

Public Procurement Management

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Categories of Procurement

- Goods
- Works
- Services
 - Consulting
 - Non-consulting

Categories of Procurement

Goods

A category of procurement that includes: commodities, raw material, machinery, equipment, vehicles, Plant, and related services such as transportation, insurance, installation, commissioning, training, and initial maintenance.

Works

Means any construction work consisting of erection, assembly, repair, renovation or demolition of a building or structure or part thereof, and includes incidental services such as drilling, mapping, satellite photography, seismic investigations and similar activities, if the value of those services does not exceed that of the works themselves.

Consulting Services

Covers a range of services that are of an advisory or professional nature (Intellectual) and are provided by Consultants.

Non-consulting Services

Services which are not Consulting Services. Non-consulting Services are normally bid and contracted on the basis of performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied.

Public Procurement?

“Acquisition of goods, services, and works that result in best value to the government and the public as the former expends the money generated by the taxpayers.” How?

- People
- Processes
- Controls

Why it is important?

- Public Procurement accounts 12% of GDP in OECD countries and much more in developing countries (20-30%)
- Therefore
- Successful procurement process is a pre-requisite for successful project implementation
- Development Objectives, Results and
- Value for Money are achieved by efficient procurement processes

Evolving role of the project procurement function in 5-10 years.....

2030 Agenda for Sustainable Development



- **Goal 12.** Ensure sustainable consumption and production patterns
- **12.7** Promote public procurement practices that are sustainable, in accordance with national policies and priorities



- **Goal 16.** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- **16.5** Substantially reduce corruption and bribery in all their forms

PPRA	Ordinance/ Act	Rules	SBDs
Federal	2002 (Ordinance)	2004	2008 (PEC)
Punjab	2009	2014	Not yet/(PEC)
Sindh	2006/2009	2010	2011/2012 (RFP)
Balochistan	2009	2014	2015/2017
KP	2012	2014	2015/2016 (Goods)

Bid

- means a tender, or an offer, in response to an invitation, by a person,
- consultant, firm, company or an organization expressing his or its willingness to undertake a specified task at a price;

Call off order

- means an order placed by a procuring agency under general terms and pricing on a range of goods under closed framework agreement, without having to negotiate terms every time

Competitive bidding

- means a procedure leading to the award of a contract whereby all the interested persons, firms, companies or organizations may bid for the contract and includes both national competitive bidding and international competitive bidding;

Framework agreement

- means a contractual arrangement which allows a procuring agency to procure goods, services or works that are needed
- continuously or repeatedly at agreed terms and conditions over an agreed
- period of time, through placement of a number of orders;

Unsolicited project proposal

- means any proposal containing a unique
- and innovative idea and approach, and the same is not submitted in response to
- any procurement request, however is aligned with the mission and objectives of the procuring agency and is subject to competitive selection process by soliciting counter proposals challenging the initiator's proposal in all the technical and financial aspects;

Conflict of Interest

- Conflict of interest is a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations and that such conflict of interest may contribute to or constitute a **prohibited practice**.

Prohibited Practices

- **Corrupt practice:**
 - is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- **Fraudulent practice:**
 - is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- **Collusive practice:**
 - is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

Prohibited Practices

- **Coercive practice:**
 - is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- **Obstructive practice:**
 - is: (a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede the investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
 - (b) acts intended to materially impede the exercise of the inspection, investigation and audit rights.

Principles of Public Procurement

Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a

- Fair and transparent manner,
- The object of procurement brings value for money to the agency, and
- The procurement process is efficient and economical.

Principles

- ✓ Economy:
- ✓ Efficiency:
- ✓ Fairness:
- ✓ Transparency:
- ✓ Accountability:
- ✓ Quality
- ✓ Value for Money

Value for Money (by Dr. Nigel)

- Best available outcome when all
- relevant costs and benefits over the full procurement cycle are considered.
- Reconciliation of technical considerations of suitability and/or performance with commercial considerations of cost, availability, post delivery support, and effective warranties
- to achieve best overall balance and ensure that benefits are commensurate with costs.

Four Key Steps

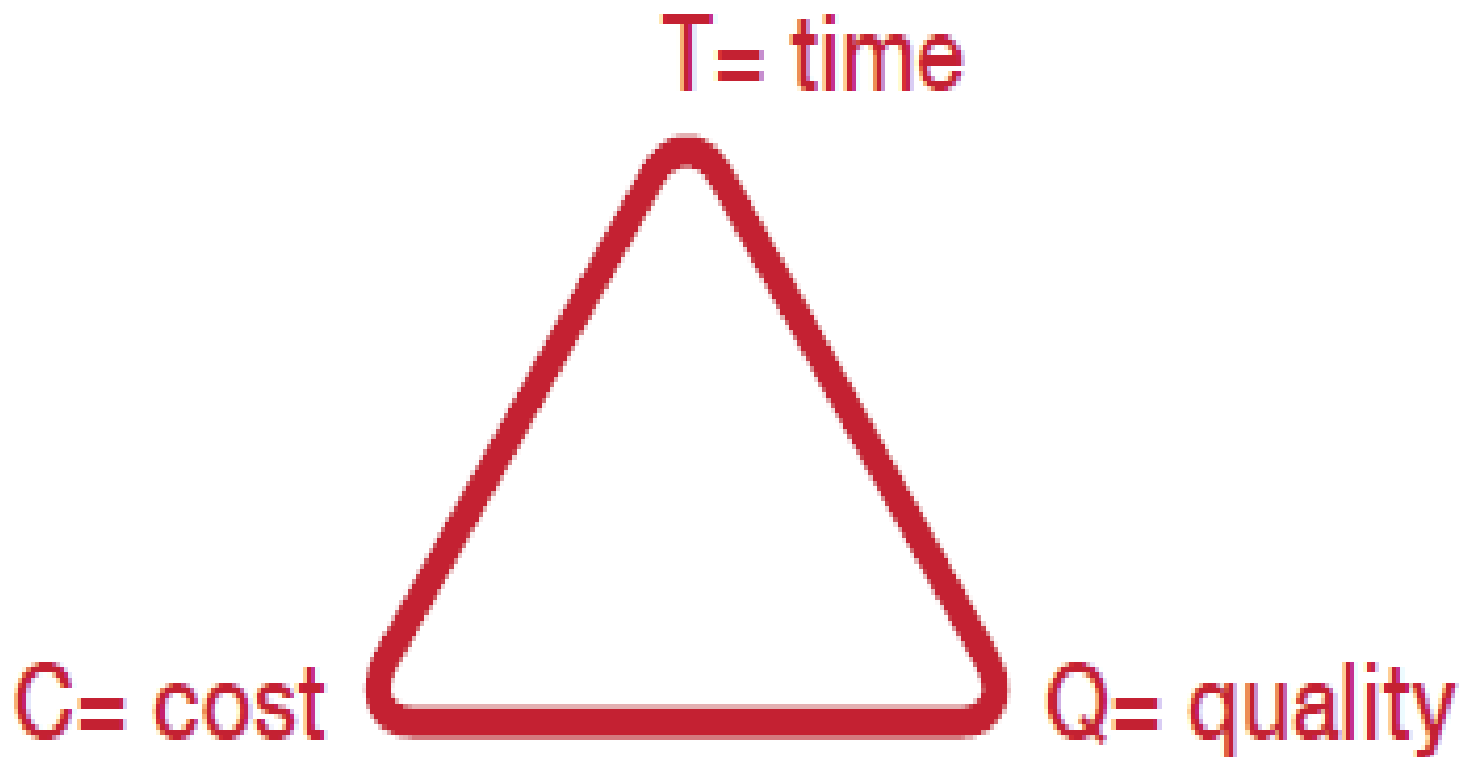
- Identification of Need
- Define the Need
- Costing of Need
- Providing/satisfying Need

