



**Democratic Socialist Republic of Sri Lanka**

# **PROCUREMENT MANUAL**

**(To be used along with Procurement Guidelines 2006 Goods & Works)**

**NATIONAL PROCUREMENT AGENCY**



**NPA Circular No: 09**

**My No: NPA/CEO/18**

National Procurement Agency  
Level 22, West Tower  
World Trade Centre  
Colombo 01.  
01.03.2006

**To All: Secretaries of Ministries,  
Chief Secretaries of Provincial Councils,  
Heads of Government Departments,  
State Corporations & Statutory Bodies,  
Fully Government Owned Companies; and  
Heads of Local Authorities**

## **USE OF THE PROCUREMENT MANUAL**

The Procurement Guidelines constitute the GOSL's policies on procurement. Intention of the issuance of this manual is to provide assistance, advice, directions and procedures to be followed in carrying out procurement activities by the public sector Procurement Entities. The manual explains in more detail how specific aspects of procurement should be handled in consistent with the Guidelines-2006.

The Chapter one of the Manual begins with a review of basic policies and institutional aspects of procurement that have broad applicability and areas in which problems arises most frequently. Subsequent chapters deal with specific procurement topics, taking them in generally in the same chronological order as given in the Guidelines, from the procurement planning stages to project implementation and contract administration. As far as possible, the respective guideline number of the Procurement Guidelines is used in the manual for easy reference.

This manual will be continuously improved with a view to keep it relevant. Views of the users for its improvements will be welcome.

Daya Liyanage  
Chairman/CEO  
National Procurement Agency



# CONTENTS

## ACRONYMS

*Page No.*

### CHAPTER 1 – GENERAL

1. Objectives (*PGR :1.2.1*) 1
2. Scope of Application (*PGR : 1.3*) 3

### CHAPTER 2 – INSTITUTIONS, PROCUREMENT COMMITTEES AND THEIR FUNCTIONS

3. National Procurement Agency (NPA) (*PGR : 2.1.1*) 5
4. Responsibilities of the Procuring Entity in Procurement Preparedness Activities (*PGR : 2.3*) 6
5. Joint Responsibilities of PCs and TECs (*PGR : 2.4*) 7
6. Cabinet Appointed Procurement Committees (CAPC) (*PGR : 2.7.1*) 9
7. Ministry Procurement Committees (MPC) (*PGR : 2.7.4*) 12
8. Department Procurement Committees (DPC) (*PGR : 2.7.5*) 15
9. Project Procurement Committees (PPC) (*PGR : 2.7.6*) 18
10. Regional Procurement Committees (RPC) (*PGR : 2.7.7*) 19
11. TEC Assisting Cabinet Appointed Procurement Committees (CAPC) (*PGR :2.8.2*) 22
12. TEC for Ministry Procurement Committees (MPC) (*PGR : 2.8.3*) 23
13. TEC for Department Procurement Committees (DPC) & Project Procurement Committees (*PGR : 2.8.4*) 24
14. TEC for Regional Procurement Committees (RPC) (*PGR : 2.8.5*) 25
15. Payments for Members of Procurement Committees and Secretaries to Procurement Committees (*PGR : 2.9.1*) 26

**Cont.....**

\* (*Note : PGR – Procurement Guideline Reference*)

16.	Payments for TEC Members – Format For Certifying Attendance ( <b>PGR : 2.9.2</b> )	31
17.	Notification of Absence of a Member to NPA ( <b>PGR : 2.9.2</b> )	32
18.	Format for Procurement Committee Meeting ( <b>PGR : 2.11.3</b> )	33
19.	Formats for TEC Meeting Minutes& Bid Evaluation Summary Report ( <b>PGR : 2.11.3</b> )	35-37
20.	Declarations by Members of Procurement Committees and Technical Evaluation Committees ( <b>PGR : 2.12</b> )	38
21.	Authority of Procurement Committees for Contract Award Recommendation /Determination ( <b>PGR : 2.14.1</b> )	39

### **CHAPTER 3 – PROCUREMENT METHODS**

22.	Choice of Procurement Methods	43
23.	International Competitive Bidding (ICB) (PGR : 3.1)	44
24.	National Competitive Bidding (NCB) (PGR : 3.2)	45
25.	Limited / Restricted International and National Bidding/ (LIB/LNB) ( <b>PGR : 3.3</b> )	46
26.	Shopping ( <b>PGR : 3.4</b> )	47
27.	Direct Contracting and Repeat Orders ( <b>PGR : 3.5 &amp; 3.6</b> )	48
28.	Procurement Guidelines for Emergency Rehabilitation and Reconstruction Operations due to Disasters ( <b>PGR : 3.8</b> )	49
29.	29Direct Contracting to Community Based Organizations (CBO) ( <b>PGR : 3.9.1</b> )	56
30.	Award of District/Divisional Level Construction Contracts (PGR : 3.9.4)	57
31.	Two Stage Bidding ( <b>PGR : 3.10</b> )	58
32.	Two Envelope System ( <b>PGR : 3.11</b> )	59

**Cont....**

\* (*Note : PGR – Procurement Guideline Reference*)

33. Possible Evaluation Criteria ( <i>PGR : 3.11.1</i> )	60
34. Pre-Qualification ( <i>PGR : 3.12</i> )	61

#### **CHAPTER 4 – PROCUREMENT PREPAREDNESS AND PLANNING**

35. Procurement Planning & Packaging ( <i>PGR : 4.1 &amp; 4.4</i> )	67
36. The Format for Master Procurement Plan ( <i>PGR : 4.2.1</i> )	70
37. The Format for Detailed Procurement Plan ( <i>PGR : 4.2.1</i> )	71
38. Average Time Frame for Procurement Process ( <i>PGR : 4.2.2</i> )	72
39. Time Frame for Procurement Actions ( <i>PGR : 4.2.3</i> )	73
40. Preparation of Total Cost Estimates ( <i>PGR : 4.3.1 &amp; 4.3.2</i> )	77

#### **CHAPTER 5 – BIDDING DOCUMENTS**

41. Specimen of checklist to be submitted along with Draft Bidding Documents ( <i>PGR : 5.2.1</i> )	79
42. Contents of the Bidding Document ( <i>PGR : 5.2.1</i> )	80
43. NPA Approved Standard Bidding Documents ( <i>PGR : 5.3.1</i> )	81
44. Advance Notice of Procurement & Invitation for Bid ( <i>PGR : 5.3.2</i> )	82
45. Sample Form -Invitation for Bid ( <i>PGR : 5.3.2</i> )	84
46. General Contents of Instruction to Bidders (ITB) ( <i>PGR : 5.3.3</i> )	85
47. Eligibility and Qualification Requirements for Successful Bidder ( <i>PGR : 5.3.4</i> )	86
48. ICTAD Registration as Equivalent Post Qualification Criteria ( <i>PGR : 5.3.5</i> )	87
49. Suggested Bid Validity Periods ( <i>PGR : 5.3.10</i> )	89
50. Bid Security ( <i>PGR : 5.3.11</i> )	90

*Cont.....*

*\* (Note : PGR – Procurement Guideline Reference)*

51.	Format for Bid Security Declaration ( <i>PGR : 5.3.12</i> )	91
52.	Format for Bid Security Guarantee ( <i>PGR : 5.3.13</i> )	92
53.	Bid Evaluation Criteria ( <i>PGR : 5.3.19</i> )	93
54.	Transport and Basis of Supply ( <i>PGR : 5.4.1</i> )	94
55.	Price Variation in Works Contracts ( <i>PGR : 5.4.2</i> )	95
56.	Advance Payment for Works and Goods Contracts ( <i>PGR : 5.4.4</i> )	96
57.	Retention Money in Works Contracts ( <i>PGR : 5.4.6</i> )	98
58.	Acceptable Format for Release of Retention Money ( <i>PGR : 5.4.7</i> )	99
59.	Performance Security & Acceptable Format for Performance Guarantee ( <i>PGR : 5.4.8</i> )	100
60.	Value Added Tax ( <i>PGR : 5.4.11</i> )	102
61.	Liquidated Damages ( <i>PGR : 5.4.13</i> )	103
62.	Dispute Resolution ( <i>PGR : 5.4.14</i> )	104
63.	Specifications ( <i>PGR : 5.6</i> )	105
<b>CHAPTER 6 – INVITATION TO BID AND CLOSING/OPENING OF BIDS</b>		
64.	Handling Procurement Complaints ( <i>PGR : 6.1.1.</i> )	107
65.	Bid Opening Procedure ( <i>PGR : 6.3.3</i> )	108
66.	Format for Bid Opening Minutes ( <i>PGR : 6.3.6</i> )	109
<b>CHAPTER 7 – BID EVALUATION</b>		
67.	Time Frame for Bid Evaluation & Extension of Bid Validity ( <i>PGR : 7.4 &amp; 7.5</i> )	113
68.	Bid Evaluation Stages ( <i>PGR : 7.7</i> )	114
69.	Preliminary Bid Examination ( <i>PGR : 7.8</i> )	115

*Cont.....*

\* (*Note : PGR – Procurement Guideline Reference*)



70.	General Principles of Detailed Bid Evaluation and Comparison of Bids( <b>PGR : 7.9.1</b> )	120
71.	Detailed Bid Evaluation – Principles and Methodologies ( <b>PGR : 7.9.2</b> )	121
72.	Post Qualification ( <b>PGR : 7.10</b> )	131
73.	Bid Evaluation Report ( <b>PGR : 7.11.1</b> )	133

#### **CHAPTER 8 – AWARD OF CONTRACT**

74.	Letter of Acceptance (Sample Format) - Construction Contract ( <b>PGR : 8.7.1</b> )	135
75.	Sample Letter of Acceptance – Supply Contract ( <b>PGR : 8.7.1</b> )	136
76.	Execution of Contract Agreement ( <b>PGR : 8.9.3</b> )	137
77.	Defaulting Contractors/Suppliers ( <b>PGR : 8.11</b> )	138
78.	Contract Administration – Payment of Vat ( <b>PGR : 8.12</b> )	139
79.	Variation to Contracts ( <b>PGR : 8.13.4</b> )	140
80.	Flow Chart of the Competitive Procurement Process	142
81.	Circular – The Presidential Secretariat	143
82.	National Budget Circular No. 128 – Ministry of Finance and Planning	145

\* (*Note : PGR – Procurement Guideline Reference*)



## Acronyms

<b>AO</b>	-	Accounting Officer
<b>BOQ</b>	-	Bills of Quantity
<b>CANC</b>	-	Cabinet Appointed Negotiating Committee
<b>CAO</b>	-	Chief Accounting Officer
<b>CAPC</b>	-	Cabinet Appointed Procurement Committee
<b>CBO</b>	-	Community Based Organization
<b>DPC</b>	-	Department Procurement Committee
<b>GOSL</b>	-	Government of Sri Lanka
<b>ICB</b>	-	International Competitive Bidding
<b>ICTAD</b>	-	Institute for Construction, Training & Development
<b>MPC</b>	-	Ministry Procurement Committee
<b>MAPC</b>	-	Ministry Appointed Procurement Committee
<b>MPP</b>	-	Master Procurement Plan
<b>NCB</b>	-	National Competitive Bidding
<b>NPA</b>	-	National Procurement Agency
<b>PC</b>	-	Procurement Committee
<b>PE</b>	-	Procuring Entity
<b>PG</b>	-	Procurement Guideline
<b>PPC</b>	-	Project Procurement Committee
<b>PTS</b>	-	Procurement Time Schedule
<b>RPC</b>	-	Regional Procurement Committee
<b>SCAPC</b>	-	Standing Cabinet Appointed Procurement Committee
<b>SBD</b>	-	Standard Bidding Document
<b>TEC</b>	-	Technical Evaluation Committee
<b>SLR</b>	-	Sri Lanka Rupee
<b>TCE</b>	-	Total Cost Estimate
<b>UNDB</b>	-	United Nations Development Business
<b>VAT</b>	-	Value Added Tax







# CHAPTER 1 - GENERAL

## PROCUREMENT GUIDELINE REFERENCE: 1.2.1 OBJECTIVES

### **Why is proficient public procurement so important?**

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 three categories:

- Works - for example, bridges and buildings, harbors and highways;
- Goods - typically equipment, materiel and supplies, commodities, textbooks, medical supplies; and
- Services -expert advice and training, conventionally labeled Technical Assistance, as well as such things as building maintenance, computer programming, etc.

The quality, timeliness, appropriateness and affordability of those procured inputs can largely determine whether the public investments will succeed or fail. So the beneficial impact and contribution of the input, particularly in the case of technical assistance services, can exceed their direct costs, by several orders of magnitude. Yet procurement costs can be substantial, consuming scarce resources of tightly constrained government budgets. Often the required funding must be borrowed. Moreover, the process also consumes scarce skilled public-sector human resources. It takes time, not merely for procurement planning and contracting but also for contract supervision and execution. And much of this process is highly visible, as well as controversial; exposing politicians and public officers to scrutiny and second-guessing for procurement choices they made deferred or discarded.

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 hallmarks:

- 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 and delivery of Goods and Services;
- Compliance with local laws and international obligations
- Ensuring Transparency and consistency; and
- Retaining confidentiality of information

PROCUREMENT GUIDELINE REFERENCE: 1.2.1 (Cont)  
**OBJECTIVES**

**Maximizing Economy:**

Procurement is a purchasing activity of which is to give the purchaser best value for money. For complex purchases, value may imply more than just the price, since quality issues also need to be addressed. Moreover, lowest initial price may not equate to lowest cost over the operating life of the item procured. But the basic point is the same: the ultimate purpose of sound procurement is to obtain maximum value for money.

**Adhering to prescribed standards, specifications, local laws rules and regulations and international obligations**

Good procurement holds its practitioners responsible and accountability for enforcing and obeying the rules. It makes them subject to challenge and to sanction.

**Fair, equal and maximum opportunity for interested parties to participate in Procurement:**

Good procurement is unbiased, consistent, competitive and therefore reliable. It offers all interested contractors, suppliers and consultants a level playing field on which to compete and thereby, directly expands the purchaser's options and opportunities.

**Expeditious execution of Works and delivery of Goods and Services:**

The best public procurement is simple and swift, producing positive results without protracted delays. In addition, efficiency implies practicality, especially in terms of compatibility with the administrative resources and professional capabilities of the PE and its procurement personnel.

**Ensuring Transparency and consistency in the evaluation and selection procedure:**

Good procurement establishes and then maintains rules and procedures that are accessible and unambiguous. It is not only fair, but should be seen to be fair. The officials involved in a procurement action shall not abuse their powers. An official who abuses one's position in a procurement action to derive benefits for oneself or one's close associates would deem to be engaged in corrupt practices. Officials shall not take advantage of their involvement in a procurement action for personal gain.

**Retaining confidentiality of information:**

Parties associated with procurement actions, namely, suppliers/contractors and officials shall ensure that they maintain strict confidentiality throughout the process. No information on the evaluation of bids shall be disclosed to bidders or any person other than those officially involved in the process.



**PROCUREMENT GUIDELINE REFERENCE: 1.3  
SCOPE OF APPLICATION**

These Guidelines, which have been approved by the Cabinet of Ministers, are only applicable for the Procurement of Goods and Works. The NPA will shortly issue separate Guidelines for the Selection and Engagement of Consultants, and Health Sector Goods.

The Guidelines for the Procurement of Goods and Works repeal replace or otherwise supersede all previous guidelines, circulars and financial regulations issued by the Treasury and the Department of Public Finance on the subject of procurement except those relating to disposal of inventory items and divestiture of public assets. However, the Chapter VI of the Guide lines on Government Tender Procedure (1997 Revised Edition), Use of Consultants will remain applicable until NPA publishes the new guideline for Selection and Engagement of Consultants.

The scope and extent of the application of these Guidelines clearly set out in section 1.3 of the Guidelines.

Under normal circumstances the PEs shall follow the procedures described in the Procurement Guidelines. Approval from NPA should be obtained for any deviation from the described procedures. Such requests must be made within a reasonable time period, at least three weeks must be allowed for each case to enable the NPA to consider such a request and provide its observations.. NPA may thereafter, advice the PE to obtain the required approvals from the appropriate authority (such as cabinet of Ministers, CAPC, MPC etc.) or may advice PE to follow normal procedure.

However, owing to emergency and exceptional circumstances, when real and appreciable damage would be caused to the activities of the PE or injury to persons, the PE with a specific approval from the CAO may use the procedures described under Guideline 3.8.1 and Procurement Manual 3.8.1. In such circumstances the PE should have documentary evidence to justify the decision to deviate from the general procedure.



## CHAPTER 2 - INSTITUTIONS, PROCUREMENT COMMITTEES AND THEIR FUNCTIONS

PROCUREMENT GUIDELINE REFERENCE: 2.1.1

### NATIONAL PROCUREMENT AGENCY (NPA)

#### **The objectives and functions of NPA**

The NPA is the principle authority for formulating and effecting amendments to these Guidelines; issuance of manuals, SBDs, evaluation methodologies, standard contracts, and specifications. Any clarification of the provisions of the Guidelines or the aforementioned documents should be sought from the NPA.

NPA was established under the directive issued by H.E the President of Sri Lanka with the following objectives.

- To streamline the government procurement system and standardize the same to be of equal application to all government institutions.
- To ensure better transparency and good governance in relation to government procurement awards
- To ensure that all parties who are eligible and desirous of participating in public bidding are given an equal opportunity .
- To ensure that the government will get the best value of money in terms of price, equality and timely delivery at procurement.
- To ensure that the government procurement system is made efficient and simplified in order to promote development needs of the country.
- To put in place a monitoring system in relation to selection of successful bidders and award of government tenders.

#### **Key Functions of NPA**

- Develop, implement and review policies in procurement of goods, works and services
- Advise the Ministries and Tender Boards on procurement Activities
- Standardizing of goods and equipment
- Simplification of Review and Approval Process
- Review Procurement Procedures & Procurement Plans of all Government Institutions
- Monitor quality and progress on procurement projects
- Formulate accreditation system on selection of members for TECs and Tender Boards
- Appoint Tender Board and Technical Evaluation Committee members for procurements of higher values -- Cabinet Appointed Tender Boards, Cabinet Appointed Negotiating Committees and Project Committees
- Introduction of code of conduct and ethics for Procurement Procedures
- Introduction of performance and technical auditing
- Capacity Building in the field of Procurement Management

**RESPONSIBILITIES OF THE PROCURING ENTITY IN  
PROCUREMENT PREPAREDNESS ACTIVITIES**

Prior to a request been made for the appointment of a PC, the PE shall confirm to the appointing authority that;

- (a) It has completed all the documents required for the preparation of the bidding documents;
- (b) it has carried out initial environmental examination, (IEE) environmental impact assessment (EIA) and social impact assessment as may be relevant for the project;
- (c) it has resolved land acquisition, compensation, re-settlement issues including relocation of utilities and such other matters which are necessary for the implementation of the project.

The PE shall follow the requirements given in the National Budget Circular No 128 -Accelerating Government Procurement Activities- of March 24, 2006 issued by Ministry of Planning. For easy reference the circular is attached to this Manual as an Appendix 2.3 A.

**JOINT RESPONSIBILITIES OF PCs and TECs**

**Primary Responsibility of Procurement**

The responsibility of a Procurement Action shall be with the CAO. Limits of authority and thresholds to make recommendation/determination of contract award shall be decided by the Government from time to time, and shall be announced by circulars issued under these Guidelines by the NPA. The CAO may delegate the authority to Accounting Officers or others.

If not provided in this manual, CAO, AO, Project Directors or other respective authorities shall take every effort to standardize the procurement procedures within the ministry, department, project, Provincial Council or local authorities respectively. Such offices may develop standard forms where possible to streamline the process and expeditious execution and may obtain the assistance of the Procurement Liaison Officer and Procurement Assistant on this regard. They may also obtain guidance for such standardization procedures from NPA.

The CAO should ensure that sufficient training is given to the staff involved in procurement at the ministry and the organizations under the ministry. The CAO and other staff are requested to visit the NPA website ([www.npa.gov.lk](http://www.npa.gov.lk)) to obtain information of such training opportunities.

In accordance with the Guidelines and bidding documents issued the PE shall have the power to:

- (a) accept any bid, or part of a bid;
- (b) accept part of more than one bid;
- (c) reject all or any bid;
- (d) direct to re-invite bids;

**JOINT RESPONSIBILITIES OF PCs and TECs**

**Umbrella of Procurement Activities under one Objective:**

The appropriate Procurement Committee and appropriate TEC shall carry out the relevant aspects of the Procurement process. An umbrella of Procurement activities connected with a common objective such as design, separate construction activities in a complex activity shall be handled by the appropriate Procurement Committee. 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. However, there may be different TECs for each Procurement activity in accordance with the authority and threshold limits applicable to such individual procurement.

Eg: A Procuring Entity is planning to construct a large administrative complex and wishes to award separate contracts for: (a) feasibility studies (consultant services estimated at Rupees 5 m); (b) design and construction supervision (consultant services estimated at Rupees 30 m); (c) construction of the building works contract estimated at Rupees 600 m); and (d) peripheral roads (works contract estimated at Rupees 125 m).

The procurement process of all the above four contracts shall be handled by a PC authorized for the aggregate value of Rupees 760 m. However there may be different TECs for each contract. Other than the same PC is responsible for all such contracts for all other purposes including the payments for PC and TEC members the above is considered as four different procurements.

**Commitment from PC/TEC members:**

All members of Procurement Committees and TECs serving in their respective committees shall give priority to the work in the Committees over their routine work. The members of the TECs are jointly and severally responsible for all the activities described in the Guidelines.

In addition each member is responsible to the special tasks that will be assigned to such member by the TEC Chairman. These tasks may be related to the main subject matter of procurement or ancillary matters such as procurement procedures, finance, etc. The TEC 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 TEC. Any TEC member may submit a dissenting report on any issue.

**Termination of PC and TEC**

The PC and TEC appointed for a particular procurement ceases 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 TECs) may be re-called for consideration of residual matters such as variations to contract. If such PCs or TECs are re-called any additional payment as determined by CAO may be made.

PROCUREMENT GUIDELINE REFERENCE: **2.7.1**  
**CABINET APPOINTED PROCUREMENT COMMITTEES**  
**(CAPC)**

NPA will appoint CAPC to handle Procurement Actions as indicated in Guideline 2.3 from the attached Procurement Manual. The Composition of CAPC is as follows:

**This section is superseded by the  
Supplement – 8 issued on 2006-10-11**

**Composition**

- a) The number of members shall be five (5).
- b) There shall be a chairperson for each CAPC;
- c) The Secretary or an officer not less than the rank of an Additional Secretary of the Line Ministry shall be a member of the CAPC

The Chairperson of the TEC or his nominee(s) from the TEC members shall be available as non member at all meetings for CAPC to make clarifications. The Liaison Officer for procurement or where a Liaison Officer is not available, a senior officer from the Line Ministry, shall be the non-member Secretary of the CAPC. .

**Request for appointment of CAPC**

The request for the appointment of a CAPC shall be made to the CEO (NPA), by the Secretary to the Line Ministry. Please refer the Format given in this manual to make such requests.

