of such deposits.

- iii. All appeals should be handed over to the office of the DPAB secretariat in the relevant institution and an acknowledgement obtained.
- iv. Appeals shall contain all materials required to support the averments and should be self-contained and supported by relevant documents, to enable the DPAB to arrive at a decision.
- v. The DPAB, upon receipt of any representations from an unsuccessful bidder shall promptly notify same to the AO/HD/PD.
- vi. If no representation is made within the stipulated period as stated in 8.5.4.c (v) above, the AO/HD/PD shall proceed to award the contract.
- vii. For the purpose of investigation into representations, made to it, the DPAB may call for reports, files or any other relevant documents from the AO/HD/PD, who shall promptly provide to the DPAB all such documents as requested. The DPAB where deemed necessary, may obtain advice of a Procurement expert in relation to technical aspects of procurement. Similarly, the DPAB may also consult the Secretary General of the National Procurement Commission.
- viii. Where the views or the observations of the AO/HD/PD have been called by the DPAB on the specific representations made in the appeal, the AO/HD/PD shall promptly provide his/her views or observations on the representations, as requested.

d. Appeal Board Operational Responsibility

After investigating into representations made in the appeal, the DPAB shall submit its independent report to the AO/HD/PD and the report shall contain;

- i. the reasons for endorsement of the decision of the DPC/PPC or
- ii. the reasons for rejecting the decision of DPC/PPC together with its independent recommendation.

- iii. The DPAB shall submit its report containing its recommendations to the AO/ HD/PD, with copy to the DPC/PPC, within 14 working days from the closing date of the appeal.
- iv. DPAB may, if it is deemed necessary, make special observations, in its report to the AO/HD/PD regarding any instances of serious non-compliance with the Procurement Guidelines by PC/BEC, which have come to the attention of the DPAB in the course of its investigation of the appeal.
- v. The decision of the AO/HD/PD shall be sent to the Chairman of the DPAB, and the DPAB shall intimate the decision to the bidder, who lodged the appeal, with copies to the AO/HD/PD. The decision of the AO/HD/PD on the appeal shall be final.

PROCUREMENT GUIDELINE REFERENCE: 8.5.5

APPOINTMENT OF RPAB FOR RPC PROCUREMENTS

AO will appoint one or more Regional Procurement Appeal Boards (RPABs) to each institution depending on the requirement of the respective institutions to deal with appeals in relation to RPC level procurements.

a. Appeal board structure and appointments

Each appeal board has three members appointed for a period of three years.

- i. Chairman of the appeal board: suitable staff officer nominated by AO.
- ii. Two members: The two members shall be staff officers in the fields of Accounting, and subject specialist.
- iii. An alternate member will be appointed to serve when a permanent member is absent.
- iv. A suitable officer of the institution will function as the Secretary to the appeal board.

b. Reporting Responsibility

- i. Appeal Board operations are independent.
- ii. Appeal Board directly report to the AO.
- iii. Secretary to the appeal board will communicate the progress quarterly to the AO.

c. RPAB functions and operational procedures

The AO having informed all unsuccessful bidders the intention to award the contract to the successful bidder, as per the recommendation of the relevant RPC, shall inform them in writing to make their representation (if any) against the recommendation of the relevant RPC with copy to AO. Accordingly;

- i. An unsuccessful bidder who is aggrieved by a recommendation of a RPC may appeal in writing, against the recommendation of the said RPC, to the AO within the standstill period.
- ii. Each appeal shall accompany a cash deposit of Rupees Five Thousand (Rs. 5,000) as indicated in the Procurement Documents. In case the appeal is upheld, the deposited sum will be refunded to the depositor within one month of the decision of the AO. If the appeal is rejected, the deposited sum will not be refunded. All deposits shall be made at the relevant institution and a receipt obtained. However, deposits will not be accepted without a written representation against the recommendation of the intended contract award. The appeal will be considered only upon proof of such deposits.
- iii. All appeals should be handed over to the office of the RPAB secretariat in the relevant institution and an acknowledgement obtained.
- iv. Appeals shall contain all materials required to support the averments and should be self-contained and supported by relevant documents, to enable the RPAB to arrive at a decision.
- v. The RPAB, upon receipt of any representations from an unsuccessful bidder shall promptly notify same to the AO.
- vi. If no representation is made within the stipulated period as stated in 8.5.5.c (v) above, the AO shall proceed to award the contract.
- vii. For the purpose of investigation into representations, made to it, the RPAB may call for reports, files or any other relevant documents from the

secretariat of RPAB, who shall promptly provide to the RPAB all such documents as requested. The RPAB where deemed necessary, may obtain advice of a Procurement expert in relation to technical aspects of procurement. Similarly, the RPAB may also consult the Secretary General of the National Procurement Commission.

d. Appeal Board Operational Responsibility

After investigating into representations made in the appeal, the RPAB shall submit its independent report to the AO and the report shall contain;

- i. the reasons for endorsement of the decision of the RPC or the reasons for rejecting the decision of RPC together with its independent recommendation.
- ii. The RPAB shall submit its report containing its recommendations to the AO, with copy to the RPC, within 14 working days from the closing date of the appeal.
- iii. RPAB may, if it is deemed necessary, make special observations, in its report to the AO regarding any instances of serious non-compliance with the Procurement Guidelines by PC/BEC, which have come to the attention of the RPAB in the course of its investigation of the appeal.
- iv. The decision of the AO shall be sent to the Chairman of the RPAB, and the RPAB shall intimate the decision to the bidder, who lodged the appeal, with copies to the AO. The decision of the AO on the appeal shall be final.

PROCUREMENT GUIDELINE REFERENCE: 8.5.6

**PAYMENTS FOR MEMBERS OF PROCUREMENT APPEAL
BOARDS (PAB) AND STAFF OFFICERS AND OTHER OFFICERS
ASSISTING IN THE PROCUREMENT APPEALS PROCESS**

PROCUREMENT GUIDELINE REFERENCE: 8.7

FORMAL CONTRACT

A. Issuance of the Letter of Acceptance (LOA)

On the decision of the final award, PE shall issue the Letter of Acceptance to the successful bidder, within the bid/proposal validity period, informing the acceptance of the bid/proposal.

This Letter of acceptance should not contain any new condition other than the conditions agreed in the bidding process. In the letter, it should essentially state the sum that will be paid to the supplier/contractor/service provider by the PE in consideration of the supply/service, installation and maintenance of the items, construction work as prescribed in the contract.

The issuance of LOA constitutes a binding contract.

Specimen formats used for LOA related to goods and works respectively are in **Annex I & II of Chapter 8**.

B. Signing of the Formal Contract

It is required to enter into a formal contract agreement with the successful bidder for;

- a. any Works contract, exceeding SLR 2,000,000 (Sri Lanka Rupees Two Million); and
- b. any Goods or Service or Information Service contract exceeding SLR 1,000,000 (Sri Lanka Rupees One Million).
- c. for any contract, less than the amounts specified above, the PE may at its discretion enter into a formal contract. If a formal letter of acceptance is not issued or a formal agreement is not executed, a purchase order or any other appropriate written document shall be used.

the formal contract agreement shall be signed by the appropriate authority as per the delegated financial authority of the respective PE.

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PROCUREMENT GUIDELINE REFERENCE: 8.8

PUBLICATION OF CONTRACT AWARD

The PE shall publish promptly in its website the particulars in regard to contracts which have been awarded as per the following:

- a. description of the items/Works for which /proposals were invited;
- b. total number of bids/proposal received;
- c. name of the successful bidder/s;
- d. amount at which the contract/s were awarded;
- e. in the case of a contract awarded to a foreign principal the details of the local agent.

If the contract value exceeds LKR 100 Million, publication of the contract award shall be included in the NPC website.

Annex I of Chapter 8

PROCUREMENT GUIDELINE REFERENCE: 8.7

SAMPLE FORMAT FOR LETTER OF ACCEPTANCE FOR SUPPLY CONTRACT

[USE THE LETTER HEADING PAPER OF THE PROCURING ENTITY]

To: -----[name and address of the Contractor] -----

This is to notify you that your bid dated ----- [insert date] supply installation and maintenance¹ of the ----- [name of the Contract and identification number] for the Contract price of -----[name of currency¹] -----[amount in figures and words] as corrected in accordance with Instructions to Bidders and/ or modified by a Memorandum of Understanding² is hereby accepted.

You are hereby instructed to proceed with the execution of the said supplies in accordance with the Contract documents.

The Commencement Date shall be:(fill the date as per Conditions of Contract).

The amount of Performance Security is:(fill the amount as per Conditions of Contract).

The Performance Security shall be submitted on or before (fill the date as per Conditions of Contract).

Authorized Signature:

Name and title of Signatory:

Name of Agency:

¹Delete inapplicable words

²If multiple currencies are involved, indicate amounts under each currency separated with the words, connecting them with 'and'.

³Delete "corrected in accordance with ITB and/or " or "and/or modified by a Memorandum of Understanding", if not applicable

Annex II of Chapter 8

PROCUREMENT GUIDELINE REFERENCE: 8.7

SAMPLE FORMAT FOR LETTER OF ACCEPTANCE

[USE THE LETTER HEADING PAPER OF THE PROCURING ENTITY]

To: -----[name and address of the Contractor] -----

This is to notify you that your bid dated ----- [insert date] construction, remedying the defects of the ----- [name of the Contract and identification number] for the Contract price of -----[name of currency¹] -----[amount in figures and words] as corrected in accordance with Instructions to Bidders and/ or modified by a Memorandum of Understanding² is hereby accepted.

The adjudicator shall be ----- [name and address of the Adjudicator, if agreed] /shall be appointed by the appointing authority.³

You are hereby instructed to proceed with the execution of the said supplies in accordance with the Contract documents.

The Commencement Date shall be:(fill the date as per Conditions of Contract).

The amount of Performance Security is:(fill the amount as per Conditions of Contract).

The Performance Security shall be submitted on or before (fill the date as per Conditions of Contract).

Authorized Signature:

Name and title of Signatory:

Name of Agency:

¹If multiple currencies are involved, indicate amounts under each currency separated with the words, connecting them with 'and'.

²Delete "corrected in accordance with ITB and/or " or "and/or modified by a Memorandum of Understanding", if not applicable

³Delete whichever inapplicable or delete both if not applicable.

CHAPTER 9 - CONTRACT ADMINISTRATION

PROCUREMENT GUIDELINE REFERENCE: 9.1

CONTRACT ADMINISTRATION

A. Purpose of Contract Administration

Purpose of contract administration is to ensure delivery of Goods, Works, Services or Information Systems which were agreed at the time of award, in terms of the quality standards and quantity as per the delivery schedules agreed, while managing the situations to curtail delays, variations and cost overrun to the maximum possible extent.

B. Responsibility for Contract Administration

- a. Responsibility for contract administration lies with the respective PE, regard to all Goods, Works, Services and Information Systems.
- b. Contract administration shall be governed based on the conditions of the contract and new conditions shall not be introduced or requested from the contractor to adhere in to during contract administration process.
- c. PE should ensure that the execution of Works, supply of Goods, Information Systems or the provision of Services are adequately supervised and assessed for the purpose of making payments.
- d. The quality of the Goods and the Services supplied and the execution of Works, are checked independently before acceptance/taking over subject matter of procurement.
- e. Timely addressing the issues pertaining to claims arising from disputes, differences, time extensions during implementation and taking prompt action with due attention to cost escalations.
- f. Ensure accountability in receipt of Goods, Works, Services or Information Systems, completed, and maintaining proper checks and balances in handing over, taking over process, maintenance and operations and keeping of records etc.

C. Certification of Interim Payments, Completion of Works and Final Payments

The Engineer/Consultant/Senior Technical Officer shall be responsible to certify the interim payments, Completion of work and the final payment.

- a. That the Works have been carried out in accordance with the specifications and other agreed terms and conditions; and
- b. That the payments certified are in accordance with the conditions of contract.

D. Certification for Receipt of Goods

The officer in charge shall issue a certificate for receipt of Goods, certifying that:

- a. the Goods supplied are in accordance with the specifications and other agreed terms;
- b. the quantity supplied is in accordance with the contract provisions;
- c. all warranties, guarantees and manuals which are customarily supplied for such Goods or have been specifically agreed upon, have been provided.

E. Certification of Service Completed

For Services the officer-in-charge shall issue a certificate that the Services provided have been carried out in accordance with contractual provisions.

F. Joint Inspections

The PE, as appropriate and necessary may arrange joint inspection on receipt of the certified interim payments, final payment or completion report related to works contracts. Head of the PE may appoint such Joint Inspection Committees, consisting of three members, including the engineer/consultant/senior technical officer who certified the particular payment or completion report. Other members may be two senior officers of such PE.