Needs” or “Wants

- Always distinguish between Need and Wants.
- It is easy to fall into the trap of confusing “needs” with “wants”.
- Procurement of vehicles
- Procurement of computers
- However, services and works are equally subject to this concept.
- It is necessary to verify that procurement requirements reflect the legitimate justifiable needs of the entity concerned

Time/Cost/Quality

"TCQ Triangle":



Procurement Drivers

If the driver is....	(example)	Focus on.....	Consider....
Quality	<ul style="list-style-type: none">– Safety equipment– A highly skilled consultant	Getting the specifications right	Recruiting a technical expert to help with specifications
Cost	<ul style="list-style-type: none">– Stationery– Basic works	<ul style="list-style-type: none">– Cutting out non-essentials– Commercial aspects	The total lifetime costs, not simply the price
Time	<ul style="list-style-type: none">– Seasonal demands– Emergency needs	Speed of procurement	Planning and milestones

Types of Specification

- Functional – outcomes to be achieved
 - What the item should do
 - The measurable performance of the item
 - The qualities of the item
- Performance – performance required
 - The general functions of the item-what it is how it is to be used
 - A common name for the item
 - A generic item
- Conformance or Technical – physical
 - A full description of the technical and physical characteristics of each element

Procurement Cycle



Competitive Procurement (Goods and Works)

Competitive Procurement: Flow Chart

1. Planning and Bid Packaging

2. Pre-Qualification (Not necessarily)

3. Bidding

4. Bid Opening

5. Bid Evaluation

6. Contract Award

Pre-Qualification

- A procuring agency, prior to the floating of tenders,
- may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids.

Pre-Qualification

- A procuring agency may take into consideration the following factors, namely:-
 - (a) relevant experience and past performance;
 - (b) capabilities with respect to personnel, equipment, and plant;
 - (c) financial position;
 - (d) appropriate managerial capability; and
 - (e) any other factor that a procuring agency may deem relevant.

Case Study

The procuring agency prequalified 14 applicants out of 20 applications for a water supply scheme project. Due to delays beyond control of the PA, the invitation for bids could only be issued 2 years after completion of the prequalification process. The PA proposed to move from closed bidding to open competitive bidding.

Will you approve this proposal, and why?

Case Study

PA conducted pre-qualification for a large contract. 10 firms were prequalified based on Pass/Fail criteria. The PA decided to invite only top 4 firms by using point scoring system. Responding to a query from competent authority, the PA replied that in view of high cost involved in bid preparation, only highly qualified firms would bid if the competition is confined to a small number of qualified bidders.

Is this acceptable to you?

Case Study

The qualification requirements for an Irrigation project required that the bidders must demonstrate 7 years of relevant experience and a net worth of PKR 400 M.

One bidder had 6.5 years of experience and a net worth of PKR 380 M. The bidder could not produce additional information to make up for its shortfall.

What is your advice to the PA?

Principal Method of Procurement

Open competitive bidding is the principal method of procurement for the procurement of goods, services and works.

ICB

NCB

RFQ

Direct Contracting

Competitive Procurement

- Make sure the package is procurement ready (prior to advertisement)
- Design, Specifications, Drawings, BOQs etc..., are ready.

Bidding Documents shall

- Comply with requirements of the applicable Procurement Rules and Regulations
- Comply with agreed modifications or departures from the Rules/ Regulations
- Comply with the standard format as appropriate [Standard Bidding Documents (SBDs)]

Standard Bidding Document (ICB-Works)

Part I: Bidding Procedures

- Section 1 Instruction to Bidders
- Section 2 Bid Data Sheet
- Section 3 Evaluation and Qualification Criteria
- Section 4 Bidding Forms (BDF)
- Section 5 Eligible Countries

Part II: Requirements

- Section 6 Employer Requirements

Part III: Contract

- Section 7 General Conditions of Contract
- Section 8 Particular/Special Conditions of Contract
- Section 9 Contract Forms

Evaluation Criteria (Works)

- Adequacy of Technical Proposal
 - ✓ Bidder's capacity to mobilize key equipment & personnel consistent with proposed work methods, plans, sourcing etc. in accordance with Section 6 – Employer's requirements
 - ✓ Non-compliance with equipment & personnel requirements shall not be grounds for rejection → subject to clarification/rectification prior to contract award
- Multiple Contracts
- Completion Time
- Technical Alternatives
- Quantifiable non-conformities, Errors & Omissions
- Domestic Preference

Qualification Criteria (Works)

- Eligibility
- Pending litigation
- Financial Situation
 - ✓ Historical Financial Performance
 - ✓ Average Annual Construction Turnover
 - ✓ Financial Resources
- Construction Experience
 - ✓ Contracts of similar size and nature
 - ✓ Construction Experience in Key Activities

Standard Bidding Document (ICB-Goods)

Part I: Bidding Procedures

- Section 1 Instruction to Bidders
- Section 2 Bid Data Sheet
- Section 3 Evaluation and Qualification Criteria
- Section 4 Bidding Forms (BDF)
- Section 5 Eligible Countries

Part II: Requirements

- Section 6 Schedule of Supply

Part III: Contract

- Section 7 General Conditions of Contract
- Section 8 Particular/Special Conditions of Contract
- Section 9 Contract Forms

Evaluation Criteria (Goods)

- Scope
- Multiple Contracts
- Technical Criteria
- Economic Criteria
 - ✓ Deviations from Terms of Payment
 - ✓ Deviations from Delivery and Completion Schedule
 - ✓ O&M Costs (only for goods/equipment)
 - ✓ Spare Parts (only for goods/equipment)
 - ✓ Performance & Productivity (only for goods/equipment)
- Margin of Preference