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

PROCUREMENT GUIDELINE REFERENCE: **2.7.1 (Cont)**  
**FORMAT FOR REQUESTING THE APPOINTMENT OF CAPC AND  
TEC**

**1 Details of the Ministry and Procuring Entity:**

**i. Details of Ministry;**

- i.
- ii.
- iii.
- iv.

**This section is superseded by the  
Supplement – 8 issued on 2006-10-11**

v. Name of Procurement Liaison Officer:

vi. Contact details of liaison officer:  
phone; .....; fax; .....; e-mail .....

**ii. Details of Procuring Entity (PE);**

- i. Name:
- ii. Name of Officer in charge:
- iii. Contact details of OIC:  
phone; .....; fax; .....; e-mail .....
- iv. Name of Procurement Liaison Officer (if any):
- v. 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:
- iv. Works/Goods/Service/Consultancy Service:

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

**4 List of connected procurement in reference to Guideline 2.4.1** (give a detail description and whether different TECs are recommended):

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

**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/bidding documents/RFP (including drawings, specifications, drawings, etc.)



7 **Draft Procurement Time Schedule** (Should be a separate attachment see Guideline 4.2.2 for format)

8 **Indicate any special requirements for experience and qualification of PC members. (Indicate area of expertise)**

9 Any special area of expertise

10 **Suggested members**

**This section is superseded by the Supplement – 8 issued on 2006-10-11**

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 Secretary:**

**DATE:**

**Name**

**MINISTRY PROCUREMENT COMMITTEES (MPC)**

The CAO shall appoint the MPC to handle Procurement actions as indicated in Guideline 2.7.4. The CAO may appoint MPCs annually for different Agencies or different categories or components for contracts. If so wishes the Additional Secretary. If so wishes the Additional Secretary. If so wishes the Additional Secretary. The Commission

**This section is superseded by the Supplement – 7 issued on 2006-10-11**

**Composition of MPC for major contracts ( see procurement manual reference 2.14.1)**

- a) The number of members in a MPC shall be three;
- b) The CAO or an officer not less than the rank of an Additional Secretary to the Line Ministry shall be the chairperson.
- c) Where the Ministry is not the Procuring Entity, one member shall be the Head of Department or Project Director of the PE.
- d) The third member shall be from outside the ministry who is conversant in subject of procurement.

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

The Procurement Liaison Officer of the Procuring Entity 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 an Assistant Director (or equivalent) may serve as the non member Secretary for MPC.

**Composition of MPC for minor contracts ( see procurement manual reference 2.14.1)**

- a) The number of members in a MPC (minor committee) shall be three;
- b) Two senior staff officers may be appointed as chairperson/alternate chairperson. Either of these two officers shall be the chairperson.
- c) 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.

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

**Request for appointment of MPC**

The request for the appointment of a MPC shall be made to the CAO, by the Head of the Department/Project Director as appropriate. Please refer next page for Format.

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

**FORMAT FOR REQUESTING THE APPOINTMENT OF MPC AND TEC**

- 1 **Proposed project details:**
  - (a) Project name:
  - (b) Project location:
  - (c) Project start and end dates:
  - (d) Project description (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)**
  - (a) Title:
  - (b) Contract Reference number:
  - (c) Works/Goods/Service/Consultancy Service:
- 3 **Description of the Contract/s:** (describe type of goods/works/services proposed to procure)
- 4 **List of connected procurement in reference to Guideline 2.4.1** (give a detail description and whether different TECs are recommended):
- 5 **Cost estimates** (indicate separately for each connected procurement as above)
- 6 **Status of procurement preparedness activities:**
  - (a) Environmental/ social and other required clearances:
  - (b) Land acquisition (if needed):
  - (c) Land clearance from obstacles:
  - (d) Pre-qualification/bidding documents/RFP (including drawings, specifications, drawings, etc.)
- 7 **Draft Procurement Time Schedule** (Should be a separate attachment see Guideline 4.2.2 for format)
- 8 **Any special requirements for experience and qualification of PC members**
- 9 Any special requirement for experience and qualification of TEC members

**This section is superseded by the  
Supplement – 7 issued on 2006-10-11**

10 **Suggested number of members for the TEC:**

(a) Name 1: .....

Designation: .....

**This section is superseded by the  
Supplement – 7 issued on 2006-10-11**

(b) Name 2: .....

Designation: .....

Area of Specialty: .....

Address .....

Phone; .....; fax; .....; e-mail .....

(c) 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:**

**DATE:**

**Name:** .....

cc: CEO,(NPA)

PROCUREMENT GUIDELINE REFERENCE: **2.7.5**  
**DEPARTMENT PROCUREMENT COMMITTEES (DPC)**

The CAO shall appoint the DPC in accordance with the Procurement Guidelines. Section 2.7.5, The CAO or component or contracts wishes the CAO Additional Se

**This section is superseded by the  
Supplement – 7 issued on 2006-10-11**

The Composition of DPC is given below:

**Composition of DPC for major contracts**

- a) The number of members in a DPC shall be three.
- b) The Head of Department shall be the chairperson.
- c) One member shall be a senior officer from the Procuring Entity or one who is knowledgeable in the subject matter of the Procurement under consideration.
- d) One member shall be from the Line Ministry in the rank of a Senior Assistant Secretary or a Director on par.

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

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

**Composition of DPC for minor contracts (see procurement manual reference 2.14.1)**

- a) The number of members in a MPC (minor committee) shall be three;
- b) Two senior staff officers may be appointed as chairperson/alternate chairperson. Either of these two officers shall be the chairperson.
- c) 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 next page for Format

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

PROCUREMENT GUIDELINE REFERENCE: **2.7.5 (Cont)**  
**FORMAT FOR REQUESTING THE APPOINTMENT OF DPC AND  
TEC**

- 1 Procurement Officer (if any):**
- (a) **Name of Procurement Officer (if any):**
- (b) **Designation:**
- (c) **Area of Specialty:**
- (d) **Address:**
- (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)**
- (a) **Title:**
- (b) **Contract Reference:**
- (c) **Works/Goods/Service/Consultancy Service:**
- 3 Description of the Contract/s:** (describe type of goods/works/services proposed to procure)
- 4 List of connected procurement in reference to Guideline 2.4.1** (give a detail description and whether different TECs are recommended):
- 5 Cost estimates** (indicate separately for each connected procurement as above)
- 6 Status of procurement preparedness activities:**
- (a) **Environmental/ social and other required clearances:**
- (b) **Land acquisition (if needed):**
- (c) **Land clearance from obstacles:**
- (d) **Pre-qualification/bidding documents/RFP (including drawings, specifications, drawings, etc.)**
- 7 Draft Procurement Time Schedule** (Should be a separate attachment see Guideline 4.2.2 for format)
- 8 Suggested members for PC members**
- (a) **Name 1:** ..... ;  
**Designation:** ..... ;  
**Area of Specialty:** .....  
**Address** ..... ;  
**Phone;** .....; **fax;** .....; **e-mail** .....

**This section is superseded by the  
Supplement – 7 issued on 2006-10-11**

(b) Name 2: ..... ;  
Designation: ..... ;  
Area of Specialty: .....  
Address ..... ;

(c) **This section is superseded by the  
Supplement – 7 issued on 2006-10-11**

Phone; ..... ; fax; ..... ; e-mail .....

**9 Suggested members for the TEC:**

(a) Name 1: ..... ;  
Designation: ..... ;  
Area of Specialty: .....  
Address ..... ;  
Phone; ..... ; fax; ..... ; e-mail .....

(b) Name 2: ..... ;  
Designation: ..... ;  
Area of Specialty: .....  
Address ..... ;  
Phone; ..... ; fax; ..... ; e-mail .....

(c) 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:**

**DATE:**

Name: .....

PROCUREMENT GUIDELINE REFERENCE: **2.7.6**

**PROJECT PROCUREMENT COMMITTEES (PPC)**

The CAO  
2.7.6. The  
components  
contracts  
the CAO  
Secretari

**This section is superseded by the  
Supplement – 7 issued on 2006-10-11**

Guideline  
categories or  
Actions for  
so wishes  
Additional

The Composition of PPC is given below:

**Composition of PPC for major contracts**

- a) The number of members in a PPC shall be three;
- b) If the Project Director, is a class 1 officer of the Sri Lanka All island Services then he shall be the chairperson otherwise a representative of the ministry who shall be a class 1 officer of the Sri Lanka All island Services shall the chairman;
- c) If Project Director is not the Chairman then he shall be a member;
- d) One member shall be a senior officer from the Procuring Entity who is knowledgeable in the subject matter of the Procurement under consideration;
- e) One member (Class 1 officer) shall be a representative from the Ministry;

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

The Procurement Specialist of the project shall be the non member secretary for PPC.

**Composition of PPC for minor contracts (see procurement manual reference 2.14.1)**

- a) The number of members in a MPC (minor committee) shall be three;
- b) Two senior staff officers may be appointed as chairperson/alternate chairperson. Either of these two officers shall be the chairperson.
- c) 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 PPC**

The request for the appointment of a PPC shall be made to the CAO, by the Project Director. The form of request shall be same as applicable to DPC (Guideline 2.7.5)

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



PROCUREMENT GUIDELINE REFERENCE: **2.7.7**  
**REGIONAL PROCUREMENT COMMITTEES (RPC)**

With the approval/delegation of the 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. The composition of the RPC is given in below:

**Composition**

- a) The members in a RPC shall be three;
- b) Head of regional/district/divisional (or equivalent) shall be the Chairperson.
- c) 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.
- d) The third member shall be external to the Procurement Entity who is knowledgeable in Government Procurement procedure.

**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. The format given in next page may be used.

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

**FORMAT FOR REQUESTING THE APPOINTMENT OF RPC AND TEC**

**1 Procuring Entity:**

- (a) Name:
- (b) Name of Officer in charge:
- (c) Contact details of OIC:  
phone; .....; fax; .....; e-mail .....
- (d) Contact details of liaison officer:  
phone; .....; fax; .....; e-mail .....

**2 Title/s of the proposed contract/s**

- (a) Title:
- (b) Contract Reference:
- (c) Works/Goods/Service/Consultancy Service:

**3 Description of the Contract:** (describe type of goods/works/services)

**4 List of connected procurement in reference to Guideline 2.4.1** (give a detail description and whether different TECs are recommended):

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

**6 Status of procurement preparedness activities:**

- (a) Environmental/ social and other required clearances:
- (b) Land acquisition:
- (c) Land clearance:
- (d) Status of bidding documents/RFP (including drawings, specifications, drawings)

**7 Draft Procurement Time Schedule** (Should be a separate attachment see Guideline 4.2.2 for format)

**8 Suggested members for PC members**

- (a) Name 1: ..... ;  
Designation: ..... ;  
Area of Specialty: .....  
Address ..... ;  
Phone; .....; fax; .....; e-mail .....

- (b) Name 2: ..... ;  
 Designation: ..... ;  
 Area of Specialty: .....  
 Address ..... ;  
 Phone; .....; fax; .....; e-mail .....
- (c) Name 3: ..... ;  
 Designation: ..... ;  
 Area of Specialty: .....  
 Address ..... ;  
 Phone; .....; fax; .....; e-mail .....

9 **Suggested members for the TEC:**

- (a) Name 1: ..... ;  
 Designation: ..... ;  
 Area of Specialty: .....  
 Address ..... ;  
 Phone; .....; fax; .....; e-mail .....
- (b) Name 2: ..... ;  
 Designation: ..... ;  
 Area of Specialty: .....  
 Address ..... ;  
 Phone; .....; fax; .....; e-mail .....
- (c) 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 OIC:**

**DATE:**

**Name:** .....

**PROCUREMENT GUIDELINE REFERENCE: 2.8.2**  
**TEC Assisting Cabinet Appointed Procurement Committees (CAPC)**

Granting due consideration to the recommendations made by the Secretary to the Line Ministry, the NPA shall appoint the TEC to assist CAPC to handle high value Procurement actions as indicated in Guideline 2.8.2 , and will have the Composition given below:

**Composition**

- a) The minimum number of members in the TEC shall be five
- b) There shall be a chairperson for the TEC;
- c) At least two members shall be subject specialists\* selected from the nominees of Secretary to the Line Ministry;;
- d) The Officer in charge of the Project shall be the non member Secretary for TEC
- e) Representative from the Line Ministry
- f) Representative from the Treasury
- g) If Head of the Department or Chief Executive Officer is a member of the TEC, his or her subordinates should not serve as member of the same TEC, unless it is essential.
- h) Any other processing specialized expertise (if required)

The Chairman of the TEC shall assign specific tasks to each member (including to him/her self) in addition to the joint responsibility.

\* subject specialists means a person who is knowledgeable to make judgment on responsive of the bid on technical/financial and other related grounds as appropriate to the procurement concerned.

**Request for appointment of TEC to assist CAPC**

The request for the appointment of a TEC to assist CAPC shall be made to the CEO of NPA, by the Secretary to the Line Ministry. The request shall be simultaneously with the request for appointing CAPC.

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

PROCUREMENT GUIDELINE REFERENCE: **2.8.3**

**TEC for Ministry Procurement Committees (MPC)**

Giving due consideration to the recommendations made by the Head of Department/Project Director, CAO shall appoint the TEC to handle Procurement actions as indicated in Guideline 2.8.3. The Secretary may appoint Permanent TECs for different agencies, different categories or components. The composition is given below:

**Composition for major contracts**

- a) The minimum number of members in the TEC shall be five;
- b) There shall be a chairperson for the TEC;
- c) At least one member of the TEC shall be a person who is conversant with Procurement procedure;
- d) At least one member shall be from the list nominated by Head of Department/Project Director;
- e) At least one member shall be a subject specialist\*;
- f) At least one member shall be external to the Procuring Entity;
- g) If Head of the Department or Chief Executive Officer is a member of the TEC, his or her subordinates should not serve as member of the same TEC, unless it is essential.

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

Procurement Liaison Officer shall be the non member Secretary for TEC

- subject specialists means a person who is knowledgeable to make judgment on responsiveness of the bid on technical/financial and other criteria as appropriate to the procurement concerned.

**Composition for minor contracts** (see procurement manual guideline 2.14.1)

The composition of the TEC to carry out Procurement Actions shall be three.

**Request for appointment of TEC for MPC**

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

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

<p>PROCUREMENT GUIDELINE REFERENCE: <b>2.8.4</b></p> <p><b>TEC for Department Procurement Committees (DPC) &amp; Project Procurement Committee</b></p>
<p>Head of Department/Project Director shall appoint the TEC for DPC/PPC to handle Procurement actions as indicated in Guideline 2.8.4. The Head of Department/Project Director may appoint Permanent TECs for different categories or components of the Project for PPCs/DPCs. The TEC will have the Composition given below:</p>
<p><b>Composition for major contracts.</b></p> <ul style="list-style-type: none"> <li>a) The number of members in the TEC shall be three to five.</li> <li>b) There shall be a chairperson for the TEC.</li> <li>c) At least one member shall be the subject specialist*;</li> <li>d) At least one member shall be from line ministry or external to Procuring Entity who is conversant with procurement;</li> <li>e) If a sectional head is a member of the TEC, his or her subordinates should not serve as member of the same TEC, unless it is essential.</li> </ul> <p>The Chairman of the TEC shall assign specific tasks to each member (including to him/herself) in addition to the joint responsibility;</p> <p>One of the members shall be the Secretary for TEC</p> <p>*Subject specialists means a person who is knowledgeable to make judgment on responsive of the bid on technical/financial and other related grounds as appropriate to the procurement concerned.</p> <p><b>Composition for minor contracts</b></p> <p>The number of members to carry out Procurement Action for minor contracts (see procurement manual guideline 2.14.1) shall be three.</p>
<p><b>Request for appointment of TEC for DPC/PPC</b></p> <p>The request for the appointment of a TEC for DPC/PPC 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/PPC</p>
<p>At no stage the composition, names or any other details of the PC/TEC members shall be divulge to the bidders. Other than when direct negotiations are required with the bidders, PC and TEC members should not communicate directly with the bidders. All such communications should be done through the PE</p>

PROCUREMENT GUIDELINE REFERENCE: **2.8.5**  
**TEC for Regional Procurement Committees (RPC)**

The Head of Department shall decide upon the requirement of a TEC. 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 TEC. The Head of the Department may appoint Permanent TEC for RPCs for different categories or components of the Region. If so appointed it will have the Composition given below:

**Composition**

- a) The number of members in the TEC shall be three;
- b) There shall be a chairperson for the TEC;
- c) At least one member shall be a subject specialist\*;

\* subject specialists means a person who is knowledgeable to make judgment on responsive of the bid on technical/financial and other related grounds as appropriate to the procurement concerned.

**Request for appointment of TEC for RPC**

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

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

**Payments for Members of Procurement Committee's and Secretaries to Procurement Committee**

Members of the PCs, TECs, alternate members, staff officers and clerical officers assisting procurement activities shall be paid for participation at such meetings. However, it should be noted that the procurement procedures.

Payments for the meetings permanent member the number of

**This section is superseded by the Supplement – 4 issued on 2006-09-29**

attended tionate to

The payment given herein shall be reduced by 40% at the 1<sup>st</sup> 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 alternative member to participate shall result in no payments and such occurrence shall be immediately informed to NPA.

The members may scrutinise the documents or perform any other work connected with the tender 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 matter connected to the tender 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 tenders 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 the payments paid to him as explained above by his/her own organization or any other outside organization as fees for serving in tender 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 as a member of future tenders and may be subjected to disciplinary procedures.

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



<b>PAYMENTS FOR MEMBERS OF THE PROCUREMENT COMMITTEE AND CANCELLATION OF MEMBERS (PQ means Pre- Qualification)</b>						
(The members may be paid 75 % of the fee up on final recommendation/ determination, and the balance 25% may be paid up on the award of the contract)						
Value or nature of the Goods Works or Service Procurement (in Rs million)	Payment for Chairman, if contract award is completed within			Payment for other members, if contract award is completed within		
	the original Bid validity Period	the original Bid validity Period	the original Bid validity Period	the original Bid validity Period	the original Bid validity Period	the original Bid validity Period
More than 1000	This section is superseded by the Supplement – 4 issued on 2006-09-29					10,000
More than 1000 without PQ	More than 5000 without PQ	20,000	10,000	10,000	8,000	
More than or equal to 500 and less than 1000 with PQ	More than or equal to 2000 and less than 3000 with PQ	20,000	10,000	17,500	8,750	
More than or equal to 500 and less than 1000 without PQ	More than or equal to 2000 and less than 3000 without PQ	16,000	8,000	14,000	7,000	
More than or equal to 250 and less than 500 with PQ	More than or equal to 1000 and less than 2000 with PQ	17,500	8,750	15,000	7,500	
More than or equal to 250 and less than 500 without PQ	More than or equal to 1000 and less than 2000 without PQ	14,000	7,000	12,000	6,250	
More than or equal to 100 and less than 250 with PQ	More than or equal to 500 and less than 1000 with PQ	15,000	7,500	12,500	6,000	
More than or equal to 100 and less than 250 without PQ	More than or equal to 500 and less than 1000 without PQ	12,000	6,000	10,000	5,000	
More than or equal to 25 and less than 100 with PQ	More than or equal to 250 and less than 500 with PQ	10,000	5,000	7,500	3,750	
More than or equal to 25 and less than 100 without PQ	More than or equal to 250 and less than 500 without PQ	8,000	4,000	6,000	3,000	
More than or equal to 5 and less than 25	More than or equal to 100 and less than 250 with PQ	3,000	1,500	2,000	1,000	
	More than or equal to 100 and less than 250 without PQ	2,400	1,200	1,600	800	
	More than or equal to 25 and less than 100 with PQ	2,000	1,000	1,000	500	
	More than or equal to 25 and less than 100 without PQ	1,600	800	800	400	
More than or equal to 2 and less than 5	More than or equal to 5 and less than 25	1,000	500	500	250	

<sup>1</sup> PQ means Pre-Qualification

**PAYMENTS FOR MEMBERS OF THE TEC & PROJECT COMMITTEE MEMBERS**

(The members may be paid 75 % of the fee upon submission of the TEC or Project committee report in its final form, and the balance 25% may be paid upon the award of the contract)

Value or nature of the Goods Works or Service Procurement (in Rs million)	Payment for Chairman if TEC	Payment for other members if TEC Report submitted within the			
		60% of the original Bid validity Period			
<b>This section is superseded by the Supplement – 4 issued on 2006-09-29</b>					
More than 1000 with PQ <sup>2</sup>	More than 3000 with PQ	17,500	8,750	15,000	7,500
More than 1000 without PQ	More than 3000 without PQ	14,000	7,000	12,000	6,000
More than or equal to 500 and less than 1000 with PQ	More than or equal to 2000 and less than 3000 with PQ	15,000	7,500	12,500	6,250
More than or equal to 500 and less than 1000 without PQ	More than or equal to 2000 and less than 3000 without PQ	12,000	6,000	10,000	5,000
More than or equal to 250 and less than 500 with PQ	More than or equal to 1000 and less than 2000 with PQ	12,500	6,250	10,000	5,000
More than or equal to 250 and less than 500 without PQ	More than or equal to 1000 and less than 2000 without PQ	10,000	5,000	8,000	4,000
More than or equal to 100 and less than 250 with PQ	More than or equal to 500 and less than 1000 with PQ	10,000	5,000	7,500	6,000
More than or equal to 100 and less than 250 without PQ	More than or equal to 500 and less than 1000 without PQ	8,000	4,000	6,000	4,800
More than or equal to 25 and less than 100 with PQ	More than or equal to 250 and less than 500 with PQ	6,000	3,000	5,000	2,500
More than or equal to 25 and less than 100 without PQ	More than or equal to 250 and less than 500 without PQ	4,800	2,400	4,000	2,000
More than or equal to 5 and less than 25	More than or equal to 100 and less than 250 with PQ	3,000	1,500	2,000	1,000
	More than or equal to 100 and less than 250 without PQ	2,400	1,200	1,600	800
	More than or equal to 25 and less than 100 with PQ	2,000	1,000	1,000	500
	More than or equal to 25 and less than 100 without PQ	1,600	800	800	400
More than or equal to 2 and less than 5	More than or equal to 2 and less than 25	1,000	500	500	250

<sup>2</sup> PQ means Pre-Qualification

**PAYMENTS FOR STANDING CABINET APPOINTED PROCUREMENT COMMITTEE (SCAPC) AND TEC MEMBERS ASSISTING SCAPC**

Value of Procurement	Standing Cabinet	TEC FOR SCAPC		
This section is superseded by the Supplement – 4 issued on 2006-09-29				
Less than Rs. 250 m	3,000	2,000	3,000	2,000
More than or equal to Rs. 250 m and less than Rs. 500 m	4,000	3,000	4,000	3,000
More than or equal to Rs. 500 m and less than Rs. 1000 m	5,000	4,000	5,000	4,000
More than or equal to Rs. 1000	8,000	6,000	8,000	6,000

**PAYMENTS FOR STAFF OFFICERS AND CLERICAL OFFICERS ASSISTING THE PROCUREMENT COMMITTEES AND CANC**

If the staff officer assisting the Procurement serving as a member of the Procurement Committee, Standing Procurement Committee, CANC, TEC or Project Committee, he/she will not be entitled for staff officers payments.