G. Payment of VAT

- a. In respect of VAT registered contractors or suppliers, the amount of VAT on the value of work done, value of goods supplied, or value of Services provided, should be paid by the PE, provided such Goods, Works or Services are not exempted or not excluded from VAT, provided that such supplier has quoted for VAT and submitted the VAT registration number;
- b. Such payment of VAT will apply in respect of advance payments as well;
- c. When retention money is released by the PE, relevant amount of VAT should also be paid by the PE;
- d. When the VAT is paid to a contractor or supplier, including obtaining any type of service, with respect to VAT payment exceeding Rs. 25,000, the PE should take immediate steps to inform such payments, to the commissioner General of Inland Revenue in the relevant format.

The above information should be furnished monthly, on or before the 15th day of the following month in respect of each contractor/supplier separately, with a copy to the Auditor General.

Any clarification with regard to VAT may be referred to Commissioner General of Inland Revenue.

PROCUREMENT GUIDELINE REFERENCE: 9.2

CHANGE REQUESTS/VARIATIONS

A. Contract Variations

The variations to contracts during the implementation stage, beyond the permitted levels provided under contingencies in the estimates, which the procurements are based, are considered as an unhealthy practice in public procurement. It is a reflection of improper identification of the needs, poor designing and estimation as well as unprofessional nature in procurement planning. Not only such variations are leading to heavy financial burdens to the public, it leads to dilution of the principles of public procurement, thus eroding the confidence. Hence, PEs are responsible for managing the contracts well within the contract award price, with the commitment of the all professionals involved in contract management, except in highly exceptional circumstances.

Such variations may arise due to unforeseen circumstances.

B. Minimizing the Avenues for variations

Precautionary measures for minimizing variation should be taken from the time of procurement planning, designing and estimation and contract management/administration. For the purpose;

- a. Necessity/requirements of the PE should be identified specifically during procurement planning
- b. Prior to preparation of the Procurement Documents, PE should obtain confirmation from the persons who prepared the design and documentation for its accuracy and completeness by certifying such design and documentation. Similarly, confirmations should be obtained from persons identifying the requirement of goods and services on the accuracy and the completeness of such requirements and specifications.
- c. All professionals involved in preparation of TCE shall take appropriate steps not to allow physical contingencies and price fluctuations more than 10% of the Direct Construction Cost.
- d. When ‘Type’ structures or buildings are constructed, compare the original BOQ

with the final measurement of similar “Type” structure or buildings, before finalizing the BOQ, and take steps to increase the accuracy of the BOQ.

C. Approving Authority for Variations

The variation request shall be examined by Change Control Committee (CCC) and make its recommendation to the appropriate authority for approval.

CCC shall satisfy that:

- i. Variations could not have been foreseen at the time of award of contract;
- ii. The change is justifiable in all aspects including scope, quantity, specifications and financial commitment.

CCC shall be comprised with at least three members appointed by CAO/AO (Head of the Department (HD))/PD as appropriate. The three members should be selected from among the subject specialist/ finance/ procurement etc.

One of the members should be appointed as the Chairman of the CCC.

a. Limit of approval of AO/HD/PD

Aggregate variation up to 7.5% of the Contract Award Price; and aggregate variation amount shall be less than the DPC/PPC threshold.

AO (Head of the Department (HD) /Project Director (PD)) may approve the change request on recommendation by the CCC.

b. Limit of approval of CAO

Aggregate variation beyond 7.5% and up to 10% of the Contract Award Price; and aggregate variation amount shall be less than the MPC threshold.

AO shall forward all the relevant documents along with the CCC and AO’s recommendation to the CAO for approval;

c. Aggregate variation exceeds 10% of the contract award price

- i. AO shall forward all the relevant documents along with the AO’s and CCC’s recommendation to the CAO in order to obtain the approval for the variation from the appropriate procurement committee and such PC

need not necessarily be the PC that handled the original procurement;

- ii. On receipt of the approval for the variation, CAO/AO shall take necessary action for revision of TCE where necessary.

The aggregate variation should be submitted to the appropriate authority for approval according **Annex I of Chapter 9**.

PROCUREMENT GUIDELINE REFERENCE: 9.4

DEBARMENT OR BLACKLISTING OF DEFAULTED BIDDERS/CONTRACTORS/SUPPLIERS

A. Debarment or Blacklisting of Defaulted Bidders/Contractors/Suppliers

Debarment or blacklisting of any firm or individual contractor, restricts its right to participate in public procurement for a specific period. The process followed in debarment or blacklisting shall be done in a fair and transparent manner.

The debarment or blacklisting of a firm or individual contractor shall be confined to following three levels;

- a. to all Government Institutions which these Guidelines are applicable;
- b. to a specific Ministry, which the particular firm/contractor blacklisted;
- c. shall confine to a respective Procuring Entity, which such action was taken.

B. Instances for Debarment or Blacklisting

a. Involvement in Fraud and Corruption

When established the involvement in fraudulent and corrupt practice as prescribe in 1.4.3 of the Procurement Guidelines and this Manual blacklisting procedure shall be initiated as prescribed in this Manual.

b. Default on Bid Security Declaration

When a bid security declaration is allowed with the bid/proposal and any particular bidder fails to fulfil any of the conditions in the bid security declaration, the PE shall promptly follow the blacklisting procedure as described in clause 5.9 - b), Option 2.

c. Default in Bidding Stage

- Submission of eligibility and qualification requirements containing false information or falsified documents.
- Withdrawal of a bid/proposal during bid validity period.

- Refusal to accept an award or enter into contract with the government without justifiable cause, after he had been adjudged as having submitted the lowest evaluated responsive Bid/proposal or Highest Rated Responsive Bid/proposal.
- Is found guilty of improper conduct

d. Default in Implementation

In the event of the successful contractor/ supplier:

- informs the PE of his inability to carry out the contract after contract award;
- fails to submit the performance security;
- fails to carry out his contract in a satisfactory manner;
- abandons the Works;
- is guilty of improper conduct etc.

C. Procedure for Debarment or Blacklisting

The procedures to be followed for debarment or blacklisting of a bidder/supplier/contractor;

- a. the PE shall serve on the contractor/supplier a written notice indicating the cause for considering him for debarment or blacklisting, requiring him to show cause in writing, within two weeks that why his name should not be included in the list of debarment or blacklisting of bidder/contractors/ suppliers.
- b. If the PE is not satisfied with the explanation furnished by the contractor/supplier, the PE should request the respective approving authority, to appoint an Independent Review Committee, individual or three members depending on the value of the contract. If it is an one member committee, the member should be outside the PE and if three member committee, at least one member should be an outside the PE.
- c. Review Committee should provide an adequate opportunity to the contractors/ suppliers to represent its case. PE should provide the Review Committee, sufficient grounds with supporting documents, on which proposed debarment or blacklisting against the bidder/contractor/supplier.
- d. After deliberations, the Reviewing Committee shall prepare a report with its recommendation for approval by the respective approving authority as prescribed below. Such recommendations shall include, but not limited that the duration which proposed debarment or blacklisting is effective and the level of applicability of debarment or blacklisting as per above - A.

D. Approving Authority for Debarment or Blacklisting

- a. Related to the contracts at the authority levels of the MPC and above, Secretary to the Treasury.
- b. Related to the contracts at DPC and PPC authority level, CAO of the Line Ministry.
- c. RPC level contract, relevant Head of the Department.

E. Maintenance of the Database of Debarment or Blacklisted Bidder/Suppliers/Contractors

- a. Debarment or blacklisting, confined to all Government Institutions, by the Department of Public Finance and the NPC websites.
- b. Debarment or blacklisting, confined to a particular ministry and the institutions under the purview of that Ministry, at the websites of the respective Ministry and the institution under said Ministry and NPC website.
- c. Debarment or Blacklisting confined to respective PE, website of the said entity and NPC.

F. Appeals Against Blacklisting

Any unsatisfied party on the decision of such approving authority may submit appeals to the following entities for consideration.

- a. Decisions of the Secretary to the Treasury to a special committee appointed by the Minister of Finance
- b. Decisions of the Secretary to the Line Ministry to Secretary to the Treasury
- c. Decisions of the HDs to respective line Ministry Secretary

Upon receipt of such appeals, procedure defined in above **9.4 - C** shall be followed in making a decision against such appeals.

Annex I of Chapter 9

PROCUREMENT GUIDELINE REFERENCE: 9.2

VARIATION TO CONTRACT		
Seeking Approval for Contract Variations		
1. Amount of the original TCE		Rs.
2. Original Contract Price		Rs.
3. Percentage of Contingencies provided in the TCE		
4. Aggregate variations (including changes in quantities) to-date.		
Amount:		
Percentage from the original contract price		
5. Comparison of current Variations against the contract;		
Reasons for variations	In the Original Contract (Amount)	Variation(Amount)
Quantity provided in the BOQ	Rs:	Rs.
Change of Scope	Rs.	Rs.
Sub total		Rs.
Variations issued to-date (from 4 above)		Rs.
Aggregate variations with the current		Rs.
Percentage of the aggregate from the original contract price ¹		
Revised contract price with current aggregate variation		Rs.
6. If the current variation/s is due to error in BOQ, explanation from the officer who was responsible in preparing the original BOQ: (use attachments)		
7. If the current variation/s is due to change in scope, explanation from the Procuring Entity on why it was not foreseen at the design stage: (use attachments)		
8. For comparison purpose, above 5 should be elaborated item wise in a separate attachment		
9. I agree/disagree and certify/ do not certify the proposed variation and recommend/do not recommend for approval. Proposed variations are essential for proper implementation of the project and such variations are due to unavoidable circumstances. ²		
Signature of the Chairman of the HD/PD	Designation	Date

¹ If the aggregate amount of variation as computed above is within approving authority of the CAO and if the CAO is satisfied with the variation and by obtaining the assistance of a BEC appointed by him/her may approve the variation.
If the aggregate amount of variation as computed above is more than the authority level, of the CAO, he/she shall refer it to the appropriate PC, assisted by an appropriate BEC. For this purpose the appropriate committees should be decided on the basis of the increased amount of the contract price and not necessarily the PC relevant to the revised contract price, ² Delete inappropriate words/sentence

CHAPTER 10 – PROCUREMENT OF ESSENTIAL REQUIREMENTS

PROCUREMENT GUIDELINE REFERENCE: 10.3

REPAIRS TO MOTOR VEHICLES AND EQUIPMENT

Head of Department may delegate the authority as given in the Procurement Manual. However, the approval of the Secretary to the Line Ministry should be obtained for repairs exceeding the cost of SLR 300,000/- (Sri Lanka Rupees Three Hundred Thousand)

CHAPTER 11 - PROCUREMENT OF INFORMATION SYSTEMS (IS)

PROCUREMENT GUIDELINE REFERENCE:11.2

PROCUREMENT DOCUMENTS TO BE USED

To select the appropriate Procurement Document for particular IS procurements, examine the purpose and the nature and complexity of the contract of the procurement.

PROCUREMENT GUIDELINE REFERENCE:11.2.1

STRAIGHTFORWARD IS PROCUREMENTS

In procurement of straightforward IS products, PE defines required products, their technical specifications and service requirements such as installation and maintenance support for number of years (usually three years).

Quotation should be obtained through advertisement for Request of Bids (RFB) or, for small value contracts (shopping threshold), when limited competition is justified, through a Request for Quotation (RFQ) to a limited number of firms. However, to ensure competition the PE should receive quotations from not less than three (3) firms.

Some examples of straightforward IS supply and maintenance procurements are;

- Supply and maintenance of Commercial Off-the-Shelf (COTS) IS Products
- Assorted products such as laptops, servers, printers, scanners etc., even if procured large quantities, that require similar installation, simple interconnections and maintenance
- COTS SW(software) and Licenses
- Local area networks

Generally, for these items market is highly competitive, therefore, PE shall use open competitive bidding methods. However, procurement threshold shall apply;

Guidance on Selection Method;

A. “Single Stage One-Envelop” (without prequalification/initial selection)

Single-stage procurement is most appropriate when the specifications and other requirements are well defined and sufficient to enable submissions of complete bid/proposal. In this method requires submission of both technical and financial bids in one envelop. The key basic factors of evaluation are;

- a. Compliance with technical specifications
- b. Ability to deliver as per delivery schedule
- c. Price and other requirements specified in the Procurement Document

Summary of process to be followed;

- i. Publish Specific Procurement Notice (SPN) Requesting for Bids (RFB)
- ii. Clarification period – Bidders can ask questions/clarifications
- iii. Deadline for bid/proposal submission & Public opening of bids/proposals
- iv. Evaluation of bids/proposal
- v. Select most advantageous bid/proposal
- vi. Make decision on intention to award of contract
- vii. Issue notice of intention to award
- viii. Standstill period - bidder/s seeks debrief/s and debrief/s provided, bidders complaints and appeals
- ix. Award of contract
- x. Obtain performance security, appoint adjudicator and sign contract
- xi. Publish contract award notice

Guidance on Selection Method;

B. “Single Stage Two-Envelope” (with or without prequalification/initial selection)

This can be used for single stage, complex IS supply and installation projects where the services component of the procurement goes beyond the routine supply, installation and maintenance of technology (straightforward IS products).