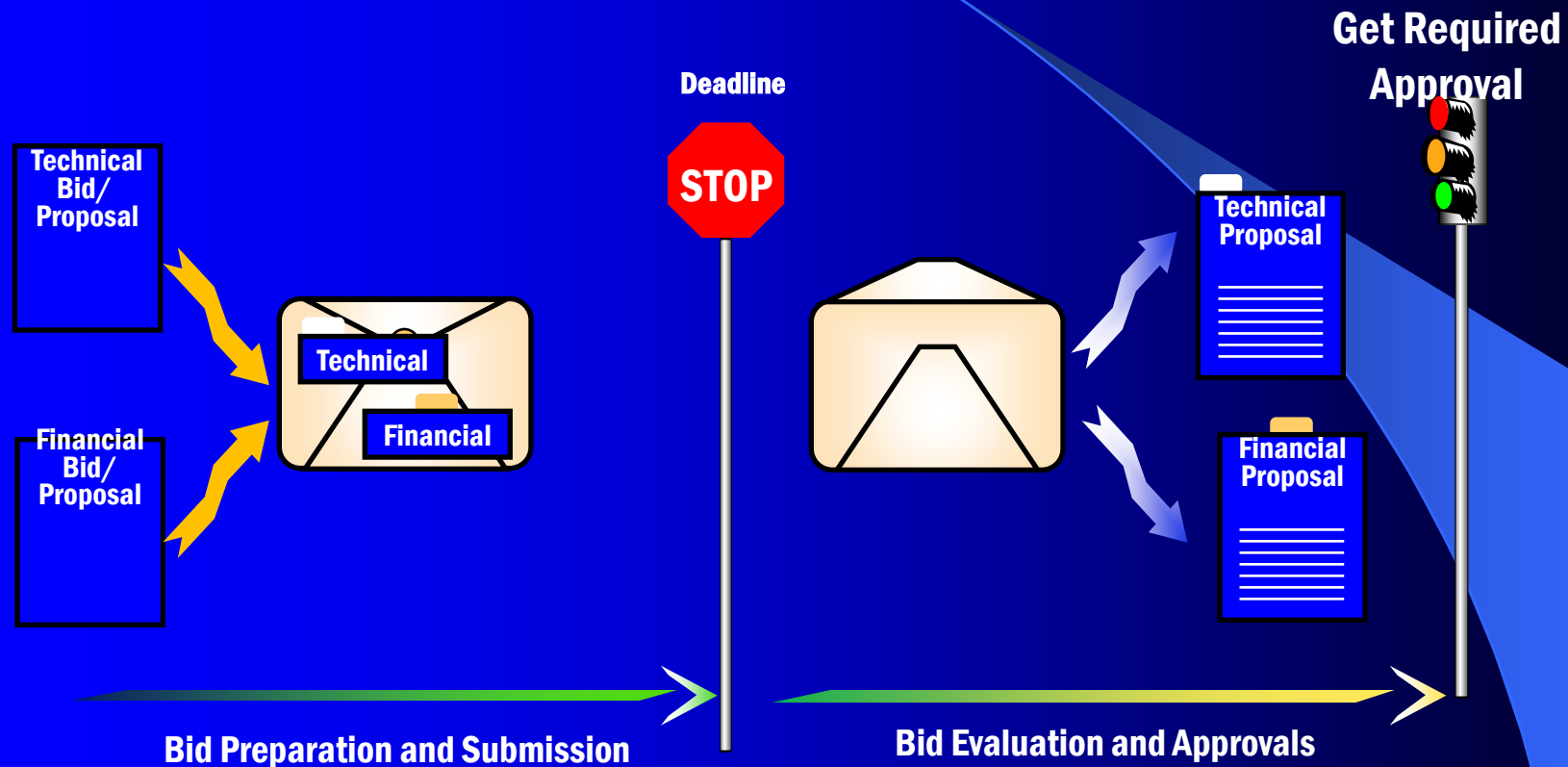
Qualification Criteria (Goods)

- Size of Operation (average annual turnover)
- Contractual Experience (number of similar contracts completed)
- Technical Experience (years in production and units sold)
- Production Capacity (minimum supply/production capacity required)
- Financial Position (long term profitability audited annual financial statements)
- Cash flow Capacity (access to liquid assets)
- Litigation History (current or past litigation)

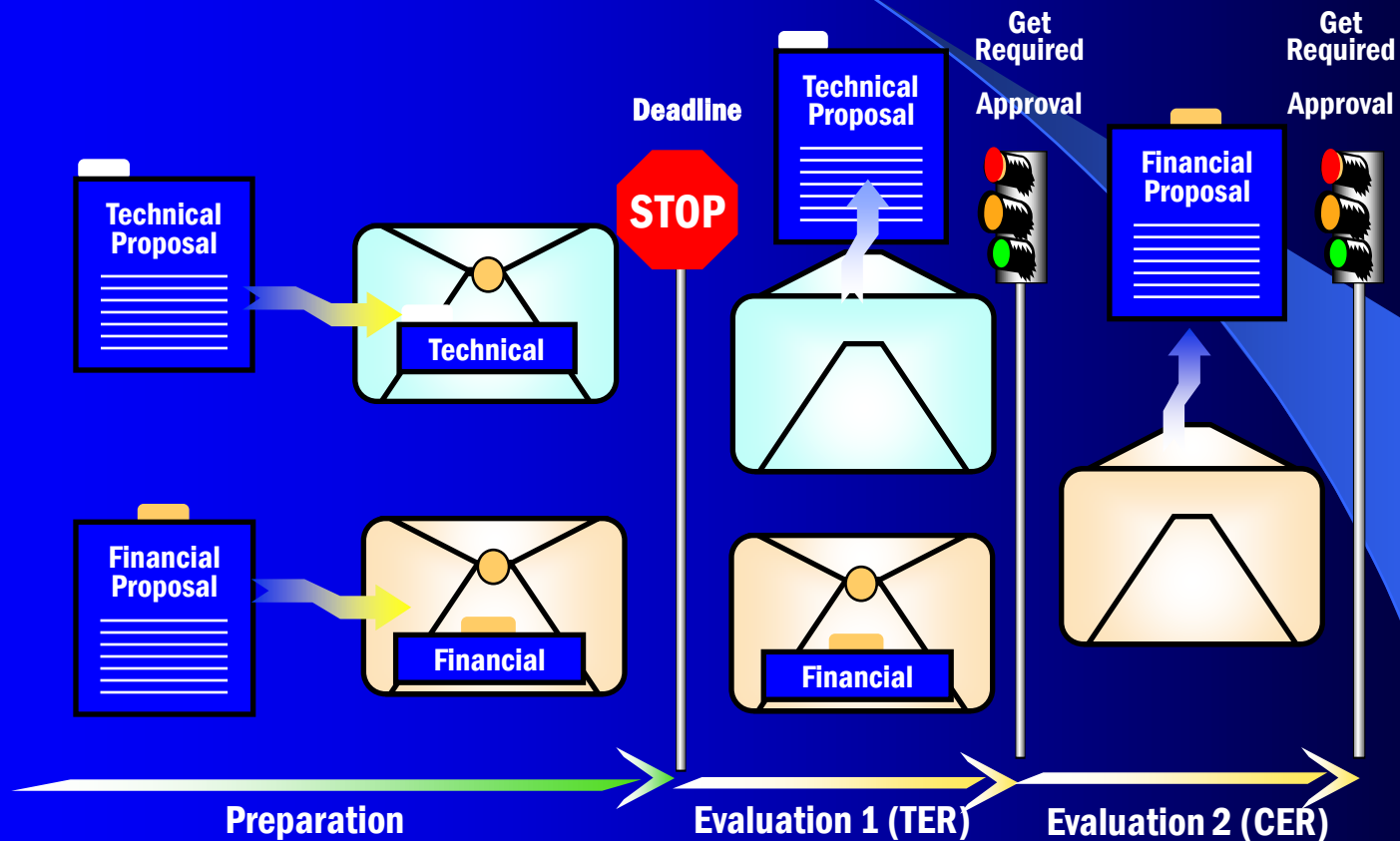
Bidding Procedures

- Single Stage One Envelope
- Single Stage Two Envelope
- Two Stage
- Two Stage Two Envelope

Single Stage One Envelope Bidding Procedure (1S1E)



Single Stage Two Envelope Bidding Procedure (1S2E)



Case Study

- During bid opening of a procurement package, the bid opening committee finds out that the bidder did not sign the Letter of Bid and there was no bid security submitted with the bid.
- What is your advice to the Committee?

Case Study

- During bid opening, a bidder approaches the Chairperson of the Bid Opening Committee with an envelope stating that the Bidder is offering a discount on the over all bid price quoted by the Bidder.
- What should the bid opening committee do?

Case Study

- At the end of opening of bids, the Chairperson of the Committee announces the lowest read out and recorded bid price and invites the bidders present there to come forward and offer lower than the lowest recorded bid price.
- Comments.

Step by Step

Guidance on Evaluation

- Review and list the instructions, requirements and evaluation criteria
- The Committee should review and list the instructions, requirements and evaluation criteria specified in the bidding document and ensure that they are clearly understood.
- The evaluation must apply the criteria specified in the bidding document, and no new or altered criteria may be introduced.