(The officer respectively

by the

**This section is superseded by the Supplement – 4 issued on 2006-09-29**

		award is completed within two third of the original Bid validity Period	award is completed within the original Bid validity Period	award is completed within two third of the original Bid validity Period	award is completed within the original Bid validity Period
<b>GOSL Funded</b>	<b>Foreign Funded</b>				
More than or equal to 100 m	More than or equal to 500 m	5,000	2,500	2,500	1,250
Less than 100 m and more than or equal to 25 m	Less than 500 m and more than or equal to 250 m	2,500	1,250	1,250	625
Less than 25 m and more than or equal to 5 m	Less than 250 m and more than or equal to 25 m	1500		750	
	Less than 25 m and more than or equal to 5 m	1000		500	
Less than 5 m and more than or equal to 2 m		500		250	

**Payments for TEC Members – Format for certifying attendance**

When making payments to PC/TEC members the payment document shall include a copy of the attendance sheet signed by each member and certified by chairperson of the PC/TEC. The following format may be used for such purpose. The TEC may do the scrutinizing the documents or any other work connected with the evaluation outside the meetings but outside the normal legitimate working hours of the member. However, the members shall meet at least two occasions to discuss and agree on the evaluation. To entitle for a payment such meetings shall be held outside the normal working hours. If an alternative member has attended a meeting of CAPC or MPC instead of the permanent member the fees shall be divided in proportionate to the number of meetings attended by the permanent member and the alternate member.

Title of The Procurement												
Name of Procuring Entity												
Contract sum	Estimated	Meeting Number 1		Meeting ;Number 2		Meeting Number <sup>3</sup>		Total Number of Meetings held	Number of meetings attended by the member <sup>4</sup>	Signature of the Chairperson (PC/TEC) <sup>3</sup>		
	Award	Venue	Date	Venue	Date	Venue	Date					Start Time
Name of the member	Capacity (Chairperson, Member, Alternate member, Secretary etc)	Venue	Date	Start Time	End Time	Venue	Date	Start Time	End Time	Signature		

<sup>3</sup> The payment shall be reduced by 40% at the 1<sup>st</sup> instance of absence. Any further absence by the same member shall result in no payments at all and such occurrence shall be immediately informed to NPA using the format given in next page.

<sup>4</sup> *Signature after the end of the final meeting*

<sup>3</sup> *Signature after the end of the final meeting*

<sup>4</sup> The payment shall be reduced by 40% at the 1<sup>st</sup> instance of absence. Any further absence by the same member shall result in no payments at all and such occurrence shall be immediately informed to NPA using the format given in next page.

**Notification of Absence of a Member to NPA**

If a PC/TEC member appointed has failed to attend two or more meetings of a single procurement, the PE shall inform such absence to NPA 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. NPA will use such information for review of performance of PC and TEC members in accordance with Guideline 2.13. 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/TEC 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 CAPC, MPC, DPC, PPC, or RPC). ???
6. Details of the member who has absent from PC/TEC meetings:
  - a) Name:
  - b) Address:
  - c) Capacity: PC Chairperson/PC member/ TEC chairperson/TEC member
  - c) Contact details (if available)
7. Total number of meetings held:
8. Number of meetings the member has not attended:

Date

- a) -----
- b) -----
- c) -----

Signed (by head of Procurement Entity)

Name

Designation

Date

Cc: PC/TEC Member

**PROCUREMENT GUIDELINE REFERENCE: 2.11.3**

**Format for Procurement Committee Meeting**

The following format may be used to record the proceeding of a procurement committee. The minutes shall be signed by each member of the PC. However, any member may record a dissent.

**MINUTES OF THE PROCUREMENT COMMITTEE**

Nature of the Procurement Committee	CAPC/MPC/D PC/PPC/RPC	Name of the Procurement Entity	
-------------------------------------	-----------------------	--------------------------------	--

Title of Procurement	
----------------------	--

Meeting no:		Date		Purpose/s <sup>5</sup>	
-------------	--	------	--	------------------------	--

**Present**

Members of the PC		Others (capacity)	
1.		1.	
2.		2.	
3.		3.	

Main observations made: *(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:*

- (a) Proceedings of the meeting and comments on follow up action from previous meeting (if any)*
- (b) Comments (if any) on presence and absence of PC/TEC members;*
- (c) Comments on entire procurement process*
- (d) Any special features/methods adopted.*

---

<sup>5</sup> Indicate PTS, Pre-qualification, contract award etc

Summary of the main decisions taken:

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

- 1. For procurement Time Schedule: Key dates such as issue of documents, closing of bids/proposals; contract award (other details may include in an attachment)*
  - 2. For pre-Qualification/Short listing: Statement on agreement or disagreement with TEC recommendation/s; Number of applications received; Names and addresses of the bidders pre-qualified/short listed;*
  - 3. For contract Award: Statement on agreement or disagreement with TEC recommendation/s; Name and address of the successful bidder; contract amount (various currencies if applicable);*
  - 4. For intermediate decisions: State clearly the direction given to the TEC/PE*
  - 5. Justification(if required) for their decision/s the PC wishes to add*
- Argue case – why not give to lowest bidder.*

Signatures:

Name	Capacity <sup>6</sup>	Agree with the above decision/s (yes/no) <sup>7</sup>	Signature

<sup>6</sup> Indicate chairperson/member

<sup>7</sup> The member shall write yes or no; if no attach the comment/observation/decision as an attachment



PROCUREMENT GUIDELINE REFERENCE: **2.11.3**  
**Format for TEC Meeting Minutes**

The following format may be used to record the proceeding of a TEC meeting. The summary of the TEC 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 TEC. However, any member may record a dissent. Copies of these minute sheets shall be forwarded to PC when submitting the TEC report.

**REPORT OF THE TEC MEETING**

Nature of the Procurement Committee	CAPC/MPC/DPC/PPC /RPC	Name of the Procurement Entity	
-------------------------------------	-----------------------	--------------------------------	--

Title of Procurement	
----------------------	--

Meeting no:		Date		Purpose/s <sup>8</sup>	
-------------	--	------	--	------------------------	--

**Present**

Members of the TEC	Others (capacity)
1.	1.
2.	2.
3.	
4.	

Main observations made: *(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:*

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).*

<sup>8</sup> Indicate Scrutin Ise Pre-qualification documents, Pre-qualification evaluation, Scrutin Ise bidding documents, bid evaluation and contract award etc.

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:*

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

Name	Capacity <sup>9</sup>	Agree with the above decision/s (yes/no) <sup>10</sup>	Signature

**In addition to the main TEC report prepared following the standard format, TEC should submit a summary report in the format given in next page**

<sup>9</sup> Indicate chairperson/member

<sup>10</sup> The member shall write yes or no; if no attach the comment/observation/decision as an attachment

PROCUREMENT GUIDELINE REFERENCE: **2.11.3 (Contd.)**  
**FORMAT FOR BID EVALUATION SUMMARY REPORT**

TEC 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 bidding documents issued	
7	Number of bids received	
8	Number of bids determined as substantial responsive	
9	Any common reason/s found for determining many bids as non responsive (if a common reason/s observed describe the departure)?	
10	Was the lowest evaluated bidder recommending for the contract award? (Yes/No)?	
11	If reason answer for “10” above is “No”, give reason/s for not recommending.	
12	What is the recommended contract award price?	
13	What was the bid price of the recommended bidder at the bid opening?	
14	If there is a difference between “12” and “13” above what are the reasons?	

**DECLARATIONS BY MEMBERS OF PROCUREMENT COMMITTEES  
AND TECHNICAL EVALUATION COMMITTEES**

Member's ref No:

Contract Title:

Contract Reference:

Date:

1. I, the undersigned .....<sup>11</sup> appointed for 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 proceedings, including our recommendations with any party other than the other members of the PC and the TEC 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 TEC and also the Ethics in Procurement as spelled out in the Procurement Guidelines

**NAME & Signature of the Member**

**DECLARATIONS BY STAFF OFFICER AND CLERICAL OFFICERS  
ASSISTING PCs AND TECs**

Contract Title:

Contract Reference:

Date:

1. I, the undersigned .....<sup>12</sup> 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**

<sup>11</sup> Indicate CAPC/SCAPC/MPC/DPC/PPC/RPC member or TEC member assisting CAPC/SCAPC/MPC/ DPC/ PPC /RPC as appropriate

<sup>12</sup> Indicate CAPC/SCAPC/MPC/DPC/PPC/RPC member or TEC member assisting CAPC/SCAPC/MPC/ DPC/ PPC /RPC as appropriate

## AUTHORITY OF PROCUREMENT COMMITTEES FOR CONTRACT AWARD RECOMMENDATION/DETERMINATION

**When Open Competitive Bidding Procedure (guideline 3.1, 3.2 or 3.3) or Direct Contracting (Guideline 3.5 or 3.6) is used**

1. For these a Committee
2. For annual the year sision for
3. 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.

**This section is superseded by the  
Supplement – 6 issued on 2006-10-05**

Authority	GOSL Funded Projects	Foreign Funded Projects
Cabinet Appointed Procurement Committee (CAPC) <sup>13</sup> for Works	More than or equal to Rs. 100 m	More than or equal to Rs. 500 m
Cabinet Appointed Procurement Committee (CAPC) <sup>14</sup> for Goods and Services	More than or equal to Rs. 100m	More than or equal to Rs. 300 m
Ministry Procurement Committee (MPC) for major contracts - Works	Less than Rs 100 m	Less than Rs 500m
Ministry Procurement Committee (MPC) for minor contracts <sup>15</sup> – Works (when Procuring Entity is ministry)	Less than Rs 10 m	Less than Rs 25 m
Ministry Procurement Committee (MPC) for major contracts - Goods and Services	Less than Rs. 100 m	Less than Rs.300m
Ministry Procurement Committee (MPC) for minor contracts <sup>16</sup> – Goods and Services (when Procuring Entity is ministry)	Less than Rs 5 m	Less than Rs 10 m

<sup>13</sup> CAPC will make recommendation to the Cabinet of Ministers and the determination will be made by the Cabinet

<sup>14</sup> CAPC will make recommendation to the Cabinet of Ministers and the determination will be made by the Cabinet

<sup>15</sup> The Secretary may appoint a separate MPC to take Procurement Action on smaller value contracts of the Ministry as indicated.

<sup>16</sup> The Secretary may appoint a separate MPC to take Procurement Action on smaller value contracts of the Ministry as indicated

Department Procurement Committee (DPC) for major contracts - Works	Less than Rs. 25	When a department is directly responsible in
Department Procurement Committee (DPC) for minor contracts <sup>17</sup> - Works	Less than Rs 3	
Department Procurement Committee (DPC) for major contracts – Goods and Services		
Department Procurement Committee (DPC) for minor contracts <sup>18</sup> – Goods and Services		project
Project Procurement Committee (PPC) for major contracts - Works		authority
Project Procurement Committee (PPC) for major contracts - Goods and Services		able
Project Procurement Committee (PPC) for minor contracts <sup>19</sup> – Works		Less than Rs.10m
Project Procurement Committee (PPC)– for major contracts - Goods and Services		Less than Rs.50m
Project Procurement Committee (PPC) for minor contracts <sup>20</sup> – Goods and Services		Less than Rs.5m
Regional Procurement Committees (RPC)	< Rs. 5 m	< Rs. 5 m
CAO/HD/PD, when direct contracting procedure is used and the items procured satisfies the requirements given under Guideline 3.5	< Rs. 100,000	< Rs. 100,000
CAO/HD/PD, when direct contracting procedure is used and the items procured satisfies the requirements given under Guideline 3.5	< Rs. 50,000	< Rs. 50,000

**This section is superseded by the Supplement – 6 issued on 2006-10-05**

**Approving Authorities:**

Before the contract is awarded approval from the following authorities (subjected to the delegation of authority provided in FR 135) should be obtained for the recommendation/determination made by the PCs:

- RPC** - Head of the Department
- PPC** - CAO
- DPC** - CAO
- MPC** - CAO
- CAPC** - Cabinet

<sup>17</sup> The Secretary may appoint a separate DPC to take Procurement Action on smaller value contracts of the Department as indicated

<sup>18</sup> The Secretary may appoint a separate DPC to take Procurement Action on smaller value contracts of the Department as indicated

<sup>19</sup> The Secretary may appoint a separate PPC to take Procurement Action on smaller value contracts of the project as indicated

<sup>20</sup> The Secretary may appoint a separate PPC to take Procurement Action on smaller value contracts of the project as indicated

**AUTHORITY OF PROCUREMENT COMMITTEES FOR CONTRACT AWARD RECOMMENDATION/DETERMINATION**

**When Shopping (Guideline 3.4) Procedure is followed**

1. For supply and service contracts quotations may be invited from:
2. For contracts of value less than Rs. 100,000, quotations may be invited from registered suppliers, preferably from the list of registered suppliers.
3. Procurement contracts of value less than Rs. 100,000 may be invited from registered suppliers at least annually by open advertisement, or from the list of registered suppliers.
- The Procuring Entity shall use Standard Documents approved by NPA, wherever available.

**This section is superseded by the Supplement – 6 issued on 2006-10-05**

Authority	GOSL Funded Projects	Foreign Funded Projects
MPC (minor committee), following Shopping Procedures for Works by inviting not less than five sealed quotations, from ICT AD registered contractors, closing at pre-disclosed deadline and public bid opening.	< Rs. 5m	< Rs. 5m
MPC (minor committee), following Shopping Procedures for Goods and Services by inviting not less than five sealed quotations, from registered suppliers closing at pre-disclosed deadline and public bid opening.	< Rs. 2m	< Rs. 2m
DPC (minor committee) and PPC (Minor Committee), following Shopping Procedures for Works by inviting not less than five sealed quotations from ICT AD registered contractors closing at pre-disclosed deadline and public opening.	< Rs. 2 m	< Rs. 3 m
DPC (minor committee) and PPC (Minor Committee), following Shopping Procedures for Goods and Services by inviting not less than five sealed quotations, closing at pre-disclosed deadline and public opening.	< Rs. 2 m	< Rs. 2 m
MPC (minor committee), DPC (Minor Committee) and PPC (Minor Committee), following Shopping Procedures for Goods by inviting not less than three quotations from registered suppliers closing at pre-disclosed deadline.	< Rs. 1 m	< Rs. 1 m
RPC, following Shopping Procedures for Works by inviting not less than five sealed quotations from ICT AD registered contractors closing at pre-disclosed deadline and public opening.	< Rs. 1 m	< Rs. 1 m
RPC, following Shopping Procedures for Goods and Services by inviting not less than five sealed quotations, closing at pre-disclosed deadline and public opening.	< Rs. 100,000	< Rs 100,000
Heads of Sri Lanka Missions abroad (subjected to prior approval from the Secretary to ministry of Foreign affairs)	Not exceeding US\$ 1,000 per month	
CAO/HD/PD following Shopping Procedures for Works by inviting not less than three sealed quotations.	< Rs. 100,000	
CAO/HD/PD following Shopping Procedures for Goods and Services by inviting not less than three sealed quotations.	< Rs. 50,000	

<b>Direct Purchase of smaller value repair works, goods and services</b>		
CAO/ HD/PD may purchase goods or services including repairs to motor vehicles and other equipment directly from open market up to a value not exceeding Rs. 25,000, when it is uneconomical to follow competitive procedure.		
CAO/HD using the person designated	<p><b>This section is superseded by the Supplement – 6 issued on 2006-10-05</b></p>	
HD may separately include smaller value not exceeding Rs. 5,000 per event per day. Total of such purchases during any calendar month should not exceed Rs. 20,000	< Rs. 5,000	< Rs. 5,000



## CHAPTER 3 - PROCUREMENT METHODS

### PROCUREMENT GUIDELINE REFERENCE CHOICE OF PROCUREMENT METHODS

The Guidelines describe various procurement methods that can be used by PEs. The key to the selection of method is to understand what situations are suitable for each of them. Depending on the nature and size of the project and its procurement elements, PE may use any of the methods set out in the Procurement Guidelines, to procure goods, works and services. The choice of procurement method depends on:

- the nature of the goods and services to be procured;
- the value of the procurement;
- the local availability and cost of goods and services;
- critical dates for delivery;
- agreement with the funding agency. and
- transparency of procedures proposed.

Commonly used methods of procurement include International Competitive Bidding (ICB), National Competitive Bidding (NCB), Limited International Bidding (LIB), International and National Shopping, Direct Contracting and Force Account.

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.

PROCUREMENT GUIDELINE REFERENCE: 3.1  
**INTERNATIONAL COMPETITIVE BIDDING (ICB)**

The purpose of ICB is to give all prospective and qualified bidders adequate and timely notifications of PE's requirements and to give them equal access and a fair opportunity to compete for contracts for required goods and services. Bidding opportunities must therefore be advertised internationally and all eligible bidders given reasonable possibilities to participate. These notification requirements distinguish ICB from other methods of procurement.

ICB may be the most suited method of Procurement, for large contracts for goods, works and services valued at Rs. 300 million or more under following circumstances:

- (a) when the capacity of the domestic contractors, suppliers and service providers are limited;
- (b) for Foreign Funded Projects, when the Foreign Funding Agency agreement requires the PE to resort to ICB procedures;

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.

When ICB is used, domestic preference criteria stipulated under Procurement Guideline shall be used. 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 Bidding document, whether a foreign or domestic bidder should be allowed to purchase same, provided the Bidder is prepared to pay any specified fees;

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

- Advertise at least in one widely circulated national newspaper.
- Relevant websites including NPA web site;
- Internationally such as in UNDB and Development Gateway's dg Market; and
- Transmit such invitations to embassies and trade representatives of countries from where suppliers and contractors are likely to participate, and post them in relevant websites.

ICB for Works contract with prequalification may needs 16-20 months procurement lead time and Works contracts without prequalification may needs: 8-12 months. Similarly ICB for Goods contract may require 8-10 months of lead time.

**NATIONAL COMPETITIVE BIDDING (NCB)**

NCB is the competitive Bidding procedure that shall be applicable for most GOSL funded projects when the Goods or Works are available within Sri Lanka at prices significantly below those in the international markets.

When NCB is used.:

- The invitation to bid should be advertised at least in one widely circulated national newspaper and in relevant websites where possible;
- any supplier, service provider or contractor who desires to obtain the Bidding document should be allowed to purchase same, provided the Bidder is prepared to pay any specified fees;
- the contractors/suppliers/service providers should be allowed to purchase the Bidding document up to a day prior to the Bid closing date;
- in the case of contract for Works, to be eligible for contract award, the domestic contractors shall have a valid and appropriate registration at the time of submitting the Bid, under the National Registration System of ICTAD. However, ICTAD registration should not be an eligibility criterion for purchasing the Bidding document or submitting a Bid.

NCB in Foreign Funded Project may be used.:

- with the agreement of the Foreign Funding Agency; and
- by allowing foreign contractors or suppliers to Bid on same terms with the domestic contractors or suppliers;
- by not giving preference to domestic bidders or approved societies etc; and
- by considering registration in appropriate category under the national registration system of ICTAD as equivalent experience and qualification criteria described in the Bidding document

NCB contract may needs: 6 months of lead time.

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

Limited/Restricted bidding procedures are followed when the invitation to bid is directly addressed to a pre-selected list of international or national suppliers or contractors. Bids should be solicited from a list of potential suppliers broad enough to ensure competitive prices, including all known suppliers if their number is small

The procedure is chosen when:

- only a few known sources are available (e. g. in procurement of a small number of vehicles or machine tools);
- advertising would be a waste or for small value procurements in which the cost of advertising is disproportionately high.
- LNB may be suitable for exceptional reasons such as emergency actions related to a major natural disaster, which may justify the waiving of advertising of competitive bids.
- LIB may be used for procurement of goods such as pharmaceuticals, or highly specialized equipment for construction of dams or where there are only a limited number of known suppliers or manufacturers.

All procedures followed under ICB or NCB apply except the requirements for advertising and in the case of foreign funded projects, the domestic preference.

PROCUREMENT GUIDELINE REFERENCE: 3.4  
**SHOPPING**

- a) Shopping is an appropriate procurement method for procuring frequently used:
- readily available off the shelf Goods of small value;
  - small value (any way not exceeding Rupees 5 m) commodities for which specifications are standard
  - small value (any way not exceeding Rupees 5 m) Works or Services
  - telephone or verbal quotations are not acceptable
- b) These Procurements are confined to limits and authority specified under Guideline.
- c) The PE may:
- i. publish a notice for inviting applications for registration of suppliers; and
  - ii. 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, prepare a list comprising names of suppliers who are able to supply particular categories of Goods and Services such as stationery, electrical items, motor vehicle repairs, periodicals and publications etc.. The registered list of suppliers should be updated periodically at least once a year.
  - iii. Remove any supplier or contractor who has not responded twice for an invitation to submit a quotation or performed unsatisfactory under any contract previously awarded.
- d) The selection is based on comparison of price quotations obtained from several invited Bidders appearing on the registry.
- e) When the appropriate authority is satisfied, in the case of supplies of Goods that sufficient number of reputed vendors are registered in the Yellow Pages and Rainbow Pages, quotations may be invited from those lists.
- f) Requests for quotations shall be addressed to firms borne in a register of suppliers and shall indicate;
- the description and quantity of the Goods;
  - time and place of delivery, and
  - warranties
- g) When shopping procedures are used for Works, request for quotation shall be only from ICTAD registered contractors and the minimum number of quotation shall be as indicated in 2.14.1;

The comparison of quotations shall follow NCB principles wherever applicable. The terms of the accepted offer shall be incorporated in a purchase order.

PROCUREMENT GUIDELINE REFERENCE: 3.5 & 3.6  
**DIRECT CONTRACTING AND REPEAT ORDERS**

- (a) Direct contracting is a means of Procurement of Goods or Services or Works from a single supplier source.
- (b) It entails no competition and shall be used only under exceptional circumstances.
- (c) This method is appropriate under the following circumstances:
- (i) when the prices or rates are fixed pursuant to legislation by regulatory bodies;
  - (ii) standardization of equipment, to be compatible with existing equipment, may justify additional purchases of the same type of Goods (Repeat Order);  
  
in such purchases;
    - the number of such items in the new Procurement shall generally be less than 50 % of the existing number;
    - the price shall be reasonable where no benefit can be gained from competition,
    - the advantages of another make or source of equipment shall have been considered.
    - Where extension of an existing contract is necessary as works are already underway and were procured through competitive procurement procedures described in the Guideline;
  - (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;
  - (iv) the process design requires the purchase of critical components or materials from a particular supplier as a condition of a performance guarantee.
- (d) When direct contracting is used under any of the reasons above, the value of the Procurement shall be subjected to the upper limits given under Guideline 2.14.1
- (e) Under no other circumstances direct contract shall be awarded to any supplier or contractor without the approval of the cabinet of ministers.

When repeat order procurement is done following Guideline 3.6, the CAO should satisfy personally with the justification given. When Repeat Orders procurement method is used it should be under the authority level of the Procurement Committee who was involved in the original procurement. 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. Any differences in the quantities ordered or delivery requirements should be considered when comparing prices. The contractors or suppliers hired by direct contracting must be qualified to perform the works or supply of goods on time, meeting specifications and fulfilling the special requirements of the sole source contract. They should also be required to meet any performance security and warranty conditions that would normally apply in a competitive bidding situation.