The first envelope contains the qualifications and technical part and the second envelope the financial (price) part; the two-envelopes are opened and evaluated consecutively.

Procurement Documents shall also specify the relevant factors particularly technical

proposals in addition to price to be considered in evaluation and the manner in which they will be applied for evaluation.

Summary of process to be followed;

- i. Publish Specific Procurement Notice (SPN) Requesting for Bids (RFB)
- ii. Clarification period – bidders can ask questions/clarifications
- iii. Deadline for bid/proposal submission & public opening of technical proposals
- iv. Evaluation of technical proposals
- v. Publish financial proposals opening date & time. Notify bidders of results
- vi. Public opening of financial proposals
- vii. Financial proposal evaluation and full evaluation of bid/proposal
- viii. Select most advantageous bid/proposal
- ix. Make decision on intention to award of contract
- x. Issue notice of intention to award
- xi. Standstill period - bidder/s seeks debrief/s and debrief/s provided, bidders complaints and appeals
- xii. Award of contract
- xiii. Obtain performance security, appoint adjudicator and sign contract
- xiv. Publish contract award notice

PROCUREMENT GUIDELINE REFERENCE:11.2.2

COMPLEX SUPPLY AND INSTALLATION AND COMPLEX SYSTEM ENGINEERING PROCUREMENTS

In this procurement bidder bears much of the design risk since it undertakes the responsibility to design and build a system that reaches operational acceptance. The PE, at the same time, lacking the specialized knowledge to design the ideal technical solution, wants to minimize risks by letting bidders propose various solutions. Both parties reduce their risk considerably through the first stage discovery and clarification meetings which ensure that solutions proposed, plus improvements requested, will meet the PE's business/functional/performance requirements.

Guidance on Selection Method;

Multi - stage IS Procurement Process – (with or without prequalification/initial selection)

Under two-stage bidding process, the Request for Proposals (RFP) selection method is normally appropriate for complex procurement where the PE's requirement is specified in terms of business/functional/performance requirements rather than detailed technical specifications.

In the first stage; The PE solicits non-priced technical proposals to address these business/functional/performance requirements. Proposals are invited on the basis of a conceptual design or performance or business/functional specification, subject to the PE's conducting confidential discovery and clarification meetings to learn about possible solutions.

The PE, engage in clarification meetings with the bidders whose initial proposals have not been rejected at the evaluation of first - stage proposals.

When the Procuring Entity engages in discussions with any bidder, it shall extend an equal opportunity to participate in discussions to all bidders.

In the second stage; The request for proposals document is amended to reflect the discoveries made in the confidential discovery and clarification meetings (and additionally based on possible amendments to the request for proposal documents), and issued to each bidder that offered a sufficiently responsive first stage proposal, and requested to submit a second-stage technical proposal and corresponding financial proposal, i.e., a complete, final technical and priced proposal in two (2) envelopes respectively where the two envelopes are opened and evaluated consecutively. The PE's evaluation of responsive proposals will take into account technical factors, in addition to cost factors.

Procurement documents shall also specify the relevant factors particularly technical proposals in addition to price to be considered in evaluation and the manner in which they will be applied for evaluation.

Information Systems that may best be procured by a two-stage RFP process include;

- a. complex business applications, (e.g., an integrated commercial banking system, a treasury management system, electronic Government Procurement system (e-GP) etc.)
- b. a system requiring extensive software development.
- c. complex information technologies that is subject to rapid technological advances (e.g., large scale data processing equipment, systems including highly specialized equipment such as graphics workstations, plotters, photographic equipment such as for advanced cadasters, systems requiring large-scale high-speed telecommunications, country portal). systems involving extensive technical services for design, development, customization, installation, training, operations and technical support.
- d. a combination of the above.

Summary of process to be followed after Pre-qualification (PQ) or Initial Selection;

- i. Send request for technical proposals to initially selected bidders/proposers
- ii. Clarification period – bidders can ask questions/clarifications
- iii. Deadline for bid/proposal submission of technical proposals & public opening of technical proposals
- iv. Evaluation of technical bid/proposals and bilateral discovery meetings with qualified bidders
- v. PE issues; addendum/s of changes to the RFP, if appropriate issue memorandum of changes to individual bidders/proposers and request financial proposals and revised technical bids/proposals
- vi. Public opening of (revised) technical bids/proposals
- vii. Evaluation of technical bids/proposals
- viii. Public opening of financial bids/proposals
- ix. Financial bid/proposal evaluation
- x. Combined evaluation of technical and financial bid/proposal
- xi. Select most advantageous bid/proposal

- xii. Make decision on intention to award the contract
- xiii. Issue notice of intention to award
- xiv. Standstill Period - bidder/s seeks debrief/s and debrief/s provided, bidders' complaints and appeals
- xv. Award contract
- xvi. Obtain performance security, appoint adjudicator and sign contract
- xvii. Publish contract award notice

PROCUREMENT GUIDELINE REFERENCE:11.2.3

IS CONSULTING SERVICES

When using the RFP approach for this type of assignments, there would need to be some customization of the standard RFP issued by the GOSL for the Selection of Consultants, to address IP rights and copyright to the software developed, secure ongoing warranty/support after the end of the development work, determine the nature of the development equipment and development SW (software) license, lay out the approach to testing and acceptance, SW quality assurance process, escrow arrangements and change the payment clauses of the RFP for achievements reflecting SW development and other related areas rather than submitting reports as in the traditional consultancy assignments.

Examples of this type of procurements are;

- a. Consulting assignments to prepare a strategic IS plan or to develop the IS Procurement Documents, provide management support services for an IS project.
- b. In addition, if a procurement focuses mainly on SW design, customization, development, and similar services, it would, therefore, be acceptable to use the RFP for selection of consultant approach.
- c. In some assignment, there could be a need to use HW (hardware) and packaged SW also by the Consultant. However, the HW and packaged SW content should be minimal, i.e. less than 20% of the estimated contract value. If it is more than 20%, PE shall make arrangements to purchase such HW and packaged SW separately using competitive bidding process or PE may seek the advice from the NPC.

PROCUREMENT GUIDELINE REFERENCE:11.2.4

PRE-QUALIFICATION (PQ)/INITIAL SELECTION

Prequalification/initial selection is normally used with Requests for Proposals (RFP) and is optional depending on the nature and complexity of the IS procurement. In prequalification, minimum requirements are normally assessed on a pass/fail basis or rated criteria to rank applications on merit, against such criteria as:

- experience
- technical capability
- satisfactory past performance
- successful completion of similar contracts over a given period
- financial situation
- financial resources, and any other requirement as appropriate

All Applicants that substantially meet the minimum qualification requirements are short listed and invited to submit a Proposal.

At the end of the Prequalification/Initial Selection process, the PE shall inform all Applicants of the results of the Prequalification/Initial Selection. The invitation to submit a Proposal (RFP) to a prequalified Applicants shall include the names of all prequalified/Initially selected Applicants. This establishes the Short-list of Applicants. The PE shall state in the PQ/Initial Selection document, the range of Applicants that may be Initially Pre-qualified. (Usually 4 to 6 Applicants). PE may decide more than 6 applicants where appropriate. But minimum should be 4.

Procedures for using a RFP Selection Method;

Prequalification/Initial Selection shall normally be used with a RFP method for IS Procurement. The PE follows the steps below to carry out Prequalification/Initial Selection process when using the RFP method:

- a. **Prequalification/Initial Selection Document:** prepare the prequalification/Initial Selection document;
- b. **Publication of Specific Procurement Notice (SPN):** prepare the SPN inviting applications for prequalification/Initial Selection. When the prequalification/Initial Selection document is ready for issuance, publish the SPN in accordance with Paragraphs 6.1 - GOSL procurement Guidelines 2018, giving sufficient time (minimum of 21 working days-usually 30 to 60 days) for Applicants to obtain the PQ/Initial Selection document and prepare and submit their Applications;

- c. **Clarifications and Addenda:** respond to any request for clarifications from prospective applicants in writing and forward a copy of the response to all prospective applicants. Any amendment to the PQ document that the PE considers necessary as a result of additional/modified information or written clarifications shall be communicated in writing to all prospective applicants; for complex contracts PE may organize Pre-Bid conference and site visits as appropriate.

- d. **PQ/Initial Selection Application Submission and Opening:** Applications are to be submitted by the deadline specified in the PQ/initial selection document; The PE prepares a record of the opening of applications and distributes a copy of the record to all applicants;

- e. **Grievances handling process:** If there is a grievance by an applicant with regard to non-selection of pre-qualification/initial selection, such grievance shall be directed to the PE with 5 working days and the PE will be required to take a decision on the grievance.

CHAPTER 12 – FRAMEWORK AGREEMENT

PROCUREMENT GUIDELINE REFERENCE:12.2

FEATURES OF FRAMEWORK AGREEMENT

The following features should be incorporated in a Framework Agreement

Purpose - Framework Agreement is a basic agreement with supplier/s which sets out terms and conditions that allow Procuring Entities to order Goods, Works, or Services throughout the term of the agreement under the terms and conditions specified in that framework agreement. (i.e. it provides a mechanism for issuing of purchase orders from a catalogue of Goods, Works, or Services as and when Procuring Entity needs to buy something within the scope established for the Framework Agreement).

The hierarchy of the FWA is set out as follows; Framework Agreement, Call-Off Contracts and finally the purchase order.

There is no funding obligated by this Framework Agreement and no claims for payment may be made by the supplier directly against the Framework Agreement.

The terms and conditions for Call-Off Contracts places no obligations on the Procuring Entity to place future purchase orders, does not require or obligate Procuring Entity to issue any minimum number or value of purchase orders, and does not guarantee any minimum or maximum amount of expenditure.

Issuance of purchase orders to obtain the supplier's Goods, Works, or Services hereunder is wholly within the discretion of Procuring Entities and nothing herein shall be construed to limit Procuring Entities use of other Suppliers to supply similar Goods, Works, or Services.

A central Procuring Entity or Procuring Entity on its own behalf or on behalf of other procuring entities may administer framework procurements and enters into framework agreements with suppliers so that procuring entities may obtain value for money in their purchasing while being assured that their procurement is compliant with the procurement guidelines.

The main principle is that procuring entities pursue Value for Money (VfM) as the best available procurement outcome but have regard to:

- a. non-discrimination among bidders;
- b. transparency and fairness of the selection criteria;

- c. accountability for decisions made, and
- d. careful handling and proper use of public fund.

The evaluation criteria used in each procurement process will be designed to ensure that framework agreements are awarded to suppliers submitting the Most Economically Advantageous Tenders (MEAT), taking into account factors including price; quality; capacity, experience of the bidder and value for money.

PROCUREMENT GUIDELINE REFERENCE:12.3

RESPONSIBILITY FOR MANAGEMENT OF FRAMEWORK AGREEMENT

A. Overall Responsibility of the Body Administering Framework Agreement

For the administration of Framework Agreements, the body administering framework procurements, Central Procurement Entity or Procuring Entity on its own or on behalf of other Procuring Entities shall have the following duties and responsibilities.

a. Overall responsibilities

- i. Coordinate and supervise activities related to preparation of procuring entities' procurement plans for Goods, Works and Services falling under the list of common use items;
- ii. Sole responsibility over the overall procurement procedures, framework agreements management and administration and reporting in the context of carrying out procurements of common use items framework agreements;
- iii. Ensure that all common use items must be procured in agreement with NPC;
- iv. Ensure open and fair competition and apply open national and international bidding procedures in awarding framework agreements;
- v. Encourage domestic procurement of Goods, Works, and Services that are common use items and development of Sri Lankan manufacturing industries;
- vi. Ensure integrity, transparency and ethical standards are implemented in the

procedures at all times;

- vii. Ensure that an appropriate reporting and information system is established;
- viii. Any other tasks deemed necessary in connection with the activities of the body administering framework procurements, Central Procurement Entity or Procuring Entity on its own or on behalf of other Procuring Entities and within its scope of work.

b. Specific responsibilities

- i. Monitor the performance of Framework Agreements of the suppliers, contractors or consultants;
- ii. Hold the performance securities furnished by suppliers or contractors. In the event of a default of suppliers or contractors in connection with the performance of their obligation under the Framework Agreements, the performance securities so held shall be forfeited. Report such default to the NPC;
- iii. Facilitate amicable settlement of disputes between a supplier and a Procuring Entity in connection with the performance of the Call-Off Contracts;
- iv. Provide necessary assistance to Procuring Entities in all areas related to the performance of the Call-Off Contracts;
- v. Evaluate suppliers' or contractors' performance and release performance securities to suppliers performing their obligation as per the terms of the Framework Agreement at the end of the validity period of the Framework Agreement.