Guidance on Evaluation

- **Preliminary examination**
- It is conducted, on a pass/fail basis, to determine whether tenders have complied with the basic instructions and requirements of the bidding document. It enables evaluators to eliminate the weakest tenders without spending time and effort.
- **Assessment of responsiveness**
- The Committee must decide whether a tender is “responsive” (i.e. meets the procuring entity’s requirements) or “non-responsive” (i.e. does not meet the procuring entity’s requirements).

Guidance on Evaluation

- **Technical and commercial evaluation**
- Only tenders that pass the responsiveness test proceed to the technical evaluation. It is usually conducted on a pass/fail basis; It takes following into consideration.
- Acceptance of key contract conditions, such as payment, warranty and liquidated damages for delay;
- Delivery schedule for goods;
- Completion schedule for incidental services;
- Availability of spare parts and consumables;
- Service arrangements

Guidance on Evaluation

- **Correcting tenders and seeking clarification from bidders**
- If the information provided in a tender is unclear, the Committee may seek clarification from the bidder.
- Clarifications cannot be used to amend the price of the tender (save for the correction of arithmetical errors), correct material deviations or make other significant changes to any aspect of the tender.

Guidance on Evaluation

- **Conducting the financial evaluation**
- Only tenders that have passed the technical evaluation are financially assessed.
- Take the total tender price as read out at the tender opening, including or excluding particular costs, as indicated in the bidding document (e.g. the bidding document may give particular instructions concerning the inclusion of all taxes and duties in the tender price or the exclusion of provisional sums and contingencies but the inclusion of competitively priced dayworks in tenders for works);

Guidance on Evaluation

- **Correct any arithmetical errors.**
- The procedure for correcting arithmetical errors is normally stated in the bidding document and must be used. If there is a discrepancy between the unit price and the total price obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected. Bidders should be notified in writing of any arithmetical corrections made and requested to agree to the corrections in writing.

Guidance on Evaluation

- Apply discount, if any, offered by the bidder
- Convert all tenders to a single evaluation currency for comparison purposes, using the currency and the source and date of the exchange rate specified in the bidding document;
 - – Apply any margin of price preference;
 - – Determine the total evaluated price of each tender.

Guidance on Evaluation

- **Recommendation:**
- Best-evaluated price, substantially responsive tender is recommended for contract award, subject to any post-qualification required.
- Recommendation is submitted in evaluation report to be prepared and signed by the Committee.

Case Study

- A bidder submitted a bid for procurement of goods as per specifications. The bid validity period was 120 days. The bidder added that if a decision to award is communicated within 80 days from bid opening, a 5% discount could be applied on the quoted bid price.
- The PA expedited the evaluation and finalized the bid evaluation within 80 days.

- The PA determined the bid of this particular bidder as most advantageous bid after taking into account the discount of 5%. Without the discount, the bidder would have been the second lowest evaluated bidder.
- According to the PA, since the bid evaluation was completed within 80 days as stipulated by the bidder, it would take into account the discount and evaluate the bid accordingly.
- Will you approve this BER?

Case Study

- For a highway civil works contract package, the lowest priced bidder stated in his letter of bid that his unit rates were based on the assumption that his construction equipment would be cleared by customs authorities within 10 days. In addition, all other essential construction material such as cement, steel, bitumen, crushed aggregates, gravel, sand and fuels were readily available locally. In case these assumptions could not be met his unit rates would need to be adjusted. The other bidders who submitted bids had no comments.
- What should the procuring agency do?

Case Study

- A bid for the supply of 20 4-wheel drive vehicles was rejected as nonresponsive because the bidder did not have service stations in a number of provincial centers in the country. The bidding document did not make it mandatory for bidders to have such service stations at each provincial centers. Instead bidders were required to elaborate availability of service stations in their bids.
- The bidder lodged a complaint to the Authority.

Case Study

- Although the bidder did not have the service facilities in provincial centers, his bid stated that he has arranged with reputable workshops in those centers that they would service the vehicles.
- Under those conditions, the bidder requested his bid not be rejected, but that be awarded the contract, as he submitted the most advantageous bid.
- What should be Authority's recommendation?

Case Study

- The bidding document for procurement of goods (Mini-buses) required full metal bodies, and did not permit the submission of alternative proposals. The lowest bidder, by a margin of 35%, proposed a glass-fiber reinforced plastic (GRP) body, which he assured the procuring agency, would have equal or better strength and greater durability than the metal body.
- What is your opinion on this?

Case Study

- During opening of bids under 1S1E bidding procedure, a bidder takes out an envelope and hands it over to the Chairperson of the Committee when his bid envelope is opened. He pleads that it is his bid security which he forgot to attach with the bid and since the bid opening is still ongoing, his bid security must be accepted.
- What would you do?

Case Study

- During opening of bids under 1S1E bidding procedure, the Chairperson of the Committee finds out that the lowest priced bidder submitted a photo copy of bid security. Three days later, the bidder submits the original bid security with the request for its acceptance.
- Will you accept?

- **Introduction of FIDIC Suite of Forms of Contracts**

FIDIC

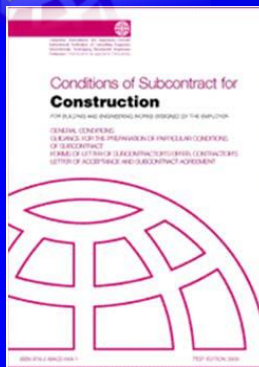
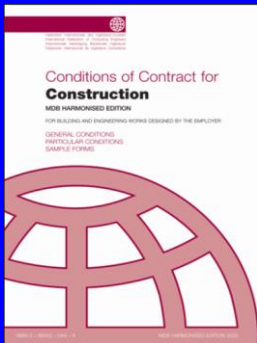
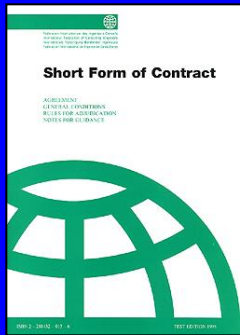
BRIEF HISTORICAL BACKGROUND

- Fédération Internationale Des Ingénieurs-Conseils (FIDIC)
- Set up in 1913 by national engineers associations of France, Belgium and Switzerland
- Extension to around 40 national member associations after World War II
- Comprises today of over 100 national member associations (ACEP in Pakistan)

Bruxelles 1913.