**PROCUREMENT GUIDELINES FOR EMERGENCY  
REHABILITATION AND RECONSTRUCTION OPERATIONS DUE  
TO DISASTERS**

These Guidelines shall be read in conjunction with the latest edition of the “Government Procurement Guidelines”. Subjected to the conditions described under Guideline 3.8, the PE may use the procedures describe herein. For such situation the following shall take precedence for any discrepancy.

(a) A PE may utilize this method of Procurement:

- (i) in exceptional circumstances, such as manmade or natural disasters;
- (ii) to meet unforeseen social obligations and such other similar situations which shall be determined and declared by the GoSL as being an emergency situation which warrants Procurements under the provisions contained herein;

(b) to initiate Procurements exceeding the financial thresholds stipulated under Guideline 2.14, a formal approval shall be obtained from the relevant authorities at the first available opportunity.

For Works contracts not exceeding SLR 25 Million (Sri Lanka Rupees Twenty Five Million), the PE may also use any of the following provisions to meet the emergency Procurement requirements:

- (a) the bidding document will disclose an itemized priced Bills of Quantity based on the Engineer’s/Consultant’s estimate;
- (b) all bidders who participate in bidding will be allowed to bid a percentage above or below the Engineer’s/Consultant’s estimate;
- (c) the lowest Bid price is selected as the winner provided the Bid is substantially responsive otherwise;
- (d) the bidding period may be reduced to three (03) days in the case of limited bidding by invitation and seven (07) days when open advertisement is used;
- (e) the concessions given to the suppliers and the contractors in respect to the advance payment/interim payments will be determined by NPA and details will be included in updated circulars as and when required.
- (f) lump sum contracts shall be used wherever possible, with milestone payments identified at intermediate levels;
- (g) purchases from government institutions must be given preference.

PROCUREMENT GUIDELINE REFERENCE: 3.8 (cont)  
**PROCUREMENT GUIDELINES FOR EMERGENCY  
REHABILITATION AND RECONSTRUCTION OPERATIONS DUE  
TO DISASTERS**

**Contract Methods and Determination of Contract award**

No single contract shall exceed Rs. 250 m. The determination of contract award shall be taken by an appropriate Procurement Committee (PC) given below:

Procurement category	Contract Threshold	Procurement Method <sup>21</sup>	Contract Award Determination
<b>Works</b>	=> Rs. 250 m	ICB	MPC
	= > Rs, 100 m and < Rs 250 m	NCB	DPC/TEC
	< Rs, 100 m	Limited National Bidding – Option 1	RPC/TEC
	< Rs, 25 m	Limited National Bidding – Option 2	RPC
	< Rs, 2.5 m	Force Account	RPC
		Direct Contract	RPC/TEC
<b>Goods</b>	= > Rs, 100 m	ICB	DPC/TEC
	< Rs, 100 m	NCB	RPC/TEC
	< Rs, 3.0 m	Shopping	RPC
	< Rs, 1.0 m	Direct Contract	RPC/TEC

**Signing the Contract**

Following the acceptance of a bid from a contractor, supplier or service provider a written contract agreement in legal format shall be entered into following procurement:

- any works or service contract exceeding Rs. 100,000;
- any goods contract exceeding Rs. 1 m

For other contracts below the above thresholds, the PE may at its discretion enter in to a formal written agreement. If a formal written agreement is not entered into a purchase order or any other appropriate written document shall be used.

The CAO may delegate the signing of the contract agreement as follows:

less than Rs. 25 m	A senior officer of the PE
less than or equal to Rs. 100 m	HD, or PD
More than or equal to Rs 100 m	CAO

<sup>21</sup> See guideline numbers 8 - 12



**PROCUREMENT GUIDELINES FOR EMERGENCY  
REHABILITATION AND RECONSTRUCTION OPERATIONS  
DUE TO DISASTERS**

**PROCUREMENT METHODS**

**Size of Contracts:** A high consideration shall be given for capacity of the prospective competitors, availability of resources and management of contracts in selecting the size of the contracts.

**International Competitive Bidding (ICB)**

If ICB contracts are awarded normal procedures given in the Procurement Guidelines shall be used. No civil works shall be awarded on ICB; Goods contract exceeding Rs. 50 m shall be procured following ICB procedures.

**National Competitive Bidding (NCB)**

National Competitive Bidding (NCB) is the competitive bidding procedure that will be used for any works contract exceeding Rs. 10 m. or any goods contract not exceeding Rs, 100 m.

- Invitation to Bid shall be advertised in national news papers;
- Minimum period of twenty one (21) days shall be allowed for submission of bids; in special circumstances, where sufficient competition is anticipated, minimum period may be reduced to fourteen (14) days;
- Any supplier or contractor who wishes to obtain a bidding document should be allowed to purchase same, provided the bidder is prepared to pay the specified fees;
- The contractors/suppliers should be allowed to purchase the bidding document up to the day prior to deadline for submission of bids;
- For construction works, the domestic contractors should have a valid and appropriate registration at the time of submitting the bid, under the National Registration System of ICTAD.
- Bids shall be opened in public in one location, immediately after the deadline for submission of bids;
- Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents;
- Contracts shall be awarded to the lowest evaluated responsive bidder/s;
- All contractors shall provide performance security as indicated in the contract documents.

## **PROCUREMENT GUIDELINES FOR EMERGENCY REHABILITATION AND RECONSTRUCTION OPERATIONS DUE TO DISASTERS**

### **PROCUREMENT METHODS**

#### **Limited National Bidding for Works Contracts (LNB)**

Limited bidding shall be used for works contracts not exceeding Rs. 10 m. This is essentially similar to NCB. The only difference is no specific advertisement is required for each Procurement. General advertisement calling for applications for registration for emergency operations shall be published in national papers during intervals not exceeding six months. The applicants will be categorized based on the ICTAD grade and specialty. Each categorized list will be numbered on lottery basis. For a particular procurement bids will be invited from minimum of five contractors selected in a transparent manner from the sorted list for relevant specialty and ICTAD grade. Bids should be closed at a day and time disclosed in the bidding document in the presence of the bidders.

#### Bids may be invited under two options:

- a) For complex works where different construction methods are available, the Bills of quantities (in the case of measure and pay contracts) or Activity Schedule (in the case of lump sum contracts) will be issued to bidders for pricing. Bidding period of 10 days should be given;
- b) For simple works contracts (not exceeding LKR 10 m), the invited bidders will quote plus or minus percentage above the Engineers Estimate which was disclosed to them with the bidding documents. The bidding period may be limited to 5 days. Bids will be closed at a pre-announced date and time in front of the bidders. Evaluation is based on this percentage.

Whatever option is used the lowest evaluated bidder will awarded the contract. Simultaneously, that bidder's name should be excluded from the list. The unsuccessful bidders will be included for the subsequent round of bidding for the next contract under the same Spatiality and Grade. Once an opportunity has been given for all the contractors to bid, the list will be freshly numbered and updated.

#### **Shopping for Goods Contracts**

Will be used for procurement of Goods contract not exceeding Rs 3 m. General advertisement shall be published in widely circulated national news papers during at intervals not exceeding six months, requesting the interested suppliers to register. The applicants will be listed based on the category of goods. For a particular procurement quotations will be invited from minimum of five suppliers selected from the relevant list. Requests for quotations shall indicate the description and quantity of the goods, as well as desired delivery time and place, evaluation criteria and technical specifications where necessary. Quotations should be closed at a day and time disclosed in the invitation in the presence of the bidders. The evaluation of quotations shall follow NCB principals wherever applicable. The terms of the accepted offer shall be incorporated in a purchase order.

**PROCUREMENT GUIDELINES FOR EMERGENCY  
REHABILITATION AND RECONSTRUCTION OPERATIONS DUE  
TO DISASTERS**

**PROCUREMENT METHODS**

**Schedule of Rates Contracts**

Schedule of Rates contracts may be used when quantities are unknown. This option may be used for under direct contracting or in a competitive process. When used in a competitive process, representative quantities should be given to bidders and prices should be valid for a defined time period and location. The rates quoted by the bidders shall be valid for indefinite quantity for a defined time and to a given geographical location

**Direct Contracting**

Direct contracting without competition (single source) may be used for procurement of works not exceeding Rs. 2.5 m and goods contracts not exceeding Rs 1.0 m under the following circumstances:

- An existing contract for goods or works, awarded in accordance with competitive procedures described in this guideline, may be extended for additional goods or works of a similar nature at same prices;
- Standardization of equipment, to be compatible with existing equipment, may justify additional purchases from the original Supplier. For such purchases to be justified, the original equipment shall be currently suitable, the number of new items shall generally be less than the existing number, the price shall be reasonable, and the advantages\ disadvantages of changing to of another make or source of equipment shall have been considered;
- The required equipment is proprietary and obtainable only from one source (such as Standard Software, Text Books, Spare parts);
- Awarding the contract to Community Based Organizations when it has definite advantages over the competitive procedures; and
- The process design requires the purchase of critical items from a particular Supplier as a condition of a performance guarantee.

**Force Account**

Works contracts not exceeding Rs. 2.5 m per contract may be executed on force account :

- When quantities are difficult to define in advance;
- Contractors are unlikely to bid at reasonable prices;
- Work should be carried out without interrupting other the on going work;
- Emergency situations that needs urgent attention; and
- It is customary that under any situation the particular works is carried out on force account

PROCUREMENT GUIDELINE REFERENCE: 3.8 (Cont)

**PROCUREMENT GUIDELINES FOR EMERGENCY  
REHABILITATION AND RECONSTRUCTION OPERATIONS DUE  
TO DISASTERS**

**TYPES OF CONTRACTS**

**Works**

The following types of contracts may be used:

- Lump sum contracts wherever possible (When quantities can be computed to a higher degree of accuracy prior to issue of bidding documents);
- BOQ type measure and pay contracts when only approximate quantities are available;
- Schedule of Rates contracts when quantities are unknown (When this option is used and in competitive process is used representative quantities should be given to bidders and prices should be valid for a defined time period and location);
- Design and Build type contracts (when contractor's design input is economical).

**Goods**

The following types of contracts may be used:

- Payments on delivery type contracts wherever possible;
- Supply and install type contracts;
- Indefinite delivery type contracts when quantities are unknown (When this option is used and in competitive process is used representative quantities should be given to bidders and the prices should be valid for certain time period and define locations).

**Advance Payment for Works Contracts**

- When NCB is used an advance payment not exceeding 20% of the contract price (less any provisional sums) may be paid against the submission of an acceptable advance payment guarantee. The advance payment shall be fully recovered when the total value of works completed and billed for reaches 90% of the contract price.
- For contracts not exceeding Rupees 25 m, an advance payment not exceeding an amount equal to 10% of contract price (less any provisional sums) may be paid to the contractor without a advance payment guarantee, but the contractor submitting a declaration that in case the contractor fail to pay back the advance, he accept that he will automatically be suspended from being eligible for bidding in any government contract. The advance payment shall be fully recovered before 90% of the payments are made to the contractor.

PROCUREMENT GUIDELINE REFERENCE: 3.8 (Cont)  
**PROCUREMENT GUIDELINES FOR EMERGENCY  
REHABILITATION AND RECONSTRUCTION OPERATIONS  
DUE TO DISASTERS**

**TYPES OF CONTRACTS**

**Advances for purchase of material in Works Contracts:**

In addition to interim payment from the commencement until the completion of contract, upon request made by the contractor, pay orders may be issued in favour of materials suppliers acceptable to the IA, not exceeding a value of 20% of the remaining works of the contract. The amounts paid for such material supplies shall be deducted from contractor's interim payments,

**Bidding Period:**

The following minimum bidding periods, counting from the date the bidding documents were made available for sale or the invitation is issued to the deadline for bid submission shall be provided for the bidder's to prepare the bids:

- NCB, minimum period of 14 - 21 days;
- LNB, Option 1, minimum of 10 days;
- LNB, Option 2, minimum of 5 days;
- Shopping, minimum of 5 days

**Direct Contracting to Community Based Organizations (CBO)**

In the interest of project sustainability, or 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. Subject to the above and on the recommendation of a committee comprising two nominees of the Head of Department and the Divisional Secretary of the location, the Procuring Entity may entrust construction Works to approved societies subject to the conditions specified below:

<b>Conditions</b>	<b>Assessment</b>	<b>Approved Societies:</b>
<ul style="list-style-type: none"> <li>○ Procuring Entity shall assess and satisfy with the execution capacity of the Society;</li> <li>○ Should have been registered as a society at least two years prior to the date of contract award;</li> <li>○ The works so entrusted should be within the area of authority and purview of the Society;</li> <li>○ The works entrusted shall not be subcontracted</li> <li>○ Total number of contracts executed by the society at a given time should not exceed three;</li> <li>○ The aggregate value of the balance portion of the contracts already awarded and the value of the proposed contract should not exceed Rs. 2 m;</li> </ul>	<p>the Society shall provide evidence to prove that either:</p> <ul style="list-style-type: none"> <li>(i) they are registered with ICTAD under the National Registration system, for Grade M8 or higher; or</li> <li>(ii) shall submit to the committee for their review:                             <ul style="list-style-type: none"> <li>(a) financial resources in the form of bank statements, letters from banks approving overdraft facilities etc;</li> <li>(b) past experience on similar works;</li> <li>(c) a declaration by the society on the work contracted to them within the last 3 years and any uncompleted contracts even if it was awarded prior to 3 years (giving name of contract, location, client, contract value and current status); and</li> <li>(d) a declaration by the society, that the work will not be subcontracted.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ Samurdhi Balakayas / Samurdhi Samithi;</li> <li>○ Multi Purpose Co-operative Societies;</li> <li>○ Co-operative Labour Societies (Labour Service only);</li> <li>○ Rural Development Societies;</li> <li>○ School Development Societies (The area of authority is the relevant school premises only);</li> <li>○ Farmer organizations approved by the appropriate authorities.</li> <li>○ Gramodaya Mandalas &amp; Praja Sanwardhana Samithi (which contribute to the development activities in the Local Government Sector)</li> <li>○ Gemidiriya People's Companies</li> </ul>

Direct contracting to community organization may be awarded under Foreign Funded Project, provided the procedures proposed are outlined in the loan Agreement.

**Award of District/Divisional level Construction Contracts**

Subject to the procedures laid down below, the Procuring Entity under the delegated authority from Head of Department may invite bids for construction Works not exceeding Rupees 2 million from the approved societies and other contractors registered by Government Agent (GA) / District Secretary (DS):

<b>Eligibility for Registration</b>	<b>Registration Procedure</b>
<ul style="list-style-type: none"> <li>• If an Individual, he/her shall be a resident of the respective District Secretary Division (DSD);</li> <li>• If a company its registered address should be within the DSD</li> <li>• Shall hold a valid registration from ICTAD for Grade M-VI or above or registration in a Government Department for Rs. 10 m;</li> <li>• GA/DS should be of the view that adequate ICT AD registered contractors along are not available in Division/District,</li> <li>• A contractor can register in one DSD only</li> </ul>	<ul style="list-style-type: none"> <li>• The registration shall be revised periodically, but at least once in two years;</li> <li>• GA/ DS, giving wide publicity invite applications for registration;</li> <li>• 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;</li> <li>• By following 1 and 2 above a registered list of contractors is selected for the DSD;</li> <li>• Evaluation of applications shall be done by considering, experience and past performance on similar contracts, capabilities with respect to personnel, equipment and financial</li> <li>• Once the list is finalized, it should be circulated among all the State Agencies within the District.</li> <li>• There should be a declaration from the contractor that he/she has not registered in any other DSD.</li> </ul>

When approved societies competing with other contractors, during the bid evaluation the societies may be given a preference of 5% above the other contractors.

**Two Stage Bidding****Two stage bidding method should be used only with specific Cabinet approval**

The 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 is likely to be encountered

In a two-stage process, the PE prepares a first stage bidding document with functional performance specifications, rather than detailed technical specifications. In response, bidders offer technical proposals [may be with a price proposal (recommended) in a separate envelope or without a price proposal as instructed by PE].

The PE then:

- assesses the suppliers' qualifications;
- evaluates the technical proposals;
- indicates to the suppliers precisely what must be done to make their bid technically responsive.

Following the first stage evaluation, the PE prepares the memoranda of changes for each bidder and may prepare addenda to the bidding documents, including revisions to the technical requirements made in the light of the first stage technical evaluation, and initiates the second stage bidding process. During the second stage bidding process, bidders offer amended bids containing their final technical proposal and a financial proposal (if a financial proposal was obtained at first stage (recommended), a supplementary financial proposal. The PE then evaluates the combined proposals (technical and financial) according to the method specified in the bidding documents.

The advantages of the two-stage process include the ability of the PE, during the first stage, to interact extensively on technical matters with bidders than is permissible in a one-stage process. In this way, PE can learn from the market and adapt its requirements. In addition, a two stage process allows PE to, in the first stage, state its requirements in more general functional terms than the detailed functional and technical requirements necessary to carry out a 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.

One-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 during the first stage make the two stage process much more suitable for the procurement of goods such as complex information systems and procurements which involve extensive technical services.



PROCUREMENT GUIDELINE REFERENCE: **3.11**  
**Two Envelope System**

Similar to two stage bidding process, two envelope system should be used only under special circumstances. This method is suitable when there are different approaches to fulfill the PE's functional requirements. No advantage can be obtained from this method, if it is likely that all the bidders will propose the same methodology.

In this system the technical proposal and all other information (such as bid security as a lump sum, eligibility, experience, qualification, resources etc.) other than the financial bid is submitted in one envelope. The second envelope will contain only the financial proposal.

The envelope containing the technical proposal is evaluated first. The substantial responsiveness of the bid is checked at this stage. If any bid is found to be non responsive (including not complying with critical functional requirements) will be rejected. The substantial responsive bids may be further evaluated and if required, a point system disclosed in the bidding 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 not be opened.

The bid price is the major criteria in goods and works procurement. Therefore to select the lowest evaluated bidder two methods may be used.

The first method may be used when the PE is satisfied with any bid that qualifies with the evaluation of the technical proposal. In this case the financial proposal of the bidders who have qualified should be 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 should not be less than 80%.

**1. Pre-qualification / Post-qualification**

- past experience relating to the project
- personal capabilities
- equipment capabilities
- financial capability and ability
- arbitration/litigation history

**2. Status of supplier**

- financial viability
- technical capability – design etc.
- production capability
- performance and delivery record
- standards

**3. Financial factors**

- price
- payment schedule
- transport cost e.g. to project site
- operating cost (generally equipment)
- maintenance cost

**4. Civil works**

- construction methods
- reliability of construction method
- standards
- time taken to complete construction

**5. Equipment**

- efficiency and compatibility
- reliability and maintainability
- availability of services and spare parts
- quality
- delivery time
- life cycle cost analysis

**Pre-Qualification****Prequalification of Bidders**

Prequalification is generally required for large and complex works, turnkey plants, Private Sector Infra Structure Projects, some special goods and complex information technology systems.

**Use of Prequalification**

Prequalification is aimed at ensuring that only contractors and suppliers who have the required experience, technical and financial resources bid for a contract.

Prequalification screens potential bidders and is designed to provide the following benefits:

- Unqualified bidders save the cost of bid preparation which results in lower overhead costs to them and, therefore presumably lower bid prices in the long run, to the benefit of the PE;
- Leading contractors and suppliers are more likely to bid knowing that competition is confined to only those qualified. This is also to the benefit of the PE;
- The scale of interest by potential bidders can be measured, affording the opportunity to revise bidding conditions as necessary to develop adequate competition;
- The evaluation of only bids 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;
- A preliminary indication of a contractor's eligibility for domestic preference in civil works contracts is given; and
- The creation of appropriate joint ventures is encouraged;

However, prequalification has some potential disadvantages:

- It may increase procurement lead time, although this can be minimized by good procurement scheduling e.g. undertaking the process while bid documents are in preparation;
- The PE is required to review all prequalification applications whereas with post qualification, the PE would only review qualifications of one bidder; and
- Names of all prequalified bidders are known in advance of bid submission, making it easier for bidder collusion and price fixing to occur.

Prequalification should not be used to limit competition to a predetermined number of potential bidders. All applicants who have the qualifications to perform the proposed contract should be prequalified and bidding 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:

- further advertising for prequalification submission;
- extension of the deadline for applications;
- review of the proposed contract conditions to reduce contractors' risks; and
- improvement of advance mobilization payments.

**Pre-Qualification**

The PE may also review prequalification requirements but should not lower them merely to increase competition. 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 which are eventually evaluated. The PE is required to award the contract to the bidder offering the lowest evaluated responsive bid. The PE should request bidders to confirm and update essential prequalification information at the time of bid 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.

**Advertising for Prequalification**

Advertisements and invitations for prequalification should have the following information:

- a brief description of the goods and works to be procured;
- the contract conditions;
- who is financing the project;
- eligibility requirements for potential bidders, suppliers and contractors; and
- the time and place where prequalification documents can be obtained.

Prequalification documents should enlarge on the information provided in the notification advertisement and contain a description of:

- the proposed procurement;
- the estimated value of the contract and major quantities of work;
- location of the work;
- eligibility requirements including eligibility requirements for domestic preference;
- abbreviated specifications and conditions of contract;
- delivery or implementation schedules;
- requirements for bid and performance securities;
- how the project is to be financed;
- payment terms;
- price adjustment provisions;
- other information in sufficient detail to enable bidders, suppliers or contractors to assess their interest and respond appropriately; and
- the name and address of the PE.

**Pre-Qualification**

For purposes of evaluating the applicants, the prequalification documents should include a questionnaire, requiring applicants to respond to direct questions as well as to complete a series of forms. The information solicited and the number of forms to be filled should be the minimum essential required to make an objective decision as to the bidder's capabilities. The PE should avoid requesting excessive form-filling, testimonials, affidavits from bidder's former or current clients, notarized documents and any other non-essential documents and information which will deter some of the qualified firms from applying. Properly designed and completed, the questionnaire should provide the PE with a good framework for evaluation, while encouraging applicants to provide full pertinent details on their capabilities

**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.

**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 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.

**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:

**Pre-Qualification**

- (a) No firm or individual partner of the joint venture is allowed to submit or to participate in more than one bid and the Borrower should reject any bid submitted in violation of this rule;
- (b) Applications submitted by a joint venture must meet the following requirements:
  - each partner in the joint venture must submit the complete documentation required of a firm applying for individual prequalification;
  - the prequalification application must confirm that if after prequalification the applicant should submit a bid, then: that bid 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 liability of all partners in respect to the contract would be submitted together with the bid;
  - the application must include a description of the proposed participation and responsibilities of each partner of the joint venture;
  - the application must include a statement of proposed capital contribution of each partner, and the sharing out of profits and losses among the parties;
  - 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
  - the application must designate one of the partners, as the partner in charge through whom any correspondence between the applicant and the Borrower will be channeled.
- (f) 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:
  - a substantial reduction of competition;
  - 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.

**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 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.

**Pre-Qualification****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. 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 “off-the-shelf” 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 bid or to be awarded the contract. Typical conditions might require:

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

Conditional prequalification is also appropriate where a potential increase in the work-load 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.