B. Procuring Entities' Specific Responsibilities and Duties

Procuring Entities shall discharge the following responsibilities and duties in the course of implementation of Framework Agreement:

- i. Purchase Order and corresponding Call-Off Contract must be based on the guiding principles issued by the NPC and form part of the Framework Agreement between the Central Procuring Entity or Procuring Entity on its own or on behalf of other Procuring Entities and each supplier. Call-Off Contract will constitute the entire understanding between Procuring Entity and the supplier, contractor, or consultant relating to the Goods, Works, or Services ordered;
- ii. Procuring Entity is obliged by the terms of the FWA and its Call-Off Contract;

- iii. Procuring Entity can issue purchase order only for items listed in the framework agreement. Purchase order must be based on the list of its requirements previously communicated to the body administering framework agreements;
- iv. Procuring Entity may request supplier to confirm that purchase order has been accepted and that the terms of the framework agreement will apply. In this case, the supplier has warranted that it has not changed the terms of the framework agreement;
- v. Procuring Entity must make sure that a supplier has performed his obligation under framework agreement in accordance with the terms and conditions of the framework agreement;
- vi. Procuring Entity must make every effort necessary to resolve amicably issues arising from the performance of the Call-off contract which may develop in to a dispute;
- vii. Procuring Entity must report in due time in writing to the body administering framework procurements, any act or omission by a supplier constituting major default such as non-compliance with quality requirements, shortage in the quantity of deliveries, failure to deliver on schedule and improper packaging;
- viii. Procuring Entity must set schedule for issuance of purchase order for its requirements embodied in a framework agreement and specify the quantity of Goods or Services to be supplied under a purchase order;
- ix. Procuring Entity must maintain files and/or digital records that would contain the following: contract and any modifications, all contract correspondence, inspections, records, memos and conversations with the supplier;
- x. Both Procuring Entity and the supplier should take all necessary precautions to ensure that all confidential information is treated as confidential and not disclosed or used other than for the purposes of the Call-Off Contract by their employees, servants, agents or sub-contractors;
- xi. Procuring Entity is required to pay the supplier for Goods, Works, or Services ordered.

PROCUREMENT GUIDELINE REFERENCE:12.4

PROCEDURAL AND IMPLEMENTATION ARRANGEMENTS

A. Procedural Arrangement

The procurement of items which are of common use to Procuring Entities shall be carried out in accordance with the provisions complying with the following procedure:

- i. The Central Procurement Entity or Procurement Entity on its own or on behalf of other Procuring Entities with the concurrence of the National Procurement Commission (NPC) shall identify common use items.
- ii. Each Procuring Entity shall, aggregates its annual procurement requirements from all user units and departments within the timeframe set for this purpose and inform the Central Procuring Entity or Procuring Entity on its own or on behalf of other Procuring Entities.
- iii. The body administering framework agreement, shall prepare a procurement plan on the basis of the aggregated requirements it receives from various user units, departments, and publish in its website and communicate such plan to the NPC for the review and publication at the NPC Website and e-GP Portal.
- iv. The body administering framework agreement, shall develop Procurement Documents for each procurement type based on the model most appropriate to that procurement and estimate the value of each procurement requirement based on a survey of the prevailing market price.
- v. The body administering framework agreement, shall issue invitation to bid.

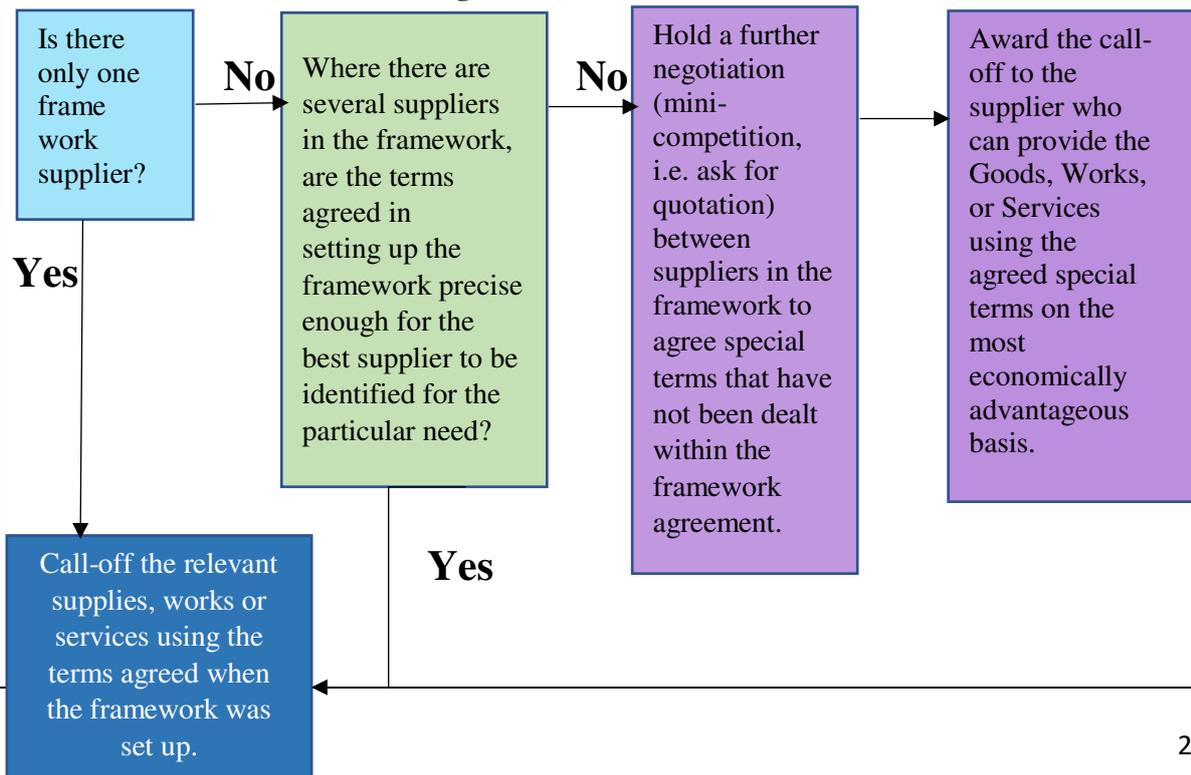
In addition to other mandatory information in the Procurement Document, the invitation to bid must include:

- i. A statement indicating that the invitation to bid is issued to conclude Framework Agreement for supply of common user items, Works or Services;
- ii. The estimated type and maximum quantity or value of the Goods, Works, or Services for which Call-Off Contracts are to be placed. This is necessary in order for suppliers to be able to gauge the likely value of Call-Off Contracts and to provide a figure which, as with other contracts, should not normally be exceeded without a new competition taking place.

- iii. The length of the Framework Agreement shall be one to three years;
- iv. The list of Procuring Entities entitled to operate Call-Off Contracts under the terms of the Framework Agreement can be named, or a generic description may be used;
 - e.g. Government Departments, Institutions, local authorities, or all Government Procuring Entities of Sri Lanka.
- vi. The body administering framework agreements, shall use Standard Procurement Documents exclusively developed by NPC.
- vii. Once the invitation to bid has been published the body administering Framework Agreements, should follow the Guidelines and procedures for all phases of the procurement process covered by the Procurement Guidelines. This will include the obligatory use of the open bidding procedures, as well as the provisions on specifications, selection of bidders, and award. At the award stage, the suppliers to be included in the Framework Agreements should be selected by applying the evaluation criteria to establish the most economically advantageous bid or bids.
- viii. Framework Agreements can be concluded with a single supplier or with several suppliers for the same Goods, Works, or Services in order of their rank in the bid evaluation result.

Figure 1 sets out the questions which need to be asked in order to establish how a framework agreement should be treated.

Figure 1: Call-off Process



a. How to Use the Set of Framework Agreements?

- i. All Procuring Entities whose requirements have been accommodated by the body administering Framework Agreement, are obliged to use Framework Agreements for the procurement of common user items.
- ii. Ordering procedures can be found in Paragraph 12.4 – B (b), along with provision for Special Terms.
- iii. Where a Framework Agreement is concluded with just one supplier call-off contracts under the Framework Agreement should be awarded within the terms laid down in the framework agreement, supplemented as necessary (see Manual 12.4 – B (d) for examples of how terms may be supplemented). It is the same principle as that applying to a normal contract, except that, with a Framework Agreement, there will be an interval between the awarding of the framework agreement itself and the calling-off of the goods or services under it. There can be no substantive change to the specification or the terms and conditions agreed at the time that the framework is awarded.
- iv. Where Framework Agreements for the same Goods, Works or Services are awarded to several suppliers, there are two possible options for awarding Call-Off Contracts under the Framework Agreement.
 - Apply the terms of the Framework Agreement;
 - Where appropriate, enter into a supplementary contract with a supplier.

B. Implementation Arrangements

Accessing the Framework Agreement

a. Introduction

To order Goods, Works or Services from framework agreements Procuring Entities may in some instances be in a position to select a single supplier. However, Procuring Entities may be required to conduct a further negotiation through a mini-competition (i.e. asking for quotations) between multiple suppliers and agree special contract terms and enter into a supplementary contract with a supplier, as explained below.

b. Ordering

Procuring Entities may order from the Framework Agreement if they can determine whether they can ensure best value for money within the terms of framework agreement.

To order Goods or Services directly from the framework agreement, Procuring Entity:

- a. first determine from the catalog of Goods, Works or Services which suppliers, contractors, or consultants are capable of meeting its requirement;
- b. then decide which of these fully meets their requirements; and
- c. finally place its purchase order with the supplier.

c. Special Terms

Where procuring entity determines that additional special terms that have not been dealt within the framework agreement are needed, Procuring Entity may, in consultation with the body administering framework procurements, Central Procuring Entity or Procuring Entity on its own or on behalf of other Procuring Entities, carries out a further negotiation (invite for mini-competition among the suppliers through a quotation call), agree special contract terms, and enter into a Call-Off Contract with a supplier. However, these special terms must not be used to materially affect other fundamental terms of Framework Agreement.

Such terms might be used to define the following:

- i. Particular delivery timescales;
- ii. Particular invoicing arrangements and payment profiles;
- iii. Quantity of goods or services to be supplied under a purchase order;
- iv. Notification or change of place of delivery;
- v. Additional security needs;
- vi. Particular associated services, e.g. installation, maintenance and training; and
- vii. Individual special terms (e.g. specific to the particular products, Works, or Services that will be provided to meet a particular requirement under the Framework Agreement).

d. Placing a Purchase Order

Procuring Entity can order Goods, Works, or Services direct with the supplier by placing a Purchase Order (see Purchase Order Form in **Annex I of Chapter 12**).

By placing a purchase order, a Procuring Entity is entering into a Call-Off Contract with the supplier and, as a minimum; the following information should be included in the official purchase order:

- i. Contract number and name;
- ii. Name and address of supplier and procuring entity;
- iii. Procuring Entity's purchase order number;
- iv. Date of order and date of delivery;
- v. Description of item/work/service, product code, contract price, quantity and any
- vi. accessories, if need be.

PROCUREMENT GUIDELINE REFERENCE:12.5

PROCUREMENT MANAGEMENT

A. Supporting Framework

The procurement of common user items will be performed in accordance with the Guidelines, Manuals and Standard Procurement Documents for Framework Agreements issued by the NPC.

a. Procurement Procedures Threshold

The following table provides details of the appropriate thresholds for procurement of Goods, Works and Services that are identified as common user items (to be published).

B. Procurement of Common User Items

a. Publication of Bidding Opportunities

In order to ensure the widest possible participation in competitive bidding and the requisite transparency all bidding opportunities must be published in the NPC website, e-GP portal, and international websites recommended by the Foreign Funding Agencies. (FFA)

b. Competitive Bidding

Procurements by means of National or International Competitive Bidding shall be made in accordance with provisions made in the Procurement Guidelines on Goods, Works, Services, and Information Systems.

C. Financial Management

a. Management of Payments

As Procuring Entities are entitled to pay the supplier for Goods, Works or Services ordered they are obliged to maintain financial records and accounts and prepare financial statements in accordance with consistently applied accounting standards adequate to reflect the operations, resources and expenditures related to the implementation of framework contracts covering the duration of the Framework Agreement.