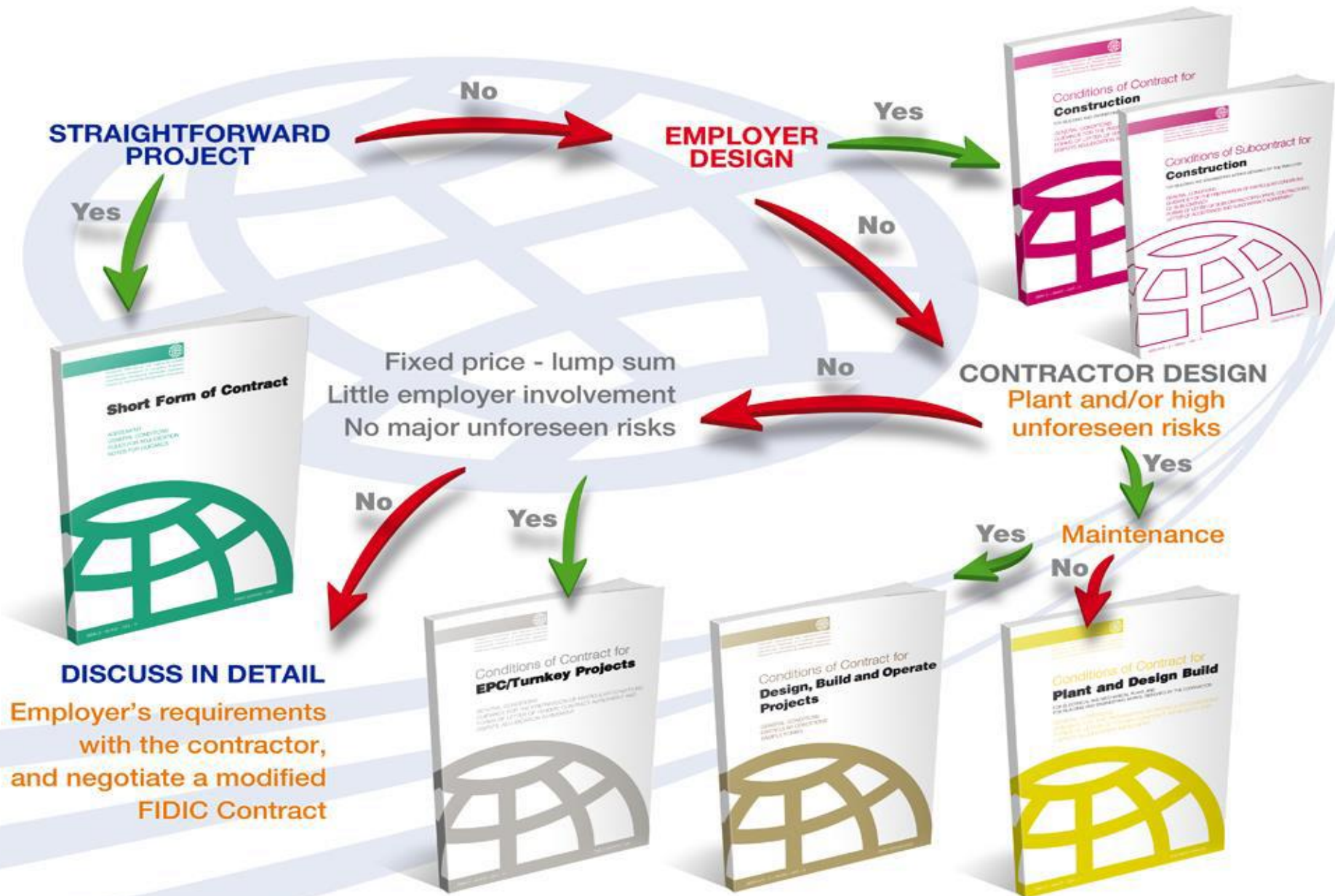
The FIDIC Rainbow



- From 1957 to 1999,..... and 2020.
- Further to the first edition in 1957, new éditions of the RB and YB were published in 1969, 1973 and 1987. The « Orange Book » was published in 1995 for projects procured on a design and build (turnkey) basis.
- The 1999 FIDIC forms of contract (the Rainbow suite) includes:
 - The Green Book
 - The Red Book
 - The Yellow Book
 - The Silver Book
 - + Turquoise Book in 2006
 - + The Gold Book in 2008
 - + The Pink Book in 2010, and The Works Subcontract in 2011

- In 2017, FIDIC published its second edition to the 1999 edition:
 - The new Red Book
 - The new Yellow Book
 - The new Silver Book
- + The Emerald Book in 2019
- + The Yellow Book Subcontract in 2020
- + The new Green Book in 2020

The logic underlying the contract suite



The WHITE BOOK

Standard model agreements for professional services:

- Client – Consultant Service Agreement
- Joint Venture Agreement
- Sub-Consultant Agreement
- Representative Agreement



THE GREEN BOOK

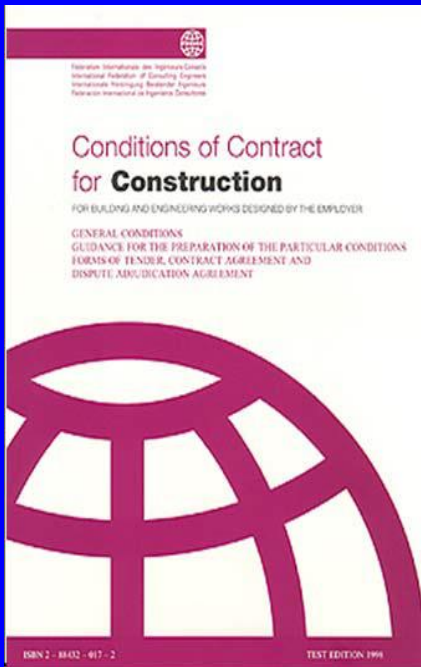
Short form of contract



- Intended for projects of limited amount (<US\$ 500,000)
- Detailed Design prepared by the Contractor under his responsibility ;
- Flexible as to the way works are paid
- The “Engineer” is optional.

THE RED BOOK

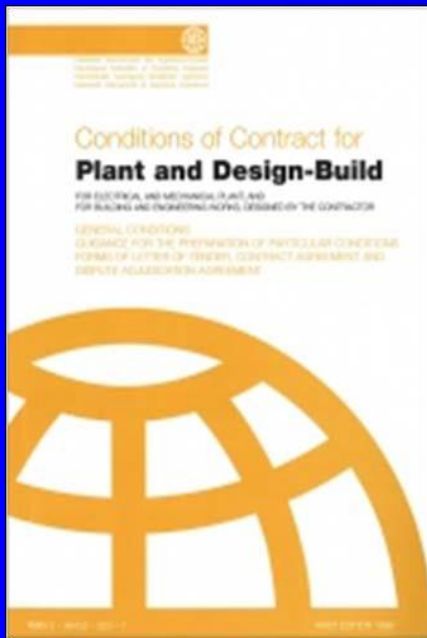
Conditions of Contract for Construction For Building and Engineering Works designed by the Employer



- Detailed Design is provided to the Contractor under the Employer's responsibility
- Payments based on re-measurement (rates and unit prices in BoQ applied to “actual” quantities) - but guidance suggests it can be amended to become a lump-sum price
- Supervision of the Works by the “Engineer”.

THE YELLOW BOOK

Conditions of Contract for PLANT AND DESIGN BUILD
For Electrical and Mechanical Plant and
For Building & Engineering Works designed by the Contractor



- Major items of plant manufactured away from the site ;
- Detailed Design prepared by the Contractor under his responsibility ;
- Payments based on lump sum basis ;
- Supervision of the Works by the “Engineer”.

THE SILVER BOOK

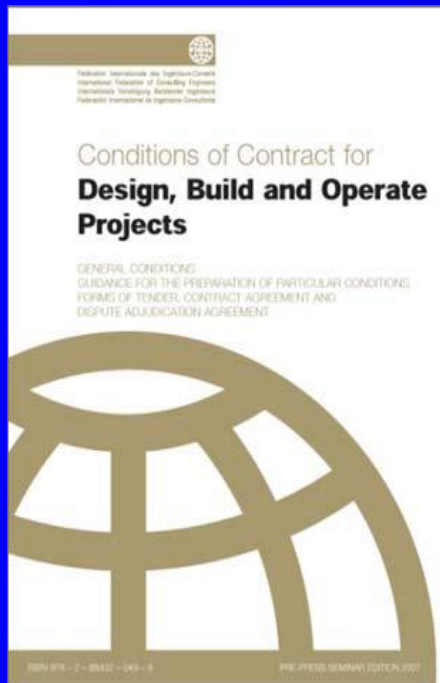
Conditions of Contract for EPC / TURNKEY PROJECTS (EPC = **E**ngineer, **P**rocure and **C**onstruct)



- Major items of plant manufactured away from the site;
- Detailed Design prepared by the Contractor under his responsibility ;
- Payments based on lump sum basis ;
- Contractor assumes a much larger share of the risks (e.g ground conditions) ;
- The « Engineer » is replaced by the « Employer's Representative → freedom to carry out the work in his chosen manner