## CHAPTER 4 - PROCUREMENT PREPARADNESS AND PLANNING

### PROCUREMENT GUIDELINE REFERENCE: 4.1& 4.4 PROCUREMENT PLANNING & PACKAGING

#### **Strategic Considerations**

Procurement planning is much more than just choosing which procurement methods to use for various goods, works and services contracts and when to schedule activities. These are important parts of planning but are closer to the end of the process than the beginning. Before reaching this stage, a number of more fundamental decisions should have been made first. The starting question is: What are the most effective procurement arrangements for achieving project objectives, in compliance with the Procurement Guidelines?

The following paragraphs deal with these subjects in the general order in which they need to be addressed in procurement planning. Procurement planning is not a linear process but rather an iterative procedure that should explore various options. Quite 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.

#### **Preparing the Plan**

The conventional approach is to start by compiling a list of all known goods, works and services needed to complete the project. This list then becomes the basis for deciding how these items should be combined or divided into contract packages, what method of procurement should be used for each, and the scheduling for procurement activities. Even this seemingly straightforward preparation of the list of needs already implies a strategic decision about how procurement and contracting will be done.

#### **Contract Packaging**

The objective in contract packaging is to group 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.

### **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.

### **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 and then inviting bids for many of these packages at the same time (“slicing and packaging”).

A domestic contractor can bid for one or many slices it can handle, and a large foreign bidder can bid 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 “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 shall be received by the same closing date and opened and evaluated simultaneously so as to determine whether the bid or combination of bids offered is the lowest evaluated cost.

### **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.

### **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.

### **Plan Presentation**

The results of procurement planning must be presented in the format provided

### **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.

### **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.

### The Format for Master Procurement Plan

**Procurement Plan for year 2006**  
**Ministry of .....**

Department/ Line Agency/ Ministry	Procurement Category (Goods, Works, & Services 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	Priority status U= Urgent P= Priority N= Normal	Current status of procurement preparedness activities	Scheduled date of commencement	Scheduled date of completion	Remarks

.....  
 Prepared by

.....  
 approved by the Secretary to the Ministry

Date:

**The Format for Detailed Procurement Plan**

**Procurement Plan for year 20..**  
**Ministry of .....**

Se.No	Ref. No	Description	Estim. Cost (SLRM)	Proc. Method		App: CATB & TEC	Prep: Bidding Documents	App: Bidding Documents by CATB	NOL from FFA	Pre: PQ Applications	Scruting PQ Applications	App: PQ Applications by CATB	NOL FFA	Advet: PQ Application	Issue PQ Applications	Select pre Qualified Bidders	App: Pre Qualified Bidders by CATB	NOL FFA	Invite Bids	Clarific / Pre- Bid Confere.	Respond to Clarifica.	Bid Received/ Bid Opening	Tech. Eva.	Fin. Eva.	Final Eva.	Recmm by CATB	NOL from FFA	Cab: Approval	Con: Award	Con: Signed	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		
<b>CIVIL WORKS</b>																																			
				Schedule																															
				Actual																															
				Schedule																															
				Actual																															
				Schedule																															
				Actual																															
<b>GOODS</b>																																			
				Schedule																															
				Actual																															
				Schedule																															
				Actual																															
				Schedule																															
				Actual																															
<b>Other Services</b>																																			
				Schedule																															
				Actual																															
				Schedule																															
				Actual																															

**AVERAGE TIME FRAME FOR PROCUREMENT PROCESS**

Efficient planning of the entire procurement process is vital to ensure timely completion of the project and obtaining the best market value for it. Invitations to bid or pre-qualification shall be made with the concurrence of the Secretary to the Line Ministry with respect to GOSL funded projects or with the particular Foreign Funding Agency. However, no contract shall be awarded without a firm commitment of funds.

Each method of procurement involves different steps and/or different time requirements. In some cases, it may be possible to modify certain contract packages and procurement methods and shorten the time needed until delivery in order to meet desired schedules, provided that the modified approach is still consistent with the procedures required and the types of approaches permitted by the Guidelines. In other cases, it will have to be recognized that no other approach is permissible for that particular project component and that the time required cannot be shortened by changing packaging or procurement methods. However, other possibilities may exist for achieving deliveries at the desired time

The proposed time frames for different Procurement Actions from the time the procurement process is started until a winner is selected and a contract signed are given below.

**Construction Contracts - Reasonable Time Periods (in weeks) for Design/Procurement/Construction<sup>22</sup>:**

Value in Rupees million	Feasibility, Investigation and designs/preparation of Bidding/PQ documents	Procurement <sup>23</sup>	Construction <sup>24</sup>	Total
More than 3,000	75	More than 60	More than 100	More than 200
Between 2,000 & 3,000	60	55	100	210
Between 1,000 & 2,000	50	52	90	190
Between 500 & 1,000	40	48	80	165
Between 250 & 500	30	40	60	130
Between 100 & 250	20	35	50	100
Between 25m & 100	15	28	40	80
Between 5 & 25	10	20	30	60
Between 1 & 5	5	15	15	35
Between 0.5 & 1	4	6	10	20
Less than 0.5 m	3	4	8	15

<sup>22</sup> The periods may vary with complexity of construction

<sup>23</sup> See details in next chart

<sup>24</sup> In the case of supply contracts the time period depending on the nature of supply

PROCUREMENT GUIDELINE REFERENCE: 4.2.3							
TIME FRAME FOR PROCUREMENT ACTIONS							
WITH PRE-QUALIFICATION <sup>25</sup>							
ALL VALUES ARE GIVEN IN RUPEES MILLION & Periods are in weeks							
	More than	Between					
	3,000	2,000 & 3,000	1,000 & 2,000	500 & 1,000	250 & 500	100 & 250	25 & 100
Scrutinize PQ application form and approval by TEC <sup>26</sup>	3	3	3	2	2	2	1
Invitation for PQ	1	1	1	1	1	1	1
Issue PQ Applications	4	4	4	4	4	4	4
Evaluate PQ applications by TEC <sup>27</sup>	6	5	5	3	4	3	4
Scrutinize bidding document and approval by TEC <sup>28</sup>							
Issue of bidding documents	1	1	1	1	1	1	1
Closing of bids	12	10	8	6	6	6	3
Evaluation by TEC	12	10	9	8	6	4	3
Review of TEC recommendation by PC	2	2	2	2	2	1	1
Appeal Procedure/Determination by PC <sup>29</sup>	4	4	4	4	4	4	
Approval of the Cabinet of ministers <sup>30</sup>	4	4	4	4	4	4	
Issue of Letter of Acceptance	1	1	1	1	1	1	1
Contract agreement Signature	4	4	4	4	2	2	2

<sup>25</sup> Preparation of PQ application and preparation of design/bidding documents not included

<sup>26</sup> Add two weeks days for concurrence from foreign funding agency (if required)

<sup>27</sup> Add two weeks for concurrence from foreign funding agency (if required)

<sup>28</sup> Add two weeks for concurrence from foreign funding agency (if required)

<sup>29</sup> If required

<sup>30</sup> If required

PROCUREMENT GUIDELINE REFERENCE: <b>4.2.3</b>									
<b>TIME FRAME FOR PROCUREMENT ACTIONS</b>									
<b>WITHOUT PRE-QUALIFICATION<sup>31</sup></b>									
<b>All values are given in rupees million &amp; periods are in weeks</b>									
	More than	Between							
	3,000	2,000 & 3,000	1,000 & 2,000	500 & 1,000	250 & 500	100 & 250	25 & 100	5 & 25	1 & 5
Scrutinize bidding documents and approval by TEC <sup>32</sup>	3	3	3	2	2	2	1	1	1
Invitation for Bid	1	1	1	1	1	1	1	1	1
Closing of bids	12	10	8	6	6	6	4	3	3
Evaluation by TEC	12	10	9	8	6	4	4	2	2
Review of TEC recommendation by PC	2	2	2	2	2	1	1	1	1
Determination by Procurement Committee <sup>33</sup>	2	2	2	2	2	2	1	1	1
Appeal Procedure <sup>34</sup>	4	4	4	4	2	2			
Approval of the Cabinet <sup>35</sup>	4	4	4	4					
Issue of Letter of Acceptance	1	1	1	1	1	1	1	1	1
Contract agreement Signature	4	4	4	4	2	2	2	2	1

<sup>31</sup> Preparation of PQ application and preparation of design/bidding documents not included

<sup>32</sup> Add two weeks days for concurrence from foreign funding agency (if required)

<sup>33</sup> Add two weeks for concurrence from foreign funding agency (if required)

<sup>34</sup> If required

<sup>35</sup> If require



PROCUREMENT GUIDELINE REFERENCE: **4.2.3 (Contd.)**

**13.6 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 Time Schedule – Goods and Works Contracts

S – Schedule; R – Revised; A - Actual

Title of Procurement	Estimate in Rs. m	Proc. Metho		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
			<b>2006</b>														
			S					V23									
			R														
			A								V15						
			<b>2007</b>														
			S														
			R														
A																	
			<b>2006</b>														
			S														
			R														
			A														
			<b>2007</b>														
			S			E10											
			R														
A																	
<b>PROCUREMENT METHODS**</b>		<b>PRE-QUALIFICATION ACTIONS**</b>					<b>Bidding Process Action**</b>										
ICB International Competitive Bidding		A* Prepare PQ application document					B Appoint Tender Board/ TEC			T Issue minutes/Addendum							
LIB Limited International Bidding		B Appoint PC and TEC					L Preparation of bid documents			U Receive Bids							
LNB Limited National Bidding		C* Approve PQ document by TEC					M Approve bidding document by TEC			V Bid Evaluation							
NCB National Competitive Bidding		D Concurrence from funding agency					N Concurrence from funding agency			W Contract Award determination							
NS National Shopping		E Advertise for pre-qualification					O Issue invitation to bid			X Concurrence from funding agency							
IS International Shopping		F Issue PQ applications					P Issue bidding documents			Y Appeal Procedure							
DC Direct Contracting		G Receive PQ application					Q Clarifications and pre-bid conference			Z Approval from Cabinet							
FA Direct labour		H Evaluation of PQ application by TEC					R Prepare minutes and addendum if any			A* Contract Award							
<b>** Select only appropriate</b>		J Approve pre-qualified Bidders by PC					S Concurrence from funding agency										
		K Concurrence from funding agency															

PROCUREMENT GUIDELINE REFERENCE: **4.3.1 & 4.3.2**  
**Preparation of Total Cost Estimates**

Total Cost Estimate (TCE) including all associated costs shall be prepared by the Procuring Entity. TCE should identify cost of procurement preparedness activities and post contract award activities separately. Total Cost Estimate shall include maximum of 5% contingencies for procurement preparedness activities and 10% physical contingencies and appropriate price contingencies as given in this Manual for post contract award activities. TCE shall also include applicable VAT, shown separately.

**TCE should include following as a minimum**

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"> <li>○ Large Projects ( say &gt; Rs 300 m )</li> <li>- 2 ½ % of DCC</li> <li>○ Medium Projects ( say &gt; Rs 100 m )</li> <li>- 3 % of DCC</li> <li>○ Small Projects ( say &lt; Rs 100 m )</li> <li>- 3 ½ % of DCC</li> </ul>	
Supervision costs;	Generally 1 ½ % of DCC	
Administrative costs;	Should be less than 1% of DCC	

PROCUREMENT GUIDELINE REFERENCE: **4.3.1 & 4.3.2** (...cont)

**Preparation of Total Cost Estimates**

Physical contingencies	10 % of DCC		
Price contingencies	Direct Construction Cost	Suggested Amount (percentage of construction cost)	
	> Rs 500 m	15%	If project is phased or planned for a longer duration than the periods given under Guideline number 4.2.2 higher price contingencies may be used
	Rs. 300 m – Rs. 500 m	12%	
	Rs. 100 m – Rs. 300 m	7%	
	Rs. 50 m – Rs. 100 m	5%	
	Rs. 20 m – Rs. 50 m	4%	
	Rs. 10 m – Rs. 20 m	3%	
	Rs. 2 m – Rs. 10 m	2%	
< Rs 2 m	1 1/2 %		

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, unless otherwise any one of the following is done.

- a) for Foreign Funded Procurement, if included in the latest procurement plan agreed with the Foreign Funding Agency; or
- b) for GOSL funded Procurement if included in the latest annual procurement plan approved by Secretary to the line Ministry.

**Updating TCE**

If considerable time is taken to invite bids 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. 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 .

## CHAPTER 5 - BIDDING DOCUMENTS

PROCUREMENT GUIDELINE REFERENCE: 5.2.1

### **Specimen of checklist to be submitted along with Draft Bidding Documents**

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.

**(\* Is tender notice attached?**

- What are the sources for publicity?
- Closing and opening time of bids?
- Place of bid opening?
- Eligibility criteria for bidders
- Who is opening bids? (BOC/PE/PC)

**(\* Are SBDD used? If so, what is the document used?**

**(\* If so, did changes do to fall in line with these guide lines?**

**(\* Are following documents attached?**

**\*\* Instruction to Bidders (ITB)**

- Source of funding?
- Scope of bid?
- Amount of Bid bond?
- Eligibility criteria for bidders?
- Bid validity period?
- Submission of samples?
- Bid evaluation criteria?
- Tax concessions?
- Mobilization advance?
- Foreign currency requirements?
- Is local agent mandatory?
- Language of bid?

**Contents of the Bidding Document**

The PEs are expected to prepare bidding documents for each procurement, both to inform and instruct potential bidders, suppliers and contractors of the requirements expected from them. Thus bidding documents should be drafted so as to permit bidders to submit responsive bids. Bidding documents should clearly define the scope of works, goods or services to be supplied, the rights and obligations of the PE and of suppliers and contractors, and the conditions to be met in order for a bid to be declared valid and responsive. They should also set out fair and non-discriminatory criteria for selecting the winning bid.

The bidding documents shall furnish all relevant information necessary for a prospective bidder to prepare a bid for the Goods or Services or Works to be offered in response to the invitation to bid (or quote). The bidding document should contain clauses on prohibiting the employment of expatriate unskilled labour. It should also contain clauses that skilled expatriate labourers may be employed with the prior approval of the PE. In turn PE shall obtain prior concurrence from the Treasury. 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 bidding document:

	Works			Goods		Services
	Measure & Pay	Lump Sum	Design & Build	Supply and install	Custom Design Supply, install, Commissioning and Maintenance	
Invitation to Bid	X	X	X	X	X	X
Instruction to Bidders	X	X	X	X	X	X
Bidding Data	X	X	X	X	X	X
Conditions of Contract	X	X	X	X	X	X
Contract Data/Special Conditions	X	X	X	X	X	X
Specifications	X	X				
Employer's Requirements			X	X	X	X
Drawings/Sketches	X	X	X	X	X	X
Bills of Quantities	X					
Activity Schedule		X	X			
Schedule of Requirements				X	X	X
Form of Contract	X	X	X	X	X	X
Price Schedules			X	X	X	X
Form of Bid	X	X	X	X	X	X
Sample Security Forms/ Advance Payment Guarantee Forms <sup>36</sup>	X	X	X	X	X	X

<sup>36</sup> Only if applicable

PROCUREMENT GUIDELINE REFERENCE: **5.3.1**  
**NPA Approved Standard Bidding Documents**

Procuring Entity shall use the appropriate SBDs approved by NPA with minimum changes, if there are any, to address contract specific issues. Any such changes shall be introduced only through bid or contract data sheets, or through special conditions of contract, and not by introducing changes in the standard wording of the SBDs. The SBDs currently approved by NPA are as follows:

<b>Publication Number</b>	<b>Title</b>
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

Where no relevant SBDs have been issued, the Procuring Entity may use other documents with the concurrence of NPA.

**Standard Bidding Documents Under Preparation**

NPA/SBD/**	Standard Bidding Document for Procurement of Goods and Equipment –
NPA/SBD/**	Standard Bidding Document for Goods – National Shopping
ICTAD/SBD/**	Standard Bidding Document for Procurement of Electro Mechanical works
ICTAD/SBD/**	Standard Bidding Document for Procurement of Works – Mini Contracts less than Rs. 2 m

**Advance Notice of Procurement & Invitation for Bid**

Timely appropriate notification is essential for economic and efficient procurement, and is the basis for eliciting maximum competition with fair opportunities for all eligible potential bidders. Advertisement of procurement may be expensive. However, it is expected that economy achieved with wider competition will clear off such expenses.

**Advance Notice:**

Due to this advantage it is emphasize to advertise both the printed and online versions where possible. The PE is strongly advised to use NPA website for that purpose. In addition the PEs is also encouraged to publish advance procurement notices in their website, if available. This advance notice may include:

- Name and address of the of the PE;
- Source of Funds;
- 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);
- Pre bid meeting
- All ICB tenders will be published in NPA website.
- If known, the approximate schedule dates for availability of the bidding documents or, as appropriate the pre-qualification documents.

**Invitation to Bid**

- (a) For each contract that will be awarded following ICB or NCB procedures a specific invitation to bid or, invitation to prequalify shall be issued. All such invitation shall be advertise in at least one nationally circulated news papers. The PE may also send a copy of the invitation to any prospective bidder known to them. In addition for ICB contracts it should be advertise in appropriate international publications

It is recommended in practice that the invitation is also being incorporated in the front of the prequalification or bidding document.



PROCUREMENT GUIDELINE REFERENCE: **5.3.2 (Cont)**  
**Advance Notice of Procurement & Invitation for Bid**

Invitation for bid 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:

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

**Sample Form - Invitation for Bid**

Given below is a sample form that can be used in inviting bids 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)  
Invitation for Bids (IFB)**

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

*[insert: name of Project] - [insert: loan / credit number]\**

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

- 1\*. This Invitation for Bids 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 CAPCMPC/DPC/PPC as appropriate]* on behalf of the *[insert name of Procuring Entity]* now invites sealed bids 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 Bidding Documents at the address given below *[state address at end of this ITB]* from *[insert office hours]*.<sup>6</sup>
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 Bidding Documents.
7. A complete set of Bidding 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 must be delivered to the address below *[state address at the end of this ITB]* at or before *[insert time and date]*. Late bids will be rejected. Bids 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 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.*

**General Contents of Instruction to Bidders (ITB)**

**Purpose of an ITB is to:**

- Inform the bidders the details about the Employer/Purchaser
- describe works/goods/service to be procured
- inform the bidders the eligibility, qualification and experience required;
- inform the bidders the validity and other requirements of the bid and bid security;
- inform the bidder's the composition of the bidding document;
- inform the bidders the factors that should be taken in pricing the bid;
- instruct bidders on preparation of responsive bids and procedure for submission of bids;
- disclose the bid opening procedure and evaluation criteria;
- define conditions of contract including method of payment
- ensure that selected bidder has required experience and capacity;
- inform the bidders on method of awarding contract;

**- Eligibility and Qualification Requirements for Successful Bidder -**

The Invitation to Bid shall contain appropriate and relevant information to the prospective bidders. In addition to basic information on procurement it should contain main eligibility and qualification requirements of the successful bidder. The Procuring Entity shall use the appropriate criteria for the particular procurement.

To use post qualification procedure, the bidding 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 bidding document. Wherever appropriate and practicable, the minimum qualifications (such as ICTAD registration for works contract) should be listed in the invitation for bids, 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 ICTAD 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 the PE may obtain additional information from the bidder to verify the experience and qualifications, provided such information is historical and factual.

Some post qualification criteria that are being generally used are:

**A: Works Contracts:**

- (a) For high rise buildings, in addition to appropriate ICTAD 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 10 years /5 years (select) ... to comply with the above requirement works cited should be at least 70 % complete;
- (c) Arrangement of cash flow for the proposed construction. May request documentary evidence for three months cash input, However, restrictive requirements such as bank facilities exclusively for the proposed work should be avoided;
- (d) Proposal for timely acquisition (own, lease, hire etc.) of the key equipment;
- (e) Contract management staff with specified qualification and experience

**B: Goods Contracts:**

- (a) Manufacturer's authorization 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 equipment 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.]
- (e) In obtaining printing services by a procuring entity, to eligible for contract award the service provider shall submit a copy of the declaration made before a magistrate in accordance with the provision of section 2(1) of the printing press ordinance along with the bid documents. Failure to submit the above shall be a reason for rejection of the bid.

**ICTAD REGISTRATION AS EQUIVALENT POST  
QUALIFICATION CRITERIA**

The equivalent ICTAD 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:

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

<b>Amount of Proposed Contract (CP) in Rs million</b>	<b>Proposed contract period expressed in months (T)</b>	<b>Annual Value of Contract = [12*CP]/T</b>	<b>Equivalent ICTAD Registration</b>
240	18	160	M2
240	24	120	M3
75	12	75	M3
50	9	66.7	M3
15	9	20	M4
5	6	10	M5
5	12	5	M6
2	9	2.7	M7
1.5	12	1.5	M8
0.7	9	0.93	M9

**ICTAD REGISTRATION AS EQUIVALENT POST QUALIFICATION CRITERIA (cont)**

To eligible for contract award a domestic construction contractor<sup>37</sup> should have a valid registration under National registration system of ICTAD at the time of submission of bid.

Main Contractors Registered by ICTAD			Specialized Contractors registered by ICTAD		
Grade	Amount <sup>38</sup> (in Rs.)	Specialties	Grade	Amount <sup>39</sup> (in Rs.)	Specialties
<b>M1</b>	M1 ≥ 300 m	<ul style="list-style-type: none"> <li>○ Buildings</li> <li>○ Highways</li> <li>○ Bridges</li> <li>○ Water Supply &amp; Drainage</li> <li>○ Irrigation &amp; Land Reclamation</li> </ul>	<b>Electrical &amp; Mechanical Services</b>		
<b>M2</b>	150 m ≤ M2 < 300 m		<b>EM 1</b>	EM1 > 10 m	<ul style="list-style-type: none"> <li>○ Steel Fabrication</li> <li>○ Air Conditioning and Refrigeration</li> <li>○ Security System / Fire Engineering</li> <li>○ Electrical Engineering – (Low tension)</li> <li>○ Electrical Engineering – (High tension)</li> <li>○ Telecommunication</li> </ul>
<b>M3</b>	50 m ≤ M3 < 150 m		<b>EM 2</b>	5 m ≤ EM2 < 10 m	
<b>M4</b>	20 m ≤ M4 < 50 m		<b>EM 3</b>	3 m ≤ EM3 < 5 m	
<b>M5</b>	10 m ≤ M5 < 20 m		<b>EM 4</b>	1 m ≤ EM4 < 3 m	
<b>M6</b>	5 m ≤ M6 < 10 m		<b>EM 5</b>	EM5 < 1 m	
<b>M7</b>	2 m ≤ M7 < 5 m		<b>Finishing Trades</b>		
<b>M8</b>	1 m ≤ M8 < 2 m		F1	F1 > 3 m	<ul style="list-style-type: none"> <li>○ Interior Decoration</li> <li>○ Landscaping</li> <li>○ Floor Finishes (Specify)</li> <li>○ Carpentry and Joinery</li> <li>○ Aluminum Work (specify)</li> <li>○ Plumbing</li> </ul>
<b>M9</b>	M9 < 1 m		F2	1 m ≤ F2 < 3 m	
<b>M10</b>	M10 < 500,000		F3	0.5 m ≤ F3 < 1 m	
		F4	F4 < 10 m		
		<b>Piling</b>			
		P1	P1 > 3 m		
		P2	5 m ≤ P2 < 10 m		
		P3	P3 < 5m		

<sup>37</sup> Domestic Bidder means an entity holding more than 50% by nationals of Sri Lanka

<sup>38</sup> Registered Annual Capacity

<sup>39</sup> Registered Annual Capacity

PROCUREMENT GUIDELINE REFERENCE: **5.3.10**

**Suggested Bid Validity Periods**

Bidders shall be required to submit bids valid for a specified period in the bidding documents, which shall be sufficient to enable the Procuring Entity to complete the comparison and evaluation of bids, review the recommendation of award with the foreign funding agency if applicable, and obtain all such other requisite approvals from the procurement authorities so that the contract can be awarded within that period. The periods given below are suggested. A bid that is valid for a shorter period than specified by the bidding document should be rejected as non responsive during the bid evaluation. The PE shall use the following time periods unless there is a specific reason.