PROCUREMENT GUIDELINE REFERENCE: 12.5

PURCHASE ORDER FORM



Democratic Socialist Republic of Sri Lanka

Procuring Entity Purchase Order		Framework Agreement Registration Number:	Purchase Order Number:	Date:		
TO:						
DELIVER TO:			INVOICE TO:			
Required Delivery Date:						
Supplier Contact Information			Procuring Entity Contact Information			
Contact Address		Contact Address				
Contact Name		Contact Name				
Contact Email Address		Contact Email Address				
Contact Phone Number		Contact Phone Number				
Contact Fax Number		Contact Fax Number				
ITEM NO	PRODUCT CODE OR SERVICES ID NO	PRODUCT OR SERVICES DESCRIPTION	UNIT	QTY	UNIT PRICE	TOTAL
1.						
2.						
3.						
TERMS AND CONDITIONS	<input type="checkbox"/>	This Purchase Order is issued under the Framework Agreement No___. Terms and Conditions set forth in that Agreement are incorporated herein by reference as if set forth in full			TAXABLE	
	<input type="checkbox"/>	special provisions are attached and titled _____			VAT	
	<input type="checkbox"/>	Any other attachments are identified on continuation pages.			NON-TAXABLE*	
CERTIFICATION AND APPROVAL OF AUTHORIZED OFFICER					GRAND TOTAL	
I HEREBY CERTIFY, on personal knowledge, that this order for purchasing items specified above is issued in accordance with the procedure prescribed by the National Procurement Commission (NPC); and that all such legal requirements have been fully complied with					DISTRIBUTION	
					Copy 1:	Supplier
					Copy 2:	Recipient
					Copy 3:	Packing Slip
AUTHORIZING NAME;	TITLE:	AUTHORIZING SIGNATURE:	Copy 4:	Procurement Unit File		

CHAPTER 13 – e-GOVERNMENT PROCUREMENT (e-GP)

PROCUREMENT GUIDE LINE REFERENCE: 13.2

IMPLEMENTATION PROCESS OF e-GP AT THE PEs

- a. These e-GP procedures represent the use of the e-GP System to carry out the public procurement activities electronically online. However, the PEs shall remain responsible for making their own judgment in using the e-GP system for full or part of the procurement process.
- b. At the initial stages it is not possible for an e-GP system to include all procurement steps. But for some steps, e-GP is very efficient and effective such as procurement planning, advertising, receipt of EOIs, pre-qualification, short listing, preparation and issuance of Procurement Documents, pre-bid conference, clarifications, modifications and addenda's, clarifications at evaluation stage, contract award notification, and publication of results. Therefore, PEs if they so wish, may carry out the above steps using e-GP provided that they have satisfied the relevant requirements of e-GP.

It is possible to apply e-GP for selected steps specified above in public procurement process, adding more steps to the system in a phased approach as resources, legislation, and necessary developments permit.

- c. The e-GP system (electronic system) and its Guidelines and Manuals are not intended to be fixed and shall be revised as necessary in the light of experience being gathered during implementation and in operation.

PROCUREMENT GUIDE LINE REFERENCE: 13.5

e-GP SYSTEM ACCESS

- a. Conduct of e-procurement procedures for the supply of Goods, Works, Services, Information Systems and Consultancy Services shall be carried out by a PE using an e-GP system.
- b. The system shall allow electronic exchange of documents between a Procuring Entity and suppliers.
- c. The system shall allow the management of the qualification process for the updating of supplier lists, carry out e-bidding, complaint handling, and the evaluation of suppliers, award of contract, contract management, etc., publish data based on Open Contracting Data Standard (OCDS - see more details in Chapter 14) which is a core product of the Open Contracting Partnership (OCP).
- d. The system keeps track of audit trail for the accountability purposes.
- e. All procurement activities will be conducted under the defined workflow of the procurement processes and should be possible to configure for each Procuring Entity based on their authority and role matrix.
- f. All the Guidelines, rules, and processes will be incorporated in the e-GP system, so that most of the compliance requirements are tracked by the system automatically.
- g. e-GP system should provide a comprehensive Procurement Management Information System (PMIS) with defined compliance, performance and risk-based indicators.
- h. e-GP System should be supported by the e-catalog and e-payment functions.
- i. e-GP System should also incorporate the Foreign Funded Projects procurements.
- j. The e-GP system access shall be open, equal, and unrestricted to all prospective bidders. Those who want to submit information or receive online alerts or notifications (i.e. email or SMS alerts) of amendments or clarifications shall be offered an online registration facility and it shall be free.
- k. The e-GP system shall be interoperable through open standards with Information Communication Technology (ICT) products in common use.
- l. Downloaded documents shall be readable through open standards with a range of commonly used office software. If specialized software is necessary, this shall also be

downloadable (e.g. software to read documents in PDF) free of charge and compatible with commonly used system and office software. Similarly, the requirements for electronic submissions, if provided for, shall require only open standard interfaces with commonly used office software, or the submission software shall be available online from the PE's system as required.

- m. The e-GP system shall perform reliably and securely in time-sensitive, commercial application.
- n. When an officer with an e-signature ceases to work for the PE, the e-signature shall be surrendered to the issuing authority immediately.
- o. In the event of a loss of the e-signature by an officer of a PE, for any reason whatsoever including a misplacement, hardware or software malfunctions, operating systems problems and malware, the officer shall immediately report such loss to the relevant issuing authority immediately.

PROCUREMENT GUIDE LINE REFERENCE: 13.9

e-ADVERTISING

- a. Advertisement shall be made available on the procurement opportunities section of the web sites of PE, NPC, and FFA's web sites-if applicable shall be available to all interested parties to search, read and download the e-advertisement.
- b. Those publicly accessible website shall be well known nationally, well maintained, functional and offers free and unrestricted access.
- c. Where bidding/proposal submission is restricted to prequalification/short-listing, this shall be clearly disclosed in the bid advertising. The bid advertisements and results disclosures shall not be restricted.

PROCUREMENT GUIDE LINES REFERENCE: 13.10

PROCUREMENT DOCUMENTS

- a. The use of standard Procurement Documents (SPDs) and standard Request for Proposals (RFPs) are required.
- b. The Procurement Documents/RFPs shall be made available on the procurement opportunities section of the relevant websites and shall be available to all interested parties to search, read and download.
- c. While PEs may offer the distribution of Procurement Documents/RFPs in generally available electronic formats (e.g. xml, html, doc, rtf, xls, ppt), they shall ensure that these documents can be traced to the PEs' legally binding documents in paper or electronic format.
- d. PEs shall ensure the integrity of Procurement Documents /RFPs in electronic or paper format, and their online publication. Amendments shall be similarly secure and stored with the BDs/RFPs. PEs shall inform bidders/consultants where the legally binding documents can be accessed.

PROCUREMENT GUIDE LINES REFERENCE: 13.11

CORRESPONDENCE, CLARIFICATIONS, AND AMENDMENTS

Correspondence during bid/proposal evaluation for the purpose of clarification may also be done electronically with the normal restrictions against modifying the substance or price of the bid/proposal.

All clarifications and amendments or substitutions of the Procurement Documents as well as any pre-bid conference minutes shall be posted simultaneously onto a bid tracking page of the bid advertising websites that is freely accessible to all. Bidders who have already expressed an interest should be directly informed electronically of any such postings.

Amendments or substitutions by any official will be tracked and recorded for audit and NPC investigation. Systems shall ensure that only authorized changes can be made.

In case of any amendments or substitutions to the Procurement document/Request for Proposal (RFP) by the PE, the PE shall not replace the Procurement document/RFP with a new one but provide such changes by means of an additional document in line with the same distribution mechanism as for the original.

The PE shall track receipt by bidders when distributing pre-bid amendments, substitutions, and clarifications online.

If contracting authorities stage online pre-bid conferences and clarifications, including for example online conferencing and chat facilities, such facilities shall not function after the bid submission deadline and PE shall not be bound to respond to any inquiries received after the deadline for bid submission.

PROCUREMENT GUIDE LINES REFERENCE:13.12

PRE-BID CONFERENCE

In the case of very special issue, PE may consider the clarifications received after the pre-bid conference, depending on the importance of the clarification and the time permits.

If the pre-bid conference is specified in the procurement document, it shall be held within 7 to 10 working days from the date of publication and the date shall be stated in the procurement document.

The methods of distribution of answers to clarifications, pre-bid conference minutes and any addendums are explained in clause 13.11 above.

PROCUREMENT GUIDE LINE REFERENCE:13.14

SUBMISSION OF e-BIDS/PROPOSALS

- a. There shall be security arrangements to ensure confidentiality (i.e. protect confidentiality by permitting only authorized persons' access to the content at the approved time) and integrity (i.e. not allow any modification) of bids/proposals in electronic format.

The Bidders shall electronically sign all information's, data's, documents and certificates uploaded or submitted through online forms by the bidder, owning responsibility for their correctness and authenticity.

A bid/proposal can be submitted during the online bid submission stage only using the e-Signature/Digital signature that is used to encrypt the data.

- b. The Bidders shall upload the bids/proposals with copies (usually one-time upload, and update in regular basis when updates required) of all the relevant certificates and documents on the electronic system in support of their bids.

Bids/proposals submitted online shall be scanned for viruses by the PE before being uploaded and accepted into the online bid box, and if this causes a bid to be rejected, the bidder shall be notified immediately.

Prior to submitting an electronic bid/proposal the bidder must ensure that all documents are completely viruses free using virus checking software, even though the PE also will check the uploaded files to ensure the files are free of viruses.

- c. Online submissions shall be received into an online bid box and maintained at high standards of security for long-term recordkeeping and auditing. At no time shall bids/proposals be in unencrypted format. Copies taken and decrypted for bid evaluation purposes shall not affect the integrity of the original record.

- d. PEs shall ensure that the date and time of an automated closure of an electronic bid deadline can be set only simultaneously by at least two authorized officers. There must also be secure procedures to ensure that the settings are in accordance with international time zone standards.

- e. If the electronic submissions submitted online and files containing the bid/proposal are corrupt, contain a virus, or are unreadable for any reason, the tender will not be considered. It is strictly the responsibility of the bidder to ensure the integrity, completeness and authenticity of the bid/proposal.

f. Bidders shall be advised that their bids/proposals must be readable through open standard interfaces. Submission of large volume electronic documents may take time and as such sufficient time must be allowed to fully transmit all documents prior to the bid submission deadline. For making file size smaller, files shall be compressed in to zip format.

g. Bidders shall be allowed to submit modifications to bids/proposals or to withdraw previously submitted bids/proposals electronically up to, but not after, the time of the bid/proposal submission deadline.

Receipt of a modification or a notice of withdrawal including the date and time shall be acknowledged electronically (SMS alert, email etc.) by the PE.

h. PEs shall accept only those bids/proposals in electronic format that were submitted or modified at the time of the bid submission deadline. Receipt of electronic submissions, including the date and time, must be acknowledged immediately and shall also be sent to bidders electronically.

i. PEs shall not be liable for any loss, damage, destruction or corruption of any bids/proposals.

j. Errors or faults in the bidder's computer systems, interruption of internet or any other infrastructure issues are not the PE's responsibility and no extension to the bid/proposal submission deadline will be made because of the reasons of this kind.

k. A secure log of these processes shall be available for audit as required.

PROCUREMENT GUIDE LINES REFERENCE: 13.15

BID SECURITIES AND PERFORMANCE SECURITIES

If PE decided to request for bid security, following process should be considered;

- a. Proof of bid security as required by the PE, where applicable, shall be scanned and uploaded along with the bid/proposal until banks are integrated in the e-GP System. (When banks are integrated or interfaces, to a single e-GP portal, such bid securities shall be directly submitted by the banks on agreement with the bidders.)
- b. Original bid securities may be requested by the PE at the time of bid/proposal evaluation period. There cannot be any changes in the dates and should be in accordance with the terms and conditions stipulated in the procurement document.
- c. In case bid security is required to be forfeited, PE shall instruct the relevant bank and bank in turn will credit the amount in the PE's bank account or any other account nominated by the PE.
- d. As the banks will be issuing bid securities, further verification from PE for authentication may not be required.
- e. Performance security will be issued by the bank on the request made by the successful bidder and submission to the PE can follow the same procedure as bid security.
- f. In case performance security is required to be forfeited, PE shall instruct the relevant bank and bank in turn will credit the amount in the PE's bank account or any other account nominated by the PE.
- g. As the banks will be issuing performance securities, further verification from PE for authentication may not be required.

PROCUREMENT GUIDE LINES REFERENCE: 13.16

PUBLIC OPENING OF e-BIDS/PROPOSALS

If the option of electronic public opening of e-Bids/Proposals is available;

- a. PE should be established a Bid/Proposal Opening Committee (B/POC) comprising three members. Among them one must be from the PE and he/she also must be a member of evaluation committee to satisfy the PE's authentication requirements of the electronic system and should be knowledgeable in e-GP. There shall be a Procurement Specialist (PS) from the same PE or any other Government PE as a second member who is having an adequate knowledge in e-GP operations. At the initial stage if there is a difficulty in finding such PS, PE shall seek assistance/ advice from the relevant CAO.
- b. Electronic and/or print bids/proposals if submitted shall be opened in a public opening at a same location and time (bid submission deadline) stipulated in the Procurement Documents.

PE shall open bids/proposals in electronic format first followed by the bids/proposals submitted on paper. All e-bids/proposals must be readable through open standard interfaces and formats.

- c. Bidders who choose to do so may attend the bid opening and are invited to sign a record of attendance. Information read out at the bid opening shall include where applicable, the name of the bidder, prices, discounts offered, bid security and any other pertinent information that may be deemed necessary and shall be simultaneously posted onto a website. A record of the bid opening must be kept in print copy and signed by officers of the B/POC. B/POC shall make the bid/proposal opening minutes freely available by means of a website download.
- d. Notwithstanding, a PE may allow for online viewing of bid/proposal opening proceedings by prospective bidders.
- e. Bids/proposals in electronic format shall be protected against access by unauthorized persons until the publication of the contract award.
- f. PE shall ensure that, for two-envelop process of bids/proposals or proposals where so specified in the Procurement Document, financial proposals in electronic format shall only be accessed and opened after the evaluation of technical proposals. The opening of this stage also shall be subject to the same transparency and confidentiality.