THE GOLD BOOK

Conditions of Contract for DESIGN, BUILD and OPERATE (DBO) PROJECTS



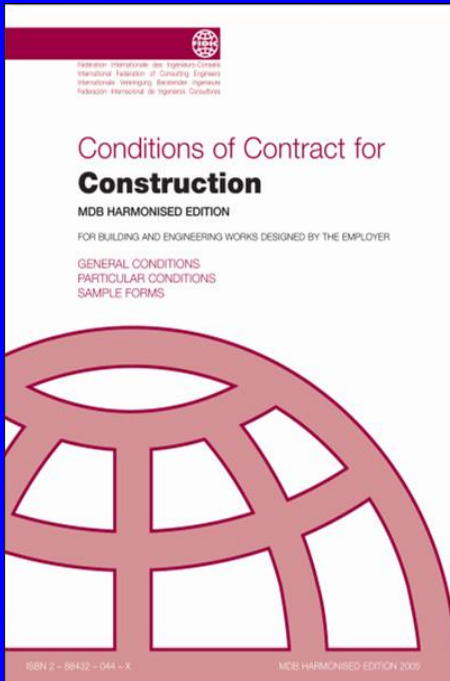
- Two phases in the contract : **Design & Build** + **Operation** of the works
- Detailed Design prepared by the Contractor under his responsibility ;
- Payments based on lump sum basis for the Design & Build phase and schedule of payment for the Operation phase;
- The « Engineer » is replaced by the « Employer's Representative » → freedom to carry out the works in his chosen manner