**BID VALIDITY PERIOD (in Days)**

Contract Value in Rupees Million	Works Contract		Goods Contract	
	GOSL funded	Foreign Funded	GOSL funded	Foreign Funded
More than equal to 3000	189	203	175	189
More than or equal to 1000 and less than 3000	175	189	147	175
More than or equal to 500 and less than 1000	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 than 250	91	119	91	119
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

**Bid Security**

Bid security is required to assure compensation to the PE for the time and money loss if the successful bidder fails to honour his bid and enter in to a contract. Bid security is generally not be required when shopping procedure is used. The bidding document should specify the type of bid security required.

**Option 1**

For the above purpose, as one of the first options, the Procuring Entity may require the bidders to sign and submit a declaration in the format given in this manual, accepting that the bidder will be suspended for a specified period, from being awarded contracts by Procuring Entities as defined in the Procurement Guidelines, if the bidder fails to fulfill any of the requirements given in the declaration form. In the event of default of any of such conditions by a bidder, it shall be reported to the NPA promptly. The NPA shall suspend the defaulted bidder for the period of time, from being eligible for award of contracts by PEs, irrespective of the source of funding.

**Option 2**

As the second option, the Procuring Entity has the option of obtaining a Bid security in the format given in this manual. The amount of the bid security should not be too high to discourage the bidders. A lump sum equivalent of 1% to 2% of the estimated amount shall be used. Such Bid Security shall be irrevocable and unconditionally encashable upon the first written request from the Procuring Entity. The amount of bid security should be a fixed sum. Requesting a percentage is strongly discouraged. The bid security should be valid for a sufficient period than the validity of the bid. This additional period should be about 14 days more than the time period given for the successful bidder to submit a performance security from the acceptance of the bid.

**If the requirement of the submission of a bid security is specified in the bidding document all the bidders, without any exception shall submit a bid security for the required amount and format.**

The bid securities issued by the following agencies are acceptable **provided the bid security 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 bank operating in Sri Lanka;
- A bank based in another country but the guarantee “confirmed” by a bank operating in Sri Lanka;
- Construction Guarantee Fund;
- Insurance Agencies:

As a another option for smaller value contracts or a refundable cash deposit, - generally 0.5% to 1% of the estimated amount may be obtained



PROCUREMENT GUIDELINE REFERENCE: **5.3.12**  
**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 N<sup>o</sup>: -----*[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 being invited by any of the Procuring Entity as defined in the Procurement Guidelines published by National Procurement Agency of Sri Lanka, 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]*

**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 (by issuing agency) number]*

We have been informed that ----- *[insert (by 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 (by issuing agency) date]* (hereinafter called "the Bid") for the execution/supply *[select appropriately]* of *[insert name of Contract]* under Invitation for Bids No. ----- *[insert IFB number]* ("the IFB").

Furthermore, we understand that, according to your 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 the 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) of authorized representative(s) ]*

### **Bid Evaluation Criteria**

Other than the substantial responsive and price of the bid there may be other factors, depending on the case, that are relevant for the evaluation. The PE shall identify such factors and include in the bidding documents. The evaluation should be done only using such criteria and methodology disclosed. No advantage should be given to any bid proposing the requirements than specified. Some of the criteria generally used for procurement of goods/works are:

- Arithmetical errors;
- Omissions
- Delivery schedule or time for completion;
- Efficiency of the equipment;
- Capacity;
- Spare parts;
- After sale services;
- Payment schedule;
- Operating costs;
- Life cycle costing;
- Currency conversion;
- Domestic Preferences;
- Discounts offered for combination of lots in multiple contract awards (cross discounts);
- Experience and qualifications of the lowest evaluated and substantially responsive bidder.
- Alternate Bid

PROCUREMENT GUIDELINE REFERENCE: **5.4.1**

**Transport and Basis of Supply**

The cost of transportation is a significant component of the cost of goods purchased by the PE and delivered to the project site. It is thus an important factor in the evaluation of bids. All four basic modes of transportation – road, rail, air and water – are used in international transportation for which codification has developed. Transport by Air should be confined to situations where it is absolutely necessary and that also with the approval from the CAO. For procurement done under GOSL or foreign funded contracts the set of rules issued by International Chamber of Commerce and named as INCOTERMS shall be used. The following terms are most relevant for Sri Lanka.

<b>TERM</b>	<b>Meaning</b>
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.e. factory, warehouse, etc) not 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. e. 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 occurring 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 entry.
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 bring the goods to the named destination. The buyer bears all the risk and any additional costs occurring 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 represents the maximum obligations of the seller.

PROCUREMENT GUIDELINE REFERENCE: **5.4.2**

**PRICE VARIATION IN WORKS CONTRACTS**

Price variation for Sri Lanka Rupee component of the contract price, in Works contracts exceeding a period of three months, shall be included in the bidding document and contract agreement. Price variation formulae developed by ICTAD are acceptable. If foreign funding agency agreement specifies that price adjustment shall be made for the foreign currency component as well, the formulae suggested by foreign agencies may be used for foreign currency component and ICTAD formula shall be used only for Sri Lankan Rupee component.

**Refer ICTAD publication Number: ICTAD/ID/03**

**ADVANCE PAYMENT FOR WORKS AND GOODS  
CONTRACTS**

**Advance payment for any contract for Works shall be as follows:**

- (i) a maximum of twenty percent (20%) of the contract sum (less any provisional sums and contingencies) against the submission of an acceptable advance payment guarantee; ; and
- (ii) the advance payment shall be fully recovered before ninety percent (90%) of the payments are made to the contractor.

**Advance payment for goods contract shall be as follows:**

When the bidding 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 thirty percent (30%) of the value of LC may be paid, on the submission of a guarantee acceptable to the PE.

Advance payment guarantee issued in the format given below by the following agencies are acceptable:

The advance payment 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 commercial bank operating in Sri Lanka;
- A bank based in another country but the guarantee “confirmed” by a bank operating in Sri Lank;
- Construction Guarantee Fund;
- Insurance Agencies:

The PE should note that 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. Such request must be in writing and must be made prior to the expiration date established in the guarantee.

**ACCEPTABLE FORMAT FOR 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 into Contract No. ----- [reference number of the contract] dated ----- with you, for the ----- (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 in figures] ( ----- [amount in words]) is to be 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 in figures] (-----) [amount in words]<sup>1</sup> 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.

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

This guarantee shall expire, *Insert the date, 28 days beyond the expected expiration 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.

\_\_\_\_\_  
[signature(s)]

<sup>1</sup> 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.

### **Retention Money in Works Contracts**

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

Fifty percent (50%) of retention may be released after taking over of Works and the second fifty percent (50%) will be released upon satisfactory completion of the defect correction period. Alternatively after taking over of works, contractors may be allowed to replace the second 50% of retention money, with an equivalent security.

Alternatively, after the final completion of Works, contractors may be allowed to replace the second half of retention money with an unconditional and irrevocable guarantee issued by the following agencies in the format given below:

The retention 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 commercial bank operating in Sri Lanka;
- A bank based in another country but the guarantee “confirmed” by a bank operating in Sri Lanka;
- Construction Guarantee Fund;
- Insurance Agencies:

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 guarantee from the Guarantor. Such request must be in writing and must be made prior to the expiration date established in the guarantee.



**ACCEPTABLE FORMAT FOR 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 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 in figures]* ( -----  
 -----) *[amount in words]*<sup>1</sup> 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)]*

<sup>1</sup> The Guarantor shall insert an amount representing the amount of the second half of the Retention Money or or if the amount guaranteed under the Performance Guarantee when the Taking-Over Certificate is issued is less than half of the Retention Money, the difference between half of the Retention Money and the amount guaranteed under the Performance Security and denominated either in the currency(ies) of the second half of the Retention Money as specified in the Contract, or in a freely convertible currency acceptable to the Employer.

PROCUREMENT GUIDELINE REFERENCE: **5.4.8**

**Performance Security**

**Works**

- (a) Works shall require a performance security of not less than five percent (5%) of the estimated contract sum to safeguard the PE in case of breach of contract by the Contractor.
- (b) This security shall be provided by a performance guarantee issued from an acceptable agency, and valid till twenty eight (28) days beyond the intended completion date.

**Goods**

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

This performance guarantee shall be provided in the format given in this manual and shall valid till 28 days beyond the scheduled completion of works or the supply of goods.

The Performance Guarantee 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 commercial bank operating in Sri Lanka;
- A bank based in another country but the guarantee “confirmed” by a bank operating in Sri Lanka;
- Construction Guarantee Fund;
- Insurance Agencies:

The PE should note that 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. Such request must be in writing and must be made prior to the expiration date established in the guarantee.

**ACCEPTABLE FORMAT FOR PERFORMANCE GUARANTEE**

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

**Beneficiary:** ----- *[Name and Address of Employer]* -----

**Date:** -----

**PERFORMANCE GUARANTEE 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]* (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 in figures]* (-----) *[amount in words]*, such sum being 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 date, 28 days beyond the scheduled 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)]*

PROCUREMENT GUIDELINE REFERENCE: **5.4.11**

**Value Added Tax**

The amount of VAT on the Goods supplied or Works done shall be paid to VAT registered contractors/suppliers after obtaining tax invoice, if such Works, Goods or Services are not exempted from VAT

After making the payment to cover VAT, details of such payment shall be informed to the Commissioner General of Inland Revenue with a copy to Auditor General, on or before the 15 th day of the following month.

**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 loss of 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.

### **Dispute Resolution**

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 a foreign funding agency's where the successful bidder is of foreign national),. A separate clause to this effect should be included in the bidding documents as well as in the contract agreement

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 in Sri Lanka

## **SPECIFICATIONS**

Precise and clear specifications are prerequisite for bidders to respond realistically and competitively to the requirements of the PE without qualifying or conditioning their bids. The specification must be drafted to permit the widest possible competition, and at the same time make a clear statement of the required standards of workmanship to be provided, standard of plant and other supplies and performance of the goods and services to be procured. Only if this is done will the objectives of economy, efficiency and fairness in procurement be realized, responsiveness of bids ensured, and the subsequent task of bid evaluation be facilitated.

For the goods, plant and other supplies to be incorporated in the works, the specification should require that they be new, unused, and of the most recent or current models and they incorporate all recent improvements in design and materials unless provided otherwise. For works contracts, a clause setting out the scope of works is often included at the beginning of the specifications, and is customary to give a list of drawings. Where the contractor is responsible for the design of any part of permanent works the extent of his obligations must be stated.

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

- Standard of materials and workmanship required;
- Details of factory tests required (type and number);
- Details of all work required to achieve completion;
- Details of all precommissioning and commissioning activities to be performed by the contractor; and
- 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 ICTAD has issued specifications. NPA will issue specifications for limited category of goods. PE shall use such specifications to the extent possible.





## CHAPTER 6 – SALE OF BIDDING DOCUMENTS & RECEIVE AND OPENING OF BID

PROCUREMENT GUIDELINE REFERENCE: **6.1.1**

### **Handling Procurement Complaints**

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

#### Complaint Received Before closing of Bids

- Upon receipt of a complaint from a prospective bidder before the closing of bids, the PE shall acknowledge it under the signature of the Chairman of the PC indicating that PC is considering the issues raised.
- If such complain is received by the PC or TEC it shall be referred to the PE; if the complain is received by the PE it shall be referred to the Chairman of the PC;
- The chairman of the PC in consultation with PE and if required with members of the PC/TEC will make a judgment to the validity of the complaint;
- If the complaint is valid and corrections are required, the PE in consultation with TEC shall effect those corrections and notify to all prospective bidders.

#### Complaint Received after closing of Bids but prior to completion of the evaluation

- A copy of the complaint shall be distributed to all the members of the TEC and PC;
- The TEC shall give a special attention to the complaint and should be comprehensively addressed in the TEC report;
- The PC shall ensure that the complaint is sufficiently and satisfactorily addressed in the TEC report;

Appeals against contract award in the case of CAPC and MPC shall be dealt following the procedures described in the Procurement Guidelines.

**Bid Opening Procedure**

Opening of bids shall be done by a committee appointed with the concurrence of the respective PC. Bid opening committee (BOC) must ensure that the clock that will be used for deciding the closing time is set correctly. Just before the bids are closed the BOC shall ensure that all the bids that are posted, personally delivered, deposited in the tender box or any other means allowed for submission of bids have been brought to the bid opening room. The proceedings of the bid opening shall be recorded in the prescribed format and should be signed by all members of the BOC. The time for bid opening shall be same as for the deadline for receipt of bids or promptly<sup>40</sup>. The bid opening shall take place at the location described in the bidding document. No bid shall be rejected at the bid opening on any grounds other than returning a late bid.

Acceptance of samples with the bid is discouraged. However, on exceptional basis where the respective PC has specifically authorized. All the samples received should be labeled and signed by the bid opening committee members.

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 should not be opened, but all the members and the representatives of the bidders who are present shall sign on the outer envelope of the bid. The bid shall be placed at secured place together with the other bids 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 should be opened together with the other bids.

Then all envelopes marked “modification” should be placed with the respective “original” bid. The envelope marked “modification” is opened next and modification proposed is read out. The original bid of the bidder who has submitted the modification envelope just read out is opened next. After completion of opening of all the bids that have being modified, the original bid of the other bidders should be opened. The copy of the bid shall not be opened.

Where there is no marking as “original” or “copy” the BOC shall mark one as original and it will prevail as the original for the purpose of bid price. If the critical documents such as bid security are absence in the document marked by the BOC as the original, only in such cases the BOC should open the “copy” of the bid and search for such documents, transfer them to original envelope and resealed the “copy”.

The BOC shall read out the following at the bid 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 price given in words in the form of bid; if the bid price is not given in words the bid price given in figures; if bid price is not filled in the form of bid, the respective price given in the BOQ or Price Schedules; Whether the announced prices are inclusive or exclusive of VAT shall be indicated clearly.
- d) If the contract will be awarded as a whole the announcement of final bid price is suffice; If contracts will be awarded in different items or lots such prices shall be announced;
- e) 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; however, the details of the make-up of the bid price shall not be read out.

**After opening original of each and read out the relevant information, the BOC shall resealed the envelope before handing over the documents to the PE. The PE shall hand over the bid documents to the Chairman of TEC in sealed form.**

<sup>39</sup> Only to allow sufficient time for the preparatory works; any shall not exceed 30 minutes from deadline for submission of bids

<sup>40</sup> Only to allow sufficient time for the preparatory works; any shall not exceed 30 minutes from deadline for submission of bids.

PROCUREMENT GUIDELINE REFERENCE: **6.3.6**

**Format for Bid Opening Minutes**

All who are officially attending the bid opening shall sign the attendance. Just before the bid opening a request shall be made from all the representatives of the bidders to sign their 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 BID OPENING MINUTES**

Title of Procurement		
Date:		
Time:		
Location:		
We the undersigned were present at the bid opening of the above procurement		
<b>A: Bidder's Representatives:</b>		
Name of Representative	Bidder's Name	Signature
1.		
2.		
3.		
4.		
5.		
6.		
<b>B: Bid Opening Committee</b>		
Name	Capacity (Chairperson/Member)	Signature
1.		
2.		
3.		

PROCUREMENT GUIDELINE REFERENCE: **6.3.6**

**Format for Bid Opening Minutes**

The proceedings of the bid 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 opening the bid 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 submitted. It may also include and special features happened during the bid opening. If contracts will be awarded on item or lot basis such prices shall be indicated in separate schedule. The following format is suggested.

**BID OPENING MINUTES**

Title of Procurement	
Bid opening Date	
Bid opening Time	
Location	

**OBSERVATIONS OF EACH BID**

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>				
(a) Is outer envelope of bid sealed?					
(b) Is bid form completed and signed?					
(c) Any "Substitution," "Withdrawal," or "Modification" submitted*					
(d) Any alternative bid made**:					
(e) Additional comments***:					

\* Describe

\*\* Describe

\*\*\* Describe

PROCUREMENT GUIDELINE REFERENCE: <b>6.3.6 (...Cont)</b>					
<b>Format for Bid Opening Minutes</b>					
<b>FINANCIAL INFORMATION</b>					
<b>A: LOT/ITEM Description</b>					
Bidder NO;	Name of Bidder	Bid Price <sup>41</sup>		Bid Security Presence Bank name/amount	Remarks <sup>42</sup>
		Without VAT	With VAT		
1.					
2.					
3.					
4.					
<b>B: LOT/ITEM Description<sup>43</sup></b>					
Bidder NO;	Name of Bidder	Bid Price <sup>44</sup>		Bid Security Presence Bank name/amount	Remarks <sup>45</sup>
		Without VAT	With VAT		
1.					
2.					
3.					
4.					
<b>C: LOT/ITEM Description<sup>46</sup></b>					
Bidder NO;	Name of Bidder	Bid Price <sup>47</sup>		Bid Security Presence Bank name/amount	Remarks <sup>48</sup>
		Without VAT	With VAT		
1.					
2.					
3.					
We, the undersigned certify that the bids have been opened under our supervision and the information given above are correct.					
Name			Capacity (Chairperson/ Member)	Signature	
1.					
2.					
3.					

<sup>41</sup> If different currencies are involve indicate them separately using an additional row; if proportionate in different currency indicate the proportion/s using an additional row

<sup>42</sup> Discount offered; comments/objection by bidders, deviations on requirements etc

<sup>43</sup> If all items/lots will be awarded to one bidder 'B', 'C' etc not required

<sup>44</sup> If different currencies are involve indicate them separately using an additional row; if proportionate in different currency indicate the proportion/s using an additional row

<sup>45</sup> Discount offered; comments/objection by bidders, deviations on requirements etc

<sup>46</sup> If all items/lots will be awarded to one bidder 'B', 'C' etc not required

<sup>47</sup> If different currencies are involve indicate them separately using an additional row; if proportionate in different currency indicate the proportion/s using an additional row

<sup>48</sup> Discount offered; comments/objection by bidders, deviations on requirements etc



## CHAPTER 7 – BID EVALUATION

PROCUREMENT GUIDELINE REFERENCE: **7.4 & 7.5**

### **Time Frame for Bid Evaluation & Extension of Bid Validity**

It is required to keep bids valid for a specific period to allow the PE to examine and evaluate them, select the lowest evaluated bid, obtain the necessary approval from different authorities. Thus Bid evaluation shall be undertaken expeditiously, leaving ample time to seek all the requisite formal approvals. Hence bids shall be evaluated within the period specified in the agreed time schedule i.e. the Procurement Time Schedule. Unless there is a specific reason to allow more time the maximum time periods for bid validity are given in section 5.3.10.

To enable the PE to award the contract within such bid validity period after carrying out the other procedures, it is required that TEC should complete the evaluation report generally within 50 % of the bid validity period.

Where there is a delay in bid evaluation so that above requirement is unlikely to achieve, the PE with the concurrence of the respective PC shall request the bidders to extend the period of bid validity of their bids. However, when such a request is made in the case of fixed-price bids, bidders have to choose between:

- Refusing to grant extension of bid validity of their bids: and
- Absorbing any cost increases that might occur during such extensions (bidders are not allowed to increase their bid prices as a condition of extending the validity of their bids).

Due to the above reason a bidder who has submitted a low bid may refuse to extend their bid validity resulting additional cost to the PE. Hence the extension of bid validity should be requested only under exceptional situation. To encourage the PCs and TECs to expedite the contract award within the original bid validity period, the payments to PC and TEC members are linked to time taken for evaluation.

### **Bid Evaluation Stages**

Regardless of how well the other steps in the procurement process are conducted, if bids are not evaluated correctly and fairly, the process will fail. Unfortunately, bid evaluation is the step that is mostly manipulated if one wants to favour a particular bidder. Therefore it is required that PCs and TECs are familiar with and understand how it should be done and to know how to review and what to look for.

Departures from the bidding documents are a common feature of the bids submitted by the bidders. A bid that complies fully with the requirements of the bidding document may be an extremely rare instant. What is important is how critically the departure will effect to the out come of the procurement. Hence during the bid evaluation substantially responsive concept is used rather than following fully responsive bids.

Therefore main objective of bid evaluation is to determine the bid that will result the lowest evaluated cost to be incurred by the PE in accepting the bid, among the substantial responsive bids received from qualified bidders.

All criteria to be used in the bid evaluation and the method of their application must be specified in the bidding documents.

The bidding document must contain a statement on the manner in which the PE proposes to evaluate the bids received. This statement must include:

- (a) a listing of the factors other than the price which it proposes to consider; and
- (b) an explanation of the method to be used in applying the evaluation factors. ( both for those factors susceptible to monetary adjustment and those to which other criteria must be applied).

The lack of clarity in statements on bid evaluation, or an incomplete statement, will leave bidders in doubt about the treatment on their bids by the PE and has frequently been cause of uncertainty and disagreement during the evaluation of bids. All the criteria specified must be applied to the extent necessary and in the manner in accordance with the bidding documents. **Evaluation factors not specified in the bidding document should not be used in bid evaluation.**

No information relating to bid evaluation shall be communicated, after the bid 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.

The basic sequence for bid evaluation is the same for goods and works, and consists of the following steps:

- a) Preliminary examination of bids;
- b) Detailed evaluation and comparison of bids;
- c) Post qualification verification; and
- d) Writing bid evaluation report.



### **Preliminary Bid Examination**

All the bids received before the scheduled closing time should be considered for preliminary bid examination. The purpose of this examination is to eliminate any bid from further and more complicated consideration if it does not meet the minimum standards of acceptability as set out in the bidding documents and therefore not substantially responsive. However, the PE should exercise reasonable judgment in applying these tests and should avoid rejecting bids on trivial procedural grounds. For e.g., if the bidding documents stipulated that each page of the bid should be signed or initial and a bidder failed to initial one or more pages of supporting information, this should not be a ground for bid disqualification. These can be rectified through the clarification process without giving any benefit to the bidder and without prejudice to the interest of other bidders. Such discrepancies should be noted, however, and decisions about their acceptance or rejection should be recorded in the bid evaluation report.