Financial bids/proposals for unsuccessful bidders shall not be opened even at this stage.

- g. Without limiting the generality of the preceding, the bidder submitting a bid/proposals or proposal may encrypt their bid/proposal as provisioned in the e-GP System.
- h. A record of the bid/proposal opening shall be published in the relevant websites and also published in the format of Open Contracting Data Standard (OCDS).
- i. PE shall ensure that the date and time of an automated closure of an electronic bid/proposal deadline is indicated in the invitation notice or Procurement Document.

PROCUREMENT GUIDE LINES REFERENCE: 13.17

EVALUATION OF e-BIDS/e-PROPOSALS

- a. Two members of the BEC with e-GP knowledge shall be from PE to satisfy the PE's authentication requirements in electronic system.
- b. Appointing authority of Evaluation/Procurement Committees shall, upon appointment of any such committee, register its members and give them access to the e-procurement system.
- c. Members of the relevant committees shall access the system only in specified and restricted time for specific procurement defined by a PE for submitting the evaluation results and reports.
- d. PE must ensure that the committee members of BEC/PC have sufficient knowledge and are conversant with the available tools and facilities offered by the electronic system. For example; the way to enter data, to view, update scoring criteria & weightings, electronic analysis of bids/proposals received, audit trails, retrieving and preparation of relevant documents and reporting etc.
- e. The bid evaluation report shall be submitted by BEC and accessed electronically by the PCs for approval.

- f. Contract award shall be published online consistent with bid advertising.

PROCUREMENT GUIDE LINES REFERENCE: 13.25

INFORMATION SECURITY MANAGEMENT (ISM)

- a. International standards and best practices of ISM includes but not limited to;
- i. asset security, access security, human resource security, documentation security, physical and online security
 - ii. operations management and business application controls
 - iii. business continuity, record keeping, and compliance
 - iv. integrity issues
- b. The electronic system and information/data security shall ensure that secure records are kept of every steps, process, procedure, transmission, receipt, and transaction in terms of the content, executing individual, and authorizations, time, and date. These records shall be kept for at least 3 years after the closing date of the contract completion and be made available for audit purposes and any other management requirement.
- c. The electronic system should assure that all user and system activities and access to sensitive data and information through the electronic system are captured in the audit trial for future auditing purposes.
- d. The electronic system shall not allow access to modify the audit trials.
- e. Only authorized auditors with special approval may access the audit logs.
- f. All the activities of each and every user from login to logout shall be recorded along with the identity of the user, date & time, and the reason.
- g. The electronic system keeps all information of its users in encrypted form in data base, all final Procurement Documents including bid evaluation report in encrypted form and shall not be accessible to anyone without sufficient authority from the relevant authorities.

PROCUREMENT GUIDE LINES REFERENCE: 13.26

ELECTRONIC PROCUREMENT MODELS

Several models of electronic systems are given below;

- a. **Dedicated e-Procurement Model** - this model owns, operate and controls the electronic system, and also governs all the procurement activities carried out.
- b. **Managed Services Outsourcing Model** - operated by a third party under a service contract arrangement.
- c. **Infrastructure Support Outsourcing Model** - Infrastructure support is provided by the third party.
- d. **Full outsourcing Model** - All operations and infrastructure are handled by the third party.

CHAPTER 14 – OPEN CONTRACTING DATA STAND (OCDS)

PROCUREMENT GUIDE LINES REFERENCE: 14.1

INTRODUCTION

A. Publication Requirement

Procuring Entities should publish procurement data and information through web site of the Procuring Entities and through an e-GP System for information related to all stages of the public contracting process (planning, procurement, and implementation), including for contracts that are awarded through non-competitive processes. Call for the publication of timely and useful procurement and contract management information, including:

- Procurement plans
- Tender notices in full details such as GPN, SPN, EOI etc.
- Procurement Documents
- Bid/proposal evaluation reports
- Award notices, including prices and other relevant details
- Implementation progress (physical and financial) and contract variations
- Feedback/complaints, decisions
- Sanctioned or restricted companies

The estimated budget in the procurement plan can be kept confidential. Responsibility of the publication of information lies with the Procuring Entity.

B. Timing & Frequency of Publication

Approved information should be published as and when the procurement process is completed and information is ready in the national e-GP portal as well as in the web portal of the Procuring Entity.

C. Format & License of Publication

The information should be published for free and open to ensure that the information can be re-used by members of the public.

D. Procurement and Contracts

- a. To enable the release of open data, Procuring Entities shall include all Government contracts with suppliers, that address the following requirement:

Procurement contract data of the winning contract should be included and published in a timely manner, unless excluded from being made available as open data.

- b. The e-GP System will have features as a core function that allow for the extraction of content into an open format. It also will provide Application Programming Interfaces (API) in accordance with common best practices presented in the open contracting data standard.

E. Stakeholder Engagement

Procuring Entities ensure the citizen participation in terms of consultation, observation, and monitoring, in the a) planning; b) procurement; and c) implementation of public contracts.

- a. Civil society engagement shall be ensured through granting free access to all public procurement information to be published.
- b. Procuring Entities shall facilitate involvement of the public in exercising oversight in the field of procurement.
- c. Citizens, civil society organizations and their associations shall not interfere the procurement process.

PROCUREMENT GUIDE LINES REFERENCE: 14.2

STANDARD

A. Contracting Process

In OCDS, a unique contracting process and associated Open Contracting Identifier (OCID), for each contract should be available. OCID is an identifier which can be used to join up data between different stages of a particular contracting process. From the procurement perspective, this means a unique contracting process for every tender is available.

OCID is a globally unique identifier for a contracting process. The publisher should use a consistent OCID in the contracting process in order to tie together the related tenders, awards, contracts and implementation details. Without using such a globally unique identifier, the users do not have a complete picture about the contracting process since they cannot understand how the different processes are connected to each other.

The use of a globally unique OCID allows third-parties to refer to a contracting process with confidence. In this system, when multiple open contracting datasets are brought together there is no risk of data of different contracting processes clashing or becoming confusing.

B. Structured Data Model

The OCDS provides a structured data model for capturing in-depth information about all stages of the contracting process.

Since the OCDS gathers information about the different stages related to the contracting process, the releases are made up of a number of blocks of data, including:

- planning (information from the planning phase of the contracting process. This includes information related to the process of deciding what to contract for, when and how.);
- tender (the activities undertaken in order to enter into a contract.);
- award (information on the award of the contract. There may be more than one award per contracting process, for instance because the contract is split amongst different suppliers, or because it is a standing offer.);
- contract (information from the contract making phase and contract amendments of the contract execution process.);
- implementation (implementation information can be updated over the course of a contract execution.)

Since the release defines a unique contracting process, it can only contain one set of tender information but multiple award, contract and implementation information. These releases should be published within a Release Package, modeled on the Data Package protocol which provides meta-data about the release(s) it contains, the publisher, and data licensing information. The structure of the Release Package is presented below:

Table 1: Release Package

Field Name	Description	Format
uri	The Uniform Resource Identifier (URI) of this package that identifies it uniquely in the world.	uri string
Published Date	The date that this package was published. Ideally this should be the latest date that there is release of information in this package.	date-time string
releases	See release-schema.json section for further details at the URL below:	Object Array

	http://ocds.open-contracting.org/standard/r/1__0__0/release-schema.json	
publisher	Information to uniquely identify the publisher of this package. See more information at the URL below: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#publisher	Object
license	A link to the license that applies to the data in this data-package. A Public Domain Dedication or Open Definition Conformant license is strongly recommended. The official URI of the license should be used. Documents linked from this file may be under other license conditions.	uri string
Publication Policy	A link to a document describing the publisher's publication policy.	uri string

Figure 1: Release Package



The top level of a release consists of the following fields and objects:

Table 2: Release Scheme

Field Name	Description	Format
ocid	A globally unique identifier for this Open Contracting Process. Composed of a publisher prefix and an identifier for the contracting process. For more information see the Open Contracting Identifier guidance at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/key_concepts/identifiers/#ocid	string
id	A unique identifier that identifies this release. A release ID must be unique within a release-package and must not contain the # character.	string
date	The date this information is released, it may well be the same as the parent published Date, it must not be later than the published Date from the parent package. It is used to determine merge order.	date-time string
tag	A value from the release Tag codelist that identifies the nature of the release being made. Tags may be used to filter release, or, in future, for advanced validation when certain kinds of releases should contain certain fields.	Array

Initiation Type	String specifying the type of initiation process used for this contract, taken from the initiation Type codelist. Currently only tender is supported. More information on the codelist is available at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/codelists#initiation-type	string
planning	Information from the planning phase of the contracting process. This includes information related to the process of deciding what to contract for, when and how. More information is available at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#planning	Reference
tender	The activities undertaken in order to enter into a contract. More information is available at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#tender	Reference
buyer	The buyer is the entity whose budget will be used to purchase the goods. This may be different from the procuring agency who may be specified in the tender data. More information is available at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#organization	Reference
awards	Information from the award phase of the contracting process. There may be more than one award per contracting process e.g. because the contract is split amongst different providers, or because it is a standing offer. More information is available at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#award	Object Array
contracts	Information from the contract making phase of the procurement process. More information is available at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#contract	Object Array
language	Specifies the default language of the data using either two-digit ISO 639-1, or extended BCP47 language tags. The use of two-letter codes from ISO 639-1 is strongly recommended.	string

Figure 2: Release Scheme



The releases are made up of a number of blocks of data, including planning, tender, award, contract and implementation. The fields included in these blocks are presented below:

Table 3: Planning block

Field Name	Description	Format
budget	More information is available at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#budget	Reference
rationale	The rationale for the procurement provided in free text. More detail can be provided in an attached document.	string
documents	A list of documents related to the planning process. More information is available at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#document	Object Array

Figure 3: Planning Block



Table 4: Tender block

Field Name	Description	Format
id	An identifier for this tender process. This may be the same as the ocid, or may be drawn from an internally held identifier for this tender.	string, integer
title	Tender title	string
description	Tender description	string
status	The current status of the tender based on the tenderStatus codelist. More information on the codelist can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/codestats#tender-status	string
items	The goods and services to be purchased, broken into line items wherever possible. Items should not be duplicated, but a quantity of 2 specified instead. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#item	Object Array
minValue	The minimum estimated value of the procurement. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#value	Reference
value	The total upper estimated value of the procurement. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#value	Reference
Procurement Method	Specify tendering method against the method codelist as per GPA definitions of Open, Selective, Limited. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/codestats#method	string
Procurement Method Rationale	Rationale of procurement method, especially in the case of Limited tendering.	string
Award Criteria	Specify the award criteria for the procurement, using the award criteria codelist. More information can be found at URL:	string

	http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/codelist#award-criteria	
Award Criteria Details	Any detailed or further information on the award or selection criteria.	string
Submission Method	Specify the method by which bids must be submitted, in person, written, or electronic auction, using the submission method codelist. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/codelist#submission-method	Array
Submission Method Details	Any detailed or further information on the submission method. This may include the address, e-mail address or online service to which bids should be submitted, and any special requirements to be followed for submissions.	string
Tender Period	The period when the tender is open for submissions. The end date is the closing date for tender submissions. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#period	Reference
Enquiry Period	The period during which enquiries may be made and answered. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#period	Reference
Has Enquiries	A Yes/No field to indicate whether enquiries were part of tender process.	boolean
Eligibility Criteria	A description of any eligibility criteria for potential suppliers.	string
Award Period	The date or period on which an award is anticipated to be made. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#period	Reference
Number Of Tenderers		integer
tenderers	All entities who submit a tender. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#organization	Object Array
Procuring Entity	The entity managing the procurement, which may be different from the buyer who is paying / using the	Reference

	items being procured. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#organization	
documents	All documents and attachments related to the tender, including any notices. More information on the codelist can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/codelists#document-type More information on the document section can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#document	Object Array
milestones	A list of milestones associated with the tender. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#milestone	Object Array
amendment	More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#amendment	Reference