THE PINK BOOK

Conditions of Contract for CONSTRUCTION

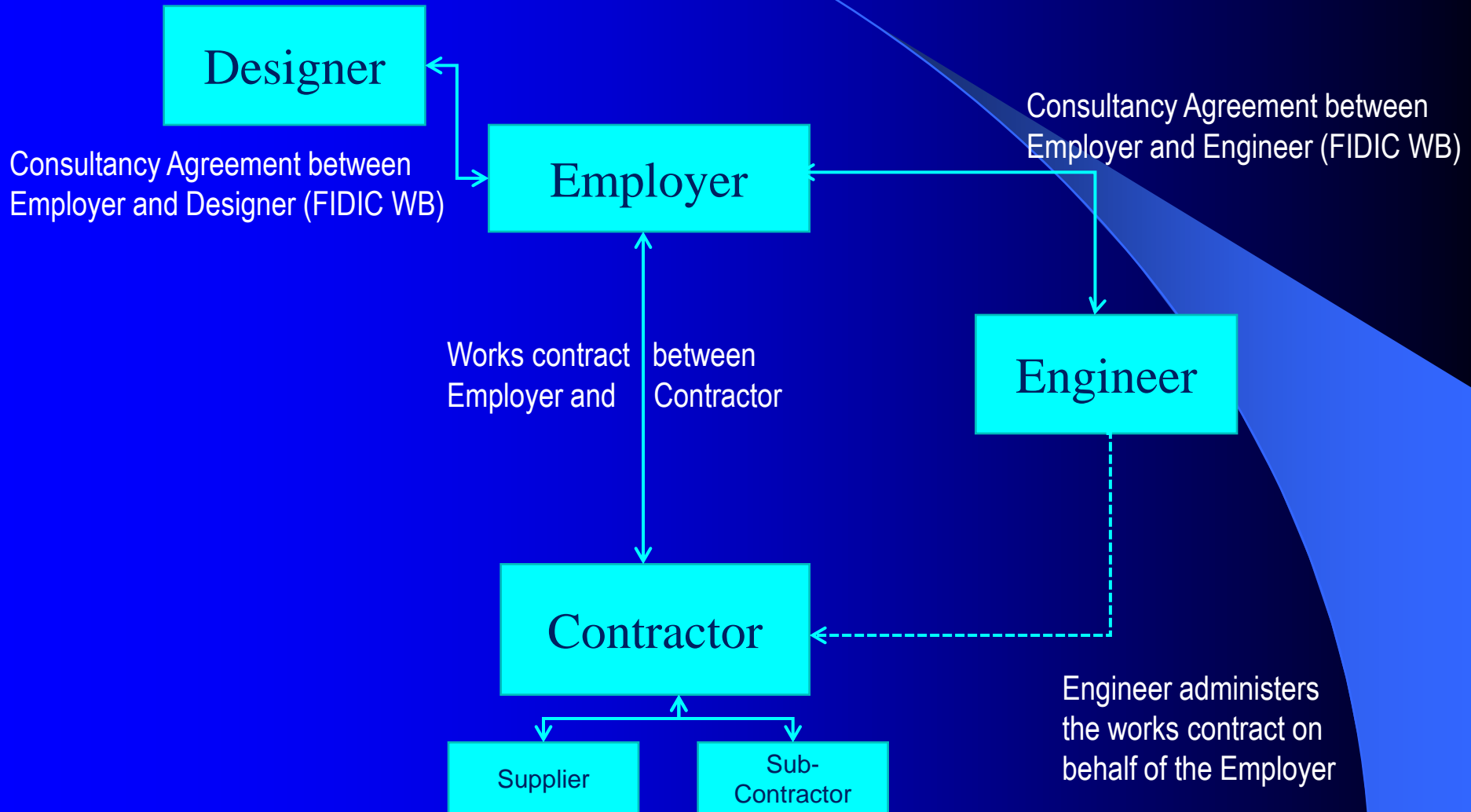
MDB Harmonised Edition

For Building and Engineering Works designed by the Employer

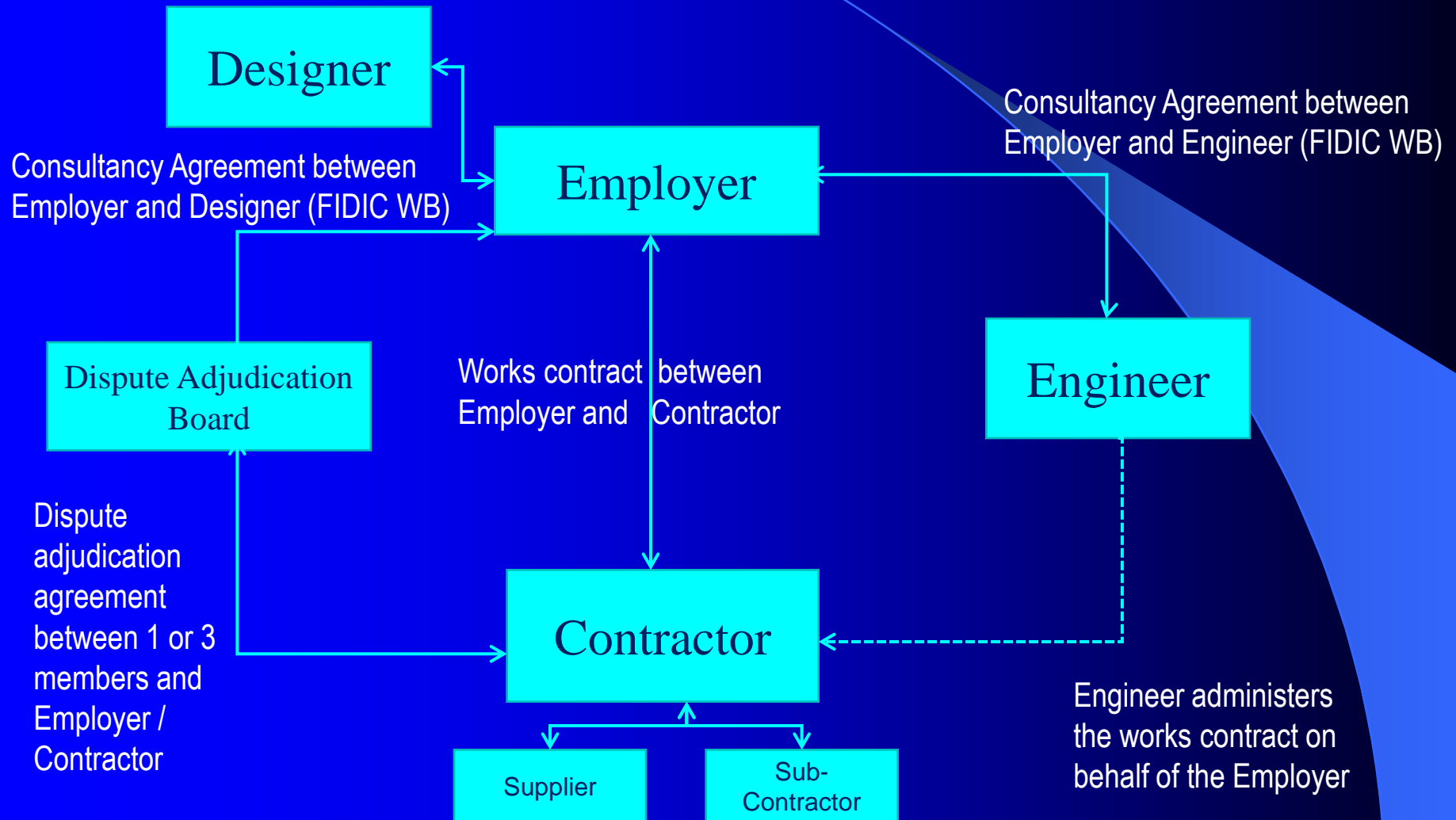


- Close to the Red Book (design provided by the Employer; payments based on re-measured quantities; supervision by the Engineer.
- Includes a role for the Bank;
- Puts a much greater emphasis on “social issues” and anti-corruption measures

TRADITIONAL RELATIONSHIP BETWEEN THE PARTIES FOR AN EMPLOYER'S DESIGN PROJECT



FIDIC PROPOSED RELATIONSHIP BETWEEN THE PARTIES FOR AN EMPLOYER'S DESIGN PROJECT (RED BOOK)



Consultancy Services

Basic Concepts

- **Consulting Services** means the provision of independent expert advice of a quality at least equal to the applicable professional standards in relation to acquisition of goods, services other than consulting services and works;
- Architecture
- Procurement services
- Quantity surveying
- Training and capacity-building services
- Accountancy
- Policy studies
- Auditing
- Marketing
- Engineering design or supervision
- Financial services

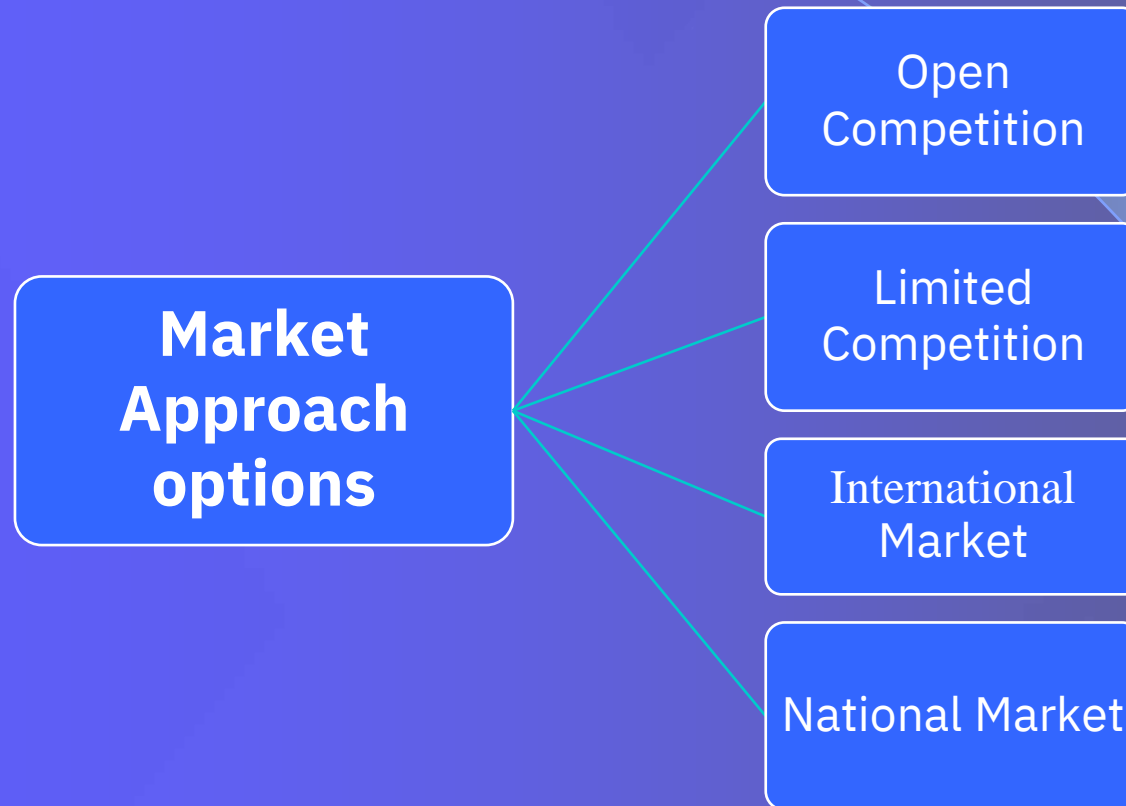
Non-consulting services

- Services provided by a company or individual for work of a physical nature with clearly measurable outputs. The term “service provider” is often used to describe a firm or individual that provides a non-consulting service.
- Catering services
- Security services
- Cleaning services
- Driving services
- Maintenance/ repair services
- Gardening service

Preparing a Consulting Services Package

- A. Identifying the Need for Consulting Services
- B. Definition of the Consultancy Output
- C. Defining the Scope of Work and Implementation Schedule
- D. Determining Consulting Services Inputs
- E. Preparing a Consulting Service Budget
- F. Defining the Type of Consultant
- G. Preparing Outline Terms of Reference (TOR)
- H. Deciding on the Method of Selection
- I. Deciding on the Type of Proposal
- J. Deciding on the Type of Contract

Selection of Consulting Firms: Market Approaches



Selection Methods

FIRMS

- Quality based Selection (QBS)
- Quality and Cost-based Selection (QCBS)
- Least Cost Selection (LCS)
- Fixed Budget Selection (FBS)
- Consultant's qualification-based Selection (CQS)
- Direct Selection (DS) or SSS

INDIVIDUALS

- Open competition
- Limited competition
- Direct selection or SSS

The Request for Proposals (RFP)

- Section 1: Letter of Invitation (LOI)
- Section 2: Instructions to Consultants (ITC)
- Section 3: Technical Proposal - Standard Forms
- Section 4: Financial Proposal - Standard Forms
- Section 5: Terms of Reference (TOR)
- Section 6: Standard Forms of Contract

Selection Process of a Consulting Firm

- *After Finalization of TORs and Budget*
- Publish Request for Expression of Interest (REOI)
- Receipt of EOIs and Assessment
- Report on shortlisting of EOIs
- Preparation of RFP and given to shortlisted firms
- Receipt of Tech. and Fin. Proposals
- Technical Evaluation Report
- Combined Tech. and Fin. Evaluation
- Announcement of ER
- Contract Negotiations
- Contract Award

Terms of Reference Preparation

- Know the scope-for a consulting or non-consulting service;
- Be aware of any mandatory standard TOR- e.g. audit
- Each assignment is unique, previous specifications or generic templates are used as reference;
- Seek input from external specialists if the knowledge for preparing the TOR does not exist in-house;
- Include realistic qualification and experience requirements;
- Ensure the tasks and deliverables are clear;
- Seek advice or guidance when in doubt.