The preliminary examination of bids determines whether the bids meet the general procedural requirements of the bidding documents, In particular the compliance with the following requirements should be examined using the bidding documents as the reference point:

#### **Stage 1: To ascertain whether the:**

- The bidder is eligible - Example: (a) the bidder shall not be blacklisted; (b) in case of works contracts the domestic bidder should have required ICTAD registration; (c) for foreign funded projects if so specified by the funding agency: (i) in the case of works contracts, the bidder shall be from the member country of the funding agency; and (ii) in the case of goods contracts the goods shall be manufactured in one of the member countries of the funding agency
- bid is signed properly by an authorized party, including the power of attorney if stipulated and generally in order;
- bid securities submitted are in acceptable format, for required amount and duration;
- bid is containing all required critical documents including supporting evidence of bidder eligibility and qualifications;
- bid is complete and quote for all items in the lot or packages if so stipulated in the bidding document

**Stage 2: To ascertain the deviations from the provisions of bidding documents** and categorize such deviations into major or minor deviations. Also, to identify deviations (debatable deviations) which may be categorized as either minor or major deviations depending upon the requirements of the specific provisions in the bidding document, the criticality of the deviation , the value of the contract in comparison to the value of the deviation and the judgment of the TEC. The purpose is to identify substantially responsive Bids with a view to subjecting such Bids for detailed bid evaluation.

PROCUREMENT GUIDELINE REFERENCE: **7.8 (Cont)**

**Preliminary Bid Examination**

Deviation from any provisions of the bidding documents (instruction to bidders, Bid Form, price schedules, Bills of Quantities, condition of contracts and technical specifications, etc.) is a common feature in many Bids. These deviations fall in to two basic categories, Major deviations by the bidder result in a finding of “non responsiveness” and consequent rejection of the bid. Bids with minor deviations, on the other hand, are considered as “substantially responsive” and are, therefore, evaluated and considered for contract award by determining any financial value of each deviation and adding to the bid price. The sum of the bid price and the total of adjustments made for deviations and other evaluation factors specified in the bidding documents is the “evaluated bid price”. The question is to determine which deviations are to be classified as “major” and which as “minor”. In the absence of clearly defined distinction between major and minor deviations there is room for different interpretations. To facilitate the categorization of deviations the following approach may be used.

**A major deviation would be one which either**

- (a) has an effect on the validity of the bid: or
- (b) has been specified in the bidding documents as grounds for rejection of the bid: or
- (c) has an effect in substantial way to the scope, quality, functionality or performance;  
or
- (d) will limit in any substantial way the PE’s rights or bidders obligations: or
- (e) is a deviation from the terms or the technical specifications in the bidding documents whose effect on the bid price is substantial but cannot be given a monetary value

**A minor deviation would be one which either**

- (a) has no effect on the validity of the bid; or
- (b) has no effect in substantial way to the scope, quality, functionality or performance;  
or
- (c) has no effect on the price, quality or delivery of the goods or services offered; or
- (d) will not limit in any substantial way the PE’s rights or bidders obligations: or
- (e) has such effect but the difference from the commercial terms or technical specifications in the bidding documents is such that it can be given a monetary value; or
- (f) has not been specified in the bidding documents as grounds for rejection of the bid, provided that the total amount of adjustments for such deviations does not exceed a previously determined percentage of the bid price.

PROCUREMENT GUIDELINE REFERENCE: **7.8 (Cont)**  
**Preliminary Bid Examination**

**Ways of treating most frequent deviations:**

- (a) **General:** In establishing the substantial responsiveness of bids a specific clause in the ITB take precedence over general clauses; for example, if the bidding documents required bids to be submitted for all items and stated that incomplete bids will be rejected. The PE should not propose to base the award by accepting a bid which is incomplete, based on a clause in the bidding documents in which it reserved the right to waive irregularities in bids.
- (b) **Completeness of bids:** If the PE intends to reject incomplete bids, it should be clearly stated in the bidding documents.

If PE intends to consider incomplete bids, the bidding document should specify the minimum number of items for which prices must be quoted in the bid, or the minimum value of the items to be quoted. Bidding documents should also state how incomplete bids meeting the minimum requirements will be evaluated. In such cases incomplete bids would have to be adjusted (loaded) for missing items to make the bids comparable. If PE can estimate the actual cost that will be incurred in procuring the missing items, that cost should be added (loaded) to the bid 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). Items for which no bids were received may be ignored in the comparison. Using the highest price bid by any bidder for loading purposes should be avoided as it tends to distort the value of the bid, particularly if there is a substantial difference between bid prices quoted for the missing item.

If the bidding documents do not indicate whether incomplete bids will be accepted or rejected, the question whether such bids are “substantially responsive” must be decided during bid evaluation.

- (c) **Procedural Deviations in submission of bids:** Most deviations in submission of bids (such as the marking of envelopes, sealing of bids) other than the signature to the form of bid are normally considered as minor. Absence of signature on the form of bid and similar deviations are considered as major deviations.
- (d) **Bid Security:** If the bidders are required to furnish a bid security with his bid, failure to submit it is considered as a major deviation and grounds for rejection. The submission of bid security after the bids are opened should be treated in the same manner as the not submitting a bid security. If the amount of the bid security submitted is less than the amount stated the bid shall be rejected. Similarly if the period of the bid security submitted is less than the period stated the bid shall be rejected. If the form of the bid security is in a substantially different from that prescribed in the bidding documents, the bid should be rejected.

PROCUREMENT GUIDELINE REFERENCE: **7.8 (Cont)**

**Preliminary Bid Examination**

e) **Lack of supporting Documents:** The bidding documents should specify what documentary evidence is required to support the bid. In addition they should specify whether a bidder's failure to submit any of the requested documentation with the bid will be considered as grounds for rejection of bid. If so specified the evaluation should be carried out accordingly.

**Otherwise it may be treated as follows:**

There are two kinds of documentation which may be required to be submitted with bids. These must be treated differently, depending on their purpose.

- i. One kind is intended to substantiate the legitimacy of the bid (i.e., that the bid is not "speculative", "exploratory", "frivolous" or "wait- and -see", and/or the reliability of the equipment offered;
- ii. The other is to provide additional details on the technical part of the bid (e.g. brochures describing the equipment offered).

Lack of documentation of the first kind is normally considered as major deviation and, grounds for rejection of the bid. Lack of the second kind of documentation is usually considered as a minor deviation which can be remedied by subsequent submissions.

(f) **Fixed price against variable price:** When bids are required at a firm price, proposal in bids to apply an escalation clause to the bid price should be regarded as a major deviation and the bid should be rejected.

(g) **Technical Specifications:** The variety of possible deviations from technical specifications is infinite, making it impossible to discuss all such deviation in a manual. The basic principles governing the treatment of technical deviations can, however, be stated.

First, the bidding documents should indicate those parts of the technical specifications which the PE considers so important that deviations from them will not be accepted.

If the PE is willing to accept deviations on technical specifications not designated as major in the bidding documents, a decision must be made whether the PE is prepared to:

- i. accept such deviations proposed by a bidder, not only for the purpose of evaluating the bid: and
- ii. consider as a contractual obligation, if the bid is accepted for the contract award.

If the deviation is acceptable, the monetary value of the minor deviation should be determined and loaded to the bid price. If on the other hand, the deviation offered is not acceptable for an eventual contract, the deviation should be classified as major and the bid rejected.

(h) **Subcontracting:** The bidding document for works contract should indicate to what extent subcontracting is permitted and whether the proposed subcontractor has to be named in the bid. Any bid not complying with this stated requirement may be considered as non responsive and grounds for rejection. If the bidding document did not contain any statement regarding the permissible extent of subcontracting, the PE should review the extent of subcontracting of major works by the bidder and if found as excess to effect the main responsibilities of the bidder, the bid may be considered as non responsive.

PROCUREMENT GUIDELINE REFERENCE: **7.8 (Cont)**  
**Preliminary Bid Examination**

- (i) Alternative bids: Submission of a bid based on entirely different design, where such had not been permitted is considered as a major departure.
- j) Delivery Period: If goods are offered outside the delivery period or in the case of works contract unacceptable time phasing, not conforming to specified key dates or program is considered as a major deviation.
- k) Conditional bids: Bids that are offered with conditions such as prior sale of the equipment offered, availability of material in the market are considered as non responsive.

**Debatable Deviations:**

There may be some deviations which do not appear to consider at first sight as a major departure but at the same time cannot be considered as a minor departure either. In some cases it may be considered as major whereas in some other cases it may be considered as minor. However, if it is specifically mentioned in the bidding document such deviations are reason for rejection or the applicable procurement guideline does not allowed to accept such departures, then the bid should be rejected. Otherwise the PE may consider such deviation as minor and bid may be considered for further evaluation. In such situation the bid evaluation report should contain a statement, justifying considering such departures as minor deviation. Some of the examples for debatable deviations are as follows:

- (a) **Requesting different amount of advance and other payment terms** (including liquidated damages and retention): If such proposals are accepted the additional cost that will be incurred by the PE should be loaded to the bid price for evaluation; In the case of advances and payment stages the additional cost may be the respective interests and in the case of liquidated damages and retention it may be the maximum amounts specified in the bidding documents for liquidated damages and retention respectively.
- (b) **Proposed changes in construction period which is not critical:** Similarly if such proposals are accepted the additional cost (may include additional rentals, supervision cost, effects to liquidated damages) that will be incurred by the PE should be loaded to the bid price for evaluation;
- (c) **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 if the omitted items or works are procured differently.

**General Principles of detailed bid evaluation and comparison of Bids**

The main objective of detailed bid evaluation is to determine the cost that PE will incur if the contract is awarded to each of the bid which was determined as a substantial responsive bid. Therefore only the bids that have been determined to be substantially responsive to the bidding documents, i.e. do not contain material deviation, should be considered for detailed evaluation. Out of the three stages of bid evaluation described in this manual only during this stage the bids are compared with each other. The purpose of comparison is to determine the lowest evaluated cost that will be incurred by the PE from the substantially responsive bids received. The lowest evaluated bid may or may not necessarily be the lowest quoted bid. In order to determine the lowest evaluated bid the PE should only use the evaluation criteria disclosed in the bidding 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,

**Detailed Bid Evaluation – Principles and Methodologies**

It is again emphasized that PE should only use the evaluation criteria disclosed in the bidding document. Most frequently used evaluation criteria is given below. The PE may use other appropriate criteria for a particular procurement and disclose such factors together with the evaluation methodology in the bidding document:

- Exclude VAT, contingencies and provisional sum amounts;
- Correction of arithmetical errors;
- Application of applicable discount;
- Adjustment to bid prices for omissions;
- Adjustments for acceptable departures;
- Adjustments for delivery period;
- Adjustments for inland transportation;
- Operational costs and life cycle costing;
- Conversion to common currency;
- Domestic preference;
- Reassess ranking order;
- Examine for unbalance bidding;
- After sales services
- Clarifications during evaluation
- Alternate Bids

**Detailed Bid Evaluation – Principles and Methodologies**

**a) Exclude VAT, contingencies and provisional sum amounts:**

Before commencing evaluation of bids under other steps the VAT and the amounts stated as provisional sum and contingencies should be excluded from the bid prices.

**b) Correction of arithmetical errors:**

Bids should be checked carefully for arithmetical errors in the bid to ensure the stated quantities and prices are consistent. The quantities should be same as that stated in the bidding documents. The total bid price should be the total of all line items. The line item total should be the product of quantity and unit rate quoted or, when a lump sum is quoted the lump sum amount. If there is a discrepancy a correction has to be done and the corrected price as describe below is considered as the bid price. After the correction of arithmetical errors the PE should notify in writing, each bidder of the detailed changes. A bidder shall agree for such arithmetical corrections made to his bid. If the bidder refuses to accept its bid shall be rejected and action is taken against the bid security submitted.

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 PE that there is an obviously gross mis-placement 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) If the bid price changes by the above procedure, the amount stated in the Form of Bid shall be adjusted with the concurrence of the bidder and shall be considered as binding upon the bidder.

If a bid price of any bid is adjusted as above the TEC shall give a detailed report explaining where and how such adjustments were made rather than merely saying the bid price was adjusted due to arithmetical error by an amount equal to .....



**Detailed Bid Evaluation – Principles and Methodologies**

**(b) Application of applicable discount;**

Discounts offered by the bidders prior to closing of bids which are valid for the entire bid validity period should be considered for evaluation.

If conditional discounts are offered which will create more than one bid price within the bid validity period, 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 be applicable to such items;
- ii. If the discount offered is to the total bid price as a percentage it should be applicable to all the items at the percentage discount offered, excluding for contingencies and provisional sum items;
- iii. If the discount offered is to the total bid price as a lump sum, such lump sum amount should be considered for evaluation and before the award of contract such lump sum amount shall be uniformly distributed to all the items, excluding for contingencies and provisional sums.

**(c) Adjustment to bid prices for omissions;**

In many cases, bidders will present their bids without quoting to certain items, accidentally or deliberately. Regardless of the reason such omissions should be quantified in money terms whenever possible, to permit direct comparison with other bids, **provided such omissions were considered as minor deviations during the preliminary examination of bids.**

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

If such provision is not included, in the case of omission of one or more items from the bid, rather than rejecting the bid entirely and if it is already considered as substantially responsive during the preliminary examination, the bid price should be loaded for the comparison purposes. To that effect surrogate prices for these items may be obtained from printed price lists if available or the average of several other bids for the corresponding items should be used rather than the lowest and highest figures.

**Detailed Bid Evaluation – Principles and Methodologies**

**(d) Adjustments for acceptable departures:**

In many cases, bidders will present their bids that deviate from bidding document requirements, accidentally or deliberately. Regardless of the reason such deviations should be quantified in money terms whenever possible, to permit fair comparison with other bids, **provided such deviations were considered as minor deviations during the preliminary examination of bids.**

The most common deviations in bids are possible due to different commercial terms offered; i.e., for amounts of advances, changes in payment schedules etc. These can usually be adjusted by applying an appropriate discount rate (preferably disclosed in the bidding documents) and converting them to their equivalent present values.

Another form of bid deviation is to offer a higher capacity or standard performance than is specified in the bidding document: i.e., a larger engine capacity, greater carrying capacity or storage, etc. **No additional advantage should be given to such offers unless the bid document specifically provides** for this and set out how the difference will be evaluated.

**(e) Adjustments for delivery periods;**

In many cases, bidders will present their bids where the delivery periods deviate from bidding document requirements, accidentally or deliberately. Regardless of the reason such deviations should be quantified in money terms whenever possible, to permit fair comparison with other bids, **provided such deviations were considered as minor deviations during the preliminary examination of bids.**

The adjustments to the bid prices should be done in the manner described in the bidding documents. Generally no advantage is given to a bid offering early delivery than that is specified in the bidding document. Any bid offering a delivery beyond a finally acceptable cut off date specified in the bidding documents should be rejected as non responsive bid.

**(f) Adjustments for inland transportation;**

For works contracts, no adjustments for inland transportation are needed. However, for supply contracts, an adjustment may be needed if the price offered are based on FOB or CIF basis for goods to be imported and supply and EXW basis for goods already imported or that will be supplied within the country, and the bidder's were not requested to include such inland transportation costs within the bid price.

### **Detailed Bid Evaluation – Principles and Methodologies**

#### **(g) Operational costs and life cycle costing;**

Life cycle cost is the assessment of the initial 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 can easily be overcome by the difference in follow-on cost. In these cases, it is most appropriate for the PE to evaluate bids on the basis of life cycle cost.

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

- Initial purchase price;
- Adjustments for extras, options, delivery, variations, deviations;
- Estimated operational costs (fuel, labour etc.)
- Estimated cost of spare parts and other consumables;
- Efficiency and productivity;
- Depreciation cost

The follow-on cost such as fuel, spare parts, maintenance cost and depreciation costs should be discounted to net present value.

#### **(h) Conversion to common currency;**

In order to minimize the foreign exchange risk for bidders in certain procurement (specially in ICB procedures) the bidders are allowed to bid in foreign currencies. This results in bids being presented in a wide variety of currencies which must be converted to a single common currency, generally to Sri Lankan Rupees. These conversions are made using the mean selling rates established for similar transactions by the Central Bank of Sri Lanka on the specified date. In works contracts mostly used method is to specify that all the bidders should price the bid in Sri Lankan Rupees and to specify the percentages in different currencies. 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. In both the methods all such foreign money percentages should be converted to Sri Lankan Rupees using the base conversion date specified in the bidding documents.

**Detailed Bid Evaluation – Principles and Methodologies**

**(i) Domestic preference;**

In the case of goods or works contracts, when procurement is carried out using GOSL funds where foreign bidders are allowed to participate in bidding the applicable domestic preference clauses shall be included in the bidding document.

In the case of goods contracts, if the goods required are manufactured in Sri Lanka where the local contribution is likely to qualify the requirements given under procurement guideline 7.9.6 the applicable domestic preference clauses shall be included in the bidding document. When applying domestic preference the following guidance should be used:

**Goods:**

- The application of the applicable preference should be used only if it was disclosed in the bidding documents;
- The goods being procured are “manufactured goods” involving assembly, fabrication, processing etc., where a commercially recognized final product is substantially different from in basic characteristics of its components and raw materials;
- The goods qualified for domestic preference are identical or comparable to requirements given in the bidding documents with respect to quality, capacity and performance;
- Satisfying the minimum domestic values as specified in the bidding documents;
- The margin of price is added to the bid price of foreign product rather than subtracting from the domestic product.

**Works:**

- The application of the applicable preference should be used only if it was disclosed in the bidding documents;
- Satisfying the minimum domestic values as specified in the bidding documents;
- The margin of price is added to the bid price of foreign bidders rather than subtracting from the domestic bids.

**Detailed Bid Evaluation – Principles and Methodologies**

**(j) Examination for unbalanced bids (lowest evaluated bid):**

A bid may appear unbalanced resulting from comparison of unit prices quoted by different bidders and the engineer's estimate previously prepared by the PE.

For works contracts and supply and installation contracts may be "unbalanced" in several ways. Unit prices for items that will be executed early during the performance can be priced high. In other cases, the bidders who have reason to believe that the quantities given in the bidding documents for one or more items are underestimated will quote high on those items.

In both cases, the unbalanced bids result in higher contract costs. In addition, in the first case the incentive for the contractor to complete the contract are substantially reduced because the payments he would receive during the latter phases of the contract may be smaller than the costs.

Steps to remedy the situation can, however, 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 and where the total amount involved exceeds 5 percent of the total bid.

**Remedial measures:**

In the case of very large contracts, say exceeding Rupees 500 million:

- The present value 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 present value for such items can be computed using the prices of the engineer's estimate. The difference between the two present values so computed, can be added to the unbalance bid 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.

**Detailed Bid Evaluation – Principles and Methodologies**

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 lowly 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 shall be rejected.
- For over pricing high, the items believed to underestimated, 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;

**(l) After sales Services**

Where after sales services is to be used as an evaluation factor, the criteria for its evaluation should be included in the bidding documents. Since a monetary value for after sales services is impracticable, non monetary criteria must be devised to measure the services proposed by different bidders. Provided that the criteria for the evaluation of the after sales services offered by different bidders are set forth in the bidding documents, all bids complying with the minimum standards established should be considered on equal basis, unless the bidding documents provide otherwise, including the bids submitted by bidders offering to establish new facilities providing to the level of service specified. If required 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 bidding documents

**Detailed Bid Evaluation – Principles and Methodologies**

**(m) Comparison with engineers estimate in the case of work contracts:**

A bid should not be rejected solely because the bid price exceeds by some predetermined margin of the engineers estimate; nor they should be rejected solely on the grounds that they are substantially lower than such estimates. The measure of acceptability should rather be the “reasonableness” of a bid price as determined during the evaluation. The reasonableness may be establish by considering all factors such as market conditions, special terms specified in the bidding documents, prices of similar items procured in the recent past any other relevant factors. If great differences between bid 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 prices;

If these reviews would account for the discrepancy three alternative conclusions may be reached.

- Bid is reasonable under given circumstances and should be accepted;
- If the bid 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 Works/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 shall be rejected.
- Aspect of bidding documents are suspected to be the likely cause; all bids may be rejected and initiate re-bidding with modified bidding documents.

**(n) Rejection of all bids**

Bidding documents usually carry provision for the rejection of all bids received. However, rejection of all bids shall be done only under exceptional circumstances and can be justified when there is:

- lack of effective competition; or
- no substantially responsive bid received;
- inadequate competition;
- all bid prices were unreasonably high and substantially above the PE’s budget provision;
- bidding documents found to be defective;
- The requirements of the PE has changed

### **Detailed Bid Evaluation – Principles and Methodologies**

However, lack of competition shall not be determined solely on the basis of the number of bids received. Even the evaluation has resulted a single substantially responsive bid; it should be examined for reasonableness of prices. Before rejecting all the bids the PE shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids.

If the rejection of all bids is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the bids being non responsive, new bids may be invited.

All bids shall not be rejected and new bids invited on the same bidding and contract documents solely for the purpose of obtaining lower prices. If the lowest evaluated responsive bid exceeds the engineers estimates by a substantial margin, the PE shall investigate causes for the excessive cost and consider requesting new bids. Alternatively, the PE may negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibility which can be reflected in a reduction of the contract price. However, substantial reduction in the scope or modification to the contract documents may require re-bidding.

**(o) Clarifications during evaluation:**

The PE may request bidders for clarifications of his bid if there is any doubt about the intent of the bidder. Modifications of the substances of the bid by a bidder are, however, not allowed. Any change in price, delivery terms, conditions of contract or change of specifications proposed by the bidder is considered as substantive modifications. The PE should not change any of the commercial terms or technical specifications as a result of clarifications.

**(p) Alternate Bids**

- i) If bidders are permitted to submit alternative bids it shall be clearly stated in the bidding document.
- ii) Alternative bids submitted by a bidder, shall be considered as a separate bid and it shall be supported with an independent form of bid and bid security. However, the alternative bid shall not be considered for the purpose of evaluation.
- iii) If the original Bid submitted by the Bidder is considered as the lowest evaluated and substantially responsive Bid, the bidder's alternative Bid will be compared with his original Bid.
- iv) Under no circumstance an alternate bid shall be accepted at a higher price than the bid price of the original bid.



## **POST QUALIFICATION**

Post qualification is suitable for use in the procurement of goods and works contracts, which are not complicated where pre-qualification does not offer much advantage.

Postqualification is a distinct step in bid evaluation. In the absence of pre qualification, the postqualification verification of bidders is important. Postqualification involves determination by the PE that the bidder, supplier or contractor submitting the lowest responsive evaluated bid, has the capability and the capacity to perform the contract. If this bidder fails to demonstrate the necessary experience and capability to carry out the contract, the bid is rejected and the next lowest evaluated bidder is subject to postqualification. Postqualification requirements are in principle similar to those for prequalification, but bear mainly on the technical and financial resources available for fulfilling the contract. Qualifications of the lowest evaluated bidder are scrutinized using data submitted by the bidder as well as information gathered by the PE.

The bidding documents should contain a questionnaire on qualifications similar to that which the PE would use in a prequalification document. The criteria for postqualification should be clearly set out in the bidding documents. Only those criteria which are set forth in the bidding documents should be used in determining a bidder's qualifications.

When practical and appropriate, the minimum qualification requirements should be listed in the Invitation for Bids, to provide guidance to potential bidders as to whether in their own judgment they are qualified to submit bids. It should also indicate the pertinent factors that will be analyzed by the PE in arriving at the determination whether or not the bidder is qualified. The information and the documentations required to be submitted by bidders should also be specified.

Financial data that bidders should provide with their bids may include: a banker's statement; statements of business accounts; and statement of overall business turnover in three previous financial years. Performance data for goods may include: information on similar deliveries in the last three years; description of competence of the bidder's technical personnel; and certification by official quality control institutes.