Figure 4: Tender Block

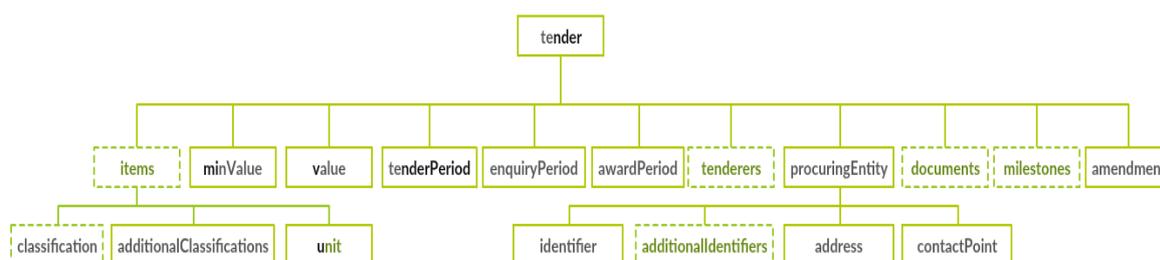


Table 5: Award block

Field Name	Description	Format
id	The identifier for this award. It must be unique and cannot change within the Open Contracting Process it is part of (defined by a single ocid). More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/key_concepts/identifiers/	string, integer

title	Award title	string
description	Award description	string
status	The current status of the award drawn from the awardStatus codelist. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/codelists/#award-status	string
date	The date of the contract award. This is usually the date on which a decision to award was made.	date-time string
value	The total value of this award. In the case of a framework contract this may be the total estimated lifetime value, or maximum value, of the agreement. There may be more than one award per procurement. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#value	Reference
suppliers	The suppliers awarded this award. If different suppliers have been awarded different items of values, these should be split into separate award blocks. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#organization	Object Array
items	The goods and services awarded in this award, broken into line items wherever possible. Items should not be duplicated, but the quantity specified instead. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#item	Object Array
Contract Period	The period for which the contract has been awarded. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#period	Reference
documents	All documents and attachments related to the award, including any notices. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#document	Object Array
amendment	More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#amendment	Reference

Figure 5: Award Block

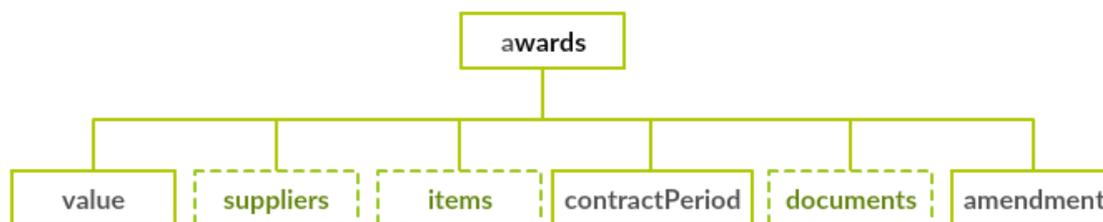


Table 6: Contract block

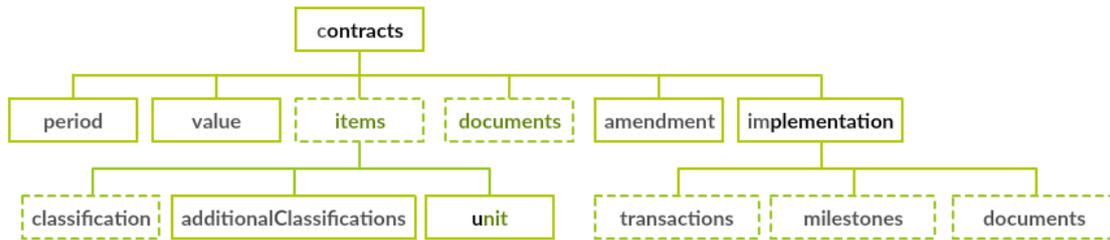
Field Name	Description	Format
id	The identifier for this contract. It must be unique and cannot change within its Open Contracting Process (defined by a single ocid). For more information see the Open Contracting Identifier guidance at the following URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/key_concepts/identifiers/#ocid	string, integer
Award ID	The award.id against which this contract is being issued.	string, integer
title	Contract title	string
description	Contract description	string
status	The current status of the contract. Drawn from the contractStatus codelist. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/codellists/#contract-status	string
period	The start and end date for the contract. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#period	Reference
value	The total value of this contract. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#value	Reference
items	The goods, services, and any intangible outcomes in this contract. Note: If the items are the same as the award do not repeat. More information can be found at URL:	Object Array

	http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#item	
Date Signed	The date the contract was signed. In the case of multiple signatures, the date of the last signature.	date-time string
documents	All documents and attachments related to the contract, including any notices. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#document	Object Array
amendment	More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#amendment	Reference
implementation	Information related to the implementation of the contract in accordance with the obligations laid out therein. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#implementation	Reference

Table 7: Implementation block

Field Name	Description	Format
transactions	A list of the spending transactions made against this contract . More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#transaction	Object Array
milestones	As milestones are completed, milestone completions should be documented. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#milestone	Object Array
documents	Documents and reports that are part of the implementation phase e.g. audit and evaluation reports. As milestones are completed, milestone completions should be documented. More information can be found at URL: http://ocds.open-contracting.org/standard/r/1__0__0/en/schema/reference/#document	Object Array

Figure 6: Contract Block



Since there will be multiple releases regarding a specific contracting process, a single contracting record for each OCID should be made available in order to provide a summary of all the available data about this particular contracting process. As per the standard (http://standard.open-contracting.org/latest/en/schema/records_reference/), a record must contain:

- an OCID, and
- an array of releases related to this contracting process - either by providing a URL of the location where these releases can be found, or by embedding a full copy of the release

Additionally, records should contain:

- compiled Release - the latest version of all open contracting process fields, represented using the release schema.

Records may optionally contain:

- versioned Release - containing the history of the data in the compiled Record, with all known past values of any field and the release that information came from.

The versioned release format is designed to support analysis of how data has changed between releases, and will often be generated by data users, rather than by publishers.

C. Release Handling

The full OCDS data model is based on the idea of publishing a new release every time information about a contracting process changes. This way, users can gain a full view of change over time, and third-parties can understand what needs to be updated in any system that is tracking the progress of a contracting process. Also, the publishers should decide whether they will include the whole information in each release or just provide the changes.

Practically, when an action changes any of the fields (from the top or lower level) described above, a new release should be published. For example:

- When a new tender is published in the e-Procurement system, a new release with

the tag “tender” is published. This release contains information regarding the initiation Type, the planning, the tender, the buyer and the language blocks.

- For the same tender, in case a clarification is published, the field “has Enquiries” included in the “tender” block should change from false to true. Therefore, a new release with the tag “tender Update” should be published in order to reflect the update to the existing tender release.

This model also requires publishers to pay careful attention to null values and missing fields. As per the standard, the fields that are not being used, or that have no value, can be excluded in their entirety from a published file. Also, in case a value of a previously published field needs to be removed, this field should be explicitly set to null.

D. Use of Code lists

In order to enable the interoperability of the data, the OCDS schema references a number of codelists. There are two kinds of codelists, open and closed.

An open codelist provides suggested codes, but publishers can extend these lists with new codes on the basis of consensus with other publishers, or by using a code prefixed with 'x_' to indicate that it is a local 'eXtension' to the codelist.

For example, OCDS provides a list of types of documents which may be attached to tenders, awards, contracts and milestones. However, a group of publishers may discover the need to identify another kind of document. These publishers would not need to wait for a future version of the standard to agree upon and add a new code to an open codelist, although they should consult with the community through the mailing list and GitHub platform, and should suggest the code for formal incorporation into the codelists.

The open codelists are presented in the following table:

Table 8: Open codelists

codelist	Description	Example
Item Classification Scheme	Items should be classified using existing gazetteers and codelists, such as the UNSPSC. Open codelists are strongly preferred.	<p>The items block which is used to list the line-items associated with a tender, award or contract should contain the classification for the item. In that case, the Item Classification Scheme should be used in order to identify the preferred classification list.</p> <p>In case the UNSPSC code (80101508-Business intelligence consulting services) is used in an e-Procurement system, the classification of the item should contain the following details:</p> <pre>"classification": { "scheme": "UNSPSC",</pre>

		"description": "Business intelligence consulting services", "id": "80101508", "uri": http://www.unspsc.org/codeset-downloads}
Organization Identifier Scheme	The Organization Identifier Scheme currently uses the codes from the International Aid Transparency Initiative 'Organisation Registration Agency' codelist.	The Organisation registration agency (http://iatistandard.org/201/codelists/OrganisationRegistrationAgency/) contains the organisation registry agencies and their code. These can be used as the prefix for an organisation identifier. For example, in an e-Procurement system, the involved buyer organisation is from Sri Lanka. The organisation register prefix for National Procurement Commission is LK-NPC. The globally unique organisation identifier can then expressed as follows: "identifier": { "scheme": "LK-NPC", "legalName": "National Procurement Commission", "uri": "https://www.npcom.lk/#/p/pacrasearch/" }
Document Type	This list provides details of the documents that publishers may wish to provide at various points their contracting process.	In an e-Procurement system, there are many documents available in the tender, describing the bidding process. In that case, the documentType of these documents should be “biddingDocuments”. For the documents containing the evaluation report for the tender process, the “evaluationReports” code should be used.
Award Criteria	The award criteria code list describes the basis on which contract awards will be made.	In an e-Procurement system, the evaluation mechanism for a tender could be the Least Cost Selection (LCS). In that case, the suitable award criteria code should be “lowestCost”.
Submission Method	The submission method codelist is used to identify the mechanism through which a submission may be made.	In the tender process of an e-Procurement system, the suppliers are allowed to create and submit their bids using electronic means (i.e. online). In that case, the submission method code should be “electronicSubmission”.

A closed codelist provides mandatory codes and publishers should only use values provided in the official list. Changes to closed codelists should take place through the governance and revision process for the schema.

Codes are case sensitive, and are generally provided as English language ‘CamelCase’.

Codes values should not be translated, though the OCDS team will work with publishers to provide alternative translations of code titles and definitions.

The closed code lists are presented in the following table:

Table 9: Closed codelists

codelist	Description	Example
Release Tag	A contracting process may result in a number of releases of information over time. These should be tagged to indicate the stage of the contracting process they relate to.	The tag field is used in the release in order to identify the nature of the release being made. In case a new tender is published in an e-Procurement system, the tag field included in the release should be “tender”.
Initiation Type	Contracting processes may be formed under a number of different processes. Currently, only 'tender' is supported in this codelist. Future versions of the standard may support other Initiation Types. The initiation type may be provide information to consuming applications on the different blocks of data and releases they should expect from a contracting process.	N/A
Tender Status	The tender status field is used to indicate the current status of a tender process.	In an e-Procurement system, the tender is opened for the bid submissions. In that case, the status code should be “active”.
Method	The method codelist is based upon the GPA Definitions.	In an e-Procurement system, the procurement method of a tender could be “Open Bidding National” which means that all suppliers may submit a tender. In that case, the method code should be “open”.
Award Status	An award move through multiple states. Releases over time may update the status of an award.	In an e-Procurement system, in case the award is completed, the award status should be “active”
Contract Status	Contracts can move through multiple states. Releases over time may update the status of a contract.	A contract can be in “pending” status if it is in the planning stages i.e. the tender award has been finalized and negotiations are currently taking place with the preferred supplier. Once the contract commences, it’s status is

		updated to “active”. Depending on the progress, the contract can either be updated to “cancelled” or “terminated”. The last code is also used to reflect contracts that have been successfully delivered and are no longer in force.
Currency	OCDS uses the ISO 3-letter currency codes maintained in ISO 4217.	In an e-Procurement system, the currency of the value could be expressed in Sri Lanka LKR. In that case, the LKR code should be used.
Milestone Status	In the context of a tender block, milestones describe the key deliverables of a contract, or key points during the lifetime of the contract.	Milestones are initially created in a status of “notMet” as the contract is mapped out into an implementation plan. The status of the milestones can change to either “met” or “partially Met” as implementation progresses.

CHAPTER 15 – GREEN PUBLIC PROCUREMENT

PROCUREMENT GUIDE LINES REFERENCE: 15.1

INTRODUCTION TO GREEN PUBLIC PROCUREMENT

Green Public Procurement (GPP) means that public authorities seek to purchase Goods, Services and Works with a reduced negative environmental impact throughout their life - cycle compared to Goods, Works, Services and IS with the same primary function which would otherwise be procured.

Introducing the Green Public Procurement should also be viewed in the context of the country's public procurement reform initiatives. This Guideline for GPP is therefore a major milestone, not just in effectively introducing a sustainable development mindset within public procurement practices, but also in ensuring that taxpayers' money is spent wisely.

Challenges to green procurements are;

- Price; There is perception that the green procurements are expensive than conventional alternatives, as the development cost is reflected in the price. However, when calculating the overall costs under the green procurement against the conventional life cycle cost, often there is no significant different.
- Lack of corporate commitment; There should be commitment from all levels of the procurement process for green procurement,
- Insufficient knowledge with regard to the benefits over the cost; There is long-term unquantifiable benefits than costs especially in terms of health and safety in addition to the enormous cost savings,
- Market; Availability of green products in the market is always limited
- Green alternatives and substitutes; There are no acceptable green alternatives and substitutes products readily available in the markets,
- Green specifications; There are no green specifications, unless otherwise specifically produced to meet the clearly defined green requirements,

- Behavior; Among manufacturers and suppliers there is no habit of producing and buying green products.

GPP policy is, has been linked to four specific savings leads to energy-saving, land-savings, materiel-savings and environmental-human health and safety savings. Therefore, NPC will take the lead to formulate the green procurement policy with the support of Line Ministry and to establish Green Public Procurement framework in Sri Lanka.