Budget

- Other than QBS and FBS method the RFP should show either:
 - – the estimated number of key staff and input time (estimated level of effort by the consultant in person-months); or
 - – the estimated budget.
- underscoring that this information is indicative only and that consulting firms shall be free to provide their own estimates based on their proposals.

Expression of Interest (EOI)

- means to express willingness for undertaking a consultancy assignment by providing necessary information required by the procuring agency for consideration;

Appropriateness Check

Selection method	Use when looking for....	Restrictions for use	Criteria to disclose	Basis for award
QCBS	Quality and cost balance	None	Technical and financial	Highest combined score
QBS	Highest available quality at any cost	Budgetary constraints	Technical only	Highest technical score
LCS	Competence at lowest cost	None	Technical pass mark	Lowest price meeting technical threshold
FBS	Quality within a financial limit	None	Available budget	Highest technical score within budget
CQS	Skills, knowledge and experience	Low-value only	Skills, knowledge and experience	Best qualified
ICS	Skills, knowledge and experience of individuals	None	Skills, knowledge and experience	Best qualified
SSS	Continuity/speed/unique skill, knowledge or experience	Exceptional circumstances	N/A	Negotiation

Extent of Negotiations

- The Committee may negotiate with the highest ranked bidder regarding methodology, work plan, staffing and special conditions of the contract.
- The Committee shall not permit substitution of key staff, unless both parties agree that undue delay in selection process makes such substitution unavoidable.
- In case of failure of negotiations with highest ranked bidder, the Committee may invite the next ranked bidder for such negotiations or discussions.

Extent of Negotiations

- Negotiations are to be carried out by committee and its minutes shall be recorded.
- Negotiations by a single person Committee shall never be allowed:
- *Provided that negotiations shall not seek changes in the rates quoted by the bidder in accordance with restriction imposed on financial negotiations under Rule 40 of the Public Procurement Rules, 2004.*

Case Study

- During contract negotiations, a PA changed the TORs which the firm accepted. During contract implementation, the firm proposed some changes in the TORs and the PA accepted.
- Was the PA justified in accepting the changes in the TORs?

Case Study

- During contract negotiations, the firm could not ensure the presence of its Team Leader (TL) and proposed a new person for TL position. The PA did not go on with the negotiations and advised the firm to bring the original TL to the negotiations table. After 3 days, the firm formally regretted and the PA cancelled the negotiations and proceeded to the second ranked firm for negotiations.
- Do you agree?

Case Study

- The PA took more than 6 months to finalize the evaluation of proposals under QCBS method. During contract negotiations the firm informed that 3 out of 6 key experts were not available for the assignment. The firm presented 3 replacement CVs which were not equal to the previously evaluated CVs. The PA proposed reduction in the unit rates which the firm accepted.
- Identify the wrong actions made by the PA.

Case Study

- During opening of financial proposals under QCBS method, the PA found out that a firm offered 5% discount on the overall financial proposal.
- The PA accepted the discount and after giving effect, the same firm was found as top ranked firm.
- Was the PA justified in accepting the discount, if yes, Why?

E-Bidding and Tendering

- E-tendering refers to the use of electronic systems to manage the entire tendering process online. This includes the advertisement of tenders, submission of bids, evaluation, and awarding of contracts. It aims to enhance efficiency, transparency, and accessibility in procurement.

Key Characteristics

- **Digital Platform:** Conducted through online portals or specialized software.
- **Streamlined Process:** Simplifies and accelerates the tendering process.
- **Secure Transactions:** Ensures the confidentiality and integrity of bids.

Importance of E-Tendering

- **Transparency:** Ensures an open and transparent process, reducing the risk of corruption and favoritism.
- **Efficiency:** Speeds up the tendering process by automating various tasks.
- **Cost Savings:** Reduces administrative and operational costs associated with traditional tendering.
- **Accessibility:** Broadens access to tender opportunities for a wider range of suppliers.
- **Auditability:** Provides a clear audit trail for all actions and decisions.

Benefits of E-Tendering

- **Enhanced Transparency:** All tendering activities are logged and can be audited.
- **Time Efficiency:** Reduces the time required for each stage of the tendering process.
- **Cost Reduction:** Lowers costs related to paper-based processes and physical meetings.
- **Broader Reach:** Allows more suppliers to participate, increasing competition.
- **Improved Record-Keeping:** Digital records are easier to manage and retrieve.

Demerits

- **IT system crash:** An IT system crash could prevent the distribution of documents or the submission of tenders.
- **Investment:** Considerable investment is required in IT.
- **Micromanagement.** E-procurement software tools offer features for detailed data analytics and classification. ...
- **Time-consuming** approval chains. The benefit of detailed insight can also be a drawback. ...
- Not ideal for direct materials. ...
- Supplier onboarding problems.

E-Pak Acquisition & Disposal System (ePADS)

- means
- The conceptualization, initiation, design, development, testing, contracting, production, deployment, logistics support,
- modification of an asset in a procurement process and assets disposal in a public organization in its capacity to attach
- reusable value to its assets at their end of life by using digital and electronic means in a procurement process.

Contract Administration

Common Types of Contracts

- Time-based Contract (Input-based)
- Lump sum Contract (Output-based)
- Admeasurement (Quantities measured)
- Remeasurement (Rates are applied)
- Design and Build (Contractor's Risk)
- Turnkey (EPC, Contractor's Risk)

Admeasurement contract

- An admeasurement contract is a type of civil engineering contract that pays a contractor for the amount of work they actually complete, rather than the amount originally estimated:

- **Process**

- The contract involves estimating the quantity of each work item, and then measuring the actual quantity of work performed. The contractor is paid for the actual quantity of work done.

Steps

- The process for an admeasurement contract includes:
 - **Tender:** The contractor provides rates in their tender, either in a schedule of rates or as part of the priced bill of quantities.
 - **Measurement:** The actual quantities of work are measured.
 - **Payment:** The contractor is paid for the actual quantity of work performed.

Common use

- Admeasurement contracts are often used when the type of work required can be described in detail, but the quantities are difficult to assess before the work starts. For example, excavation works often fall into this category.

Remeasurement Contract

- Under this contract, payment is made against an agreed schedule of rates, where the amount paid for work is based on the actual work completed, rather than a lump sum:
- Each month a valuation of work is undertaken using the agreed schedule of rates and site measurements.

- **How it works**

- The contract specifies a schedule of rates, and the work is remeasured and valued against those rates.

- **When it's used**

- When the scope of work can be described in detail, but the exact amount of work is difficult to estimate. For example, a term maintenance contract might be remeasurement because the maintenance work is repetitive but the amount of work required is unpredictable.
- The client faces more financial risk because the full cost of the project can't be known until the work is completed and remeasured

Functions of a Contract

- Specifying terms and conditions
- Detailing required outcomes
- Detailing responsibilities
- Planning
- Task allocation
- Risk allocation

What Can Go Wrong

- The Contractor may take control
- Decisions may not be taken at the right time
- New processes not integrated with existing processes
- Failure to understand obligations & responsibilities
- Progress may be slow
- Intended benefits not realised
- Opportunities may be missed

Essential Elements of Good Contract Management/Administration

- The right contract
- Understanding of objectives
- Effective monitoring
- Relationship management
- People, skills & continuity
- Knowledge
- Flexibility
- Proactivity

Thank You

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