**POST QUALIFICATION**

For works contracts, performance data may include:

- i) information on similar works undertaken in the last five years;
- ii) whether the bidder has the necessary equipment or access to the equipment needed for the works contract;
- iii) whether he has the personnel and manpower to undertake the works; and
- iv) if he is aware of the testing procedures to ensure that the works can perform the purpose for which they were procured.

A distinction should be made between the qualification of the bidder and those of the manufacturer if the bid is submitted by a party other than the manufacturer, such as an importer, a trader, an agent, who will act as the supplier and sign the contract. The bidding documents should require such bidders to submit a statement by the manufacturer certifying that the bidder is authorized to offer goods manufactured by him and that the manufacturer will assume all warranty obligations.

The failure of a bidder to submit all the information and documentation specified in the bidding documents is generally regarded as a minor deviation provided such information is historical and factual.

### **BID EVALUATION REPORT**

After the completion of the evaluation process the PE should prepare a bid evaluation report setting out process of evaluation. The PE shall use standard forms available for the purpose. These report covers among the other things:

- Key dates and steps in bidding process (copy of the invitation to bid as advertised attached);
- Bid opening information (copy of the bid opening minutes should be attached);
- For all bidders: Table showing the bidders compliance with major commercial conditions (e.g. completeness, bid security. Bid validity, delivery or completion period. Payment terms);
- For all bidders: Table showing bidder's compliance with key provisions of the technical specifications ( e.g. capacity, operating characteristics, etc.);
- For all substantial responsive bids: Table showing arithmetical errors, discounts and currency conversion;
- For all substantial responsive bids: Table showing additions and adjustments (indicating methods used in computing the adjustments);
- For all substantial responsive bids: Table showing currency conversion;
- For all substantial responsive bids: Table showing domestic preference;
- For all substantial responsive bids: Table showing various steps from bid price announced to evaluated bid price);
- Record of clarifications made from all bidders:
- For lowest evaluated bidder: Post qualification verification;
- Names of bidder's rejected and reasons for rejection;
- 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 the factors considered during bid evaluation.



## CHAPTER 8 – CONTRACT AWARD

PROCUREMENT GUIDELINE REFERENCE: **8.7.1**

### LETTER OF ACCEPTANCE (SAMPLE FORMAT) - CONSTRUCTION CONTRACT -

Prior to contract award the PE should ensure that budgetary provision is confirmed to meet the cost of contract. Thereafter, the **Letter of Acceptance shall be issued within the validity period of the bid**, and no sooner the final decision of contract award is completed. **This Letter of acceptance should be free from any new conditions.** This should essentially state the sum that will be paid to the contractor by the Employer in consideration of the execution and completion of construction as prescribed in the contract. The issuance of this letter constitutes the formation of the contract. The Letter of Acceptance should be sent to the successful bidder only after evaluation of Bids and after obtaining approval from the relevant authorities. The following sample format may be used as a template and should be modified to suit the situation. The Procuring Entity is required to select only the applicable information or modify such information to suit.

[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]* for construction and remedying defects of the ----- *[name of the Contract and identification number]* for the Contract price of ----- *[name of currency<sup>49</sup>]* ----- *[amount in figures and words]* as corrected in accordance with Instructions to Bidders and/ or modified by a Memorandum of Understanding<sup>50</sup>, is hereby accepted.

The adjudicator shall be ----- *[name and address of the Adjudicator, if agreed]* /shall be appointed by the appointing authority<sup>51</sup>.

You are hereby instructed to proceed with the execution of the said Works 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 date 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 : .....

<sup>49</sup> *If multiple currencies are involved indicate amounts under each currency separated with the word 'and' between them*

<sup>50</sup> *Delete "corrected in accordance with ITB and/or " or "and/or modified by a Memorandum of Understanding", if not applicable*

<sup>51</sup> *Delete whichever inapplicable or delete both if not applicable*

**SAMPLE LETTER OF ACCEPTANCE – SUPPLY CONTRACT**

Prior to contract award the PE should ensure that budgetary provision is confirmed to meet the cost of contract. Thereafter, the **Letter of Acceptance** shall be issued within the validity period of the bid, and no sooner the final determination of contract award is completed. This Letter of acceptance should be free from any new conditions. This should essentially state the sum that will be paid to the supplier by the Purchaser in consideration of the supply, installation and maintenance of the items as prescribed in the contract. The issuance of this letter constitute the formation of the contract. The Letter of Acceptance should be sent to the successful bidder only after evaluation of Bids and after obtaining approval from the relevant authorities. The following sample format may be used as a template. The template should be modified to suit the situation. The Procuring Entity is required to select only the applicable information or modify such information to suit.

[LETTER HEAD OF THE PROCURING ENTITY]

To: ----- *[name and address of the Supplier]* -----

This is to notify you that your bid dated ----- for supply installation and maintenance<sup>52</sup> of ----- *[name of the Contract and identification number]* for the Contract price of ----- *[name of currency<sup>53</sup>]*-----*[amount in figures and words]* as corrected in accordance with Instructions to Bidders and/ or modified by a Memorandum of Understanding<sup>54</sup>, is hereby accepted.

You are hereby instructed to precede 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 date 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 : .....

<sup>52</sup> Delete inapplicable

<sup>53</sup> If multiple currencies are involved indicate amounts under each currency separated with the word 'and' between them

<sup>54</sup> Delete "corrected in accordance with ITB and/or " or "and/or modified by a Memorandum of Understanding", if not applicable

**Execution of Contract Agreement**

Following the acceptance of a bid submitted by a bidder, a formal letter of acceptance shall be issued forthwith to the bidder by the Procuring Entity. This shall be followed by the execution of a formal contract for the following:

- (a) any contract for Works exceeding SLR 250,000 (Sri Lanka Rupees Two hundred and Fifty thousand); and
- (a) any Goods or Service contract exceeding SLR 500,000.00 (Sri Lanka Rupees Five Hundred Thousand).

The formal contract shall be signed by the authorities given below.

Up to Rs. 25 m	A senior officer of the Procuring Entity to whom the authority is delegated by the Secretary to Line ministry, Head of Department, Project Director or board of directors, as appropriate	Wherever available standard form of agreement approved by NPA shall be used; The approved forms are published in the Website of NPA
Up to Rs. 100 m	Head of Department, Project Director or an officer to whom the authority is appropriately or as delegated by Secretary to line ministry or Board of Directors as appropriate.	
Up to Rs. 500 m	Secretary to the Line Ministry or Additional Secretary if delegated by Secretary to the Line Ministry	
More than equal to Rs. 500 m	Secretary to the Line Ministry	

For any contract less than the amount specified above, the Procuring Entity may at its discretion enter into a formal contract. If a formal written agreement is not signed, a purchase order or any other appropriate written document shall be used.

PROCUREMENT GUIDELINE REFERENCE: **8.11**

**Defaulting Contractors/Suppliers**

**Data Base of Defaulting Contractors/Suppliers - NPA.**

- (a) In every case involving a contract exceeding the value of SLR 5,000,000 (Sri Lanka Rupees Five Million), the NPA will maintain a data base of defaulting contractors/suppliers which would be updated regularly. The names of defaulting contractors/suppliers will also be published in its website.
- (b) The NPA will issue half-yearly, a list of such defaulting contractors/suppliers to all Line Ministries for circulation among departments/corporations under their purview.
- (a) The PEs should not award any contracts to any contractors/suppliers, as long as their names remain in this data base.

*The placement of a defaulting contractor's/supplier's name in the NPA website is merely for the purpose of informing PEs that they must refrain from dealing with such parties, until such time their names are removed from the data base at the sole discretion of the NPA and is not intended to imply any moral delinquency on the part of such contractor/supplier.*

**Default on Bid Security**

When a bid security declaration is requested with the bid and any particular bidder fails to fulfill any of the conditions in the bid security declaration (namely does not accept the arithmetical errors as described in the instruction to bidders, fail to submit a performance security before the time period given or refuse/fails to execute the contract agreement the PE shall promptly inform the NPA of such failure, with relevant details using the following format.

**DEFAULT ON BID SECURITY**

Name of the Procuring Entity	
Address of the Procuring Entity	
Contact person including telephone, Fax numbers	
Title of the Procurement	
Name of the Bidder	
Address of the Bidder	
Bid Value	
Bid closing date	
Original Bid validity date	
Extended Bid validity Date (if any)	
Contract Award date	
Summary of the nature of the default (should include copies of all relevant correspondents, and explained the proceedings in chronological order starting from close of bids with dates)	



**Contract Administration – Payment of VAT**

1. 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 or services are not exempted or not excluded from VAT;
2. Such payment of VAT will apply in respect of advance payments as well. ;
3. When retention money is paid relevant amount of VAT should also be paid by the PE;
4. The Turnover Tax (TT) shall not be paid over and above the contract price; TT amount should form a part of the contract and the supplier would have included the same in the price quoted;
5. When the VAT is paid to a contractor or supplier, including obtaining any type of service, with respect to VAT payments 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 except the payments made to following institutions:
  - a. Department of Customs;
  - b. Sri Lanka Ports Authority;
  - c. Sri Lanka Telecom;
  - d. Lanka Electricity Company;
  - e. Ceylon Electricity Board

The above information should be furnished monthly, on or before the 15 th 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: **8.13.4**  
**VARIATION TO CONTRACTS**

The variations to contracts during the implementation stage cause very high burden on the PE and to the Government. If the contribution from the variation to the final contract sum is high it will dilute the procurement process that was carried out when awarding the contract.

Therefore PE must ensure that all professional and human efforts are taken to minimize this situation. Variations are mainly due to change of scope and quantity variations.

To minimise variations due to change of scope the PE should get a comprehensive briefing from the persons who are involve in design, whether they are internal or external consultant before inviting bids. In case the aggregate variation exceed more than the contingency amount, and the PE requires approval for the varied amount the PE is required to certify that the PE was briefed as above, and whether the change of scope was identified after the contract award or the persons who have involved in design would have foreseen. In the latter case the approving authority may require to obtain a statement from such persons and PE must forward the same.

To minimize variations due to inaccurate quantities or omissions in the BOQ, it is recommended that before the start of preparation of bidding documents, PE should obtain a certificate from the persons who have prepared the BOQ that a second person has checked the BOQ for its accuracy and completeness. It is also highly recommended that when “Type” structures or buildings are constructed, to compare the BOQ with the final measurements made to such “Type” structure or building before finalizing the BOQ.

Despite all the above, if the aggregate amount of the variations (due to quantity changes and extra works orders issued), is within the contingency provision (which should be 10% maximum) the HD/PD may approve the change order.

Otherwise, the HD/PD should take necessary steps to revise the TCE.

If the aggregate amount of variation as computed above is still within the 5% limit of the original TCE, the CAO, if he is satisfied with the variation and by obtaining the assistance of a TEC appointed by him may approve the variation.

If the aggregate amount of variation as computed above is more than or equal to 5% of the original TCE, and if the CAO is satisfied with the variation, the variation should be approved by the appropriate PC assisted by the appropriate TEC. For this purpose the appropriate committees should be decide on the basis of revised TCE and not necessarily the committees that handled the original procurement.

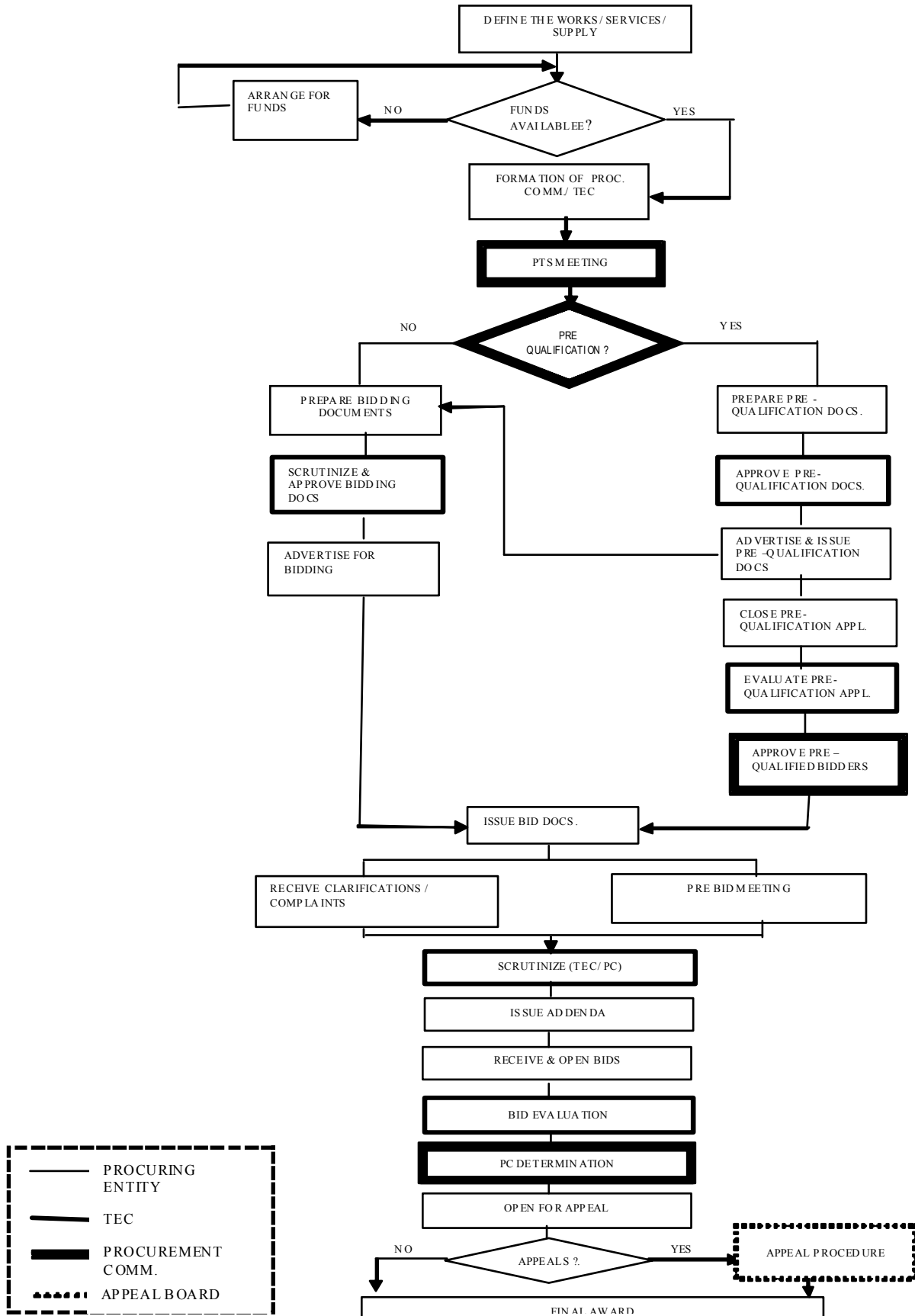
**PROCUREMENT GUIDELINE REFERENCE: 8.13.4**

**VARIATION TO CONTRACTS**

If the aggregate amount of the variations (due to quantity changes and extra works orders issued), is exceeding the contingency provision (which should be 10% maximum) the HD/PD shall obtain the approval from the CAO before issuing such variation orders. HD/PD may use the following format.

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. What is/are the reason/s for current variation/s? (tick as one or both as appropriate)	
	Tick below      Amount/s
Quantity error in the BOQ	Rs.
Change of Scope	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 TCE	
<i>Note:</i>	<i>If the aggregate amount of variation as computed above is still within the 5% limit of the original TCE, the CAO, if he satisfy with the variation and by obtaining the assistance of a TEC appointed by him may approve the variation. If the aggregate amount of variation as computed above is more than or equal to 5% of the original TCE, and if the CAO is satisfy with the variation, the variation should be approved by the appropriate PC assisted by the appropriate TEC. For this purpose the appropriate committees should be decide on the basis of revised TCE and not necessarily the committees that handled the original procurement.</i>
6. If the current variation/s is due 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 change in scope, explanation from the procuring Entity on why it was not foreseen at the design stage: (use attachments)	
Signature	Date

# FLOW CHART OF THE COMPETITIVE PROCUREMENT PROCESS





ජනාධිපති කාර්යාලය  
சனாதிபதி சேவலகம்  
THE PRESIDENTIAL SECRETARIAT

මගේ අංකය  
எனது இல.  
My No.

SP/NPA

ඔබේ අංකය  
உமது இல  
Your No.

කොළඹ 1.  
கொழும்பு 1.  
Colombo 1.

February 28, 2006

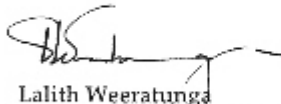
To: All Secretaries of Ministries

**Publishing of Procurement Plans, Tender Notices / Award of Contracts of  
CATB, CANC and MTB Tenders**

The National Procurement Agency (NPA), which functions under the purview of His Excellency the President, has been entrusted with the monitoring of activities relating to public procurements in order to ensure transparency and good corporate governance.

- 2) Accordingly, the following important information has already been requested, vide NPA letter dated 24<sup>th</sup> August 2005, from all ministries, to be published in the NPA web site.
  1. Procurement Plans of each Ministry
  2. Advance Procurement Notices
  3. Tender notices and details of awarded CATB and MTB tenders
- 3) It is also important that Tender notices of Ministries should be published in the relevant Ministry websites, in addition to the publicity given through the NPA web site. Reference to above web addresses should be stated in the relevant Tender notices published in the print media.
- 4) The information in respect of advance procurement (item 2 of para 2 above) should be forwarded as an e-mail attachment or a soft copy, as per the annex to this circular, to the NPA at least three months prior to the commencement of initial activities of procurement, as indicated in the Procurement Plan submitted to the NPA (item 1 of para 2 above) to be published in the NPA World Wide Web Site.

- 5) The following information should be forwarded to the NPA in respect of awarded tenders processed by CATBs, MTBs and CANCs
1. Name of the Tender/Contract
  2. Date of Contract award
  3. The party to whom the contract is awarded
  4. Value of the contract awarded
- 6) The above information should be forwarded to the NPA on or before 15<sup>th</sup> of each month in respect of the preceding month.
- 7) Please note that the submission of the above information to NPA by all Ministries as an e-mail attachment/a soft copy (diskette), with a hard copy is mandatory. Please be good enough to put in place standing arrangements to ensure that this requirement is complied with and in fact of it being done is regularly monitored.



Lalith Weeratunga  
Secretary to the President

Copy: Chairman/CEO, National Procurement Agency – For information.



**මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශය**  
**நிதி, திட்டமிடல் அமைச்சு**  
**MINISTRY OF FINANCE AND PLANNING**

මහ ලේකම් කාර්යාලය, කොළඹ 01.      செயலகம், கொழும்பு 01.      The Secretariat, Colombo 01.

කාර්යාලය } 2434500 தொலைபேசி } 2434600 Office } 2434700	தொலைபேசி } (94)-011-2449523 தொலைபேசி } Fax }	වෙබ් අඩවිය } Website } www.treasury.gov.lk
--	--	---

මගේ අංකය } எனது எண் } My No. } ID/360/3/101/1/1/P	ඔබේ අංකය } உமது எண் } Your No. }	දිනය } தேதி } Date } 24.03.2008
---	--	---------------------------------------

National Budget Circular No. 128

- To: All Secretaries  
 All Heads of Departments  
 All Heads of Corporations & Statutory Bodies  
 Chief Secretaries/Provincial Councils

**Accelerating Government Procurement Activities**

It has been observed that the persistent delays and inefficiencies in public procurement activities have become a barricade for economic development activities of the country during the last few decades. This situation, not only affects the economic development efforts of the country but also causes an additional cost to the government due to cost overrun and commitment charges levied by the foreign funding agencies on un-disbursed amounts in accordance with loans and credit agreements.

The National Procurement Agency, being the regulatory body and the facilitator to streamline the government procurement process, has already taken some initiatives to overcome this situation by way of revising the existing 'Government Tender Procedure' harmonized with foreign funding agencies, issuance of Standard Bidding Documents and Standard Requests for Proposals, Standard Specifications, continuous monitoring, provide advise, capacity building and training etc.

The following provisions shall be enforced with immediate effect on all government organizations.

There should be a separate division/unit for procurement activities (named as Procurement Division) in every ministry under the supervision of the 'Procurement Liaison Officer' who should be responsible to the Secretary of the line ministry and coordinate with the NPA in respect of all procurement activities on all sources of financing. A similar arrangement has to be set up in Provincial Councils as well as Departments where large value procurements are involved and project offices. The Dept. of Management Services has already granted approval to create 2 posts of Procurement Assistant in each Ministry and for this purpose 2 graduate trainees can be recruited.

It is suggested to commence preparatory activities immediately after the project is approved by the Treasury in principle. This delay is mainly due to improper attention of procurement preparedness activities. It is also identified that lack of financial provisions is also a cause in carrying out such activities.

You are kindly advised to split the capital budget into two components from the year 2006 onwards showing budget for procurement preparatory activities and post contract activities separately. It is also required to indicate the budget for continuation procurement activities from previous year and new activities separately. However, if savings are available under capital expenditure budget, that could be used for preparatory activities in respect of the current year or ensuing year. If savings are not sufficient to meet the expenses relating to preparatory activities additional funds should be requested from the Director General of National Budget using the dated format.

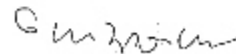
If financial provisions could not be obtained for an expenditure proposal for post contract activities in a particular financial year, where all required documents are prepared, all such documents should be made use for the next financial year with required amendments and revisions.

Secretaries of line Ministries/Chief Secretaries of PCC and Heads of Departments are kindly advised to pursue the above instructions and provide information outlined with the annual expenditure estimates to the Director General of National Budget (DGNB) with a copy to the Chairman/CEO of the National Procurement Agency (NPA) for procurement monitoring purpose, using the formats attached with this circular.

- Sheet 1 - Proposed Procurement Plan (PPP)
- Sheet 2 - Budget & Time Plan for Procurement Preparatory Activities (New Activities - 2006)
- Sheet 3 - Budget & Time Plan for Procurement Preparatory Activities (Continuation Activities from 2006)

**Time Schedule for Implementation**

- 2006 Budget** – Submit the Proposed Procurement Plan (PPP) and the Budget and Time Plans (Sheet 1-3) along with annual expenditure estimates and complete preparatory activities before the end of current financial year.
- 2007 Budget** – Submit the Proposed Procurement Plan (PPP) and the Budget and Time Plans (Sheet 1-3) along with annual expenditure estimates and complete preparatory activities before the budget discussion stage. Budgetary provision will not be made available to any government agency which fails to comply with the requirements of this circular.



S.B. Divaratne  
Deputy Secretary to the Treasury



PROPOSED PROCUREMENT PLAN (PPP)

Ministry/Provincial Council/Department/Corporation/Board .....

Serial #	Description	Estimated Cost (in R₹)	Procurement Method	Proposed date of Issuing Bid or PQ Invitation/EOI	Proposed Date of Contract Award	Remarks
	Works					
W1						
W2						
W3						
W4						
	Goods					
G1						
G2						
G3						
G4						
	Related Services					
RS1						
RS2						
RS3						
RS4						
	Consultant Services					
CS1						
CS2						
CS3						

1 Indicate risk contract separately  
 2 Indicate ICB, PCB, Shopping, GCS etc