PROCUREMENT GUIDE LINES REFERENCE: 15.1.1

GREEN PUBLIC PROCUREMENT POLICY

The Guidelines document constitutes the Guidelines for Green Public Procurement (GPP) in response to the Government's recognition for the need to address the problem of negative environmental impact through the responsible environment conscious public procurement.

Sri Lankan Government policy is to implement and practice green procurement as a mandatory requirement when Government Institutions procuring Goods, Works, Services and IS and according to the Guidelines formulated by the NPC with the assistance of the relevant authorities. As a general guide, GPP Guidelines shall apply to all Government Institutions in the procurement of common use items identified by the Inter-Agency Expert Committee on Green Public Procurement (IAEC-GPP) which will be explained in clause 15.4. Large development projects and construction projects also shall follow the green procurement Guidelines issued by the NPC and specifically Government Institutions are encouraged to avoid procurement of single use - disposable items and products, works and information systems.

The Guideline is in-line with the proposed Green Public Procurement Policy and shall be regularly revised as institutional capacity improves and Green Public Procurement (GPP) implementation progresses.

PROCUREMENT GUIDE LINES REFERENCE: 15.2

GUIDING PRINCIPLES OF GPP

GPP is rooted in the principles of pollution prevention, which strives to eliminate or to reduce risk to human health, safety and to the environment.

The integration of Green Public Procurement policy and the principle considerations into public procurement policy and practice refers to;

- promoting environmental aspects (green and sustainable public procurement) and
- adhering to certain social and ethical standards (socially responsible public procurement) and obtaining ISO 14001 certification.

Successful implementation of Green Procurement requires the identification and implementation of environmental performance opportunities at both the strategic and operational levels, taking into consideration specific buying patterns, sustainable development targets and other government priorities.

Since public procurement as such, has a direct impact on the national economy and can influence both the price and the availability of goods, works and services, in the marketplace, the Government is in a position to influence the demand for environmentally preferable goods, works and services and the ability of industry to respond to the escalating use of environmental standards, through the increased promotion of environmental sustainability, and by integrating the application of environmental performance considerations in its operational process.

As part of an ongoing commitment to improve the environment and the quality of life, green public procurement seeks to reduce the environmental impacts of Government operations and promote environmental stewardship by integrating environmental performance considerations in the procurement process.

Green procurement is set within the context of achieving value for money. It requires the integration of environmental performance considerations into the procurement lifecycle process including *planning, procurement, use and disposal*. In this context, value for money includes the consideration of many factors such as cost, performance, availability, quality and environmental performance. Green procurement also requires an understanding of the environmental aspects and potential impacts and costs, associated with the life cycle assessment of goods and services being acquired. In addition, the supporting administrative

processes and procurement methods can also offer opportunities to reduce the environmental impacts of Government operations.

Social responsibility of public procurement is about Procuring Entities taking into consideration the societal impacts of their procurements in a broader sense than merely looking at the price or the price-quality relationship. The guiding influence of public procurement, which is of key importance in society, is associated with corporate social responsibility. By promoting socially responsible public procurements, the entities can provide bidding community (suppliers, contractors, consultants) with genuine incentives to develop corporate social responsibility in their activities.

PROCUREMENT GUIDE LINES REFERENCE: 15.3

INTRODUCING GPP STRATEGY

To achieve GPP general objectives, GPP strategy should be introduced as discussed below.

- increase the level of Green Public Procurement knowledge and practices at institutional level progressively and introducing it to the national and regional level, and;
- stimulate the market by creating demand for products that meet high environmental standards, and innovative environmental technologies by the public sector by reaching out to Procuring Entities with information on the possible use GPP;
- increase awareness of the GPP, among public, institutions, suppliers and producers and supply-chain players;
- increase in the share of GPP out of the public procurements;
- increase the number of suppliers producing ecologically certified products. eg: green labels;
- encourage Procuring Entities and suppliers to promote green initiatives;
- initiate a consultation process during the preparation of procurement activities, using “bottom-up” meetings, focus groups at local and regional level and professional expert panels for the use of green products;

- spread the idea of green public procurement by open access to information about biddings, tenders and contracts;

The green public procurement as a public procurement whereby the Procuring Entity includes into the Procurement Documents at least the minimum environmental requirements to be maintained in order to procure Goods, Works, Services and while considering not only their price and quality but also the reduced environmental impact throughout their life-cycle, thereby stimulating the production of environment-friendly products. Green procurement enables the Procuring Entity to acquire the product which: (if compared to the product of the same function)

- consumes less depletable resources or use them more sustainably for its production and consumption and therefore pollutes less;
- is made from renewable, ecological sources;
- contains fewer or none hazardous, toxic materials;
- is durable, functional and does not have a negative impact on the human's health and safety and environment;
- can be used repeatedly;
- in the end of its use can be recycled.

PROCUREMENT GUIDE LINES REFERENCE: 15.4

ROLE PLAY BY THE MINISTRY OF ENVIRONMENT

The Ministry of Environment shall establish an Inter-Agency Expert Committee on Green Public Procurement (IAEC-GPP).

The suggested committee structure is as follows:

- a. Additional Secretary level technical representation from Ministry of Environment
- b. Director level representation from Ministry of Finance
- c. Representation from Green Building Council (CIDA) of Sri Lanka
- d. Representation from Urban Development Authority
- e. Representation from Universities

- f. Representation from private sector

Terms of Reference of IAEC-GPP:

- a. Preparation and oversee the adoption of the green specifications for public procurement;
- b. Oversee a comprehensive review of the common user products and services procured by the Procuring Entities with a view to developing more green specifications;
- c. Oversee the identification of green materials in public works projects and examine the implications of their use with a view to promoting use of green materials;
- d. Examination of products and services of selected by Procuring Entities with a view to develop green specifications as appropriate for adoption and wider application within the Government; and
- e. Review GPP Guidelines in regular basis and inform NPC for uplifting the Guidelines to enhance GPP.

PROCUREMENT GUIDE LINES REFERENCE: 15.5

INTRODUCING GREEN SPECIFICATIONS FOR COMMONLY USED ITEMS

The inter-agency expert committee on green public procurement shall regularly carry out market research and develop green specifications for products commonly used by the Procuring Entities which are procured using Framework Agreements or other methods of procurement. As regards to common used items purchased by the Procuring Entities shall use these green specifications in procuring the common use items required by them. In the event the Procuring Entity requires to make any amendment to the approved green specification or develop a new green procurement specification, such amendments/developments should be submitted to the Inter-Agency expert committee and with that approval of the committee the procurement shall be undertaken.

At the beginning the number of products on the Government procurement list with green specifications is xx items (**Annex I of Chapter 15**). The NPC will continue to review

regularly with a view to expanding the list of products with green specifications as appropriate.

PROCUREMENT GUIDE LINES REFERENCE: 15.6

INCLUSION OF GREEN PUBLIC PROCUREMENT CRITERIA IN PROCUREMENT DOCUMENTS

IAEC - GPP expert committee will develop green specifications for commonly used items, goods/products, works and services, as shown below and as in **Annex I of Chapter 15**. Suggested products and services as a start to GPP are given below. Related green specifications are tentatively prepared by the IAEC.

At the start, commonly using goods/products by the Government Institutions for IAEC's consideration are given below.

- Building & construction products
- Cleaning items and detergents
- Flooring products
- Furniture & fittings
- Office products & services
- Paint Products
- Paper Products
- Recycled products & services
- Textiles
- Toiletry & personal hygiene products Services
- Recycled products & services
- Cleaning Services

PROCUREMENT GUIDE LINES REFERENCE: 15.7

EVALUATION OF BIDS WITH GREEN CRITERIA

NPC will issue detailed procedures regarding the evaluation of bids/proposals with green criteria after IAEC finalize the studies and recommendation. However, environment factors considered for bid/proposal evaluation and related framework are given below for PEs consideration in general.

- a. Environmental factors and related cost estimates could be used for bid/proposal evaluation in assessing the value for money. Every PE may take into consideration

following factors in the evaluation of any bids/proposals;

- Operation costs, such as energy, water, maintenance costs consume by the goods over its usage/life.
- Indirect costs. For example, less energy efficient information technology equipment, and when produce more heat causing the building air conditioning systems to work harder and increase electricity costs.
- Administrative cost, such as complying to work place hazardous materials, waste out of information system, telephones, bulbs etc.
- Investing up front to save cost later,
- Use of refurbish parts or products where possible,
- Recyclability and use-waste can create market for owned waste such as paper, toner cartridges etc recovering cost from waste,
- cost of disposal arrangements,
- Establishing minimum environmental performance standards for commodities where there is a sufficient supplier base to support competition.
- Where the supplier base is limited, include incentive for meeting extra environmental performance criteria,
- Use of construction terms, to define environmental obligations, such as packaging, taking-back of used items, use of certified recyclers for e-waste.

b. Environmental evaluation indicators.

Examples of indicators that should be examined to develop bid/proposal evaluation criteria are as follows;

- Environmental certification
 - i. Has the goods/ services has been certified through an independent institution such as ISO 14001
 - ii. Environmental attributes from relevant studies of the goods.
- Energy and resource efficiency
 - i. Does the PE purchase used, remanufactured, rebuilt or refurbished goods, machinery, pump or material

- ii. Does this goods make efficient use of resources and energy throughout of its life cycle
- iii. Does this goods, machine or vehicle generate waste high water consumption or on the other hand, energy saving features,
- iv. Are there measures to extend the useful life of the good; for example reuse, recharge or reconditions etc.
- Recycle content;
 - i. Does the good include post-consumer recycle content?
- Performance testing
 - i. Is it possible to test the good/service prior to purchase?
 - ii. Does the good meet the performance specifications?
- Packaging
 - i. Is packaging reduced to the bare minimum required to ensure that the good is delivered in perfect working conditions?
 - ii. Is the packaging re-usable, contain reusable or recyclable parts?
- On site waste management
 - i. During the project, will all waste be sourced separated on site and recycled?
 - ii. Is the good/service designed to minimize waste?
- Return for disassembly and recycling
 - i. Does the good include a return for recycling policy
 - ii. Will consumables be accepted for recycling?
- Warranties
 - i. What is the expected life span of the good?
 - ii. How long is the warranty, should you purchase extended warranty?
- Maintenance
 - i. Is the good designed for easy maintenance and repair?
 - ii. Are maintenance and replacement parts readily available?
- Environmental attributes of the supplier
 - i. Does the supplier have a certification or registrations such as ISO 14001?

ii. Has the supplier received environmental clearance for supply and production?

PROCUREMENT GUIDE LINES REFERENCE: 15.8

ANNUAL REPORT ON GREEN PRODUCT PURCHASE

All Government Institutions are required to report annually the share of the Green Product purchase out of the total procurement in their annual report.

PROCUREMENT GUIDELINE REFERENCE: 15.5

**EXAMPLE GREEN SPECIFICATION AND CRITERIA OF NO. xx
COMMONLY USED ITEMS WITH RECOMMENDED GREEN
SPECIFICATIONS AND CRITERIA**

Category A – Building and Construction Supplies

Product Code	Product Item	Recommended Green Specification
C01	All Purpose Cleaners	<p>Mandatory Requirements</p> <ul style="list-style-type: none"> a) The pH of aqueous solution of the detergent shall not be higher than 10.5. b) The product shall not be formulated or manufactured with alkylphenol ethoxylates (APEOs) and ethylene diamine tetra acetic acid. <p>Desirable Requirements</p> <ul style="list-style-type: none"> a) The products should not contain halo genated substances or solvents, including reactive chlorine compounds. b) The products should not contain more than 5% by weight of volatile organic compounds (VOCs). c) The products should not be formulated or manufactured with phosphate or phosphonates. d) The products should not be formulated with ammonia or ammonium compounds. e) The products should be at least 90% biodegradable. f) The products should not contain any heavy metals, or their compounds as listed below: <ul style="list-style-type: none"> i. Arsenic ii. Cadmium iii. Cobalt iv. Hexavalent chromium v. Lead vi. Mercury vii. Selenium
C02	Disinfectant	<p>Desirable Requirements</p> <p>The product should not be formulated or manufactured with surfactants belonging to Alkylphenol ethoxylates (APEOs),</p>

		<p>ethylene diamine tetra acetic acid (EDTA) or nitrilotriacetate (NTA).</p> <p>a) The product should not be formulated or manufactured with builders belonging to phosphates.</p> <p>b) The product should not be formulated with any chemicals that are included in the International Agency for Research on Cancer (IARC) lists for proven (Group 1), probable (Group 2A), or possible (Group 2B) carcinogens.</p> <p>c) The product should not be formulated or manufactured with aromatic compounds.</p>
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Category C - Paper for Printing and Photocopying

Product Code	Product Item	Recommended Green Specification
C01	Photocopying Recycled Paper	<p>Mandatory Requirements</p> <ul style="list-style-type: none"> • The paper shall contain at least 80% recovered fibre or at least 40% post-consumer fibre by weight • Paper packing (paper wrapper and carton box) shall be made from 100% recovered fibre by weight.

